



IFTA Plus

Guide to IFTA

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What is IFTA?

IFTA, the International Fuel Tax Agreement, is an agreement made between the main 48 States and Canadian Provinces to create the most efficient method of distributing fuel tax to jurisdictions based on road usage.

Who Needs IFTA?

IFTA was created to simplify tracking carriers that operate in more than one jurisdiction by assigning them an IFTA License and decals to display on each Qualified Motor Vehicle. Then distributing the fuel tax among the states traveled through by requiring Quarterly Filings.

An IFTA 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 vehicle weight or registered gross vehicle weight (GVWR) exceeding 26,000 pounds (26,001+).
- 2) Has three or more axles regardless of weight.
- 3) Is used in combination, when the weight of such combination exceeds 26,000 pounds gross vehicle or registered gross vehicle weight (GVWR).

Why do I need to pay tax?

IFTA is about road/highway usage as fuel tax is typically gathered at the location of fueling, not where the most wear and tear of the roads/highways were. For example: if you fuel up in State A and drive through State B, State B wouldn't receive any tax for the use of the road their taxpayers paid for. They require Motor Carriers to file Quarterly to determine which roads were used so the Jurisdictions can collect fuel tax for the use of their roads based on their Fuel Tax Rate.



How to Register

You'll need to register in your base state, where the main location of your operations is located, usually where you park the vehicle or have a place of business. The [IFTA website](#) contains contact information for each jurisdiction.

You can complete the application process yourself, or give us a call at **833-947-6772** where we have a department specialized in the entire process. We will go over your business to ensure that everything is in order prior to obtaining your IFTA License, then work with you to obtain the necessary documentation for your State, and ensure delivery of the necessary credentials.

The IFTA License and decals need to be renewed every year to obtain the current year's credentials and most are available to be renewed after Quarter 3 Filings. The process and cost varies State to State as some charge Application/Licensing and decal fees, while some states automatically renew IFTA Credentials if the account is valid and current or require you to submit documentation.



What's Next?

Record Keeping

Each State and Province requires you to sign a Record Keeping Agreement, an agreement between the Motor Carrier and State stating that the Motor Carrier will maintain and track all records in regards to IFTA for reporting and tax purposes. Each mile and gallon of fuel for the Qualified Motor Vehicle(s) will need to be tracked and recorded per State. A Best Practices guide can be found at www.iftach.org or you may refer to your State's recordkeeping requirements.

For example: if you operated in Florida and Georgia, you would need to know how many miles were driven and how many gallons were purchased in Florida and how many were in Georgia. This would need to be consistent for every State you traveled through in a given Quarter.

Even personal conveyance mileage and fuel purchases will need to be recorded, as the tax classification of IFTA Vehicles is different from personal vehicles.

You'll need to keep your information for at least 4 years from the due date or date of being filed, whichever is later, by retaining all of your trip records/logs, fuel receipts, and filings.

There are a few ways to keep track of your records, IFTA Plus can assist in setting up if you don't have:

- 1) An ELD
 - a) Also used for Hours of Service (HOS).
 - b) Most track your mileage and are obtainable in a report.
 - c) Contact your ELD provider to confirm and ask how to access or see if it contains a State Mileage Report.



2) A Fuel Card

- a) Typically has a State Fuel Purchase Report.
- b) Can help save on fuel.
- c) Contact your Fuel Card Provider for more information.

3) Paper Logs

- a) Drivers will need to be on top of recording.
- b) Mileage tracked by using Odometer readings at State Borders.
- c) Fuel Tracked on a sheet needs the date, merchant name and location, # of gallons, type of fuel, and which truck was fueled.

Quarterly Filings + Schedule

IFTA Filings require your mileage and fuel records by State to be filed and are filed on a Quarterly basis. These filings are due by the end of the following month after a Quarter has ended. If a due date falls on a weekend (Saturday, Sunday, or Federal Holiday) it is due by the end of the following business day.

Quarter 1

Time Period Covering: January 1st - March 31st

Filings Due By: April 30th

Quarter 2

Time Period Covering: April 1st - June 30th

Filings Due By: July 31st

Quarter 3

Time Period Covering: July 1st - September 30th

Filings Due By: October 31st

Quarter 4

Time Period Covering: October 1st - December 31st

Filings Due By: January 31st



Additional Requirements

Some states have a tax that is in addition to IFTA. These taxes are based on the weight classification of your vehicle and how many miles you drive in that state during a certain period.

NY HUT - New York Highway Use Tax

NY HUT is required if you are operating within New York State with a GVWR over 18,000 pounds. You must file quarterly unless you receive a notice from New York stating that they have switched you to an Annual Filer. The due dates and time frames are the same as IFTA

NMWD - New Mexico Weight Distance

NMWD is required if you have a declared gross weight or gross vehicle weight over 26,000 pounds and are using highways in New Mexico. The filings are on the same Quarterly schedule as IFTA.

KYU - Kentucky Weight Distance

KYU is required if you travel through the state of Kentucky in a commercial vehicle (private or for-hire) with a registered GVWR of 60,000 lbs or more, you will need a KYU permit or buy a temporary KYU permit. KYU Filings are on the same Quarterly schedule as IFTA.

CT HUF - Connecticut Highway Use Fee

CT HUF is required if you are operating a motor vehicle with a gross weight of 26,000 lbs or more within Connecticut. The filings are due monthly instead of Quarterly and are due by the end of the following month.

ORWM - Oregon Weight Mile Tax

ORWM is required to drive on Oregon public roads if you are looking to operate within Oregon with a GVWR over 26,000. You are required to file monthly until you've filed on-time for 12 months, then you have the option of filing Quarterly.



Common Mistakes

The most common mistakes are easily preventable, we recommend starting with a good record keeping system and keeping track of when filings are due to ensure that everything goes smoothly and timely.

Record Keeping

This is where a majority of issues stem from, either due to not keeping track as the Quarter is going, assuming everything is automatic and working properly without testing, or losing records. Make sure that whichever system you're using that it is consistent, accurate and stored properly. Otherwise, you'll be scrambling during a filing month to collect or calculate records, costing valuable time when you could be on the road making money or pushing you to delinquency.

Penalties

Late Fees are assigned by the state to any companies that have not filed by the due date, typically the fee is \$50 + Interest per day, some states have different fee systems, we suggest reading up on your State's IFTA regulations. KYU has one of the highest fees, if you're late, they'll revoke your permit and have you pay a \$500 reinstatement fee + interest on the original filing before being able to resume operations in Kentucky.

If you are delinquent on a filing, and a new IFTA year begins, your Jurisdiction will not allow you to renew your IFTA License until your account is brought up to current. Not having the current year's decals means you will not be able to operate across jurisdiction borders which depending on the State, and its offices capabilities, could be a couple weeks to 2 months until you're able to receive the new License and Decals.



Audits

All IFTA carriers go through an initial Safety Audit within the first year of obtaining their IFTA License. This audit typically goes over your records, registration, business and condition of the vehicle to ensure that everything is in order.

An IFTA audit can occur if there are any issues regarding your record keeping, the State randomly selects you for an audit, or catch issues that occur during your Quarterly Filings. They'll send an auditor to your business to look over your documentation, make sure that you're abiding by the Record Keeping Agreement, and can back up the information you're reporting.

Things that may cause a flag could be: your mpg being inconsistent, reporting lots of fuel in jurisdictions with low miles, gaps in your reported information, among other things. To protect yourself, make sure you are maintaining your records and keeping them for at least 4 years, the more information you have regarding your operations, the better.

To verify your recordkeeping system the auditor will:

- Test individual trip records
- Validate reported fuel purchases
- Verify accuracy of vehicle's distance and fuel source documents
- Compare the summary and reported figures
- Determine the adequacy and sufficiency of the records presented

Fines from audits when you have insufficient records could range from a thousand to several thousands of dollars. If you are experiencing an audit, and would like some assistance ensuring things are together, give us a call at **833-947-6772**.

