



3112 WOODHAVEN DRIVE • CINNAMINSON, NJ 08077
www.omalleycpa.com • omalleycpa@comcast.net
Phone (856) 829-9100 • Fax (856) 829-4422

December 2010

BUSINESS VEHICLE MILEAGE & EXPENSES

THE BOTTOM LINE IS ACCOUNTABILITY

Our advice to our clients is, if you want the deduction allowed in an IRS audit, keep the auto log books that we provide on an annual basis. Our experience with the IRS has indicated that IRS auditors are generally satisfied if a written record is produced; without the record, the deduction is usually disallowed. The rules for record keeping have not been relaxed. Auto logs, diaries, or other similar written records are still required to prove the business use of automobiles or the deductibility of travel, meals, and/or entertainment. **The five W's (who, what, where, when, and why) still satisfy the IRS best.**

The law requires that business vehicle information be maintained in writing. The IRS regulations require that taxpayers:

- A) “. . . substantiate each element of an expenditure or use . . . by adequate records or by sufficient evidence;
- B) . . . adequate records are satisfied if the employee (taxpayer) **maintains account books, diaries, or expense reports prepared at or near the time of use;**
- C) . . . must establish the amount of each expenditure and its business purpose . . .”

Reporting vehicle mileage has been a tax return requirement since 1985, and without it the tax return is incomplete. Thus, the reported mileage should be supported with records, in the same manner that income and other deductible expenses are, in writing.

Every December, we provide Auto Log Books for the following year and Vehicle Information Summary Forms to clients we believe are impacted by this record keeping requirement. The Vehicle Information Summary Form is used to gather the data required to calculate the business usage of your vehicle and we ask that it be completed as close to year end as possible. All of this information must be reported on your tax return if you plan to deduct a vehicle as a business expense.

For 2011, the business standard mileage rate will be 51 cents per mile; medical and moving related mileage will be 19 cents per mile; mileage for charity will be 14 cents per mile. Note that the business and medical/moving mileage rates were increased from 2010.

If an Auto Log Book and Vehicle Information Summary have not been included with this letter and you would like to receive one, or if you have any questions, please call.

Very truly yours,

O'MALLEY & O'MALLEY, LLP
CERTIFIED PUBLIC ACCOUNTANTS
CERTIFIED FINANCIAL PLANNER™

Taxpayer's Name

VEHICLE INFORMATION SUMMARY FORM

For the Period Ended _____

Description of Vehicle: _____
Year Make Model

Date vehicle placed: In service _____ Out of service _____

Fair market value at the date placed in service: \$ _____

Circle Correct Answer

Do adequate records or sufficient evidence exist to justify a deduction for business use? Yes No

Are these records in writing? Yes No

Do you keep a vehicle log or diary? Yes No

Was the vehicle used for commuting between home and work? Yes No

Was the vehicle available for personal use in off duty hours? Yes No

Was another vehicle available for personal use? Yes No

Was this vehicle used by a relative? Yes No

Was this vehicle out of service for more than a week? Yes No

Enter dates ___/___ to ___/___ Number of days _____ Reason _____

Amount received as reimbursed expenses \$ _____

End of year odometer reading _____

Beginning of year odometer reading _____

Total number of miles driven during the year _____

Total business miles driven _____

Total commuting mileage _____
(Home to work location)

Total other personal miles driven _____
TOTAL PERSONAL USAGE _____ %

Total number of miles driven during the year _____

I HEREBY ATTEST THAT THE INFORMATION LISTED ABOVE IS TRUE AND CORRECT TO THE BEST OF KNOWLEDGE.

Taxpayer's signature

Date