



Mid-Year Tax Planning

When your circumstances change, your tax situation may also change. If you've had (or are expecting) any life changes, such as a change in marital status, buying or selling a house, having a baby or changing jobs, please contact me so we can avoid any unpleasant surprises come tax season.

Deducting Auto Expenses



If you use your automobile for business, you may be entitled to tax deductions. Unless your car is used exclusively for business, you cannot claim a 100% business deduction.

Deducting auto expenses requires diligent recordkeeping. There are two methods available for calculating your auto deductions—the standard mileage rate or actual expenses. These methods are available regardless of whether you own or lease your vehicle.

Taxpayers who wish to use the standard mileage rate in lieu of actual expenses for computing deductible vehicle expenses must elect to do so in the first year of business use. Switching to the standard mileage rate in a later year is not an option. You can, however, switch from using the standard mileage rate to the actual expense method in a later year.

The actual expense method is exactly as it sounds. Actual expenses, such as the cost for gas, oil, insurance, repairs, maintenance, tires, washing, licenses and depreciation or lease payments, are all eligible.

For the standard mileage rate method, instead of tracking the above expenses, you track the business mileage you incurred and use a standard rate, which is 53.5 cents per mile in 2017.

You'll need to keep accurate records of the miles driven for business, dates of business use, destinations and the business purpose. Also, you'll need to note the odometer reading at the beginning and end of the year to determine the total miles for the year for all uses. It's important to maintain accurate records. The IRS may disallow a deduction for mileage if you are unable to substantiate the miles driven or the business purpose.

It's important to note that you cannot deduct commuting mileage (mileage from your home to your regular job). It's necessary to determine your tax home. If you are self-employed and maintain an eligible home office that is your principal place of business, you can deduct the mileage between your home office and your client's or customer's place of business, as well as mileage between job locations. As an employee, you can deduct mileage between jobs or mileage to and from a temporary work assignment. If you do not have a regular place of business, you can only deduct your transportation expenses to and from a temporary work location outside your general area of employment.

Did You Know?

The average American eats around 5½ gallons of ice cream a year. July is National Ice Cream Month because that's when the most ice cream is sold.

Quote Corner

"And so with sunshine and the great burst of leaves growing on the trees, just as things grow in fast movies, I had that familiar conviction that life was beginning over again with the summer."

~ F. Scott Fitzgerald, *The Great Gatsby*