

10/31/2023

Reporting EV fuel type for jurisdictions that impose consumption tax by applying a tax rate to distance.

During the 2023 Annual Business Meeting (ABM), IFTA, Inc. and the IFTA Board of Trustees advised that starting with the 1Q 2024 period, a member jurisdiction, IN, would begin including a tax rate for Electric Vehicles (EV) on the IFTA return and the imposition of tax on the consumption fuel would be calculated by applying a tax rate to the taxable distance occurring in IN instead of applying a tax rate to taxable gallons.

We also discussed with membership the possibility of adding a separately labeled fuel type, EV-D, for IFTA reporting purposes to distinguish this taxing methodology from other jurisdictions that continue to tax EVs by applying the tax rate to taxable fuel (taxable KWh).

At the time we discussed this in our breakout session, the consensus seemed to lean towards a preference for creating a separate fuel type, "EV-D", rather than have one fuel type, "EV", and have different taxing methodologies (tax rate applied to distance for some jurisdictions and tax rate applied to taxable gallons (KWh) for other jurisdictions) reported under one fuel type.

Based on your feedback, that was the direction we were moving toward. However, after the language was amended again for Ballot 3-2023 (3rd comment period) which was also amended based on your feedback, we reverted to just having one fuel type, EV, for all electric IFTA qualified motor vehicle reporting. We also had discussions with various third-party software providers and they also indicated having one fuel type would be easier to program even with the programming difference for IN's tax calculation line item versus other jurisdictions that calculate tax by applying the tax rate to taxable gallons.

We are in the process of preparing instructions to provide some guidance to both membership and carriers on how EVs will be reported under one combined EV fuel type using both types of taxing methodologies.

Please check out website periodically for updated information and instructions on reporting EVs starting the 1Q of 2024.

Sincerely,

A handwritten signature in black ink, appearing to read "Carmen Martorana, Jr.", enclosed in a thin black rectangular border.

Carmen Martorana, Jr. CPA, MST

Executive Director, IFTA, Inc.

Email: cmartorana@iftach.org

Phone/Text: 716 812 2102

IFTA, Inc. website: www.iftach.org