

International Fuel Tax Agreement (IFTA) A Guide for New York State Motor Carriers

I. Introduction

On January 1, 1996, New York State became a participating member of the International Fuel Tax Agreement (IFTA). IFTA, which is in effect in most U.S. states and Canadian provinces, simplifies the reporting of fuel taxes by allowing a motor carrier to report all the fuel taxes that it owes to the various IFTA member jurisdictions to a single base jurisdiction. Under IFTA, a carrier need only get a single IFTA fuel tax license for all its qualified motor vehicles. The carrier must also get two IFTA decals for each qualified motor vehicle. Both must be obtained from the carrier's base jurisdiction. The license and decals will allow those vehicles to travel in all IFTA member jurisdictions.

The carrier files only one tax report each quarter with its base jurisdiction, to report and pay all fuel taxes due to the member jurisdictions in which it operates. The base jurisdiction is then responsible for remitting the taxes due the other jurisdictions. In most cases, the base jurisdiction will do a single audit for all member jurisdictions.

Effective January 1, 1997, the 48 contiguous United States and all the provinces and territories of Canada (except the Northwest Territories and Yukon), are participating member jurisdictions. Alaska and the District of Columbia are not IFTA member jurisdictions. See Publication 537, *International Fuel Tax Agreement (IFTA) Member Jurisdictions*, for a list of the carrier contact addresses and telephone numbers of each member jurisdiction.

If an IFTA licensed carrier has a qualified motor vehicle(s) that travels in the District of Columbia, Alaska, Yukon, or the Northwest Territories, the carrier must continue to follow any procedures and file any returns required by the laws and regulations of that state or province.

Participation in IFTA does **not** relieve a carrier of any obligation or liability for other vehicle-related requirements imposed by member jurisdictions.

II. IFTA Definitions

Audit means a physical examination of the records and source documents supporting the quarterly IFTA fuel tax reports.

Base jurisdiction means the IFTA member jurisdiction where:

- a carrier's qualified motor vehicles are based for vehicle registration purposes;
- the operational control and operational records of those qualified motor vehicles are maintained or can be made available; and
- some travel actually occurs by qualified motor vehicles within the fleet.

If a carrier has more than one fleet of qualified motor vehicles and the fleets are based in more than one IFTA member jurisdiction, those jurisdictions may agree to allow the carrier to consolidate the fleets in a single jurisdiction.

Carrier means a person having the lawful use or control, or the right to the use or control, of any qualified motor vehicle on any public highway in New York State.

Department means the New York State Department of Taxation and Finance.

Fleet means one or more qualified motor vehicles grouped together for IFTA fuel tax reporting purposes. Where a carrier has more than one fleet and the fleets are based in different IFTA jurisdictions, each fleet is comprised of only those qualified motor vehicles included on the same IFTA fuel tax report.

Gross vehicle weight or **weight** means the maximum weight of the loaded vehicle or combination of vehicles during the registration period.

Jurisdiction means a state of the United States, the District of Columbia, or a province or territory of Canada.

Licensee means a person who holds a valid IFTA license issued by the base jurisdiction.

Member jurisdiction means a jurisdiction that is a member of the IFTA.

Motor fuels means all fuels used for the generation of power for propulsion of qualified motor vehicles.

Person means an individual, corporation, partnership, association, trust, or other entity.

Qualified motor vehicle means a motor vehicle, other than a recreational vehicle, used, designed, or maintained for transportation of persons or property, that meets **any** of the following criteria:

- it has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds;
- it has three or more axles regardless of weight; or
- it is used in combination and the gross vehicle weight of the combination is more than 26,000 pounds.

Recreational vehicle means a vehicle such as a motor home, pickup truck with attached camper, or a bus, when used exclusively for personal pleasure by an individual. To qualify as a recreational vehicle, the vehicle may not be used in connection with any business endeavor.

Reporting period means the calendar quarter periods of January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31.

Revocation means withdrawal of an IFTA license and privileges by the carrier's base jurisdiction.

Suspension means temporary removal of an IFTA license and privileges by the carrier's base jurisdiction.

III. New York-Based IFTA Carriers

If you operate one or more qualified motor vehicles in two or more IFTA member jurisdictions, you should apply to your base jurisdiction for an IFTA license and the decals needed for your qualified motor vehicles. New York State is your base jurisdiction for the IFTA licensing of your fleet if:

- your qualified motor vehicles are registered in New York State;
- you maintain the operational control and operational records for those qualified motor vehicles in New York State, or can make those records available in New York State; and
- some travel within New York State actually occurs by motor vehicles in your fleet.

See Part V, *Licensing Procedures*, for special rules concerning leased qualified motor vehicles and household goods carriers.

If you have qualified motor vehicles based in New York State that are exempt from the New York fuel use tax, you may still want to get a New York IFTA license and decals for those vehicles. That way, they may be operated in other IFTA jurisdictions where they may not be exempt from fuel tax. If you do so, you will report and pay the fuel taxes due those jurisdictions to New York (as your base jurisdiction), and we will forward those taxes to the other IFTA jurisdictions. See Publication 538, *Guide to Highway Use Taxes and Other New York State Taxes for Carriers*, for a list of vehicles whose operations are exempt from the New York State fuel use tax (Article 21-A).

If you are based in New York State and qualify as a New York-based IFTA carrier but you do not want to participate in the IFTA program, you must obtain trip permits to travel in other IFTA member jurisdictions, according to the laws and regulations of each member jurisdiction. You must also have a New York State fuel use tax license in order to travel on the public highways in New York State.

IV. New York State Highway Use Tax (Truck Mileage Tax)

Regardless of whether or not you have an IFTA license, you must file Form MT-903 with the New York State Department of Taxation and Finance and pay the truck mileage tax. Every motor vehicle **with a gross weight of more than 18,000 pounds** that travels on the public highways of New York State is subject to the truck mileage tax (unless specifically exempted in the Tax Law). Each motor vehicle subject to tax must have a highway use tax permit and sticker. See Publication 538, *Guide to Highway Use Taxes and Other New York State Taxes for Carriers*, for information about the truck mileage tax.

V. Licensing Procedures

A. IFTA Fuel Tax License Application Procedures

A carrier based in New York State may get a New York IFTA license by filing Form IFTA-1, *New York State International Fuel Tax Agreement (IFTA) License Application*. You must provide all the information requested on the IFTA license application. The completed license application must be mailed to:

NYS TAX DEPARTMENT
REGISTRATION SECTION - HIGHWAY USE
TAX UNIT (IFTA)
W A HARRIMAN CAMPUS
ALBANY NY 12227

Be sure to include your payment, in U.S. funds, for the vehicle decal fees with your application. After it has been determined that you are in compliance with the highway use tax and the fuel use tax (if applicable), and that you have no outstanding highway use tax or fuel use tax liabilities, you will be issued a New York State IFTA license.

B. Fleet Consolidation

If you have more than one fleet of qualified motor vehicles and the fleets are based in more than one IFTA jurisdiction, you may request to consolidate those fleets in a single base jurisdiction. If the jurisdictions agree to the consolidation, you will get a single IFTA license and the decals needed for your vehicles from the base jurisdiction. Each of the jurisdictions where your fleets are based must

agree to the consolidation.

If you want to consolidate your fleets with New York State as your base jurisdiction, you must submit a written request to the department. Your request must include a list of the jurisdictions where your fleets are located and the number of qualified motor vehicles in each fleet. Attach your request to Form IFTA-1, *New York State International Fuel Tax Agreement (IFTA) License Application*. You should purchase decals for the total number of vehicles in the fleets. The department will request permission, on your behalf, from each of the other jurisdictions. You will be notified of the approval or denial of your request. If your request for consolidation is denied, we will send you a New York IFTA license and decals for the vehicles in your New York fleet. We will refund the balance of the decal fees.

C. Account Identification Number

Your IFTA account identification number will be the nine-(9) digit Federal Employer Identification Number (FEIN) issued to you by the Internal Revenue Service. If you do not have a FEIN, we will assign a temporary account number until you receive your FEIN. If you are a sole proprietor (not a corporation or a partnership) and have no FEIN, your IFTA account number will be your social security number.

When completing your IFTA license application form, be sure to include your FEIN or social security number.

D. IFTA Licensing of Leased Qualified Motor Vehicles

A leasing agreement should detail which party—lessor or lessee—is responsible for reporting fuel taxes. The agreement should specifically define the period of time covered by the agreement. Both the lessor and the lessee should keep a copy of the agreement.

If you lease a qualified motor vehicle, without a driver, from a rental company that has an

IFTA license and decals on the vehicle, you are not required to obtain an IFTA license and decals for the vehicle. However, if the lease is for 30 days or more, you may choose to obtain your own IFTA license and decals for the vehicle. As the licensee, you would be required to report and pay the fuel taxes. In this situation, the vehicle may be IFTA licensed by both you and the owner of the vehicle, and may have two sets of decals displayed on it.

If you lease a qualified motor vehicle from an independent contractor, the independent contractor is required to get an IFTA license and decals for the vehicle. However, if the lease is for 30 days or more, you and the owner of the vehicle have the option of designating which of you will get the IFTA license and decals for the vehicle, and will report and pay the fuel taxes.

In the absence of a written leasing agreement, or if the agreement is silent regarding responsibility for reporting and paying fuel taxes, you will be responsible for reporting and paying the fuel taxes.

E. Household Goods Carriers - Special IFTA Licensing Rules for Leased Vehicles

Generally, a qualified motor vehicle that transports household goods is exempt from the New York State fuel use tax. However, if you are a New York State-based carrier, you should apply for a New York IFTA license and decals for your qualified motor vehicles that transport household goods, if you will operate those vehicles in other IFTA member jurisdictions that subject those vehicles to fuel taxes.

The following IFTA licensing requirements apply to household goods movers. If a household goods carrier uses independent contractors, agents, or service representatives, under intermittent leases, the party responsible for getting an IFTA license and decals for the qualified motor vehicle is the lessee (carrier), when the vehicle is being operated under the lessee's jurisdictional operating authority. The IFTA base jurisdiction is that of the lessee,

regardless of where the vehicle is registered for vehicle registration purposes. When the vehicle is being operated under the lessor's (independent contractor, agent, or service representative) jurisdictional operating authority, the lessor is responsible for getting an IFTA license and decals for the vehicle. The IFTA base jurisdiction is that of the lessor, regardless of where the vehicle is registered.

VI. IFTA Credentials

A. New York State IFTA License

After we have approved your application, we will issue one New York IFTA license to you for your fleet of vehicles. There is no fee for the IFTA license. The license is valid for the calendar year January 1 through December 31. You must make photocopies of your IFTA license and carry a copy in each qualified motor vehicle. Be sure to keep the original license in a safe place. Use the original to make additional copies when adding qualified motor vehicles to your fleet during the license year. If you are found operating a qualified motor vehicle without a copy of the IFTA license on board, you will be subject to citations and fines, and you may be required to purchase a trip permit.

B. IFTA Decals

On your application for a New York IFTA license (Form IFTA-1), you will need to purchase two decals for each qualified motor vehicle to be operated under your IFTA license. You may purchase additional decals if you expect to add qualified motor vehicles to your fleet. However, no credit or refund is given for amounts paid for unused decals. There is an \$8 fee for each set of two decals ordered. You must permanently affix the decals on the exterior of both sides of the cab of each qualified motor vehicle that you operate under your IFTA license. However, in the case of transporters, manufacturers, dealers, or drive-away operations, the decals may be temporarily displayed on the exterior of both sides of the cab. The IFTA decals are valid for the calendar year January 1 through December 31.

C. Additional IFTA Decals and Replacement IFTA Licenses and Decals

If you lose, mutilate, or destroy your original IFTA license, you may request a duplicate. The fee for a duplicate license is \$2. In addition, if you lose, mutilate, or destroy an IFTA decal, you may request a replacement decal at a cost of \$4 per decal. If you need additional decals because you have added a qualified motor vehicle(s) to your fleet, you may obtain additional decals at a cost of \$4 per decal. Two decals are needed for each qualified motor vehicle. Use Form IFTA-9, *Application for Additional Decals, Replacement Decal(s) or Duplicate License*, to request a duplicate license, replacement decal, or additional decals. Be sure to include your payment, in U.S. funds, for the applicable fees.

D. Temporary IFTA Permits

If you already have a New York IFTA license and you need IFTA decals for the immediate use of a qualified motor vehicle, you may apply for an IFTA temporary fuel tax permit, using a permit service. In addition to the New York State fee of \$8, the permit company will charge a service fee. After the New York State Department of Taxation and Finance approves your application, the permit service will give you a vehicle-specific temporary permit that is valid for 30 days. This permit is valid for travel in all IFTA member jurisdictions. It must be kept in the vehicle and be available for inspection. The permanent decals will be mailed to you within the 30-day period.

VII. IFTA License Renewal

On or before November 30 of each calendar year, we will send you an application for renewal of your New York State IFTA license. If you do not receive your application, call our Business Tax Information Center at 1 800 972-1233, and one will be sent to you. This call is toll free from anywhere in the U.S. and Canada. You must return the application and your payment for the decal fees before December 31. After we have determined that you are in compliance with the highway use tax (truck mileage tax) and the fuel use tax

(including all IFTA requirements), and that you have no outstanding truck mileage tax or fuel use tax liabilities, we will issue your renewal license and decals.

Your renewal license and decals are valid and may be displayed beginning in December of the preceding calendar year. Your current year license and decals remain valid and may be displayed through February of the succeeding calendar year.

VIII. IFTA License Voluntary Cancellation

You may cancel your New York State IFTA license if you are no longer operating qualified motor vehicles within New York State and one or more other IFTA member jurisdictions, or if you no longer qualify as a New York based IFTA carrier. To request the cancellation of your IFTA license, complete the IFTA quarterly tax report for your last operational quarter and check the *Cancel License* box. Mail the report (and your check for any tax due) to the address indicated on the report. Return your original IFTA license and any unused decals to NYS Tax Department, Highway Use Tax Unit, Registration Section, W A Harriman Campus, Albany NY 12227. **Do not mail your license and decals with your final report.**

IX. Reporting Requirements

A. IFTA Quarterly Reports

You must file Form IFTA-100, *IFTA Quarterly Fuel Use Tax Report*, four times each year. You must also complete a Form IFTA-101, *IFTA Quarterly Fuel Use Tax Schedule*, for each fuel type that you are reporting. The quarterly tax report reflects the tax due to (or credit due from) each member jurisdiction. If the balance of taxes and credits due results in a net tax due, you make only one payment to the department for the net amount. If the net amount is a credit, you may request a refund of that amount, and you will receive one check from the department. If you do not request a refund, we will carry over the credit, and you may use it against tax due for the next eight calendar quarters.

The quarterly tax report is due the last day of the month immediately following the close of the quarter for which the report is being filed.

REPORTING QUARTER	DUE DATE
January through March	April 30
April through June	July 31
July through September	October 31
October through December	January 31

The tax rates preprinted on the quarterly tax schedules for each fuel type (Form IFTA-101) are the current rates for each IFTA member jurisdiction in which you have told us you intend to operate. We will also send you Form IFTA-105, *IFTA Final Fuel Use Tax Rate and Rate Code Table*. Use this form to find the applicable tax rate for any IFTA member jurisdiction in which you operated that is not preprinted on your return. Be sure to use the correct rates for the quarter covered by your return. If no tax rate is shown on Form IFTA-105 for a state or province in which you travel, it means that the state or province is not a participating IFTA member jurisdiction. **Do not report fuel taxes that you owe to that state or province on Form IFTA-101.** You must report and pay those taxes due directly to the non-participating state or province.

The quarterly tax report must be postmarked by the due date. If the due date is a Saturday, Sunday, or New York legal holiday, the next business day is considered the due date.

Form IFTA-100, *IFTA Quarterly Fuel Use Tax Report*, will be sent to you at least 30 days before each due date. If you do not receive your report before the due date, call our Business Tax Information Center at 1 800 972-1233 and a report will be sent to you. This call is toll free from anywhere in the U.S. and Canada. You are still required to file the report by the due date.

You must file a report each quarter even if you have no operations and owe no tax for the quarter. Check the box marked *No operation in any jurisdiction* if you did not operate a qualified motor vehicle(s) in any IFTA member jurisdiction during the quarter.

B. Interest

If you fail to file your report or fail to pay all or any part of the taxes due with the report, on or before the due date, interest must be paid on all late taxes due **each IFTA member jurisdiction**. The interest rate is 12% annually or 1% per month. You must pay a full month's interest for each month or part of a month when you file your report late or fail to pay all or any part of the taxes due.

C. Penalties

If you fail to file your report, file your report after the due date, or fail to pay the **net** amount of tax determined to be due, you are subject to a penalty. The penalty is \$50 or 10% of the amount of taxes determined to be due, whichever is greater. This penalty may be waived if you can show that the failure to file or pay was due to reasonable cause.

If your failure to pay the taxes is due to fraud, you will be subject to a penalty of 50% of the taxes due plus 50% of the interest due.

D. Measurement Conversion

New York State-based IFTA carriers must report fuel amounts and miles traveled based upon United States measurements. The conversion rates are:

One Liter	= 0.2642 Gallons
One Gallon	= 3.785 Liters
One Kilometer	= 0.62134 Miles
One Mile	= 1.6093 Kilometers

X. License Suspension, Revocation, and Reinstatement

We may suspend or revoke a New York State IFTA license for failure to follow any of the requirements of the New York highway use tax law (Article 21), the fuel use tax law (Article 21-A), or IFTA. This includes, but is not limited to, failure to file an IFTA quarterly tax report (Form IFTA-100), or a highway use tax (truck mileage tax) return (Form MT-903), or for failure to pay any of the taxes due with those returns. If we notify you that we have suspended or revoked your New York IFTA license, you must return your IFTA license to the department. You must destroy any copies of the IFTA license and any decals issued with the license. It will be illegal for you to continue

to operate your qualified motor vehicles in New York State or in any IFTA member jurisdiction. If we have suspended or revoked your IFTA license, the New York State Department of Motor Vehicles will not reregister any of your qualified motor vehicles until we have reinstated your IFTA license.

The department may reinstate your IFTA license once you satisfy the requirements that caused us to suspend or revoke your license. You must file all required reports and pay any tax, interest, and penalty in full.

XI. Record Keeping Requirements

A. Record of Operations

You must maintain a complete and accurate record of operations for **all qualified motor vehicles in every IFTA jurisdiction** in the form of a daily manifest or trip record. The daily manifest or trip record must include the following information for each trip:

- the vehicle identification number of the qualified motor vehicle;
- the licensee's name;
- the name of the owner of the qualified motor vehicle if the vehicle is operated under a lease or other agreement;
- the type of automotive fuel used by the qualified motor vehicle;
- the number of gallons of automotive fuel purchased for the qualified motor vehicle;
- the starting and ending date of each trip;
- the points of origin and destination for each trip;
- the route of travel;
- the beginning and ending odometer and hubodometer reading of the trip;
- the total trip miles;
- the total miles traveled in each IFTA jurisdiction;
- the vehicle fleet number; and
- the signature of each driver.

You must also maintain bills of lading, waybills, freight bills, invoices, shipping orders, dispatch sheets, and drivers' daily logs or trip sheets to substantiate vehicle operations.

B. Mileage Records

You must also keep records substantiating mileage traveled. For example, these records may include:

- odometer, hubodometer, and other similar readings;
- fuel consumption records;
- map mileage from the point of origin to the point of final destination; or
- tariff schedules or records of mileage used for billing purposes.

C. Records of Fuel Purchases

You must maintain complete records of all fuel purchases, including purchases of fuel in bulk. Be sure to retain original receipts or invoices of fuel purchases. The fuel records must contain:

- the date of purchase;
- the name and address of the seller;
- the name of the purchaser;
- the vehicle identification number of the qualified motor vehicle into which the fuel was placed, or (in the case of purchases of fuel in bulk) the location of delivery of the fuel;
- the number of gallons of automotive fuel purchased;
- the type of automotive fuel purchased;
- the retail price of each gallon of automotive fuel, including all federal, state, and local taxes charged; and
- the total sales price.

D. Records Required for Withdrawals of Bulk Fuel

If you have bulk fuel storage tanks, you must maintain a record of all withdrawals from those tanks. The following information is required:

- the date of each withdrawal;
- the number of gallons withdrawn;
- the fuel type;
- the vehicle identification number of the qualified motor vehicle into which the fuel was placed; and

- purchase and inventory records to substantiate that tax was paid on all bulk purchases, including the location of delivery of the fuel purchased.

E. Monthly Summary

At the end of each month, you must prepare a summary of mileage and fuel records by jurisdiction, for each of your qualified motor vehicles.

F. Record Retention

You must maintain all records used to support the information reported on quarterly tax returns for a period of four years from the filing date of the return.

XII. Audit

The purpose of an IFTA fuel tax audit is to verify the fuel and mileage data reported on your IFTA tax return. If you are a New York-based IFTA carrier, New York State will audit your return on behalf of all IFTA member jurisdictions. The results of the audit will be shared with each of the jurisdictions in which you operated during the audit period.

In addition to an IFTA audit, we will audit your New York truck mileage tax (Article 21 of the Tax Law) and, if applicable, your franchise taxes under sections 183 and 184 (Article 9 of the Tax Law).

If you are selected for an audit, we will contact you in advance to make arrangements concerning the place, date, and time of the audit. We will advise you of the audit period and the records needed. If your records are not maintained in New York State, you must make them available in New York, or you may be required to pay necessary expenses for travel and lodging associated with the performance of the audit. At a pre-audit conference, you will be asked questions concerning your operation, reporting methods, and record retention. The auditor will also discuss audit procedures, records to be examined, the period that the audit will cover, and various other issues related to the audit.

As the audit progresses, the auditor will discuss preliminary findings and may ask you for additional records or clarification on specific issues.

A closing conference will be held with you to discuss the audit findings. The auditor may also make suggestions for improving your record keeping, if needed. You will also be offered copies of applicable work papers.

XIII. Appeals

If we have denied you an IFTA license and decals, or we have notified you that your license and decals have been or will be suspended or revoked, you may appeal the action by filing a petition for a hearing within **30 days** from the postmark date of the written notification of the denial, suspension, or revocation. Also, if we determine that you owe additional tax, penalty, or interest, you have **30 days** from the postmark date of written notification of the determination to file a petition for a hearing to appeal the determination. If you do not file a petition within the required 30 days, the action or determination is final. You may file your petition with the Division of Tax Appeals or with our Bureau of Conciliation and Mediation Services. (See Parts 3000 and 4000, respectively, of the *Official Compilation of Codes, Rules and Regulations of the State of New York* for hearing procedures.)

Need Help?

Telephone Assistance is available from 8:30 a.m. to 4:25 p.m., Monday through Friday. **For business tax information and forms**, call the Business Tax Information Center at 1 800 972-1233. **For general information**, call toll free 1 800 225-5829. **To order forms and publications**, call toll free 1 800 462-8100. **From areas outside the U.S. and Canada**, call (518) 485-6800.

Fax-on-Demand Forms Ordering System - Most forms are available by fax 24 hours a day, 7 days a week. Call toll free from the U.S. and Canada 1 800 748-3676. You must use a Touch Tone phone to order by fax. A fax code is used to identify each form.

Internet Access - <http://www.tax.state.ny.us> Access our website for forms, publications, and information.

Hotline for the Hearing and Speech Impaired - If you have access to a telecommunications device for the deaf (TDD), you can get answers to your New York State tax questions by calling toll free from the U.S. and Canada 1 800 634-2110. Assistance is available from 8:30 a.m. to 4:15 p.m., Monday through Friday. If you do not own a TDD, check with independent living centers or community action programs to find out where machines are available for public use.

Persons with Disabilities - In compliance with the Americans with Disabilities Act, we will ensure that our lobbies, offices, meeting rooms, and other facilities are accessible to persons with disabilities. If you have questions about special accommodations for persons with disabilities, please call the information numbers listed above.

Mailing Address - If you need to write, address your letter to: NYS Tax Department, Taxpayer Assistance Bureau, W A Harriman Campus, Albany NY 12227.