

EV POLICY MEMORANDUM

OVERVIEW

This memorandum is intended to provide guidance to member jurisdictions, service providers, and motor carriers as to how to implement and report operations of electric powered (herein referred to as “EV”) qualified motor vehicles in jurisdictions imposing the consumption tax based on either taxable fuel used (e.g. tax imposed on a kilowatt hour (kWh) basis) or taxable distance (e.g. Indiana, effective 1/1/2024). IFTA, Inc. is not, by virtue of this memorandum, mandating the creation of forms, the formatting of fields, or the design scheme of schedules. *The examples presented in this memorandum are for illustration purposes only.* The data elements required to be present on an IFTA tax return are embodied in Section P710 and P720 of the IFTA Procedures Manual. Additionally, member jurisdictions should consult with their IT staff or IT provider to determine the most appropriate method to employ resulting in the proper capture of the data elements to be reported by motor carriers and transmitted to the IFTA Clearinghouse. Please consult the IFTA Governing Documents for additional information.

IMPLEMENTATION OF EV AS A FUEL TYPE

With the passage of IFTA Ballot 8-2022, all fuels defined in Articles of Agreement R239 (as amended by Ballot 8-2022) must be reported on an IFTA tax return effective January 1, 2024. This includes various alternative fuels including electricity. Currently, there are three jurisdictions that impose tax on electricity as a fuel (IA, PA, WY). These three jurisdictions impose tax on electricity consumed in qualified motor vehicles by applying a tax rate to the net taxable fuel. The Jurisdiction of Indiana, during its 2023 legislative session, expanded its fuel use tax laws to include the imposition of tax on qualified alternative fueled vehicles, notably those powered by electricity. Indiana’s legislation requires the reporting and payment of fuel use tax due for the operation of qualified motor vehicles using alternative fuels to be made through IFTA as an instrument of tax administration. Indiana’s legislation imposes such consumption tax based on applying a tax rate to the taxable distance in Indiana, effective January 1, 2024.

HOW TO IMPOSE AND COLLECT EV AS A FUEL TYPE

The illustrations in this section are for guidance purposes only. Please consult with your IT staff or IT provider on desired formatting for your jurisdiction.

Whether the reporting of EV is on a paper tax return, a data entered form on a jurisdictional or service provider platform, or by an electronic filing format the data elements that must be present may be found in Sections P710 and P720 of the IFTA Procedures Manual. The imposition of tax associated with the fuel type EV does not change the aforementioned sections of the IFTA Governing Documents. The fuel type "EV" must be established effective January 1, 2024, with two different potential calculation methods. One calculation methodology would apply to jurisdictions that apply a tax rate to net taxable fuel (kWh method). The second methodology to be programmed is for jurisdictions that impose tax by applying a tax rate to taxable distance (e.g. IN). How a jurisdiction chooses to format for this is at their discretion provided the data elements required in the Governing Documents are in compliance, the EV tax due is calculated correctly, and the proper data is transmitted to the IFTA Clearinghouse. Here is the step-by-step procedure to impose and collect the EV fuel type based on the specific calculation method employed by the taxing jurisdiction:

REPORTING EV AS A FUEL TYPE

1. Report the total distance in the Jurisdiction for the vehicles reporting EV as a fuel type.
2. Report the taxable distance in the Jurisdiction for the vehicles reporting EV as a fuel type. **Report "zero" for taxable distance in jurisdictions that do not impose tax on EV as a fuel type.**
3. Report as tax paid fuel any electricity placed into the supply storage unit of the EV on which tax was paid. **Retain documentation as proof of tax payment.**
4. Report as part of total fuel, any electricity placed in the supply storage unit of the EV. For jurisdictions that do not tax electricity as a fuel or impose a consumption tax on taxable distance, electricity purchased in such jurisdictions must still be reported as part of total fuel with the exception of conditions set forth in Article R820 as amended by IFTA Ballot 3-2023, effective January 1, 2024 (see Articles of Agreement R820 and the accompanying commentary on CBI 1-2019).
5. Calculate a consumption rate (xx.yy per kWh) for the EV fuel type by dividing the total distance by the total fuel rounded to two decimal places (e.g. as in a MPG or KPL calculation method).
6. **To calculate tax for a jurisdiction that imposes consumption tax by applying a tax rate to net taxable fuel (e.g. PA):** Divide the jurisdictional taxable distance by the consumption rate to arrive at the taxable fuel. Subtract any tax paid fuel from the taxable fuel to arrive at the net taxable fuel. Multiple the net taxable fuel by the tax rate to arrive at a tax or credit due.

7. To calculate tax for a jurisdiction that imposes consumption tax by applying a tax rate to taxable miles (e.g. IN): Multiply the jurisdictional taxable distance by the tax rate to arrive at the tax or credit due.
8. Transmit the correct data to the IFTA Clearinghouse for EV taxes.

Directions 1 through 7 above are for illustration purposes only and to display how the calculations work. The illustrations that follow are for informational purposes only. No specified format or "schedule" is mandated by IFTA.

International Fuel Tax Agreement (IFTA) Return						IFTA-3 (04/2022)					
Customer No.		License No.		Due Date		Return for Period Ending					
Please DO NOT attach your check above this line.						For SCDMV Use Only					
						Check No. _____					
						Amount _____					
						Date _____					
Please "X" <input type="checkbox"/> If NO OPERATIONS THIS PERIOD <input type="checkbox"/> If you wish to CANCEL YOUR LICENSE <input type="checkbox"/> If this is an AMENDED RETURN <input type="checkbox"/> If you are a MOTOR COACH CARRIER <input type="checkbox"/>											
Part 1 Schedule A – Miles Per Gallon Calculation											
Calculate the average miles per gallon (MPG) for each fuel type, round the average miles per gallon to two (2) decimal places. You will use the MPG figures for each fuel type to calculate the gallons consumed in the detail summary of operations.											
Fuel Type	Total Miles All Jurisdictions IFTA/Non-IFTA		Total Gallons All Jurisdictions IFTA/Non-IFTA		Average Miles Per Gallon						
EV	100,000		200,000		.5 miles per KWh						
Part 2 Summary of IFTA Operations – Please complete Schedule B.											
Part 3 Tax Calculations – You must complete Schedule A and Schedule B before completing this section.											
Fuel Type	Total Jurisdiction Miles	Taxable Member Jurisdiction Miles	Taxable Gallons	Tax Paid Gallons	Net Tax or (Refund) Due	Interest					
	Column B	Column C	Column D	Column E	Column H	Column I					
1. EV	100,000	100,000	200,000	30,000	(1,380)						
2. Tax or (Refund) Due (Total from Line 1 Column H).....				\$							
3. Penalty Due (See Instructions).....				\$							
4. Interest Due (Total from Line 1 Column I).....				\$							
5. Total Balance or (Refund) Due (Total Lines 2, 3, and 4)....				\$							
This is to certify that this return, including statements and schedules attached hereto has been examined by me, and is, to the best of my knowledge and belief, a true and complete report made in good faith covering the period named above and that same is in accordance with the books and records of the reporting taxpayer.											
Signature _____			Title _____								
Date _____			Telephone Number _____								
Fax Number _____			Email Address _____								

