



Business Use of Vehicle Checklist

Vehicles are a very sensitive area of interest for the IRS because the claims for their use is subject to abuse. As such, the IRS has very detailed requirements for claiming a deduction for business use of vehicles. It is important that business owners maintain the required records throughout the year in order to substantiate a valid deduction. Please use the information below to design policies to track and report business use of any vehicle you will be requesting a deduction for. Please refer to IRS Publication 463 for details on the rules concerning the vehicle deduction.

General Information

- Year, make, model
- Date of purchase
- Date of first use in business
- Fair market value as of date of first use in business
- Is the vehicle titled to the business or to an individual?
- Is the vehicle insured by the business or an individual?

Required Documentation

- Odometer reading at beginning of year or date of first business use
- Odometer reading at end of year or date of last business use (if vehicle is sold/disposed of)
- Business miles driven during the year

IMPORTANT

You **MUST** maintain a contemporaneous log of your business use mileage. This means maintaining a log on a continuing basis of EACH TRIP MADE for business purposes. It should record the date, the mileage, and the business purpose or client you met with. This can be on paper or using one of several smart phone apps. This is not negotiable/debatable. You must have this documentation to support a claim for **ANY** vehicle expense deductions. We at Centinel Pacific will not file a return with a claim for a vehicle deduction for which the taxpayer does not have the required written support. Publication 463 contains guidance on record keeping for vehicles.

- Record of additional vehicle expenses (Fuel, oil, tires, repairs and maintenance, etc.)

Other Items of Interest

- Was this vehicle available for personal use during off-duty hours?
- Did you have another vehicle available for your personal use?
- Do you have a written (printed, or electronic file) of your mileage for the year?
- Potential tracking apps: Mile IQ, TripLog, QuickBooks, etc.