

Motor Vehicle Write-Offs Quick Sheet

There is a lot to consider when driving for business or work. CRA *loves* to audit vehicle expenses because so many individuals miss crucial steps. This short handout helps you stay in the right lane.

Do You Need to Keep a Logbook?

- If you drive less than 100% of the time for business/work purposes – keep a mileage logbook.
- Track your kilometres daily in your logbook for the most accurate information. Make it a habit.
- Travelling to and from the same location such as an office on a consistent and regular basis is considered [personal commuting](#) and is not tax deductible.

Do You Need to Keep Your Vehicle Receipts?

- Most of the time you will need to keep receipts. Mileage is only available in corporations.
- Keep all gas, repair, maintenance, and insurance receipts – both the ‘personal’ and ‘business’.
- If you are incorporated and your vehicle is owned personally you do not need to keep receipts. Only mileage is available to claim.

Should Your Corporation Own Your Vehicle?

- Yes, if you are driving at least 90% of the time for business purposes on a year-over-year basis.
- If you drive less than 90% for business purposes – keep your vehicle in your personal name.
- GST / PST / other taxes can arise on vehicle transfers.
- Purchasing a business or are incorporating a sole proprietorship? Use form [GST44](#) to avoid GST.
- Do you live in British Columbia? Avoid PST on transfers. Information is [here](#).

Tips For Keeping a Mileage Logbook

- Document the year, make, and model of the vehicle you are driving.
- Find your vehicle purchase documents or record the approximate year and month of purchase.
- If you are keeping receipts:
 - Separate logbook needs to be kept for each vehicle.
 - Keep your vehicle receipts separated by each automobile.
- Record your opening odometer reading from your vehicle’s dashboard.
- Record your odometer reading again at your tax year end (December 31st / Year End Date).
- Record deductible trips like travelling to see customers, picking up or transporting supplies, visiting your accountant, travelling to a work conference, etc.
- Avoid recording personal trips like grocery store visits or personal lunch outings.
- Each day you travel record the purpose of each trip, your starting address, where you travelled to, and the total kilometres driven for business purposes.

Logbooks are ABSOLUTELY annoying and claiming vehicle expenses properly IS a lot of work. But it is the number one thing separating you from CRA auditors.

Be sure to check out vehicle write-off videos and our mileage logbook excel template for more tips.