

FOR VOTE BY JANUARY 28, 2019.



**IFTA FULL TRACK FINAL BALLOT PROPOSAL
#04-2018**

Sponsor

Jurisdiction of British Columbia

Date Submitted

March 23, 2018

Proposed Effective Date

January 1, 2020

Manual Sections to be Amended

IFTA Procedures Manual

P1120 TAX RATE REPORTING

Subject

Establishing a firm cutoff date or lockdown date for tax rate changes

History/Digest

Under P1120.300 jurisdictions are “*relieved from taking extraordinary measures to implement*” tax rate changes less than 60 days prior to the due date the tax return ⁽¹⁾ however “*extraordinary measures*” is not defined. At some point though, there needs to be a firm cut-off date or lockdown date to give base-jurisdictions adequate time to receive, upload and test their web based tax returns and tax system before making tax returns available to their licensees.

Without a firm cut-off date for tax rate changes, each time a late rate change is communicated outside a base-jurisdiction there is an increased risk of inconsistencies and additional work being created for other jurisdictions and their IFTA carriers. As an example:

- Jurisdiction A - communicates a late tax rate change.
- Jurisdiction B – does not have sufficient time to accommodate the change in their IFTA system but 10 IFTA carriers within Jurisdiction B or their service providers/tax preparers are able to accommodate the late change.
- This results in those 10 IFTA carriers submitting returns to Jurisdiction B going into error (i.e., the amount due on the tax return differing from what the jurisdiction’s financial system calculates). Then the returns/payments needing to be manually processed, potentially amounts written-off, and/or assessments/refunds issued or denied and then explained to 10 frustrated carriers. Different rates also have the potential to create additional work later for IFTA auditors and jurisdictions during IFTA Program Compliance Reviews.

¹ –There have been nine (9) occurrences since Q2 2015.

Intent

This ballot is intended for the convenience of jurisdictional staff, IFTA carriers and service providers/tax preparers. The intent is to establish a firm cut-off date or lock down date for tax rate changes to ensure consistency between the tax rates each jurisdiction sends to their carriers, the tax rates posted on the IFTA Tax Rate Matrix; and the tax rates service providers/tax preparers' use or provide to their IFTA clients.

The ballot is not intended to limit the ability of any jurisdiction to set or change their tax rates any time they choose. It is intended only to limit communication of a late tax rate change to others (i.e., those outside the jurisdiction making the late change) after a specific cut-off date.

Interlining Indicates Deletion; Underlining Indicates Addition

1 **P1120 TAX RATE REPORTING**

2
3 **.100 Reporting Requirement**

4 Member jurisdictions are required to notify the repository at the earliest possible time of a
5 change in their tax rate. The repository will then immediately notify each member
6 jurisdiction. Any rate changes received by the repository less than 60 days before the
7 due date will not be communicated to member jurisdictions, nor will jurisdictions
8 communicate this information directly to other member jurisdictions or to service
9 providers until the following Quarter.

10
11 **.300 Failure to Report Tax Rate Changes**

12 If notification of a tax rate change is not received by the other jurisdictions at least 60
13 days prior to the due date of a quarterly tax return for which the change is effective, the
14 other jurisdictions ~~will be relieved from taking extraordinary measures to~~ should not
15 implement the change. The jurisdictions that failed to provide adequate notification may,
16 however, collect any additional taxes due directly from the licensees in the other
17 jurisdictions.
18

NO REVISIONS FOLLOWING THE SECOND COMMENT PERIOD