

ABSTRACT: It's not just businesses that can deduct vehicle-related expenses on their tax returns. Individuals also may be able to deduct them in certain circumstances. Under current law, the deduction is less than it was years ago, although due to the high price of gas, the IRS has raised the amount per mile that is deductible.

Can individual taxpayers deduct vehicle expenses?

It's not just businesses that can deduct vehicle-related expenses on their tax returns. Individuals also may be able to deduct them in certain circumstances, if they have a business-related purpose. However, under current law, non-military members can no longer deduct expenses for job-related moves and employees can no longer deduct business driving expenses for which they're not reimbursed. And, due to the high price of gas, the IRS has increased the amount per mile that is deductible for eligible business driving.

Rather than keeping track of your actual vehicle expenses, you can use a standard mileage rate to compute your deductions. Here's a list of the rates for different types of 2023 driving:

- **Business.** 65.5 cents per mile (up from 62.5 cents for July 1 to December 31, 2022).
- **Medical.** 22 cents (unchanged from the second half of 2022).
- **Moving for active-duty military.** 22 cents (unchanged from the second half of 2022).
- **Charitable.** 14 cents (unchanged from 2022) if you itemize.

If you're self-employed, business mileage costs can be deducted from self-employment income. For all types of eligible driving, you may also be able to deduct parking fees and tolls. Keep in mind that the burden of proving mileage that you claim is on you. You'll need to keep contemporaneous records of trips you want to deduct, the number of miles driven and the business purpose of each trip.

Get help

Do you have questions about deducting vehicle-related expenses? Contact us. We can help you with your tax planning.