

Maximize Your Tax Deductions Using The IRS's "Two Business

Location Rule"

By Collin Almeida

Maximize Your Tax Deductions Using The IRS's "Two Business Location Rule"

Collin Almeida
info@homebusinesstaxsecrets.com

Home Business Tax Secrets <http://www.homebusinesstaxsecrets.com>

Maximize Your Tax Deductions Using The IRS's "Two Business Location Rule"

by Collin Almeida

If you're like most Americans, your automobile is one of your biggest expenses. Gas, insurance, maintenance, and licensing all add up to a generous portion of the average person's income, not to mention the actual cost of buying or leasing a vehicle. Wouldn't it be wonderful if you could write-off a considerable amount of these expenses on your taxes? Well, if you own a home-based business, you can. All it requires is some simple documentation and you can start claiming thousands of dollars in automobile-related tax deductions.

How many times have you gone to pick up office supplies while you were out buying groceries? When was the last time you ran to the bank to make a quick business deposit on the way to picking up your children at school? Chances are you do these things all the time, but you probably never realized that those miles could be claimed on your taxes. As far as the IRS is concerned, you can claim the miles as a business expenses if the primary purpose for your trip was company-related. Think of the plethora of possibilities: making copies at the mall while Christmas shopping, buying stamps on your way to pick up dinner, or comparing prices on computers while you shop for a new DVD player. All of these trips and plenty more could be legally claimed as tax deductions.

In addition to errands, you can also claim the miles you rack up while commuting to and from a regular job. If you have a home-based business, your commute mileage can be deducted under the IRS's "Two Business Locations Rule." According to this rule, you can claim mileage accumulated driving - "from one business location to a second business location". Here's how it works:

Before going to your regular job, handle a business-related task for your home-based company, such as phoning a client, checking e-mail, or balancing the books.

On your way to your regular job, make a "necessary business stop." For example, you might run by the bank, the copy center, or the post office.

Drive to your regular job.

Reverse the procedure at the end of the day.

As long as you follow all four steps daily, you can claim all those commuter miles.

While there's no trick involved in claiming these deductions, it does require additional effort on your part. First, you must rearrange your schedule in order to incorporate the business stops. While this may seem annoying at first, most home-based business owners find that the reorganization boosts their overall efficiency. For example, instead of running a dozen separate errands during a week, those can be combined into only a few, slightly longer trips, which will save you time, energy, and probably gas.

Of course there's the second part: the record keeping. In order to audit-proof these deductions, you will need to keep a vehicle-use log. The log can be a simple notebook with columns for destination, trip's purpose, and odometer reading. You must complete the log for every car trip you make, not just the business-related ones. It may seem like a lot of effort, but each entry would take less than a minute to record and after a week filling in the columns would become as much a habit as fastening your seatbelt.

You're probably wondering if the deduction is actually worth the inconvenience of rearranging your schedule and keeping a log of all your car trips. Decide for yourself. If your round-trip daily commute is only 10 miles, you can earn a deduction of \$3.45 every working day, almost \$20 a week, over \$1000 for an entire year and that amount does not include mileage for business-related errands. Basically not taking the time and effort to claim this deduction is like throwing \$10 out of your car window every 30 miles!

Besides writing off your car's accumulated mileage at tax time, you can also claim other automobile-related expenses. For example, you can claim gasoline, insurance, parking fees, and tollbooth expenses as additional deductions. Just keep all receipts and documentation in order to protect yourself in case of an audit.

Discover little known but highly lucrative tax advantages you can legally claim as a home based business owner by visiting <http://www.homebusinesstaxsecrets.com> Get the FREE REPORT: "5 Hidden Tax Dangers..." that shows you how to save \$1000's in taxes and avoid costly audits.

[Get-Articles.com : 1000's of reprintable business and internet marketing-related articles.](#)

[Submit your article for reprint.](#)