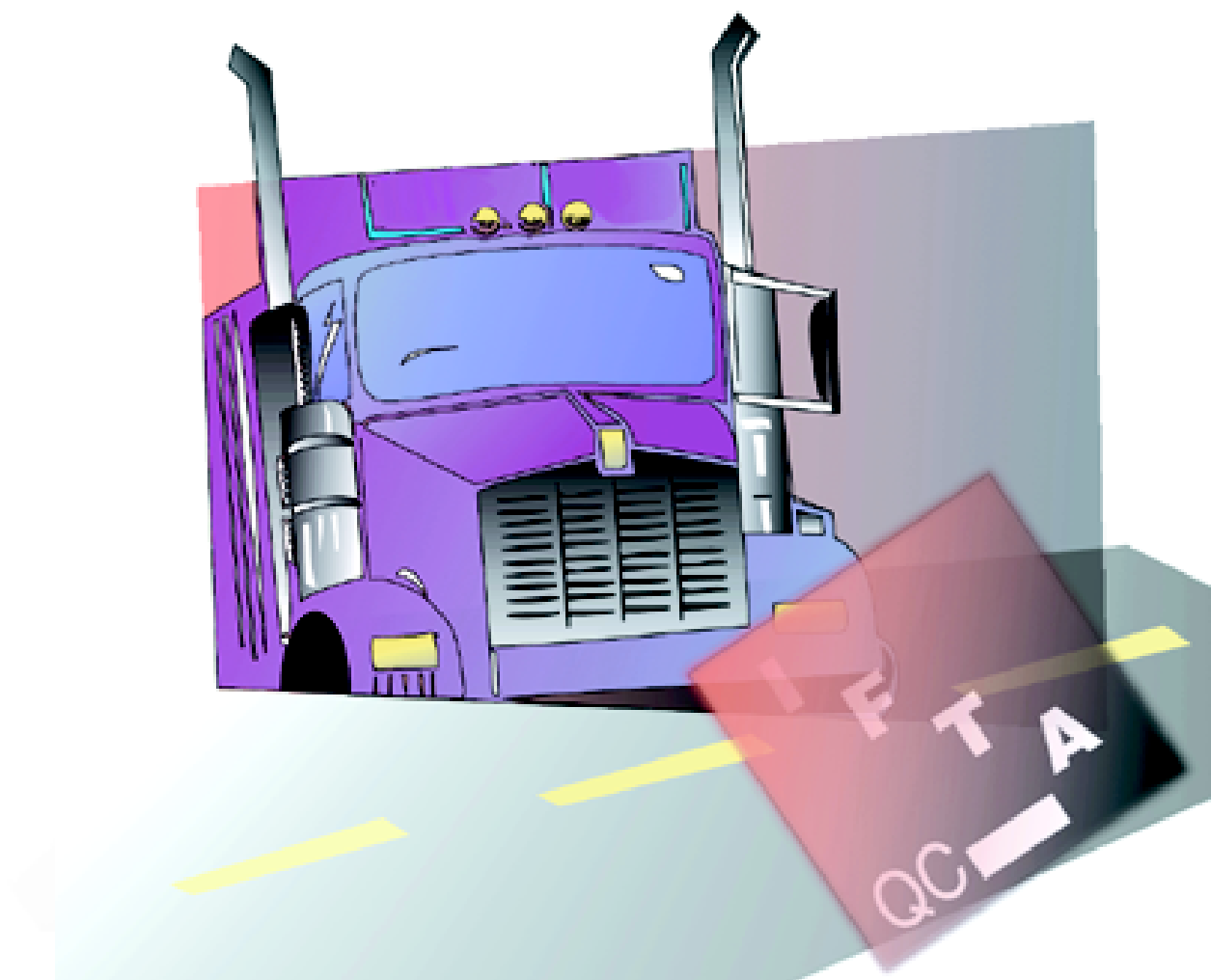


INTERNATIONAL FUEL TAX AGREEMENT AND PROCEDURES MANUAL



Changes

This document is an update of the September 1998 version of the International Fuel Tax Agreement and Procedures Manual, and contains the following changes made in October 1998 and July 1999:

- Modification of paragraph .010 of IFTA Articles of Agreement Section R1230.300
- Addition of a commentary in Section R1230.300
- Modification of a term and addition of a commentary in Section R1360
- Addition of Chapter XXI

TEXTUAL NOTE

The International Fuel Tax Agreement (Articles of Agreement) and Procedures Manual have been subject to amendments under Section R1600 of the 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.

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INTERNATIONAL FUEL TAX AGREEMENT





Article I

R100 AGREEMENT PRINCIPLE

R110 Title

This multijurisdictional agreement shall be referred to, cited, and known as the International Fuel Tax Agreement, referred to hereinafter as “the Agreement”.

R120 Governing Documents

The Audit Manual and Procedures Manual authorized by this Agreement are equally expressive of, and constitute evidence of this multijurisdictional agreement. The provisions of all three IFTA documents shall be equally binding upon the member jurisdictions and IFTA licensees.

IFTA Ballot 2-1996 added IFTA Articles of Agreement Section R120 to clarify that all of the IFTA governing documents are equally binding on the member jurisdictions and IFTA licensees and was effective July 1, 1998.

R130 Purpose

It is the purpose of this Agreement to promote and encourage the fullest and most efficient possible use of the highway system by making uniform the administration of motor fuels use taxation laws with respect to motor vehicles operated in multiple member jurisdictions.

Ballots 90-267-1 and 90-267-2, passed in March 1991, amended the many references to U.S. measurement units such as miles and gallons, and added additional language in the Agreement and Procedures Manual to allow the Canadian provinces to join IFTA. IFTA Articles of Agreement Sections which were amended by these ballots are: R130, R212, R224, R245, R263, R325, R510.100, R830, R840, R930.200, R960.100, R1150 and R1230.

R140 Cooperative Administration

It is the purpose of this Agreement to enable participating jurisdictions to act cooperatively and provide mutual assistance in the administration and collection of motor fuels use taxes.

R150 One License and One Base Jurisdiction

It is the purpose of this Agreement to establish and maintain the concept of one fuel use license and administering base jurisdiction for each licensee and to provide that a licensee’s base jurisdiction will be the administrator of this Agreement and execute all its provisions with respect to such licensee.

Article II

R200 DEFINITIONS

R203 Annual Reporting Period

means twelve consecutive months determined by the base jurisdiction.

IFTA Ballot 9-1994 amended IFTA Articles of Agreement Sections R200 and R930.200 to define an annual reporting period and to require jurisdictions only to notify other member jurisdictions in which a licensee operated during a prescribed period of an annual reporting request by a licensee and was effective January 1, 1996.

R206 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 this Agreement.

R209 Audit

means a physical examination of the records and source documents supporting the licensee’s returns.

R212 Base Jurisdiction

means the member jurisdiction where qualified motor vehicles are based for vehicle registration purposes and

- .100 Where the operational control and operational records of the licensee’s qualified motor vehicles are maintained or can be made available; and
- .200 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 that would otherwise be based in two or more jurisdictions.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

In July 1991, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 4, as narrative to IFTA Articles of Agreement Sections R212 and R510.200.

ISSUE: Whether an independent contractor based in an IFTA jurisdiction, but permanently leased to a carrier not based in an IFTA jurisdiction, must be licensed as an IFTA licensee when the lease agreement between the lessor and lessee provides that the lessee (carrier based in a non-IFTA jurisdiction) is responsible for reporting and remitting of the fuel use tax.

In the fact situation set forth in this issue, the lessors are located in Indiana and the lessees are located in non-IFTA jurisdictions. The lease agreement specifically states that the

lessees will report and pay the fuel use taxes. The lessees would not qualify as IFTA licensees because they do not meet the requirement of "base jurisdiction" set forth in Section R212.

It has come to the attention of Indiana that other jurisdictions are ticketing such lessors' vehicles because they do not have an IFTA decal or cab card. If such lessors were to become IFTA licensees in Indiana, they would simply be licensing to file quarterly returns showing no operations because the lessees would be reporting and paying the fuel use tax to Indiana pursuant to their annual motor carrier fuel tax permits. Apparently, the lessors are receiving tickets even though they are carrying copies of their lease agreements that clearly show the non-IFTA carriers are responsible for reporting and remitting the fuel use taxes. Further, the lessee is properly licensed in the other jurisdiction to report and pay the fuel tax, and the appropriate credentials are being carried in the vehicle. It seems apparent that the licensing of these lessors as IFTA carriers is unnecessary in light of the fact that they are leased to non-IFTA carriers. Indiana proposed that such lessors should not be IFTA licensees.

BOARD INTERPRETATION:

The Board unanimously concurred with Indiana's interpretation.

In July 1991, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 6, as narrative to IFTA Articles of Agreement Sections R212, R224, R245, R800, R820, and R1000.

ISSUE: *Can the State of Indiana allow buses tax-exempt status; if this is permitted, are all fuel purchases made by the buses in Indiana fully refundable?*

BOARD INTERPRETATION:

The Board consensus was that a jurisdiction may have its own specific exemptions for types of vehicles. However, jurisdictions are required to collect taxes and enforce fuel tax reporting pursuant to other jurisdictions' laws regarding vehicles taxed in their jurisdictions. The Board agreed that in the case of a return being filed where there is a vehicle exemption, the return would be prepared by the carrier to include miles traveled in the total miles field, not include those miles in the taxable miles field, and the carrier would receive credit for any purchases made. The Board also agreed that various examples of how to accommodate exemptions from other jurisdictions would be sent to the membership for review.

R215 Cancellation

means the annulment of a license and its provisions by either the licensing jurisdiction or the licensee.

R218 Commissioner

means the official designated by the jurisdiction to be responsible for administration of this Agreement.

R221 Fleet

means one or more vehicles.

R224 In-Jurisdiction Distance

means the total number of miles or kilometers operated by a licensee's qualified motor vehicles within a jurisdiction including miles/kilometers operated under an IFTA temporary permit. In-jurisdiction distance does not include miles/kilometers operated on fuel tax trip permit or exempted from fuel taxation by a jurisdiction.

IFTA Ballot 1-92 amended IFTA Articles of Agreement Section R224 to include miles operated under a temporary permit and was effective January 1, 1993.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

In July 1991, the majority of the membership concurred to include the commentary on miles traveled while under a trip permit as narrative to IFTA Articles of Agreement Sections R224 and R263. The quote is as follows:

Miles traveled while utilizing a trip permit would be included in total miles traveled, and the miles would also be reported as part of the total miles traveled in the applicable jurisdiction. However, the miles would not be included as taxable miles traveled for that jurisdiction. Fuel purchases while traveling under a trip permit would be included in total fuel consumed and should also be included in the tax-paid purchase column (if taxes were paid at the time the fuel was purchased) under the appropriate jurisdiction.

See commentary at IFTA Articles of Agreement Section R212 regarding vehicle exemptions.

R227 Jurisdiction

means a state of the United States, the District of Columbia, or a province or territory of Canada.

R230 Lessee

means the party acquiring the use of equipment with or without a driver from another.

IFTA Ballot 2-1993 was intended to better define the parties responsible for reporting and paying the fuel use taxes in short-term lease situations. The ballot added IFTA Articles of Agreement Sections R230 and R233 to define "Lessor" and "Lessee". The ballot was effective July 1, 1995. See commentary at IFTA Articles of Agreement Section R510 regarding responsible party under lease agreements.



R233 Lessor

means the party granting the use of equipment with or without a driver to another.

See commentary at IFTA Articles of Agreement Section R230.

R236 Licensee

means a person who holds an uncancelled Agreement license issued by the base jurisdiction.

R239 Motor Fuels

means all fuels used for the generation of power for propulsion of qualified motor vehicles.

R242 Person

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

R245 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.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

See commentary at IFTA Articles of Agreement Section R212 regarding vehicle exemptions.

IFTA Ballot 19-91 amended IFTA Articles of Agreement Section R245, clarifying the definition of a qualified motor vehicle, with an effective date of December 15, 1992.

In July 1992, the membership voted to include the Consensus Board Interpretation, Issue 12, as narrative to IFTA Articles of Agreement R245.

ISSUE: North Carolina questions a portion of the definition of a qualified motor vehicle. North Carolina understands that the axles of trailing units have no bearing and that the part of the definition alluding to number of axles applies only to the axles on the power unit, irrespective of any trailing units. If a motor carrier has a power unit having two axles, weighing less than 26,000 pounds, but pulling a trailing unit, and the combination weighs less than 26,000 pounds, would such be a qualified motor vehicle?

BOARD INTERPRETATION:

The Consensus Board Interpretation is that the axles of a trailing unit have no bearing on this definition. The part of the definition alluding to the number of axles applies only to the axles on the power unit, irrespective of any trailing units. The Board agreed that a power unit with two axles, pulling a trailing unit, with a combined gross or registered weight of 26,000 pounds or less is not a qualified motor vehicle. The first and second definitions of a qualified motor vehicle refer only to the power unit. The third definition refers to the combination of the power unit and the trailing unit.

Ballot 4-1993 amended IFTA Articles of Agreement Section R245 to more accurately reflect the reference to the kilograms. In July 1992, the Audit Committee was assigned the responsibility to research the issue. Ballot 4-1993 resulted and was effective January 1, 1994.

R248 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.

R251 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.

R254 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.

R257 Revocation

means withdrawal of license and privileges by the licensing jurisdiction.

R260 Suspension

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

R263 Temporary Permit

means a permit issued by the base jurisdiction or its agent to be carried in a qualified vehicle in lieu of display of the permanent annual decals. A temporary permit is valid for a period of 30 days to give the carrier adequate time to affix the annual permanent decals.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

See commentary at IFTA Articles of Agreement Section R224 regarding miles traveled under temporary permit.

IFTA Ballot 1-92 amended IFTA Articles of Agreement Section R263 to include distance operated under a temporary permit effective January 1, 1993. Also see commentary to R650.

See commentary at IFTA Articles of Agreement Section R650 regarding issuance of temporary permits in lieu of decals only.

R266 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 nontaxable by a jurisdiction.

R269 Weight

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

Article III

R300 APPLICATION AND RENEWAL

R305 Licensing Requirement

Any person based in a member jurisdiction operating a qualified motor vehicle(s) in two or more member jurisdictions or in a member jurisdiction and a jurisdiction which is a member of the Regional Fuel Tax Agreement (RFTA) is required to license under this Agreement, except as indicated in IFTA Articles of Agreement Sections R310 and R500.

In July 1993, the membership voted to include the Consensus Board Interpretation, Issue 31, as narrative to IFTA Articles of Agreement Section R305.

ISSUE: May a carrier with vehicles based in multiple jurisdictions (IFTA and non-IFTA) be allowed to license and report all its vehicles through a non-IFTA jurisdiction?

BOARD INTERPRETATION:

The Consensus Board Interpretation is that Section R310 allows the option of a trip permit. Section R500 allows different requirements for lessors, lessees, independent contractors, and household goods agents.

Assuming the carrier does not qualify for either of these exemptions, has qualified vehicles based in an IFTA jurisdiction and operates in two or more IFTA jurisdictions, the carrier must be licensed for IFTA. Section R212 defines a base jurisdiction.

IFTA Ballot 9-1995 amended IFTA Articles of Agreement Section R305 to expand the licensing requirement to include a person operating a qualified motor vehicle in a member jurisdiction and an RFTA jurisdiction and was effective July 1, 1997. Also, see commentary to IFTA Articles of Agreement R1900 regarding an IFTA/RFTA cooperative agreement.

R310 Trip Permits

In lieu of motor fuel tax licensing under this Agreement, persons may elect to satisfy motor fuels use tax obligations on a trip-by-trip basis.

R315 Application for License

A person shall file an application for licensing with the base jurisdiction. The fuel tax license application shall have the content specified in the IFTA Procedures Manual Section P100.

R320 Designation of Licensee

Tax licensing under this Agreement shall be in the name of the licensee. IFTA Articles of Agreement Section R500 designates the party responsible for reporting and payment of fuel taxes in the case of lessors/lessees, independent contractors, and household goods agents.

R325 Base Jurisdiction Determination

An applicant based in a jurisdiction not a member of this Agreement may make application for licensing to any member jurisdiction in which it operates. The jurisdiction receiving such application may accept or reject it. If accepted, the applicant shall agree to make operational records available for audit in the jurisdiction granting such license, or pay the reasonable per diem travel expenses for auditors to audit the records located outside of the base jurisdiction. An applicant making an application in this manner shall immediately make application to the prior base jurisdiction when that jurisdiction enters this Agreement; such application will become effective the following license year.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

R330 Application Processing

Upon receipt of an IFTA fuel tax license application from a new applicant, the base jurisdiction shall check all entries on the application to ensure that they are complete. If the base jurisdiction feels more information is required, the licensee should immediately be contacted requesting the required information. Upon being satisfied that the application is correct, the base jurisdiction shall issue the fuel tax credentials for the fleet.

R335 Non-issuance of License

A license will not be issued if the applicant has been previously licensed under this Agreement and that license is still under revocation by any member jurisdiction or the application contains any misrepresentation, misstatement, or omission of information required in the application.

R340 Bond Requirement

The base jurisdiction, for cause, may require a licensee to post a bond. Bonds may be required for failure to file timely returns or to remit taxes, or when an audit indicates problems severe enough that, in the commissioner's discretion, a bond is required to protect the interests of the member jurisdictions. Requirements for posting of bonds are outlined in IFTA Procedures Manual Section P400.

R345 License Renewal

.100 A renewal license and decals for the following calendar year will be issued upon application if the license has not been revoked or canceled, all returns have been filed, and all motor fuels use taxes, penalties and interest due have been paid.

.200 In lieu of renewal application, jurisdictions may notify a licensee that meets the requirements of R345.100 that their license will automatically be renewed for the following calendar year.

Ballot 9-1996 added IFTA Articles of Agreement Section R345.200 to provide that IFTA licenses may be automatically renewed by member jurisdictions under certain circumstances and was effective July 1, 1998.

[EDITOR'S NOTE: In light of the passage of Ballot 9-1996, effective July 1, 1998, commentary resulting from the ratification of Issue 9 is no longer valid as of that date because said commentary is in direct conflict to the language of Ballot 9-1996. The commentary regarding Issue 9 is for historical reference only.]

In July 1992, the membership voted to include the commentary from Consensus Board Interpretation, Issue 9, as narrative to IFTA Articles of Agreement Section R345.

ISSUE: Can the State of Utah automatically renew its IFTA licenses without requesting a renewal application to be completed?

*BOARD INTERPRETATION:
Section R345 of the Agreement states:*

A renewal license and decals for the following calendar year will be issued upon application if the license has not been revoked or canceled, all returns have been filed, and all motor fuels use taxes, penalties, and interest due have been paid.

Utah complies with all of these procedures except it does not have the carrier file an application. We believe this is clearly not in compliance with the Articles of Agreement. "A renewal license . . . will be issued upon application . . ." The Board also believes Utah should change its procedure to require the carrier to file an application. We hasten to add that this renewal application could be as simple as the card Utah already sends to update decal needs and address changes. Many other states do something similar and appropriately consider that a renewal application.

The Board believes the Articles of Agreement should not be rewritten at this time to allow automatic renewals of licenses without application. While this may seem to be a small change, it would erode our foundation of uniformity. The more states deviate with interpretations of the Agreement, the less viable our organization becomes.

R350 Notification to Member Jurisdictions

The base jurisdiction shall send to each member jurisdiction a listing of new applicants, identifying the license numbers assigned. New applicant information shall be forwarded to each member jurisdiction quarterly.

In July 1992, the membership voted to include Consensus Board Interpretation, Issue 20-92, as narrative to IFTA Articles of Agreement Section R350 and Section R410.300, R420.300 and 430.300.

ISSUE: What type of notification should be sent to each jurisdiction and in what manner?

EXAMPLE:

New licenses should be sent out in a quarterly report. Would this report then only be for that quarter and not be cumulative?

On revocations, cancellations, and suspensions, the report is sent within 10 days and is included in a quarterly cumulative report. Is this quarterly necessary?

Cancellations are quarterly generated. Is this a cumulative quarterly report?

BOARD INTERPRETATION:

The Consensus Board Interpretation is that the report be sent on a quarterly basis and information is not cumulative. Based upon the Articles of Agreement, jurisdictions are expected to comply.

Jurisdictions are expected to send within 10 days information on revocations, reinstatements, cancellations, or suspensions. This information becomes part of the quarterly report.

R355 Fees

The base jurisdiction may collect its statutorily authorized fees for issuance of the license and decals to licensees based in its jurisdiction.

R360 Providing Information to Licensees

Each jurisdiction shall provide licensees and prospective licensees with all information required to enable them to comply with all the terms of this Agreement. When credentials are issued to a new licensee, information shall be provided to the licensee which completely describes the requirements of the Agreement. This should include, but not be limited to:

- .100 Instructions for display of license or cab card and decals;
- .200 Licensing requirements and cancellation provisions;
- .300 Tax reporting and recordkeeping requirements;
- .400 Audit information;
- .500 Explanation of base jurisdiction determination.

As the Articles of Agreement, Procedures Manual, and Audit Manual are revised, it is the responsibility of each base jurisdiction to notify its licensees of the current requirements.

R365 Licensee Right of Appeal

An applicant who has been denied a license or whose license has been revoked may file an appeal in accordance with IFTA Articles of Agreement Section R1400.

Article IV

R400 CANCELLATION, REVOCATION, AND SUSPENSION

R410 License Cancellation

- .100 A licensee may request that its license be canceled.
- .200 Licenses shall be canceled in accordance with the administrative procedure laws of the base jurisdiction.

In July 1998, it was unanimously ratified by the membership to include Consensus Board Interpretation, Issue 54-98, as narrative to IFTA Articles of Agreement Sections R410.200 and R420.200.

ISSUE: When an IFTA licensee fails to file a quarterly fuel tax report and subsequently fails to respond to te Failure to File Notice and Best Information Available Assessment or fails to respond to an assessment of additionnal tax, interest and/or penalty within the prescribed 30-day period, does the base jurisdiction:

1. *issue a revocation notice allowing a 30-day period to file an appeal (Articles of Agreement Section R1410);*
2. *follow its own administrative procedures laws (Articles of Agreement Sections R410.200 and R420.200); or*
3. *issue an immediate revocation (Articles of Agreement Section R12601)?*

BOARD INTERPRETATION:

The base jurisdiction would follow its own administrative procedures laws regarding the revocation/suspension of an IFTA license and the appeal of such action. The Articles of Agreement Sections R410.200 and R420.200 control with respect to the revocation/suspension of an IFTA license because it addresses a specific occurrence and provides a specific course of action. The 30-day period prescribed in the Articles of Agreement Section R1410 would be applicable if the base jurisdiction did not have provisions in its administrative procedures laws for revocation/suspension of licenses and appeals of such actions.

- .300 The base jurisdiction shall notify all member jurisdictions quarterly of all canceled accounts.

See commentary at IFTA Articles of Agreement Section R350 regarding notification to members of changes in licensee status.

R420 License Suspension and Revocation

- .100 Failure to comply with all applicable provisions of this Agreement shall be grounds for suspension or revocation of the license issued under this Agreement.
- .200 Licenses shall be suspended or revoked in accordance with the administrative procedure laws of the base jurisdiction.

In July 1998, it was unanimously ratified by the membership to include Consensus Board Interpretation, Issue 54-98, as narrative to IFTA Articles of Agreement Sections R410.200 and R420.200.

ISSUE: When an IFTA licensee fails to file a quarterly fuel tax report and subsequently fails to respond to te Failure to File Notice and Best Information Available Assessment or fails to respond to an assessment of additionnal tax, interest and/or penalty within the prescribed 30-day period, does the base jurisdiction:

1. *issue a revocation notice allowing a 30-day period to file an appeal (Articles of Agreement Section R1410);*
2. *follow its own administrative procedures laws (Articles of Agreement Sections R410.200 and R420.200); or*
3. *issue an immediate revocation (Articles of Agreement Section R12601)?*



BOARD INTERPRETATION:

The base jurisdiction would follow its own administrative procedures laws regarding the revocation/suspension of an IFTA license and the appeal of such action. The Articles of Agreement Sections R410.200 and R420.200 control with respect to the revocation/suspension of an IFTA license because it addresses a specific occurrence and provides a specific course of action. The 30-day period prescribed in the Articles of Agreement Section R1410 would be applicable if the base jurisdiction did not have provisions in its administrative procedures laws for revocation/suspension of licenses and appeals of such actions.

- .300 The base jurisdiction shall notify all member jurisdictions within 10 days of all suspensions and revocations.

See commentary at IFTA Articles of Agreement Section R350 regarding notification to members of changes in licensee status.

R430 License Reinstatement

- .100 A former 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 the existing jurisdictional laws.
- .200 The base jurisdiction may also require the reinstated licensee to post a fuel tax bond in an amount sufficient to satisfy any potential liability to all member jurisdictions.
- .300 The base jurisdiction shall notify all member jurisdictions within 10 days of all reinstatements.

See commentary at IFTA Articles of Agreement Section R350 regarding notification to members of changes in licensee status.

Article V

R500 LESSORS/LESSEES AND HOUSEHOLD GOODS CARRIERS

R510 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.

See commentary at IFTA Articles of Agreement Sections R230 and R233 regarding definitions of "Lessor" and "Lessee".

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

Ballot 2-1993 was intended to better define the parties responsible for reporting and paying the fuel use taxes in short-term lease situations. The ballot identified the "lessor" as the responsible party, with one exception. The exception is defined in IFTA Articles of Agreement R510.100 and requires two conditions to be met. The exception only applies to lessors who are regularly engaged in the business of leasing, or renting vehicles without drivers and only when BOTH conditions are met. Ballot 2-1993 amended IFTA Articles of Agreement Section R510.100. The ballot was effective July 1, 1995.

- .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.

Ballot 2-1993 was intended to better define the parties responsible for reporting and paying the fuel use taxes in short-term lease situations. The ballot identified the "lessor" as the responsible party, with one exception. The exception is defined in IFTA Articles of Agreement R510.100 and requires two conditions to be met. The exception only applies to lessors who are regularly engaged in the business of leasing, or renting vehicles without drivers and only when BOTH conditions are met. Ballot 2-1993 amended IFTA Articles of Agreement Section R510.100. The ballot was effective July 1, 1995.

See commentary at IFTA Articles of Agreement Section R212 regarding licensing of lessors/lessees.

R520 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:

In July 1990, a special committee was formed to review issues of household goods carriers unique to that group such as intermittent leases. Ballot 90-225-4 amended IFTA Articles of Agreement Section R520, changing the application of the Agreement for household goods carriers and independent contractors.

- .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 of 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.

R530 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 of 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.

IFTA Ballot 7-1994 amended IFTA Articles of Agreement Section R530.200 to identify the responsible tax reporting party in a lease situation in the absence of a written agreement or if the written agreement is silent regarding such responsibility and was effective July 1, 1996.

IFTA Ballot 4-1996 amended IFTA Articles of Agreement Section R520.200 to include a lease of 30 days in the provision regarding long-term leases and was effective on October 10, 1996.

R540 Filing of Leases

No member jurisdiction shall require the filing of such leases but such leases shall be made available upon request of any member (see IFTA Procedures Manual, Section P520).

Article VI

R600 VEHICLE IDENTIFICATION

R605 Identification Requirement

The base jurisdiction shall issue a license and two decals per vehicle. The license and decals shall qualify the licensee to operate in all member jurisdictions without further licensing or identification requirements in regard to motor fuel use taxes.

In October 1990, requiring two decals instead of one for vehicle identification was raised as an issue by some of the heavier truck traffic jurisdictions. Some jurisdictions felt that two decals (one on each side) were more appropriate because of the positioning of weigh station and port-of-entry personnel. It was hoped that better visibility of decals would improve the flow of truck traffic. IFTA Ballot 16-91 amended IFTA Articles of Agreement Sections R605 and R625 to require issuance of two decals instead of one, with an effective date of March 16, 1993.

R610 License Period

The license is valid for the current calendar year ending December 31, and shall be reproduced by the licensee and placed in the qualified motor vehicles of the licensee's fleet. The licensee's identification code will remain unchanged from year to year until the license is canceled or revoked. The decals shall be issued annually.

R615 Form and Content

The form and content of the license and decal shall be specified in the IFTA Procedures Manual. The decal shall not be so designed as to require vehicle specific data.

R620 Possession of License

Each licensee shall be issued one IFTA license or cab card. The licensee is required to make legible copies of the license so that one copy shall be carried in each vehicle. A vehicle will not be considered to be operating under this Agreement unless there is a copy of the license in the vehicle.

See commentary at IFTA Articles of Agreement Section R650 regarding issuance of temporary permits in lieu of decals only.



R625 Display of Decals

Each licensee shall be issued a minimum of two vehicle identification decals for each qualified vehicle in its fleet. The decals must be placed on the exterior portion of both sides of the cab. In the case of transporters, manufacturers, dealers, or driveway operations, the decals need not be permanently affixed, but may be temporarily displayed in a visible manner on both sides of the cab.

See commentary at IFTA Articles of Agreement Section R605 regarding issuance of two decals.

R630 Display of Renewal Credentials

Carriers renewing credentials may operate with the IFTA decals and license one month prior to the effective date shown on the credentials. However, those carriers are responsible for filing a fourth quarter report for the year preceding the effective date of the new credentials, including the last month of that quarter.

R635 Display of Multiple Credentials

Qualified motor vehicles to be operated by more than one IFTA licensee during the calendar year may display IFTA decals for each active licensee concurrently.

IFTA Ballot 90-255-4 amended IFTA Articles of Agreement Section R635 to cover vehicles operated by multiple licensees.

R640 Transfer of Decals

Decals shall not be transferred between motor vehicles without authorization from the base jurisdiction.

R650 Temporary Permits

The base jurisdiction may provide for the issuance of a 30-day IFTA temporary permit valid for all member jurisdictions to a licensee in good standing to carry in lieu of displaying the annual decals. The base jurisdiction may charge an administrative fee to the licensee to cover the cost of issuance. Temporary permits must be vehicle specific and show the expiration date. The temporary permit need not be displayed but shall be carried in the vehicle.

In July 1991, the Temporary Credential Issuance Subcommittee proposed jurisdictions be permitted to issue 30-day temporary permits, allowing fleet vehicles to be placed in service immediately. IFTA Ballot 1-92 amended IFTA Articles of Agreement Section R650, allowing jurisdictions to issue 30-day temporary permits and was effective January 1, 1993.

Ballot 2-92 amends IFTA Articles of Agreement, allowing jurisdictions to issue a 30-day temporary authorization to allow a vehicle to be placed in service immediately. Ballot 2-92 was effective January 1, 1993.

In July 1998, it was unanimously ratified by the membership to include Consensus Board Interpretation, Issue 55-98, as narrative to IFTA Articles of Agreement Section R650.

ISSUE: Whether a temporary permit, as defined in IFTA Articles of Agreement Section R263, can be issued in lieu of IFTA decals and licenses.

BOARD INTERPRETATION:

Section R650 of the IFTA Articles of Agreement does not authorize the issuance of a temporary IFTA license. The temporary permit must be issued in place of decals only. Because the IFTA does not allow the issuance of a temporary permit in lieu of an IFTA license, such a practice by a member jurisdiction subjects its licensees to citations or the purchase of trip permits in other member jurisdictions.

R655 Grace Period

Carriers from new member jurisdictions shall be allowed a two-month grace period from the date of the new member's IFTA program implementation to display the IFTA license and decals. However, carriers must maintain the proper credentials for traveling in member jurisdictions until they display the valid IFTA license and decals. All IFTA carriers shall be allowed a two-month grace period to display the current year IFTA license and decals.

In July 1991, it was unanimously ratified by the membership to include Consensus Board Interpretation, Issue 3, as narrative to IFTA Articles of Agreement Section R655.

ISSUE: What is IFTA's policy concerning the grace period for displaying license and decals for new IFTA member carriers and for current IFTA member carriers?

BOARD INTERPRETATION:

The Board consensus on this issue was that the grace period applies to both the license and the display of credentials. It was agreed that the way in which the Agreement language is currently written is potentially confusing. However, based on the discussions in Indianapolis, it was felt that the grace period for the license and display of decals would be honored for this year with the understanding that the Agreement should probably be modified prior to the beginning of 1992.

Ballot 4-92 amends the IFTA Articles of Agreement Section R655 to appropriately clarify the grace period and was effective January 1, 1993.

Ballot 5-92 amends IFTA Articles of Agreement Section R655, clarifying the grace period. Ballot 5-92 was effective December 1, 1992

In July 1992, the membership voted to include Consensus Board Interpretation, Issue 11, as narrative to IFTA Articles of Agreement Section R655.

ISSUE: Under the Agreement, decals may be displayed one month prior to their effective date, and carriers from new member jurisdictions shall be allowed a 60-day grace period

from the new member's program implementation date. Realizing this issue has been brought up before, North Carolina would like clarification that if the carrier travels into an IFTA jurisdiction on December 1, 1991, with a North Carolina IFTA decal, will it be honored?

More importantly, the jurisdiction wants clarification that if a North Carolina carrier does not have a 1992 IFTA decal, will the state honor its 1991 decal or the 1991 North Carolina decal or the North Carolina license plate? If the carrier will become a 1992 North Carolina IFTA carrier but has some of its vehicles plated in another jurisdiction, would its 1991 North Carolina decal be honored?

BOARD INTERPRETATION:

Jurisdictions will not honor a North Carolina, Arkansas, or Kansas IFTA credential in December 1991, since jurisdiction implementation will not occur until January 1992.

North Carolina, Arkansas, and Kansas IFTA motor carriers must display one of the following when operating in another IFTA state during December 1991:

1. A valid 1991 decal and fuel license (when applicable) issued by the IFTA state(s) in which they are operating;
2. A 1991 IFTA decal and fuel license from a state that was a member during 1991; or
3. A temporary or trip permit for the IFTA state in which they are operating.

During January and February of 1992, when operating in another IFTA state, one of the preceding must be displayed or a 1992 North Carolina, Arkansas, or Kansas IFTA decal and fuel license.

R660 Non-compliance

- .100 Failure to possess a copy of the license in the vehicle may subject the vehicle operator to the purchase of a trip permit, a citation, or both.
- .200 Failure to display the identification decals in the required locations or to carry a temporary permit may subject the vehicle operator to the purchase of a trip permit, a citation, or both.
- .300 Improper use of the license or the decals by the licensee may be cause for revocation of the license.

Ballot 17-91 amends IFTA Articles of Agreement Section R660, clarifying the interpretation of decal identification. The effective date of IFTA Ballot 17-91 was March 16, 1993. The enforcement provision contained in this section gives the enforcement officers of the member jurisdictions discretion regarding the issuance of a citation and the requirement of a trip permit in the event two decals are not displayed on a qualified vehicle.

Article VII

R700 RECORDS REQUIREMENTS

Every licensee shall maintain records to substantiate information reported on the quarterly and annual tax returns. Operational records shall be maintained or be made available for audit in the base jurisdiction. Recordkeeping requirements shall be specified in the IFTA Procedures Manual.

Article VIII

R800 TAXATION OF MOTOR FUELS

The consumption of motor fuels used in the propulsion of qualified motor vehicles, except fuel consumed that is exempt from taxation by a jurisdiction, is the taxable event under this Agreement.

See commentary at IFTA Articles of Agreement Section R212 regarding fuel purchases for use in tax-exempt vehicles.

R810 Qualified Motor Vehicles

- .100 Fuel use reporting under this Agreement shall be for qualified motor vehicles as defined in this Agreement.
- .200 No member jurisdiction may require fuel use reporting or trip permitting for any vehicles based in any other member jurisdiction, other than qualified motor vehicles as defined in IFTA Articles of Agreement Section R245.

R820 Taxable Fuel Use

All motor fuel acquired that is normally subject to consumption tax is taxable unless proof to the contrary is provided by the licensee. The licensee must report all fuel placed in the supply tank of a qualified motor vehicle as taxable on the IFTA tax return.

See commentary at IFTA Articles of Agreement Section R212 regarding fuel purchases for use in tax-exempt vehicles.

R830 Exempt Fuel Use

- .100 Fuel use defined as exempt by a particular jurisdiction must be reported under this Agreement. For reporting tax-exempt miles or kilometers, the licensee is required to obtain the definition of operations that qualify for tax-exempt status from the jurisdictions of the Agreement.
- .200 Licensees must submit claims for refund for tax paid on tax-exempt fuel directly to the respective jurisdiction. (See IFTA Articles of Agreement Sections R1000 and R1100.)

Ballot 7-92 added IFTA Agreement Section R830.200 effective January 1, 1994.



See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

R840 Reporting Intrastate Travel

The licensee may include fuel purchases and travel by qualified motor vehicles operated exclusively within a jurisdiction.

In July 1992, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 13, as narrative to IFTA Articles of Agreement Section R840.

ISSUE: Which is to be used on a tax return to determine the average miles per gallon, the all operations figures? North Carolina believes units which operated intrastate only (not interstate) in any state during a reporting period may be excluded in the "everywhere/all operations" figures. What is correct?

BOARD INTERPRETATION:

Under the Agreement it is permissible for the carrier to be allowed to include intrastate qualified vehicle miles and reporting of intrastate operations through the IFTA return or through their own state return. If they are through IFTA, then the IFTA jurisdiction will need to make sure that in the audit the proper amount of taxation is collected and distributed.

If the carrier or registrant is reporting intrastate miles traveled by qualified vehicles on the IFTA tax return, the intrastate miles and fuel must be included in the IFTA calculation for miles per gallon. If the carrier or registrant is not reporting intrastate miles or fuel, they cannot include miles and fuel in the calculation for miles per gallon.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

Article IX

R900 REPORTING

R910 Reporting Requirement

The licensee shall file a calendar quarterly return with the base jurisdiction and shall pay all taxes due to all member jurisdictions with one check made payable to the base jurisdiction and included with the return. Payment by guaranteed funds shall be required only from any licensee who is currently required to post a bond in guarantee of fuel tax payment.

R920 Filing with Base Jurisdiction

The timely filing of the quarterly return and the payment of taxes due to the base jurisdiction for all member jurisdictions discharges the responsibility of the licensee for filing of returns and payment of individual taxes to all member jurisdictions.

R930 Reporting Period

.100 Quarterly Reporting

The tax return shall be for the previous calendar quarter. Tax returns are required even if no operations were conducted or no taxable fuel was used during the reporting period.

.200 Annual Reporting

Notwithstanding the quarterly reporting requirement, a licensee whose operations total less than 5,000 miles or 8,000 kilometers (based on previous filing history) in all member jurisdictions other than the base jurisdiction during 12 consecutive months may request to report on an annual basis.

Should a licensee wish to report annually, the licensee must petition the base jurisdiction to do so. Upon receipt of the request, if the base jurisdiction agrees it shall notify the other member jurisdictions in which the licensee operated during the 12 consecutive months preceding the annual reporting period. If a notified member jurisdiction objects, the licensee's request shall be denied.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

See commentary at IFTA Articles of Agreement Section R203 regarding amendments to annual reporting provisions.

R940 Tax Return Format

.100 Forms

Tax return forms shall be furnished at no charge to each licensee at least 30 days prior to the due date of the return. All tax rates shown on the return will be the current jurisdiction tax rate provided notification of a change in tax rates is disseminated by a jurisdiction within the time limits prescribed by Section P1120. Failure to receive the authorized form does not relieve the licensee from the obligation to submit a return.

.200 Written Return

The licensee may submit a written return setting forth all information required which will be accepted in lieu of a return on the prescribed form.

.300 Computer-Generated Return

A base jurisdiction may authorize a licensee to submit a computer-generated tax return in lieu of the standard tax return if the return includes all required information and is in a form which can be processed by the base jurisdiction.

R950 Required Information

Each jurisdiction shall utilize a standard tax return form that contains, but is not limited to, all elements specified in the IFTA Procedures Manual Section P720.

R960 Due Date

The tax return and full payment of taxes shall be due on the last day of the month following the close of the reporting period for which the return is due. If the last day of the month falls on a Saturday, Sunday, or legal holiday, the next business day shall be considered the final filing date.

IFTA Ballot 1-1994 amended IFTA Articles of Agreement Sections R960, R970 and R1220 to provide that full payment of taxes due is a requirement for timely filing and to provide a due date for annual tax returns and was effective July 1, 1996.

.100 Returns shall be considered filed and received on:

The date shown by the U.S. Postal Service or the Canada Post or Delivery Service cancellation mark stamped on the envelope which contains the return and is properly addressed to the designated department of the base jurisdiction; or

The date it was mailed, if proof satisfactory to the base jurisdiction is available to establish the date of mailing.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

.200 If a return is hand-delivered, it shall be considered filed and received on the date it was delivered to an employee of a department designated by the base jurisdiction to receive fuel tax returns.

If a licensee has been granted permission to file tax returns annually, the annual tax return shall be due on the last day of the month immediately following the close of the annual period for which the tax return is due.

R970 Late Filing

Returns not filed or full payment of taxes not made by the due date shall be considered late and any taxes due considered delinquent.

See commentary at IFTA Articles of Agreement Section R960 regarding amendments to clarify timely filing and annual tax return provisions.

Article X

R1000 TAX-PAID PURCHASES

.100 To obtain credit for tax paid purchases, the licensee must retain a receipt, invoice, credit card receipt, or automated vendor generated invoice or transaction listing, showing evidence of such purchases and taxes 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. Licensees are not required to submit proof of tax-paid purchases with their tax returns.

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

See commentary at IFTA Articles of Agreement Section R212 regarding fuel purchases for use in tax-exempt vehicles.

In July 1992, the IFTA Audit Committee was assigned to study the IFTA requirements for an invoice for credit for tax-paid fuel. In August 1992, the Tax-Paid Fuel and Computerized Billing Services Subcommittee was formed to study the issue, and its findings were presented at the 1993 IFTA Audit Workshop. As a result of these efforts, Ballot 3-1993 amended IFTA Articles of Agreement Section R1000, effective January 1, 1994, to allow that automated vendor generated invoices and transaction listings be retained by the licensees as evidence of tax-paid purchases.

IFTA Ballot 11-95 amended IFTA Articles of Agreement Section R1000 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.



R1010 Retail Fuel Purchases

- .100 The retail purchase of fuel which is placed into the fuel tank of a qualified motor vehicle, and upon which tax has been paid to a jurisdiction, shall qualify as a tax-paid retail fuel purchase.
- .200 The receipt must show evidence of tax paid directly to the applicable jurisdiction or at the pump. Specific requirements for these receipts are outlined in the IFTA Procedures Manual Section P560. No member jurisdiction shall require evidence of such purchases beyond what is specified in the Procedures Manual.
- .300 In the case of a lessee/lessor agreement, receipts for tax-paid purchases may be in the name of either the lessee or the lessor provided a legal connection can be made to the reporting party.

R1020 Bulk Fuel Purchases

- .100 Storage fuel is normally delivered into fuel storage facilities by the licensee, and fuel tax may or may not be paid at the time of delivery.
- .200 Motor fuel which is placed into the fuel tank of a qualified motor vehicle from a licensee's own bulk storage, and upon which tax has been paid to the jurisdiction where the bulk fuel storage tank is located, shall be considered a tax-paid bulk fuel purchase.
- .300 The licensee's records must identify the quantity of fuel taken from the licensee's own bulk storage and placed in its qualified motor vehicles. Recordkeeping requirements for tax-paid bulk fuel purchases are provided in IFTA Procedures Manual Section P570.

Article XI

R1100 CREDITS AND REFUNDS

A licensee shall receive full credit or refund for tax-paid fuel used outside the jurisdiction where the fuel was purchased. The base jurisdiction shall allow credits and issue refunds for all of its licensees on behalf of all member jurisdictions. Refunds to licensees will be made only when all tax liability, including audit assessments, have been satisfied to all member jurisdictions.

R1110 Cash Refunds

The licensee shall receive, on request, a cash refund of any accumulated credits. All requests for refunds of credit balances must be filed in writing.

R1120 Application of Credits

- .100 Such credits, when not refunded, shall be carried over to offset liabilities of the licensee in future reporting periods until:
 - .005 The credit is fully offset; or
 - .010 Eight calendar quarters shall have passed from the end of the calendar quarter in which the credit accrued,
 whichever occurs sooner.
- .200 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.

R1130 Authorization to Withhold Refunds

As a condition to issuance of a motor fuel tax license under this Agreement, an applicant will authorize on the application that refunds may be withheld if the licensee is delinquent on fuel use taxes due to any member jurisdiction.

R1140 Conditions for Issuance of Refunds

- .100 Refunds need not be made for an overpayment for which records are no longer required under this Agreement. A request for refund shall extend the records requirement date until the refund is made or denied.
- .200 Credited amounts may be refunded to the licensee only if all motor fuels taxes, penalty, and interest governed by this Agreement due every other member jurisdiction have been paid, unless the unpaid amount is under appeal in accordance with IFTA Articles of Agreement Section R1400.

In July 1992, the membership voted to include the commentary from Consensus Board Interpretation, Issue 18-92, as narrative to IFTA Articles of Agreement Section R1140.200.

ISSUE: If a taxpayer has a prior period credit and files a delinquent return for the current period, how is the credit applied? Is interest calculated before or after the application of the credit?

BOARD INTERPRETATION:

When the taxpayer has a prior period credit and files a delinquent return for the current period, we believe interest must be calculated before the application of the credit. This is necessary because the base jurisdiction is actually holding the money, while the tax is due other jurisdictions. It would not be fair to apply the base state's credit against another state's liability. The other state must receive interest. While this may seem unfair to the carrier, the carrier is not required to carry a credit on the account and may request a refund, and the problem is avoided if the carrier files on time.

R1150 Interest on Refunds

Refunds determined to be properly due shall be paid within 90 days after receipt of a request for payment from a licensee. If not so paid, interest shall accrue at the rate specified in IFTA Articles of Agreement Section R1230. Interest shall be calculated from the date the refund was due for each month or fraction thereof until paid.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

Article XII

R1200 ASSESSMENT AND COLLECTION

R1210 Assessment

- .100 In the event that any licensee
 - .005 fails, neglects, or refuses to file a tax return when due;
 - .010 fails to make records available upon written request by the base jurisdiction; or
 - .015 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. The base jurisdiction shall, after adding the appropriate penalties and interest, serve the assessment upon the licensee in the same manner as an audit assessment or in accordance with the laws of the base jurisdiction. For purposes of assessment pursuant to .100.010 or .100.015, the base jurisdiction must issue a written request for records giving the licensee thirty (30) days to provide the records or to issue a notice of insufficient records.

- .200 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 questioned, the burden shall be on the licensee to establish by a fair preponderance of evidence that the assessment is erroneous or excessive.

R1220 Penalties

- .100 The base jurisdiction may assess the licensee a penalty of \$50.00 or 10 percent of delinquent taxes, whichever is greater, for failing to file a return, filing a late return, underpaying taxes due.
- .200 Penalties paid by the licensee shall be retained by the base jurisdiction.
- .300 Nothing in the Agreement limits the authority of a base jurisdiction to impose any other penalties provided by the laws of the base jurisdiction.

Ballot 20-91 amended IFTA Articles of Agreement Sections R1220 and R1230 to allow Canadian provinces to set interest and penalty rates at levels satisfactory for Canadian-based carriers effective December 15, 1992.

See commentary at IFTA Articles of Agreement Section R960 regarding amendments to clarify timely filing and annual tax return provisions.

R1230 Interest

The base jurisdiction, for itself and on behalf of the other jurisdictions, shall assess interest on all delinquent taxes due each jurisdiction except taxes collected directly by other jurisdictions in accordance with IFTA Procedures Manual Sections P1000 and P1120.300.

.100 U.S. Jurisdiction Interest Rate

For a fleet based in a U.S. jurisdiction, interest shall accrue at a rate of one percent per month.

.200 Canadian Jurisdiction Interest Rate

For a fleet based in a Canadian jurisdiction, interest shall accrue at a rate equal to the Canadian Federal Treasury Bill rate plus two percent and adjusted every calendar quarter.

.300 Computation of Interest

.005 Tax Returns

Such interest shall be calculated from the date tax was due for each month or fraction thereof until paid. For assessments made for periods prior to January 1, 1991, the interest rate assessed will be computed for each month at the rate previously established for that month.

.010 Audits

Audit interest shall be calculated separately for each jurisdiction. Audit interest shall accrue monthly on the cumulative net tax balance owed to a jurisdiction until paid. A cumulative net tax balance is the amount of additional tax owed or tax overpayment made to a jurisdiction immediately following the due date of any reporting period taking into account all prior additional tax owed or overpayments made to a jurisdiction during the audit period. The cumulative net tax balance shall be adjusted immediately following the due date of any subsequent reporting period to reflect tax owed or overpayment made for that reporting period. A full month's interest shall accrue for any portion of a month on which tax owed remains unpaid. An overpayment for one jurisdiction shall have no effect on the interest calculation for any other jurisdiction.

IFTA Ballot 5-1998 amended IFTA Articles of Agreement Section R1230.300 to clarify how audit interest must be calculated and was effective October 23, 1998.

.400 Remittance

All interest collected shall be remitted to the appropriate jurisdictions in accordance with IFTA Procedures Manual Section P1000.

IFTA Ballot 11-1996 amended IFTA Articles of Agreement Section R1230 to specifically state that interest is collected by the base jurisdiction for itself and on behalf of all member jurisdictions and was effective July 1, 1998.

See commentary at IFTA Articles of Agreement Section R130 regarding amendments to accommodate jurisdictions outside of the United States.

See commentary at IFTA Articles of Agreement Section R1220 regarding setting of penalties and interest rates for the Canadian carriers.

In July 1991, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 2, as narrative to IFTA Articles of Agreement Section R1230.

ISSUE: What is IFTA's policy concerning the way in which jurisdictions should be charging interest after January 1, 1991? Is interest charged by date received or is it based upon the time period for which the carrier is filing?

BOARD INTERPRETATION:

The Board consensus on this topic was that fourth quarter returns should be charged at the new interest rate of one percent. The interest rate should apply to the return due date. This means that multiple interest rates must be applied if tax is unpaid during periods when the tax rate changes. Multiple interest rates will apply for both returns and audit assessments.

In July 1992, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 16-92, as narrative to IFTA Articles of Agreement Section R1230.

ISSUE: The IFTA Articles of Agreement Section R1230 state, "The base jurisdiction shall assess interest on all delinquent taxes due each jurisdiction..." Is interest assessed for "each jurisdiction" at the jurisdiction level or is it assessed at the fuel type level?

BOARD INTERPRETATION:

A survey was done which indicated nearly all the jurisdictions assess interest for each fuel type. Because some jurisdictions provide a separate return for each fuel type, netting the tax due before assessing interest would be difficult. (Contact repository for survey.)

[EDITOR'S NOTE: In light of the passage of Ballot 11-1996, effective July 1, 1998, commentary resulting from the ratification of Issue 44-95 is no longer valid as of that date because said commentary is in direct conflict to the language of Ballot 11-1996. Provisions regarding calculation of audit interest can now be found at IFTA Articles of Agreement Section R1230.300.010. The commentary regarding Issue 44-95 is for historical reference only.]

In July 1995, the membership unanimously ratified inclusion of Consensus Board Interpretation 44-95, as narrative to IFTA Articles of Agreement Section R1230.

ISSUE: What is the appropriate method of interest calculation for an audit? At the 1994 IFTA Annual Meeting, a discussion was held about the "majority" vs. "minority" method of computing interest on an audit. Basically, the majority method interest is calculated on amounts due through the end of the audit period and then credits are applied. In the minority method, credits are applied based on the due date of the period of the credit, and interest is due only on the net tax.

BOARD INTERPRETATION:

The IFTA Articles of Agreement do not require a specific method of interest calculation on an audit. Both the "majority" method and "minority" method are acceptable.

R1240 Collection Procedures

- .100 The collection of tax, penalty and interest owed to all member jurisdictions is the responsibility of the base jurisdiction, except as noted in IFTA Procedures Manual Sections P1000 and P1120.300.
- .200 Methods of collection will be governed by the laws of the base jurisdiction and by this Agreement.
- .300 In accordance with the jurisdiction's law, a base jurisdiction may use lien provisions to collect on taxes delinquent for a period of over 30 days. Such provisions shall include appropriate notice and due process requirements.

IFTA Ballot 11-1996 amended IFTA Articles of Agreement Section R1240.300 to specifically state how audit interest must be calculated effective July 1, 1998.

See commentary at IFTA Articles of Agreement Section R1230 regarding collection of interest for all jurisdictions.

R1250 Waiver of Penalties and Interest

- .100 The base jurisdiction commissioner may waive penalties authorized by this Article for reasonable cause. If a licensee can demonstrate a return was filed late because of misinformation given to the carrier by the base jurisdiction, the interest may be waived for the base jurisdiction if the jurisdiction's statutes allow such a waiver. To waive interest for another jurisdiction, the base jurisdiction must receive written approval from the other jurisdiction.
- .200 Licensees against whom a penalty has been levied may file an appeal pursuant to Article R1400.

IFTA Ballot 12-92 amended IFTA Articles of Agreement Section R1250 to allow jurisdictions to waive interest if statutory authority is present, effective January 1, 1993.

R1260 Revocation of License

If a tax delinquency has not been satisfied, or the licensee has not filed a written appeal within a 30-day period from the notification of delinquency, a notice of revocation will be sent by certified mail advising the licensee of the immediate revocation of the fuel tax license.

See commentary at IFTA Articles of Agreement Sections R410.200 and R420.200 regarding the applicability of a base jurisdiction's own administrative procedures laws.

Article XIII

R1300 AUDITS

R1310 Licensee Audits

The base jurisdiction shall audit its licensees on behalf of all member jurisdictions. This shall not preclude another jurisdiction from also auditing a licensee. In that event, that jurisdiction shall pay all its audit expenses.

R1320 Unlicensed Carrier Audits

If a jurisdiction determines through a fuel use tax audit that a person required to become licensed with that jurisdiction under this Agreement has failed to do so, the jurisdiction is specifically authorized to assess and collect any and all fuel taxes due from such person for all member jurisdictions in accordance with IFTA Articles of Agreement Sections R1100 and R1200.

R1330 Audit Requirements

Audits conducted by member jurisdictions shall be in compliance with all requirements established in the Agreement, Procedures Manual, and Audit Manual.

R1340 Audit Manual

The Audit Manual contains guidelines, forms, and audit methods which are in accordance with accepted audit practices, including criteria for sampling and selection procedures and audit file selection.

The guidelines will relate to various attributes that may be indicative of noncompliance. Proof of operation information, such as vehicle observations, enforcement citations, etc., from all member jurisdictions will be used by the base jurisdiction in testing audit attributes. This proof of operation information will also be used in motor carrier audits to determine if specific trips associated with such information are accounted for in carrier records.

R1350 Review/Revision of Audit Requirements

- .100 The Audit Committee shall review the audit requirements of this Agreement at least once every three years.
- .200 Proposed changes shall be approved and adopted by the member jurisdictions in accordance with IFTA Articles of Agreement Section R1600.
- .300 Changes to the Audit Manual shall not be effective with less than a one-year notification, unless unanimously approved for an earlier date.

R1360 Re-audit and Re-examination

.100 A member jurisdiction may re-examine a base jurisdiction's audit findings if the member jurisdiction reviews the audit work papers and, within 45 days of receipt of the Interjurisdictional Audit Report by the member jurisdiction, notifies the base jurisdiction of any errors found during such review and of its intention to conduct the re-examination. Such re-examination by a member jurisdiction must be based exclusively on the audit sample period utilized by the base jurisdiction in conducting its audit.

IFTA Ballot 6-1997 amended the IFTA Articles of Agreement Section R1360.100 by replacing the term "audit findings" with "Interjurisdictional Audit Report" and was effective July 1, 1999.

.200 A member jurisdiction may re-audit a licensee if said member jurisdiction notifies the base jurisdiction and the licensee of reasonable cause for the re-audit.

.300 The re-audit or re-examination by a member jurisdiction must be performed in cooperation with the base jurisdiction. An adjustment to original audit findings as a result of such re-audit or re-examination must be reconciled with the original audit findings issued by the base jurisdiction. New audit findings shall be issued by the base jurisdiction. A member jurisdiction conducting a re-audit or re-examination shall pay its own expenses.

At the IFTA annual business meeting in Denver, Colorado, in July 1990, southern states expressed concerns regarding audit policies and procedures. Ballot 90-316-1 became effective January 14, 1992, replacing IFTA Articles of Agreement Section R1360 and modifying procedures for re-audit of a licensee.

R1370 Joint Audits

In the event that the base jurisdiction requests assistance from other member jurisdictions in the conduct of an audit, all members participating in the audit shall receive credit toward achieving their audit requirements. In that event, the jurisdictions shall pay all the audit expenses.

Article XIV

R1400 APPEAL PROCEDURES

The appeal process shall be conducted in accordance with the procedures established by the base jurisdiction.

R1410 Request for Hearing

A licensee or applicant may appeal an action or audit finding issued by the commissioner of any member base jurisdiction by making a written request for a hearing within 30 days after the service of notice of the original action or finding. If the hearing is not requested in writing within 30 days, the original finding or action is final.

See commentary at IFTA Articles of Agreement Sections R410.200 and R420.200 regarding the applicability of a base jurisdiction's own administrative procedures laws.

R1420 Notice of Hearing

The hearing shall be held expeditiously, but may be continued for reasonable cause being shown by either party. The base jurisdiction shall give at least 20 days' written notice of the time and place of the hearing.

R1430 Procedures for Hearing

.100 The appellant may appear in person and/or be represented by counsel at the hearing and is entitled to produce witnesses, documents, or other pertinent material to substantiate the appeal.

.200 If the licensee appeals an assessment for one or more jurisdictions, it will be the responsibility of the base jurisdiction to participate in the appeal process on behalf of the other jurisdictions.

R1440 Notice of Findings

The base jurisdiction will notify the appellant of the findings of fact and the ruling on the appeal.

R1450 Further Requests for Appeal

.100 Further appeal of any jurisdiction's finding will proceed in accordance with that jurisdiction's laws.

.200 In the case of an audit, if the licensee is still in disagreement with the original finding, the licensee may request any or every jurisdiction to audit the licensee's records. Each jurisdiction to whom a request is made may elect to accept or deny the request. Each jurisdiction electing to audit the licensee's records will audit only for its own portion of the licensee's operations. The licensee shall make records available at the office of the jurisdiction or at a place designated by the jurisdiction or pay reasonable per diem and travel expenses associated with conducting an audit at the licensee's place of business.

Article XV

R1500 MEMBERSHIP

R1505 Application for Membership

Any jurisdiction may apply for entry into the Agreement by submitting the prescribed adopting resolution and attachments to the repository for balloting by member jurisdictions. Entry into the Agreement constitutes membership in the International Fuel Tax Association, Inc. which administers the Agreement.

Ballot 90-312-1 amended the Articles of Agreement to provide for the establishment of the International Fuel Tax Association, Inc., effective February 25, 1991. The Articles of Agreement sections affected by ballot were R1510.100, R1510.200, R1510.300, R1515, R1545, R1810.100, R1810.200, R1810.300, R1810.400, R1810.600, R1820.100, and R1820.200.

R1510 Conditions for Membership

The applicant shall agree to abide by all terms, conditions, and requirements of the Articles of Agreement, Procedures Manual, Audit Manual and the Bylaws of the Association and to:

- .100 Comply with all audit policies and procedures, including employment of a sufficient number of auditors to assure that at least 15 percent of the licensees based in the jurisdiction under this Agreement will be audited at least once every five years.

[EDITOR'S NOTE: In light of the passage of Ballot 14-1995 effective July 1, 1997, commentary resulting from the ratification of Issue 8, Question 1 is for historical reference only. Language regarding the implementation of the IFTA audit requirements can now be found at IFTA Audit Manual Section A310.]

In July 1991, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 8, questions 1 and 2, as narrative to IFTA Articles of Agreement Section R1510.100.

QUESTION 1: Most states do not begin their IFTA audit program until at least one year's worth of returns are filed. Does the five-year audit requirement begin on the date the state's audit program begins, on the date the state's membership became effective, on the date the state became approved for membership, or on the date that the first three-year audit can be conducted (three years after the first IFTA return was filed)?

BOARD INTERPRETATION:

The Board consensus was that a jurisdiction should begin its IFTA audit program on its implementation date. The beginning of an IFTA audit program should include, but not be limited to, the hiring of sufficient audit personnel to meet the audit requirements and

development and implementation of an auditor training program. Audits will not be performed until one year from the jurisdiction's implementation date.

QUESTION 2: Effective January 14, 1992, the IFTA audit requirement will change due to Ballot 90-316-2 which changes the percentage from "25 percent every three years" to "15 percent every five years". Is the change retroactive or do states have to provide 25 percent coverage up to the effective date and then 15 percent thereafter?

BOARD INTERPRETATION:

The Board consensus was that the change in percentage of audits from 25 percent every three years to 15 percent every three [sic] years is retroactive to the date of the jurisdiction's implementation.

Ballot 90-316-2 amended IFTA Articles of Agreement Section R1510.100, modifying the minimum percentage of audits to be performed in a five-year period. The effective date of Ballot 90-316-2 was January 14, 1992.

In July 1996, the membership unanimously ratified inclusion of Consensus Board Interpretation, Issue 49-96, as narrative to the IFTA Articles of Agreement Section R1510.100.

ISSUE: For jurisdictions implementing on dates other than January 1, can the required 5-year/15% audit requirement be proportionally reduced to equate to the number of months the jurisdiction is in IFTA that year?

BOARD INTERPRETATION:

For a jurisdiction implementing on a date other than January 1, an average of 3% per year to equate to the required audits of 15% of a jurisdiction's licensees in a 5-year period, will be proportionally reduced to equate to the number of months in IFTA that year. The requirement will be based on the full calendar year for each year after implementation.

- .200 Submit to a program compliance review to determine compliance with the Agreement. Such review shall be performed after one year of implementation and once every four years thereafter unless a review is ordered as prescribed by his Agreement; and

IFTA Ballot 4-1995 amended IFTA Articles of Agreement Section R1510.200 to change terminology from "operations review" to "program compliance review" and to make other changes consistent with a long-range program compliance package ratified by the membership at the 1995 Annual Business Meeting and was effective January 1, 1996.

- .300 Submit an annual report to the repository as specified in the Procedures Manual.

Ballot 90-312-1 amended the Articles of Agreement to provide for the establishment of the International Fuel Tax.



R1515 Adopting Resolution

The adopting resolution shall contain statements relating to the conditions for membership into the Agreement and shall include the following:

- .100 A copy of the enabling statute authorizing the jurisdiction to enter into and abide by the obligations of the Agreement;
- .200 A statement of taxable fuels and tax rates for these fuels; and
- .300 A statement as to the number of:
 - .005 Prospective licensees based in the jurisdiction;
 - .010 Audit personnel who will be dedicated to auditing under this Agreement; and
 - .015 Supervisory and clerical personnel who will be dedicated to receipting, processing, and disbursing funds received under the provisions of the Agreement.

See commentary at IFTA Articles of Agreement Section R1505 regarding the establishment of the International Fuel Tax Association.

R1520 Approval of Adopting Resolution

Ballots shall be mailed by the repository to all member jurisdictions via certified mail, return receipt requested. Entry shall be granted to the applicant unless more than one negative vote is received. Failure of a jurisdiction to submit its vote on the ballot within 120 days of receipt shall be considered a vote for approval of the application.

R1525 Membership Effective Date

Membership shall become effective upon approval by the member jurisdictions and the payment of the required membership fees.

R1530 Implementation Effective Date

- .100 The effective date for implementation of the Agreement by a new member shall be January 1 or July 1 following two complete calendar quarters after the membership effective date; or

IFTA Ballot 3-92 amended the IFTA Articles of Agreement Section R1530 to state that new jurisdictions must begin implementation on January 1 or July 1, effective January 1, 1993.

- .200 An alternate implementation date stated in the adopting resolution and agreed to by all member jurisdictions.

R1535 Implementing Licensing in the New Jurisdiction

- .100 The new member jurisdiction shall forward to each member jurisdiction a complete printout of all member jurisdiction carriers who are presently fuel tax licensees and who operate in the new member jurisdiction.
- .200 Each member jurisdiction shall forward to the new member jurisdiction a complete printout of all accounts in the new jurisdiction that presently hold a member jurisdiction fuel tax license.
- .300 The new member jurisdiction shall issue IFTA credentials to their carriers, canceling any existing fuel tax accounts.
- .400 Upon receipt of the IFTA applications for the new member jurisdiction, the member jurisdiction shall cancel the fuel tax accounts of those carriers based in the new member jurisdiction.

R1540 Failure to Implement

If the Agreement is not implemented on the implementation effective date, the applicant shall be required to re-apply.

R1545 Active Membership Status

To retain active membership status, the jurisdiction must:

- .100 Collect and transfer fees for other jurisdictions in a timely manner;
- .200 Pay membership fees in a timely manner; and
- .300 Comply with all other provisions of the Agreement.

Voting privileges are granted only to members holding active status.

See commentary at IFTA Articles of Agreement R1505 regarding the establishment of the International Fuel Tax Association.

R1550 Membership Cancellation

A member may withdraw from the Agreement by giving at least two full calendar quarters' written notification to all member jurisdictions. Each member jurisdiction shall notify each of its licensees of the cancellation at least one full calendar quarter prior to the cancellation date. However, cancellation by one jurisdiction shall not affect this Agreement between other jurisdictions. All evidence of motor fuels licensing issued under the Agreement by the canceling jurisdiction shall be valid until the effective date of the cancellation.

R1555 Compliance Matters

.100 **Dispute Resolution Process**

Disputes concerning issues of compliance with the International Fuel Tax Agreement may be resolved pursuant to the IFTA Dispute Resolution Process. The IFTA Dispute Resolution Process may be utilized to resolve only:

- .005 Compliance disputes between member jurisdictions; and
- .010 Compliance disputes between member jurisdictions and IFTA licensees in those matters where no administrative remedy to the IFTA licensee is available within the member jurisdiction involved in the dispute. Compliance disputes subject to this section shall not include disputes between member jurisdictions and IFTA licensees over matters of substantive jurisdiction law, including but not limited to, laws governing the imposition, assessment, and collection of jurisdiction motor fuel use taxes collected pursuant to the International Fuel Tax Agreement.

.200 **Expulsion Process**

- .005 The IFTA, Inc. Board of Trustees shall request a resolution to expel a member jurisdiction which has failed to bring its IFTA program into compliance one year following its loss of voting power under the penalty provisions of the IFTA Dispute Resolution Process.
- .010 The Board shall issue a resolution of expulsion to the IFTA membership for approval. A ballot by which a member jurisdiction may vote on the resolution will be attached to the resolution. A copy of the resolution will be sent to the jurisdiction which is the subject of the resolution, but said jurisdiction will not be allowed to vote on the resolution.
- .015 A resolution expelling a member jurisdiction from the Agreement shall require the affirmative vote in writing of three-fourths of the total member jurisdictions, excluding the jurisdiction which is the subject of the resolution.
- .020 Member jurisdictions will have sixty (60) days from the date of issuance of the resolution to vote on the resolution of expulsion. Failure of a member jurisdiction to submit its vote shall be deemed a vote against the resolution of expulsion.
- .025 If the member jurisdictions approve the resolution for expulsion, the Board of Trustees will notify the subject jurisdiction of its expulsion from the Agreement. A copy of the resolution will be forwarded to the Governor of the subject United States jurisdiction or the Premier of the subject Canadian

Province and to the Secretary of Transportation of the United States.

IFTA Ballot 7-1995 amended IFTA Articles of Agreement R1555 to add a provision to allow a dispute resolution process pursuant to which member jurisdictions may resolve disputes among each other and to allow restrictive use of the process by IFTA licensees. The expulsion provisions of this Article were also amended. Ballot 7-1995 was effective July 1, 1997.

Article XVI

R1600 AMENDMENTS

Proposals for amendment of the Agreement, Procedures Manual, or Audit Manual may be made by any member jurisdiction, the Audit Committee, the Agreement Procedures Committee, or the Board of Trustees of the Association.

The current ballot process was determined to be cumbersome and too lengthy. Ballot 90-312-2 became effective January 7, 1992, amending IFTA Articles of Agreement Section R1600 and streamlining the ballot process.

R1605 Submission of Proposals for Comment

- .100 A proposed amendment is to be submitted to the repository. The repository will circulate the proposed amendment as a Full Track Preliminary Ballot Proposal ("Full Track proposal") to all member jurisdictions and the standing committees of the Association for a 90-day preliminary comment period.
- .200 At the end of the comment period, the Full Track proposal is to be submitted to the repository for consideration at the next meeting of the member jurisdictions. The comment period must be completed and notification given to the repository at least 45 days before the next meeting of the member jurisdictions.
- .300 The repository will notify the member jurisdictions of Full Track proposals that have qualified for consideration at the next meeting of the member jurisdictions and provide the text of the proposals and any comments received.

R1610 Submission of Proposals without Preliminary Comment

A proposed amendment may also be submitted to the repository for consideration as a Short Track Preliminary Ballot Proposal ("Short Track" Proposal). The preliminary comment period requirement may be waived if:

- .100 A proposed amendment is submitted to the repository at least 45 days before the next meeting of the member jurisdictions for consideration at that meeting; and
- .200 At the next meeting of the member jurisdictions, the proposed amendment receives the affirmative vote of at least three-fourths of the total member jurisdictions of the Agreement.

R1615 Open Meeting Discussion

No amendment will be adopted without a discussion of the amendment at an open meeting of the commissioners. All Full Track and Short Track proposals will be discussed in an open meeting of the commissioners.

R1620 "Short Track" Voting

.100 In the open meeting, the sponsor may request the member jurisdictions to vote for or against placing a Full Track proposal on the Short Track ballot process described in IFTA Articles of Agreement Section R1625. An affirmative vote of at least three-fourths of the total member jurisdictions is required to place a ballot on the Short Track ballot process.

.200 In the open meeting, a vote must be made by the member jurisdictions for or against continuing each Short Track proposal on the Short Track ballot process described in IFTA Articles of Agreement Section R1625. An affirmative vote of at least three-fourths of the total member jurisdictions is required for continuation of a ballot on the Short Track ballot process.

R1625 "Short Track" 30-day Ballot Procedures

Proposals that receive the required three-fourths vote at the open meeting of the commissioners may proceed as follows:

- .100 Within 30 days of the open meeting, the sponsoring jurisdiction or committee must submit its proposal to the repository for circulation as a preliminary ballot proposal.
- .200 The repository will circulate the preliminary ballot proposal to the member jurisdictions and the standing committees of the Association for a 30-day comment period.
- .300 At the end of the 30-day comment period, the preliminary ballot proposal is submitted to the repository as a final ballot proposal and circulated, together with all comments received, to the member jurisdictions. Jurisdictions have 30 days in which to vote on final ballot proposals submitted under this section.

R1630 "Full Track" 90-day Ballot Procedures

Full Track proposals that are not voted on at the open meeting or do not receive the three-fourths affirmative vote may still proceed as follows:

- .100 Within 90 days of the open meeting, the sponsoring jurisdiction or committee must submit its proposal to the repository for circulation as a preliminary ballot proposal.
- .200 The repository will circulate the preliminary ballot proposal to the member jurisdictions and the standing committees of the Association for a 90-day comment period.

- .300 At the end of the 90-day comment period, the preliminary ballot proposal is submitted to the repository as a final ballot proposal and circulated, together with all comments received, to the member jurisdictions. Jurisdictions have 90 days in which to vote on final ballot proposals submitted under this section.

R1635 Voided "Short Track" Proposals

Short Track proposals that do not receive the three-fourths affirmative vote are void. Sponsoring jurisdictions or committees may again submit the proposal through the process outlined in IFTA Articles of Agreement Section R1605. However, the proposal is ineligible for the expedited processes outlined in Sections R1610 or R1620.

R1640 Amendments to Preliminary Ballots

A preliminary ballot proposal may be amended to incorporate comments received in the comment period or to make technical or grammatical changes prior to circulation as a final ballot proposal. If the changes made to a preliminary ballot proposal are substantive, it must be resubmitted as a new preliminary ballot proposal for an additional 90-day comment period. The sponsoring jurisdiction or committee has discretion to determine whether changes are substantive or non-substantive. However, if two jurisdictions indicate in writing to the repository that they consider a change substantive, it must be resubmitted for an additional 90-day comment period.

R1645 Final Ballot Proposal Requirements

Final ballot proposals must contain the following:

- .100 The precise language to be considered;
- .200 The language originally contained in the preliminary ballot proposal;
- .300 All comments received during the comment period;
- .400 The date by which voting must be completed; and
- .500 The effective date of the amendment.

R1650 Acceptance of Amendments

- .100 Votes on amendments or interpretations must be cast by the commissioner or a delegate named in writing by the commissioner.
- .200 An affirmative vote in writing of three-fourths of the total member jurisdictions is required to amend the Agreement, Procedures Manual, or Audit Manual.
- .300 Jurisdictions may abstain from voting, but a final ballot proposal may still not be adopted without the affirmative vote of three-fourths of the total member jurisdictions.
- .400 Jurisdictions that do not vote on an amendment within the required time limits are considered to have voted in the negative, except as provided in IFTA Articles of Agreement Section R1655.

R1655 Effective Date of Amendments

The effective date of all amendments, unless otherwise specified, is the first day of January or July, whichever occurs first, following the completion of 12 complete months following the close of the voting period. An alternate effective date may be allowed if it receives the unanimous support of all member jurisdictions. If an alternate effective date is requested, it must be voted separately from the amendment. Jurisdictions that do not vote on an alternate effective date within the required time limits are considered to have voted in the affirmative.

R1660 Withdrawal of Amendment Proposals

An amendment proposal may be withdrawn by the sponsoring jurisdiction or committee at any time during the amendment process.

Article XVII

R1700 ISSUE PAPERS AND CONSENSUS BOARD INTERPRETATIONS

Ballot 15-1995 amended IFTA Articles of Agreement to add Section R1700 to formalize the process by which the Board of Trustees of the Association interprets the governing documents and offer such interpretations for ratification by the membership and was effective July 1, 1997.

R1710 Issue Papers

Requests for clarification/interpretation of IFTA requirements stated in the Articles of Agreement, Procedures Manual, or Audit Manual may be submitted to IFTA, Inc. by any member jurisdiction, established committee, or Board of Trustees of the Association.

R1720 Consensus Board Interpretations

- .100 The Board of Trustees of the Association may issue Consensus Board Interpretations in response to requests for clarification. Consensus Board Interpretations will be presented for consideration at the annual business meeting and require an affirmative vote of three-fourths of the member jurisdictions for ratification and inclusion as commentary in the Agreement and/or applicable manuals.
- .200 Interpretations which fail to receive sufficient votes for ratification may be balloted according to the process outlined in Section R1600.

Article XVIII

R1800 ADMINISTRATION

R1810 International Fuel Tax Association, Inc. There is established the International Fuel Tax Association, Inc. (hereinafter referred to as "the Association") which is responsible for administering the Agreement. Entry into the Agreement constitutes membership in the Association.

.100 Association Bylaws

The Bylaws of the Association shall outline and govern the establishment, selection, and responsibilities of the Board of Trustees and officers. The Bylaws shall also govern the membership of the Audit Committee, the Agreement Procedures Committee, and the Industry Advisory Committee, and govern the creation and membership of other standing and special committees. Member jurisdictions agree to abide by the Bylaws as a condition for participation in the Agreement.

See commentary at IFTA Articles of Agreement Section R1510 regarding establishment of the International Fuel Tax Association.

.200 Procedures Committee

There is established an Agreement Procedures Committee which is responsible for the review and maintenance of the IFTA Procedures Manual.

See commentary at IFTA Articles of Agreement Section R1510 regarding establishment of the International Fuel Tax Association.

.300 Audit Committee

There is established an Audit Committee which is responsible for the review and maintenance of the IFTA Audit Manual.

See commentary at IFTA Articles of Agreement Section R1510 regarding establishment of the International Fuel Tax Association.

.400 Industry Advisory Committee

There is established an Industry Advisory Committee to advise and assist both the Agreement Procedures Committee and the Audit Committee.

See commentary at IFTA Articles of Agreement Section R1510 regarding establishment of the International Fuel Tax Association.

.500 Program Compliance Review Committee

There is established a Program Compliance Review Committee which shall be selected as outlined in the IFTA Program Compliance Review Guide and shall perform such functions and duties delineated in that Guide. The Program Compliance Review Committee shall also perform the functions and duties as otherwise provided in these Articles of Agreement.

IFTA Ballot 5-1995 amended IFTA Articles of Agreement Section R1810.500 to create the Program Compliance Review Committee as a standing committee and was effective January 1, 1997.

.600 Law Enforcement Committee

There is established a Law Enforcement Committee to advise the IFTA membership concerning enforcement matters through reports to the IFTA, Inc. Board of Trustees. Committee members will be representatives of law enforcement agencies of member jurisdictions having the responsibility to enforce laws affecting motor carriers, including IFTA. Issues will be assigned to the Law Enforcement Committee by the Board.

IFTA Ballot 2-1994 added IFTA Articles of Agreement Section R1810.600 to create the Law Enforcement Committee as a standing committee and was effective July 1, 1996.

.700 Membership Fees

To cover administrative costs, a membership fee shall be levied on every member jurisdiction. The fee shall be paid annually and be based upon a budget adopted by majority vote at the annual IFTA meeting. The fee shall be equally prorated among current members. The fees will be based upon a fiscal year of July 1 through June 30.

See commentary at IFTA Articles of Agreement Section R1510 regarding the establishment of the International Fuel Tax Association.

.800 New Member Fees

A new member being admitted to the Agreement will be assessed a membership fee as follows:

The annual amount assessed each current member, divided by 12, and multiplied by the number of full months remaining in the fiscal year from date of receipt of the necessary ballots approving membership.

Fees will not be refunded to a jurisdiction failing to implement the Agreement.

.900 Annual Meeting

The member jurisdictions shall convene an annual IFTA meeting for the purpose of administering the Agreement.

R1820 Repository

.100 Selection

A repository shall be selected by majority vote of the member jurisdictions.

.200 Duties

The repository shall perform duties as specified in the Agreement, the Association Bylaws, and the contract with the Association.

.005 All agendas, meeting notices, rate increases, and other IFTA information shall be mailed from the repository.

.010 The repository is responsible for revising and maintaining the Agreement, the Procedures Manual, and the Audit Manual.

See commentary at IFTA Articles of Agreement Section R1510 regarding the establishment of the International Fuel Tax Association.

Ballot 27-91 modified the IFTA Articles of Agreement for typographical, spelling and consistency errors.

Article XIX

R1900 COOPERATION WITH REGIONAL FUEL TAX AGREEMENT

IFTA Ballot 9-1995 amended IFTA Articles of Agreement to add R1900 to provide for a cooperative agreement between the members of the International Fuel Tax Agreement (IFTA) and the Regional Fuel Tax Agreement (RFTA). The cooperative agreement would allow motor carriers to operate in and among the IFTA and RFTA jurisdictions with one set of credentials, either IFTA or RFTA. Ballot 9-1995 was effective July 1, 1997.

R1910 IFTA/RFTA Cooperative Agreement

.100 The International Fuel Tax Association, Inc. Board of Trustees has the authority on behalf of the members of the International Fuel Tax Agreement (IFTA) to enter into an agreement with the member jurisdictions of the Regional Fuel Tax Agreement (RFTA). The agreement shall provide that the member jurisdictions of both agreements will recognize the licenses and motor vehicle credentials issued by both IFTA and RFTA and that the RFTA member jurisdictions will comply with the provisions of the IFTA Articles of Agreement, Procedures Manual and Audit Manual or revise the RFTA to conform to the IFTA in all matters relating to tax-paid purchases, records requirements, reporting, base jurisdiction accounting, auditing, credits and refunds, program compliance reviews, and any other matters relating to the collection and transmission of fuel use taxes from RFTA jurisdiction-based motor carriers operating in IFTA member jurisdictions. The agreement between IFTA and RFTA shall also provide that the IFTA member jurisdictions will comply with the provisions of IFTA in the same matters relating to the collection and transmission of fuel use taxes from IFTA jurisdiction-based motor carriers operating in RFTA member jurisdictions.

.200 This Article expires on December 31, 2002.

Article XX

**R2000 ADOPTION OF
RECODIFICATION OF
IFTA MANUALS**

IFTA Ballot 1-1996 added IFTA Articles of Agreement Section R2000 to adopt, as the IFTA governing documents, the January 1996 draft of the Recodification of the IFTA Articles of Agreement, the IFTA Procedures Manual, and the IFTA Audit Manual effective July 1, 1998.

R2010 Adoption

- .100 The January 1996 Recodification of the IFTA Articles of Agreement, the IFTA Procedures Manual and the IFTA Audit Manual are adopted as the governing documents of the International Fuel Tax Agreement effective July 1, 1998, replacing the IFTA Articles of Agreement, the IFTA Procedures Manual and the IFTA Audit Manual, dated February 1993 as revised.
- .200 Any amendment to the IFTA Articles of Agreement, the IFTA Procedures Manual or the IFTA Audit Manual (dated February 1993 as revised) passed during 1996 and 1997 shall, to the extent the amendment conflicts with said Recodification, be deemed to amend such Recodification. R2010.200 expires January 1, 1999.

Article XXI

**R2100 INTERNATIONAL FUEL TAX
ASSOCIATION, INC. ("IFTA, INC.")
CLEARINGHOUSE**

R2110 IFTA, Inc. Clearinghouse

There is established the IFTA, Inc. Clearinghouse (hereafter referred to as the "clearinghouse") which is responsible for the maintenance and administration of licensee demographic and transmittal data transmitted by participating members. The participating members may electronically view and retrieve the clearinghouse data. IFTA, Inc. shall have the authority to establish and enter into a Memorandum of Understanding with participating members.

- .100 "Participating members" are those jurisdictions having entered into a Memorandum of Understanding with IFTA, Inc. containing the business rules for participation in and have submitted licensee demographic or transmittal data to the clearinghouse.
- .200 Licensee demographic data includes licensee name, address, IFTA licence number, licence status and other information identified in the Memorandum of Understanding.
- .300 Transmittal data includes the information required in the IFTA Procedures Manual Section P1040.

IFTA Ballot 11-1998 amended IFTA Articles of Agreement to add R2100 to establish an IFTA, Inc. information clearinghouse and provisions concerning the exchange of data among jurisdictions. Ballot 11-1998 was effective October 23, 1998.

**R2120 Required Exchange of Licensee
Demographic and Transmittal Data**

.100 Licensee Demographic Data

When the exchange of licensee demographic data is required of the participating members by the IFTA Articles of Agreement and the IFTA Procedures Manual, such requirements shall be deemed satisfied by the successful and timely transmission of the data to the clearinghouse.

IFTA, Inc. shall be responsible for providing the data from the participating members to all other member jurisdictions.

.200 Transmittal Data

When the exchange of a transmittal data listing is required among the participating members by the IFTA Articles of Agreement and the IFTA Procedures Manual, such requirements shall be deemed satisfied by the successful and timely transmission of the data to the clearinghouse.

The participating members shall be required to provide a transmittal data listing to all other member jurisdictions as required by the IFTA Procedures Manual Section P1040.

PROCEDURES MANUAL





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 IFTA jurisdictions in which the licensee is applying: on initial application, optional on renewal applications;

Ballots 90-267-1 and 90-267-2, passed on 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.

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.

P135 Signature and date;

P140 Number of IFTA decals required by licensee;

P145 Application fee (if applicable);

P150 Decal fee (if applicable);

P155 Statement of existence of bulk storage in all member jurisdictions;

P160 Certification:

Applicant agrees to comply with 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 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).

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.

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.

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

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.

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

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.

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

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).

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

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 1/2 inch (1.25 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 the last two numbers of the appropriate year are to be displayed in the upper right-hand corner.

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

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.

.200 Materials

The quality of the ink used must be TW-8027 or its equivalent. The quality of vinyl used must be 66-VFW-P Permanent Adhesive or its equivalent, approximately .004 inch (one millimeter) thick, with a clear mylar or equivalent laminate overlay approximately .001 inch (.25 millimeters) in thickness.

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

.300 Administrative Fees

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

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 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;

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

.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;

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

.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

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

.500 Other Secure Obligations

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

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

P500 RECORDKEEPING

P510 Preservation of Records

- .100 The licensee is required to preserve the records upon which the quarterly tax return is based for four years from the return due date or filing date, whichever is later, plus any time period included as a result of waivers or jeopardy assessments.
- .200 Failure to provide records demanded for audit purposes extends the four year record retention requirement until the records are provided.
- .300 Records may be kept on microfilm, microfiche, or other computerized or condensed record storage system acceptable to the base jurisdiction.

P520 Availability of Records

- .100 Records shall be made available upon request by any member jurisdiction and shall be available for audit during normal business hours.
- .200 If records to be audited are located outside of the base jurisdiction, and the base jurisdiction must send auditors to the place records are kept, the licensee may be required to reimburse the base jurisdiction for reasonable per diem and travel expenses of its auditors as authorized by law.

P530 Non-compliance

- .100 Failure to maintain records upon which the licensee's true liability may be determined or to make records available upon proper request may result in an assessment as stated in IFTA Articles of Agreement Section R1200.
- .200 Non-compliance with any recordkeeping requirement may be cause for revocation of the license. The base jurisdiction may defer license revocation if the licensee shows evidence of compliance for future operations.

P540 Distance Records

- .100 Licensees shall maintain detailed distance records which show operations on an individual-vehicle basis. The operational records shall contain, but not be limited to:
 - .005 Taxable and non-taxable usage of fuel;
 - .010 Distance traveled for taxable and non-taxable use; and
 - .015 Distance recaps for each vehicle for each jurisdiction in which the vehicle operated.

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

- .200 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:
 - .005 Date of trip (starting and ending);
 - .010 Trip origin and destination;
 - .015 Route of travel (may be waived by base jurisdiction);
 - .020 Beginning and ending odometer or hubodometer reading of the trip (may be waived by base jurisdiction);
 - .025 Total trip miles/kilometers;

- .030 Miles/kilometers by jurisdiction;
- .035 Unit number or vehicle identification number;
- .040 Vehicle fleet number;
- .045 Registrant's name; and
- .050 may include additional information at the discretion of the base jurisdiction.

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

P550 Fuel Records

- .100 The licensee must maintain complete records of all fuel purchased, received, and used in the conduct of its business.

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

- .200 Fuel purchases are purchases of gasoline, diesel, kerosene, gasohol, liquid petroleum gas, and compressed natural gas. Separate totals must be compiled for each fuel type.
- .300 Retail fuel purchases and bulk fuel purchases are to be accounted for separately.
- .400 The fuel records shall contain, but not be limited to:
 - .005 The date of each receipt of fuel;
 - .010 The name and address of the person from whom purchased or received;
 - .015 The number of gallons or liters received;
 - .020 The type of fuel; and
 - .025 The vehicle or equipment into which the fuel was placed.

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

P560 Tax-Paid Retail Purchases

- .100 Retail purchases must be supported by a receipt or invoice, credit card receipt, automated vendor generated invoice or transaction listing, or microfilm/microfiche of the receipt or invoice. Receipts that have been altered or indicate erasures are not accepted for tax-paid credits unless the licensee can demonstrate the receipt is valid.

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.

- .200 Receipts for retail fuel purchases must identify the vehicle by the plate or unit number or other licensee identifier, as distance traveled and fuel consumption may be reported only for vehicles identified as part of the licensee's operation.
- .300 An acceptable receipt or invoice must include, but shall not be limited to, the following:
 - .005 Date of purchase;
 - .010 Seller's name and address;
 - .015 Number of gallons or liters purchased;
 - .020 Fuel type;
 - .025 Price per gallon or liter or total amount of sale;
 - .030 Unit numbers; and
 - .035 Purchaser's name (See Section R1010.300 of the IFTA Articles of Agreement.)

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

P570 Tax-Paid Bulk Fuel Purchases

- .100 Bulk fuel is normally delivered into storage facilities maintained by the licensee, and fuel tax may or may not be paid at the time of delivery. Copies of all delivery tickets and/or receipts must be retained by the licensee.
- .200 Receipts that have been altered or indicate erasures are not accepted for tax-paid credits unless the licensee can demonstrate the receipt is valid.

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.

- .300 Bulk fuel inventory reconciliations must be maintained. For withdrawals from bulk storage, records must be maintained to distinguish fuel placed in qualified vehicles from other uses.



.400 To obtain credit for withdrawals from licensee-owned, tax-paid bulk storage, the following records must be maintained:

- .005 Date of withdrawal;
- .010 Number of gallons or liters;
- .015 Fuel type;
- .020 Unit number; and
- .025 Purchase and inventory records to substantiate that tax was paid on all bulk purchases.

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

.500 Upon application by the licensee, the base jurisdiction may waive the requirement of unit numbers for fuel withdrawn from the licensee's own bulk storage and placed in its qualified motor vehicles. The licensee must show that adequate records are maintained to distinguish fuel placed in qualified vs. non-qualified motor vehicles for all member jurisdictions.

P600 ELECTRONIC DATA RECORDING SYSTEMS

Ballot 29-91 amended the IFTA Procedures Manual to include a new section outlining requirements for the use of on-board recording devices. The effective date of Ballot 29-91 was March 16, 1992.

Ballot 29-91 amended IFTA Procedures Manual Section P600 defining the documentation required when on-board recording devices are utilized by a carrier for reporting. The effective date of Ballot 29-91 was March 16, 1992.

P610 Optional Use for Fuel Tax Reporting

On-board recording devices, satellite tracking systems, or other electronic data recording systems may be used (at the option of the carrier) in lieu of or in addition to handwritten trip reports for fuel tax reporting. Other equipment monitoring devices that transmit data or may be interrogated as to vehicle location or travel may be used to supplement or verify handwritten or electronically-generated trip reports.

Any device or electronic system used in conjunction with a device shall meet the requirements stated in this Section.

On-board recording devices may be used in conjunction with manual systems or in conjunction with computer systems.

P620 Devices Used with Manual Systems The on-board device must meet the requirements stated in IFTA Procedures Manual Sections P640 and P660.

When the device is to be used alone, printed reports must be produced which replace handwritten trip reports. The printed trip reports shall be retained for audit. Vehicle and fleet summaries which show miles and kilometers by jurisdiction must then be prepared manually.

P630 Devices Used with Computer Systems

The entire system must meet the requirements stated in IFTA Procedures Manual Sections P640, P650, and P660.

If the printed trip reports will not be retained for audit, the system must have the capability of producing, upon request, the reports indicated in IFTA Procedures Manual Section P640.

When the computer system is designed to produce printed trip reports, vehicle and fleet summaries which show miles and kilometers by jurisdiction must also be prepared.

P640 Data Collection Requirements

To obtain the information needed to verify fleet distance and to prepare the "Individual Vehicle Distance Record", the device must collect the following data on each trip.

.100 Required Trip Data

- .005 Date of trip (starting and ending);
- .010 Trip origin and destination (location code is acceptable);
- .015 Routes of travel (may be waived by base jurisdiction);
- .020 Beginning and ending odometer or hubodometer reading of the trip (may be waived by base jurisdiction);
- .025 Total trip distance;
- .030 Distance by jurisdiction;
- .035 Power unit number or vehicle identification number;
- .040 Vehicle fleet number; and
- .045 Registrant's name.

.200 Optional Trip Data

- (may be included at the discretion of the base jurisdiction)
- .005 Driver ID or name; and
 - .010 Intermediate trip stops.

.300 Fuel Data
For purposes of fuel tax reporting, the device must collect the following data:

- .005 Date of purchase;
- .010 Seller's name and address (vendor code acceptable);
- .015 Number of gallons or liters purchased;
- .020 Fuel type (may be referenced from vehicle file);
- .025 Price per gallon or liter or total amount of sale (required only for purchases from vendors);
- .030 Unit numbers; and
- .035 Purchaser's name (in the case of lessee/lessor agreement, receipts will be accepted in either name, provided a legal connection can be made to reporting party).

.400 Bulk Fuel Data
For purposes of bulk fuel tax, the device must collect, in addition, the following data:

- .005 Date of withdrawal;
- .010 Number of gallons or liters;
- .015 Fuel type;
- .020 Unit number; and
- .025 Purchase and inventory records to substantiate that tax was paid on all bulk purchases.

P650 Reporting Requirements

The following reports may be prepared by an electronic computer system which accepts data from on-board recording devices rather than the recording device itself. The system shall be able to produce the following reports:

- .100 Trip Reports**
An individual Vehicle Distance Record (IVDR) report for each trip that includes the information required in IFTA Procedures Manual Section P640. (Note: This report may be more than one page.)
- .200 Summary Reports for Individual Vehicles**
Monthly, quarterly, and annual summaries of vehicle trips by vehicle number showing miles or kilometers by jurisdiction.
- .300 Summary Reports for Fleets**
Monthly, quarterly, and annual trip summaries by fleet showing the number of miles or kilometers by jurisdiction.

.400 Exception Reports
Exception report(s) that identify all edited data, omissions of required data (see IFTA Procedures Manual Section P640), system failures, non-continuous life-to-date odometer readings, travel to non-contiguous states, and trips where the location of the beginning trip is not the location of the previous trip.

.500 Calibration Reports
Report(s) that indicate when the on-board recording device was last calibrated and the calibration method used.

P660 Minimum Device Requirements

.100 Certification of Testing
The carrier must obtain a certificate from the manufacturer certifying that the design of the on-board recording device has been sufficiently tested to meet the requirements of this provision.

.200 Security
The on-board recording device and associated support systems must be, to the maximum extent practicable, tamperproof, and must not permit altering of the information collected. Editing a copy of the original information collected will be permitted. All editing must be identified, and both the edited and original data must be recorded and retained.

.300 Function Warning
The on-board recording device shall warn the driver visually and/or audibly that the device has ceased to function.

.400 Time and Date Stamping
The device must time and date stamp all data recorded.

.500 Memory Full Warning
The device must not allow data to be overwritten before the data has been extracted. The device shall warn the driver visually and/or audibly that the device's memory is full and can no longer record data.

.600 Odometer Update
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 device is connected to the vehicle.

.700 Confirmation of Data Entered
The device must provide a method for the driver to confirm that the entered data is correct (e.g., a visual display of the entered data that can be reviewed and edited by the driver before the data is finally stored).



P670 Carrier Responsibilities

.100 Recalibration

It is the carrier's responsibility to recalibrate the on-board recording device 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. The device must be maintained and recalibrated in accordance with the manufacturer's specifications. A record of recalibrations must be retained for the audit retention period.

.200 Data Backup

It is the carrier's responsibility to maintain a second copy (back-up copy) of the electronic files either electronically or in paper form for the audit retention period.

.300 Electronic Data Transfers

At the discretion of the jurisdiction, carriers may submit records for audit to the jurisdiction through electronic data transfer.

.400 Training of Drivers

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

.500 Compliance

It is the carrier's responsibility to assure the entire recordkeeping system meets the requirements of IFTA. It is suggested that the carrier contact the base jurisdiction IFTA Audit Section for verification of audit compliance prior to implementation.

P700 STANDARD TAX RETURNS

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 reporting period by qualified motor vehicles in the licensee's fleet, regardless of whether the miles or kilometers are taxable or non-taxable 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 use a standard tax return that shall contain, but not be limited to, the elements listed below:

- .050 Name and mailing address of the jurisdiction issuing the return;
- .100 A space for the IFTA license number of the licensee;
- .150 A space for the name and address of the licensee;
- .200 A space for the reporting quarter of the return;
- .250 A space for the total distance traveled in all jurisdictions during the reporting period, including operations with trip permit;

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

- .300 A space for total fuel consumed in all jurisdictions during the reporting period;
- .350 A space for the average fuel consumption factor (to two decimal places) for the reporting period;

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

- .400 A space for the fuel type being reported for the 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;

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

- .550 Totals for the columns that are listed above;
- .600 A space for penalty or late filings fees (\$50.00 or 10 percent of the tax, whichever is greater);
- .650 A space for the total remittance of the return;
- .700 A space for the date of the submitted return;
- .750 A space for a signature of the person filing the licensee's return;
- .800 A space for the title of the person filing the licensee's return; and
- .850 A space for the telephone number of the person filing the licensee's return.

A space for previous balances may be included.

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.]

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.

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. (See IFTA Procedures Manual Section P1300 regarding conversion rates and measurements.)

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. The records shall contain, but not be limited to, the following:

- .050 Fuel 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.

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

P920 Preservation of Records

- .100 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.
- .200 Tax returns shall be maintained for a minimum of four years.

**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.

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.

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

P1030 U.S. and Canadian Funds Transfers

.100 Transmittals from the United States

Transmittals from U.S. to Canadian jurisdictions will be in U.S. customary measures and U.S. monetary units. All funds received by U.S. jurisdictions on behalf of Canadian jurisdictions will be forwarded in U.S. currency.

.200 Transmittals from Canada

Transmittals from Canadian to U.S. jurisdictions will be in International System measures and Canadian monetary units. All funds received by Canadian jurisdictions on behalf of U.S. jurisdictions shall be converted to U.S. currency at the time of the forwarding of the funds.

The funds to be converted will be net of the cost of converting U.S. funds. Documentation shall be provided to the member jurisdictions which shows the gross receipts, the conversion factor, the cost of conversion and the net amount transmitted.

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

P1040 Monthly Transmittals

Each member jurisdiction shall forward all funds received and a remittance listing for each fund transmittal containing information specified in this Section to the appropriate member jurisdictions at least once each month. All funds received during each month and all corresponding listings must be forwarded by the last day of the following month. The fund transmittal and the remittance listing may be sent separately. A report of no activity is required for each member jurisdiction if no revenue was collected on its behalf.

In the event a transmittal to another jurisdiction results in money being owed to the base jurisdiction, the jurisdiction being billed shall remit payment to the base jurisdiction by the last day of the month following the month in which a transmittal was received.

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

- .050 The base jurisdiction's name;
- .100 The reporting period that the transmittal is for;
- .150 The account number of each licensee being reported;
- .200 The total miles or kilometers reported for each licensee for that jurisdiction;
See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- .250 The total taxable miles or kilometers reported for each licensee for that jurisdiction;
See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- .300 The reported fleet fuel consumption factor for each licensee;
See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- .350 The reported taxable gallons or liters for each licensee for that jurisdiction;
See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.
- .400 The reported tax-paid gallons or liters for each licensee for that jurisdiction;
See commentary at IFTA Procedures Manual Section P130 regarding amendments to accommodate jurisdictions outside of the United States.

- .450 The net taxable gallons or liters for each licensee for that jurisdiction;

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

- .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

In July 1995, the membership unanimously ratified inclusion of Consensus Board 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 its 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.

- .700 The summary totals of items listed in IFTA Procedures Manual Sections P1040.200, P1040.250, and P1040.350 through P1040.650.

In July 1995, the membership unanimously ratified inclusion of Consensus Board Interpretation 45-95 as narrative to IFTA Procedures Manual Sections 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 its 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.

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

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.

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.

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

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.



P1060 Allocation of Tax

Should a licensee file a return showing taxes due and fail to remit payment in full with his 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:

$$\text{Allocation to members} = \frac{\text{Net tax due each member}}{\text{Net tax due all members}} \times \text{Money available to allocate}$$

.200 Option 2

When a licensee files a return and fails to remit full payment with his 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 Sections R1000 and R1100).

P1100 BASE JURISDICTION REPORTING

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 IFTA accounts 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;

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.

- .010 Number of cancellations and suspensions/revocations;
- .015 Number of audits;
- .020 Number of audits with assessment;
- .025 Current tax rates; and
- .030 Unusual activities within a member jurisdiction that could affect an audit.

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.

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.

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

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.

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.

IFTA Ballots 4-1995 and 3-1996 amended IFTA Procedures Manual Sections P1210, P1220, and P1230 to change terminology from "operations review" to "program compliance review" and to make other 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.

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.

IFTA Ballots 4-1995 and 3-1996 amended IFTA Procedures Manual Sections P1210, P1220, and P1230 to change terminology from "operations review" to "program compliance review" and to make other 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 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.

IFTA Ballots 4-1995 and 3-1996 amended IFTA Procedures Manual Sections P1210, P1220, and P1230 to change terminology from "operations review" to "program compliance review" and to make other 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.

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.



P1300 UNITS OF MEASUREMENT

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

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

P1320 Fuels Not Measured in Liters or Gallons

For reporting fuels that cannot be measured in liters or gallons (e.g., compressed natural gas), the licensee shall report the fuel in the units of measurement employed by the jurisdiction in which the fuel was used.

