

IRD – Using your OWN vehicle in your business

If you use your own vehicle in the business, you can claim the running costs.

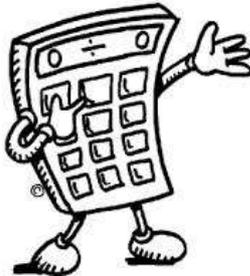
- If you use your own vehicle for both personal and business use, you'll need to make an **adjustment to claim the business-use portion**.
- If you use the vehicle strictly for business only, you can claim the full running costs. If you use the vehicle to travel between home and work, or any personal travel, you'll need to separate the running costs of your vehicle between business and private use. There are three options you can use - a vehicle logbook, a set mileage rate or using the actual cost.
- When a company owns a car, it claims all the expenses without making a private-use adjustment. The company must pay fringe benefit tax (FBT) if a vehicle is available for private use by employees or shareholder-employees.



a) Mileage rates

If you travel 5,000 km or less for business use in a financial year, you can use Inland Revenue's mileage rate of 77 cents a kilometre for your business use claim.

Find out more about mileage rates for self-employed people and reimbursing employees – <http://www.ird.govt.nz/business-income-tax/expenses/mileage-rates/>



b) Actual expenditure

Instead of using the above mileage rate or a logbook, you may claim for the actual expenses you pay for. If you do this, you must keep accurate records to work out the share of business use. Your records will need to show the reasons for the trip and the distance.

- c) **Logbook** - You must keep it for at least three months every three years to work out the business share of your running costs. You'll need to record the distance, date and reason for the trip in the logbook. You can use the difference between the odometer readings at the start and end of the three months to work out the percentage of vehicle expenses you can claim.

Ross uses his own car for his plumbing business. He recorded these details

Vehicle logbook (three-month period): 1/1/13-31/3/13			Odometer reading at start of period: 15,165			
Date	Journey		Odometer reading			Reason for trip
	From	To	Start	Finish	Distance (km)	
1/1/13	Workshop	Porirua	15,165	15,210	45	Business - Seeing PU Ltd
5/1/13	Workshop	Levin	15,718	15,918	200	Business - Plumbers Guild conference
6/2/13	Workshop	Petone	16,485	16,525	40	Business - Supplier XYZ
26/3/13	Workshop	Waikanae	17,525	17,600	75	Business - Callout to Joe Bloggs
Final Reading			17,775			
Business Distance					360	
Total Distance (17,775 minus 15,165)					2,610	

Total distance travelled in three months is 2,610 km

Distance travelled for business is 360 km $360 \div 2,610 \times 100 = 13.8\%$

Ross can claim 13.8% of his vehicle expenses as a business expense.

You can use the result of your three months' recording to claim the business share of your vehicle expenses over the next three years, as long as your business use doesn't change by more than 20%. You should still keep records of the total vehicle running costs and record the total distance travelled for the income tax year.