

Car Rental for Rideshare Work: In Scope?

Background: You can generally figure the amount of your deductible car expense by using one of two methods: the standard mileage rate method or the actual expense method. If you qualify to use both methods, you may want to figure your deduction both ways before choosing a method to see which one gives you a larger deduction.

The **actual expense method is out of scope** for VITA. For informational purposes only: to use the actual expense method, you must determine what it actually costs to operate the car for the portion of the overall use of the car that's business use. Include gas, oil, repairs, tires, insurance, registration fees, licenses, and depreciation (or lease payments) attributable to the portion of the total miles driven that are business miles.

For clients who RENT a car that they use for rideshare work:

- **In scope:** client takes the **standard mileage** rate. The client **cannot include the amount paid for the rental car.**
- **Out of scope:** the client uses **actual expenses**. The client **can include the amount paid for the rental car.**

For clients who LEASE a car that they use for rideshare work:

- **In scope:** client takes the **standard mileage** rate. The client can include interest in car payments but **cannot include the amount paid for the car lease.**
- **Out of scope:** the client uses **actual expenses**. The client **can include the amount paid for the car lease.**