

TAXPAYER INFORMATION

International Fuel Tax Agreement

Revised: 2008

1. INTRODUCTION

The International Fuel Tax Agreement (IFTA) is a base jurisdiction fuel tax agreement. Upon application, the carrier's base jurisdiction will issue credentials which will allow the IFTA licensee to travel in all IFTA member jurisdictions. The IFTA member jurisdictions are:

Alabama	Manitoba	Ohio
Alberta	Maryland	Oklahoma
Arizona	Massachusetts	Ontario
Arkansas	Michigan	Oregon
British Columbia	Minnesota	Pennsylvania
California	Mississippi	Prince Edward Island
Colorado	Missouri	Quebec
Connecticut	Montana	Rhode Island
Delaware	Nebraska	Saskatchewan
Florida	Nevada	South Carolina
Georgia	New Brunswick	South Dakota
Idaho	New Hampshire	Tennessee
Illinois	New Jersey	Texas
Indiana	New Mexico	Utah
Iowa	New York	Vermont
Kansas	Newfoundland and Labrador	Virginia
Kentucky	North Carolina	Washington
Louisiana	North Dakota	West Virginia
Maine	Nova Scotia	Wisconsin
		Wyoming

Carriers traveling in non-IFTA jurisdictions must continue to follow the procedures and file the returns required by the statutes and regulations of those non-IFTA jurisdictions.

The IFTA license offers several benefits to the interjurisdictional carrier. These benefits include one license, one set of credentials, one quarterly tax return which reflects the net tax or refund due, and one audit in most circumstances. These advantages all lead to cost and time savings for the interjurisdictional carrier.

This document will provide general information concerning the application, licensing, reporting, record keeping requirements and audit procedures for IFTA member jurisdictions. The IFTA, Inc web site www.iftach.org provides access to the International Fuel Tax Agreement plus other information that may be of interest. Contact the IFTA office of your base jurisdiction for more detailed procedures.

2. DEFINITIONS

"Applicant" is a person in whose name the uniform application for licensing is filed with a base jurisdiction for the purpose of motor fuel tax reporting under the provisions of the IFTA agreement.

"Audit" means (1) the physical examination of the source documentation of the licensee's operations either in detail or on a representative sample basis; (2) the evaluation of the internal controls of the licensee's accounting system and operations; and (3) The accumulation of sufficient competent evidential matter to afford a reasonable basis for determining whether or not there are any material differences between actual and reported operations for each affected jurisdiction in accordance with the provisions of the International Fuel Tax Agreement and all affected jurisdictions' fuel use tax laws.

"Base jurisdiction" means the member jurisdiction where qualified motor vehicles are based for vehicle registration purposes; and (1) where the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and (2) where some travel is accrued by qualified motor vehicles within the fleet. The commissioners of two or more affected jurisdictions may allow a person to consolidate several fleets which would otherwise be based in two or more jurisdictions.

"Cancellation" means the termination of a license by the licensing jurisdiction. A base jurisdiction may, at the request of a licensee or on its own initiative, cancel a license if the licensee has complied with all applicable provisions of this Agreement, including the satisfaction of all motor fuel use tax obligations for the license period.

"Commissioner" means the official designed by the jurisdiction to be responsible for administration of the IFTA.

"Fleet" means one or more vehicles.

"In-jurisdiction distance" means the total number of miles or kilometers operated by a licensee's qualified motor vehicles within a jurisdiction. In-jurisdiction miles or kilometers do not include those operated on fuel tax trip permit or those exempted from fuel taxation by a jurisdiction.

"Jurisdiction" means a state of the United States of America, the District of Columbia, a province or territory of Canada, or a state of the United Mexican States.

"Licensee" means a person who holds an uncanceled agreement license issued by the base jurisdiction.

"Motor fuels" means all fuels placed in the supply tank of qualified motor vehicles.

"Person" means an individual, corporation, partnership, association, trust or other entity.

"Qualified Motor Vehicle" means a motor vehicle used, designed, or maintained for transportation of persons or property and:

.100 Having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or

.200 Having three or more axles regardless of weight; or

.300 Is used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight. **Qualified Motor Vehicle** does not include recreational vehicles.

"Recreational vehicle" means vehicles such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure by an individual. In order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any business endeavor.

"Registration" means the qualification of motor vehicles normally associated with a prepayment of licensing fees for the privilege of using the highway and the issuance of license plate and a registration card or temporary registration containing owner and vehicle data.

"Quarterly Tax Reporting period" means a period of time consistent with the calendar quarterly periods of January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31.

"Revocation" means withdrawal of license and privileges by the licensing jurisdiction.

"Roadside Enforcement" means necessary action, by those persons within a jurisdiction, charged with inspection or compliance checks of qualified vehicles being operated within the jurisdiction. It includes any activity by authorized personnel at any permanent or temporary weight or inspection site or any other location as deemed appropriate by the jurisdiction.

"Suspension" means temporary removal of privileges granted to the licensee by the licensing jurisdiction.

"Total distance" means all miles or kilometers traveled during the reporting period by every qualified vehicle in the licensee's fleet, regardless of whether the miles or kilometers are considered taxable or non-taxable by a jurisdiction.

"Weight" means the maximum weight of the loaded vehicle or combination of vehicles during the registration period.

3. IFTA LICENSE

A. Who Should Obtain A License?

Any person based in a member jurisdiction operating a qualified motor vehicle(s) in two or more member jurisdictions is required to license under the IFTA Agreement, except as indicated in Section 10 at the conclusion of this document.

Any applicant not based in a member jurisdiction may apply for licensing to any member jurisdiction in which it operates. The jurisdiction receiving such application may accept or reject it. If accepted, the licensee shall agree to make operational records available for audit in the base jurisdiction, or pay the reasonable per diem travel expenses for auditors to audit the records at a location outside of the base jurisdiction. Any person licensed under this section shall apply for an IFTA to the jurisdiction in which it is based immediately upon notification that the jurisdiction has become an IFTA member jurisdiction. The license shall become effective the following license year.

B. Application

A carrier may request an IFTA license application by contacting the base jurisdiction. The application requests basic information about the carrier and its operations. It must be completed in its entirety and accompanied by the annual license fee, if applicable. Each jurisdiction may establish a reasonable fee. IFTA applications are also available online at our website www.taxandland.pe.ca.

C. License and Decals

If the applicant meets all IFTA application requirements, the base jurisdiction will issue the IFTA license and decals. The license will contain an account number assigned by the licensee's base jurisdiction. This account number shall be used for reporting all IFTA activity of the licensee.

The licensee is required to make legible copies of the license so that one copy is carried in each vehicle. A vehicle will not be considered to be operating under the IFTA agreement unless there is a copy of the license in the vehicle. A vehicle will not be considered to be operating under this Agreement unless there is a copy of the license in the vehicle. If the original copy of the IFTA license is lost or destroyed, a duplicate may be obtained by submitting a written request to the base jurisdiction's IFTA office.

Each licensee shall be issued a minimum of two vehicle identification decals for each qualified

vehicle in its fleet. An identification decal must be placed on the exterior portion of both sides of the cab. In the case of transporters, manufacturers or dealers, the decals need not be permanently affixed but may be temporarily displayed in a visible manner on both sides of the cab. **Failure to display the identification decals in the required location may subject the vehicle operator to the purchase of a trip permit and a citation.** The IFTA decals may be displayed one month prior to the effective date.

Carriers from new member jurisdictions are allowed two-months from the date of the new member's IFTA program implementation to display the IFTA license and decal. All IFTA carriers are allowed a two-month grace period to display the current year IFTA license and decal.

D. Leased Carriers -

RENTAL/LEASING

.100 Short-Term Leases. In the case of a short-term motor vehicle rental, by a lessor regularly engaged in the business of leasing, or renting motor vehicles without drivers, for compensation to licensees or other lessees of 29 days or less, the lessor will report and pay the fuel use tax unless the following two conditions are met:

.005 The lessor has a written rental contract which designates the lessee as the party responsible for reporting and paying the fuel use tax; and

.010 The lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental.

.200 Long-Term Leases. A lessor regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees may be deemed to be the licensee, and such lessor may be issued a license if an application has been properly filed and approved by the base jurisdiction.

HOUSEHOLD GOODS CARRIERS

In the case of a household goods carrier using independent contractors, agents, or service representatives, under intermittent leases, the party liable for motor fuel use tax shall be:

.100 The lessee (carrier) when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority. The base jurisdiction for purposes of this Agreement shall be the base jurisdiction of the lessee (carrier), regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor or lessee.

.200 The lessor (independent contractor, agent, or service representative) when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority. The base jurisdiction for purposes of this Agreement shall be the base jurisdiction of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes.

INDEPENDENT CONTRACTORS

.100 Short-Term Leases. In the case of a carrier using independent contractors under short-term/trip leases of 29 days or less, the trip lessor will report and pay all fuel taxes.

.200 Long-Term Leases. In the case of a carrier using independent contractors under long-term leases (30 days or more), the lessor and lessee will be given the option of designating which party will report and pay fuel use tax. In the absence of a written agreement or contract, or if the document is silent regarding responsibility for reporting and paying fuel use tax, the lessee will be responsible for reporting and paying fuel use tax. If the lessee (carrier) through a written agreement or contract assumes responsibility for reporting and paying fuel use taxes, the base jurisdiction for purposes of this Agreement shall be the base jurisdiction of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor.

E. License Period

The IFTA license is valid for the period of January 1 through December 31.

Each IFTA license must be renewed for the next calendar year. The base jurisdiction will notify its licensees of the renewal requirements.

4. TAX REPORTING

A. Reporting Form

Tax return forms will be furnished at no charge to each licensee at least 30 days prior to the due date of the return. Failure to receive the authorized return form does not relieve the licensee from the obligation of submitting a return. The licensee may submit a written or computer generated tax return in lieu of the standard tax return if the return includes all of the information required by this Agreement and is in a form acceptable to the base jurisdiction.

The licensee shall file a tax return for the tax reporting period with the base jurisdiction and shall pay all taxes due to all member jurisdictions with the remittance payable to the base jurisdiction by the due date. This payment must be included with the return.

A base jurisdiction may authorize a licensee to submit a tax return electronically, in lieu of the standard tax return if the return includes all the information required by this Agreement and is in a form acceptable to the base jurisdiction.

B. No Taxable Fuel Used During Filing Period

Every licensee must submit a tax return even if no operations were conducted or no taxable fuel was used during the tax reporting period.

C. Reporting Frequency

Tax returns shall be filed on a quarterly basis. The reporting quarters and due dates are:

<u>Reporting Quarter</u>	<u>Due Date</u>
January - March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

Licensees whose operations total less than 5,000 miles or 8,000 kilometers in all member jurisdictions other than the base jurisdiction may request to report on an annual basis. This will be based upon previous filing history. The licensee must petition the base jurisdiction to report annually. If the base jurisdiction approves the request, it will notify the other member jurisdictions the licensee operated in during the twelve consecutive months preceding the annual reporting period. If any member jurisdiction objects, the licensee's request shall be denied. Annual Returns shall be due on the last day of the month immediately following the close of the annual period for which the return is due.

D. Postmark/Hand Delivery Date

To avoid penalty for late filing, the tax return including full payment of any tax due must be postmarked no later than midnight on the last day of the month following the close of the reporting period. If the last day of the month falls on a Saturday, Sunday or legal holiday, the next business day is considered the due date.

Tax returns and / or payments shall be considered received and filed on the date shown on the cancellation mark stamped by the national postal service of the Dominion of Canada, the United Mexican States, or the United States of America, or a national delivery service equivalent, on the envelope that contains the tax return; or the date the envelope was mailed, if proof satisfactory to the base jurisdiction is available to establish the date of mailing. To qualify under this provision, the envelope must be properly addressed to the department designated by the base jurisdiction to receive fuel tax returns and have adequate postage affixed.

When a tax return and / or payment is hand delivered, the tax return shall be considered received and filed on the date that the tax return is delivered and receipted for by an employee of the department designated by the base jurisdiction to receive tax returns or payments.

Tax returns and / or payments delivered electronically shall be considered to have been received and filed on the date determined in accordance with the laws of the base jurisdiction.

5. LICENSE RECORDS REQUIREMENTS

A. Type of Records

Each licensee is required to maintain a complete record of all fuel purchased, received and used in the conduct of its business. These records shall contain, but not be limited to, the date of each receipt of fuel; the name and address of the person from whom purchased or received; the number of gallons or liters received; the type of fuel; and the vehicle or equipment into which the fuel was placed.

In addition, all licensees shall maintain detailed distance records which show operations on an individual vehicle basis. These records shall contain, but not be limited to, both taxable and non-taxable use of fuel; distance travelled for taxable and non-taxable use; and distance recaps for each vehicle for each jurisdiction in which the vehicle operated.

An acceptable distance accounting system is necessary to substantiate the information reported on the tax return filed quarterly or annually. A licensee's system at a minimum, must include distance data on each individual vehicle for each trip and be recapitulated in monthly fleet summaries. Supporting information should include the following documentation:

- 1) Date of trip (starting and ending);
- 2) Trip origin and destination;
- 3) Route of travel;
- 4) Beginning and ending odometer or hubodometer reading of the trip;
- 5) Total trip miles/kilometers;
- 6) Mile/kilometers by jurisdiction;
- 7) Unit number or vehicle identification number;
- 8) Vehicle fleet number;
- 9) Registrant's name; and
- 10) Any additional information required by the base jurisdiction.

B. Tax Paid Purchases

In order for the licensee to obtain credit for tax paid purchases, a receipt or invoice, a credit card receipt or automated vendor generated invoice or transaction listing must be retained by the licensee showing evidence of such purchases and tax having been paid. These records may be kept on microfilm, microfiche or other computerized or condensed record storage system which meets the legal requirement of the base jurisdiction.

Receipts that have been altered or indicate erasures are not accepted for tax-paid credits unless the licensee can demonstrate the receipt is valid.

An acceptable receipt or invoice for tax paid purchases taken as credit must include date of purchase; seller's name and address; number of gallons or liters purchased; fuel type; price per gallon or liter or total amount of sale; unit numbers; and purchaser's name.

In the case of withdrawals from licensee-owned, tax-paid bulk storage, credit may be obtained if the following detailed records are maintained: date of withdrawal; number of gallons or liters; fuel type; unit number; and purchase and inventory records (i.e. bulk fuel reconciliations) to substantiate that tax was paid on all bulk purchases.

When fuel is withdrawn from the licensee's own bulk storage and placed in its qualified motor vehicles, the licensee must maintain adequate records to distinguish fuel placed in qualified vehicles from other uses for all member jurisdictions.

C. Electronic Data Recording Systems

On-board recording devices, vehicle tracking systems, or other electronic data recording systems may be used in lieu of or in addition to handwritten trip reports or fuel tax reporting. All recording devices must meet the required trip data such as date of trip, trip origin and destination, routes of travel, beginning and ending odometer or hubodometer reading of the trip, total trip distance, distance by jurisdiction, unit number or vehicle identification number, fleet number and registrant's name; the required fuel data such as date of purchase, seller's name and address, number of gallons or litres purchased, fuel type, price per gallon or litre or total amount of sale, unit numbers, purchaser's name; bulk fuel data such as date of withdrawal, number of gallons or liters, fuel type, unit number and purchase and inventory records to substantiate that tax was paid on all bulk purchases.

Trip reports, summary reports for individual vehicles, summary reports for fleets, exception reports, and calibration reports may either be prepared by an electronic computer system which accepts data from on-board recording or vehicle tracking devices or by the devices themselves.

The carrier must obtain a certificate from the manufacturer certifying that the design of the on-board recording or vehicle tracking device has been sufficiently tested to meet the requirements, be tamper proof, and must not permit altering of the information collected. The device shall warn the driver that it has ceased to function and must time and date stamp all data recorded. The device must provide a method for the driver to confirm that the entered data is correct, must not allow data to be over written and shall warn the driver that the device's memory is full and can no longer record data.

The device must automatically update a life-to-date odometer when the vehicle is placed in motion or the operator must enter the current vehicle odometer reading when the on-board recording or vehicle tracking device is connected to the vehicle.

It is the carrier's responsibility to recalibrate the on-board recording device on mechanical or electronic installations, in accordance with the manufacturer's specifications, when the tire size changes, the vehicle drive-train is modified, or any modifications are made to the vehicle which affect the accuracy of the on-board recording device. A record of recalibrations must be retained for the audit retention period. A second copy of the electronic files must be kept for the audit retention period.

It is the carrier's responsibility to assure the entire record keeping system meets the requirements of IFTA and that its drivers are trained in the use of the computer system. Drivers shall be required to note any failures of the on-board recording or vehicle tracking device and to prepare manual trip reports of all subsequent trip information until the device is again operational.

D. Retention of Records

Required records must be retained for a period of four years from the due date of the return or the date of filing the tax return, whichever is later, based upon these records. These records may be kept on microfilm, microfiche or other computerized or condensed record storage system acceptable to the base jurisdiction. Non-compliance with any record keeping requirement may be cause for revocation of the license.

Failure to provide records demanded for the purpose of audit extends the statute of limitations until the records are provided.

D. Measurement Conversion

Tax rates will be converted using the following factors and will be computed to the nearest one-tenth of a cent:

One Liter = 0.2642 gallons
One Mile = 1.6093 kilometers

One Gallon = 3.785 liters
One Kilometer = 0.62137 miles

For reporting fuels that cannot be measured in liters or gallons (example: compressed natural gas), the licensee shall report the fuel at the conversion factor used by the jurisdiction in which the fuel was consumed.

E. Tax Exempt Miles

For reporting tax exempt miles or kilometers, the licensee is required to obtain the definition of distances that qualify for tax exemption status from the various jurisdictions of the agreement.

F. Underpayments

Should a licensee file a return showing taxes due and fail to remit payment in full with his tax return, the base jurisdiction will take appropriate action, as provided in the IFTA Agreement, to collect the tax and interest due.

G. Overpayments

When filing a tax return, a licensee may apply the overpayment generated in one jurisdiction to the taxes owed to another jurisdiction and remit the net tax owed to the base jurisdiction. If the total tax payment by a licensee as a result of tax paid purchases exceeds the total tax due in any one period, the net credit will be carried over to cover future tax liability, or it may be refunded upon request.

H. Refunds

Refunds to licensees will be made only when all tax liability, including audit assessments, have been satisfied to all member jurisdictions.

If a licensee requests a refund of a credit balance from the base jurisdiction, it will be paid within 90 days from receipt of the request. All requests for refunds of credit balances must be filed in writing.

6. FUEL TAX BOND

The base jurisdiction may require a licensee to post a bond when the licensee has failed to file timely returns, when tax has not been remitted, or when an audit indicates problems severe enough that, in the commissioner's discretion, a bond is required to protect the interest of the member jurisdictions.

The total amount of the bond will be fixed by the base jurisdiction and be equivalent to at least twice the estimated average quarterly tax liability.

7. LICENSE CANCELLATION, SUSPENSION AND REVOCATION

License cancellation, suspension and revocation will be in accordance with the base jurisdiction's administrative procedures and laws.

8. LICENSE REINSTATEMENT

A licensee whose license has been revoked may have that license reinstated. Before a license may be reinstated, the base jurisdiction may require a reinstatement fee in accordance with existing jurisdictional laws. The base jurisdiction may also require the licensee to post a fuel tax bond in an amount sufficient to satisfy any potential liabilities of all member jurisdictions.

9. AUDITS, ASSESSMENTS AND APPEALS

A. Audits

The base jurisdiction audits its licensees on behalf of all member jurisdictions.

If the licensee's operational records are not located in the base jurisdiction and the base jurisdiction's auditors must travel to where such records are maintained, the base jurisdiction may require the licensee to pay the base jurisdiction per diem and travel expenses incurred by the auditor(s) in performance of such an audit.

B. Assessments

In the event that any licensee fails, neglects or refuses to file a tax return when due, fails to make records available upon written request by the base jurisdiction, or fails to maintain records from which the licensee's true liability may be determined, the base jurisdiction shall on the basis of the best information available to it, determine the tax liability of the licensee for each jurisdiction and/or revoke or suspend the license of any licensee who fails, neglects or refuses to file a tax report with full payment of tax when due, in accordance with the base jurisdiction's laws.

The assessment made by a base jurisdiction pursuant to this procedure shall be presumed to be correct, and in any case where the validity of the assessment is drawn in question, the burden shall be on the licensee to establish by a fair preponderance of evidence that the assessment is erroneous or excessive.

C. Collection of Tax, Penalty and Interest Owed

The collection of tax, penalty and interest owed to all member jurisdictions resulting from an audit or assessment is the responsibility of the base jurisdiction. Methods of collection will be governed by the laws of the base jurisdiction and the administrative procedures established by the agreement.

D. Appeal Procedure

Assessments made for taxes due in any jurisdiction may be appealed to the base jurisdiction.

10. EXCEPTIONS PERTAINING TO AN IFTA LICENSE

A. Trip Permits

In lieu of motor fuel tax licensing under the IFTA agreement, persons may elect to satisfy motor fuel use tax obligations by obtaining a trip permit in each jurisdiction in which they wish to travel.