

## CASE #1

1. Owned one tractor with 54,500 GVW.
2. Information provided by Licensee:
  - Date of trip
  - Trip origin and destination(s)
  - Beginning and ending odometer readings (most of the time)
  - American Express credit card statements – showing the vendor, date of transaction, and dollar amount only.
3. Missing/omitted information:
  - Occasional beginning and/or ending odometer readings
  - No routes of travel
  - Only occasional total trip miles
  - No miles by jurisdiction
  - No state-line odometer readings were saved – the Licensee claims he wrote them down, but after filing the returns, threw them away.
  - No summaries
4. Other issues:
  - Occasionally missed reporting jurisdictions on the IFTA Returns.
  - Although all fuel was purchased over-the-road, no fuel receipts were saved by the licensee, so there was no record of gallons purchased.
  - Licensee estimated the total fuel based on a 7.5 to 8.0 MPG (the licensee stated that it was their knowledge of what the vehicle should get). Not actual fuel info.
  - GAP miles both in the reporting and in the odometer analysis.

**\* HOW WOULD YOU CONDUCT THIS AUDIT? WHAT WOULD YOU DO?**

## CASE #2

### ISSUES:

This taxpayer owned two tractors, both with a 104,000 GVW. Over the course of a routine Sales & Use Tax audit, it was discovered that this taxpayer was delivering their product outside the State of RI. They had sold their material to customers in MA and CT using their own heavy-weight vehicles, but there were no IFTA decals on the trucks. The IFTA unit was notified of a potential problem. We found out that they were registered with IRP because of the need for apportioned plates, but they had never applied for an IFTA license. Since no returns had ever been filed, the audit would go back to the date the vehicles were purchased.

#### 1. Information provided by licensee:

- Bulk fuel invoices
- Internal report of all out-of-state deliveries, which contained the dates and addresses of the deliveries (after requesting additional info for the travel to all customers/sales made out of RI).

#### 2. Missing/omitted information:

- No mileage records were kept.
- No withdrawal logs (fuel use info) were kept, so a bulk fuel reconciliation could not be completed.

**\* HOW WOULD YOU CONDUCT THIS AUDIT? WHAT WOULD YOU DO?**

## CASE #3

### Background:

- The licensee picks up cardboard from large retail stores and bundles it at their own plant. It is then distributed to recycling plants located throughout the northeast by other outside carriers.
- The licensee has two locations – the main office and garage/plant in CT and an office and garage/plant in RI.
- Seven vehicles total on the RI IFTA license: 5 @ 80,000 lbs GVW, 2 @ 66,000 lbs GVW
- Audit period: 01Q09 thru 04Q12
- There were two different GPS systems used by the licensee at different times over the audit period. The first for periods 01Q09 – 01Q11, and the other for periods 02Q11 – 04Q12. (*How would you handle this situation?*)
- Fuel info is entered into the licensee's fuel system, which tracks the fuel usage by vehicle – it is the same system used throughout the audit period.
- Most fuel was "wet fueled" directly into the vehicles on site. There were some OTR (Over The Road) fuel receipts.
- No bulk fuel tanks were located at either location.
- Licensee took MA Exempt Mileage for the MA Turnpike.
- The licensee's drivers did fill out "Daily Driver's Sheets" containing destinations, start and end of day odometer readings, and trip destinations. However, the jurisdictional mileage was never recorded. Nor was this info used for reporting to the IFTA Returns.

Sample period selected for Fuel: 04Q11

Sample period selected for Total Miles: 04Q10 & 04Q11 – all vehicles

Sample period selected for Jurisdictional Mileage: 01Q13 – trucks 10, 30, & 35 (Why? See issues below.)

### Information Provided for the Audit:

- Daily Driver's Sheets
- OTR Fuel Receipts
- Wet Fuel Invoices – gave the breakdown of gallons supplied to each vehicle
- GPS quarterly report that only showed total miles and total miles per jurisdiction. There was no individual vehicle or daily breakdowns.

Issues:

1. The licensee had two IFTA licenses – one for RI and one for CT, both using the same FEIN. *(What does IFTA say about this?)*
2. The GPS info provides the information reported on the IFTA Returns.
3. No GPS detail was supplied by the licensee, which would have provided the auditor with daily and by jurisdiction vehicle info. The only information provided was the summary information, which listed the total and jurisdictional mileage in total for the quarter.
4. All information from the first GPS system was no longer available and the licensee never saved any detail info, so the jurisdictional info could not be adequately tested for reasonable accuracy. *(What else may not be able to be verified because of this issue?)*
5. The same situation occurred with the current system. Although the system had the ability to produce daily reports on an individual vehicle basis, the only data available for the audit was a printout of the jurisdictional mileage summaries in total. *(What is wrong with this?)*
6. Many OTR fuel receipts never indicated which vehicle the fuel belonged.
7. No ST-10 Forms were filed with MA for the exempt mileage (a requirement) they claimed on the Quarterly IFTA Returns.

***\*HOW WOULD YOU CONDUCT THIS AUDIT? WHAT WOULD YOU DO?***