



Department of
Taxation

International Fuel Tax Agreement Instruction Manual (IFTA)



Energy Tax Division
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OHIO IFTA INFORMATION MANUAL

INTRODUCTION:

The International Fuel Tax Agreement is an agreement which enables participating jurisdictions to provide mutual assistance in the administration and collection of fuel use taxes and to promote the most efficient possible use of the highway system by making uniform the administration of fuel use taxation for interstate vehicles.

This agreement is similar to the International Registration Plan. The base jurisdiction will issue one fuel license and one set of decals for each qualified motor vehicle valid for all member jurisdictions. Quarterly fuel reports will be submitted to the base jurisdiction detailing the quarterly operations in each of the member jurisdictions.

The IFTA program advantages include:

- ✓ Single fuel tax license authorizing travel in all member jurisdictions.
- ✓ One fuel tax report detailing operation in all member jurisdictions.
- ✓ Crediting the fuel tax overpayment in one jurisdiction against the tax liability in another jurisdiction, reducing or possibly eliminating a cash payment.
- ✓ Remit only one check or receive one refund from the base jurisdiction.

All 48 contiguous U.S. states and the Canadian provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan are member jurisdictions of the International Fuel Tax Agreement.

QUALIFIED VEHICLES:

The following vehicles are required to display IFTA decals and report fuel use under the IFTA program:

1. Power unit having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds.
2. Power unit having three or more axles, regardless of weight.
3. Power unit used in combination when the weight of such combination exceeds 26,000 pounds gross vehicle weight.

Recreational vehicles are exempt from IFTA. Buses are subject to IFTA reporting.

APPLICATION FOR LICENSE AND DECAL:

Anyone based in Ohio and operating one or more qualified motor vehicles in at least one other IFTA jurisdiction may file an application for an IFTA license (OHIF-1). If you qualify as an IFTA licensee but do not wish to participate in the IFTA program, trip permits must be obtained to travel through member jurisdictions, according to the regulations of each member jurisdiction.

You may obtain an application for an IFTA license by contacting the Ohio Department of Taxation at (855) 466-3921 (option 1) or going to our website at tax.ohio.gov. Once you have completed the form, you may mail the application to the address on the form or fax the completed application to (206) 984-4145.

Those taxpayers needing immediate authority should complete an application for an IFTA Temporary permit. The temporary permit is good for thirty (30) days. The permanent decals will be mailed out within five (5) to seven (7) business days. Miles traveled on a temporary permit should be reported on the tax return in the same manner as those traveled on a permanent decal. Decals are free of cost. The application may be mailed to Ohio Department of Taxation, P.O. Box 530, Columbus, Ohio, 43216-0530 or faxed to (206) 984-4145. Upon receipt of a properly completed application, a license and the appropriate number of decals will be mailed within five (5) to seven (7) business days.

A carrier will not be issued IFTA credentials from the Department if the carrier was previously licensed in another IFTA jurisdiction and the carrier's license is under suspension or has been revoked by that member jurisdiction. The Department will not issue a license or decals if the applicant owes any Ohio fuel use tax or has failed to file

the required fuel use tax return. The Department will not issue a license or decals if the application contains misrepresentations, misstatements, or omissions.

DISPLAY OF LICENSE AND DECAL:

Upon receipt of the properly completed application, a license and decals will be issued. A photocopy of the IFTA license is required to be carried in the cab of each qualified vehicle in the fleet. This copy is to be presented to law enforcement upon request. The original license should be kept in the office, to be used as a master copy for vehicle additions. Any decals not used should be kept for a minimum of four (4) years.

Two decals per qualified vehicle will be issued. Place decals on the exterior of both sides of the cab. In the case of transporters, manufacturers, dealers, or driveaway operations, the decals do not need to be permanently affixed, but may be temporarily displayed in a visible manner on both sides of the cab.

Until permanent decals are affixed to the vehicle, an IFTA temporary decal permit may be issued and will be valid in all member jurisdictions. The temporary permit is valid for 30 days. The temporary permit is vehicle specific and shall be carried in the vehicle. In addition, the IFTA license must be in the vehicle to validate the temporary permit.

Failure to display the identification decals and to have a copy of the IFTA license in the vehicle may subject the vehicle operator to the purchase of a trip permit and/or citation.

The effective date of your IFTA license and decals is January 1 of each year. If you are renewing your license, you may display your decals on December 1 of the current year. However, the decals **must** be displayed by March 1 of the year for which the license and decals are issued.

FUEL TAX QUARTERLY REPORTS FORMS:

The IFTA reports are filed on a calendar quarterly basis. The quarters are:

1st quarter	January 1 through March 31	Due April 30
2nd quarter	April 1 through June 30	Due July 31
3rd quarter	July 1 through September 30	Due October 31
4th quarter	October 1 through December 31	Due January 31

The Department of Taxation will mail you tax returns at the end of the quarter (30 days before the due date). A separate schedule is required for each fuel type. Contact the Department at (855) 466-3921 immediately if you do not receive a tax return or if you need additional schedules for a fuel type other than diesel. A diesel schedule (Excel

spreadsheet) is available on our website to assist you in completing your IFTA return. This schedule is for diesel fuel only and should be submitted along with the IFTA return that is mailed to you.

Filing is required even though no miles were traveled during the reporting period:

The IFTA tax returns are due on 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 due date.

Reports will be considered filed and received on the date shown by the U.S. Postal Service, Canadian Postal Service, or delivery service cancellation mark stamped on the envelope containing the report. If a tax return is hand delivered, it will be considered filed and received the date that it was delivered to our office.

Reminder: A metered postmark is not acceptable in determining the filing date of an IFTA tax return. The filing date of an IFTA tax return is determined by the cancellation date of the U.S. postmark. A return mailed on the report deadline may not be U.S. postmarked that day, especially if it is mailed late in the day or if not validated by the local post office. Care should be given to assure that the return is U.S. postmarked before the deadline to reflect timely filing.

REPORTING EXEMPT MILES:

Ohio exempts off-road miles. Off-road miles refer to actual mileage traveled off public highways. Some examples are miles within a rock quarry and miles on job site.

In the case of off-road miles, you should report all miles and fuel on lines C-2 and C-3 in calculating average miles per gallon. All Ohio miles should be reported on line D-4 and only the taxable miles (total miles less off-road miles) should be reported on D-5. All Ohio fuel purchases should be reported on line D-7. You will no longer need to file a separate refund claim for off-road miles. Documentation of these miles should be maintained in the event of an audit.

POWER TAKE-OFF:

Power take-off refers to equipment that uses fuel from the main fuel tank to unload cargo or power some other piece of equipment. The following only refers to how Ohio miles and fuel should be reported on the IFTA return. In the case of power take-off, you should report all miles and all fuel on lines C-2 and C-3 to calculate average miles per gallon. You should report all fuel purchased in Ohio on line D-7. You must file a

separate refund claim form with the Motor Fuel Tax Refund Unit for fuel used to operate PTO equipment. Their telephone number is (855) 466-3921 (option 4).

LATE FILING PENALTIES AND INTEREST:

There are penalties for failure to file a report, filing an incomplete report, failure to remit full payment of tax, or for filing a late report which include:

1. A penalty of \$50.00 or 10 percent of the net tax liability, whichever is greater, may be imposed.
2. Interest must be calculated on all delinquent taxes due each jurisdiction. Effective July 1, 2013 the interest rate has been set at an annual rate of two (2) percentage points above the underpayment rate established under Section 6621 (a) (2) of the Internal Revenue Code, adjusted annually on Jan. 1. Interest shall accrue monthly at 1/12 this annual rate. The annual rate for July 1, 2013 – Dec. 31, 2013 is (5) percent. Prior to July 1, 2013 the interest rate was (1) percent per month.

An underpayment (or nonpayment) of tax subjects the taxpayer to interest as calculated above.

REFUNDS:

If the net result of a tax return is overpayment, a refund will be issued after the return has been reviewed and processed. Credit carryovers are not available. No refund will be issued if a prior quarterly report has not been filed or if an account has unpaid IFTA tax.

AMENDED RETURNS:

An amended return that results in a tax liability is considered an underpayment of taxes and interest is due for each jurisdiction on the tax underpayment.

DETERMINATION OF TAXPAYER:

For leases of thirty (30) days or more, the lessor and lessee will be given the option of designating which one will report and pay fuel use tax. For motor vehicle leases of less than thirty days, the lessor for the motor vehicle under lease will be liable for the fuel use tax reporting.

In the case of a household goods carrier using an independent agent, under intermittent leases, the party liable for the fuel use tax will be:

- a. the lessee (carrier) when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority , or
- b. the lessor (agent) when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority.

CANCELLATION/REVOCATION:

A licensee may request that the IFTA license be canceled, provided all reporting requirements and tax liabilities have been satisfied. The cancellation date must be entered on the final quarterly tax return. The licensee may also cancel the license by submitting a written request for cancellation. The Ohio Department of Taxation may also cancel the license if it is determined that the license is unnecessary, based on reporting history. Upon cancellation, the carrier should place the original license and all copies in a secure file with all unused decals. All other decals should be removed from the vehicle and destroyed.

The IFTA license may be revoked for failure to comply with the provisions of the agreement, such as failure to file a quarterly tax return, failure to remit all taxes due, or improper use of decals.

The Ohio Department of Taxation will notify the Ohio Highway Patrol and other IFTA jurisdictions of all revocations.

The Ohio Department of Taxation may reinstate a license if all required returns are filed and all outstanding liabilities are paid. Licensees who have been revoked may be required to post a bond sufficient to satisfy potential liabilities as a condition of reinstatement.

Ohio reserves the right to administratively cancel an account per the IFTA Articles of Agreement. Section R345.300 states: "Jurisdictions have the right to cancel or deny renewal of an IFTA license to a carrier that does not leave the confines of the borders of the base jurisdiction and reports zero or base jurisdiction distance only for three (3) or more consecutive quarters. The base jurisdiction has the right to require proof of out of jurisdiction travel prior to allowing the carrier to get licensed again under the IFTA agreement. Proof may be in the manner of out of jurisdiction fuel permits purchased and/or amended IFTA returns showing actual distance traveled during a quarter already filed or for those reasons the base jurisdiction deems necessary to reissue the license."

RECORDKEEPING REQUIREMENTS:

The licensee must maintain records to support information reported on the quarterly tax return for a period of at least four years from the due date of the return or the date filed, whichever is later.

The licensee is responsible to account for all decals issued. Any decals not used must be kept in original condition for four (4) years in the event of an audit.

An acceptable mileage accounting system is important in compiling the data necessary to complete the IFTA tax return. A licensee's records must include mileage data for each trip on each individual vehicle and be restated in monthly fleet summaries. Supporting information must include the following:

- Date of trip (starting and ending)*
- Trip origin and destination*
- Routes of travel*
- Beginning and ending odometer readings*
- Total trip miles*
- Mileage by jurisdiction*
- Unit number or vehicle identification number*
- Vehicle fleet number*
- Registrant's name*

The licensee must maintain complete records, supported by receipts, of all fuel purchases as reported on the returns. Separate totals must be compiled for each fuel type. Fuel purchased as bulk storage fuel, and over-the-road fuel purchases are to be accounted for separately. Bulk purchasers must maintain documentation of all fuel pumped, invoices, and beginning and ending inventories. Credit is claimed when fuel is disbursed from bulk storage not when it is purchased.

Over-the-road fuel purchases must be supported by receipt or invoice, a credit card receipt, automated vendor generated invoice or transaction listing, or microfilm/microfiche of the receipt or invoice. **Under no circumstances will receipts that have been altered or that indicate erasures be accepted for tax-paid credit.**

Over-the-road fuel purchases should identify the vehicle by the plate or unit number since only vehicles identified with the licensee's operation may be reported for mileage or fuel consumption.

AUDITS:

Every IFTA licensee is subject to audit. The agreement requires that at least 15 percent of the licensees based in the jurisdiction be audited every five years. In the event you are chosen for an audit, you will be contacted by the Ohio Department of Taxation staff prior to the commencement of an audit in order to make the required records available. Written confirmation will also be made.

If a licensee fails to provide adequate records for the purpose of an audit:

Gallage may be estimated based on prior experience of the licensee or by comparison to similar operations;

A default of four miles per gallon may be used;

All claims for tax-paid fuel without supporting documentation will be disallowed;

The burden of proof lies with the licensee.

Upon completion of the audit, the findings are reported in writing to the licensee and all other jurisdictions. Ohio will collect any tax, penalty, and interest owed to all member jurisdictions. If it is determined that the licensee's operational records are not located in Ohio and it becomes necessary for the department's auditors to travel to where such records are maintained, the department may require a licensee to pay reasonable per diem and travel expenses incurred by the auditor(s) in the performance of the audit.

AUDIT APPEAL PROCEDURES:

Additional liability resulting from an audit that is unpaid may be assessed. An assessment includes penalty and interest.

If you feel the assessment is incorrect or you want to request a remission of the penalty, you must file a petition for reassessment within 60 days from the date you received the assessment. Your petition must include the specific reasons for each and every item of the assessment you feel is in error. If you wish to have a hearing, you must affirmatively request a hearing. If you do not request a hearing, the Tax Commissioner will make a decision based on the information in his possession.

In the event a licensee appeals an assessment for one or more jurisdictions, the base jurisdiction will participate in the appeal process on behalf of the other jurisdictions.

After all administrative appeals have been exhausted and the licensee is still in disagreement with the original findings, the licensee may request that any or every

jurisdiction audit the licensee's records. Each jurisdiction to which the request is made may elect to accept or deny the request. Each jurisdiction electing to audit the IFTA 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.

NO PERMIT/SUSPENDED PERMIT:

The violation for operating without a fuel use permit is a misdemeanor of the fourth degree.

The violation for operating under a suspended fuel use permit is a misdemeanor of the first degree.

WEBSITES/OTHER INFORMATION:

- ❖ The Ohio Department of Taxation's website is tax.ohio.gov.
- ❖ IFTA, Inc.'s link is www.iftach.org. This website contains useful information such as jurisdiction contact lists, information on jurisdiction fuel tax rates, IFTA newsletters, and the IFTA Articles of Agreement, Procedures Manual, and Audit Manual.
- ❖ The current quarter's IFTA diesel schedule is now available on our website: **tax.ohio.gov**. Click on the "Forms" tab; click on the arrow next to the Tax Type drop down box and select International Fuel Tax Agreement (IFTA); click on the arrow next to the Tax Year drop down box and select All; click the Search button and finally click on the IFTA Diesel Fuel Schedule.
- ❖ To use this form you must have Microsoft Excel and click the "enable macros" button, if prompted.

To be able to print the schedule:

- Confirm that this is the correct quarter
- Complete Ohio 7-digit account number
- Complete name as it appears on your Ohio IFTA account
- Total miles traveled everywhere must equal the sum of column D4 (Total Miles).
- Total gallons placed in vehicles (C3) cannot be less than the sum of column D7 (Tax Paid Gallons).

After printing this form, please place it with the mailed return and use our return envelope.

- ❖ US DOT - Telephone: (800) 832-5660
- Website: safer.fmcsa.dot.gov
- ❖ Ohio IRP – Telephone: (800) 477-0007

PERMITS AND INFORMATION

Permits and Tax Information: (855) 466-3921
Fax: (206) 984-4145