

International Fuel Tax Association (IFTA) Instruction Manual

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I. DEFINITIONS

Annual Reporting Period means twelve consecutive months determined by the base jurisdiction.

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

Audit is a physical examination of the source documentation of the licensee's operations either in detail or on a representative sample basis.

Base Jurisdiction is the member jurisdiction where qualified motor vehicles (QMV'S) are based for vehicle registration purposes. (Refer to Page 2 for more detailed information).

Cancellation is the annulment of a license and its provision by either the licensing jurisdiction or the licensee.

Commissioner is the official designated by the jurisdiction to be responsible for administration of IFTA.

Fleet means one or more vehicles.

Inter-Jurisdictional Distance is the total number of miles or kilometers operated by a licensee's QMV within a jurisdiction including miles/kilometers operated under an IFTA temporary permit. Inter-jurisdictional distance does not include miles/kilometers operated on fuel tax trip permit or exempted from fuel taxation by a jurisdiction.

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

Lessee is the party acquiring the use of equipment with or without a driver to another.

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

Licensee is a person who holds an uncanceled IFTA license issued by the base jurisdiction.

Member Jurisdiction is a jurisdiction, which is a member of the International Fuel Tax Agreement (IFTA).

Motor Fuels are all fuels placed in the supply tank of QMV.

Person is an individual, corporation, LLC, partnership, association, trust, or other entity.

Qualified Motor Vehicle (QMV) is a motor vehicle used, designed, or maintained for transportation of persons or property (Refer to Page 3 for more detailed information).

Recreational Vehicle is a vehicle 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 recreations vehicle, the vehicles shall not be used in connection with any business endeavor.

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

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

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

Temporary Permit is 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.

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.

Weight is the maximum weight of the loaded vehicles or combination of vehicles during the registration period.

II. INTRODUCTION

Manual acknowledgment form MV2863

The International Fuel Tax Agreement (IFTA) is a cooperative agreement among states and Canadian provinces to simplify the reporting of fuel used by interstate/interjurisdictional motor licensees. Upon application, the licensee's base jurisdiction will issue credentials, which will allow the IFTA licensee to travel in all IFTA member jurisdictions. Any questions or information regarding the IFTA agreement, audit and procedures manual can be referenced at <http://www.iftach.org/>.

These manuals will provide critical information regarding the International Fuel Tax Agreement (IFTA) program and explain your responsibility as a participant of IFTA. If you have any questions about IFTA after reviewing these manuals, you can call the Motor Carrier Service Section at (608) 266-9900 or contact us at irp-ifta@dot.state.wi.us.

Benefits of IFTA include:

- A single fuel tax license and one set of decals that authorizes your vehicles to travel in all member jurisdictions
- A single fuel tax report that details your operations in each of the member jurisdictions
- Ability to credit the fuel tax overpayment for one jurisdiction against the tax liability for another jurisdiction, which reduces or possibly eliminates a payment
- Ability to remit one check, or receive one refund from the base jurisdiction
- Audit conducted by the auditors from your base jurisdiction

Base jurisdiction

Wisconsin is your base jurisdiction for IFTA licensing and reporting if your:

- Qualified motor vehicles display Wisconsin license plates
- Operational control and records of the qualified motor vehicles are maintained or can be made available at the Wisconsin business address
- Qualified motor vehicles operate in two or more member jurisdictions
- Where some travel is accrued by qualified motor vehicles within the fleet. The commissioner of two or more affected jurisdictions may allow a person to consolidate several fleets that would otherwise be based in two or more jurisdictions.

Qualified motor vehicle (QMV)

Is any motor vehicle used, designed or maintained for the transportation of persons or property having:

- Two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or,
- Three or more axles regardless of weight; or
- A combined weight or combined registered gross weight exceeding 26,000 pounds or 11,797 kilograms.

III. APPLICATION/LICENSING

The IFTA license application

The IFTA license application requests general information about the licensee and its operations. The IFTA license application can be obtained online at <http://www.dot.wisconsin.gov/business/carriers/ifta.htm>, by e-mail at irp-ifta@dot.state.wi.us or at the Hill Farms State Transportation Building in Madison, Room 151, or by calling (608) 266-9900. Wisconsin fees for IFTA license and decals:

\$15 application fee

\$3 license fee

\$2 per set of decals

Once the application is processed, the IFTA credentials will be issued. A licensee will not be issued IFTA credentials if the licensee was previously licensed in another IFTA member jurisdiction and the licensee's license has been revoked by that member jurisdiction. The Department will not issue a license if the licensee application submitted contains misrepresentations or misstatements or omits required information.

Account identification number

The IFTA account identification number is the licensee's 9 digit Federal Employee Identification Number (FEIN) issued by the Internal Revenue Service. If a FEIN is not available, a licensee can use their Social Security Number (SSN), which will be used as the licensee's account number. When a licensee receives a FEIN, the licensee should notify the Department in writing of the change. If you do not have a FEIN or SSN, our office will assign a temporary account number until you receive your FEIN. You can obtain a FEIN number at <http://www.irs.gov/> or call 1-800-829-3676.

IFTA license

The Department will issue one IFTA license that is valid from January 1 through December 31. A legible photocopy of the IFTA license must be carried in the cab of each QMV in the fleet. The original license should be kept with the business records, to be used as a master copy for vehicle additions or loss of vehicle copy. If a licensee is found operating a QMV without an IFTA license, the licensee may be subject to citations and/or fines and the licensee may be required to purchase a trip permit.

IFTA decals

The Department will issue two decals to each QMV operated by the IFTA licensee. The decals must be placed on the exterior portion of both sides of the cab. In the case of transporters, manufacturers, dealers, or drive away operations, the decals may be temporarily displayed in a visible manner on both sides of the cab. Failure to display the IFTA decals properly may subject the licensee to citations and/or fines, and the licensee may be required to purchase a trip permit. Licensees may acquire additional decals throughout the license year from the Department.

Grace period for display of license and decal

Licensees 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.

Licensees renewing their IFTA license are allowed a two-month grace period (January and February) to display the renewal IFTA license and decals. To operate in IFTA jurisdictions during this grace period, carriers must display either valid current or prior year IFTA license and decals from the jurisdiction in which they were operating or a valid single-trip permit from the IFTA jurisdiction in which they are operating.

Annual renewal

Each year the Department will issue preprinted IFTA license renewal applications to all licensees. After the information on the application is completed and processed, the IFTA decals and license are issued. Renewal of the IFTA license will be denied if the licensee has failed to file any quarterly fuel tax returns, delinquent in any fuel or registration tax payments, or if the IFTA license is in a revoked or canceled status.

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 a bond is required to protect the interests of all member jurisdictions.

IV. REPORTING REQUIREMENTS

The IFTA quarterly/annual tax report will be sent to all IFTA licensees at least 30 days before the due date. **Failure to receive the authorized form does not relieve the licensee from the obligation to submit a return. Filing is required even if no miles were traveled or taxable fuel was used during the reporting period.** Quarterly tax reports may be obtained on line at www.dot.wisconsin.gov/business/carriers/ifta.htm, or by calling the Department at (608) 266-9900.

Quarterly filing

All licensees are required to file an IFTA quarterly fuel tax return with the base jurisdiction and shall pay all taxes due to all member jurisdictions with one remittance payable to the base jurisdiction. The IFTA returns are filed on a calendar quarterly basis as follows:

Reporting quarter	Due date
January – March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

Annual filing

A licensee whose operations total less than 5,000 miles or 8,000 kilometers in all member jurisdictions other than the base jurisdiction during 12 consecutive months may request to report on an annual basis. You are eligible for annual reporting after filing at least four (4) quarterly reports and not showing a balance due. 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.

Reporting annually	Due date
January 1 – December 31	January 31

Wisconsin Motor Licensees now have the option to file IFTA electronically using the Commercial Vehicle Registration System (COVERSnet) Electronic Credentialing System. If you want to learn more about the system, please call (608) 266-9900.

Due dates for timely filing

The tax return and full payment of taxes are due the last day of the month following the end of the quarter. 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. 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 that contains the return and is properly addressed to the designated department of the base jurisdiction.

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.

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

Late filing penalties and interest

When a licensee fails to file a tax report, files a late tax report, or fails to remit any tax due, the licensee is subject to penalty and interest. The penalty is \$50.00 or 10% of the net tax liability; whichever is greater. The one-time penalty may be waived if the licensee can show reasonable cause for failure to comply.

Interest is charged on all delinquent taxes due each jurisdiction. Interest accrues at the rate of 1% per month and will be calculated from the date tax was due for each month or fraction of a month until paid. **Interest may never be waived since it must be paid to each member jurisdiction where tax was due.**

Measurement conversion table

Wisconsin IFTA licensees are required to report fuel usage and distance traveled based on United States measurements. Conversion rates are:

1 gallon	=	3.785 liters
1 mile	=	1.6093 kilometers
1 liter	=	.2642 gallons
1 kilometer	=	.62137 miles

Gallons and miles entered on each quarterly report must be rounded to the nearest whole gallon or mile.

Tax exempt vehicles

Recreational vehicles – such as motor homes, pickup trucks with attached campers, vehicles owned and operated by the United States government, and buses when used exclusively for personal pleasure by an individual are exempt from IFTA fuel tax licensing and reporting. In order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any business endeavor.

Tax exempt miles

IFTA exempts you from reporting **taxable miles** when your vehicle(s):

- Operate under a fuel trip permit or
- Operate off road miles (Ex., Logger going into a forest)

When audited, you must provide proof of exempt mileage claimed on fuel tax reports.

Surcharge

Several jurisdictions collect an additional tax for each taxable gallon (column 5 on the tax report) called a surcharge. **This surcharge is not collected at the pump or at the time fuel is withdrawn from bulk storage. The surcharge is collected on the quarterly tax return.** To accommodate the collections of the surcharge, an additional line has been added to the return. To compute the fuel tax surcharge multiply the taxable gallons (column 5) by the amount of surcharge. Record that dollar amount in column 8 and column 10 on the quarterly report.

V. REFUNDS AND CREDITS

If the net result of a return is a tax credit, the licensee will receive a refund. A refund will be issued once the Department determines that all tax liabilities, including any outstanding audit assessments, have been satisfied to all member jurisdictions. A refund will be denied if the licensee is delinquent in filing any quarterly tax report(s). A refund determined to be properly due will be paid within 90 days of your request.

Refunds of tax-exempt fuel use, such as reefer fuel, ready-mix units, etc., may NOT be claimed on the IFTA tax report. Information regarding such refunds should be directed to:

**Wisconsin Department of Revenue
Inheritance & Excise Tax Bureau, Bulk Fuel
PO Box 8900
Madison WI 53708-8900**

VI. LICENSE REVOCATION

An IFTA license may be revoked for failure to:

- File a timely IFTA quarterly tax return
- Remit all taxes due
- Pay and/or protest an audit assessment or other assessment within the established time period
- Maintain and follow record keeping requirements

Operation of a QMV under cancellation and revocation means fuel license privileges have been withdrawn and operation of vehicle may result in citation and fines.

Wisconsin law enforcement agencies and all IFTA member jurisdictions will be notified when a revocation has occurred or has been released. If your license is revoked, you must destroy the original and all copies of the license. You must also remove all decals from your vehicles and return them along with any unused decals to the Department. **DO NOT OPERATE VEHICLES WHEN A LICENSE HAS BEEN REVOKED.**

VII. LICENSE REINSTATEMENT

The Department may reinstate an IFTA license if the licensee files all required reports and remits all outstanding liabilities due all member jurisdictions. The Department requires you to complete a reinstatement application and pay the appropriate fees to reactivate your account. You can obtain the reinstatement form online at www.dot.wisconsin.gov/business/ifta.htm, or by calling (608) 266-9900. In addition, a bond may be required in an amount sufficient to satisfy any potential liabilities in all member jurisdictions.

VIII. LICENSE CANCELLATION

An IFTA license may be canceled at the written request of the licensee provided all reporting requirements and tax liabilities have been satisfied. Upon cancellation, the licensee must return the original IFTA license and any unused decals, and complete a final IFTA quarterly tax return indicating to cancel your account. Wisconsin requires that your IFTA license cannot be canceled until your IRP has expired. If you are canceling your IFTA account and are going to be leasing to a company or individual who will be responsible for filing your fuel tax, you must provide a copy of the lease or obtain a statement on the lessee's letterhead stating that they are responsible for filing your fuel tax and supplying you with the IFTA decal(s) and license. The record retention period of 4 years applies.

IX. ASSESSMENTS FOR FAILURE TO FILE

When the licensee fails, neglects, or refuses to file an IFTA quarterly tax report, the Department may assess the licensee for tax delinquency, including penalty and interest. This assessment is based on the best information available, including the licensee's filing history. In the absence of adequate records, a standard of 4.0 miles per gallon may be used to determine fuel consumption and miles or kilometers traveled in each jurisdiction. The burden of proof is on the licensee to show that the calculated assessment is incorrect.

X. FRAUDULENT CLAIMS

Under Wisconsin State Statute (Chapter 341.45), anyone who uses a false or fictitious name, gives a false or fictitious address, or commits fraud may be subject to fine or imprisonment if convicted.

XI. LEASE AGREEMENTS

QMV'S leased to a licensee are subject to IFTA requirements in the same manner as vehicles owned by the licensee. No member jurisdiction shall require the filing of such leases, but such leases shall be made available upon request to any member jurisdiction. The following applies for the lessor, lessee, independent contractors and household goods agents:

Rental

- **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 driver, for compensation to licenses 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:

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

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

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

Household goods licensees

In the case of a household goods licensee using independent contractors, agents or service representatives, the party liable for the motor fuel taxes shall be:

- The lessee (licensee) when the QMV 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 (licensee) regardless of the jurisdiction in which the QMV is registered for vehicle registration purposes by the lessor or lessee.
- The lessor (independent contractor, agent, or service representative) when the QMV is being operated under the lessor's jurisdictional operating authority. The base jurisdiction for purposes of this agreement shall be the base jurisdiction of the lessor regardless of the jurisdiction in which the QMV is registered for vehicle registration purposes.

Independent contractors

- **Short-Term Leases:** In the case of a licensee using independent contractors under short-term/trip leases of 29 days or less, the trip lessor will report and pay all fuel taxes.
- **Long-Term Leases:** In the case of a licensee 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. If the lessee (licensee) through a written agreement of contract assumes responsibility for reporting and paying fuel use taxes, the base jurisdictions for purposes of the agreement shall be the base jurisdiction of the lessee, regardless of the jurisdiction in which the QMV is registered for vehicle registration purposed by the lessor.

XII. RECORD RETENTION REQUIREMENTS

Record retention

Each licensee is responsible to maintain detailed distance and fuel records for all QMV'S. These records must support the information reported on the quarterly tax returns and **must be retained for four years from the due date of the tax report unless the required tax report is not filed. If a required tax report is not filed, the licensee shall retain the required records until the department otherwise authorizes.**

A licensee's records must include distance data on each vehicle for each trip and summarized in a monthly fleet summary. An acceptable source document is a trip report, which must include:

- Date of trip (starting and ending)
- Trip origin and destination
- Routes of travel
- Beginning and ending odometer or hub odometer reading
- Total trip distance
- Distance by jurisdiction
- Unit number or Vehicle Identification Number

- Vehicle fleet number
- Registrant's name

In addition to distance verification records, the licensee is required to maintain a record of all fuel purchased and used in the fleets qualified vehicles. In order to obtain credit for a retail tax paid gallon, a receipt or invoice is required. To verify fuel purchases the following information is required on the receipt or invoice:

- Date of purchase
- Seller's name and address
- Number of gallons purchased
- Fuel type purchased
- Price per gallon or total amount of sale
- Unit numbers of the vehicles
- Purchaser's name (in case of a lessee/lessor agreement, receipts will be accepted in either name, provided a legal connection can be made to reporting party).

Acceptable fuel receipts include: Receipt, invoice, a credit card receipt, automated vendor generated invoice or transaction listing. Receipts that contain alterations or erasures will not be accepted.

Decal accountability

The licensee is responsible to account for all decals issued to licensee. That includes which vehicle decals were placed on and the sequential decal identification number that the vehicle received. Failure to account for all decals issued, for a period of 4 years may result in a 4-MPG jeopardy assessment based on Wisconsin average vehicle use.

Bulk fuel purchases

The licensee normally delivers storage fuel into fuel storage facilities, and fuel tax may or may not be paid at the time of delivery. Motor fuel which is placed into the fuel tank of a QMV 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. A licensee who maintains a bulk motor fuel storage facility may obtain credit for tax paid on fuel withdrawn from that storage facility if the following records are maintained:

- Date of withdrawal
- Number of gallons
- Fuel type
- Unit number
- Purchase and inventory records to substantiate that tax was paid on all bulk fuel purchases

If you have any further or need additional information regarding bulk fuel purchases contact:

**Wisconsin Department of Revenue
Excise Tax Section
PO Box 8906
Madison WI 53708-8906
Phone #608-266-8242**

XIII. AUDITS

The purpose of an IFTA audit is to verify the fuel and distance data reported on the IFTA quarterly tax returns. Wisconsin auditors representing all IFTA member jurisdictions conduct the audits.

- Thirty days prior to conducting an IFTA audit, an auditor will contact the licensee in writing advising of the date that the audit is to be conducted and the time period the audit will cover.
- If records to be audited are located outside of Wisconsin, the department shall require the applicant or registrant to reimburse the department for actual and necessary expenses plus wages pursuant to the appropriate state compensation plan or applicable labor agreement.
- At the beginning of the audit, the auditor will meet with the licensee to determine background information, reporting methods, overview of the distance and fuel accounting system and records to be reviewed.
- The audit emphasis will be placed on the distance accounting system to assure that all miles are reported and fuel receipts maintained to verify tax paid fuel purchases.
- In performing the audit, the auditor will verify fuel receipts and distance generated by all the QMV'S registered. The following procedure will be used:
 1. Audit may be conducted on a sampling basis (vehicles and months).
 2. Reported jurisdiction distance will be verified by routes of travel and satellite map miles.
 3. Auditor will compare reported miles and fuel against audited miles and fuel.
 4. The audit adjustment factors that result from the vehicles audited will be used to determine a tax liability or tax refund.
 5. Penalty and interest will be assessed for all member jurisdictions if a tax liability results from the audit finding.
- A final conference will be held with the licensee to explain audit adjustment and future reporting practices. An audit report will be sent to the licensee after the written copy of the audit is processed.

Failure to provide verifiable distance and fuel documentation may result in any of the following actions:

1. Estimation of distance traveled and fuel consumed based on reporting history, or the history of a similar operation.
2. Application of a standard average of 4.0 miles per gallon in calculating tax liability.
3. Denial of credit for fuel purchases if fuel receipts are altered, erased, or unavailable.
4. Revocation of fuel license.

If the audit is not protested, payment, including interest from the original due date must be made within 30 days from the date of the notice of tax due. If additional tax is due, penalties will be assessed based upon the percentage of underpayment.

XIV. APPEALS

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

The licensee will be sent a written notice of the time and place where the hearing will be given. The hearing may be rescheduled if either party has reasonable cause. The licensee may appear in person and/or be represented by counsel at the hearing and is entitled to produce witnesses, documents or other material to substantiate the appeal.

The licensee will be notified of the findings of fact and the ruling. In the case of an audit, if the licensee still disagrees with the original finding, the licensee may request an additional audit from any member jurisdiction. The requested jurisdiction may accept or deny the request. The licensee will be responsible for all costs related to the audit.