

FEDERAL TAXES and O-T-R & O-O TRUCKERS DEDUCTIONS LIST

Advertising/Promotional

- Business Cards
- Promotional (calendars, pens, brochures)
- Signage on Tractor and/or Trailer
- Web Site Fees & Charges
- Other: _____?

Auto Mileage (Business Miles)

- Total Miles Driven: _____
- Business-Only Miles: _____
- Commuting Miles: _____
- Other Miles: _____
- Ending Odometer Reading ____ Miles
- Beginning Odometer Reading ____ Miles
- Make, Model & Year of Passenger Vehicle: _____
- Vehicle Placed in Service Date: Day: ____ Month: ____ Year: ____
- Other: _____?

Interest/Finance Charges

- Business Loan Interest Paid
- Credit Card Interest (business related only)
- Equipment Vendor Finance Charges
- Passenger Vehicle Finance Charges (limited and pro-rated between business and personal)
- Tractor Finance Charges
- Trailer Finance Charges
- Other: _____?

Professional & Legal Services

- Accountant/Tax Preparation
- Attorney Fees
- Bookkeeper
- Credit Reports
- Prepaid Legal Fees Insurance Premiums
- Other: _____?

Office Related Expenses

(1) Administrative Banking Fees & Charges

- ATM Fees
- Checking Account Charges
- ComData/ComCheck Fees
- Credit Card Fees
- Money Order Fees
- Other: _____?

(2) Administrative Dues & Subscriptions

- OOIDA
- Teamsters Union Dues
- Other: _____?

(NOTE: Areas left blank in this document and the back-side of the four pages are intended by the author to permit you to jot down questions or comments to yourself or to your tax pro for later reference and to permit further expansion of this list by the trucker himself or herself)

(3) Clerical Operations

- Briefcase
- Calendars
- Calculator
- Clipboard
- Computer Accessories
- Copies/Reproduction of Documents

- E-Mailing Fees
- Faxing Fees Paid
- Liquid Paper/Glue
- Notebooks & Paper
- Postage & Shipping
- Printer & Toner for Computer
- Receipt Books
- Stationery & Envelopes
- Writing Instruments
- Other: _____?

Regulatory Licensing & Costs

- Access Card/Permit Fees (i.e.: Includes access costs to military bases, shipping ports, etc.)
- CDL Licensing-Related Costs/Fees
- DOT Physicals Fees & Costs
- Log Books (paper & covers)
- Log Book-Related Software
- Road Use Taxes (Form 2290)
- Scales & Weighing Fees (NOTE: over-weight or over-length or size DOT-regulations-related penalties are not tax deductible, nor are traffic tickets)
- State Fuel Taxes
- Tolls
- Trailer Tags
- Other: _____?

"SUPPLIES" CATEGORIES

Personal Hygiene

Supplies on Tractor

- Bed rolls, pillows & sheets
- Ben-Gay
- Cleaning & Sanitation Supplies
- Clothes Hangers
- Deodorant
- First Aid Kit & Accessories
- Hand Cleaners/Fluids
- Laundry Bag & Detergent
- Mosquito Netting
- Nightwear
- Porta-Potty/Urinal
- Reading Glasses (safety)
- Shampoo & Soap
- Shaving Kit & Accessories
- Toothbrush & Toothpaste
- Wash Cloths & Towels
- Other: _____?

"Lot Lizard Repellants"

And Criminal Behavior Deterents

- Alarms & Sirens
- Guard Dog & Related Expenses
- Illumination Devices (lights)
- Signage (i.e.: "No Riders" or "Please Do Not Feed the Snake" or "Beware of Dog")
- Surveillance (audio-visual) Systems
- Wetted Paper Towels (gross, but true?) thrown out of drivers' side window
- Other: _____?

Safety & Security Devices

- Air Fans

- Alarm Clocks & Timing Devices
- Boots (steel-toed)
- Boots (hazmat or rubber)
- "Bungee" Cords/Tie Downs
- Cab Curtains
- Chains for Drive Tires (if legal)
- Crowbar
- Duct Tape
- Eyewear/Sunglasses
- Flags & Flares
- Flashlights & Batteries
- Flyswatter/Pest Control
- GPS Systems & Updates
- Hardhat & Hazmat Devices
- Hearing Aids
- Jack Straps
- Load Chains & Locks
- Magnification Devices
- Maps with Map Light Devices
- Rain Gear
- Surveillance Devices
- Uniforms (with insignia)
- Visine (eye drops for safety)
- Watch or Timing Devices
- Windshield Cleaners/Fluids
- Window Screens (ventilation)
- Work Gloves
- Work Tools
- Other: _____?

Decontamination Supplies

- Bleach
- Cleanings Devices & Related Supplies
- Disinfectants
- Paper Towels
- Other: _____?

Other Supplies

- Air Decontamination & amp; Fresheners
- Armor-All
- Atlas (maps & mileage)
- Bolts and Screws with Locker
- Broom, Dustpan, Garbage Bags
- Buffer to Shine Paint/Chrome
- Bunk Heaters
- Cigarette Lighter Plugs
- Circuit Tester
- Coffee Maker
- De-icer
- De-greaser
- Ether (for engine starting purposes)
- Portable Refrigerator or Cooler
- Portable Vacuum
- Power Boosters
- Power Cords
- Other: _____?

Rents (Real Estate Related Only)

- Office Space Lease/Rents
- Parking Space Rents
- R/E Mortgage Interest (= OIH)
- R/E Property Taxes Paid (= OIH)
- Storage Space
- Other: _____?

OIH = Office In Home Consideration (see IRS Form 8829 and instructions)

Rents & Leases (Equipment)

- Computer, Computer Accessories
- Equipment for Office
- Equipment for Operations
- Other: _____?

**Overnights Meals – Entertainment-Incidentals (ME & I) 80% Deductible
Non-DOT workers**

- Actual Costs: \$ _____
- (**No "automatic" Per Diem allowance permitted (keep log of actual expenses))
- Number of overnights per driver's logbooks: _____?
- Other: _____?

Qualified DOT W-2 Employees

Non-DOT workers [Number of overnights per log books: _____ and # of 6-Hour Shifts _____ (divide the number of hours worked by the number 6 to arrive at the number of 6-hour shifts qualifying for precise per Diem calculations)*

*Choice of Per Diem by locale or per Diem per "average" at "COST ME & I rates factored by # of 6-hour shifts."

Not all "shifts" are created equal on first and last day of a trip.

_____ overnights X \$ _____ = \$ _____ multiplied by 80% = \$ _____ (80% Deductible with Log)

Cost Per Diems can be found on the Internet at:

www.gsa.gov/portal/category/21287 and www.gsa.gov/portal/category/100120 and www.irs.gov/pub/irs-pdf/p1542.pdf

Other Business Meals, Entertainment & Incidentals

- For Business Meetings: \$ _____
 - Work Search Overnights: \$ _____
 - Other: _____?
- (50% Deductible with Log)

Travel Expenses

- Air fare (to and from work place and tractor)
- Bus Fares (away from home)
- Cab Fares (away from home)
- Car Rentals (away from home)
- Dry-Cleaning (away from home)
- Lodging (hotels, motels) Actual Expenses \$ _____
- Showers
- Other: _____?

Utilities List

- Electrical power fees
- Waste removal fees
- Other: _____?

Communications Devices/Fees

- Access Fees (i.e.: Internet, Satellite radio (XM-Sirius) and Television for road conditions, weather, and other safety and security purposes)
- Antennas & accessories
- CB radio, parts & repairs
- Cellular/wireless fees paid

- Laptop computer & accessories
- Portable radio
- Portable television devices
- Other: _____?

Other Deductions Trucking- Specific Expenditures

Contract labor

- Broker Commissions Paid
- Commissions to Job Finders
- Lumper Fees
- Sub Driver Fees/Commissions
- Other: _____?

Tractor Operations

- Finance Charges (see Interest) Owner should have an amortization of Principal & Interest payments scheduled
- Fuels & Fluids for Tractor
- Insurance on Tractor
- Lease Payments on Tractor
- Liability Insurance on Tractor
- Maintenance, Parts, Repairs
- Non-refundable Escrows Paid
- Parking Charges & Fees
- Reefer Fuels & Fluids
- Reefer Lease Payments
- Tags (see Taxes)
- Tires and Rims
- Towing
- Washing & Waxing & Detailing
- Other: _____?

Lubricants

- Devices for: (i.e.: grease-guns, sprayers, etc.)
- Grease & Oil
- Vaseline & WD-40
- Other: _____?

Various Other Potential Deductions

- Amortization of Long-Term Intangible Expenses (ask your tax pro to handle this specifically... may involve matters like refinancing costs of business loans, equipment, lease-to-own terms, prepaid insurance and warranties, etc.).
- Paid out damage claims
- Other: _____?
- Other: _____?
- Other: _____?
- Other: _____?

Non-Deductible Expenses Short List on Business Return

- (1) **Expenses that were reimbursed by your employer**(...ask your tax pro whether you are obligated to claim such reimbursements for business-related expenses in whole or in part...especially items like reimbursed fines or penalties paid by you but reimbursed back to you by employer).
- (2) **Clothing that is adaptable to everyday wear**(i.e.: Blue jeans, business suit, street shoes, etc.)*that does not have insignia sewn onto it*(i.e.: Company insignia on shirts, jackets, hats, etc., = "Uniform").
- (3) **Commuting costs** (tolls, gas, parking with your passenger vehicle but not for any illegitimate and/or un-logged legitimate business purposes).
- (4) **Haircuts or other personal grooming expenditures of your person or for your body** (i.e.: Manicures, massages, pedicures, tattoos, underwear, etc., are not a business related expense). However, cold weather coats, gloves, "union suits", etc., and/or wet weather gear and

wear may qualify...again, ask your tax pro.

- (5) **Home phone line fees** (except safety and security systems and long-distance fees if both documented and logged for business purposes).
- (6) **Interest on personal non-business credits cards or loans**(exceptions on a very few items...ask your tax pro about "pro-rations" issues).
- (7) **Personal vacations**(with possible exception only if primarily the travel was actually a job or work search expenditure).
- (8) **Student or continuing professional education loan interest that is not directly related to trucking work.**
- (9) **Student loan principal payments**(but actual tuition might be deductible...ask your tax pro...Example: You already have a Class A CDL and then must takecourse to acquire "Hazmat" or qualified "Homeland Security Instruction & Compliance Training " credentials in order to keep your job).

"THE NO-CAN-DO LIST"

You CANNOT legitimately deduct the time you incur from working on your own equipment or property.

- **You CANNOT legitimately deduct the income lost as a result of deadhead/unpaid mileage...**Only the expenses incurred to operate the truck during that time such as fuel, tolls, scales, etc., would likely be deductible.
- **You CANNOT legitimately deduct for downtime** (with some minor exceptions...ask your tax pro).
- **You CANNOT deduct charitable contributions against your self-employment earnings or on the Schedule C or Form 2106 on a business tax return...**although it is possible to deduct "business gifts" to your broker, co-workers, employees, employers, supervisors, and/or vendors...but these are limited to \$25 per specific individual or person per year.
- **You CANNOT deduct PAC (Political Action Committee) contributions** (most unions will show what portion of union dues are in fact PAC contributions and not union dues).

Expenses or other data that might be deductible or required to be claimed elsewhere on a related tax form:

Form 1040: Medical insurance premiums paid may be deductible!

Schedule A: Various Medical Expenses, *Charitable Contributions*, Unreimbursed Employee Business Expenses, etc.

Schedule D: Capital Gains & Losses

Form 4797: Sales of Business Assets (involves recovery of depreciation, gains and losses on sales and other conversions of ownership of business assets, may also relate to qualified Schedule D Capital Gains and Losses).

Form 4562: Depreciation of Assets (Fact: Tractors are 3-year property, not 5-year property like a Ford F-150); this is also the form used to expense all or a portion of qualified business assets. Your tax pro should deal with this form and explain your options to you prior to filing of your tax return(s). This form deals with depreciation of tangible personal property, real estate and also intangible assets. Accurate details really count here...no room for error.

Form 8829 Office in Home:

- First time and date of claim: ___/___/___ (month, day and year)
- Office space in sq. ft.: ___X___ = _____ square feet (for example a 12' x 10.5' room would be 126 sq. ft)
- Residence total sq. ft.: _____ (that finished portion of the home heated and/or air conditioned)
- Mortgage Interest Paid: \$_____
- Property Taxes Paid: \$_____
- Homeowners Insurance \$_____

- Flood Insurance Paid \$_____
- Home Maint. & Repair \$_____
- Utilities paid (electric, gas, pest control, sewer & water, water purification/softener rental, waste removal, etc.) are best calculated and listed in actual amounts for the tax year and provided to your tax pro at the first meeting.
- Other: _____ ?

OVER-THE-ROAD-TRUCKING-TAX-FACTS & DATA

This still-growing list of potentially-tax-deductible expenditures by over-the-road truckers is more or less “mute” if your records are not properly kept.

I highly recommend that you make records maintenance as easy as possible by making any and all purchases via:

- Installment agreements on financed purchases (and, yes to bring these with you to your tax preparation pro)
- Checking account used for business purposes only
- Credit card used for business purposes only
- Debit card used for business purposes only
- Keep all bills of sale, point of purchase receipts and slips
- Avoid cash purchases but do keep a log of expenditures when you must pay for an item in cash (like tolls, parking, “lumper fees”, etc.).

Another smart move: Don’t bother just keeping a shoebox full of receipts; but do bother with recording them into a computerized system on a daily or at most a weekly basis (I highly recommend **QuickBooks Pro 2011** or later dated software (bookkeeping software produced by Intuit, Inc.) but I do not usually recommend that you use Quicken, Peachtree or any other “spread sheet” up to and including those you design for yourself...in short, if it doesn’t produce **both an accurate and detailed journal entry report** and an accurate and detailed **Profit & Loss Statement** it is relatively useless for tax preparation and at an IRS audit should one occur.

And don’t kid yourself...as an **adult** person **you already know as you read this whether or not you are really going to do your own bookkeeping or not.** If you are intelligent and mature enough to be honest with yourself, you will most likely and simply contact your tax professional and make arrangements for a fee-basis bookkeeper to handle such bookkeeping chores for you. And remember these facts:

[] Bookkeeping fees ARE DEDUCTIBLE

[] Fines, interest payments and penalty payments on your taxes ARE NOT DEDUCTIBLE

[] Better to pay \$100 (or less if you do as I indicate above) a month for bookkeeping services than to pay higher taxes, non-deductible penalties and interest, and to lose a couple of weeks of gainful employment over your failure to keep “contemporaneous records” as required by IRS regulations.

[] Depreciation of assets is often a large part of a trucking operation. Bills of sale, financing agreements with all the terms for purchase of the equipment, an amortization of the principal and interest payments, the statement from the lender “proving” the interest, late charges and principal paid for the tax year...and the precise balance still owed as of 12/31 of the tax year is also quite handy if you need finance statements for lenders, partners, potential buyers or for selling of your business.

[] Track all sales of business assets (i.e.: sale or trade in of a tractor, trailer, computer, passenger vehicle used for business, etc.). Bills of sale, financing agreements, etc. should also be provided your tax pro...this is absolutely necessary and if you do it right the first time and every time after that, you will save yourself considerable money, stress and money.

The complexion of tax return preparation changed considerably in 2010 and will make things far more difficult for those who cheat intentionally or otherwise on their tax returns from now on. The IRS is cracking down on a number of industries, and the trucking industry is very near the top of the list of tax audit targets these days.

Another consideration: Your tax pro today and from now on faces a minimum penalty of \$1,000 each for even a single error on a tax return they have been paid to complete. If your bookkeeping is sloppy, you should simply and ethically then expect to pay ten times more than in the past to get the tax work accomplished at any date from January 1, 2011 and thereafter. Why? Because your tax pro finds himself or herself immediately

exposed to far higher risks of being assessed thousands of dollars in fines and penalties assessments by the IRS and even the possibility of being dis-barred from his or her tax related credentials for wrong-doing, mistakes and errors.

This list of potential deductions from both the income tax and self-employment taxes (and that will also impact on what you pay under "Obama Care" in the coming years) is not exhaustive. If you discover that the list is incomplete for your purposes, please feel free to write me via e-mail to Tom@TomBlairEA.com and mention any additions to the list that you might care to add. The better this list gets the more truckers and their families can be helped.

The list I have provided you in this document has been compiled over 30 years' time as a tax preparer and in my personal taxpayer representation efforts (and yes, I have won almost all the IRS audits for over-the-road truckers that I have represented since 1981).

This document is not copyrighted and may be used by any legitimate over-the-road trucker, or his or her agents, and/or by any duly-registered and/or state or federally licensed tax preparer as their highest ethical and professional efforts may justify.

This list, as I have indicated earlier, is not exhaustive and will continue to "evolve" and be corrected and/or up-dated as time and circumstances permit.

I have not stated the Title 26 Internal Revenue Code Sections related to the lists and comments made herein: That function is best left to the tax pro at the proper time and as the ever-changing U. S Tax Code dictates in providing assistance to truck drivers by those tax professionals that assist them in becoming and remaining federally tax compliant.

Finally, then, how to contact the author about this document and its contents:

Remember

"I spEAK Tax"

And have done so since 1981

Second, remember the person who provided you with this document and that it was created in total by:

Thomas Avery Blair

Federally-Registered Tax Preparer

Federally-Licensed Enrolled Agent
Wealth Retention Consultant

P O Box 814

542766 US Hwy 1 Northbound

Callahan, FL 32011-0814

Phone: **(904) 879-6336**

Toll-free: **1-888-250-5687**

Fax: **(904) 879-1112**

E-mail: Tom@TomBlairEA.com

Web site: www.TomBlairEA.com

Affiliated with:

Pamela J. Soule'

Attorney at Law and Mediator

542766 -542788 US Hwy 1

Callahan, FL 32011-6498

Phone: **(904) 910-3729**

E-mail: Soulelaw@gmail.com