

## Mileage Log Book

### Cross References

- *Struble*, T.C. Summary 2022-1

This case illustrates that a mileage log book with dates, locations, and miles driven is not enough to meet the strict substantiation requirements for claiming a business mileage deduction.

The taxpayer was employed by the U.S. Air Force. She was a trained medic, and her primary duty was to act as a medical facilitator, coordinating across the Department of Defense among the Air Force, Army, and Navy to ensure each branch was in compliance with applicable standards and regulations for medical training. All expenses incurred as a medical facilitator were reimbursed.

In addition to these duties, she was also an Additional Duty First Sergeant (ADFS) where she took care of individuals with health problems, guided individuals through financial issues incident to their health problems, and made death notifications. ADFS duties involved travel between various military bases, and none of her travel expenses incurred with her ADFS duties were reimbursable.

To substantiate her business miles driven in connection with her ADFS travel, the taxpayer kept a self-prepared ledger documenting business miles driven. The ledger was not a contemporaneous record. The taxpayer updated it quarterly using a calendar that purportedly recorded contemporaneously all of her business mileage. The taxpayer did not produce the calendar into evidence.

The ledger entries did not clearly state a business purpose for the reported mileage, and the entries did not clearly indicate that her business mileage expenses were non-reimbursable costs incurred in connection with her ADFS duties. For example, each business mile entry included the following generic description: "Home to \*\*\* [Fort Sam Houston] to Lackland to Back Home," without specifying whether the cost was incurred for non-reimbursable purposes.

The court noted mileage expenses are subject to strict substantiation rules under IRC section 274. Such expenses are not deductible unless the taxpayer substantiates them with adequate records or sufficient evidence corroborating his or her own statement that establish:

- 1) The amount of the expense,
- 2) The time and place of the travel or use of the property, and
- 3) The business purpose of the expenditure.

To meet the adequate records requirements, a taxpayer must maintain an account book, a log, or other documentary evidence which, in combination, is sufficient to establish each element of an expenditure. While a contemporaneous log is not required, a taxpayer's subsequent reconstruction of his or her expenses does require corroborative evidence

with a high degree of probative value to support such a reconstruction, in order to elevate that reconstruction to the same level of credibility as a contemporaneous record.

The taxpayer argued that her mileage expense deductions were incurred while driving between Fort Sam Houston, Lackland, and her home in connection with her ADFS duties. She contended the evidence establishes that her regular work location was Fort Sam Houston and that she performed a variety of ADFS related tasks on a temporary basis elsewhere.

The court found her mileage expense deduction was not supported by evidence meeting the strict substantiation requirements of IRC section 274(d). Her ledger did not establish a business purpose for any of her trips to and from her home and the various military bases where she allegedly performed her ADFS duties. Her ledger did not describe in detail sufficient under the circumstances the times, dates, and purposes of her reported mileage expenses. The ledger does not indicate that her costs to travel by car to various bases were exclusively for temporary ADFS duties rather than reimbursable medical facilitator duties. Thus, the taxpayer failed to demonstrate that her mileage expenses were in connection with un-reimbursable ADFS duties rather than her daily commute.

#### **Author's Comment**

While this case involved unreimbursed employee business expenses, the substantiation requirements also apply to self-employed individuals claiming mileage deductions. Contemporaneous records such as a log book must establish the date for each trip, the location for each trip, the miles driven for each trip, and a description of the business purpose for each trip. If the taxpayer is entitled to be reimbursed for certain expenses, the log book must also establish whether or not the expense for each trip is reimbursable.