



Tax deductions for Uber and Lyft drivers

There are numerous expenses associated with using your car for your business, and we here at [Affordable Tax Centers](#) can show you. Drivers can deduct their **actual car expenses**, which means expenses that arise out of the use of your car, such as maintenance, depreciation, parking fees, and car insurance premiums.

In addition to the actual car expenses, you may be able to deduct **business expenses**. When driving for Uber, Lyft, or another ride-share service, such business expenses can include snacks or water bottles for customers, your cell phone bill, and accounting software.

The standard mileage rate deduction

The standard mileage rate is an expense you can deduct per mile you drive for business during the tax year. *If you claim the standard mileage rate deduction, you can't claim most actual car expenses.* That's because it simplifies the complicated math that goes into calculating costs like depreciation and repairs.

In 2020, the standard mileage rate is 57.5 cents per mile, down from 58 cents per mile in 2019. (The IRS updates its mileage rates at the end of each year.) Many drivers who claim this deduction find that it benefits them more than calculating their actual car expenses.

The following actual car expenses can't be claimed if you take the standard mileage rate deduction:

- Maintenance and repairs, including tire and oil changes
- Gasoline
- Car insurance
- Vehicle registration fees
- Lease payments
- Depreciation
- Car washes
- **Business-related parking fees**, except those paid when you drive your car to your place of work (if you work somewhere else in addition to driving for Uber or Lyft)
- **Tolls**, if not paid by the passenger

Business expenses

Whether you itemize your actual expenses or take the standard mileage deduction, you're also eligible to claim other operating expenses. In other words, you can deduct your expenses for both usage of the car and for running a business that happens to be your car.

Such business expenses include:

- In-car food and drink items for your passengers, like candy and water
- Your cell phone, your wireless plan, dashboard mounts, chargers (including extra chargers for your passengers to use)
- First-aid kits
- Third-party apps to track your mileage
- Tools for car maintenance, like tire pumps and jumper cables
- Roadside assistance services
- Accounting software

Qualified business income deduction

After adding up all your profits and subtracting your car and business expenses, you'll wind up with your total business income for the year. Many people can claim an *additional* deduction: the qualified business income (QBI) deduction.

The QBI deduction lets sole proprietors (as Uber and Lyft drivers are classified) deduct up to 20% of their business income from their overall taxable income.

For tax year 2020, which you'll report on your 2021 tax return, you can claim the QBI deduction if your taxable income falls within these thresholds:

- **Single filer and head of household:** no more than **\$163,300** (\$164,900 in 2021)
- **Married filing jointly:** no more than **\$326,600** (329,800 in 2021)
- **Married filing separately:** no more than **\$163,300** (164,925 in 2021)

The line for the QBI deduction is line 9 on Form 1040, right after calculating your wages and your standard or itemized deduction

Thank you for your read. We here at Affordable Tax Centers are so grateful for your time. If you want you can read our daily blog at <https://affordabletaxcenters.com/> and be sure to check this [video](#) if you like to learn more.

