

## R.11

# Keeping mileage records

You may take deductions for vehicle expenses using the ***mileage method*** or the ***actual method***.

If you use the mileage method you record the business miles you drive and multiply the total miles by the IRS published rate to calculate the total deduction.

If you use the actual method you keep all of your receipts for gas and maintenance.

In both cases you need to record your business miles.

Typically a vehicle that is owned by the business and used exclusively for the business uses the actual method, and the owner also uses the mileage method for occasional business use of a personal vehicle. If there is only one vehicle for personal use and farm business use you need to choose which method to use. You can have different methods for different vehicles, but you can not change methods year to year on the same vehicle.

The record must be written and must include:

1. Date
2. Destination
3. Round trip miles driven
4. Business purpose of the trip - a short note that explains why or how the trip relates to the business.

You can use any type of calendar to keep records of your business trips - paper calendar, an app on your phone, a diary or a day planner. The important thing is that you have a written record of the date, destination and business purpose of the trip.

Examples of business trips are:

- To and from your farm to town to buy supplies
- To and from your farm to another town to look at equipment
- To and from your farm to another farm to talk with the other farmer
- Trips to sell at a market
- Trips to visit possible buyers

Trips from your house to your farm and from your farm to your house are considered “commuting” and are not allowed as business deductions.