

**IFTA
BEST PRACTICES
ADMINISTRATIVE GUIDE**



**BY
AGREEMENT PROCEDURES
COMMITTEE (APC)**

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This document was prepared by the IFTA Agreement Procedures Committee as a tool to assist member jurisdictions in managing their IFTA programs.

Member jurisdictions are in no way required by the IFTA Governing Documents to implement the practices contained herein. Suggested changes or additions should be addressed to the IFTA Agreement Procedures Committee.

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A. INTRODUCTION

The purpose of this guide is to document jurisdictional “best practices” which enhance administrative and compliance processes and promote a level playing field for IFTA licensees. The practices in this guide are provided to promote uniformity and to communicate efficiencies realized by individual jurisdictions to the larger IFTA community. The practices contained herein, which are not specified in the Agreement, are not binding.

This guide is intended:

- For use by jurisdictions
- To be a living document that captures additional ideas and facilitates discussion

The best practices contained in this guide are not intended to be in direct or indirect conflict with the IFTA Governing Documents. If a jurisdiction is uncertain whether a given practice conflicts with the governing documents, the practice should not be utilized by the jurisdiction.

It should also be recognized that a best practice for one jurisdiction will not necessarily be a best practice for others. Key variables in this determination include but are not limited to a jurisdiction’s:

- Legislation;
- Resources (i.e., financial, systems and staff);
- Cost/benefit analysis of change; and
- Its perspective/balance between “risk-to-revenue” and acceptable “administrative burden” for jurisdictional staff and industry

Wherever possible the most relevant sections of the Articles of Agreement, and Procedures Manual, are identified (e.g., [P320 Decals]).

The Agreement Procedures Committee would like to recognize and thank IFTA Inc., IFTA Board members, other IFTA Committees, jurisdictions, and its own members for sharing their “best practices” and assistance in the development of this guide.

B. APPLICATION / RENEWAL PROCESS

1. General - Preparation

- a) Consider identifying the carriers who have filed consecutive base jurisdiction only and/or zero mile/kilometer returns. Once identified, remove them from the renewal process. This eliminates the inflated population of carriers who no longer qualify for IFTA according to their reporting. This can impact the number of audits required for your jurisdiction. It can also identify carriers who are misreporting. [R345.300 License Renewal]
- b) Consider running a report in the Commercial Vehicle Information Exchange Window (CVIEW) to identify all the Federal Out-of-Service (FOOS) orders that involve your jurisdiction's carriers. Put identifiers on these accounts to stop IFTA License renewal until the FOOS order is cleared. Carriers will need to contact Federal Motor Carrier Safety Administration (FMCSA).
- c) Consider running the Carriers in Multiple Jurisdiction report and Active/Inactive report in IFTA demographics to identify any carriers that have active or revoked IFTA accounts in another jurisdiction. You may choose not to renew them until they decide on their base jurisdiction or clear their revoked account. Some carriers don't understand the base jurisdiction concept. Some jurisdictions do not check Clearinghouse before issuing an IFTA license.
- d) Ask applicants to specify whether or not they hold an active license in another jurisdiction or whether or not they have ever held an IFTA license that has been revoked in another jurisdiction. [R330 Application Processing; R335 Non Issuing of License, R400 Cancellation, Revocation and Suspension]

Benefits:

- The jurisdiction is able as part of its application/renewal screening process to identify high risk applications which can either be rejected, or approved with conditions
 - Most jurisdictions can use this as a binding statement in cases where the answer was later found as inaccurate
- e) Consider providing refresher training to renewal processing staff prior to the renewal period. Also organize a follow up meeting post-renewal season to review and discuss how the renewal process went, to identify problems, and discuss suggestions to improve the next renewal season's process. [R360 Providing Information to Licensees]

Benefits:

- Allows IFTA staff to stay updated, involves them in the process and avoids any process misunderstandings
 - Better educated staff translates into increased service delivery for the IFTA clients
 - Processed applications are more likely to contain all necessary information
 - Reduces likelihood of issuing licenses to carriers not in good standing
- f) Consider allowing licensees to request a sufficient number of decals (i.e. 10% of their registered IFTA fleet) to cover their operations throughout the calendar year. If done, the jurisdiction should communicate that the proper controls and accounting for such

decals may be examined at any time throughout the decal year and at the time of an audit.

Benefits:

- Reduced administrative burden for licensees and jurisdictions as fewer temporary permits and additional decal requests are required

g) Consider charging a fee for late renewal applications.

- This may entice the carrier to submit a timely renewal
- Some jurisdictions hire a temporary position to process renewals
- Renewals received outside this time frame put an additional strain on full-time staff

h) Consider offering an electronic application/renewal process and electronic payment option. With electronic processing your jurisdiction may require third quarter return to be filed and paid prior to sending out the license and decals. [R300 Application and Renewal]

Benefits:

- Applications/renewals arrive quickly without delays that can sometimes be experienced with reliance on postal services
- Time is saved due to the fact that the manual entry of the information is no longer necessary
- Allows accurate information and payment calculations to be submitted through system validations, minimizing errors on the application

i) Consider offering an automatic renewal process for carriers in good standing. [R345.200 License Renewal Automatic Renewal]

Benefits:

- Helps reduce the backlog at year end
- Spreads the renewals out over a more manageable period of time

j) Order decals with placement instructions (e.g., surface cleaning/preparation, and placement diagram) printed on the back of each decal. [R360.100 Decals]

Benefits:

- Reduced decal loss during the year
- Assist roadside enforcement by identifying IFTA vehicles faster

Note: See example in Appendix A.

k) Order decals early enough (e.g., delivery in September) to be examined/tested and replaced if necessary prior to distribution to licensees, and consider obtaining written assurance from the vendor the decals will meet minimum specifications. [P320 Decals]

Benefits:

- No delay in distributing credentials to licensees

- l) Test decals when received for:
- Color, letter size, and batch consistency
 - Adhesion in both hot and cold water conditions (e.g., inside glass or cup in dishwasher and freezer)
 - UV resistance to fading (e.g., a high intensity light bulb or sun lamp)
[P320 Decals]

Benefits:

- No delays in distributing credentials to licensees
- Reduce potential problems occurring after decals are distributed

Note: Testing is important as decals can potentially be attached/valid for a 16-month period (i.e., two months prior to new calendar year to the end of the two month grace-period)

- m) Ask applicants to specify where their vehicle(s) are actually registered and VIN information for each registered vehicle. [P120 License Application Content and R212 Definition of Base Jurisdiction]

Benefits:

- Use information to verify if the licensee holds other licenses or has a delinquency record for that jurisdiction

- n) For those applicants who have an IRP account in the same jurisdiction as their IFTA account, ask them to provide their IRP prorate number. [P100 License Application Content]

Benefits:

- IRP information may be cross referenced to identify possible registration errors/irregularities and potential audit leads
- IRP may also be used to establish IFTA's "operational control" requirement (i.e., if a carrier has an IRP account they don't need to otherwise document that they have operational control in the jurisdiction)

Note: This suggestion is best suited for the initial application as some jurisdictions use a much shorter/simpler form for renewals. Other jurisdictions use the same form for both the initial application and annual renewal process, as a method of reconfirming existing data.

- o) Request licensees provide an e-mail address, USDOT#, and registered VIN# of each IFTA vehicle in their fleet. [P100 License Application Content]

Benefits:

- E-mail addresses provide jurisdictions an additional way to contact licensees regarding their account
- USDOT and Vehicle Information are an additional way to identify and cross-reference licensees for possible registration errors/irregularities and potential audit leads (e.g., USDOT placed "out of service")

Note: E-mail is not considered a “secure” communication tool in some jurisdictions.

2. Application / Renewal - Mail Out

- a) Mail/e-mail renewal application forms/notices early (e.g., mid-September with Q3 returns). [R345 License Renewal]] E-mail notification to electronic mandated filers

Benefits:

- Reduces mail out costs for jurisdictions if mailed with Q3 returns in September
- Allows licensees to submit renewals earlier and jurisdictions to spread the renewal process over a longer time-period
- Allows credentials for licensees in good standing and with a large number of vehicles to be released earlier, allowing licensees to distribute the decals/license to vehicles prior to the end of December
- Reduces the number of calls from licensees inquiring about obtaining their applications

- b) Mail a separate notice to all carriers not eligible for renewal in mid-October advising they will not be renewed until their account has been brought into good standing, and specifying the reason (e.g., delinquent returns, no travel, balance owing).

Benefits:

- Allows carriers, who are not compliant, time to get their IFTA account into compliance so they may be renewed timely
- Promotes voluntary compliance and reduces year-end/grace-period pressures

- c) Ensure credentials are distributed to all licensees in good standing in adequate time for distribution to vehicles. [R625 Display of Decals and R630 Display of Renewal Credentials]

Benefits:

- Provides ample time for licensees to distribute credentials to all qualified motor vehicles before the end of the calendar year
- Reduces administrative burden of licensees contacting the base jurisdiction regarding their renewals

3. Application / Renewal - Screening

- a) Cross-reference all new applications with the Clearinghouse to verify if the carrier is or has been previously suspended or revoked in any other jurisdictions. If an applicant is found to have been previously suspended or revoked in another jurisdiction, require that applicant to resolve adverse status prior to receiving a new license. [R335 Non-Issuance of License]

Benefits:

- Prevent a new license from being issued if another jurisdiction has previous revocations or delinquencies

Note: Not all jurisdictions are part of the Clearinghouse.

- b) Cross-reference business information (e.g., legal name, address, and director/corporate officer names) provided on application with other databases within the jurisdiction. [R330 Application Processing]

Benefits (most significant with new applicants):

- Ensures that business information is correct and consistent, across jurisdictional programs
- Ensures that the correct legal entity and other key data elements required in P310 are printed on the IFTA license, assessments and other IFTA documents

- c) Evaluate new applicants to determine if they should apply/register for other jurisdictional programs (e.g., import/export licensing, IRP registration, USDOT registration, safety, etc.). [R330 Application Processing]

Benefits:

- Ensures voluntary compliance with other programs
- Enhanced customer service by jurisdictions towards its licensees

- d) Verify carriers are in good standing (i.e., all tax returns filed and all monies paid) before distributing their renewal credentials (i.e., next year's IFTA license and decals). [R345 License Renewal]

Benefits:

- Enhanced compliance/increases the number of Q3 returns received on time

C. LICENSEE TRAINING / EDUCATION

General

- a) Establish an IFTA specific website with all forms and links available to relevant sites such as IRP and IFTA Inc. [R360 Providing Information To Licensees]

Benefits:

- Carriers and licensees' have continuous access to detailed program information
- Greater understanding of program expectations and improved compliance

- b) Consider offering training sessions for the industry multiple times per year. [R360 Providing Information to Licensees]

Benefits:

- Assist carriers and agents with IFTA requirements and educate them on any legislation or policy changes made in your jurisdiction
- Helps identify and address record keeping problems
- Establish trust ties and provides an opportunity to build stronger relationships
- Fewer problems with record keeping

- c) Consider developing and distributing training DVDs/videos. [R360 Providing Information to Licensees] consider creating a training link video on the website which requires no postage or product going out.

Benefits:

- Helps to reach a broader audience
- Potentially more convenient for licensees
- Fewer problems with record keeping
- Easily updated with any changes

- d) Consider making educational visits/calls to new licensees to explain record keeping and other licensee requirements. [R360 Providing Information to Licensees]

Benefits:

- Helps identify and address record keeping problems
- Establish trust ties and provides an opportunity to build stronger relationships
- Fewer problems with record keeping

- e) Consider using existing materials/resources to enhance communication/information sharing with licensees. [R360 Providing Information to Licensees]

For example:

- Print the IFTA license on 8 ½” by 11” paper using the bottom third for the actual license, and the top two-thirds for instruction on tax filings, license cancellation, etc.
- Reference the IFTA website, and a generic e-mail address for licensees to submit questions/suggestions, on licenses, tax returns, and correspondence with licensees
- Send system wide e-mail blasts to all carriers informing them of renewal due dates, return due dates, split rates, etc.

Benefits:

- Improved communication with licensees keeping them informed of issues/changes that may impact them
- Greater licensee understanding of program expectations and improved compliance

- f) Consider scheduled mailing or e-mailing guides, pamphlets, notices and/or newsletters with IFTA tax returns reminding licensees about their responsibilities. [R360 Providing Information to Licensees]

Key topics include:

- Commonly Asked Questions and procedural information or credential related information (e.g., Qualified Motor Vehicle).
Note: Recreational vehicle “test” (i.e., not depreciated for income tax purposes, no business advertising, and no commercial driver’s license)
- Instructions pertaining to licensing, and return preparation (e.g., top ten reporting/return errors)
- Record keeping and records retention

- What to expect when audited, and what to expect with enforcement activity
- Changes to the IFTA Governing Documents

Benefits:

- Improved communication with licensees keeping them informed of issues/changes that may impact them
- Fewer errors on applications, renewals and returns
- Greater licensee understanding of program expectations and improved compliance

Note: See example in Appendix 2.

- g) Consider providing carrier training and some communication materials in other languages used by your carrier base (e.g. Spanish, Punjabi, Hindi, French, etc.). [R360 Providing Information to Licensees]

Benefits:

- Brings vital information to carrier groups in their primary language

Note: French is an official language in Canada. As an alternative, jurisdictions could identify members of their staff able to communicate fluently in other languages to act as interpreters.

- h) Provide a "subscription service" to the licensee. Licensees provide their e-mail address, enabling the jurisdiction to send out bulletins of updated information.

Benefits:

- Licensees can receive automatic information updates when changes occur

- i) Post online filing, return, and registration instructional videos on website.

Benefits:

- Carriers and licensees' have continuous access to detailed program information
- No media inventory or postage costs
- Can be easily updated

D. IFTA EXEMPTIONS

General

- a) Ensure that information in the IFTA exemption database is regularly updated. All fuel, vehicle and distance exemptions should be clearly listed along with procedures licensees must use to avail themselves of those exemptions. [P1130 Reporting of Other Information]

Benefits:

- Reduces licensees misunderstandings
- Assists auditors in their review of tax returns where the total and taxable distances differ in specific jurisdictions

- b) Ensure that information regarding nontaxable use of fuel is disseminated to carriers

allowing them to request the proper refunds. (Examples include: non-motive use of fuel (i.e. PTO, idle time), dyed fuel, farm use, and alternative motor fuels)

Benefits:

- Licensees are able to identify refund opportunities available to them in other jurisdictions

E. TAX RETURNS

1. General - Processes / Content

- a) Consider providing an electronic (i.e., web-based) worksheet for licensees to reduce math errors and processing time for staff. [R940 Tax Return Format Format]

Benefits:

- Minimizes calculation errors

- b) Consider offering electronic filing of the tax return and payment. [R940.300 Tax Return Format Electronic Return]

Benefits:

- Returns are accurately calculated
- Time is saved due to the fact that the manual entry of the information is no longer necessary
- Returns aren't submitted until all required information is entered by the taxpayer
- The quarterly returns and payments arrive quickly without delays that can sometimes be experienced with reliance on postal services
- Save on postage and paper expenses

- c) Consider adding a "global message" section on the first page of all preprinted tax returns (i.e., a small area on the first page of the return where the jurisdiction can provide high-level information to all licensees). An alternative is to utilize the back of the return. [P720 Required Information; R950 Required Information]

Examples include:

No Travel outside the "Jurisdiction"

Even if you did not travel outside "jurisdiction", you are still required to file an IFTA quarterly tax return. Simply check the "No Travel" box in section 1, complete (i.e. sign and date) the Certification section, and mail or fax it to us before the return's due date.

Year IFTA License and Decals (Q3 Return)

Your current IFTA license and decals expire on December 31, *Year*. Renewal forms and instructions for next year will be mailed to you in late October. Please note that any outstanding tax returns for the current year must be filed and all taxes paid before we will process any renewal request.

General Information

For additional information or assistance please call the following number or e-mail the following address.

Benefits:

- Allows the jurisdiction to communicate with licensees about changes to penalties, interest, procedures or other important IFTA matters
- Provides an opportunity to educate licensees and to keep them informed

2. Tax Returns - Calculations / Submission

- a) Ensure licensees are aware of how to complete their tax return. For example, in an instruction document, show licensees how to round to the nearest whole number

(e.g., 500.49 is rounded to 500; and 500.50 to 501). [R360 Providing Information to Licensees; R910 Reporting Requirement]

Benefits:

- Reduced staff time processing tax returns in error
- b) Ensure licensees are aware of their tax return obligations. [R360 Providing Information To Licensees; R910 Reporting Requirement]

For example, in an instruction document indicating:

- Tax returns and the full payment of any taxes owed are due quarterly, on or before the last day of the month following the end of the reporting period, even if there was no travel activity outside of their base jurisdiction
- For tax returns to be considered filed timely:
 - Returns must be postmarked on or before the due date;
 - If the due date is a Saturday, Sunday, or legal holiday (e.g., the next business day is considered the due date)
- If the tax return is not filed by the due date, it is considered delinquent and the licensee will be subject to penalty and interest provisions
- If a payment is not received by the return due date and the licensee has no credit available, the payment is considered delinquent and the licensee will be subject to penalty and interest provisions

Benefits:

- Licensees are more aware of their obligations and more likely to submit their returns on time
- Reduced staff time processing tax return delinquencies

F. REFUNDS

General

Consider paying refunds only when requested by licensees, and using the resulting credits to offset future liabilities. (Potential “check” box on tax return) [R1100 Credits and Refunds]

Benefits:

- Reduces administrative burden for the base jurisdiction
- Reduces future licensee liabilities by the amount of the credit

G. TRANSMITTALS

General

- a) Consider reviewing your data prior to transmitting it to the Clearinghouse:
- Check total miles/kilometers versus taxable miles/kilometers for discrepancies on lines of jurisdictions that do not allow exempt miles/kilometers. If a forbidden exemption was taken, correct it at the account level so the problem is resolved before transmitting the data
 - Check taxpayer calculations before including them in the transmittal data (check for implausible MPG/KPLs, excessive tax paid gallons/liters claimed, other exemptions not allowed)
 - Check amended return figures - if original return is reversed, verify that it is done correctly and that amended return calculations are correct

- Make sure audits are posted and transmitted correctly
- b) Consider checking data uploaded from other jurisdictions
- Did the other jurisdiction allow exemptions in alignment with your jurisdiction's specifications?
 - Are the calculations used in the data lines correct (MPG/KPL, taxable gallons/liters, tax rate/tax/interest)?
 - Can the large credit due calculations be substantiated? (Perhaps an e-mail or call on large payout expectations)
- c) Have your computer system auto-calculate fields like MPG/KPL, taxable miles/kilometers (less the jurisdictions with exemptions), taxable gallons/liters, net taxable gallons/liters, tax rate, surcharge rate, tax or credit due, interest, all grand totals. This eliminates many data entry errors and ensures better quality data for the transmittal.

H. DESK AUDIT

General

- a) Consider conducting regular books and records reviews (i.e., desk and field audit) [A320 Selection of Audits; R1300 Audits]

Examples include:

- Fuel purchase and consumption trends
- Leads from field inspectors/enforcements
- Review all refund requests for reasonableness of MPG/KPL and contiguous travel

Benefits:

- Immediate identification of record keeping issues rather than waiting for a full audit to be assigned
- Offers an additional opportunity to educate licensees regarding possible problems
- Improved compliance and audit recovery

- b) Consider cross-referencing various third party information sources for audit leads. Look for licensees with an event in a jurisdiction and no travel reported for the corresponding quarter. Share with the base jurisdiction, if appropriate. [A320 Selection of Audits; R1300 Audits]

Examples include:

- Roadside violations and crashes (available on SAFER)
- Over limit permits issued and compared to your IFTA system for your licensees or to the Clearinghouse for out-of-state licensees
- CVIEW reports which list roadside inspection's origins and destinations

- c) Organize an annual meeting between field auditors and renewal/return processing staff to discuss issues/findings and potential enhancements. [A320 Selection of Audits; R1300 Audits]

Benefits:

- Improved compliance and audit recovery
- Level playing field between businesses

I. ADMINISTRATIVE COMPLIANCE

1. General

- a) Consider reviewing your jurisdiction's legislative authority, policies and administrative practices, and staff knowledge to deal with suspended, revoked or cancelled licensees, in a fair and consistent manner at roadside.

Benefits:

- Reduces problems/potential credibility issues

- b) Download suspended, revoked and cancelled licensee information from the IFTA Clearinghouse and provide to roadside staff and law enforcement, on a regular basis, or provide direct access to computer systems. [P900 Base Jurisdiction Recordkeeping, R420.200 License Suspension and Revocation and R430.300 Licensee Reinstatement]

Benefits:

- Improved compliance
- Subject to jurisdictional law, potential for IRP to hold renewals until the carrier is compliant with IFTA

- c) Consider providing carrier travel information to IRP (prorate) staff annually. [P900 Base Jurisdiction Recordkeeping]

Benefits:

- Allows IRP to compare the carrier's anticipated jurisdictional travel identified in IRP application form against actuals reported on the IFTA tax return
- Provides an opportunity for improved, two-way communication/information exchange

- d) Consider providing a list of revoked accounts to IRP prior to their renewal season.

Benefits:

- Allows them to delay plate renewal until they come into IFTA compliance
- Alerts them to problems that may exist with the carrier
- Provide a united front to carriers emphasizing need for compliance in all areas

Note - May need an interagency agreement authorizing exchange of confidential information between the two agencies

- e) Provide timely (e.g., phone, fax or e-mail) communication to enforcement staff in surrounding jurisdictions regarding non-compliant licensees traveling towards them. [P900 Base Jurisdiction Recordkeeping]

Benefits:

- Stronger incentive for licensees to operate in a compliant manner
- Level playing field between businesses
- Supports law enforcement efforts to do their job
- Promotes reciprocity in upholding the IFTA agreement

- f) Organize a partnership with bordering jurisdictions such as a unified enforcement activity at various times throughout the year on major truck routes entering/leaving your jurisdictions. For example, in early March (after grace period), deploy sufficient staff to issue jurisdictional citations or assessments to licensees not in compliance with the IFTA for a continuous 72 hour period at strategically selected locations.

Benefits:

- Brings hundreds of licensees into compliance with jurisdictional laws pertaining to interstate travel
- Brings many licensees into compliance with the IFTA
- Brings in revenue to the jurisdictions

Note: This could be state-to-state, province-to-province or state-to-province

- g) Establish a 1-800 (toll free) TIPS line for licensees, other licensees, and the general public to offer anonymous information on non-compliant activities of others.

Benefits:

- Allows licensees to anonymously identify non-compliant licensees
- Promotes a level playing field between licensees

- h) Discuss proposed ballots with staff to capture feedback and comments.

Benefits:

- Offers an additional opportunity to involve staff and get their input

2. Dealing with Return and/or Payment Delinquencies

- a) Ensure adequate suspension, revocation and enforcement activities are occurring.

For example:

- Communication to roadside agencies by flagging the suspended or revoked licensees [R430 License Suspension and Revocation] (Note: CVISN enables this process)
- Site visits to suspended, revoked or cancelled licensees to ensure vehicles are no longer traveling with IFTA credentials
- Provide authority to enforcement officers to either collect on delinquent accounts or to seize/remove plates or decals from offenders
- Denying IFTA and or IRP registration or renewal
- Share delinquency information with the Department of Motor Vehicles and request that they flag the records of the licensee through the DMV and prohibit carriers from renewing their license or registration until they comply with IFTA
- Consider charging a reinstatement fee and requiring a bond for security for carriers with multiple revocations. The security can be returned only after demonstrating compliance in the future

Benefits:

- Stronger incentive for licensee's to operate in a compliant manner
- Level playing field between businesses

J. COMMUNICATION / CLEARINGHOUSE

1. General Communication between Government and Industry:

- a) Audit staff
- b) Enforcement staff
- c) Other jurisdictions
- d) Legislature
- e) Courts
- f) Consider e-group communications within IFTA

2. IFTA Clearinghouse

- a) Update Clearinghouse information, including IFTA decal serial number information, frequently so that other jurisdictions have timely information. [P320 Decals]

Benefits:

- Allows roadside law enforcement to quickly identify suspended, revoked and cancelled licenses

- b) Check prospective licensees in the Clearinghouse for adverse statuses from other jurisdictions. Require the applicant to resolve the adverse status prior to receiving a new license. [R330 Application Processing; R335 Non-issuance of License, R400 Cancellation, Revocation and Suspension]

Benefits:

- The jurisdiction is able to identify high risk applications which can either be rejected, or approved with conditions

- c) Compare licensee violation and crash data occurring in other jurisdictions, which is available on SAFER, with your licensees' tax returns to see if the licensee reported distance in that jurisdiction for the appropriate quarter. [A320, Selection of Audits; R 1300 Audits]

Benefits:

- Helps target scarce audit resources toward licensees with potential reporting problems

- d) Compare out-of-jurisdiction licensees with violation and crash data occurring in your jurisdiction, which is available on SAFER, with the Clearinghouse to see if the licensee reported distance in your jurisdiction for the appropriate quarter. Report any licensees to their base jurisdiction for possible audit, if appropriate. [A320, Selection of Audits; R 1300 Audits]

Benefits:

- Helps target scarce audit resources toward licensees with potential reporting problems

K. PROGRAM COMPLIANCE REVIEWS

1. General

- a) Jurisdictions can prepare for compliance reviews by doing an annual self-assessment using the worksheets used by review teams and which are available on IFTA's website and the Clearinghouse. [P1200 Program Compliance Reviews]

Benefits:

- Allows jurisdictions to identify and correct noncompliance issues as soon as possible, and although the review team may cite the jurisdiction for the noncompliance during the review period the jurisdiction can respond that the issue was already fixed so there should be no follow-up necessary

- b) Consider establishing on-going record keeping/management processes in preparation for compliance reviews. [P1200 Program Compliance Reviews]

For example:

- Keep a list of when the Clearinghouse is updated with demographic information. For non-Clearinghouse members keep a record of when the various required reports are sent (revocation, reinstatement, etc.)
- Run a periodic Clearinghouse report to check on the timeliness of transmittals
- Keep a record of when interjurisdictional audit reports are sent
- Keep a running balance of audits completed vs. required both total number and high and low
- Keep up to date on unprocessed returns
- Review A690.600 if using option 1 to distribute audit funds
- Ensure decals meet specs (e.g., size, color, white letters, etc.)
- Update the carrier manual or at least review each year

Benefits:

- To realize and correct issues prior to them escalating and becoming findings at your jurisdictional peer

- c) Review program compliance reports on other jurisdictions. [P1200 Program Compliance Reviews]

Benefits:

- An opportunity to get operational ideas from other jurisdictions and to identify areas of concern

- d) Review the IFTA Governing Documents occasionally.

Benefits:

- To maintain familiarity and ensure your jurisdiction is operating from the most current versions

L. REPORTING OF NON-RECEIPTED FUEL / RETURNS WITH ZERO FUEL PURCHASED IN A QUARTER

The Articles of Agreement (R820 Taxable Fuel Use) state that all motor fuel acquired, that is normally subject to consumption tax, is taxable unless proof to the contrary is provided by the licensee. The licensee must report all fuel placed in the supply tank of a qualified motor vehicle as taxable on the return.

For times when fuel is acquired without the benefit of a receipt or left over in the fuel tank from the previous quarter's purchases, it must be accounted for on the IFTA return. The IFTA Procedures section on Standard Tax Returns (P700-720) uses the terminology "fuel used" and "total fuel consumed" to account for all the fuel used by the fleet (receipted and non-receipted implied). By accounting for total fuel consumed, licensees can calculate an accurate fleet MPG/KPL for taxing purposes.

- Consider the possibility that fuel consumed may be more than the total of tax paid receipted fuel. The venue for claiming receipted tax paid fuel is in the tax paid gallons or liters column.
- Consider creating system edits to compare the total fuel consumed versus the total tax paid purchases. If claimed purchases are less than consumption that may be ok; however, if purchases are greater than consumption by a determined amount (tolerance) there may be cause for question or adjustment. Sometimes licensees have excessive tax paid gallons because they erroneously include reefer fuel, bulk deliveries, and use total price instead of gallons/liters. A tolerance with built in edit can help catch these anomalies.

M. MISCELLANEOUS (A placeholder for additional suggestions/future consideration)

Native Indians/First Nations:

- Identification of non-taxed fuel sites
 - Consider that no fuel is exempt as carrier has accepted "taxation concept" in joining IFTA.
 - Jurisdictions with prominent reserve land make efforts to educate their carriers on the tax implications of buying fuel either on reserve, or at Native operated fuel sites.
 - Jurisdictions should be informed of their tax codes relative to Native sovereignty, as well as landmark court decisions on the subject, including any new rulings that are made since it has the potential to impact how tax is administered for purposes of IFTA.
- Best method for carriers on their returns to identify and estimate/report for lost/destroyed records

Define Revoked, Suspended and Cancelled so all jurisdictions use the same terminology. (Ask law enforcement if they treat licensees that are suspended any differently than they treat licensees that are revoked x-ref annual report)

- Establish a uniform time period to update the jurisdictional exemptions on the Clearinghouse
- Establish a checklist for renewal application verification (example: Registered with Secretary of State, Registered with UCR, no outstanding bills, DOT # agrees with Safer etc.)
- Establish a jurisdictional 'Affirmation to Maintain Records' and have it be submitted with the renewal/new applications each calendar year
- Consider establishing an ID process for walk-in applicants to ensure confidentiality policies

APPENDIX A (Page 1 of 1)

Decal Placement Diagram



Application Instructions

1. Remove prior years' decals.
2. Prepare the area where the decal will be applied by washing with soap and water, cleaning with a petrochemical based solvent cleaner, and wiping with warm water (no soap) and towel dry.
3. Peel decal from paper backing by bending backward at centre and lifting edge.
4. Position decal on surface and rub firmly.

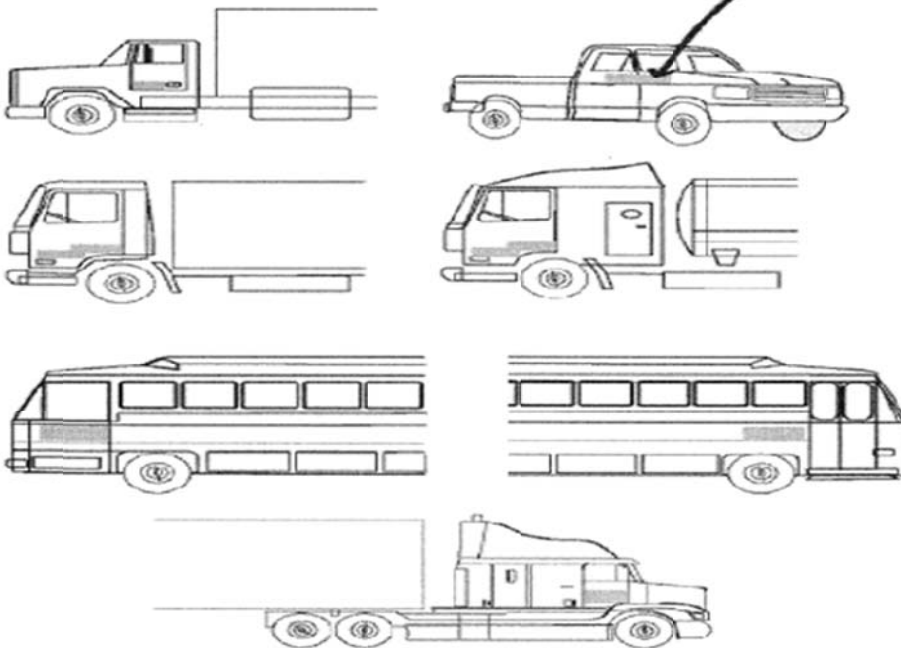
Decal Placement

One of the two decals issued for an IFTA vehicle must be placed on the lower, rear exterior portion of the cab's passenger side, and the second matching decal placed on the driver's side of the vehicle in a similar position. Failure to display both decals in the required locations may subject the vehicle operator to the purchase of a trip permit and/or a citation.

Note:

- *These placement instructions are intended to aid licensees. Since placement of decals in obscure locations on the vehicle can increase the time it takes to process a vehicle through an enforcement facility, these instructions are provided to mitigate that effect.*
- *Jurisdictions should not use these placement instructions to issue citations to licensees who do not strictly conform to them.*

Place your IFTA decals in the shaded areas.



Avoid costly delays on the road by affixing your valid IFTA decals in the recommended shaded locations on both sides of the vehicle. These locations have been endorsed by your jurisdiction and the IFTA Law Enforcement Committee. Do not place IFTA decals on windows, mirrors, trunks, or vents. Please remove all expired or non-valid decals.

IFTA Carriers: 200X Summary of Responsibilities (Sample)

Information in this 200X Summary of Responsibilities is provided for your convenience and is not a replacement for the law or the terms of the International Fuel Tax Agreement. For more detailed information on IFTA, including links to the *jurisdiction name* legislation, the International Fuel Tax Agreement (IFTA) Operating Manual for *jurisdiction name*, the carrier license application, and IFTA quarterly fuel tax return forms and instructions, please visit our website at *jurisdiction name website address*.

Licenses and Decals

- Carriers are responsible for ensuring copies of the IFTA license and decals are properly distributed and accounted for (e.g., a log of decals issued, to which vehicle and the date attached). Carriers are also responsible for ensuring that distances traveled by all 'IFTA decaled' motor vehicles are reported in their quarterly tax returns.
- A vehicle will not be considered to be operating under the IFTA Agreement unless a valid and legible copy of the IFTA license is carried in the vehicle and a set of two decals appropriately displayed on the exterior portion of both sides of the vehicle's cab.
- Detailed placement and application instructions are provided on the back of each decal.
- Failure to display a copy of the license or decals may subject the vehicle operator to citations and/or fines each time the vehicle enters an IFTA jurisdiction.
- The IFTA Carrier License is valid until December 31st of the year issued. A renewal form will be sent to you in October for the next calendar year.

Tax Returns

- Tax returns and full payment of any taxes owed are due quarterly, even if there is no inter-jurisdictional travel activity.
- The return due date is the last day of the month following the last month of the reporting period. If that day is a Saturday, Sunday, or legal holiday, the next business day is considered the due date.

| <u>Reporting Period</u> | <u>Return Due Date (On or Before)</u> |
|---|---------------------------------------|
| 1 st Quarter (January, February, March) | April 30 th |
| 2 nd Quarter (April, May, June) | July 31 st |
| 3 rd Quarter (July, August, September) | October 31 st |
| 4 th Quarter (October, November, December) | January 31 st |

For returns to be considered on time, the following is required:

- Mailed returns with full payment must be postmarked by the national postal service of the United States of America, United Mexican States, or Canada, on or before the due date; or
 - If not mailed, returns with full payment, must be received and date-stamped by a *jurisdiction name office/location* on or before the due date; and
 - In all cases, payments must be negotiable on or before the due date, and payable in *Canadian or US* funds to the *jurisdiction name*.
 - If your return indicates no tax due, you must mail, fax, or file online on or before the due date.
- Please do not file multiple copies of the same return (e.g., do not both mail and fax the same return) as this delays the processing of returns and refunds.

APPENDIX B (Page 2 of 2)

IFTA Carriers: 200X Summary of Responsibilities (Sample Continued)

If your return is late or any taxes owed to any IFTA jurisdiction are not paid in full:

- a) Your license may be suspended or revoked for all IFTA jurisdictions;
 - b) A Notice of Assessment may be issued for the estimated amount of tax due plus a penalty equal to \$50 or 10 percent of the delinquent taxes, whichever is greater. Interest may be assessed for the late return or taxes owed and any subsequent returns or payments which are late; and
 - c) The *jurisdiction* may take action to collect amounts owed.
- Delinquent returns and payments must be received and processed before a suspension is lifted. This may take up to xx **business days** from the postmark date or the date stamped by a *jurisdiction name office/location*.
 - Please notify the *jurisdiction name office/location* of any changes (e.g., address, phone number etc.) in writing or note your changes directly on your quarterly tax return.
 - An IFTA electronic tax return form and instructions are now available.

Records

- It is the licensee's responsibility to maintain accurate records of fuel purchases and distance traveled for all inter and intra-jurisdictional operations of 'IFTA decal' vehicles.
- For audit purposes, records supporting IFTA tax returns must be kept a minimum of four years from the date a return is submitted. However, for non-IFTA vehicles and equipment, records must be retained for seven years.

Website for *jurisdiction name office/location* IFTA Carriers

The website address *website address* contains the following:

- The current IFTA Operating Manual for Carriers;
- Tax Bulletins and Notices specific to Carriers;
- Forms and instructions for completing a IFTA License Application;
- Instructions for Completing the Quarterly Tax Returns; and
- An electronic IFTA tax return form at *website address*

Contact Us

If you require further information on any of the above, please visit our IFTA website at *website address* or contact the *jurisdiction name office/location* by:

Phone:

- xxx-xxx-xxxx
- For toll-free access xxx-xxx xxxx.
- Fax: xxx-xxx-xxxx

E-mail:

- *jurisdiction* e-mail address

Appendix C

IFTA Best Practices Guide - Standardized Process for Review, Approval and Release

Process for Initial Guides

1. Working drafts reviewed by all committee members and Board liaisons, as coordinated by the committee chair and vice-chair.
2. All changes and versions should be tracked and documented accordingly.
3. Upon authorization of lead Board liaison, final working draft released by IFTA, Inc. to membership and other committees for comment, where applicable.
4. All comments, amendments and feedback to be discussed by entire committee and majority approval for final draft.
5. Final draft presented to Board for feedback and approval.
6. Upon Board approval, final guide released to membership and posted on IFTA website.

Process to Update Published Guides

1. Committees will be designated as the responsible party for maintaining their guide.
2. Suggestions for revisions or additions should be made directly to the chair/vice-chair of the responsible committee and can be submitted by any member jurisdiction, industry, IFTA staff, committee members, Board, etc.
3. Proposed revisions would be considered by the entire committee in cooperation with the Board liaisons, and ultimately approved by the Board.
4. Any revisions to IFTA (Articles of Agreement, Audit Manual and Procedures Manual) that are made should be reviewed for possible changes to the guide(s).

Each responsible committee should review their entire guide at least once every.