

Keeping a Mileage Log for Tax Purposes

If you are self-employed, tracking your mileage is very important because mileage is one of your largest tax deductions. In 2016, the standard mileage rate for the cost of operating your vehicle for business use is 54 cents per mile. When you travel between your place of business, whether that is a home office or an office based elsewhere, you must keep records of all the expenses you have. You can use a log, diary, notebook, app, spreadsheet or any other written record to keep track of your expenses.

Don't make the mistake of documenting too little information. Here are the required elements of a standard mileage log:

- **Date (including year)**
- **Destination (address of customer or client)**
- **Purpose of trip**
- **Odometer Reading: Start**
- **Odometer Reading: Finish**
- **Total mileage**
- **Any related extra business expenses such as tolls or parking**

Qualified mileage also includes travel between your office (including a home office) and another office location, such as a brick-and-mortar store. It also includes travel for business-related errands, such as buying supplies or picking up an order, traveling to and from the airport, driving to temporary job sites (lasting less than one year) and going to and from meetings with clients that include entertainment such as dinner.

Estimated mileage is not allowed by the IRS, so your miles each day need to be complete, accurate and substantiated. While you are allowed to maintain a handwritten log, they are prone to human errors, such as leaving off the client name or destination address. If you are audited, the IRS might disallow your entire log due to these innocent mistakes. **You also have to delineate between personal and business miles if you use the same vehicle for both purposes.**

There are some other vehicle costs that you can deduct. **The first year you put a vehicle in use for your business, you must use the standard mileage rate method of tax deduction. In later years, you can continue to use that rate or use another calculation method, called the actual expenses method.** Each has special rules and you should contact your tax preparer for details.

Other eligible vehicle expenses you should keep records for include:

- **State and local personal property tax statements**
- **License tab fees**

- **Interest on car loans**
- **Sales taxes from the purchase of the vehicle**
- **Casualty or theft losses**

If you use a vehicle for business more than 50 percent of the time, you also are eligible to make annual depreciation deductions.

Save as much documentation as possible, including receipts, sales invoices, license tab renewal forms and tax statements.

You can take a photo of your receipts and attach them to your expenses, along with managing your mileage. This makes for an easy upload during tax time without the hassle of holding onto your receipts all year long.

One of the best ways to capture the required IRS mileage information is to use a mileage tracking app (<https://itunes.apple.com/us/app/quickbooks-selfemployed-track/id898076976?mt=8>). When you're offline, you should use a printable mileage log (<https://docs.google.com/spreadsheets/d/18Q0rNcLNHf5Gfa1XkBL41aM3o9GWxQKeGP8QUcFusp=sharing>) that you keep in your vehicle.

There are several mileage tracking apps on the market; however, the mileage tracking feature within QuickBooks Self-Employed (<https://quickbooks.intuit.com/self-employed/>) automatically tracks your mileage and integrates it with your other deductions. It enables you to categorize your miles based on business or personal trips, and it doesn't drain your cellphone battery.

By using an automatic tracking tool, you can potentially save thousands in what would have otherwise been lost or forgotten deductions. If you plan to deduct your mileage on your taxes, you must be organized, consistent and detailed. You don't want to invalidate your log by missing a piece of information. If you use an app that automatically tracks your mileage, you are more likely to have all the details necessary to make your deduction.