



Motor Vehicle Expenses: Managing Your Logbook

BMW or farm truck, if you use a vehicle for your business, even if it's just to meet a client or go pick up supplies, then you will want to claim the associated expenses. You can claim things like gas, repairs, and maintenance expenses, and even the depreciation value on said chariot.

Cool, right? But is there a catch? Well, yes. You need to keep track of a few things. And therein lies the rub. Vehicle expenses can be tricky unless you keep a logbook—and no one really does because it's time-consuming and painful. So let's take a look at a few tips that might ease the pain in your auto-warmed, lumbar supported, plush leather seat bottom when it comes to logging vehicle expenses.

What you will need

The best evidence to support the use of your vehicle for business versus non-business trips is a logbook documenting business travel for the entire year. Your logbook should show:

- starting mileage (beginning of the year)
- date of your business trip
- destination
- reason for the trip
- distance covered (mileage)

You will also need the value of the vehicle at the beginning of the year. At the end of the year, the value of your vehicle will be reduced by a percentage (usually 30%) to account for depreciation over the year. (I said *depreciation*, but when you realize that in four years the CRA values your shiny, expensive car at virtually nothing, *depression* works just as well.)

Logbooks according to the CRA website:

<https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/sole-proprietorships-partnerships/business-expenses/motor-vehicle-expenses/motor-vehicle-records.html>

How to manage your logbook

So how do you manage mileage, gas, and business versus personal use with the least amount of aggregation? Keeping a pen and paper in the car *seems* like a logical solution. Not so much. When I had young daughters, it was hard to keep pen and paper in the car. They would much rather use them for impromptu art projects over tracking Mom's mileage! As well, over the year, papers get shredded or go missing between the seats or among other work papers or are grabbed up with the grocery bags. All-in-all, not a good solution.



Service records

A better one is to tie the log book into the maintenance records such as car repairs and oil changes. Since these invoices record the kilometers at the time of the service, “self-audit” your logbook to these documents. Doing so will give you receipts to support the reasonableness of the kilometers driven.

I also like to keep track of personal-use kilometers. Recording non-business mileage that ties to the total kilometers as per the maintenance invoices and the plate renewal gives you support for the reasonableness of business travel. The absence of any personal-use driving is not reasonable (nor is claiming trips to the in-laws’ as a business expense to at least get *something* out of it). Make sure you record the odometer reading at the start and end of each fiscal period.

Apps

These days, there is an app for everything. An app that not only uses your phone’s GPS to track your mileage but helps you separate business-use from personal-use would be a God-send, wouldn’t it? Check out these apps to start and find one that looks like it will work for you.

- [MileIQ](#)
- [Milebug](#)
- [Mileage Expense Log](#)
- [TripLog](#)

Once you’ve kept a detailed log for one year (base year) you can keep a simplified log for subsequent years as long as the business use remains around the same as the base year. The base year would be representative of normal use. There is, of course, a calculation for that, so be sure to test the subsequent years to make sure you comply!

That will make it easier to track subsequent years but is it fool-proof? Not exactly. Although the CRA sets the parameters on their website, it is ultimately up to the auditor to discern if entries in the book or even the whole simplified logbook will be accepted. Sometimes the auditor will only accept a full log. It is rare that an auditor would deny the vehicle 100%, but if you fail to have adequate tracking, you are leaving it up to the auditor to decide reasonableness. Best not to leave it in the hands of the judges! It is extremely difficult, costly, and time-consuming to argue and support your argument for the expenses deducted.

Warning!! Even though you are only required to keep records for six years from the date of the notice of assessment, you must keep the log book for the base year for six years from the date you used it as support for the subsequent years. Tip: just put the log in a permanent tax file and don’t discard.

The bottom line is that writing off motor vehicle expenses will help you, especially if you do a lot of business travel. And although it can be a pain to keep an accurate log, it is well worth it come tax time. So whether using an app or riding on the coat tails of your service records, just find something that works for you and use it. Happy motoring!