
International Fuel Tax Agreement Instruction Manual

2016



Prepared by

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
Bismarck, North Dakota
dot.nd.gov

MOTOR VEHICLE DIVISION

January 2016

IFTA ONLINE

North Dakota Department of Transportation's International Fuel Tax Administration (IFTA) program gives you the option to renew, file your quarterly reports, and purchase additional decals online. You can access the program through the following website: www.dot.nd.gov and scroll to the Business Section and select Motor Carrier Services, IRP, IFTA (online Motor Carrier Services).

- Enter a login ID and password.
- Click on Register Now.
- Complete Login Details.
- You will receive an e-mail notification asking you to confirm your e-mail address.
- You will then receive a confirmation email.
- An authorization code will be **mailed** to you the following business day.

Return to the website and enter your Login ID, password, and authorization code.

- Enter your IFTA account number only.

Carriers can opt for three methods of payment:

- Credit card.
- ACH funds transfer from a checking or saving account. (Allow 10 days for the bank authorization to process).
- Check or money order.

Please keep a record of your Login ID and password. If you have questions or problems, please call 701-328-2928.

Table of Contents

| | |
|--|----|
| Introduction | 1 |
| Application/Licensing | 1 |
| Tax Reporting/Refunds and Credits | 2 |
| Revocations/Cancellations | 4 |
| Record-Keeping Requirements | 4 |
| Audits | 6 |
| Appeals | 6 |
| International Fuel Tax License Application and Reinstatement (SFN 17105) | 7 |
| International Fuel Tax Agreement License | 9 |
| Decals | 10 |
| Placement of Decals | 10 |
| North Dakota IFTA Quarterly Tax Return | 11 |
| Instructions for completing the North Dakota IFTA Quarterly Tax Return | 14 |

Introduction

The International Fuel Tax Agreement (IFTA) is an agreement among jurisdictions for the reporting of fuel use taxes by inter-jurisdictional motor carriers.

Advantages of IFTA include:

- A single fuel tax license that authorizes your vehicles to travel in all member jurisdictions.
- A single tax return that details your operations in each of the member jurisdictions.

License your vehicles through North Dakota IFTA if you are a North Dakota-based inter-jurisdictional carrier, and your vehicles meet the definition of a qualified motor vehicle.

Base jurisdiction means the member jurisdiction:

- Where qualified motor vehicles are based for vehicle registration purposes.
- Where the operational control and operation records are maintained or can be made available.
- Where some travel is accrued by qualified motor vehicles.

A “Qualified Motor Vehicle” is a motor vehicle or combination of vehicles used, designed, or maintained for the transportation of persons or property having:

- Two axles and a gross vehicle weight or registered gross weight exceeding 26,000 pounds or 11,797 kilograms; or
- Three or more axles regardless of weight; or
- A combined weight exceeding 26,000 pounds or 11.797 kilograms if pulling a trailer.

Qualified motor vehicle does not include recreational vehicles.

This manual will further explain your responsibilities as a participant of IFTA. If you have questions about IFTA after reading this manual, please call the Motor Vehicle Division, IFTA, at 701-328-2725.

Application/Licensing

A. Application for License

To receive your IFTA license and decals, complete the application form and deliver it to our office. Include the application fee of \$20, license (cab card) fee of \$5, and \$1 per vehicle decal fee with your application. (See sample application, pages 7-8.)

B. Account Identification

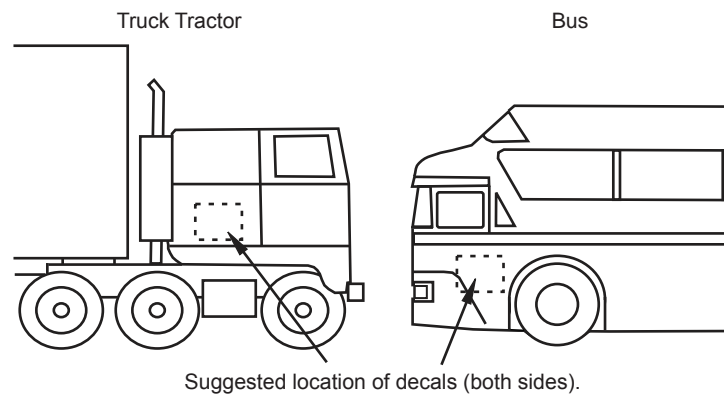
Your account number will either be your federal employer identification number (FEIN) (this is the number issued to you by the Internal Revenue Service [IRS], or if you are an individual and have no FEIN, we will use your social security number as your account number. When completing your fuel license application, include your FEIN or social security number where indicated.

C. IFTA License (Cab Card)

We will issue a single IFTA license (cab card) for your vehicle(s). The license is valid from January 1 through December 31, 2015. Make photocopies of the original license and place a copy in each of your vehicles. Use the original to make additional copies when adding a vehicle to your fuel fleet during the license year. (See sample IFTA license, page 9.) Failure to possess a copy of the license may subject the vehicle operator to the purchase of a trip permit, a citation, or both. Improper use of the license may be cause for revocation of the license.

D. IFTA Decals

You will receive two fuel decals for each vehicle. You may buy extra decals for additions during the year. The identification decals must be placed on the exterior portion of both sides of the cab. If your vehicle does not properly display the IFTA decals, you may receive a citation or may be required to purchase a fuel trip permit. The fee for decals is \$1 per vehicle. Improper use of the decals may be cause for revocation of the license. (See page 10 for example of decals).



Tax Reporting/Refunds and Credits

A. Quarterly Return

You must report fuel taxes to the North Dakota Department of Transportation (NDDOT) four times each year. Return quarters and due dates are:

| Reporting Quarter | Due Date |
|--------------------|------------|
| January - March | April 30 |
| April - June | July 31 |
| July - September | October 31 |
| October - December | January 31 |

We will send the tax return to you at least 30 days before each due date. **If you don't receive your return form, it is still your responsibility to file on time.** Contact us if you do not receive the return and we will mail another return to you.

The current tax rates for each fuel type will be sent with the quarterly return.

IFTA requires a tax return to be filed each quarter, even if you do not buy taxable fuel or travel through IFTA jurisdictions. If you have no operations due to no travel or because you leased on with someone, you are still responsible for sending in the return by the due date marked "no operations." If you do not file, we must assume you operated and are avoiding fuel tax payments.

B. Annual Filing

North Dakota has quarterly IFTA filings only.

C. Late Reporting (Penalties and Interest)

IFTA requires penalties and interest for failure to file a return, filing a return after the due date, or underpaying taxes.

You will pay:

1. A minimum penalty of \$50, or 10 percent of your total tax liability, whichever is greater.
2. Interest on taxes due each jurisdiction (column 10, sample tax return). The interest rate is shown on the quarterly return (currently 1 percent per month). IFTA charges a full month of interest for each month or part of the month your return is late.

Filing on time means your completed return is postmarked by the due date. If a return is hand-delivered, we must receive it in our office *by the due date*. If the due date is a Saturday, Sunday, or legal holiday, the next business day is the final filing date.

D. Measurements

North Dakota filers must file fuel and distance traveled in U.S. measurements. Convert fuel and distance by using the table below. Round your totals to the nearest whole gallon or mile.

Convert:

| | | |
|---------------|----|---------------|
| One Liter | to | .2642 Gallons |
| One Kilometer | to | .62137 Miles |

E. Tax Exempt Miles

IFTA exempts fuel from use tax on the following:

1. Fuel Permit and Off-Highway Miles (recreational vehicles only)

Include fuel-trip permit and private road miles when calculating your fleet average miles per gallon (MPG), (Section C, tax return.) Include trip permit and private road miles when reporting total miles for each IFTA jurisdiction (column 3, tax return). Deduct exempt miles from the total miles for each jurisdiction to obtain your taxable miles (column 4, tax return). Taxable miles are the miles used to calculate your taxable gallons.

F. Tax Exempt Vehicles

Recreational vehicles are exempt from reporting fuel tax through IFTA.

G. Taxes Due/Refunds/Credits

When completing your tax return, apply any overpayment in one jurisdiction to the taxes owed to another. If your taxes owed are more than your overpayments, send one check for the net tax owed. If your overpayments are more than your taxes owed, send no money. A credit balance under \$20 will remain on the account. A balance over \$20 will be refunded each quarter.

Revocations/Cancellations

A. Revocation

If you do not file on time, pay your taxes in full, or follow our record-keeping requirements, we may revoke your fuel license. It is illegal to operate vehicles in your fleet while your license is revoked. **We mail the notice of revocation to the mailing address listed on your license application.** We also notify other IFTA jurisdictions of your revocation.

B. Reinstatement

To reinstate your revoked fuel license, you must satisfy the requirements leading to your revocation: all taxes paid in full, all returns filed, and all information requested by us received. In addition, you must file a new application form. Include a reinstatement fee of \$20 with the application.

C. Cancellation

You may cancel your IFTA account if you are no longer operating qualified motor vehicles in or through two or more IFTA jurisdictions. To request the cancellation of your fuel license, complete the quarterly tax return for the last quarter. On the return mark the cancellation request in Section B and return your original IFTA fuel license along with any unused decals. Any decals that had been displayed on the trucks should be peeled off and destroyed. You cannot cancel IFTA without also closing the IRP account unless someone else is reporting your fuel taxes.

Record-Keeping Requirements

A. Record Retention

You must maintain records to prove that the information reported on your tax return is accurate. You must keep these records for four years from the date of filing. You may keep your records on microfilm, microfiche, paper, or other computerized or condensed storage system acceptable to North Dakota.

B. Availability of Records

Records shall be made available upon request by any member jurisdiction and shall be available for audit during normal business hours.

If records to be audited are located outside of North Dakota, and North Dakota sends auditors to the place records are kept, the licensee may be required to reimburse the base jurisdiction for reasonable per diem and travel expenses.

1. The Individual Vehicle Distance Record

All trip reports must include:

- a. Date of trip (starting and ending).
- b. Trip origin and destination (location code is acceptable).
- c. Routes of travel.
- d. Beginning and ending odometer or hubodometer reading of the trip.

- e. Total trip distance
- f. Distance by jurisdiction (reading at the jurisdiction lines).
- g. Power unit number (or VIN).
- h. Vehicle fleet number.
- i. Registrant's name.

2. Tax Paid Retail Purchases

To obtain credit during an audit, your fuel receipts must include:

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

3. Bulk Fuel Withdrawals

To obtain credit during an audit, the following records must be maintained;

- a. Date of withdrawal.
- b. Number of gallons or liters.
- c. Fuel type.
- d. Unit number.
- e. Purchase records to substantiate that tax was paid on bulk purchases.

4. Electronic Data Recording Systems.

On-board recording devices, vehicle tracking systems, or other electronic data recording systems may be used in lieu of or in addition to hand-written trip reports for fuel tax reporting. These devices or systems must gather the same information as the individual vehicle distance record (#1), tax paid retail purchase (#2), or bulk fuel withdrawn (#3) to be an acceptable substitute.

C. Monthly and Quarterly Distance and Fuel Recaps

Every quarter you must file an IFTA return in which you summarize distance traveled and fuel purchased and/or withdrawn from bulk storage for all your qualified vehicles. In case you are audited, it would be beneficial to have every vehicle's distance and fuel recaps completed on a monthly basis.

Audits

Every IFTA license holder is subject to audit. A minimum of 3 percent of North Dakota based carriers are audited each year. If your operation is chosen for an audit, we will contact you in writing. You will receive at least 30 days notice of an audit. We will make every effort to schedule the audit at a mutually convenient time.

If your records are lacking or inadequate, North Dakota will take one or more of the following actions:

- A. Estimate your fuel consumed based on your reporting history or the history of a similar operation or industry averages and apply a standard average of 4.0 miles per gallon in calculating your tax liability.
- B. Refuse your unsupported claims for tax paid fuel.

At the completion of the audit, we will discuss our preliminary findings with you. We will send you our audit findings that would signify the beginning of your appeal period.

Appeals

You may appeal the audit findings by completing a written request for a hearing. We must receive your request within 30 days of the audit's mailing date. If you do not request a hearing within 30 days, the action or finding is final.

If you appeal the audit and request a hearing, we will send you a notice of the time and place of the hearing. We will reschedule the hearing for good reason. You may appear in person, send an attorney, and bring witnesses, documents, or other material to support your appeal.

We will send the finding and ruling on your appeal. If the dispute involves an audit and you continue to disagree with the ruling, you may request any or every jurisdiction to audit your records. Each jurisdiction may choose to accept or deny your request.

INTERNATIONAL FUEL TAX LICENSE APPLICATION AND REINSTATEMENT

North Dakota Department of Transportation, Motor Vehicle Division
SFN 17105 (11-2010)

Please Print or Type. See Instructions on Reverse Side.

1. ND IFTA Account Number

| | | | | | | | | | | | |
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2. IRP Account Number

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3. US DOT Number

| | | | | | | | | | | | | | | |
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|---|--|-------|----------|---|------------------------------|--|--|
| 4. Application Type (check one) <input type="checkbox"/> Original <input type="checkbox"/> Amendment <input type="checkbox"/> Reinstatement | | | | 5. Business Type (check one) <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation | | | |
| 6. Applicant Legal Name | | | | 7. Trade/DBA Name (if different than legal name) | | | |
| 8. Business Address | | | | | | | |
| City | | State | Zip Code | | Area Code - Telephone Number | | |
| 9. Applicant's Mailing Address | | | | | E-mail Address | | |
| City | | | | State | Zip Code | | |
| 10. Contact Person Name | | | | | Area Code - Telephone Number | | |
| 11. Federal Employer Identification Number (FEIN) | | | | 12. Social Security Number (Only if no FEIN) | | | |
| 13. Previous IFTA License (indicate jurisdictions in which you had a prior IFTA License) | | | | | | | |
| 14. Bulk Storage (indicate jurisdictions in which you maintain bulk storage) | | | | 16. License Type(s) <input type="checkbox"/> Commercial <input type="checkbox"/> Farm <input type="checkbox"/> Prorate | | | |
| 15. Fuel Types (indicate the types of fuel your qualified vehicles use) <input type="checkbox"/> (D) Diesel <input type="checkbox"/> (G) Gasoline <input type="checkbox"/> (P) Propane <input type="checkbox"/> (GH) Gasohol <input type="checkbox"/> (NG) Natural Gas <input type="checkbox"/> (BD) Biodiesel | | | | | | | |
| Fee Calculation, Fuel Decal Request: | | | | | | | |
| A. Number of vehicles requiring fuel decals: _____ x \$1.00 = (See Instruction A on Reverse Side) decals: _____ \$ _____ | | | | | | | |
| B. License Fee (original) _____ \$ <u>5.00</u> | | | | | | | |
| C. Original Application or Reinstatement Fee _____ \$ <u>20.00</u> | | | | | | | |
| D. TOTAL Enclosed _____ \$ <u>25.00</u> | | | | | | | |

When ordering additional decals during the year, card fees are \$3.00.

CERTIFICATION: I certify that to the best of my knowledge the information and statements on this application are true and correct. I agree to comply with reporting, payment, record keeping and display requirements as specified by the International Fuel Tax Agreement. I further agree that North Dakota may withhold any refunds due me if I become delinquent in payment of fuel taxes, whether due North Dakota or any IFTA member jurisdiction. I also understand that failure to comply with these provisions shall be grounds for revocation of my fuel tax license in all member jurisdictions.

I certify with my signature that, to the best of my knowledge, the information is true, accurate, and complete and any falsification subjects me to appropriate civil and/or criminal sanction of the base jurisdiction. (e.g., perjury).

| |
|------------------------------|
| Make check payable to: NDDOT |
|------------------------------|

Applicant Signature

SEND APPLICATION AND PAYMENT TO:

MOTOR VEHICLE DIVISION/IFTA
ND DEPARTMENT OF TRANSPORTATION
608 E BOULEVARD AVE SUITE 103
BISMARCK ND 58505-0791
Telephone (701) 328-2928
Fax (701) 328-3500

Applicant Title

Date

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Your fuel license and decals will be sent to your business address.



INSTRUCTIONS

1. **North Dakota Account Number:** Complete only if you are reinstating your account. List account number previously assigned.
2. **IRP Account Number:** List International Registration Plan account number issued by North Dakota.
3. **US DOT Number:** List number issued by the Federal Motor Carrier Safety Administration (FMCSA).
4. **Application Type:**
Original - provides us with general information about your business.
Amendment - permits you to update your name, address, telephone, order replacement license, or purchase additional decals.
Reinstatement - restores your account to good standing.
5. **Business Type:** Your business structure; (Sole Proprietor, Partnership, or Corporation).
6. **Applicant Legal Name:** The name used on Income Tax Returns and the name used when you applied for your Federal Employer Identification Number or your Social Security Number.
7. **Trade/Doing Business As (DBA):** The business name under which you operate. (Complete only if different than legal name.)
8. **Business Address:** The physical address where operational control and records to be audited are kept for the licensee's vehicles.
9. **Mailing Address:** Complete only if different than business address. (All correspondence will be sent to this address.)
10. **Contact Person:** The name of the person who is filing your fuel tax returns with us, or, the person we may contact for information about your returns. Please provide telephone number where they may be reached Monday-Friday, 7:45 a.m.-4:30 p.m. (List the name of your permitting agent if applicable)
11. **Federal Employer Identification Number (FEIN):** Also referred to as the taxpayer identification number and is issued by the IRS. (Also see Item 9).
12. **Social Security Number:** Complete only if you are a sole proprietor with no employees and you are not required by the IRS to hold a FEIN.
13. **Previous IFTA License:** Indicate jurisdictions in which you had a prior IFTA License.
14. **Bulk Storage:** Indicate ALL member states in which you maintain bulk storage facilities.
15. **Fuel Types:** Indicate which type(s) of fuel your vehicles use.
16. **License Type(s):** Commercial - North Dakota only
Farm - Farm use
Prorate - Interstate
Travel

Fuel Calculation (Fuel Decal Request)

Number of vehicles requiring fuel decals: Each 'qualified motor vehicle' that is to be operated in North Dakota must display IFTA decals. A qualified motor vehicle is a motor vehicle used, designed or maintained for transportation of persons or property and

- 1) has two axles and a gross weight exceeding 26,000 pounds, or;
- 2) has two axles and a registered weight exceeding 26,000 pounds, or;
- 3) has three or more axles regardless of weight, or;
- 4) is used in combination and the gross weight of the combined vehicles exceeds 26,000 pounds. Qualified motor vehicle does not include recreation vehicles.

- A. **Decal Fee:** A fee of \$1.00 per vehicle will be charged. If ordering additional decals during the year, add \$3.00 card fee.
- B. **License Fee:** A \$5.00 license fee is charged on original and renewal applications.
- C. **Application or Reinstatement Fee:** A \$20.00 handling fee is charged on original and reinstatement applications.
- D. **Total Fee:** Add A, B, and C to arrive at a total fee.

Signature: This application must be signed and dated by an owner, partner or authorized representative



MOTOR VEHICLE DIVISION
NORTH DAKOTA DEPARTMENT OF
TRANSPORTATION
608 E BOULEVARD AVE
BISMARCK, ND 58505-0780
TELEPHONE NUMBER: (701) 328-2725
FAX NUMBER: (701) 328-3500

INTERNATIONAL FUEL TAX AGREEMENT LICENSE

North Dakota Department of Transportation, Motor Vehicle Division

| IFTA ACCOUNT NUMBER | EFFECTIVE | EXPIRES | DECALS |
|---------------------|-----------|---------|--------|
|---------------------|-----------|---------|--------|

| | | | |
|--|-------|--|--|
| | USDOT | | |
|--|-------|--|--|

This license is issued under the terms of the International Fuel Tax Agreement and is valid for vehicles operated in all IFTA jurisdictions.

Deputy Director for Driver and Vehicle Services

REGISTRANT/OPERATOR (LESSEE)

NOTICE: THIS LICENSE IS NON-TRANSFERABLE. RETAIN THE ORIGINAL WITH YOUR RECORDS. PLACE A COPY IN EACH QUALIFIED MOTOR VEHICLE IN YOUR FLEET

DECAL_BEGIN_NUMBER

DECAL_END_NUMBER

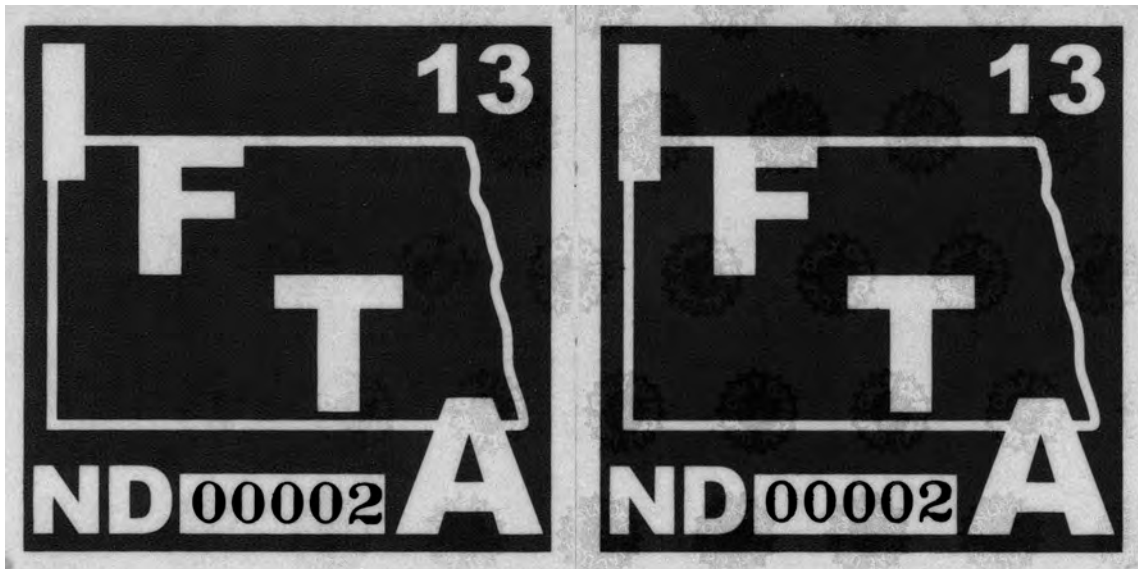
Decals

1. Apply to clean, smooth, wax free surface at moderate temperatures.
2. Peel decal from paper backing by bending backward at center and lifting the edge.
3. Position the decal on surface and rub firmly.

Placement of Decals

Each vehicle will be issued two fuel decals. One decal must be placed on the lower rear exterior portion of the cab's passenger side, or, in the case of buses, place the decal on the driver's side. The other decal must be placed on the other side of the vehicle. Failure to display the fuel decals in the required location may result in the issuance of a citation or force you to purchase a fuel trip permit.

PLACE THESE DECALS ON POWER UNITS TRAVELING INTO IFTA MEMBER JURISDICTIONS.



SAMPLE

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION
MOTOR VEHICLE DIVISION - MOTOR CARRIER SECTION/IFTA
608 East Boulevard Ave., Bismarck, North Dakota 58505
Phone: 701-328-2928

Enclosed is the 3rd Quarter 2012 Tax Return form. The 3rd quarter includes the months of July, August, and September 2012. See reverse side for instructions.

Your fuel summary must be completed and the IFTA quarterly must be signed. An incomplete fuel summary and/or unsigned IFTA quarterly will be returned to you.

The due date on the 3rd Quarter 2012 Tax Return is October 31, 2012, (mailed or online). Tax returns need to be postmarked no later than October 31, 2012. Tax returns postmarked after October 31, 2012, are subject to a penalty of \$50 (or 10 percent of net tax due [column 9], whichever is greater) and interest.

Exempt miles or gallons have not been allowed in North Dakota since July 1, 1999. Any fuel placed in an IFTA-LICENSED vehicle must be tax paid. Refunds will not be given by the North Dakota Tax Department for off-road usage.

NO OPERATIONS FOR THIS QUARTER OR LEASED ON WITH ANOTHER COMPANY: *You are still responsible for sending in the Tax Return form by the due date.* If you are no longer in business and wish to cancel your IFTA, you must file the quarterly and indicate to cancel.

ALTERNATIVE FUEL TYPES: If your vehicle operates in other jurisdictions using alternative fuel of LNG, ethanol, methanol, E-85, M-85, A55, please contact our office for those specific tax rates.

JURISDICTION FOOTNOTES AND IMPORTANT NOTICES: View this information and important notices on the IFTA Web site at iftach.org/tax_matrix2/choose_tableq2.php.

US/CANADIAN EXCHANGE RATE: This exchange rate changes once every three months. It is automatically built into 10 Canadian provinces' tax rates. If you are interested in knowing what the exchange rate is for a given quarter, refer to the IFTA website at iftach.org/tax_matrix2/choose_tableq2.php and select the appropriate quarter.

INSTRUCTIONS

Section C: Fuel Summary

Enter miles and gallons in whole numbers. Example: 12.4 enter as 12, 12.5 enter as 13.

Enter total miles traveled in all jurisdictions for all IFTA qualified and decaled vehicles.

Enter total gallons placed into all IFTA qualified and decaled vehicles.

Calculate the average fleet MPG by dividing the total miles by the total gallons and using a two decimal point figure. Example: 5.0356 rounds to 5.04. Calculate MPG separately for each fuel type.

Enter information in each column by jurisdiction traveled:

1. Jurs – Enter jurisdiction (state or province) abbreviations.
2. Fuel Type – Enter fuel type abbreviation; refer to above listing.
3. Total Miles – Enter total miles traveled in each jurisdiction.
4. Taxable Miles – Enter total miles traveled in each jurisdiction; column 3 and 4 will be the same.
5. Taxable Gallons – Divide column 3 or 4 by the average MPG. Enter taxable gallons.
6. Tax Paid Gallons – Enter tax paid gallons purchased in each jurisdiction and placed in your IFTA qualified and decaled vehicle.
7. Net Taxable Gallons – Subtract column 6 from column 5. If column 6 is more than column 5, this is a credit. Enter this credit on the return with a parenthesis () around it.
8. Tax Rate – Enter the tax rate for each jurisdiction you are reporting travel. Refer to the Tax Rate Schedule received with your return.
9. Tax/Credit Due – Multiply column 7 by column 8. If this is a credit, enter the amount with parenthesis around it.
10. Interest Due – Enter interest due for each IFTA jurisdiction on late returns only. Multiply the tax due amount from each column by .0042.
11. Total Tax Due – Add columns 9 and 10 and enter amount.
12. Enter the net difference in box 13. If report is late, apply the penalty charge of \$50 or 10% of net taxes, whichever is greater.