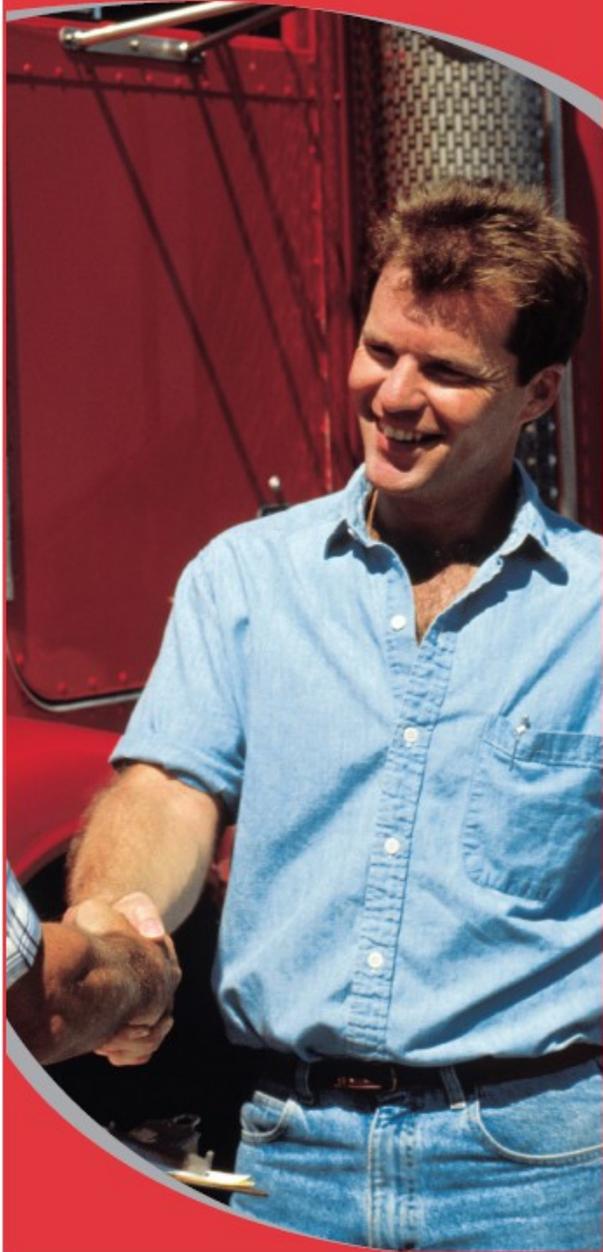


Tax Deductions for Truck Drivers



Record Keeping

For tax deductibility purposes, it is very important for you as a truck driver to maintain accurate and detailed records of incurred expenses. Your employer may even require you to use a log book for recording dates, times and amounts of expenses. Come tax time, the log book will prove useful for determining the deductibility of travel expenses.

Travel Expenses

Travel expenses are an allowable expense when business takes you away from home. The IRS generally defines your “tax home” as the home terminal (and its surrounding vicinity) that you use most often or from which most of your income is derived.

For the IRS to consider you as being “away from home” you must be away from your tax home for substantially longer than a day’s work and you must get sleep or rest to safely meet the demands of your job. If you do not have a home terminal, the IRS may consider the place where you regularly reside as your tax home if:

- You use your home for lodging while doing business in the vicinity;
- You have duplicate living expenses at your main home because of business that takes you away from home; and
- You have not left the area of your main home, have family members living in your main home or frequently return to that area and use that main home for lodging.

Types of travel expenses:

- Operational costs for the truck
- Meals
- Lodging
- Incidentals
- Unloading cargo
- Tolls
- Special clothing
- Communication devices

Reimbursements

How you report the reimbursements you receive from an employer varies, depending on the rate of reimbursement and whether or not your employer has an accountable plan. An employer with an accountable plan may reimburse you using actual expenses, per diem rates or a high-low method.

Your employer may make reimbursements at less than, more than, or equal to the federal rates that the IRS considers acceptable as substantiation for travel. Your employer will include any reimbursements in excess of the substantiated amounts on your Form W-2. These amounts are subject to the usual withholding taxes.

You can deduct substantiated expenses that exceed reimbursement on Form 2106 as employee business expenses, subject to the two percent adjusted gross income (AGI) limitation on Schedule A.

When expenses equal reimbursement, the IRS will not require you to report those on your tax return. (When your employer pays you reimbursements equal to the federal rate for your area of travel, you are deemed to have substantiated the travel expense, even though you may have spent less.)

Under an accountable plan, you must return any excess reimbursement to your employer for the days when you did not travel. If the employer does not have an accountable plan, the IRS considers all reimbursements to be wages and allows you to deduct business expenses on Form 2106.

For 2015, the per diem rate for meals and incidentals is \$59 per full day for each day of travel, regardless of U.S. location. If you travel outside the continental United States, the meal rate increases. Prorate partial days. To save time in keeping detailed records, use this method: Simply keep track of the number of days you were away from home and multiply by the per diem rate. Your log book provides a record.

Meal expense deductions are subject to an 80% limitation.

If you have a sleeper rig, any amount you allocate to lodging is treated as wages, unless you have specific lodging receipts. The IRS assumes that you use a sleeper rig unless you substantiate with proof otherwise.

Depreciation

- Over-the-road tractor units are MACRS three-year property and depreciated over four years.
- Trailers are MACRS five-year property and depreciated over six years.
- In the year of a purchase, you may be able to expense all or part of the cost of the truck or trailer. Check with your preparer for details.



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Other Items

The IRS classifies loading and unloading assistants as employees because they are under your control.

- If you are an independent owner, the IRS considers you the employer.
- If you are an employee, the answer to whether assistants are employees or not depends on the circumstances. If the company authorizes you to hire an agent, the helper is an employee of the trucking company. If the trucking company did not issue an authorization, then the IRS considers you the employer and makes you responsible for reporting wages, withholding FICA and Medicare, and issuing a Form W-2 to the helper.

Other deductible expenses include costs for:

- Special shoes, such as safety shoes.
- Gloves required by your work.
- Uniforms with the company's name or logo. Expenses for coveralls or overalls of a general nature are **not** deductible.
- Curtains and mattresses for the sleeper rig.
- Cellular phones (but only if your employer requires them).

Deduct costs incurred in operating the truck on an actual expense basis. These costs include fuel, maintenance, repairs, insurance, and lease payments.

The IRS does not allow you to use the standard mileage rate in lieu of actual expenses of operating the truck.

Differences Between Employed and Self-Employed

Most of the expense considerations apply to self-employed truck drivers as well as employees, except lodging expenses must be actual costs. You can claim meal expenses for actual cost or use the per diem rate.

This brochure contains general tax information for taxpayers. As each tax situation may be different, do not rely upon this information as your sole source of authority. Please seek professional advice for all tax situations.

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