



**IFTA BALLOT PROPOSAL
#07-2025**

Sponsor

IFTA, Inc. Board of Trustees

Date Submitted

May 23, 2025

Proposed Effective Date

Upon Passage

Manual Sections to be Amended (January 1996 Version, Effective July 1, 1998, as revised)

IFTA Procedures Manual Section P1060- ALLOCATION OF TAX
Section P1060.100 Option 1

Subject

Allocation formula for the distribution of funds received by a member jurisdiction using "Option 1".

History/Digest

IFTA provides for two methodologies for member jurisdictions to distribute funds received from licensees to other affected member jurisdictions. These methodologies are known as "Option 1" and "Option 2". Under Option 1, the distribution of funds to member jurisdictions is accomplished by allocating the funds based on a formula that takes the funds due to a member jurisdiction divided by the funds due all member jurisdictions, multiplied by the funds received from the licensee. This method is applied to both the distribution of funds received with or related to a tax return (IFTA Procedures Manual Section P1060) and the distribution of funds related to an audit assessment (IFTA Articles of Agreement Section R1380). The language in Section P1060 differs from the language found in Article R1380. Article R1380 takes the Net **Amount** Due a Jurisdiction divided by the Net **Amount** Due all Jurisdictions, multiplied by the Credits and/or Payments Available to allocate; whereas Section P1060 takes the Net **Tax** Due a Member divided by the Net **Tax** Due all Members, multiplied by the Money Available to Allocate. The provision in Section P1060 does not take into account any accrued interest that is received if said tax return is late. The language in Article R1380 is more inclusive and reflects a requirement to proportionately distribute *all* funds received, including interest.

Intent

To correct the allocation formula in Section P1060 of the IFTA Procedures Manual to be consistent with the allocation formula in Article R1380 of the IFTA Articles of Agreement.

Interlining Indicates Deletion; Underlining Indicates Addition

***P1060 ALLOCATION OF TAX**

Should a licensee file a tax return showing taxes due and fail to remit payment in full with the tax return, the base jurisdiction may choose one of two options in remitting the appropriate tax to other member jurisdictions:

.100 Option 1

The base jurisdiction may allocate the actual tax payment to the other members based on the following formula:

Allocation to Members =

(Net ~~Tax~~ Amount Due Each Member/Net ~~Tax~~ Amount Due All Members) x Money Available to Allocate