

Mileage Logs Required to Deduct Business Mileage

Cross References

- *Edwards*, T.C. Memo. 2018-44

A recent tax court case once again illustrates the point that written contemporaneous mileage logs are virtually a requirement to claim a deduction for business mileage. The taxpayer's job required him to respond to emergencies, such as floods and hurricanes that could adversely affect the state's transportation system. He was responsible for supervising communications and for assigning personnel and equipment to disaster locations. For a second job, the taxpayer in his capacity as president of a local union was responsible for arranging meetings, conferences, and social events. He was required to travel to various locations throughout the state. He also traveled to national conventions. During an audit, the IRS allowed some, but not all of his claimed mileage for business.

The court noted that IRC section 274(d) imposes relatively strict substantiation requirements for deductions claimed for listed property. Listed property includes any passenger automobile. No deduction is allowed without adequate records or by sufficient evidence corroborating the amount, time, place, and business purpose for each expenditure.

The taxpayer claimed 10,500 business miles out of 14,000 total miles driven for his vehicle (75% business use). He also claimed \$800 in expenses for parking and tolls. The IRS allowed 1,088 business miles, and no expense for parking and tolls.

The court said to satisfy the substantiation requirements, the taxpayer must keep a contemporaneous mileage log or a similar record.

Author's Comment

Contemporaneous means reconstructed mileage logs after the IRS initiates and audit are not good enough.

A mileage log or a similar record can include a diary or trip sheet that substantiates the extent to which the vehicle was actually used for business rather than personal purposes. Lacking contemporaneous records, the taxpayer must produce other credible evidence sufficient to corroborate his own statements concerning business use.

The court said the taxpayer failed to submit any form of documentation, such as mileage logs, odometer readings, diaries, or trip sheets, to substantiate the extent to which the vehicle was actually used for business rather than personal purposes. The court ruled the taxpayer did not meet the substantiation requirements.

Author's Comment

In reality, any other credible evidence sufficient to corroborate a taxpayer's claimed business mileage means some type of contemporaneous written record. Verbal statements and estimates, such as claiming that the vehicle is used a certain percentage for business is not good enough. Even though the regulations do not require a specific format for keeping a mileage log, some type of contemporaneous written record like a mileage log is required. Estimated business mileage is always rejected by the courts.