

## International Fuel Tax Agreement Regulations

IFTA means International Fuel Tax Agreement. The International Fuel Tax Agreement is a plan to simplify the reporting of all fuel (gasoline, diesel, propane, gasohol, methanol, ethanol, and biodiesel) use taxes by commercial motor carriers. The agreement allows a trucker or company to obtain one fuel tax license, issued by their base state, authorizing them to travel in all IFTA member states.

IFTA is an agreement among all the contiguous 48 states and Canadian provinces (except Northwestern Territories, Nunavut, and Yukon) to simplify the reporting of fuel used by motor carriers operating in more than one jurisdiction. Persons who operate qualified motor vehicles are subject to IFTA licensing. For purposes of this article, the words “state” and “jurisdiction” may be used interchangeably.

A qualified motor vehicle is any vehicle that has 2 axles and a GVWR exceeding 26,000 lbs., a vehicle of any weight that has 3 or more axles, and any GCWR exceeding 26,000 lbs. Recreational vehicles, pickup trucks with campers, and buses all used for personal pleasure are not included.

States collect taxes on the motor fuel used within their borders to build and maintain the roads and highways that link their communities to each other and the rest of the nation. As an interstate motor carrier, you pay your share of these taxes according to the provisions in the International Fuel Tax Agreement (IFTA).

You keep records of how much fuel, type of fuel, in which state, for each motor vehicle by use of fuel receipts. Quarterly tax reports are then prepared to summarize these figures. Fuel taxes are paid along with the quarterly tax report to your base state. Your base state then distributes the appropriate amount of tax owed to each of the other states. A quarterly report is required even if no operations were conducted or no fuel was used during the reporting period.

If you do not travel into other states very often and you don't have an IFTA license, you can purchase a single trip permit to go into another state. It can be purchased through any Motor Carrier Inspection Station near a state border or through your state's permit office.

Once you have applied for an IFTA license, you will be mailed a renewal application each year prior to the expiration.

### IFTA quarterly tax reports and payments are due as follows:

| Quarter | Period             | Due Date     |
|---------|--------------------|--------------|
| 1st     | January - March    | April 30th   |
| 2nd     | April - June       | July 31st    |
| 3rd     | July - September   | October 31st |
| 4th     | October - December | January 31st |

Failure to file your quarterly fuel tax report will result in the revocation of your IFTA license. To reinstate your license, a bond must be posted in addition to paying delinquent taxes, penalties, and interest.

Record keeping requirements include maintaining detailed records to support the information reported on the quarterly tax reports. Records must be maintained for 4 years. Fuel receipts will show all the pertinent information for record keeping.

The following state websites provide the required forms, reports, applications and other state-specific information.

- **Kansas:** <http://www.truckingks.org/>
- **Missouri:** <http://www.modot.org/mcs/IFTA>
- **Nebraska:** <http://www.dmv.ne.gov/mcs/ifta.html>
- **New Mexico:** <http://mvd.newmexico.gov/fuels-tax.aspx>
- **Oklahoma:** <http://www.occeweb.com/tr/IFTA.htm>
- **Texas:** <http://www.cpa.state.tx.us/taxinfo/taxforms/06-forms.html>
- **Oregon:** <https://www.oregontruckingonline.com/cf/MCAD/pubMetaEntry/index.cfm?fuseAction=forms&category=fees>
- **Washington:** <http://www.washingtontrucktax.info/ifta.html>
- **Idaho:** <https://trucking.idaho.gov/taxes/>
- **Alaska:** <http://onthegotrans.com/alaska-ifta/>

What is an IFTA Audit and how does it work?

IFTA audits verify fuel and mileage data reported on the IFTA quarterly tax reports. Fuel tax audits will generally be performed by only the IFTA licensing state.

### **Number of audits per year**

Each state must audit an average of 3% of IFTA accounts per year. Each audit will cover at least one registration year. However, an audit may cover multiple registration years and fuel types and be counted as one audit.

### **Selection of Audits**

At least **15%** of each state's audits will involve low-distance accounts, which are made up of 25% of the previous year's licensees who had the lowest number of miles reported in all states.

At least **25%** of each state's audits will involve high-distance accounts, which are made up of 25% of the previous year's licensees who had the highest number of miles in all states.

### **Should you expect an IFTA audit?**

YES. All IFTA licensees in a state are subject to an audit. Remember, every state audits at least 3% of the base state licensees per year. Most states will contact a licensee in

writing 30 days prior to the audit date. They will include the amount of time it will take and the records that will be reviewed.

### **What happens after an IFTA audit?**

After the audit, the licensee will be advised of the findings, including adjustments to fuel tax liabilities for affected states, and suggested record keeping improvements.

Your base state will share audit results with all affected states within 45 days after the audit is finalized. An affected state is any state in which the carrier reported or accrued miles or fuel.

An audit is finalized when the auditing state issues the carrier a notification of assessment, which triggers the right to appeal the assessment. The audit is considered finalized after the notification of assessment is issued to the carrier and the formal appeals process begins.

### **What if you don't agree with the audit results?**

You may request an informal conference from your base state. You send a written request stating the reasons for your objections along with a copy of the audit notice. You must request a conference within 30 days of the date of your letter. The state will contact you to schedule the informal conference.