

Last Name _____ First Name _____

SSN _____ Occupation in which you incurred expenses _____

Armed Forces reservists, qualified performing artists, fee-basis government officials, and individuals with a disability, see note at beginning of instructions before completing this worksheet.

Part I—Employee Business Expenses and Reimbursements

Step 1— Enter your Expenses

| Column A | Column B |
|-------------------------------------|--------------------------|
| Other than Meals & Entertainment | Meals & Entertainment |

1. Vehicle expense from line 22 or line 29 of this worksheet. 1. _____
2. Parking fees, tolls, and transportation, including train, bus, etc.,
that did not involve overnight travel or commuting to and from work. . 2. _____
3. Travel expenses while away from home overnight, including lodging,
airplane, car rental, etc. Do not include meals and entertainment. 3. _____
4. Business expenses not included on lines 1 through 3. Do not include
meals and entertainment. 4. _____
5. Meals and entertainment expenses. See instructions. 5. _____
6. Total Expenses. Add lines 1 through 4 and enter the result in
Column A. Enter the amount from line 5 in Column B. 6. _____

Note: If you were not reimbursed for any expenses in Step 1, skip line 7 and enter the amount from line 6 on line 8.

Step 2—Enter Reimbursements Received from your Employer for Expenses listed in Step 1

7. Enter reimbursements received from your employer (or third party) that were not reported to you in box 1 of form W-2. Include any reimbursements reported under code "L" in box 12 of your form W-2. Amounts reported under code "L" are reimbursements you received for business expenses that were not included as wages on form W-2 because the expenses met specific IRS substantiation requirements. 7. _____

Step 3—Compute Expenses to Deduct on the IA 1040, Schedule A

8. Subtract line 7 from line 6. If zero or less enter -0-. However, if line 7 is greater than line 6 in Column A, report the excess as income on IA 1040, line 14, to the extent not already included on the IA 1040. 8. _____

Note: If both columns of line 8 are zero, you cannot deduct employee business expenses. Stop here.

9. In Column A, enter the amount from line 8. In Column B, multiply line 8 by 50% (0.50). Employees subject to Department of Transportation (DOT) hours of service limits, multiply meal expenses incurred while away from home on business by 80% (0.80) instead of 50% (0.50). See instructions. 9. _____
10. Add the amounts on line 9 of both columns and enter the total here.
Also enter the total on the IA 1040, Schedule A, line 19. 10. _____

Part II—Vehicle Expenses

Section A—General Information

Complete this section if you are claiming vehicle expenses. If you used more than one vehicle, complete an additional IA 2106, Part II, for each vehicle.

Vehicle (Year, Make, Model) _____

- 11. Enter the date the vehicle was placed in service. 11. _____
- 12. Total miles the vehicle was driven during 2018. 12. _____ Miles
- 13. Business miles included on line 12. 13. _____ Miles
- 14. Percent of business use. Divide line 13 by line 12. 14. _____ %
- 15. Average daily roundtrip commuting distance. 15. _____ Miles
- 16. Commuting miles included on line 12. 16. _____ Miles
- 17. Other miles. Add lines 13 and 16 and subtract the total from line 12. 17. _____ Miles
- 18. Was your vehicle available for personal use during off-duty hours? Yes No
- 19. Do you (or your spouse) have another vehicle available for personal use? Yes No
- 20. Do you have evidence to support your deduction? Yes No
- 21. If "Yes", is the evidence written? Yes No

Section B—Standard Mileage Rate

See the instructions for Part II to find out whether to complete this section or Section C.

- 22. Multiply line 13 by \$0.545. Enter the result here and on line 1 of this worksheet. 22. _____

Section C—Actual Expenses

- 23. Gasoline, oil, repairs, vehicle insurance, etc. 23. _____
- 24. a. Vehicle rentals. 24a. _____
- b. Inclusion amount. See instructions. 24b. _____
- c. Subtract line 24b from line 24a. 24c. _____
- 25. Value of employer-provided vehicle (applies only if 100% of annual lease value was included on form W-2). See instructions. 25. _____
- 26. Add lines 23, 24c, and 25 26. _____
- 27. Multiply line 26 by the percentage on line 14. 27. _____
- 28. Depreciation. See instructions. 28. _____
- 29. Add lines 27 and 28. Enter total here and on line 1 of this worksheet. 29. _____

Section D—Depreciation of Vehicles

Use this section only if you owned the vehicle and are completing Section C for the vehicle.

- 30. Enter cost or other basis. See instructions. 30. _____
- 31. Basis for depreciation. See instructions. 31. _____
- 32. Enter the depreciation method and percentage. See instructions. 32. _____
- 33. Multiply line 31 by the percentage on line 32. See instructions. 33. _____
- 34. Enter the applicable limit. See instructions. 34. _____
- 35. Multiply line 34 by the percentage on line 14. 35. _____
- 36. Enter the smaller of line 33 or line 35. If you skipped lines 34 and 35, enter the amount from line 33. Also enter this amount on line 28 above. 36. _____

Purpose of Worksheet

The federal Tax Cuts and Jobs Act of 2017 suspended the miscellaneous itemized deduction for employee business expenses. However, Iowa has not conformed to this federal limitation for tax year 2018. Use IA 2106 to compute your employee business expense deduction for 2018 if you were an employee deducting ordinary and necessary expenses for your job.

An ordinary expense is one that is common and accepted in your field of trade, business, or profession. A necessary expense is one that is helpful and appropriate for your business. An expense does not have to be required to be considered necessary.

Note: This worksheet should not include any business expense of an Armed Forces reservist, qualified performing artist, or fee-basis government official that is used to calculate a deduction on federal form 1040, schedule 1, line 24. Enter that deduction amount on the IA 1040, line 24.

This worksheet should not include any business expense of an individual with a disability that is used to calculate a deduction on federal form 1040, schedule A, line 16. Enter that deduction amount on the IA 1040, Schedule A, line 25.

Recordkeeping

You cannot deduct expenses for travel (including meals, unless you used the standard meal allowance), entertainment, gifts, or use of a car or other listed property unless you keep records to prove the time, place, business purpose, business relationship (for entertainment and gifts), and amounts of these expenses. Generally, you must also have receipts for all lodging expenses (regardless of the amount) and any other expense of \$75 or more.

Additional Information

For more details about employee business expenses, see the following.

- 2017 IRS Pub. 463, Travel, Entertainment, Gift, and Car Expenses.
- 2017 IRS Pub. 529, Miscellaneous Deductions.
- 2017 IRS Pub. 587, Business Use of Your Home (Including Use by Daycare Providers).
- 2017 IRS Pub. 946, How To Depreciate Property.

Note: IRS publications may include deduction and other amount limitations for 2017 that are subject to inflation adjustments for 2018, and may be out of date for purposes of determining the Iowa deduction for 2018.

Part I—Employee Business Expenses and Reimbursements

Fill in all of Part I if you were reimbursed for employee business expenses. If you were not reimbursed for your expenses, complete steps 1 and 3 only.

Step 1—Enter Your Expenses

Line 1: If you were a rural mail carrier, you can treat the amount of qualified reimbursement you received as the amount of your allowable expense. For more details, see 2017 IRS Pub. 463.

Line 2: The expenses of commuting to and from work are not deductible. See line 15 instructions for the definition of commuting.

Line 3: Enter lodging and transportation expenses connected with overnight travel away from your tax home. Do not include expenses for meals and entertainment. For more details, including limits and a definition of tax home and incidental expenses, see 2017 IRS Pub. 463.

You can use an optional method (instead of actual cost) for deducting incidental expenses only. The amount of the deduction is \$5 a day. You can use this method only if you did not pay or incur any meal expenses. You cannot use this method on any day you use the standard meal allowance (defined later in the instructions for line 5).

Line 4: Enter other job-related expenses not listed on any other line of this worksheet. Include expenses for business gifts, education (tuition, fees, and books), home office, trade publications, etc. For details, including limits, see 2017 IRS Pub. 463 and 2017 IRS Pub. 529.

If you are deducting home office expenses, see 2017 IRS Pub. 587 for special instructions on how to report these expenses.

If you are deducting depreciation or claimed a section 179 deduction for federal purposes, consult IRS Pub. 946 to determine the depreciation deduction to enter on IA 2106, line 4, and use IA 4562A and IA 4562B if applicable.

Note the following differences between federal and Iowa law:

- The federal bonus depreciation is not allowed for Iowa tax purposes.
- The federal section 179 deduction is only allowed for Iowa tax purposes if it was claimed and allowable for that property for federal income tax purposes, and is further limited in total amount.

Do not include on line 4 any educator expenses you deducted on the IA 1040.

Do not include expenses for meals and entertainment, taxes, or interest on line 4. Deductible taxes are entered on the IA 1040 Schedule A, Itemized Deductions, lines 4 through 7. Employees cannot deduct car loan interest.

Line 5: Enter your allowable meals and entertainment expense. Include meals while away from your tax home overnight and other business meals and entertainment.

Standard meal allowance.

Instead of actual cost, you may be able to claim the standard meal allowance for your daily meals and incidental expenses while away from your tax home overnight. Under this method, instead of keeping records of your actual meal expenses, you deduct a specified amount, depending on where you travel. However, you must still keep records to prove the time, place, and business purpose of your travel.

For 2018 domestic standard meal allowance rates, see GSA.gov/perdiem. For locations outside the continental United States, see State.gov/travel and select the option for “Foreign Per Diem Rates.”

See 2017 IRS Pub. 463 for details on how to compute your deduction using the standard meal allowance, including special rules for partial days of travel and transportation workers.

Step 2—Enter Reimbursements Received From Your Employer for Expenses Listed in Step 1

Allocating your reimbursement.

If your employer paid you a single amount that covers meals and entertainment as well as other business expenses, you must allocate the reimbursement so that you know how much to enter in Column A and Column B of line 7. Use the following calculation to compute this allocation.

Reimbursement Allocation Calculation

(keep for your records)

1. Enter the total amount of reimbursements your employer gave you that were not reported to you in box 1 of form W-2.
..... 1. _____
2. Enter the total amount of your expenses for the periods covered by this reimbursement.
..... 2. _____
3. Enter the part of the amount on line 2 that was your total expense for meals and entertainment. 3. _____
4. Divide line 3 by line 2. Enter the result as a decimal (rounded to three decimal places).
..... 4. _____
5. Multiply line 1 by line 4. Enter the result here and in Column B, line 7 of this IA 2106 worksheet..... 5. _____
6. Subtract line 5 from line 1. Enter the result here and in Column A, line 7 of this IA 2106 worksheet..... 6. _____

Step 3—Compute Expenses To Deduct on the IA 1040 Schedule A

Line 9: To determine if you are an employee subject to the DOT hours of service limits, see 2017 IRS Pub. 463.

Line 10: If you are a minister, you must reduce your total expenses before entering them on line 10 by the amount allocable to your tax-free allowance(s). For details, see 2017 IRS Pub. 517.

Part II—Vehicle Expenses

There are two methods for computing vehicle expenses—the standard mileage rate and the actual expense method. You can use the standard mileage rate for 2018 only if:

- You owned the vehicle and used the standard mileage rate for the first year you placed the vehicle in service, or
 - You leased the vehicle and are using the standard mileage rate for the entire lease period (except the period, if any, before 1998).
- You cannot use actual expenses for a leased vehicle if you previously used the standard mileage rate for that vehicle.

When completing IA 2106, fill in only the sections that apply to the method you choose.

If you were a rural mail carrier and received an equipment maintenance allowance, see line 1 instructions.

For more information on the standard mileage rate and actual expenses, see 2017 IRS Pub. 463.

Section A—General Information

If you used more than one vehicle for business during the year, use a separate IA 2106, Part II, for each vehicle.

Line 11: Date placed in service is generally the date you first start using your vehicle. However, if you first start using your vehicle for personal use and later convert it to business use, the vehicle is treated as placed in service on the date you start using it for business.

Line 12: If you converted your vehicle during the year from personal to business use (or vice versa) and you do not have mileage records for the time before the change to business use, enter the total number of miles driven after the change to business use.

Line 13: Do not include commuting miles on this line; commuting miles are not considered business miles. See line 15 instructions for the definition of commuting.

Line 14: If you entered on line 12 the total number of miles driven after the change to business use, multiply the percentage you computed by the number of months you drove the vehicle for business and divide the result by 12.

Line 15: Enter your average daily round trip commuting distance. If you went to more than one work location, compute the average.

Commuting.

Generally, commuting is travel between your home and a work location. However, travel that meets any of the following conditions is not commuting.

- You have at least one regular work location away from your home and the travel is to a temporary work location in the same trade or business, regardless of the distance. Generally, a temporary work location is one where your employment is expected to last 1 year or less. See 2017 IRS Pub. 463 for more details.
- The travel is to a temporary work location outside the metropolitan area where you live and normally work.
- Your home is your principal place of business under 26 U.S.C. §280A(c)(1)(A) (for purposes of deducting expenses for business use of

your home) and the travel is to another work location in the same trade or business, regardless of whether that location is regular or temporary and regardless of distance.

Line 16: If you do not know the total actual miles you used your vehicle for commuting during the year, calculate the amount to enter on line 16 by multiplying the number of days during the year that you used each vehicle for commuting by the average daily round trip commuting distance in miles. However, if you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business.

Section B—Standard Mileage Rate

The standard mileage rate for 2018 is 54.5 cents (\$0.545) per mile. You may be able to use the standard mileage rate instead of actual expenses to compute the deductible costs of operating a passenger vehicle, including a van, sport utility vehicle (SUV), pickup, or panel truck.

If you want to use the standard mileage rate for a vehicle you own, you must do so in the first year you place your vehicle in service. In later years, you can deduct actual expenses instead, but you must use straight line depreciation.

If you lease your vehicle, you can use the standard mileage rate, but only if you use the rate for the entire lease period (except for the period, if any, before January 1, 1998).

You can also deduct state and local personal property taxes. Enter these taxes on the IA 1040 Schedule A, line 6. If you are claiming the standard mileage rate for mileage driven in more than one business activity, you must compute the deduction for each business on the form or schedule appropriate for that business.

Section C—Actual Expenses

Line 23: Enter your total annual expenses for gasoline, oil, repairs, insurance, tires, license plates, and similar items. Do not include state and local personal property taxes or interest expense you paid. Deduct state and local personal property taxes on the IA 1040 Schedule A, line 6. Employees cannot deduct car loan interest.

Line 24a: If during 2018 you rented or leased instead of using your own vehicle, enter the cost of renting. Also, include on this line any temporary rentals, such as when your car was being repaired, except for amounts included on line 3.

Line 24b: If you leased a vehicle for a term of 30 days or more, you may have to reduce your deduction for vehicle lease payments by an amount called the inclusion amount. See below.

Passenger Automobiles (Except Trucks and Vans)

If the lease term began in any year from 2013 through 2018 and the vehicle's fair market value on the first day of the lease exceeded \$19,000, you may have an inclusion amount.

If the lease term began before 2013, see 2017 IRS Pub. 463 to find out if you have an inclusion amount.

You may have an inclusion amount for a truck or van if:

Trucks and Vans

| | |
|---------------------------------|---|
| The lease term began in: | And the vehicle's fair market value on the first day of the lease exceeded: |
| 2014 through 2018 | \$19,500 |
| 2013 | \$19,000 |

If the lease term began before 2013, see 2017 IRS Pub. 463 to find out if you have an inclusion amount.

See 2017 IRS Pub. 463 to calculate the inclusion amount. For vehicles first leased in 2018, use the inclusion amount calculation for 2017.

Line 25: If during 2018 your employer provided a vehicle for your business use and included 100% of its annual lease value in box 1 of your form W-2, enter this amount on line 25. If less than 100% of the annual lease value was included in box 1 of your form W-2, skip line 25.

Line 28: If you completed Section D, enter the amount from line 36. Otherwise, consult IRS Pub. 463 to determine the depreciation deduction to enter on this line, and use IA 4562A and IA 4562B if applicable. Note the following differences between federal and Iowa law:

- The federal bonus depreciation is not allowed for Iowa tax purposes.

- The federal section 179 deduction is only allowed for Iowa tax purposes if it was claimed and allowable for that property for federal income tax purposes, and is further limited in total amount.
- The limit on first-year regular depreciation for vehicles placed in service during 2018 is \$3,560 for trucks and vans, and is \$3,160 for most other passenger vehicles.

Section D—Depreciation of Vehicles

For more information on depreciating your vehicle, see IRS Pub. 463.

Vehicle trade-in.

If you traded in one vehicle (the "old vehicle") for another vehicle (the "new vehicle") in 2018, there are two ways you can treat the transaction.

1. You can treat the transaction as a tax-free disposition of the old vehicle and the purchase of the new vehicle. If you use this method, you treat the old vehicle as disposed of at the time of the trade-in. The depreciable basis of the new vehicle is the adjusted basis of the old vehicle (computed as if 100% of the vehicle's use had been for business purposes) plus any additional amount you paid for the new vehicle. You then compute your depreciation deduction for the new vehicle beginning with the date you placed it in service. Only complete IA 2106, Part II, Section D if you are using this method. You may not use this method unless you timely file your tax return (including extensions). Otherwise, you must use the method described in (2).
2. If you do not use the method described in (1), you must calculate depreciation separately for the remaining basis of the old vehicle and for any additional amount you paid for the new vehicle. You must apply two depreciation limits. The limit that applies to the remaining basis of the old vehicle generally is the amount that would have been allowed had you not traded the old vehicle. The limit that applies to the additional amount you paid for the new vehicle generally is the limit that applies for the tax year it was placed in service, reduced by the depreciation allowance for the remaining basis of the old vehicle. You cannot use IA 2106, Part II, Section D.

Line 30: Enter the vehicle's actual cost or other basis. Do not reduce your basis by any prior year's depreciation. However, you must reduce your basis by any deductible casualty loss, deduction for clean-fuel vehicle, gas guzzler tax, alternative motor vehicle credit, or qualified plug-in electric vehicle credit you claimed. Increase your basis by any sales tax paid (unless you deducted sales taxes in the year you purchased your vehicle) and any substantial improvements to your vehicle.

If you traded in your vehicle, your basis is the adjusted basis of the old vehicle (reduced by depreciation computed as if 100% of the vehicle's use had been for business purposes) plus any additional amount you pay for the new vehicle. See 2017 IRS Pub. 463 for more information.

If you converted the vehicle from personal use to business use, your basis for depreciation is the smaller of the vehicle's adjusted basis or its fair market value on the date of conversion.

Line 31: To compute the basis for depreciation, multiply line 30 by the percentage on line 14. From that result, subtract the total amount of any section 179 deduction and special depreciation allowance (including any Iowa adjustments) claimed in any previous year for this vehicle.

Line 32: If you used the standard mileage rate in the first year the vehicle was placed in service and now elect to use the actual expense method, you must use the straight line method of depreciation for the vehicle's estimated useful life. Otherwise, see the MACRS depreciation chart in IRS Pub. 463 to find the depreciation method and percentage to enter on line 32.

Note: If your vehicle was used more than 50% for business in the year it was placed in service and used 50% or less in a later year, part of the depreciation, section 179 deduction, and special depreciation allowance (including any Iowa adjustments) previously claimed may have to be added back to your income in the later year.

The depreciation method abbreviations are "200 DB" for 200% Declining Balance, "150 DB" for 150% Declining Balance, and "SL" for Straight Line.

Line 33: If you sold or exchanged your vehicle during the year, use the following instructions to compute the amount to enter on line 33.

If your vehicle was placed in service:

1. Before 1/1/2012, enter the result of multiplying line 31 by the percentage on line 32;
2. After 12/31/2011, from January 1 through September 30, enter the amount computed by multiplying the result in (1) by 50%; or
3. After 12/31/2011, from October 1 through December 31, enter the amount computed by multiplying the result in (1) by the percentage shown below for the month you disposed of the vehicle.

Month of Disposal Percentage

| | |
|-------------------|-------|
| Jan., Feb., March | 12.5% |
| April, May, June | 37.5% |
| July, Aug., Sept. | 62.5% |
| Oct., Nov., Dec. | 87.5% |

Line 34: See IRS Pub. 463 to calculate your depreciation and for definitions of passenger automobile and truck or van. Use IA 4562A and IA 4562B if applicable.

Note the following differences between federal and Iowa law:

- The federal bonus depreciation is not allowed for Iowa tax purposes. The federal section 179 deduction is only allowed for Iowa tax purposes if it was claimed and allowable for that property for federal income tax purposes, and is further limited in total amount.
- The limit on first-year regular depreciation for vehicles placed in service during 2018 is \$3,560 for trucks and vans, and is \$3,160 for most other passenger vehicles.

If your vehicle is not subject to any of the limits on line 34, skip lines 34 and 35, enter the amount from line 33 on line 36.