

# **Troy Ruboyianes' Tax Tips**

## **Let the Cost of Driving Your Car Reduce Your Taxes**

When a vehicle is used for business purposes. The business has two options when it comes to expensing the automobile.

1. The business can expense all of the costs of the vehicle that were incurred by the business. This includes lease payments, gas, tires, oil changes, etc.

or

2. The business can expense the number of miles driven. This is done by multiplying the number of miles driven by the predetermined IRS mileage rate. For 2003, the mileage rate has been 36 cents per mile. In 2004 the rate has been adjusted for inflation and goes up to 37.5 cents per mile. This second method is usually easier to keep track of and often allows for more expense.

So you might be asking yourself how does this affect me? Well let me explain. Let us assume that you own a little business, this could mean anything, from having a rental to selling Avon. You can increase the expenses on your tax return by showing auto expenses incurred in the act of conducting business and thus decrease your taxable income.

All you have to do is keep track of the miles that you drive when conducting activities for your business. Then multiply these miles by the allotted mileage rate for the appropriate year and show the expense on the appropriate form of your tax return. If your car is used a lot in the business these expenses can add up to thousands of dollars and save you thousands as well.

If this tax strategy is of interest to you or you are interested in any other tax planning strategies, please feel free to give me a call.

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P.S. Please don't keep me a secret. You may have a friend or family members who can benefit from this free service. If you appreciate this service, the biggest compliment that I can receive is a referral.

Troy Ruboyianes graduated from the University of Arizona with a degree in accounting, finance, and entrepreneurship and is working for R and A CPA's. He is committed to

providing personalized, quality service to business and individual clients and is always interested in developing new client relationships.

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