

Mileage Logs

Do you use your vehicle for work or business?

You may be able to deduct vehicle expenses when filing your tax return. The rules vary somewhat depending on whether you are an employee or self-employed. However in either case, a detailed mileage log is essential.

Your vehicle expense claim is based on the % of work or business use based on the number of km's driven each year. Therefore you need to have some way to track your business or work km's in order to support your claim.

Mileage Log Basics

Your mileage log can be manual or computerized, but needs to have at least the following information:

- Date(s) travelled
- Distance travelled (km)
- Purpose of trip (work/business)
- Location travelled

Purpose of Travel

There must be a legitimate business purpose for the trip. Common examples are:

- Meeting customers or suppliers
- Attendance at job sites
- Meeting with banker, lawyer, accountant
- Picking up or delivering supplies
- Trips to post office/bank

Other tips to consider

- Keep all receipts. You cannot claim any expense if you don't have a receipt to say you spent the money.
- Your vehicle claim is based on the % of business use, therefore you have to keep track of your **total km** driven during the year (business and personal). A simple way to do this is to record your odometer reading at the start and end of each year. This will give you the total km driven which you can then use the business km to calculate the percentage.
- If you own more than one vehicle, consider using one vehicle exclusively for business, and the other for personal use. This will make it easier to track your business use and may give you a higher claim
- If you are an employee, your employer must sign a T2200 Conditions of Employment form confirming that you are required to use your vehicle for work purposes.
- You generally cannot claim regular travel between home and work as a business or employment expense. However, if you normally work from your home, then any business travel away from your home would be claimable.

Common vehicle expenses to claim:

- Gas/oil
- Vehicle repairs/maintenance (oil changes, tires, etc)
- Car insurance
- Loan interest (principal payments are not deductible)
- Lease payments
- Auto club membership fees (CAA, etc)
- Parking
- Capital Cost Allowance (depreciation) – certain limits apply

Mileage allowance

- If you receive a per km mileage allowance from your employer for business use of your vehicle, then this is generally tax free and you cannot claim any vehicle expenses.
- However if you receive a fixed monthly allowance that is not specifically tied to km use, then you may be entitled to claim vehicle expenses provided the vehicle allowance is included in your income.
- For many employees, it is usually more advantageous (and less risky) to receive a tax free mileage allowance rather than claim vehicle expenses. However, it depends on the circumstances of each case.