

PROCEDURES MANUAL

TEXTUAL NOTE

The International Fuel Tax Agreement Procedures Manual has been subject to amendments under Section R1600 of the Articles of Agreement. It is the purpose of this publication to provide a commentary when sections have been amended.

The official commentary voted on by the IFTA membership is shown in italics. All commentaries initiate from Consensus Board interpretations of issues or history/intent segments of IFTA ballots.

An asterisk (*) next to a Section number indicates commentary to that Section.

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P100**LICENSE APPLICATION CONTENT**

The application for an IFTA fuel tax license shall be in a uniform format and shall contain, but not be limited to, the following information:

- P105** The account identification number specified in IFTA Procedures Manual Section P200;
- P110** Name of owner, partners or corporation;
- P115** Legal business name (if different from the name given above);
- P120** Physical location of the business;
- P125** Mailing address of the business;
- *P130** Signature or electronic submission compliant with R940.400 and P160 and date;
- P135** Number of IFTA decals required by licensee;
- P140** Application fee (if applicable);
- P145** Decal fee (if applicable);
- P155** Statement of existence of bulk storage in all member jurisdictions;
- *P160** Certification:

Applicant agrees to comply with tax reporting, payment, recordkeeping, and license display requirements as specified in the International Fuel Tax Agreement. The applicant further agrees that base jurisdiction may withhold any refunds due if applicant is delinquent on payment of fuel taxes due any member jurisdiction. Failure to comply with these provisions shall be grounds for revocation of license in all member jurisdictions; and

A statement to the effect that the applicant certifies with his or her signature or electronic submission as deemed acceptable by the base jurisdiction that, to the best of his or her knowledge, the information is true, accurate, and complete and any falsification subjects him or her to appropriate civil and/or criminal sanction of the base jurisdiction. (e.g., perjury)

Commentary to P100

- P130** IFTA Ballot 1-1999 amended IFTA Procedures Manual to remove the language then found at P130 which required the IFTA jurisdictions in which the licensee was applying on the initial IFTA license application (optional on renewal applications) and was effective January 1, 2001. Upon removing this provision, the remaining sections were renumbered.
- P130** **[EDITOR'S NOTE: In light of the passage of Ballot 1-1999, effective January 1, 2001, the commentary below concerning P130 is for historical reference only.]**
- P130** Ballots 90-267-1 and 90-267-2, passed in March 1, 1991, amended the many references to U.S. measurement units, such as miles and gallons, and added additional language in the Agreement and the Procedures Manual to allow the Canadian provinces to join IFTA. IFTA Procedures Manual sections which were amended by these ballots as follows: P130; P210; P230; P240; P310; P320.100,.200; P430.100,.200,.400,.500; P540.100,.200; P550.100,.400; P560.300; P570.400; P720.250,.350,.500; P910; P1020; P1030; P1040.200,.250,.300,.350,.400,.450; P1120; P1130; P1310.
- P130** IFTA Ballot 6-1996 amended IFTA Procedures Manual Section P130 to provide that the IFTA jurisdictions in which the licensee is applying is a requirement on an initial license application but is optional on renewal applications and was effective July 1, 1998.
- P130** IFTA Ballot 10-2005 amended the IFTA Procedures Manual, Section P130 to recognize electronic submissions for purposes of the license application process and was effective December 31, 2005.
- P160** IFTA Ballot 6-1996 amended IFTA Procedures Manual Section P160 to remove the requirement of a signature under penalty of perjury and to add a certification requirement that meets the legal requirements of the base jurisdiction and was effective July 1, 1998.
- P160** IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective on January 1, 2006.
- P160** IFTA Ballot 10-2005 amended the IFTA Procedures Manual, Section P160, to recognize electronic submissions for purposes of the license application process and was effective December 31, 2005.

P200**ACCOUNT IDENTIFICATION**

Each jurisdiction shall assign account numbers to its licensees according to a uniform numbering system of eleven characters which shall contain as the first two characters the alphabetic designation of the base jurisdiction.

***P210 FEDERAL EMPLOYER IDENTIFICATION NUMBERS**

For U.S. jurisdictions, the subsequent nine characters will be the Federal Employer Identification number of the licensee issued by the Internal Revenue Service. Jurisdictions that establish fleet accounts shall identify each account with a fleet identifier in addition to the carrier identification number.

P220 SOCIAL SECURITY NUMBERS

The Social Security number of an officer of the company may be used if the company does not have a federal identification number.

***P230 CANADIAN IDENTIFICATION NUMBERS**

Canadian jurisdictions will adopt a numbering system for the subsequent nine characters which will meet their needs.

***P240 BASE JURISDICTION ASSIGNED NUMBERS**

A licensee who refuses to give identification number information or is erroneously issued an International Fuel Tax Agreement License without providing this information may be given a base jurisdiction assigned number beginning with 90. This will become the licensee's identification number for transmittal purposes until the correct information is obtained. The same procedure will apply if the licensee has applied for, but not yet received, his U.S. federal identification number. For audit purposes, the identity of the base jurisdiction assigned number must be maintained after the correct number is provided by the licensee.

Commentary to P200

P210, P230 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P240 accommodate jurisdictions outside of the United States.

P240 IFTA Ballot 2-1997 amended IFTA Procedures Manual Section P240 to provide that the assignment of a "90" prefixed account number to a prospective IFTA licensee who refuses to give identification number information or is erroneously issued a license is discretionary to the base jurisdiction and was effective January 1, 1998.

P300

LICENSE AND DECAL DESIGN

***P310 LICENSE**

The IFTA license shall be approximately 3-1/2 x 8-1/2 inches (9 x 21.5 centimeters), of a uniform format, and shall contain, but not be limited to, the following information:

- .100** Base jurisdiction identification;
- .200** Licensee's name and address and DBA, if different from owner, partner or corporate name;
- .300** Licensee's account identification number; and
- .400** Expiration date (month, day and year).

***P320 DECALS**

.100 Contents

Decals will be approximately 3 inches x 3 inches (7.5 centimeters x 7.5 centimeters) with white letters and a background color as specified for the current year. The letters "IFTA" are to be a minimum of 3/4 inch (1.88 centimeters) in height and are to be incorporated into the decal with the letter I in the upper left-hand corner, the letter A in the lower right-hand corner, and the letters F and T to be incorporated in such a way as to constitute a diagonal design on the decal. The two-letter jurisdiction designation shall be displayed in the lower left-hand corner, and at least the last two numbers of the appropriate year are to be displayed in the upper right-hand corner. Decals shall be serialized. The serial number of each decal shall be no less than 3/16" high (0.47625 centimeters) and shall be displayed between the two-letter jurisdiction designation and the letter "A" of "IFTA".

The coloring of the numbering shall be compatible with the background color as determined by IFTA, Inc. There shall be no other printing on the decal unless authorized by the IFTA, Inc. Board of Trustees.

.200 Materials

IFTA, Inc. shall set the standards for quality of ink, vinyl, type of font, and other pertinent standards to insure uniformity and consistency among the jurisdictions. IFTA, Inc. shall provide examples to all jurisdictions on an annual basis. Standards must be set and examples distributed by IFTA, Inc. no later than one full year prior to when the decals are required to be displayed.

.300 Administrative Fees

The base jurisdiction may impose a decal fee to recover reasonable administrative costs.

Commentary to P300

P310 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P320.100 accommodate jurisdictions outside of the United States.

P320.100 In July 1996, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 47-96, as narrative to the IFTA Procedures Manual Section P320.100.

ISSUE: Is the requirement of displaying the last two numbers of the appropriate year in the upper right-hand corner of the IFTA decal a minimum requirement?

BOARD INTERPRETATION:

The requirement to print the last two numbers of the appropriate year in the upper right-hand corner of the IFTA decal is a minimum requirement only. The four numbers of the appropriate year may be printed on the IFTA decals.

P320.100 Ballot 8-2005 amended IFTA Procedures Manual Section P320.100 to require that decals be serialized and to set the specifications for such serialization and was effective January 1, 2007.

P320.200 See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

P320.200 Ballot 6-2998 amended IFTA Procedures Manual Section P320.200 to require IFTA, Inc. to set decal standards and was effective July 1, 2000.

P320.200 Ballot 1-2003 amended IFTA Procedures Manual Section P320.200 to state that IFTA, Inc. must provide examples of decals, rather than samples, and to require that the specifications and examples be distributed to the member jurisdictions by no later than one year prior to when the decals are required to be displayed and was effective October 10, 2003.

P400

POSTING BONDS

***P410 AMOUNT OF BOND**

The total amount of the bond shall be fixed by the base jurisdiction and shall be equivalent to at least twice the estimated average tax liability for the tax reporting period for which the licensee will be required to file a tax return.

P420 SURETY BOND

A licensee required to post a bond may provide a surety bond in the amount determined by the base jurisdiction.

***P430 SUBSTITUTES FOR SURETY BOND**

In lieu of a surety bond, the licensee may deposit with the base jurisdiction one of the following:

.100 Bonds

Bonds or other obligations of the United States or Canada, the base jurisdiction, or any county or city of the base jurisdiction, having a market value not less than the bond amount required and made payable to the base jurisdiction;

.200 Certificates of Deposit

Automatically renewable time certificates of deposit not exceeding the insured amount, issued by a bank doing business in the base jurisdiction and insured by the Federal Deposit Insurance Corporation or the Canadian Deposit Insurance Corporation, made in the name of the depositor, payable to the base jurisdiction, and containing the provision that interest earned shall be payable to the depositor and that the certificate may only be canceled by written authorization from the base jurisdiction;

.300 Investment Certificates or Share Account

Investment certificates or share accounts not exceeding the federally insured amount, issued by a savings and loan association doing business in the base jurisdiction, and insured by the Federal Savings and Loan Insurance Corporation. Evidence of the insured account, either certificate or passbook, must be delivered to the base jurisdiction, along with a properly executed assignment form whereby the funds on deposit are assigned and made payable to the base jurisdiction;

.400 Cash

Lawful money of the United States or Canada. Cash bonds must be submitted in the form of a cashier's check, money order, or other certified funds which are payable to the base jurisdiction; or

.500 Other Secure Obligations

Any other secure obligations deemed appropriate by the base jurisdiction to cover the projected liabilities for all member jurisdictions.

Commentary to P400

P410 IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective January 1, 2006.

P430.100 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P430.200 accommodate jurisdictions outside of the United States

P430.400 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P430.500 accommodate jurisdictions outside of the United States.

***P510 RETENTION AND AVAILABILITY OF RECORDS**

A licensee shall retain the records of its operations to which IFTA reporting requirements apply for a period of four years following the date the IFTA tax return for such operations was due or was filed, whichever is later, plus any period covered by waivers or jeopardy assessments.

A licensee must preserve all fuel and distance records for the period covered by the quarterly tax returns for any periods under audit in accordance with the laws of the base jurisdiction.

On request, the licensee shall make such records available for audit to any member jurisdiction.

If the licensee's records are not maintained in the base jurisdiction and the base jurisdiction's auditors travel to the location where records are maintained, the base jurisdiction may require the licensee to pay the base jurisdiction's reasonable per diem and travel expenses incurred by the auditor or auditors in performance of an audit.

Following the expiration of the time within which an appeal or request for re-audit or reexamination may be filed under R1360 and R1390, and except in cases of fraud, the findings of an audit, re-audit, or reexamination shall be final as to all member jurisdictions and as to the licensee audited.

Unless a waiver of the statute of limitations is granted by the licensee, no assessment for deficiency or any refund shall be made for any period for which the licensee is not required to retain records. A licensee's request for refund shall extend the period for which records pertaining to the refund must be retained until the request is granted or denied.

***P520 BURDEN OF PROOF**

In an IFTA audit, the burden of proof is on the licensee. The audit will be completed using the best information available to the base jurisdiction.

***P530 ADEQUACY OF RECORDS**

The records maintained by a licensee under this article shall be adequate to enable the base jurisdiction to verify the distances traveled and fuel purchased by the licensee for the period under audit and to evaluate the accuracy of the licensee's distance and fuel accounting systems for its fleet.

The adequacy of a licensee's records is to be ascertained by the records' sufficiency and appropriateness. Sufficiency is a measure of the quantity of records produced; that is, whether there are enough records to substantially document the operations of the licensee's fleet. The appropriateness of the records is a measure of their quality; that is, whether the records contain the kind of information an auditor needs to audit the licensee for the purposes stated in the preceding paragraph. Records that are sufficient and appropriate are to be deemed adequate.

Provided a licensee's records are adequate under this definition, the records may be produced through any means, and retained in any format or medium available to the licensee and accessible by the base jurisdiction. If records are presented in a format or in a manner in which the base jurisdiction cannot audit them, they have not been made available as required.

Licensee records which do not contain all of the elements set out in P540, P550 and P560 may still, depending on the sufficiency and appropriateness of the records and of the licensee's operations, be adequate for an audit.

***P540 DISTANCE RECORDS**

- .100** Distance records produced by a means other than a vehicle-tracking system that substantially document the fleet's operations and contain the following elements shall be accepted by the base jurisdiction as adequate under this article:
- .005 the beginning and ending dates of the trip to which the records pertain
 - .010 the origin and destination of the trip
 - .015 the route of travel
 - .020 the beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the trip
 - .025 the total distance of the trip
 - .030 the distance traveled in each jurisdiction during the trip
 - .035 the vehicle identification number or vehicle unit number
- .200** Distance records produced wholly or partly by a vehicle-tracking system, including a system based on a global positioning system (GPS):
- .005 the original GPS or other location data for the vehicle to which the records pertain
 - .010 the date and time of each GPS or other system reading, at intervals sufficient to validate the total distance traveled in each jurisdiction
 - .015 the location of each GPS or other system reading
 - .020 the beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the period to which the records pertain
 - .025 the calculated distance between each GPS or other system reading
 - .030 the route of the vehicle's travel
 - .035 the total distance traveled by the vehicle
 - .040 the distance traveled in each jurisdiction
 - .045 the vehicle identification number or vehicle unit number
- .300** A licensee's reporting of distance may deviate slightly from a calendar quarter basis provided that:
- .005 the beginning and ending dates of the licensee's reported distance reflects a consistent cut-off procedure,
 - .010 the deviations do not materially affect the reporting of the licensee's operations,
 - .015 the deviations do not materially delay the payment of taxes due,
 - .020 the cut-off dates for both distance and fuel are the same, and
 - .025 the base jurisdiction can reconcile the reported distance for the period through audit.

***P550 FUEL RECORDS**

- .100** The licensee shall maintain complete records of all motor fuel purchased, received, or used in the conduct of its business, and on request, produce these records for audit. The records shall be adequate for the auditor to verify the total amount of fuel placed into the licensee's qualified motor vehicles, by fuel type.

- .110** Retail fuel purchases include all those purchases where a licensee buys fuel from a retail station or a bulk storage facility that the licensee does not own, lease, or control.
- .200** The base jurisdiction shall not accept, for purposes of allowing tax-paid credit, any fuel record that has been altered, indicates erasures, or is illegible, unless the licensee can demonstrate that the record is valid.
- .210** The base jurisdiction shall not allow tax-paid credit for any fuel placed into a vehicle other than a qualified motor vehicle.
- .220** The base jurisdiction shall not allow a licensee credit for tax paid on a retail fuel purchase unless the licensee produces, with respect to the purchase:
 - .005 a receipt, invoice, or transaction listing from the seller,
 - .010 a credit-card receipt,
 - .015 a transaction listing generated by a third party, or
 - .020 an electronic or digital record of an original receipt or invoice.
- .300** For tax-paid credit, a valid retail receipt, invoice, or transaction listing must contain:
 - .005 the date of the fuel purchase
 - .010 the name and address of the seller of the fuel (a vendor code, properly identified, is acceptable for this purpose)
 - .015 the quantity of fuel purchased
 - .020 the type of fuel purchased
 - .025 the price of the fuel per gallon or per liter, or the total price of the fuel purchased
 - .030 the identification of the qualified motor vehicle into which the fuel was placed
 - .035 the name of the purchaser of the fuel (where the qualified motor vehicle being fueled is subject to a lease, the name of either the lessor or lessee is acceptable for this purpose, provided a legal connection can be made between the purchaser named and the licensee)
- .400** The licensee shall retain the following records for its bulk storage facilities:
 - .005 receipts for all deliveries
 - .010 quarterly inventory reconciliations for each tank
 - .015 the capacity of each tank
 - .020 bulk withdrawal records for every bulk tank at each location
- .500** The base jurisdiction shall not allow a licensee tax-paid credit for fuel withdrawn by the licensee from its bulk fuel storage facilities unless the licensee produces records that show:
 - .005 the purchase price of the fuel delivered into the bulk storage includes tax paid to the member jurisdiction where the bulk storage is located, or
 - .010 the licensee has paid fuel tax to the member jurisdiction where the bulk storage is located.
- .600** The licensee shall produce for audit records that contain the following elements for each withdrawal from its bulk storage facilities:
 - .005 the location of the bulk storage from which the withdrawal was made

- .010 the date of the withdrawal
- .015 the quantity of fuel withdrawn
- .020 the type of fuel withdrawn
- .025 the identification of the vehicle or equipment into which the fuel was placed

.700 When alternative fuels are purchased or stored in bulk, these same requirements shall apply, in so far as they are practicable. In instances where, with respect to an alternative fuel, a licensee cannot practicably comply with these requirements, the licensee must maintain records that fully document its purchase, storage, and use of that alternative fuel.

.800 A licensee's reporting of fuel may deviate slightly from a calendar quarterly basis provided that:

- .005 the beginning and ending dates of the licensee's reported fuel reflects a consistent cut-off procedure,
- .010 the deviations do not materially affect the reporting of the licensee's operations,
- .015 the deviations do not materially delay the payment of taxes due,
- .020 the cut-off dates are the same for distance and fuel, and
- .025 the base jurisdiction can reconcile the fuel reported in the period through audit.

***P560 SUMMARIES**

A monthly summary of the fleet's operations reported on the corresponding quarterly tax return that includes the distance traveled by and the fuel placed into each vehicle in the fleet during the quarter, both in total and by jurisdiction, may be necessary for the efficient audit of the licensee's records. The licensee shall make such summaries available for audit upon due notice and demand by the base jurisdiction.

***P570 INADEQUATE RECORDS ASSESSMENT**

.100 If the base jurisdiction determines that the records produced by the licensee for audit do not, for the licensee's fleet as a whole, meet the criterion for the adequacy of records set out in P530, or after the issuance of a written demand for records by the base jurisdiction, the licensee produces no records, the base jurisdiction shall impose an additional assessment by either:

- .005 adjusting the licensee's reported fleet MPG to 4.00 or 1.70 KPL; or
- .010 reducing the licensee's reported MPG or KPL by twenty percent.

.200 This section does not affect the ability of a base jurisdiction to disallow tax-paid credit for fuel purchases which are inadequately documented, or, for cause, to conduct a best information available audit which may result in adjustments to either the audited or reported MPG or KPL, suspend, revoke, or cancel the license issued to a licensee.

Commentary to P500

- P510** IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective January 1, 2006
- P510** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P510 and subsections .100, .200 and .300 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P520** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P520 and subsections .100 and .200 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P530** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P530 and subsections .100 and .200 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P540.100** See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P540.200 accommodate jurisdictions outside of the United States.
- P540** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P540 and subsections .100 and .200 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P550.100** See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P550.400 accommodate jurisdictions outside of the United States.
- P550.100** IFTA Ballot 4-1999 amended IFTA Procedures Manual Sections 550.100 and 550.200 to
P550.200 make the language consistent with the definition of motor fuels found in the IFTA Articles of Agreement and was effective November 2, 1999.
- P550** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P550 and subsections .100 through .400 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P560.100** IFTA Ballot 11-95 amended IFTA Procedures Manual Section P560.100 to provide that altered receipts are not accepted for tax-paid credits unless a licensee can demonstrate that the receipt is valid and was effective January 1, 1996. Ballot 11-95 reinserted language that was inadvertently deleted by Ballot 3-1993.
- P560.300** See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- P560** IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P560 and subsections .100, .200 and .300 to enhance uniformity in the conduct of audits and was effective January 1, 2017.
- P570.200** IFTA Ballot 11-95 amended IFTA Procedures Manual Section P570 to provide that altered receipts are not accepted for tax-paid credits unless a licensee can demonstrate that the receipt is valid and was effective January 1, 1996. Ballot 11-95 reinserted language that was inadvertently deleted by Ballot 3-1993.
- P570.400** See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- P570.100** IFTA Ballot 9-2004 amended the IFTA Procedures Manual to provide clarity that tax paid

P570 .400 credit may only be taken for bulk fuel where tax has been paid to a member jurisdiction and was effective January 1, 2006

P570 IFTA Ballot 3-2014 amended the IFTA Procedures Manual, Section P570 and subsections .100 through .500 to enhance uniformity in the conduct of audits and was effective January 1, 2017.

P600

Sections P610, P620, P630, P640, P650, P660 and P670 have been stricken and removed from the Procedures Manual pursuant to the passage of Ballot 3-2014.

P700 STANDARD TAX RETURNS

The elements listed in P720 are to be captured regardless of the method of completion of the tax return (manually, electronically prepared or electronically prepared and filed).

***P710 GENERAL GUIDELINES**

The IFTA tax return shall cover the previous calendar quarter and shall include the following information:

- .100** Total distance traveled during the tax reporting period by qualified motor vehicles in the licensee's fleet, regardless of whether the miles or kilometers are taxable or nontaxable by a jurisdiction;
- .200** Total number of gallons or liters of motor fuel used by the licensee in operation of qualified motor vehicles;
- .300** In-jurisdiction miles or kilometers traveled by qualified motor vehicles within each member jurisdiction;
- .400** Gallons or liters of taxable motor fuel consumed within each member jurisdiction; and
- .500** Total number of gallons or liters of tax-paid fuel purchased within each member jurisdiction.

***P720 REQUIRED INFORMATION**

Each jurisdiction shall provide, at a minimum, the following elements to be present on a standard tax return. These elements may be preprinted, have a field or space for, or be automatically calculated:

- .050** Name and mailing address of the jurisdiction issuing the tax return;
- .100** IFTA license number of the licensee;
- .150** Name and address of the licensee;
- .200** Tax reporting period of the tax return;
- .250** Total distance traveled in all jurisdictions during the tax reporting period, including operations with trip permit;
- .300** Total fuel consumed in all jurisdictions during the tax reporting period;
- .350** Average fuel consumption factor (to two decimal places) for the tax reporting period;
- .400** Fuel type(s) consumed during the tax reporting period;
- .450** Columns for the jurisdictions in the Agreement;
- .500** Columns for reporting for each jurisdiction in order (with rounding provided to the nearest whole unit);
 - .010** Tax rate;
 - .015** Total miles or kilometers;

- .020 Total taxable miles or kilometers;
- .025 Taxable gallons or liters;
- .030 Tax paid gallons or liters;
- .035 Net taxable gallons or liters;
- .040 Tax due;
- .045 Interest due; and
- .050 Total due;

- .550** Totals for the columns that are listed under P720.500 with the exception of P720.500.010 and P720.500.045;

- .600** Penalty or late filings fees (\$50.00 or 10 percent of the tax, whichever is greater);

- .650** Total remittance of the tax return;

- .700** Date of the submitted tax return;

- .750** Signature of the person filing the licensee's tax return, unless the licensee is filing electronically in accordance with R940.300 and P160.

- .800** Title of the person filing the licensee's tax return; and

- .850** Telephone number of the person filing the licensee's tax return.

A space for previous balances may be included.

***P730 CONVERSION RATES AND MEASUREMENTS**

When the membership includes a member jurisdiction other than a U.S. jurisdiction, conversion rates and measurements must be printed on all standard tax returns or instructions provided with tax returns. If the conversion rates and measurements are not printed on the tax returns, or if specific instructions including those conversion rates and measurements are not included with tax returns, either the IFTA, Inc. web-site or the base jurisdiction's web-site shall be referenced on the tax return instructions, provided those sites contain the current conversion rates and measurements. (See IFTA Articles of Agreement, Section R222 regarding the definition of a gallon of compressed natural gas, and R237 regarding the definition of a liter of compressed natural gas. Also see IFTA Procedures Manual Section P1300 regarding conversion rates and

Commentary to P700

P710 IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective
P720 January 1, 2006.

P720 IFTA Ballot 4-1997 amended IFTA Procedures Manual Section P720 to provide that a space for previous balances on an IFTA tax report is discretionary was effective November 6, 1997.

[EDITOR'S NOTE: In light of the passage of Ballot 4-1997 effective November 6, 1997, Commentary resulting from the ratification of Issue 50-97 is for historical reference only.]

P720 In July 1997, the membership ratified inclusion of Consensus Board Interpretation, Issue 50-97, as narrative to IFTA Procedures Manual Section P720.

ISSUE: Are the tax reports issued by jurisdictions who automatically refund credit balances required to have a space for previous balances?

BOARD INTERPRETATION:

A jurisdiction that automatically refunds credit balances is not required to include a space for previous balances on the IFTA tax report.

P720 IFTA Ballot 1-2013 amended the IFTA Procedures Manual, Section P720 update to the IFTA Procedures Manual to include the necessary requirements for filing an IFTA tax return, regardless of the manner filed and was effective January 1, 2015.

P720.250 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P720.350 accommodate jurisdictions outside of the United States.
P720.500

P720.550 IFTA Ballot 9-2006 amended IFTA Procedures Manual Section P720 to clarify column total requirements on an IFTA tax return and was effective November 21, 2006.

P720.550 IFTA Ballot 8-2007 amended the IFTA Procedures Manual to eliminate the requirement to total the interest as required under the IFTA Procedures Manual and was effective on January 1, 2008.

P720.750 IFTA Ballot 10-2005 amended IFTA Procedures Manual Section to recognize electronic submissions for purposes of the license application process and was effective December 31, 2006.

P720.750 An incorrect reference to the Articles of Agreement was corrected.

P730 IFTA Ballot 7-2003 amended IFTA Procedures Manual Section P730 to provide that a jurisdictions may reference on its tax returns or instructions the IFTA, Inc. web site or its own web site for tax rates and conversion rates, so long as those rates are current and was effective October 10, 2003.

P730 IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective January 1, 2006.

P730 IFTA Ballot 3-2013 amended the IFTA Procedures Manual to provide greater clarity and reference Gallon and Liter definitions in the Articles of Agreement and was effective July 1, 2015.

P800

TAX RETURN PROCESSING

Tax reports shall be processed by each jurisdiction in accordance with the procedures adopted by the member jurisdictions.

P900

BASE JURISDICTION RECORDKEEPING

***P910 LICENSEE RECORDS**

The base jurisdiction shall maintain fuel tax records for licensees based in that jurisdiction for a period of five years or until they have been examined as part of a Program Compliance Review and the Final Report has been issued, whichever is later. The records shall contain, but not be limited to, the following:

- .050** Tax returns;
- .100** Applications;
- .150** Audit findings and work papers;
- .200** Refund requests;
- .250** Notifications issued for debit or credit balances by the base jurisdiction;
- .300** Payments of taxes made to the base jurisdiction;
- .350** Funds received from and transmitted to other jurisdictions. Such records shall identify licensees and remittances from each licensee;
- .400** Cancellation of licensee requests;
- .450** Requests for hearing to resolve assessments made by the base jurisdiction; and
- .500** Results of administrative hearing process.

***P920 PRESERVATION OF RECORDS**

These records, which may be kept on microfilm, microfiche, or any other computerized or condensed record storage system which meets the legal requirements of the base jurisdiction, shall be made available to any member jurisdiction upon request.

Commentary to P900

- P910** See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- P910** IFTA Ballot 2-2009 amended the IFTA Procedures Manual to change the IFTA program compliance review cycle from four (4) to five (5) years effective January 1, 2011.
- P920** Ballot 13-2001 amended IFTA Procedures Manual Section P920 to add subsection .300 and was effective January 1, 2003.
- P910** IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective January 1, 2006.
- P920** Ballot 13-2001 amended IFTA Procedures Manual Section P920 to add subsection .300 and was effective January 1, 2003.

P1000

BASE JURISDICTION ACCOUNTING

P1010 UNIFORM NUMBERING SYSTEM

A uniform account numbering system shall be adopted and used by all member jurisdictions as specified in the IFTA Procedures Manual.

***P1020 EXCHANGE RATE**

The exchange rate of U.S./Canadian funds shall be the U.S. Federal Reserve Board index rate at noon Eastern time of the third Monday of the month immediately preceding each quarter and will be used for all tax returns and other taxable transactions occurring for the subsequent quarter.

The repository will furnish the converted tax rates to the member jurisdictions upon the completion of the calculations specified in IFTA Procedures Manual Section P1310. The converted tax rates will be used for all tax returns, audit assessments, and other taxable transactions occurring for the applicable quarter.

***P1030 U.S. AND CANADIAN FUNDS TRANSFERS**

.100 Transmittals from the United States

Transmittal reports submitted by a U.S. jurisdiction to a Canadian jurisdiction will be in U.S. customary measures and U.S. dollars. All funds transmitted by U.S. jurisdictions to Canadian jurisdictions will be forwarded in U.S. dollars.

.200 Transmittals from Canada

Transmittal reports submitted by a Canadian jurisdiction to a U.S. jurisdiction will be in either U.S. customary measures and U.S. dollars, or International customary measures and Canadian dollars. All funds transmitted by Canadian jurisdictions to U.S. jurisdictions will be in U.S. dollars.

If a conversion is required from Canadian to U.S. dollars it shall be done using the Bank Of Canada noon day spot rate quoted at 12:00 PM Eastern Time. A fund conversion prior to 12:00 PM Eastern Time will be converted using the prior day's spot rate and a fund conversion at 12:00 PM Eastern Time or after will be converted using the current day's spot rate. The amount to be converted into U.S. dollars will be net the cost of converting.

.300 Funds Transfers

Funds being transmitted from one jurisdiction to another jurisdiction shall include documentation of at least the following:

- .005 Indication of which transmittal report(s) the funds are for;
- .010 The gross amount being transmitted;
- .015 The currency of funds – U.S. or Canadian dollars (if applicable);
- .020 The conversion rate and the date of the conversion rate (if applicable);
- .025 The cost of conversion (if applicable); and
- .030 The net amount being transmitted (if applicable).

***P1040 MONTHLY TRANSMITTALS**

Outgoing Transmittals

Each member jurisdiction shall forward transmittal data listings-related to tax returns received during each month. Transmittal data listings and related funds must be forwarded monthly in accordance with the transmittal and funding calendar prepared by the Clearinghouse Advisory Committee and approved by the IFTA, Inc. Board of Trustees. The funds and the supporting transmittal data listings may be sent separately. A report of no activity is required for each member jurisdiction if no revenue was collected on its behalf.

Incoming Billing Transmittals

In the event a transmittal data listing to another jurisdiction results in money being owed to the base jurisdiction, the jurisdiction being billed shall remit payment to the base jurisdiction in accordance with the transmittal and funding calendar prepared by the Clearinghouse Advisory Committee and approved by the IFTA, Inc. Board of Trustees.

The transmittal data listing shall contain, but not be limited to, the following information:

- .050** The base jurisdiction's name;
- .100** The reporting period that the transmittal data listing is for;
- .150** The account number of each licensee being reported;
- .200** The total miles or kilometers reported for each licensee for that jurisdiction;
- .250** The total taxable miles or kilometers reported for each licensee for that jurisdiction;
- .300** The reported fleet fuel consumption factor for each licensee;
- .350** The reported taxable gallons or liters for each licensee for that jurisdiction;
- .400** The reported tax paid gallons or liters for each licensee for that jurisdiction;
- .450** The net taxable gallons or liters for each licensee for that jurisdiction;
- .500** The tax due for each licensee for that jurisdiction;
- .550** The interest due for each licensee for that jurisdiction;
- .600** The total due for each licensee for that jurisdiction;
- .650** The amount deficient from partial payment for each licensee for that jurisdiction; and
- .700** The summary totals of items listed in IFTA Procedures Manual Sections P1040.200, P1040.250, and P1040.350 through P1040.650.

***P1050 NUMBERING OF MONTHLY TRANSMITTALS**

The base jurisdiction is responsible for consecutively numbering each set of transmittals to each jurisdiction for each calendar year. At the end of each calendar year, each read only Clearinghouse

member jurisdiction shall notify other jurisdictions of the number of transmittals that have been sent that calendar year.

***P1060 ALLOCATION OF TAX**

Should a licensee file a tax return showing taxes due and fail to remit payment in full with the tax return, the base jurisdiction may choose one of two options in remitting the appropriate tax to other member jurisdictions:

.100 Option 1

The base jurisdiction may allocate the actual tax payment to the other members based on the following formula:

$$\text{Allocation to Members} = \frac{\text{Net Tax Due Each Member}}{\text{Net Tax Due All Members}} \times \frac{\text{Money Available}}{\text{To Allocate}}$$

.200 Option 2

When a licensee files a tax return and fails to remit full payment with the tax return, full payment of the reported tax and interest, if any, will be made by the base jurisdiction to the member jurisdictions involved. The base jurisdiction will assume the liabilities for the payments made to the other jurisdictions. The base jurisdiction will then be responsible for collection of the unpaid tax and interest due from the licensee and will follow the methods of collection governed by the laws of the base jurisdiction and administrative procedures of the Agreement.

.010 If a base jurisdiction cannot collect all or a portion of the monies due from a licensee, the base jurisdiction will be entitled to a refund of the monies that were previously distributed to other member jurisdictions. The amount of monies owed to the base jurisdiction must be deemed as uncollectible for one or more of the following reasons:

.001 No licensee assets available to the base jurisdiction;

.002 Filing of bankruptcy and/or the subsequent disposal of all the licensee's assets;

.003 Failure to collect delinquent monies for a 60-day period; or

.004 Provisions of base jurisdiction's laws that establish an uncollectible tax account.

.020 The refund of the monies to the base jurisdiction will be made by an adjustment made to the monthly jurisdiction transmittal detailing the reversal of the monies to be refunded. Member jurisdictions may require that work papers and other documentation obtained in the course of collection be submitted to them.

.030 After the money is refunded to the base state jurisdiction, the unpaid monies that are owed are then the responsibility of the member jurisdiction.

P1070 CREDIT FOR TAX-PAID PURCHASES

Each jurisdiction will allow full credit for tax paid purchases, and any excess of tax paid over tax liability in any member jurisdiction will be credited in full to the licensee's tax liability in other member jurisdictions or to the licensee's account ledger as appropriate (see IFTA Agreement Manual Section R1000 and R1100).

Commentary to P1000

P1020 Ballot 21-91 amended IFTA Procedures Manual Sections P1020 and P1120. This ballot provides for the notification of tax rates, converted tax rates and measurements for use by the repository and member jurisdictions, including jurisdictions outside of the United States. The effective date of IFTA Ballot 21-91 was December 15, 1992.

P1020 See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

P1030 See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

P1030 Ballot 7-1998 amended IFTA Procedures Manual Section P1030 to clarify the reporting requirements of the transmittal of information and funds between U.S. and Canadian jurisdictions and was effective July 1, 2000

P1030 Ballot 6-2001 amended IFTA Procedures Manual Section P1030 to add the heading only for .300 and was effective November 26, 2001.

P1040 IFTA Ballot 4-1994 amended IFTA Procedures Manual Section P1040 to provide a deadline for paying billing transmittals and was effective July 1, 1996.

P1040 In July 1996, the membership unanimously ratified inclusion of Consensus Board Interpretations, Issues 46-96 and 48-96, as narrative to IFTA Procedures Manual Section P1040.

ISSUE: 46-96: A literal interpretation of Section P1040 of the IFTA Procedures Manual suggests transmission of funds sent separately from transmittal reports is not allowed. Are separate transmissions of funds and reports allowed? If separate transmissions are allowed, which date should be used to determine whether transmittals are timely?

BOARD INTERPRETATION:

A jurisdiction may transmit funds separately from the transmittal report. If a jurisdiction chooses to transmit funds separately from the transmittal report, the date of the transmission of funds is the date that will be used in a Program Compliance Review to determine timely transmittal.

ISSUE: 48-96: Two questions were posed by the Tax Information Group for EDI Requirements (TIGERS) participants.

QUESTION 1: Should the monthly transmittal reports contain summary totals when all of the details are provided on the transmission?

BOARD INTERPRETATION:

The summary totals on a transmittal report required at IFTA Procedures Manual Section P1040.700 are provided in an electronic transmission because the total is calculated by the recipient from the details provided.

QUESTION 2: Can an indicator be placed on the EDI mapping of the transmittal to allow the sender of the transmittal to denote the type of currency used (US or Canadian)?

BOARD INTERPRETATION:

The IFTA Procedures Manual, Section P1040 provides, in part: “[t]he transmittal shall contain, but not be limited to, the following information:”. Nothing prohibits an indicator being placed on the EDI mapping of a transmittal report to allow the sender to denote the type of currency used.

P1040 IFTA Ballot 8-1996 amended IFTA Procedures Manual Section P1040 to provide that funds transmittals and remittance listings must be forwarded to each jurisdiction each month but may be sent separately and was effective July 1, 1998.

P1040.200 See commentary at IFTA Procedures Manual Section P130 regarding amendments to
P1040.250 accommodate jurisdictions outside of the United States.

P1040.300

P1040.350

P1040.400

P1040.450

P1040.650 In July 1995, the membership unanimously ratified inclusion of Consensus Board
P1040.700 Interpretation 45-95 as narrative to IFTA Procedures Manual P1040.650 and P1040.700.

ISSUE: Does a jurisdiction utilizing the “Option 2” method need to include the information required in Section P1040.650 and the summary total of amount deficient required in Section P1040.700 on their transmittal form?

BOARD INTERPRETATION:

A jurisdiction utilizing the “Option 2” method does not have an “amount deficient from partial payment” from a licensee to report on a transmittal report because the full amount due from the licensee is transmitted to the member jurisdictions. Therefore, a space for this information is not required on the transmittal report form.

P1040 Ballot 1-2008 amended the IFTA Procedures Manual Section P1040 to make the changes necessary to facilitate the electronic exchange of data and funds among Clearinghouse participants and allow additional time for all member jurisdictions to make payments and was effective January 1, 2010.

P1050 Ballot 6-1993 amended IFTA Procedures Manual Section P1050 to require jurisdictions to consecutively number their transmittals. Annually, jurisdictions must notify other jurisdictions of the number of transmittals sent during the calendar year. The numbers were intended to simplify the tracking of transmittals. The ballot was effective July 1, 1995, however, it was the opinion of the IFTA, Inc. Board of Trustees that a January 1, 1996 implementation would be acceptable.

P1050 Ballot 2-2008 amended the IFTA Procedures Manual Section P1050 and eliminated the requirement for all IFTA Clearinghouse member Jurisdictions to send year end notification to other IFTA Clearinghouse member jurisdictions of how many transmittals were sent for the calendar year. For Clearinghouse participant jurisdictions, this information is readily available on the Clearinghouse. Additionally there was grammatical error and an “of” was added to the last sentence of P1050.

P1050 Ballot 1-2015 amended the IFTA Procedures Manual Section P1050 to remove the requirement for Clearinghouse members to notify all “read only” Clearinghouse members of the number of transmittals that have been sent that calendar year and was effective March 25, 2016.

P1060 IFTA Ballot 16-2004 amended the IFTA Procedures Manual to provide greater clarity and make the language more consistent with all of the IFTA Governing Documents and was effective

P1110 ANNUAL REPORTING*.100 Reporting Requirement**

All jurisdictions which are members under this Agreement shall submit an annual report by March 1 for the preceding calendar year to the repository for distribution to each member jurisdiction.

.200 Reporting Period

The report shall be for the period beginning with the date of membership through December 31 and for each calendar year thereafter.

.300 Required Information

Content of the annual report to member jurisdictions shall include:

- .005 Number of total IFTA accounts (this includes new accounts, active accounts and accounts that were suspended, revoked or canceled as of December 31st of each year), which shall consist of all licensees that are issued an IFTA license and decals for a licensing year excluding licensees who were issued credentials in error and returned those credentials to the base jurisdiction;
- .010 Number of accounts audited;
- .015 Number of accounts audited with assessment;
- .020 Number of new licensees which shall consist of all new accounts licensed, but does not include licensees renewed or reinstated, for the registration year being reported or previously registered in another member jurisdiction; and
- .025 Number of sets of decals issued;
- .030 Price per set of decals; and
- .035 Application fee amounts, including license fees, reinstatement fees, and other fees.
- .040 Name of the IFTA processing system (in-house or provider/vendor name) utilized by each jurisdiction.

.400 Exemption Database

- .005 All jurisdictions which are members under this Agreement shall confirm the Exemption Database is up to date by March 1 of every year.
- .010 In the event of a subsequent change to an exemption after March 1, member jurisdictions are required to update the Exemption Database within 30 days of the effective change.

***P1120 TAX RATE REPORTING**

.100 Reporting Requirement

Member jurisdictions are required to notify the repository at the earliest possible time of a change in their tax rate. The repository will then immediately notify each member jurisdiction.

.200 Distribution of Tax Rate and Conversion Information

The repository will disseminate to the member jurisdictions the U.S. and Canadian tax rates converted in accordance with the procedures specified in the IFTA Procedures Manual. The repository will also provide an information table that will include the converted tax rates and measurements for miles/kilometers and gallons/liters. The repository shall provide the tax rates and conversion information to all member jurisdictions by the first Monday of each quarter.

.300 Failure to Report Tax Rate Changes

If notification of a tax rate change is not received by the other jurisdictions at least 60 days prior to the due date of a quarterly tax return for which the change is effective, the other jurisdictions will be relieved from taking extraordinary measures to implement the change. The jurisdictions that failed to provide adequate notification may, however, collect any additional taxes due directly from the licensees in the other jurisdictions.

***P1130 REPORTING OF OTHER INFORMATION**

Every member jurisdiction shall advise the repository of all changes regarding tax-exempt miles/kilometers, non-taxable fuels, tax-exempt vehicles, or any other changes affecting the administration of the Agreement.

Commentary to P1100

- P1110.300** IFTA Ballot 1-2010 amended the IFTA Procedures Manual, Section P1110.300. Deletions and additions were made to .005, .010, .015, .030, .035, and .040. The changes to the requirements are effective July 1 2011.
- P1110.300.005** IFTA Ballot 7-1996 amended IFTA Procedures Manual Section P1110.300.005 to clarify which licensees the jurisdictions must include in their annual reports for distribution to member jurisdictions and was effective July 1, 1998.
- P1110.300.025** Ballot 12-2005 amended IFTA Procedures Manual Section P1100.300.025 to delete the requirement that the current tax rate be provided and to add the requirement that the number of new licensees be included in the jurisdiction annual report and was effective January 1, 2007.
- P1110.300** Ballot 3-2015 amended the IFTA Procedures Manual Section P1110.300 to remove the confusing verbiage related to the reporting of the number of accounts cancelled, suspended or revoked so all jurisdictions are reporting the same data.
- P1110.400** IFTA Ballot 5-2012 amended the Procedures Manual to add the requirement for reporting Exemption data on an annual basis consistent with the Annual reporting requirements and was effective January 1, 2013.
- P1120** IFTA requires each member to notify all other members of a change in the tax rate. The scope of work contained in the repository contract requires the repository to also notify all members of changes in tax rates. Ballot 90-255-3, passed on October 15, 1991, amended IFTA Procedures Manual Section P1120, eliminating this redundancy.
- P1120** See commentary at IFTA Procedures Manual Sections P130 and P1020 regarding amendments to accommodate jurisdictions outside of the United States.
- P1130** See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

P1200

PROGRAM COMPLIANCE REVIEWS

***P1210 REVIEW REQUIREMENT**

Member jurisdictions shall permit periodic program compliance reviews to be performed to assure they are in compliance with the provisions of the Agreement. At the expense of the member jurisdictions conducting such reviews, they will be performed after the first year of implementation of the Agreement. The expenses of such reviews may be paid through the International Fuel Tax Association if funds are available. Beginning January 1, 1997, the program compliance reviews will be conducted according to a schedule developed by IFTA, Inc.

***P1220 PROGRAM COMPLIANCE REVIEW GUIDE**

Program compliance reviews shall be conducted in accordance with the procedures and specifications outlined in the IFTA Program Compliance Review Guide, which is published under separate cover.

***P1230 REQUIRED PARTICIPATION**

Jurisdictions will be required to participate in their appropriate share of program compliance reviews each year. No member jurisdiction will be required to participate in more than two program compliance reviews per year

Commentary to P1200

- P1210** IFTA Ballots 4-1995 and 3-1996 amended IFTA Procedures Manual P1210, P1220, and P1230 to
- P1220** change terminology from “operations” review to “program compliance review” and to make other
- P1230** changes consistent with a long-range program compliance package ratified by the membership at the 1995 Annual Business Meeting. Ballot 4-1995 was effective January 1, 1996 and Ballot 3-1996 was effective October 10, 1996.
- P1230** The issue of a jurisdiction's requirement to participate in the performance of program compliance reviews was discussed at the 1991 Annual Business Meeting in Rapid City, South Dakota. As a result, Ballot 10-1992 passed, effective January 1, 1994, to clarify this requirement.

***P1310 U.S./METRIC MEASUREMENTS**

Units of measurement and currency, whether U.S. or Canadian, shall be accepted in the measurement or currency authorized by the licensee's base jurisdiction.

Jurisdictions may require their licensees to report in either metric or U.S. measurement. 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 Gallon	=	3.785 liters
One Mile	=	1.6093 kilometers
One Kilometer	=	0.62137 miles

Commentary to P1300

P1310 See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

P1320 IFTA Ballot 3-2013 amended IFTA Procedures Manual, Section P1300 to remove Section 1320 and was effective July 1, 2015.