

How Much Is The Mileage Deduction Worth?

If you drive for business reasons, make sure you're not overlooking the mileage deduction.

With the standard mileage rate set at 54 cents per mile in 2016, the mileage deduction can lead to large savings at tax time.

To calculate your mileage deduction, you simply multiply the standard mileage rate by the number of business miles you drove for the year. If you drove 20,000 miles for business, you'd be eligible for a mileage deduction of \$10,800.

The IRS isn't going to buy your "estimates" on business miles, though. You must keep an accurate record of all your mileage including business, personal and commuting to take a mileage deduction. You'll also need to log the dates of your business trips, the locations you drove to for work and the purpose of these trips. Remember: Commuting is NOT eligible for a mileage deduction.

You can also deduct the actual expenses of using your car for work. This does require painstaking records of every single cost. Because of this, the vast majority of taxpayers taking the mileage deduction use the standard mileage rate.

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What Types of Business Drives Qualify for a Mileage Deduction?

Without an accurate mileage log, your estimate for the mileage deduction is either way too high or far too low. Taking too large of a deduction raises red flags for the IRS. Not deducting every business mile means you're leaving money on the table. You might only record the long business drives but the short ones add up over the course of the year.



Travel Between Offices

You can take a mileage deduction for travel from your office or work site and your drive to a second place of business.



Customer Visits

Driving from a work site to meet with customers or clients for business at a job site qualifies for a mileage deduction.



Odd Jobs

If you're earning an income from odd jobs such as babysitting or pet care, all of those drives can be written off.



Temporary Job Sites

Driving from home to a temporary work location you expect to last (and does in fact last) less than a year.



Errands/Supplies

Business-related errands such as trips to the bank or post office all qualify for a mileage deduction.



Job Seeking

If you're a job seeker, you may deduct the miles that you drive to find a new job in your occupation.



Business Meals & Entertainment

All of the trips to meet with clients for coffee, dinner, etc. all qualify for a deduction.



Airport/Travel

The miles you travel to and from the airport for a business trip.

My clients get

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