

FOR VOTE AT THE 2025 ANNUAL BUSINESS MEETING



IFTA BALLOT PROPOSAL 03-2025

Sponsor

IFTA Audit Committee

Date Submitted

April 1, 2025

Proposed Effective Date

January 1, 2026

Manual Sections to be Amended

Audit Manual Sections A350 & A460 Effective Date: September 2024)
Procedures Manual P570 (Effective Date: January 2024)

Subject

IFTA Audit Manual and IFTA Procedures Manual - Alternative Fuel Audit Impacts

History/Digest

In accordance with IFTA Articles of Agreement Article XVIII Sections R1810.100 and R1810.200.020, and as stated in Sections II and III of the Committee Charter, the IFTA Audit Committee is responsible for maintaining the IFTA Audit Manual. This duty includes periodic reviews to determine if any changes or updates are needed and to make such recommendations to the IFTA, Inc. Board of Trustees. The duties of the Audit Committee also include a review of ballot proposals ratified by membership to determine whether any sections of the IFTA Audit Manual are impacted by the ratified language and to recommend changes if applicable. With the passage of IFTA Ballots 8-2022 and 3-2023, IFTA has addressed the future of fuels used to propel qualified motor vehicles and to provide for the alternative method of taxing consumption based on applying a tax to taxable distance.

The Board of Trustees issued a charge on February 12, 2024, as follows:

- 3.1 Develop a sub-committee
- 3.2 Research
- 3.3 Provide results of research and recommendations to the Board including, if applicable, a ballot proposal for recommended changes to the Audit Manual

Intent

Modify the IFTA Audit Manual and IFTA Procedures Manual to include auditing of alternative fuels and taxing consumption based on applying a tax to taxable distance.

Interlining Indicates Deletion; Underlining Indicates Addition

AUDIT MANUAL

A350 AUDIT ADJUSTMENTS

- .100 When records for the fleet as a whole are adequate for audit, the base jurisdiction shall have the authority to adjust the reported volume of fuel consumption (e.g.: MPG, KPL, kWh; MPGe, KPLe or ~~any~~ other industry-recognized factor used to compute motor fuel consumption).
- .300 If the base jurisdiction determines that such factors as those in A350.200 fail to provide a basis to support an audit adjustment, the jurisdiction may, for the specific vehicles at issue: ~~either~~
- .005 reduce the vehicle MPG, KPL, kWh or any factor used to compute motor fuel consumption by 20% or ~~0.10~~ adjust the vehicle MPG to 4.00 or the KPL to 1.7.
- .010 reduce the vehicle MPGe, KPLe or other industry-recognized factor used to compute motor fuel consumption by 20%.
- .015 increase only jurisdictional distance by 20% for jurisdictions that impose tax on the consumption of fuel by applying a tax rate to distance. The jurisdictional distance increase shall not affect total distance.

A460 AUDIT REPORT

- .500 Distance and Fuel Examination:
- .015 Describe procedures used to verify reported distance, fuel and efficiency (e.g.: MPG/KPL or MPGe/KPLe);
- .700 Billing Summary: All items listed below, except penalty .045, must be presented in the billing summary by reporting period.
- .020 Efficiency (e.g.: MPG/KPL or MPGe/KPLe) as reported;
- .025 Efficiency (e.g.: MPG/KPL or MPGe/KPLe) as a result of audit;

PROCEDURES MANUAL

P570 INADEQUATE RECORDS ASSESSMENT

- .100 If the base jurisdiction determines that the records produced by the licensee for audit do not, for the licensee's fleet as a whole, meet the criterion for the adequacy of records set out in P530, or after the issuance of a written demand for records by the base jurisdiction, the licensee produces no records, the base jurisdiction shall impose an additional assessment by ~~either~~:
- .005 reducing ~~adjusting~~ the licensee's reported fleet MPG, KPL, kWh or any factor used to compute motor fuel consumption by 20% or adjusting MPG to 4.0 or 1.70 KPL; ~~or~~

51 .010 reducing the licensee's reported MPGe, KPL~~e~~ , ~~kWh~~, or ~~any~~ other industry-
52 ~~recognized~~ factor used to compute motor fuel consumption by ~~twenty percent~~
53 ~~20%~~.
54
55 ~~.015 increasing only jurisdictional distance by 20% for jurisdictions that impose tax~~
56 ~~on the consumption of fuel by applying a tax rate to distance. The~~
57 ~~jurisdictional distance increase shall not affect total distance.~~
58
59 .200 This section does not affect the ability of a base jurisdiction to disallow tax-paid credit for
60 fuel purchases which are inadequately documented, or, for cause, to conduct a best
61 information available audit which may result in adjustments to either the audited or
62 reported ~~volume of fuel consumption (e.g: MPG, KPL, kWh, MPGe, KPL~~e~~ or any other~~
63 ~~industry-recognized~~ factor used to compute motor fuel ~~consumed consumption~~) or
64 suspend, revoke, or cancel the license issued to a licensee.
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Comments Following the Comment Period ending June 29, 2025.

The AC has updated with grammatical changes recommended by the AAC.