For 2017, the standard mileage rate for the cost of operating your car for business use is 53.5¢ per mile.

Costs Included in the Standard Mileage Rate

The standard mileage rate can be used to replace the actual cost of depreciation, lease payments, maintenance and repairs, gasoline, oil, insurance, and vehicle registration fees.

Costs Not Included in the Standard Mileage Rate

In addition to deducting the standard mileage rate, the business percentage of the following costs is deductible.

- Interest expense for a self-employed individual, (but not for an employee, even if the vehicle is used 100% for business).
- Personal property taxes.
- Parking fees and tolls.

Choosing the Standard Mileage Rate

To use the standard mileage rate for a car that is owned by the taxpayer, it must be used in the first year the car is available for business. In later years, the taxpayer can choose between either the standard mileage rate method or actual expenses. If you use the standard mileage rate, you cannot deduct actual car expenses for that year.

Actual Expense Method

A taxpayer can figure a business auto expense deduction by comparing the standard mileage rate with actual expenses and choosing the larger amount in the first year the vehicle is used for business. If the actual expense method is chosen in the first year, it must be used in all subsequent years until the vehicle is no longer used for business.

Actual car expenses include the cost of depreciation, lease payments, registration fees, licenses, gas, oil, insurance, repairs, tires, garage rent, tolls, and parking fees. Sales tax paid on the purchase of a car is added to the basis of the car and deducted through depreciation. Fines for traffic violations are never deductible, even if incurred while driving for business.

Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 70½.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of $5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

2017

Vehicles — Business Use

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