Option 1 - Deduction for automobile by taking the "Mileage" deduction for business use

We will need a mileage log:

- Date
- Beginning and ending odometer reading
- Description of where you went
- How many total miles you drove all year

We also need the total miles you drove on your vehicle.

Ex:
John drove 10000 miles total on his vehicle for the whole year, John drove 2000 miles for business

This is 2000/10000=20%

So Johns deduction would be 2000 x the standard mileage rate.

We need the total miles because if we don't have this number then it will look like you only drove 2000 miles all year and it could be red flag for the IRS.

Option 2 - The other way to take a deduction for your automobile is the "actual" deduction

We will need a mileage log:

- Date
- Beginning and ending odometer reading
- Description of where you went
- How many total miles you drove all year

Along with the above mileage log you will also need to keep receipts for the following:

- Gas
- Oil
- Repairs
- Tires
- Maintenance
- Insurance
- Registration fee
- Licenses
- Depreciation

So same example as before: john drove 2000 miles for business which was 20% of the total miles he drove all year. John will be able to take a deduction of 20% of all gas, oil, repairs, tires, maintenance, insurance, registration fee, licenses and depreciation.

If you decide to take the "Mileage" deduction Option 1 then you can flip flop whichever is best for you each year by using straight line depreciation. But if you start out taking "Actual" Option 2 then you have to stay with this way of expenses until you no longer use this vehicle.

So at the time you place a vehicle in service you need to decide which option you will be using.