

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL #1-2004

Sponsor

Jurisdiction of Illinois

Date Submitted

August 6, 2003

Proposed Effective Date

January 1, 2005

Manual Sections to be amended

IFTA Articles of Agreement	R630 R655.200	Display of Renewal Credentials; and Grace Period
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Subject

Grace Period

History/Digest

All states except Alaska, Hawaii, Maine, New Hampshire, and Vermont were federally mandated to either join a base state agreement or process Motor Fuel Use Taxes in accordance with the International Fuel Tax Agreement by September 30, 1996. All current member jurisdictions have been part of IFTA for some time now with Maine, New Hampshire, Vermont and the Canadian provinces of Nova Scotia and Ontario being the last to implement in January of 1997. Additionally, carriers are well aware of their responsibilities.

The IFTA Articles of Agreement have been amended on more than one occasion and Consensus Board Interpretations have been issued to clarify the requirements for carriers operating under the renewal "Grace Period." IFTA, Inc. issues a memorandum each year to clarify what requirements must be met in order to operate during the renewal grace period, yet each jurisdiction still has its own interpretation which causes concern for law enforcement.

Intent

The intent of this ballot proposal is to remove Section R655.200 from the IFTA Articles of Agreement and to amend Section R630 to allow carriers renewing credentials to operate with the IFTA decals and license two months prior the effective date shown on the credentials.

We question the necessity of a renewal grace period at this point in time. It is time to remove the renewal grace period entirely and require the decals to be displayed by January 1st of each year. In addition, we believe, with the elimination of the renewal grace period, carriers renewing credentials should be permitted to operate with the IFTA decals and license two months prior to the effective date shown on the credentials.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R600 VEHICLE IDENTIFICATION

[SECTIONS R605 THROUGH R625 REMAIN UNCHANGED.]

R630 DISPLAY OF RENEWAL CREDENTIALS

Carriers renewing credentials may operate with the IFTA decals and license ~~one~~ two months prior to ~~the effective date shown on the credentials~~ January 1st of the renewal year. However, those carriers must also carry the current year IFTA license and display the current year IFTA decals until January 1st of the renewal year and are responsible for filing a fourth quarter report for the current year preceding ~~the effective date of the new credentials~~, including the last two months of that the fourth quarter.

[SECTIONS R635 THROUGH 650 REMAIN UNCHANGED.]

R655 GRACE PERIOD

[SUBSECTION R655.100 REMAINS UNCHANGED.]

~~.200~~ Carriers renewing their IFTA license and decals ~~have a two month grace period (January and February) to display the renewal IFTA license and decals. To operate in IFTA jurisdictions during this grace period; carriers must display either valid current or prior year IFTA license and decals from the jurisdiction in which they were operating or a valid single-trip permit from the IFTA jurisdiction in which they are operating.~~

REVISION FOLLOWING THE FIRST COMMENT PERIOD

Revised R630 to add “and display the current year IFTA decals” after “must also carry the current year IFTA license”.

Additionally, at the January 2004 Board meeting, the Board voted to change the Consensus Board Interpretation requirement from a “consensus” to a “majority vote” of the Board. This ballot changes the agreement to define a majority vote for CBIs as a majority vote of at least six (6) trustees, thus ensuring the continuation of this practice when current Board members’ terms expire and new members join the Board.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

1 **R1700 ISSUE PAPERS AND ~~CONSENSUS~~ BOARD INTERPRETATIONS**

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3 ***[SECTION R1710 REMAINS UNCHANGED.]***

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5 **R1720 ~~CONSENSUS~~ BOARD INTERPRETATIONS**

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7 **.100** The Board of Trustees of the Association shall issue ~~Consensus~~ Board
8 Interpretations in response to requests for clarification or notify the requesting
9 party why a ~~Consensus~~ Board Interpretation will not be issued. Board
10 Interpretations require an affirmative vote of at least six (6) trustees, before the
11 Board’s interpretation can be presented to the membership for consideration.
12 ~~Consensus~~ Board Interpretations will be presented for consideration at the
13 annual business meeting and require an affirmative vote of three-fourths of the
14 member jurisdictions for ratification and inclusion as commentary in the IFTA
15 governing documents.

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17 ***[SUBSECTIONS R1720.200 AND R1720.300 REMAIN UNCHANGED.]***

REVISIONS FOLLOWING THE FIRST COMMENT PERIOD

- Revised the last sentence of paragraph 1 of the History/Digest section to add the requirement that an affirmative vote of at least six (6) trustees is required.
- Revised the second sentence of paragraph 1 of the Intent section regarding the requirement of an affirmative vote of at least six (6) trustees.
- Eliminated the second paragraph of the Intent section.
- Eliminated the proposed revision to R1720.100 regarding the vote of the membership.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL #3-2004

Sponsor

Jurisdiction of Idaho
Jurisdiction of Montana

Date Submitted

January 21, 2004

Proposed Effective Date

January 1, 2005

Manual Sections to be amended

Articles of Agreement	R1200	ASSESSMENT AND COLLECTION
	Section R1230	INTEREST
	Subsection R1230.100	U.S. Jurisdiction Interest Rate
	Subsection R1230.200	Canadian Jurisdiction Interest Rate
	Subsection R1230.300	Computation of Interest

Subject

Calculation of Interest

History/Digest

In the past nine years, there has been much discussion regarding the acceptable method(s) for calculating interest. At least two methods of calculating interest are currently being used by jurisdictions. On two different occasions the Board was asked to interpret the language in Section R1230 of the IFTA Articles of Agreement, but a consensus was never reached so a Consensus Board Interpretation (CBI) was never issued to the membership for vote. After nine years of discussion, two requested Consensus Board Interpretations, and a 1995 ballot, the interest calculation issue is still unresolved. Jurisdictions that calculate interest on a daily basis continue to receive non-compliance citations from Program Compliance Review teams, even though the Board has yet to ratify the current monthly interest language in Section R1230 of the IFTA Articles of Agreement. It appears the only way the membership can resolve the interest calculation for the long term, is to pass a ballot.

Intent

The intent of this ballot is to identify the two (2) acceptable methods for calculating interest on delinquent tax payments. A jurisdiction may use either method to calculate interest and be in compliance with Section R1230 of the IFTA Articles of Agreement.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R1200 ASSESSMENT AND COLLECTION

[SECTIONS R1210 AND R1220 REMAIN UNCHANGED.]

R1230 INTEREST

The base jurisdiction, for itself and on behalf of the other jurisdictions, shall assess interest on all delinquent taxes due each jurisdiction except taxes collected directly by other jurisdictions in accordance with IFTA Procedures Manual Sections P1000 and P1120.300.

.100 U.S. Jurisdiction Interest Rate

For a fleet based in a U.S. jurisdiction, interest shall accrue at a rate of one percent per month.

.005 A U.S. jurisdiction may calculate interest on a monthly basis, with any fraction of a month receiving a full month of interest; or

.010 A U.S. jurisdiction may calculate the monthly interest rate on a daily basis.

.200 Canadian Jurisdiction Interest Rate

For a fleet based in a Canadian jurisdiction, interest shall accrue at a rate equal to the Canadian Federal Treasury Bill rate plus two percent and adjusted every calendar quarter.

.005 A Canadian jurisdiction may calculate interest on a monthly basis, with any fraction of a month receiving a full month of interest; or

.010 A Canadian jurisdiction may calculate the monthly interest rate on a daily basis.

.300 Computation of Interest

.005 Tax Returns

Interest shall be calculated separately for each jurisdiction. Such interest shall be calculated accrue from the date tax was due for each month or fraction thereof until paid according to Subsections R1230.100 or R1230.200 of the IFTA Articles of Agreement, whichever is applicable. For assessments made for periods prior to January 1, 1991, the interest rate assessed will be computed for each month at the rate previously established for that month.

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.010 Audits

Audit interest shall be calculated separately for each jurisdiction. Audit interest shall accrue monthly or daily on the cumulative net tax balance owed to a jurisdiction until paid. A cumulative net tax balance is the amount of additional tax owed or tax overpayment made to a jurisdiction immediately following the due date of any reporting period taking into account all prior additional tax owed or overpayments made to a jurisdiction during the audit period. The cumulative net tax balance shall be adjusted immediately following the due date of any subsequent reporting period to reflect tax owed or overpayment made for that reporting period. ~~A full month's interest shall accrue for any portion of a month on which tax owed remains unpaid~~ Interest shall accrue for any period of time the tax owed remains unpaid. Interest shall be calculated according to Subsections R1230.100 or R1230.200 of the IFTA Articles of Agreement, whichever is applicable. An overpayment for one jurisdiction shall have no effect on the interest calculation for any other jurisdiction.

[SUBSECTION R1230.400 REMAINS UNCHANGED.]

[SECTIONS R1240 THROUGH R1270 REMAIN UNCHANGED.]

<p>REVISION FOLLOWING THE FIRST COMMENT PERIOD</p> <ul style="list-style-type: none"> Revised .300.005 to add the requirement that interest be calculated separately for each jurisdiction.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA FULL TRACK PRELIMINARY BALLOT PROPOSAL #4-2004

Sponsor

IFTA, Inc. Board of Trustees

Date Submitted

January 3, 2004

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Articles of Agreement

R200 DEFINITIONS

R215 Cancellation

R400 CANCELLATION, REVOCATION, AND SUSPENSION

R410 License Cancellation

Subject

The definition of "Cancellation"

History/Digest

At the 2003 IFTA Annual Business Meeting, the membership discussed the license statuses as defined in the IFTA Articles of Agreement and their relationship to the IFTA Clearinghouse. The discussion regarding the definition of "cancellation" indicated that the definition was vague and perhaps should be revised for clarification.

Intent

The intent of this ballot is to amend R215 and R410 to clarify the definition of "cancellation" and how a license may be cancelled.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R200

DEFINITIONS

[SECTIONS R203 THROUGH R212 REMAIN UNCHANGED.]

R215 Cancellation means ~~the annulment of the closing of~~ a license and its provisions by either the licensing jurisdiction ~~or the licensee~~ and the removal of all decals by the licensee.

[SECTIONS R218 THROUGH R269 REMAIN UNCHANGED.]

R400

CANCELLATION, REVOCATION AND SUSPENSION

R410 LICENSE CANCELLATION

.100 ~~A base jurisdiction may, at the request of a licensee or on its own initiative, may request that its license be canceled~~ cancel a license if the licensee has complied with all applicable provisions of this Agreement, including the satisfaction of all motor fuel use tax obligations for the license period.

.200 Licenses shall be canceled in accordance with the administrative procedure laws of the base jurisdiction.

.300 The base jurisdiction shall notify all member jurisdictions quarterly of all canceled accounts.

[SECTIONS R420 AND R430 REMAIN UNCHANGED.]

THERE WERE NO REVISIONS FOLLOWING THE FIRST COMMENT PERIOD.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

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R1600

AMENDMENTS

[SECTIONS R1600 THROUGH R1650 REMAIN UNCHANGED.]

R1655 EFFECTIVE DATE OF AMENDMENTS

The effective date of all amendments, unless otherwise specified, is the first day of January or July, whichever occurs first, following the completion of 12 complete months following the close of the voting period. An alternate effective date may be allowed if it receives the ~~unanimous~~ support of all three-fourths of the total member jurisdictions. If an alternate effective date is requested, it must be voted separately from the amendment. Jurisdictions that do not vote on an alternate effective date within the required time limits are considered to have voted in the ~~affirmative~~ negative.

[SECTION R1660 REMAINS UNCHANGED.]

THERE WERE NO REVISIONS FOLLOWING THE FIRST COMMENT PERIOD.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA FULL TRACK PRELIMINARY BALLOT PROPOSAL #6-2004

Sponsor

IFTA, Inc. Board of Trustees

Date Submitted

January 4, 2004

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

Articles of Agreement	R1200	ASSESSMENT AND COLLECTION
	R1230	Interest
	R1230.300	Computation of Interest

Subject

Calculation of interest on tax returns.

History/Digest

Over the years, there has been much discussion regarding the calculation of interest on tax returns and audits. IFTA Ballot 11-1996, effective July 1, 1998, amended R1230.300.010 to specifically state how audit interest must be calculated. R1230.300.050 does not specifically state how interest shall be calculated from a tax return.

This ballot proposes changes to the language of R1230.300.050 to make it consistent with the language found in R1230.300.010.

Intent

To require that a full month's interest shall accrue for any portion of a month on which tax owed is late or remains unpaid from a tax return.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

1 **R1200**

ASSESSMENT AND COLLECTION.

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3 ***[SECTIONS R1210 THROUGH R1230.200 REMAIN UNCHANGED. HOWEVER, AN***
4 ***AMENDMENT TO R1220 IS BEING PROPOSED IN FTPBP #15-2004. AMENDMENTS TO***
5 ***R1230.100 AND R1230.200 ARE BEING PROPOSED IN STPBP #3-2004.]***
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7 **R1230 INTEREST**

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9 **.300 Computation of Interest**

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11 **.005 Tax Returns**

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13 ~~Such Interest due from a tax return shall be calculated separately for~~
14 ~~each jurisdiction from the date tax was due for each month or fraction~~
15 ~~thereof until paid. A full month's interest shall accrue for any portion of a~~
16 ~~month on which tax owed remains unpaid. For assessments made for~~
17 ~~periods prior to January 1, 1991, the interest rate assessed will be~~
18 ~~computed for each month at the rate previously established for that~~
19 ~~month.~~

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21 **.010 Audits**

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23 Audit interest shall be calculated separately for each jurisdiction. Audit
24 interest shall accrue monthly on the cumulative net tax balance owed to
25 a jurisdiction until paid. A cumulative net tax balance is the amount of
26 additional tax owed or tax overpayment made to a jurisdiction
27 immediately following the due date of any reporting period taking into
28 account all prior additional tax owed or overpayments made to a
29 jurisdiction during the audit period. The cumulative net tax balance shall
30 be adjusted immediately following the due date of any subsequent
31 reporting period to reflect tax owed or overpayment made for that
32 reporting period. A full month's interest shall accrue for any portion of a
33 month on which tax owed remains unpaid. An overpayment for one
34 jurisdiction shall have no effect on the interest calculation for any other
35 jurisdiction.

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37 ***[ADDITIONAL AMENDMENTS TO R1230.300.050 ARE BEING***
38 ***PROPOSED IN STPBP #3-2004. ADDITIONAL AMENDMENTS TO***
39 ***R1230.300.010 ARE BEING PROPOSED IN STPBP #3-2004 AND***
40 ***FTPBP #15-2004.]***

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42 ***[SUBSECTION R1230.400 REMAINS UNCHANGED.]***

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44 ***[SECTIONS R1240 THROUGH R1270 REMAIN UNCHANGED.]***

THERE WERE NO REVISIONS FOLLOWING THE FIRST COMMENT PERIOD.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #7-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

[THIS BALLOT PROPOSES TO AMEND LANGUAGE IN R960 THAT DOES NOT GO INTO EFFECT UNTIL JANUARY 2005.]

Sponsors

Jurisdiction of Arizona
Jurisdiction of California
Jurisdiction of New Mexico
Jurisdiction of Texas

Date Submitted

December 8, 2003

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Articles of Agreement

R300 Application and Renewal

R325 Base Jurisdiction Determination

R900 Reporting

R960 Due Date

Subject

Required changes for the licensing of Mexican motor carriers in Arizona, California, New Mexico and Texas (Border States) pursuant to the provisions of IFTA. In particular, the proposed amendments in this ballot focus on base jurisdiction determination and the use of any national postmark to determine the timely filing of a tax return.

History/Digest

Over the past several months, the NAFTA Fuel Tax and Registration Working Group (Working Group) has been working toward the goal of Border State licensing of Mexican motor carriers for purposes of IFTA. Over a year ago, a formal request was received from Mexico, asking that this option be considered by the IFTA Border States. The Border States, as part of the Working Group, have identified several issues that must be addressed prior to any such licensing taking place. At a meeting of the Working Group on December 2, 2003, the group identified changes to the IFTA governing documents that must be made prior to the issuance of any IFTA licenses to Mexican motor carriers. To move forward toward such licensing, the Border States are sponsoring this ballot.

Intent

The intent of this ballot is to amend the IFTA Articles of Agreement Section R325 to clarify that an IFTA member jurisdiction may license a Mexican motor carrier and that such motor carrier must either pay audit expenses or make the records available in the base jurisdiction at the discretion of the base jurisdiction. In addition, in order to facilitate the timely filing of a tax return by a Mexican motor carrier, this ballot proposes to amend IFTA Articles of Agreement Section 960 to authorize the use of any national postmark to determine timely filing.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R300 APPLICATION AND RENEWAL

[SECTIONS R300 THROUGH R320 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R320 IS BEING PROPOSED IN STPBP #15-2004.]

R325 BASE JURISDICTION DETERMINATION

An applicant not based in a ~~jurisdiction~~ not a member jurisdiction of this Agreement may make application for licensing to any member jurisdiction in which it operates. The jurisdiction receiving such application may accept or reject it. If accepted licensed pursuant to this section, the ~~applicant~~ licensee shall agree to make operational records available for audit in the base jurisdiction granting such license, or pay the reasonable per diem travel expenses for auditors to audit the records located outside of the base jurisdiction, at the discretion of the base jurisdiction. ~~An applicant making an application in this manner~~ A person licensed under this section shall apply immediately make application to the prior base jurisdiction for an IFTA license when that to the jurisdiction enters this Agreement; in which it is based immediately upon notification that the jurisdiction has become an IFTA member jurisdiction. such application will The license shall become effective the following license year.

[SECTIONS R330 THROUGH R360 REMAIN UNCHANGED. HOWEVER, AMENDMENTS TO R340 ARE PROPOSED IN STPBP #8-2004 AND STPBP #15-2004. ALSO, AN AMENDMENT TO R345 IS PROPOSED IN STPBP #15-2004.]

1 R900

REPORTING

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3 *[SECTIONS R910 THROUGH 950 REMAIN UNCHANGED. HOWEVER, AMENDMENTS TO R910 ARE*
4 *BEING PROPOSED IN STPBP #8-2004 AND IN STPBP #15-2004. ALSO AMENDMENTS TO R920*
5 *THROUGH R940 ARE BEING PROPOSED IN STPBP #15-2004.]*
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7 R960 DUE DATE

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9 .100 The tax return and full payment of taxes shall be due on the last day of the month
10 following the close of the reporting period for which the tax return is due. If a licensee has
11 been granted permission to file tax returns annually, the annual tax return shall be due
12 January 31 following the close of the annual tax reporting period. If the last day of the
13 month falls on a Saturday, Sunday, or legal holiday, the next business day shall be
14 considered the final filing due date.

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16 ~~.400~~ .200 **Delivery by National Postal Service or National Delivery Service** ~~The return and~~
17 ~~remittance shall be considered filed and received on:~~

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19 .005 ~~Tax returns shall be considered received and filed on the date shown by the~~
20 ~~U.S. Postal Service or the Canada Post or Delivery Service on the cancellation~~
21 ~~mark stamped by the national postal service of the Dominion of Canada, the~~
22 ~~United Mexican States, or the United States of America, or a national delivery~~
23 ~~service equivalent, on the envelope which that contains the tax return and~~
24 ~~remittance and is properly addressed to the designated department of the base~~
25 ~~jurisdiction; or the date it the envelope was mailed, if proof satisfactory to the~~
26 ~~base jurisdiction is available to establish the date of mailing. To qualify under this~~
27 ~~provision, the envelope must be properly addressed to the department designated~~
28 ~~by the base jurisdiction to receive fuel tax returns and have adequate postage~~
29 ~~affixed.~~

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31 .010 Tax payments shall be considered received on the date shown on the
32 cancellation mark stamped by the national postal service of the Dominion of
33 Canada, the United Mexican States, or the United States of America, or a
34 national delivery service equivalent, on the envelope that contains the payment;
35 or the date the envelope was mailed, if proof satisfactory to the base jurisdiction
36 is available to establish the date of mailing. To qualify under this provision, the
37 envelope must be addressed to the department designated by the base
38 jurisdiction to receive fuel tax payments and have adequate postage affixed.

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40 ~~.200~~ .015 ~~If~~ When a tax return is hand delivered, it the tax return shall be considered
41 received and filed on the date it was that the tax return is delivered to and
42 receipted for by an employee of a the department designated by the base
43 jurisdiction to receive fuel tax returns.

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.020 When a tax payment is hand delivered, the payment shall be considered received on the date that the payment is delivered and receipted for by an employee of the department designated by the base jurisdiction to receive fuel tax payments.

~~If a licensee has been granted permission to file tax returns annually, the annual tax return shall be due on the last day of the month immediately following the close of the annual period for which the tax return is due.~~

[SECTION R970 REMAINS UNCHANGED.]

REVISIONS FOLLOWING THE SECOND COMMENT PERIOD

- Changes were made in R960 to reflect amendments requested by the Agreement Procedures Committee in its STPBP #15-2004 which has now been revised to removed proposed changes to R960.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #8-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

[THIS BALLOT PROPOSES TO AMEND LANGUAGE IN R910 THAT DOES NOT GO INTO EFFECT UNTIL JANUARY 2005.]

Sponsors

Jurisdiction of Arizona
Jurisdiction of California
Jurisdiction of New Mexico
Jurisdiction of Texas

Date Submitted

December 8, 2003

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Articles of Agreement	R300	Application and Renewal
	R340	Bond Requirement
	R900	Reporting
	R910	Reporting Requirement

Subject

Required changes for the licensing of Mexican motor carriers in Arizona, California, New Mexico and Texas (Border States) pursuant to the provisions of IFTA. In particular, the proposed amendments in this ballot focus on allowing a base jurisdiction to require a bond when licensing a motor carrier not based in its jurisdiction.

History/Digest

Over the past several months, the NAFTA Fuel Tax and Registration Working Group (Working Group) has been working toward the goal of Border State licensing of Mexican motor carriers for purposes of IFTA. Over a year ago, a formal request was received from Mexico, asking that this option be considered by the IFTA Border States. The Border States, as part of the Working Group, have identified several issues that must be addressed prior to any such licensing taking place. At a meeting of the Working Group on December 2, 2003, the group identified changes to the IFTA governing documents that must be made prior to the issuance of any IFTA licenses to Mexican motor carriers. To move forward toward such licensing, the Border States are sponsoring this ballot.

The Border States propose this ballot because they are concerned about their ability to collect tax, penalty, and interest on behalf of all member jurisdictions from carriers that probably will not have assets in any member jurisdictions. The Border States believe that removing the prohibition against a licensing bond provides the jurisdictions with an additional tool to ensure compliance. Neither the federal government of the United States nor Mexico has agreed to assist in collection efforts through the

suspension of credentials or in any other manner. The Border States, therefore, believe a licensing bond should be allowed, at their discretion.

Intent

The intent of this ballot is to amend the IFTA Articles of Agreement Section R340 to allow a member jurisdiction to require a bond when licensing a carrier under R325 thereby making a Border State its IFTA base jurisdiction.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R300 APPLICATION AND RENEWAL

[SECTIONS R300 THROUGH R335 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R320 IS BEING PROPOSED IN STPBP #15-2004. ALSO, AN AMENDMENT TO R325 IS BEING PROPOSED IN STPBP #7-2004.]

R340 BOND REQUIREMENT

The base jurisdiction, ~~for cause,~~ may require a licensee to post a bond if one of the following conditions exist. ~~Bonds may be required for:~~

.100 failure to file ~~timely tax~~ returns timely or to remit taxes timely. ~~or;~~

.200 when an audit indicates problems severe enough that, in the commissioner's discretion, a bond is required to protect the interests of the member jurisdictions; or

.300 the issuance of an IFTA license, when the applicant is seeking the license pursuant to R325.

Requirements for posting of bonds are outlined in IFTA Procedures Manual Section P400.

[THE PROPOSED AMENDMENT IN SECTION R910 IS TO LANGUAGE THAT GOES INTO EFFECT ON JANUARY 1, 2005. ALSO, AN AMENDMENT TO R340 IS ALSO BEING PRPOSED IN STPBP #15-2004.]

[SECTIONS R345 THROUGH R360 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R345 IS BEING PROPOSED IN STPBP #15-2004.]

1 R900 REPORTING

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3 R910 REPORTING REQUIREMENT

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5 The licensee shall file a tax return for the reporting period with the base jurisdiction and shall pay
6 all taxes due to all member jurisdictions with the remittance payable to the base jurisdiction by the
7 due date. Jurisdictions may require Ppayment by guaranteed funds ~~shall be required only from~~
8 any only when the licensee who is currently required to post a bond in guarantee of fuel tax
9 payment pursuant to R340.

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11 ***[SECTIONS R920 THROUGH R970 REMAIN UNCHANGED. – HOWEVER, AN AMENDMENT TO R960***
12 ***IS BEING PROPOSED IN STPBP #7-2004. ALSO, AMENDMENTS TO R920 THROUGH R940 AND TO***
13 ***R960 AND R970 ARE BEING PROPOSED IN STPBP #15-2004.]***

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #9-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

Sponsors

Jurisdiction of Arizona
Jurisdiction of California
Jurisdiction of New Mexico
Jurisdiction of Texas

Date Submitted

December 8, 2003

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Articles of Agreement

R1000 Tax Paid Purchases
R1010 Retail Fuel Purchases
R1020 Bulk Fuel Purchases

IFTA Procedures Manual

P500 Recordkeeping
P570 Tax Paid Fuel Purchases

Subject

Required changes for the licensing of Mexican motor carriers in Arizona, California, New Mexico and Texas (Border States) pursuant to the provisions of IFTA. In particular, the proposed amendments in this ballot focus on clarifying the circumstances under which credit may be claimed on an IFTA tax return for both retail and bulk tax paid fuel purchases.

History/Digest

Over the past several months, the NAFTA Fuel Tax and Registration Working Group (Working Group) has been working toward the goal of Border State licensing of Mexican motor carriers for purposes of IFTA. Over a year ago, a formal request was received from Mexico, asking that this option be considered by the IFTA Border States. The Border States, as part of the Working Group, have identified several issues that must be addressed prior to any such licensing taking place. At a meeting of the Working Group on December 2, 2003, the group identified changes to the IFTA governing documents that must be made prior to the issuance of any IFTA licenses to Mexican motor carriers. To move forward toward such licensing, the Border States are sponsoring this ballot.

Intent

The intent of this ballot is to amend the IFTA Articles of Agreement Sections R1010 and R1020 and the IFTA Procedures Manual Section P570 to clarify that credit may be taken only for tax paid fuel purchased in member jurisdictions and to make the provisions of the two governing documents consistent.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R1000 TAX PAID PURCHASES

[SECTION R1000 REMAINS UNCHANGED.]

R1010 RETAIL FUEL PURCHASES

.100 A licensee may claim a tax-paid credit on the IFTA tax return for fuel purchased at The retail purchase of only when the fuel which is placed into the fuel tank of a qualified motor vehicle, and upon which and the purchase price includes fuel tax has been paid to a member jurisdiction shall qualify as a tax paid retail fuel purchase.

[SUBSECTIONS R1010.200 AND R1010.300 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R1010.300 IS BEING PROPOSED IN STPBP #15-2004.]

R1020 BULK FUEL PURCHASES

[SUBSECTION R1020.100 REMAINS UNCHANGED.]

.200 A licensee may claim a tax-paid credit on the IFTA tax return for Motor fuel withdrawn from bulk storage only when the fuel which is placed into the fuel tank of a qualified motor vehicle; from a licensee's own the bulk storage tank is owned, leased, or controlled by the licensee; and either the purchase price of the fuel includes fuel and upon which tax has been paid to the member jurisdiction where the bulk fuel storage tank is located or the licensee has paid fuel tax to the member jurisdiction where the bulk fuel storage tank is located, shall be considered a tax paid bulk fuel purchase.

[SUBSECTION R1020.300 REMAINS UNCHANGED.]

PROCEDURES MANUAL

P500 RECORDKEEPING

[SECTIONS P510 THROUGH P560 REMAIN UNCHANGED.]

P570 TAX PAID BULK FUEL PURCHASES

.100 Bulk fuel is normally delivered into a storage facilities maintained tank owned, leased or controlled by the licensee; and not delivered directly by the vendor into the supply tank of the qualified motor vehicle. ~~Fuel tax may or may not be paid by the licensee to the vendor~~ at the time of the bulk fuel delivery. Copies of all delivery tickets and/or receipts must be retained by the licensee.

[SUBSECTIONS P570.200 AND .300 REMAIN UNCHANGED.]

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.400 ~~To obtain credit for withdrawals from licensee owned, tax paid bulk storage, the following records must be maintained~~ A licensee may claim a tax-paid credit on the IFTA tax return for bulk fuel only when the bulk storage tank from which the fuel is withdrawn is owned, leased or controlled by the licensee; the fuel is placed into the fuel tank of a qualified motor vehicle; and either the purchase price of the fuel includes tax paid to the member jurisdiction where the bulk fuel storage tank is located or the licensee has paid fuel tax to the member jurisdiction where the bulk fuel storage tank is located. The licensee shall maintain the following records:

- .005 Date of withdrawal;
- .010 Number of gallons or liters;
- .015 Fuel type;
- .020 Unit number; and
- .025 Purchase and inventory records to substantiate that tax was paid on all bulk purchases.

[SUBSECTION P570.500 REMAINS UNCHANGED.]

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL #10-2004

Sponsors

Jurisdiction of Idaho
Jurisdiction of Montana

Date Submitted

February 2, 2004

Proposed Effective Date

January 1, 2005

Manual Sections to be amended

IFTA Audit Manual	Article 600	The Audit Process
	Section A660	Audit Reports
	Subsection A660.100	Licensee Audit Report

Subject

Minimum information required in a Licensee Audit Report

History/Digest

The current wording of A660.100 is outdated, unclear, incomplete, and is being interpreted by the membership and the Program Compliance Review teams in a multitude of ways. This section of the IFTA Audit Manual is from the original manual and was written when the membership consisted of a handful of jurisdictions. This section of the Audit Manual was written before Oregon, the jurisdiction with no tax paid fuel credits, joined IFTA; before the Canadian provinces became members; and before some jurisdictions moved their fuel tax to the retail pump, to create something called "tax paid fuel". There have been many procedural and technological changes in auditing and changes in jurisdiction laws since the late 1980s, when the current text in A660.100 was put into the Audit Manual. Hence, a revision to this section of the Audit Manual is long overdue.

Specifically, the vague and unclear wording found in A660.100.030 and .035 is causing interpretation problems for both Program Compliance Review teams and the membership. For example, the current wording "net distance adjustment" in subsection .030 is not defined. This wording does not tell the reader if this phrase means a fleet distance adjustment, a jurisdiction specific distance adjustment, or a distance adjustment for a test period in the audit. A similar example exists in subsection .035. The current wording "net tax paid fuel purchases adjustment" is also not defined. This wording does not tell the reader if this phrase means net tax paid fuel adjustments per jurisdiction, if it means net fuel adjustments to fleet fuel, or if it means a net tax paid fuel adjustment for a test period in the audit. The reader must guess as to the intended meaning of the wording. Updating the wording of A660.100 with the suggested changes in this ballot, to reflect the current audit terminology and audit information needs of the licensee, should eliminate most of the

interpretation problems the membership and the Program Compliance Review teams are encountering.

Intent

The intent of this ballot is to change Section A660.100 of the IFTA Audit Manual, so it clearly defines the information requirements for the Licensee Audit Report. The ballot also identifies the essential pieces of information, which must be communicated to the licensee in the form of data or narrative, to help the licensee understand the written audit report and the net result of the audit. This ballot also provides guidance to the membership and the Program Compliance Review teams, with the hope of eliminating inconsistent interpretations of A660.100 in the future.

Interlining Indicates Deletion; Underlining Indicates Addition
AUDIT MANUAL

A600 THE AUDIT PROCESS

[SECTIONS A610 THROUGH A650 REMAIN UNCHANGED.]

A660 AUDIT REPORTS

.100 Licensee Audit Report

A complete report documenting the audit must be prepared by the auditor and sent to the licensee. ~~At a minimum, the report shall contain, but not be limited to,~~ the following information in the form of data or narrative:

.005 Name and address of licensee;

.010 Account number;

.015 Audit period;

.020 Types of records audited;

.025 Description of audit techniques employed;

.030 Net change to licensee's total distance as reported adjustment for each fuel type, for the audit period;

.035 Net change to licensee's total tax-paid fuel as reported purchases adjustment for each fuel type, for the audit period;

.040 MPG/KPL as reported for each fuel type;

.045 MPG/KPL ~~as result of~~ that resulted from the audit for each fuel type;

.050 Net change to taxable distance as reported per jurisdiction for each fuel type, for the audit period;

- 1 .055 Net change to taxable gallons of fuel as reported per jurisdiction for each
2 fuel type, for the audit period;
3
4 .060 Net change to tax paid fuel as reported per jurisdiction for each fuel type for
5 the audit period;
6
7 ~~.050~~ .065 Net change to fuel tax as reported ~~adjustment~~ per jurisdiction for each
8 fuel type, for the audit period;
9
10 .070 Total amount of fuel tax and interest due or refund due licensee, as a result
11 of the audit.
12
13 ~~.055~~ .075 Remarks and recommendations; and
14
15 ~~.060~~ .080 ~~Signature~~ Name of auditor or reviewing jurisdictional official and date.
16
17 ***[SUBSECTION A660.200 REMAINS UNCHANGED.]***
18
19 ***[SECTIONS A670 THROUGH A690 REMAIN UNCHANGED.]***

REVISIONS FOLLOWING THE FIRST COMMENT PERIOD

- Revised A660.100.030 to add “as reported” after “distance”.
- Revised A660.100.035 to add “as reported” after “fuel”.
- Revised A660.100.045 to read “that resulted” rather than “which resulted”.
- Revised A660.100.050 to add “as reported” after “distance”.
- Revised A660.100.055 to read “Net change to taxable gallons of fuel as reported . . .”.
- Revised A660.100.060 to add “as reported” after “tax paid fuel”.
- Revised A660.100.065 to add “as reported” after “fuel tax”.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA FULL TRACK PRELIMINARY BALLOT PROPOSAL #11-2004

Sponsor

Jurisdiction of Indiana

Date Submitted

February 13, 2004

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

Articles of Agreement	R200	DEFINITIONS
	R212	Base Jurisdiction
	R800	TAXATION OF MOTOR FUELS
	R840	REPORTING INTRAJURISDICTIONAL TRAVEL

Subject

Reporting of intrajurisdictional travel by IFTA licensees on an IFTA tax return

History/Digest

In a recent Dispute Procedure, Indiana maintained that the history of R840, dealing with exercise of that discretion, shows that it has always been the intent of the membership of IFTA that the choice to include intrajurisdictional vehicles on an IFTA return should belong to the licensee, subject to safeguards against fraud and abuse of this discretion..

This ballot would remove certain language from R 212 which created the ambiguity that recently led to that formal Dispute. It would further clarify the purpose and scope of such discretion.

In R840, the IFTA section that actually governs such elections, the ballot reasserts that this choice is with the licensee. The amendment spells out in more detail and in clearer language the procedure to be followed in the exercise of this discretion. It maintains and further clarifies the recently-added section designed to prevent abusive "revolving door" changes of reporting jurisdiction.

Intent

Indiana proposes these amendments to clarify that it is a licensee's choice whether to include on its IFTA return any of its vehicles operated entirely within a non-base jurisdiction, along with its interstate vehicles, on its IFTA return.

It intends to establish just how and when that decision is effected, and to retain the 2000 amendment to R840 which prevented carriers from abusing this discretion by frequently shifting reporting jurisdictions for reporting of such vehicles.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R200

DEFINITIONS

[SECTIONS R203 THROUGH R209 REMAIN UNCHANGED.]

R212 **Base Jurisdiction** means the member jurisdiction ~~where qualified motor vehicles are based for vehicle registration purposes and~~ with which a person chooses to license for fuel use taxation under this Agreement, and with which a licensee files its fuel use tax returns on behalf of all member jurisdictions.

In order to serve as a person's base jurisdiction, a jurisdiction must be one where

.100 at least some qualified motor vehicles are based for vehicle registration purposes,

.200 Where some travel is accrued by qualified motor vehicles within the fleet. The commissioners of two or more affected jurisdictions may allow a person to consolidate several fleets that would otherwise be based in two or more jurisdictions.

~~.400~~ .300 Where the operational control and operational records of the licensee's qualified motor vehicles are maintained located or can be made available; and

[SECTIONS R215 THROUGH R269 REMAIN UNCHANGED.]

R800

TAXATION OF MOTOR FUELS

[SECTIONS R800 THROUGH R830 REMAIN UNCHANGED.]

R840 **REPORTING INTRAJURISDICTIONAL TRAVEL**

The licensee, at its own discretion, may elect to include on its IFTA tax return fuel purchases and travel by its qualified motor vehicles operated exclusively within a jurisdiction. ~~by obtaining~~ To effect this election, the licensee must obtain IFTA decals for the intrajurisdictional vehicle(s) and display the decals as required in Article VI of this Agreement. Once decaled it has effected this election, the licensee must continue to report the intrajurisdictional vehicle(s) must continue to be reported on its IFTA tax return until such time as the decal becomes expired or the vehicle(s) are no longer under the licensee's authority.

REVISIONS FOLLOWING THE FIRST COMMENT PERIOD

- Changed proposed revisions to R212 to remove all references to “fleet”. The purpose for the change is that, pursuant to the IFTA, the license is issued to a person, not a fleet of qualified motor vehicles.
- Changed proposed revisions to R840 by removing the proposed addition of R840.200.
- Revised History and Intent sections of the ballot to remove references to R840.200.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

1 **R1700 ISSUE PAPERS AND CONSENSUS BOARD INTERPRETATIONS**

2
3 **R1710 ISSUE PAPERS**

4
5 Requests for clarification/interpretation of IFTA requirements stated in the Articles of
6 Agreement, Procedures Manual, or Audit Manual may be submitted to IFTA, Inc. by any
7 member jurisdiction, established committee, or member of the Board of Trustees of the
8 Association.

9
10 **R1720 CONSENSUS BOARD INTERPRETATIONS**

11
12 **.100** The Board of Trustees of the Association shall issue Consensus Board
13 Interpretations in response to requests for clarification/interpretation ~~or notify the~~
14 ~~requesting party why a Consensus Board Interpretation will not be issued.~~

15
16 ***[AN AMENDMENT TO R1720.100 IS ALSO BEING PROPOSED IN STPBP #2-2004.]***

17
18 **.200** The Board will report the results of its deliberations and votes on requested
19 clarifications/interpretations to the party requesting it. The Board may issue
20 Consensus Board Interpretations only when the proposed
21 interpretation/clarification has been agreed to unanimously by the Board
22 members participating in the vote. Consensus Board Interpretations will be
23 presented for consideration at the annual business meeting and require an
24 affirmative vote of three-fourths of the member jurisdictions for ratification and
25 inclusion as commentary in the IFTA governing documents.

26
27 **.2300** An included commentary is binding on the member jurisdictions, unless the
28 section to which the commentary refers is subsequently amended as provided in
29 this in this agreement.

30
31 **.3400** Interpretations which fail to receive sufficient votes for ratification may be balloted
32 according to the process outlined in R1600.

REVISION FOLLOWING THE FIRST COMMENT PERIOD

- Added Iowa as a ballot sponsor.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL #13-2004

[THIS BALLOT INCLUDES LANGUAGE IN A310 THAT DOES NOT GO INTO EFFECT UNTIL JULY 2004.]

Sponsor

Jurisdiction of Idaho
Jurisdiction of Ohio

Date Submitted

February 18, 2004

Proposed Effective Date

January 1, 2005

Manual Sections to be Amended

IFTA Audit Manual	ARTICLE A300	IFTA AUDITING STANDARDS
	SECTION A310	NUMBER OF AUDITS

Subject

Criteria for determining when an audit is considered a "multiple count audit", which may be counted as more than one audit, towards a jurisdiction's 3 per cent per year auditing requirement (A310).

History/Digest

Determining the appropriate level of audit coverage for jurisdictions and creating an equitable way to count audits of various sizes and complexities, which require varying degrees of time and audit staff resources, has been a problem for the membership since this organization was created. In the developmental stages of this organization, the auditing requirement was "25 per cent of a base jurisdiction's licensees every three years". The membership determined the 25 per cent auditing requirement was unrealistic, so the auditing requirement was reduced to "15 per cent of a base jurisdiction's licensees every five years". Even with this significant reduction in the auditing requirement, many of the jurisdictions still did not meet the reduced standard. And finally, the membership set the auditing requirement at "3 per cent of a base jurisdiction's licensees per year", to ensure consistency and continuity in the organization's audit coverage. It is now 2004 and the organization still has approximately thirty-three per cent (33%) of its members out of compliance with the 3 per cent per year auditing requirement. It is time to change the organization's counting methodology for the 3 per cent auditing requirement and recognize the additional time, effort and staff resources it takes a jurisdiction to complete the larger, more complex audits.

The staff resources, time and auditor effort it takes to do an audit is directly related to the size, complexity and unique characteristics of the licensee being audited. Because larger audits normally require more time and staff resources to complete than smaller audits, there exists a need to develop an equitable "multiple count audit" methodology for counting each jurisdiction's audit production. The counting methodology must recognize the different levels of audit staff resource usage required on larger, more complex audits, and the jurisdiction's commitment to its audit coverage. This ballot attempts to create an equitable audit count methodology to achieve the 3 per cent audit standard, which has been needed for many years.

Intent

The intent of this ballot is to create an equitable multiple count audit methodology and define the criteria a jurisdiction must meet to receive additional audit count towards its 3 per cent auditing requirement. This counting methodology will enable jurisdictions to determine the most efficient and effective use of its audit staff resources. It will also enhance the auditing efforts of the membership, since jurisdictions audit on behalf of one another. This ballot also provides for an equitable way for all jurisdictions to meet the current 3 per cent per year auditing requirement found in Section A310 of the Audit Manual.

Interlining Indicates Deletion; Underlining Indicates Addition

AUDIT MANUAL

A300 IFTA AUDITING STANDARDS

A310 NUMBER OF AUDITS

Base jurisdictions will be held accountable for audits and will be required to complete audits of an average of 3 percent per year of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. Such audits shall cover at least one registration year. This does not preclude audits of individual licensees several times during the program compliance review period. However, audits for a licensee selected that cover multiple registration years, fuel types, or both shall be counted as one audit for program compliance review purposes.

.100 Criteria For Multiple Count Audits

The general audit guidelines and audit process found in Sections A500 and A600 respectively, and the following criteria shall be met before an audit may count as more than one audit or be considered a "multiple count audit", for purposes of complying with Section A310. If the criteria found in subsections .005, .010 and .015 is not met, the audit will count as one (1) audit towards a jurisdiction's 3% audit requirement.

.005 An audit of a licensee that reports more than 1,000,000 total miles per calendar year or more than 1,609,300 total kilometers per calendar year will be counted as two (2) audits, if the jurisdiction uses a representative stratified sample, according to Section A530, of at least forty (40) per cent of the licensee's qualified motor vehicles, but not more than five (5) vehicles, to conduct the audit.

.010 An audit of a licensee that reports more than 5,000,000 total miles per calendar year or more than 8,046,500 total kilometers per calendar year will be counted as three (3) audits, if the jurisdiction uses a representative

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stratified sample, according to Section A530, of at least twenty-five (25) per cent of the licensee's qualified motor vehicles, but not more than fifteen (15) vehicles, to conduct the audit.

.015 An audit of a licensee that reports more than 25,000,000 total miles per calendar year or more than 40,232,500 total kilometers per calendar year will be counted as four (4) audits, if the jurisdiction uses a representative stratified sample, according to Section A530, of at least seven (7) per cent of the licensee's qualified motor vehicles, but not more than twenty (20) vehicles per each 25 million miles reported, to conduct the audit.

[SECTION A320 REMAINS UNCHANGED.]

REVISIONS FOLLOWING THE FIRST COMMENT PERIOD

- In A310.100, removed the reference to .020 and deleted that subsection
- Revised A310.100.005 to read "representative stratified sample"
- Revised A310.100.005 to reduce the sample size to 40% of licensee's qualified motor vehicles, but not more than 5 vehicles
- Revised A310.100.010 to read "representative stratified sample"
- Revised A310.100.010 to reduce the sample size to 25% of the licensee's qualified motor vehicles, but not more than 15 vehicles
- Revised A310.100.015 to read "representative stratified sample"
- Revised A310.100.015 to reduce the sample size to 7% of the licensee's qualified motor vehicles, but not more than 20 vehicles per each 25 million miles

FOR VOTE BY NOVEMBER 22, 2004
IFTA SHORT TRACK FINAL BALLOT PROPOSAL
#14-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

Sponsor

Agreement Procedures Committee

Date Submitted

February 19, 2004

Proposed Effective Date

Upon passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Articles of Agreement

R263 Temporary Permit

R650 Temporary Permit

Subject

Clarify language of the two sections listed.

History/Digest

Consensus Board Interpretation 55-98 (July 1998) stated the temporary permit issued under sections R263 and R650 must be issued in place of decals only.

Intent

The intent of this ballot is to clarify the language in Section R263 and R650 to state the temporary permit is a temporary decal permit.

Interlining Indicates Deletion; Underlining Indicates Addition

1 ARTICLES OF AGREEMENT

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3 **R263** Temporary Decal Permit means a permit issued by the base jurisdiction or its agent to be carried in
4 a qualified motor vehicle in lieu of display of the permanent annual decals. A temporary decal permit is
5 valid for a period of 30 days to give the carrier adequate time to affix the annual permanent decals.

6

7 **R650** TEMPORARY DECAL PERMITS

8

9 The base jurisdiction may provide for the issuance of a 30-day IFTA temporary decal permit valid for
10 all member jurisdictions to a licensee in good standing to carry in lieu of displaying the annual
11 decals. The base jurisdiction may charge an administrative fee to the licensee to cover the cost of
12 issuance. Temporary decal permits must be vehicle specific and show the expiration date. The
13 temporary decal permit need not be displayed but shall be carried in the vehicle.

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #15-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

THIS BALLOT IS PROPOSING AMENDMENTS TO R910 THAT WILL NOT GO INTO EFFECT UNTIL JANUARY 1, 2005.

Sponsor

Agreement Procedures Committee

Date Submitted

February 20, 2004

Proposed Effective Date

Upon passage

Manual Sections to be Amended

IFTA Articles of Agreement

(January 1996 Version, Eff. July 1, 1998, as revised)

R200 DEFINITIONS
R203 ANNUAL REPORTING PERIOD
R209 AUDIT
R254 REPORTING PERIOD
R266 TOTAL DISTANCE

R300 APPLICATION AND RENEWAL
R320 DESIGNATION OF LICENSEE
R340 BOND REQUIREMENT
R345 LICENSE RENEWAL

R700 RECORDS REQUIREMENTS

R800 TAXATION OF MOTOR FUELS
R810 QUALIFIED MOTOR VEHICLES
R820 TAXABLE FUEL USE

R900 REPORTING
R910 REPORTING REQUIREMENT
R920 FILING WITH BASE JURISDICTION
R930 REPORTING PERIOD
R940 TAX RETURN FORMAT
R970 LATE FILING

R1000 TAX PAID PURCHASES
R1010 RETAIL FUEL PURCHASES

R1100 CREDITS AND REFUNDS
R1120 APPLICATION OF CREDITS

IFTA Short Track Final Ballot Proposal

#15-2004

October 2004

Page 1 of 7

R1200 ASSESSMENT AND COLLECTION
R1220 PENALTIES
R1230 INTEREST
R1260 WAIVER OF PENALTIES AND INTEREST

Subject

Language consistency.

History/Digest

The Agreement Procedures Committee is recommending wording changes in various IFTA agreements to improve the clarity and consistency of language. Full Track Preliminary Ballot Proposals #15-2004, #16-2004, and #17-2004 are inter-related.

Intent

The intent of this ballot is to provide greater clarity and make the language within and between IFTA's Articles of Agreement, Procedures Manual, and Audit Manual more consistent.

Specific examples include the following:

- "tax return" replacing IFTA fuel tax return, IFTA tax return and return;
- "quarterly tax return" replacing quarterly return;
- "tax reporting" replacing reporting, fuel tax reporting and fuel use;
- "tax reporting period" replacing reporting period and reporting quarter; and
- "the" replacing his.

Interlining Indicates Deletion; Underlining Indicates Addition

1 ARTICLES OF AGREEMENT

2

3 **R200**

DEFINITIONS

4

5 **R203** **Annual Tax Reporting Period** means ~~twelve consecutive months determined by the base~~
6 ~~jurisdiction~~ January 1 through December 31.

7

8 ***[SECTIONS R206 REMAINS UNCHANGED.]***

9

10 **R209** **Audit** means a physical examination of the records and source documents supporting the
11 licensee's tax returns.

12

13 ***[SECTIONS R212 THROUGH R251 REMAIN UNCHANGED.]***

14

15 **R254** **Quarterly Tax Reporting Period** means a period of time consistent with the calendar quarterly
16 periods of January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 -
17 December 31.

18

19 ***[SECTIONS R257 THROUGH R263 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R263 IS***
20 ***BEING PROPOSED IN STBPB #14-2004.]***

1 **R266 Total Distance** means all miles or kilometers traveled during the tax reporting period by every
2 qualified vehicle in the licensee's fleet, regardless of whether the miles or kilometers are considered
3 taxable or nontaxable by a jurisdiction.
4

5 ***[SECTION R269 REMAINS UNCHANGED.]***

6
7 **R300 APPLICATION AND RENEWAL**

8
9 ***[SECTIONS R305 THROUGH R315 REMAIN UNCHANGED.]***

10
11 **R320 DESIGNATION OF LICENSEE**

12
13 Tax licensing under this Agreement shall be in the name of the licensee. IFTA Articles of
14 Agreement Section R500 designates the party responsible for tax reporting and payment of fuel
15 taxes in the case of lessors/lessees, independent contractors, and household goods agents.
16

17 ***[SECTIONS R325 THROUGH R335 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R325 IS***
18 ***BEING PROPOSED IN STBPB #7-2004.]***

19
20 **R340 BOND REQUIREMENT**

21
22 The base jurisdiction, for cause, may require a licensee to post a bond. Bonds may be required for
23 failure to file timely tax returns or to remit taxes, or when an audit indicates problems severe enough
24 that, in the commissioner's discretion, a bond is required to protect the interests of the member
25 jurisdictions. Requirements for posting of bonds are outlined in IFTA Procedures Manual Section
26 P400.
27

28 ***[AN AMENDMENT TO R340 IS ALSO BEING PROPOSED IN STBPB #8-2004.]***

29
30 **R345 LICENSE RENEWAL**

31
32 **.100** A renewal license and decals for the following calendar year will be issued upon application
33 if the license has not been revoked or canceled, all tax returns have been filed, and all
34 motor fuels use taxes, penalties and interest due have been paid.
35

36 ***[SUBSECTION R345.200 REMAINS UNCHANGED.]***

37
38 ***[SECTIONS R350 THROUGH R370 REMAIN UNCHANGED.]***

39
40 **R700 RECORDS REQUIREMENTS**

41
42 Every licensee shall maintain records to substantiate information reported on the ~~quarterly and annual~~ tax
43 returns. Operational records shall be maintained or be made available for audit in the base jurisdiction.
44 Recordkeeping requirements shall be specified in the IFTA Procedures Manual.

1 **R800**

TAXATION OF MOTOR FUELS

2
3 **[THE LANGUAGE OF SECTION R800 REMAINS UNCHANGED.]**

4
5 **R810 QUALIFIED MOTOR VEHICLES**

6
7 **.100** ~~Fuel-use Tax reporting~~ under this Agreement shall be for qualified motor vehicles as defined
8 in this Agreement.

9
10 **.200** No member jurisdiction may require ~~fuel-use tax~~ reporting or trip permitting for any vehicles
11 based in any other member jurisdiction, other than qualified motor vehicles as defined in
12 IFTA Articles of Agreement R245.

13
14 **R820 TAXABLE FUEL USE**

15
16 All motor fuel acquired that is normally subject to consumption tax is taxable unless proof to the
17 contrary is provided by the licensee. The licensee must report all fuel placed in the supply tank of a
18 qualified motor vehicle as taxable on the ~~IFTA~~ tax return.

19
20 **[SECTIONS R830 AND R840 REMAIN UNCHANGED.]**

21
22 **R900 REPORTING**

23
24 **R910 REPORTING REQUIREMENT**

25
26 The licensee shall file a tax return for the tax reporting period with the base jurisdiction and shall
27 pay all taxes due to all member jurisdictions with the remittance payable to the base jurisdiction by
28 the due date. Payment by guaranteed funds shall be required only from any licensee who is
29 currently required to post a bond in guarantee of fuel tax payment.

30
31 **[THE PROPOSED AMENDMENT IN SECTION R910 IS TO LANGUAGE THAT GOES INTO**
32 **EFFECT ON JANUARY 1, 2005. IN ADDITION, AN AMENDMENT TO SECTION R910 IS ALSO**
33 **BEING PROPOSED IN STBPB #8-2004.]**

34
35 **R920 FILING WITH BASE JURISDICTION**

36
37 The timely filing of the ~~quarterly tax~~ return and the payment of taxes due to the base jurisdiction for
38 all member jurisdictions discharges the responsibility of the licensee for filing of tax returns and
39 payment of individual taxes to all member jurisdictions.

40
41 **R930 TAX REPORTING PERIOD**

42
43 **.100 Quarterly Tax Reporting**

44
45 The tax return shall be for the previous calendar quarter. Tax returns are required even if no
46 operations were conducted or no taxable fuel was used during the tax reporting period.

1 **.200 Annual Tax Reporting**

2
3 Notwithstanding the quarterly tax reporting requirement, a licensee whose operations total
4 less than 5,000 miles or 8,000 kilometers (based on previous filing history) in all member
5 jurisdictions other than the base jurisdiction during 12 consecutive months may request to
6 report on an annual basis.
7

8 Should a licensee wish to report annually, the licensee must petition the base jurisdiction to do so.
9 Upon receipt of the request, if the base jurisdiction agrees it shall notify the other member
10 jurisdictions in which the licensee operated during the 12 consecutive months preceding the annual
11 tax reporting period. If a notified member jurisdiction objects, the licensee's request shall be
12 denied.
13

14 **R940 TAX RETURN FORMAT**

15
16 **.100 Forms**

17
18 Tax return forms shall be furnished at no charge to each licensee at least 30 days prior to
19 the due date of the tax return. All tax rates shown on the tax return will be the current
20 jurisdiction tax rate provided notification of a change in tax rates is disseminated by a
21 jurisdiction within the time limits prescribed by P1120. Failure to receive the authorized
22 form does not relieve the licensee from the obligation to submit a tax return.
23

24 **.200 Written Return**

25
26 The licensee may submit a written tax return setting forth all information required which will
27 be accepted in lieu of a tax return on the prescribed form.
28

29 **.300 Computer-Generated Return**

30
31 A base jurisdiction may authorize a licensee to submit a computer-generated tax return in
32 lieu of the standard tax return if the tax return includes all required information and is in a
33 form which can be processed by the base jurisdiction.
34

35 ***[SECTION R950 REMAINS UNCHANGED.]***

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37
38 **R970 LATE FILING**

39
40 Tax returns not filed or full payment of taxes not made by the due date shall be considered late and
41 any taxes due considered delinquent.
42

1 **R1000 TAX PAID PURCHASES**

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3 *[THE LANGUAGE IN SECTION R1000 REMAINS UNCHANGED.]*

4
5 **R1010 RETAIL FUEL PURCHASES**

6
7 *[SUBSECTIONS R1010.100 AND R1010.200 REMAIN UNCHANGED. HOWEVER, AN*
8 *AMENDMENT TO R1010.100 IS BEING PROPOSED IN STPBP #9-2004.]*

9
10 **.300** In the case of a lessee/lessor agreement, receipts for tax-paid purchases may be in the
11 name of either the lessee or the lessor provided a legal connection can be made to the tax
12 reporting party.

13
14 *[SECTION R1020 REMAINS UNCHANGED. HOWEVER, AN AMENDMENT TO R1020.200 IS BEING*
15 *PROPOSED IN STPBP #9-2004.]*

16
17 **R1100 CREDITS AND REFUNDS**

18
19 *[SECTIONS R1100 AND R1110 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R1110 IS*
20 *BEING PROPOSED IN STPBP #18-2004.]*

21
22 **R1120 APPLICATION OF CREDITS**

23
24 **.100** Such credits, when not refunded, shall be carried over to offset liabilities of the licensee in
25 future tax reporting periods until:

26
27 **.005** The credit is fully offset; or

28
29 **.010** Eight calendar quarters shall have passed from the end of the calendar quarter in
30 which the credit accrued,

31
32 whichever occurs sooner.

33
34 *[SUBSECTION R1120.200 REMAINS UNCHANGED.]*

35
36 *[SECTIONS R1130 THROUGH R1150 REMAIN UNCHANGED.]*

37
38 **R1200 ASSESSMENT AND COLLECTION**

39
40 *[SECTION R1210 REMAINS UNCHANGED.]*

41
42 **R1220 PENALTIES**

43
44 **.100** The base jurisdiction may assess the licensee a penalty of \$50.00 or 10 percent of
45 delinquent taxes, whichever is greater, for failing to file a tax return, filing a late tax return,
46 underpaying taxes due.

1 ***[SUBSECTIONS R1220.200 AND R1230.300 REMAIN UNCHANGED.]***

2
3 **R1230 INTEREST**

4
5 ***[SECTION R1230 REMAINS UNCHANGED.]***

6
7 ***[SUBSECTIONS R1230.100 AND R1230.200 REMAIN UNCHANGED.]***

8
9 **.300 Computation of Interest**

10
11 ***[SUBSECTION R1230.300.005 REMAINS UNCHANGED. HOWEVER, AMENDMENTS TO THIS***
12 ***SUBSECTION ARE BEING PROPOSED IN FTPBP #6-2004.]***

13
14 **.010 Audits**

15
16 Audit interest shall be calculated separately for each jurisdiction. Audit interest
17 shall accrue monthly on the cumulative net tax balance owed to a jurisdiction until
18 paid. A cumulative net tax balance is the amount of additional tax owed or tax
19 overpayment made to a jurisdiction immediately following the due date of any tax
20 reporting period taking into account all prior additional tax owed or overpayments
21 made to a jurisdiction during the audit period. The cumulative net tax balance shall
22 be adjusted immediately following the due date of any subsequent tax reporting
23 period to reflect tax owed or overpayment made for that tax reporting period. A full
24 month's interest shall accrue for any portion of a month on which tax owed remains
25 unpaid. An overpayment for one
26

27 ***[SECTIONS R1240 AND R1250 REMAIN UNCHANGED.]***

28
29 **R1260 WAIVER OF PENALTIES AND INTEREST**

30
31 **.100** The base jurisdiction commissioner may waive penalties authorized by this Article for
32 reasonable cause. If a licensee can demonstrate a tax return was filed late because of
33 misinformation given to the carrier by the base jurisdiction, the interest may be waived for
34 the base jurisdiction if the jurisdiction's statutes allow such a waiver. To waive interest for
35 another jurisdiction, the base jurisdiction must receive written approval from the other
36 jurisdiction.
37

38 ***[SECTION R1270 REMAINS UNCHANGED.]***

REVISIONS FOLLOWING THE SECOND COMMENT PERIOD

- Amendments to R960 were removed from this ballot and added to STFBP #7-2004.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #16-2004 (Moved to Short Track at the 2004 Annual Business Meeting)

Sponsor

Agreement Procedures Committee

Date Submitted

February 20, 2004

Proposed Effective Date

Upon passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Procedures Manual

P100 LICENSE APPLICATION CONTENT
P160 Certification

P400 POSTING BONDS
P410 AMOUNT OF BOND

P500 RECORDKEEPING
P510 PRESERVATION OF RECORDS

P600 ELECTRONIC DATA RECORDING SYSTEMS
P610 OPTIONAL USE FOR FUEL TAX REPORTING

P700 STANDARD TAX RETURNS
P710 GENERAL GUIDELINES
P720 REQUIRED INFORMATION
P730 CONVERSION RATES AND MEASUREMENTS

P900 BASE JURISDICTION RECORDKEEPING
P910 LICENSEE RECORDS

P1000 BASE JURISDICTION ACCOUNTING
P1060 ALLOCATION OF TAX

Subject

Language consistency.

History/Digest

The Agreement Procedures Committee is recommending wording changes in various IFTA agreements to improve the clarity and consistency of language. Full Track Preliminary Ballot Proposals #15-2004, #16-2004, and #17-2004 are inter-related.

Intent

The intent of this ballot is to provide greater clarity and make the language within and between IFTA's Articles of Agreement, Procedures Manual, and Audit Manual more consistent.

Specific examples include the following:

- "tax return" replacing IFTA fuel tax return, IFTA tax return and return;
- "quarterly tax return" replacing quarterly return;
- "tax reporting" replacing reporting, fuel tax reporting and fuel use;
- "tax reporting period" replacing reporting period and reporting quarter; and
- "the" replacing his.

Interlining Indicates Deletion; Underlining Indicates Addition

1 PROCEDURES MANUAL

2

3 **P100**

LICENSE APPLICATION CONTENT

4

5 ***[SECTIONS P100 THROUGH P155 REMAIN UNCHANGED.]***

6

7 **P160** Certification:

8

9 Applicant agrees to comply with tax reporting, payment, recordkeeping, and license display
10 requirements as specified in the International Fuel Tax Agreement. The applicant further agrees
11 that base jurisdiction may withhold any refunds due if applicant is delinquent on payment of fuel
12 taxes due any member jurisdiction. Failure to comply with these provisions shall be grounds for
13 revocation of license in all member jurisdictions; and

14

15 A statement to the effect that the applicant certifies with his or her signature that, to the best of his
16 or her knowledge, the information is true, accurate, and complete and any falsification subjects him
17 or her to appropriate civil and/or criminal sanction of the base jurisdiction. (e.g., perjury)

18

19 **P400**

POSTING BONDS

20

21 **P410** **AMOUNT OF BOND**

22

23 The total amount of the bond shall be fixed by the base jurisdiction and shall be equivalent to at
24 least twice the estimated average tax liability for the tax reporting period for which the licensee will
25 be required to file a tax return.

26

27 ***[SECTIONS P420 AND P430 REMAIN UNCHANGED.]***

1 **P500** **RECORDKEEPING**

2
3 **P510** **PRESERVATION OF RECORDS**

4
5 **.100** The licensee is required to preserve the records upon which the quarterly tax return or
6 annual tax return is based for four years from the tax return due date or filing date,
7 whichever is later, plus any time period included as a result of waivers or jeopardy
8 assessments.

9
10 **[SUBSECTIONS R510.200 AND R510.300 REMAIN UNCHANGED.]**

11
12 **[SECTIONS P520 THROUGH P570 REMAIN UNCHANGED.]**

13
14 **P600** **ELECTRONIC DATA RECORDING SYSTEMS**

15
16 **P610** **OPTIONAL USE FOR FUEL TAX REPORTING**

17
18 **P610** **OPTIONAL USE FOR FUEL TAX REPORTING**

19
20 On-board recording devices, vehicle tracking systems, or other electronic data recording systems
21 may be used (at the option of the carrier) in lieu of or in addition to handwritten trip reports for ~~fuel~~
22 tax reporting. Other equipment monitoring devices that transmit data or may be interrogated as to
23 vehicle location or travel may be used to supplement or verify handwritten or electronically-generated
24 trip reports.

25
26 **[SECTIONS P620 THROUGH P670 REMAIN UNCHANGED.]**

27
28 **P700** **STANDARD TAX RETURNS**

29
30 **P710** **GENERAL GUIDELINES**

31
32 **P710** **GENERAL GUIDELINES**

33
34 **.100** Total distance traveled during the tax reporting period by qualified motor vehicles in the
35 licensee's fleet, regardless of whether the miles or kilometers are taxable or nontaxable by a
36 jurisdiction;

37
38 **[SUBSECTIONS P710.200 THROUGH P710.500 REMAIN UNCHANGED.]**

39
40 **P720** **REQUIRED INFORMATION**

41
42 Each jurisdiction shall use a standard tax return that shall contain, but not be limited to, the elements
43 listed below:

44
45 **.050** Name and mailing address of the jurisdiction issuing the tax return;

46
47 **.100** A space for the IFTA license number of the licensee;

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- .150** A space for the name and address of the licensee;
 - .200** A space for the tax reporting quarter period of the tax return;
 - .250** A space for the total distance traveled in all jurisdictions during the tax reporting period, including operations with trip permit;
 - .300** A space for total fuel consumed in all jurisdictions during the tax reporting period;
 - .350** A space for the average fuel consumption factor (to two decimal places) for the tax reporting period;
 - .400** A space for the fuel type(s) ~~being reported for~~ consumed during the tax reporting period;
 - .450** Columns for the jurisdictions in the Agreement;
 - .500** Columns for reporting for each jurisdiction in order (with rounding provided to the nearest whole unit);
 - .010 Tax rate;
 - .015 Total miles or kilometers;
 - .020 Total taxable miles or kilometers;
 - .025 Taxable gallons or liters;
 - .030 Tax paid gallons or liters;
 - .035 Net taxable gallons or liters;
 - .040 Tax due;
 - .045 Interest due; and
 - .050 Total due;
 - .550** Totals for the columns that are listed above;
 - .600** A space for penalty or late filings fees (\$50.00 or 10 percent of the tax, whichever is greater);
 - .650** A space for the total remittance of the tax return;
 - .700** A space for the date of the submitted tax return;
 - .750** A space for a signature of the person filing the licensee's tax return;

1 the unpaid tax and interest due from the licensee and will follow the methods of collection
2 governed by the laws of the base jurisdiction and administrative procedures of the Agreement.

3
4 ***[SECTION P1070 REMAINS UNCHANGED.]***

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #17-2004 (Moved to Short Track at the 2004 Annual Business Meeting)

Sponsor

Agreement Procedures Committee

Date Submitted

February 20, 2004

Proposed Effective Date

Upon passage

Manual Sections to be Amended

(January 1996 Version, Eff. July 1, 1998, as revised)

IFTA Audit Manual

A100 INTRODUCTION

A500 GENERAL GUIDELINES

A540 VERIFICATION OF LICENSEE RECORDS

A550 INADEQUATE LICENSEE RECORDS/ASSESSMENT

A600 THE AUDIT PROCESS

A640 EVALUATION OF INTERNAL CONTROL

Subject

Language consistency.

History/Digest

The Agreement Procedures Committee is recommending wording changes in various IFTA agreements to improve the clarity and consistency of language. Full Track Preliminary Ballot Proposals #15-2004, #16-2004, and #17-2004 are inter-related.

Intent

The intent of this ballot is to provide greater clarity and make the language within and between IFTA's Articles of Agreement, Procedures Manual, and Audit Manual more consistent.

Specific examples include the following:

- "tax return" replacing IFTA fuel tax return, IFTA tax return and return;
- "quarterly tax return" replacing quarterly return;
- "tax reporting" replacing reporting, fuel tax reporting and fuel use;
- "tax reporting period" replacing reporting period and reporting quarter; and
- "the" replacing his.

Interlining Indicates Deletion; Underlining Indicates Addition

1 AUDIT MANUAL

2

3 **A100**

INTRODUCTION

4

5 The purpose of these guidelines is to establish a uniform procedure for International Fuel Tax Agreement (IFTA)
6 jurisdictions to follow in establishing jurisdiction audit procedures, employing and supervising audit staff,
7 planning and conducting audits, and reporting audit findings. This procedure eliminates the need for licensees to
8 sustain multiple audits. Further, since an accurate and reliable distance accounting system is an important
9 requirement of both the International Registration Plan (IRP) and IFTA agreements, jurisdictions are encouraged
10 to perform IRP and IFTA audits simultaneously if they are members of both agreements.

11

12 The IFTA requires licensees to pay fuel taxes to each participating jurisdiction commensurate with the distance
13 traveled in each jurisdiction. To fulfill this requirement, an effective and uniform audit program is necessary to
14 verify the integrity of IFTA ~~fuel~~ tax returns. It is essential that the basic audit program adopted by each
15 jurisdiction be uniform and thorough to insure accuracy. It is each jurisdiction's responsibility to provide an
16 adequate audit staff, to conduct an accurate audit in a professional manner, and to submit a full report to each
17 member jurisdiction in which the licensee operated.

18

19 Under the provisions of IFTA, the jurisdiction administrator shall audit the ~~fuel~~ tax returns and supporting
20 documents of licensees based in that jurisdiction. Upon completion of any such audit, the administrator
21 shall notify the licensee and member jurisdictions in which distance was accrued as to the accuracy of the
22 licensee's IFTA tax returns.

23

24 **A500**

GENERAL GUIDELINES

25

26 ***[SECTIONS A510 THROUGH A530 REMAIN UNCHANGED.]***

27

28 **A540 VERIFICATION OF LICENSEE RECORDS**

29

30 **.100** If the licensee's operational records are not located in the base jurisdiction and the base
31 jurisdiction's auditors must travel to where such records are maintained, the base jurisdiction
32 may require the licensee to pay the base jurisdiction per diem and travel expenses incurred by
33 the auditor(s) in performance of such an audit.

34

35 **.200** The audit will be completed using the best information available to the base jurisdiction. The
36 burden of proof is on the licensee.

37

38 **.300** The auditor will make any reasonable attempt to verify information reported on the ~~IFTA~~ tax
39 returns.

40

41 ***[SUBSECTION A540.400 REMAINS UNCHANGED.]***

1 **A550 INADEQUATE LICENSEE RECORDS/ASSESSMENT**

2
3 **.100 Fuel Use Estimation**

4
5 If the licensee's records are lacking or inadequate to support any ~~report~~ tax return filed by
6 the licensee or to determine the licensee's tax liability, the base jurisdiction shall have
7 authority to estimate the fuel use upon (but is not limited to) factors such as the following:

- 8
9 .005 Prior experience of the licensee;
10
11 .010 Licensees with similar operations;
12
13 .015 Industry averages;
14
15 .020 Records available from fuel distributors; and
16
17 .025 Other pertinent information the auditor may obtain or examine.

18
19 Unless the auditor finds substantial evidence to the contrary by reviewing the above, in the
20 absence of adequate records, a standard of 4 MPG/1.7KPL will be used.

21
22 ***[SUBSECTION A550.200 REMAINS UNCHANGED.]***

23
24 **A600 THE AUDIT PROCESS**

25
26 ***[SECTIONS A610 THROUGH A630 REMAIN UNCHANGED.]***

27
28 **A640 EVALUATION OF INTERNAL CONTROL**

29
30 **.100 Review and Documentation**

31
32 The review of the system is an information-gathering phase in which the auditor, through inquiry
33 and observation, determines the licensee's accounting policies and procedures. The auditor's
34 objective is to obtain an understanding of the flow of transaction processing. As part of this
35 process, the auditor will:

- 36
37 .005 Find out if there have been changes in the licensee's accounting procedures or
38 operations during the audit period;
39
40 .010 Identify the records that the licensee keeps to support his ~~reports~~ the tax return;
41
42 .015 Audit the support documentation and check with the licensee to determine if any pre-
43 auditing of support documentation is done prior to data entry; and

1 The auditor documents the understanding of the licensee's system of internal control in the
2 work papers by completing a questionnaire designed for this purpose or by diagramming or
3 describing the flow of transactions in flowchart or narrative form.

4
5 To clarify this understanding, the auditor may select a few transactions of each transaction
6 type and trace them through the accounting system from initiation to ultimate recording.

7
8 ***[SUBSECTION A640.200 REMAINS UNCHANGED.]***

9
10 ***[SECTIONS A650 THROUGH A690 REMAIN UNCHANGED.]***

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD.

FOR VOTE BY NOVEMBER 22, 2004

IFTA SHORT TRACK FINAL BALLOT PROPOSAL #18-2004

(Moved to Short Track at the 2004 Annual Business Meeting)

Sponsor

Jurisdiction of Maryland

Date Submitted

February 20, 2004

Proposed Effective Date

Upon Passage

Manual Sections to be Amended

IFTA Procedures Manual	P1100	BASE JURISDICTION REPORTING
	P1110	ANNUAL REPORTING
	P1110.300	Required Information

Subject

Information Included on the Annual Report

History/Digest

As part of the Agreement, the member jurisdictions were to share registration information with the other members. IFTA, Inc. was established as a repository of information from the various jurisdictions. Part of the function of the repository was to act as a central clearinghouse of information among the members. In time, the IFTA Clearinghouse was established with the purpose of sharing the registration information electronically with all the other participating members. Additionally, there are requirements in the Articles of Agreement for notifying other jurisdictions of new licensees (R350), cancellations (R410), and suspensions/revocations. The inclusion of this number on the Annual Report seems redundant. More current and accurate information can be found through the update reports and the IFTA Clearinghouse.

In paragraph .020 of the same section, the requirement is to report the number of audits with assessment, although the Annual report asks for the number of audits with assessments including credits. This addition would just bring the language into agreement with the report.

Intent

The intent of this ballot is:

- To remove the requirement to report the number of license cancellations, suspensions, and revocations on the Annual Report.
- To add language so that the reporting requirement for audits with adjustments (assessments and credits) is uniform in the manual and on the report.

Interlining Indicates Deletion; Underlining Indicates Addition

1 PROCEDURES MANUAL

2
3 **P1100** **BASE JURISDICTION REPORTING**

4
5 **P1110 ANNUAL REPORTING**

6
7 ***[SUBSECTIONS P1110.100 AND P1110.200 REMAIN UNCHANGED.]***

8
9 **.300 Required Information**

10
11 Content of the annual report to member jurisdictions shall include:

12
13 .005 Number of IFTA accounts which shall consist of all licensees that are issued an
14 IFTA license and decals for a licensing year excluding licensees who were
15 issued credentials in error and returned those credentials to the base jurisdiction;

16 ~~.010~~ ~~Number of cancellations and suspensions/revocations;~~

17 ~~.015~~ .010 Number of audits;

18 ~~.020~~ .015 Number of audits with assessments including credits;

19 ~~.025~~ .020 Current tax rates; and

20 ~~.030~~ .025 Unusual activities within a member jurisdiction that could affect an
21 audit.
22

23 ***[SECTIONS P1120 AND P1130 REMAIN UNCHANGED.]***

THERE WERE NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD.

FOR DISCUSSION AT THE ANNUAL BUSINESS MEETING

IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL #19-2004

Sponsor

Jurisdiction of Idaho

Date Submitted

February 23, 2004

Proposed Effective Date

January 1, 2007

Manual Sections to be Amended

Articles of Agreement	R1200	ASSESSMENT AND COLLECTION
	R1230	INTEREST

Subject

Changing the U.S. Jurisdiction interest rate to a variable rate, which would be adjusted every calendar year to reflect the economic conditions of the U.S. economy.

History/Digest

Interest is the time value of money. A jurisdiction charges the licensee interest when there is an underpayment or delinquent payment of fuel tax due, but does not pay interest to the licensee when the licensee overpays fuels tax to a jurisdiction. The way the organization assesses interest and the U.S. jurisdiction interest rate, have been around since the creation of this organization. The current U.S. jurisdiction interest rate of one percent (1%) per month (12% per year), found in Subsection R1230.100 of the IFTA governing documents, was reflective of the economic conditions of the U.S. economy when it was adopted in the early 1980s. Today, it no longer reflects the current status of the U.S. economy. The current one percent (1%) per month interest rate is approximately "twice" what most U.S. jurisdictions are charging their taxpayers who are delinquent in paying their income or sales taxes. (The current interest rate for CY 2004 is six percent (6%) per year for most U.S. jurisdictions for other tax types.) Thus, the organization should change the U.S. interest rate to a "variable" rate, similar to the Canadian jurisdiction interest rate, so the U.S. jurisdiction interest rate will accurately reflect the economic conditions of the U.S. economy at all times.

By continuing to use the one percent (1%) per month (12% per year) interest rate for delinquent jurisdiction fuel tax collected under the IFTA Agreement, when the standard interest rate for other U.S. taxes is six percent (6%) per year, the organization imposes a "double penalty" on the U.S. based licensee. The base jurisdiction already assesses the licensee a penalty of "\$50 or 10 percent of delinquent fuel taxes, whichever is greater". The excessive U.S. interest charge currently in place is a second penalty. This second penalty should be eliminated so the U.S. based licensee only pays one penalty on delinquent taxes.

There is a second reason the organization should adopt a “variable” interest rate for the U.S. jurisdictions. That reason is consistency and equity. Currently, the U.S. jurisdiction interest rate is one percent (1%) per month (12% per year) and the Canadian jurisdiction interest rate is .5 per cent (.5%) per month (6% per year). To continue the current practice of using significantly different interest rates is not in the best interest of this international organization and the organization’s partnership with the trucking industry, which represents both U.S. and Canadian trucking companies. The large gap between the U.S. jurisdiction interest rate and the Canadian jurisdiction interest rate should be eliminated.

Intent

The intent of this ballot is to change the U.S. jurisdiction interest rate found in Subsection R1230.100 of the IFTA governing documents, from one percent (1%) per month to a “variable” interest rate, which would be calculated in the September / October timeframe of the preceding calendar year, for the next calendar year. A “variable” interest rate would accurately reflect the current economic conditions of the U.S. economy. The U.S. jurisdiction interest rate calculation methodology contained in this ballot is similar to the methodology used by most U.S. jurisdictions, to calculate the yearly interest rate for other types of taxes they administer. This ballot only changes the current U.S. jurisdiction interest rate. It does not change the current Canadian interest rate calculation methodology found in Subsection R1230.200 of the IFTA governing documents.

Interlining Indicates Deletion; Underlining Indicates Addition

ARTICLES OF AGREEMENT

R1200 ASSESSMENT AND COLLECTION

[SECTIONS R1210 AND R1220 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT TO R1220 IS BEING PROPOSED IN FTPBP #15-2004.]

R1230 INTEREST

The base jurisdiction, for itself and on behalf of the other jurisdictions, shall assess interest on all delinquent taxes due each jurisdiction except taxes collected directly by other jurisdictions in accordance with IFTA Procedures Manual Sections P1000 and P1120.300.

.100 U.S. Jurisdiction Interest Rate

For a fleet based in a U.S. jurisdiction, interest shall accrue at a rate of ~~one percent per month~~ equal to the rate determined under section 1274(d), Internal Revenue Code, as it applies on September 15 of the preceding calendar year, rounded to the nearest whole number plus two percent (2%). The interest rate shall be adjusted January 1 of each year, for the calendar year.

[ANOTHER AMENDMENT TO R1230.100 IS PROPOSED IN STPBP #3-2004.]

[SUBSECTIONS R1230.200 THROUGH R1230.400 REMAIN UNCHANGED. HOWEVER, AMENDMENTS TO THESE SECTIONS ARE PROPOSED IN STPBP #3-2004, FTPBP #6-2004 AND FTPBP #15-2004.]

- 1 *[SECTIONS R1240 THROUGH R1270 REMAIN UNCHANGED. HOWEVER, AN AMENDMENT*
2 *TO R1260 IS PROPOSED FTPBP #15-2004.]*

REVISION FOLLOWING THE FIRST COMMENT PERIOD

Changed proposed effective date from January 1, 2006 to a January 1, 2007.

FOR COMMENT PERIOD ENDING APRIL 9, 2004

**IFTA SHORT TRACK PRELIMINARY BALLOT PROPOSAL
#20-2004**

[THIS BALLOT INCLUDES LANGUAGE IN A310 THAT DOES NOT GO INTO EFFECT UNTIL JULY 2004.]

Sponsor

Jurisdiction of Idaho

Date Submitted

February 26, 2004

Proposed Effective Date

January 1, 2005

Manual Sections to be Amended

IFTA Audit Manual	ARTICLE A300	IFTA AUDITING STANDARDS
	SECTION A310	NUMBER OF AUDITS
	SECTION A520	STANDARD APPROACH

Subject

Defining the IFTA audit period as one year (any 12 month period) for audit counting purposes, and changing the three percent (3%) per year auditing requirement (A310), to seven percent (7%) per year.

History/Digest

Determining the appropriate level of audit coverage for jurisdictions and creating an equitable way to count audits of various sizes and complexities, which require varying degrees of time and audit staff resources, has been a problem for the membership since this organization was created. In the developmental stages of this organization, the auditing requirement was "25 per cent of a base jurisdiction's licensees every three years". The membership determined the 25 per cent auditing requirement was unrealistic, so the auditing requirement was reduced to "15 per cent of a base jurisdiction's licensees every five years". Even with this significant reduction in the auditing requirement, many of the jurisdictions still did not meet the reduced standard. And finally, the membership set the auditing requirement at "3 per cent of a base jurisdiction's licensees per year", to ensure consistency and continuity in the organization's audit coverage. It is now 2004 and the organization still has approximately thirty-three per cent (33%) of its members out of compliance with the 3 per cent per year auditing requirement. It is time to change the organization's counting methodology for the 3 per cent auditing requirement and recognize the additional time, effort and staff resources it takes a jurisdiction to complete the larger, more complex audits.

The staff resources, time and auditor effort it takes to do an audit is directly related to the size, complexity and unique characteristics of the licensee being audited. Because larger audits normally require more time and staff resources to complete than smaller audits, there exists a need to develop an equitable methodology for counting each jurisdiction's audit production. This ballot attempts to create an equitable audit count methodology by defining the IFTA audit period as one year (any 12 month period) and changing the 3 percent (3%) per year audit requirement to 7 percent (7%) per year, to reduce a jurisdiction's audit coverage by a small amount, when compared to the old 3 percent (3%) per year requirement.

Intent

The intent of this ballot is to create an equitable audit counting methodology by defining an audit period as one year (any 12 month period). The one (1) year audit period will increase the number of audits a jurisdiction can count towards its auditing requirement, if the jurisdiction continues its practice of primarily doing 3-year audits of its licensees. This counting methodology will enable jurisdictions to determine the most efficient and effective use of its audit staff resources. This ballot also provides for an equitable way for all jurisdictions to meet the auditing requirement found in Section A310 of the Audit Manual.

Interlining Indicates Deletion; Underlining Indicates Addition

AUDIT MANUAL

A300 IFTA AUDITING STANDARDS

A310 NUMBER OF AUDITS

Base jurisdictions will be held accountable for audits and will be required to complete a number of audits equal to ~~of an average of 3~~ 7 percent per year of the number of IFTA accounts required to be reported by that jurisdiction on the annual reports filed pursuant to the IFTA Procedures Manual, Section P1110.300.005, for each year of the program compliance review period, other than the jurisdiction's IFTA implementation year. ~~Such audits shall cover at least one registration year.~~ The examination of a licensee's records for one year (any 12 month period), will count as one (1) audit towards the jurisdiction's 7 percent (7%) audit requirement, if the audit meets the general audit guidelines and audit process found in Sections A320, A500 and A600. This does not preclude audits of individual licensees several times during the program compliance review period. ~~However, audits for a licensee selected that cover multiple registration years, fuel types, or both shall be counted as one audit for program compliance review purposes.~~

[SECTION A320 REMAINS UNCHANGED.]

A500 GENERAL GUIDELINES

[SECTION A510 REMAINS UNCHANGED.]

1 **A520 STANDARD APPROACH**

2
3 Audit emphasis should be placed on evaluation of the licensee's distance accounting
4 system, as distance allocation by jurisdiction is the basis for determining the licensee's fuel
5 consumption and tax obligation for each jurisdiction. It is suggested, but not required, that
6 fleet miles/kilometers be verified to source documentation for at least ~~three~~ one
7 representative quarters. The auditor shall also verify that the total miles/kilometers have
8 been properly distributed to the various jurisdictions.
9

10 To determine if the licensee's distance accounting system properly accumulates all
11 distance generated by units identified to the licensee's operation, not less than ~~three~~ two
12 representative months should be selected for audit with respect to computations of
13 jurisdiction distance via routes traveled and to assure that all miles/kilometers are
14 reported into the system. In the event that an auditor is unable to determine any
15 reasonable method to assign or allocate unreported miles/kilometers, such
16 miles/kilometers shall be assigned to all jurisdictions on the basis of each jurisdiction's
17 audited percentage of total distance. Any audit adjustment to total fleet miles/kilometers
18 of individual jurisdictions will require re-computation of the licensee's miles per
19 gallon/kilometers per liter and, consequently, the fuel tax obligation to various
20 jurisdictions.
21

22 ***[SECTIONS A530 THROUGH A550 REMAIN UNCHANGED. HOWEVER, AN AMENDMENTS***
23 ***TO A540 AND A550 ARE PROPOSED IN FTPBP #15-2004.]***