2026 Tax Checklist (tax year 2025) - Business Use of Vehicle

Use a separate form for each vehicle

Vehicle details

Make		Year		Date purchased	
Model		Purchase price		Date placed in service	

Name of business		Yes	No
Was the vehicle available for use during off-duty hours?			
Was another vehicle available for personal use?			
Do you have written evidence to support your deduction?			

See the notes overleaf to determine whether to use the Standard Rate method or the Actual Expenses method. If in doubt, complete both sections below, and we'll work out the best option.

Both methods

Total miles (the difference between the odometer readings on the first and last day of the year)							
Odometer January 1		Odometer December 31		Total mileage in year			
Logged business miles (excluding commuting)		x \$0.70/mile in 2025; \$0.725/mile in 2026 =					
A mileage log (example below) does not need to be presented but should be maintained for audit purposes along with vehicle records showing mileage							
Interest	\$	Tolls	\$	Parking fees	\$	Rental fees	\$

Actual Expenses method only

Logged business miles		Total mileage in year		Business usage	%
Enter below the <u>full annual expense</u> for each category					
Garage rent	\$	Licenses	\$	Electrical charging	\$
Lease addback	\$	Gas	\$	Repairs	\$
Maintenance/servicing	\$	Oil	\$	Insurance	\$
Registration or personal property tax	\$	Tires	\$	Other	\$

Mileage and expense log (example)

Retain for your records/audit only
Use a separate log for each vehicle

Vehicle		Tax year	

Date	Miles	From	To	Reason for trip/expense/paid to	Amount

Should you use the Standard Mileage Rate or the Actual Expense method?

We'll tell you which is the best option based on the information you complete in this checklist.

Depending on the cost and the percentage of your business use of the vehicle, you can choose which of these two methods is the best for you and your business in the year you start your business or change your vehicle. Typically, the Actual Expense method will produce a larger tax deduction in the first year, and the Standard Mileage Rate method might produce larger deductions in subsequent years; however, once you choose the Actual Expense method and deduct depreciation, you cannot switch to the Standard Mileage Rate method until you buy another vehicle. The Actual Expense method may be better overall if your vehicle is expensive and/or you drive a few miles in total and more than 50% of them are for business.

The IRS requires you to keep a business mileage log for either method. The log should show the following: total miles travelled during the year (difference between the odometer readings on January 1st and December 31st); dates of business travel; business miles driven; from and to points; the reason for the trip.

Standard Mileage Rate method:

Using the Standard Mileage Rate eliminates the need to keep track of actual costs such as gas receipts, oil changes, etc. The Standard Mileage Rate for 2025 is $0.70 per mile, rising to $0.725 in 2026. The cost of depreciation or lease payments, maintenance and repairs, insurance, and gas etc. are already incorporated by the IRS into the Standard Mileage Rate; however, you can deduct the cost of loan interest, car washes, parking, and tolls**.**

Actual Expense method:

If the Actual Expense method is used, you'll need to calculate the business percentage of your vehicle expenses using your mileage log. This percentage is multiplied by the total annual expenses detailed in the checklist.

Fines for traffic violations are never deductible, even if incurred while driving for business.