

NORTH CAROLINA DEPARTMENT OF REVENUE

EXCISE TAX DIVISION

INTERNATIONAL FUEL TAX AGREEMENT
COMPLIANCE MANUAL FOR TAX YEAR 2017



Revised September 2016

**INTERNATIONAL FUEL TAX AGREEMENT
COMPLIANCE MANUAL**

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I. INTRODUCTION

The International Fuel Tax Agreement (IFTA) is a base jurisdiction fuel tax agreement. Upon application, the carrier's base jurisdiction will issue credentials (license and decals) which allow the IFTA licensee to travel in all IFTA member jurisdictions. The current IFTA membership consists of 48 contiguous states and the following Canadian provinces: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan.

North Carolina is your base jurisdiction for IFTA licensing and reporting if:

1. You have a qualified motor vehicle licensed with the North Carolina Division of Motor Vehicles;
2. You maintain the operational control and records for your qualified motor vehicles in North Carolina or can make those records available in North Carolina;
3. You have qualified motor vehicles which actually travel on North Carolina highways; AND
4. You operate in at least one other IFTA jurisdiction.

The IFTA license offers several benefits to the inter-jurisdictional motor carrier. These benefits include one application, one set of decals for each qualified vehicle, one quarterly tax return which reflects the net tax or refund due, and one audit in most circumstances. The advantages lead to cost and time savings for the inter-jurisdictional carrier.

IFTA carriers that operate in non-IFTA jurisdictions must continue to follow the procedures and file the returns required by the statutes and regulations of those non-IFTA jurisdictions.

Carriers should contact the Motor Carrier Registration Unit in each jurisdiction traveled to ensure compliance with specific requirements that are in addition to the IFTA agreement. Examples of requirements that are not specified in the IFTA agreement include apportioned license plates, oversize/overweight permits, unified carrier registration plan, and weight distance taxes.

This manual will explain in further detail the application for credentials, licensing, reporting, record keeping requirements, and audit procedures, with regard to IFTA.

II. DEFINITIONS

Audit means a physical examination of the source documentation of the licensee's operations either in detail or on a representative sample basis, the evaluation of the internal controls of the licensee's accounting system and operations, and the accumulation of sufficient competent evidential matter to afford a reasonable basis for determining whether or not there are any material differences between actual and reported operations for each affected jurisdiction in accordance with the provisions of the International Fuel Tax Agreement and all affected jurisdictions' fuel use tax laws. (R209)

Axle means an assembly of a vehicle consisting of two (2) or more wheels whose centers are in one horizontal plane by means of which a portion of the weight of a vehicle and its load, if any, is continually transmitted to the roadway.

Base Jurisdiction means the member jurisdiction where qualified motor vehicles are based for vehicle registration purposes and:

1. Where the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and
2. Where some travel is accrued by qualified motor vehicles within the fleet. The IFTA commissioners of two or more affected jurisdictions may allow a person to consolidate several fleets that would otherwise be based in two or more jurisdictions. (R212)

Commissioner means the official designated by the jurisdiction to be responsible for administration of IFTA. (R218)

Department means the North Carolina Department of Revenue.

Division means the Excise Tax Division.

Exempt vehicles include vehicles owned by the United States Government, a state, or a political subdivision of a state. Vehicles owned by the United States Government and vehicles owned by a state or a political subdivision of a state that operate in other IFTA jurisdictions may be subject to the fuel tax reporting laws of those jurisdictions. (N.C.G.S.105-449.47(a) (b))

Gross Vehicle Weight means the unladen (empty) weight of a qualified motor vehicle (tractor and trailer) plus the weight of any load thereon.

Jurisdiction means a state of the United States of America, the District of Columbia, or a province or territory of Canada, or a state of the United Mexican States. (R227)

Lessee means the party acquiring the use of equipment with or without a driver from another. (R230)

Lessor means the party granting the use of equipment with or without a driver to another. (R233)

Licensee means a person who holds an uncanceled IFTA license issued by the base jurisdiction. (R236)

Member Jurisdiction means a jurisdiction that is a member of the International Fuel Tax Agreement.

Motor Carrier means a person who operates, or causes to be operated, a qualified motor vehicle on any highway in North Carolina. (N.C.G.S. 105-449.37(2))

Motor Fuels means all fuels placed in the supply tanks of qualified motor vehicles. (R239)

Qualified Motor Vehicle means a motor vehicle used, designed, or maintained for the transportation of persons or property and:

1. Having two (2) axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds; or
2. Having three (3) or more axles regardless of weight; or

3. Is used in combination, when the weight of such combination exceeds 26,000 pounds gross vehicle or registered gross vehicle weight. (R245)

NOTE: The number of axles applies only to the power unit of the vehicle.

Quarterly Reporting Period means a period of time consistent with the calendar quarterly periods of January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31. (R254)

Records means information created, received, and maintained by an organization or person in the transaction of business, or in the pursuance of legal obligations, regardless of media. (R247)

Recreational Vehicle means vehicles such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure by an individual. In order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any business endeavor. (R248)

Registration means the qualification of motor vehicles normally associated with a prepayment of licensing fees for the privilege of using the highway and the issuance of a license plate and a registration card or temporary registration card containing owner and vehicle information. (R251)

Registered Gross Vehicle Weight means the weight at which a qualified motor vehicle is registered (i.e. plated) with the North Carolina Division of Motor Vehicles or a jurisdiction other than North Carolina.

Revocation means withdrawal of license and privileges by the licensing jurisdiction. (R257)

Suspension means temporary removal of privileges granted to the licensee by the licensing jurisdiction. (R260)

Total Distance means all miles or kilometers traveled during the tax reporting period by every qualified motor vehicle in the licensee's fleet, regardless of whether the miles or kilometers are considered taxable or nontaxable by a jurisdiction. (R266)

III. INITIAL LICENSING PROCEDURES

A. IFTA License Application Procedures

Any motor carrier based in North Carolina and operating one or more qualified motor vehicle(s) in at least one other IFTA member jurisdiction should file an Application for License and Decals in North Carolina. A motor carrier who qualifies as an IFTA licensee but does not wish to participate in the IFTA program must obtain trip permits to travel through member jurisdictions according to the regulations of each member jurisdiction.

A motor carrier may request a Motor Carrier License and Decal Application (Form Gas-1274) from the North Carolina office of the Excise Tax Division, hereinafter referenced as "Division", by calling (919) 707-7500 or (877) 308-9092, or by obtaining the form online at www.dornc.com. Choose "Tax Forms", select "Download Forms" and then choose "International Fuel Tax Agreement (IFTA)." The Application for License and Decals requests basic information about the motor carrier and its type of operations. The application requires the

license plate number of at least one qualified motor vehicle but does not require vehicle descriptions. However, the Division reserves the right to request, if needed, the descriptions of the vehicles before an application is processed. The descriptions of the vehicles must be kept on file at the licensee's place of business.

A motor carrier must submit the completed application to the Division for processing. If any information is omitted from the license application, the motor carrier will be contacted by the Division, thus delaying the application and licensing process. Once the application is processed by the Division, the IFTA credentials will be issued to the licensee.

A motor carrier will not be issued IFTA credentials from the Division if any of the following reasons apply:

1. The motor carrier had a registration issued by the Department cancelled by the Secretary for cause.
2. The motor carrier had a registration issued by another IFTA member jurisdiction and the motor carrier's license is under suspension or has been revoked by that member jurisdiction or was otherwise cancelled for cause.
3. The motor carrier has been convicted of fraud or misrepresentation.
4. The motor carrier has been convicted of any other offense that indicates that the carrier may not comply with the motor carrier statutes.
5. The motor carrier failed to remit payment for any tax debt due to the Department.
6. The motor carrier failed to file a return due to the Department. (N.C.G.S. 105-449.47A)

B. License Fee

North Carolina does not charge a license or decal fee for fuel tax registration.

C. Account Identification

The account identification numbers are determined by using the prefix designated for North Carolina (NC) followed by the licensee's nine (9) digit Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service (IRS), or Social Security Number (SSN). If the licensee is a proprietorship, the licensee must report the proprietor's SSN. If the licensee is a Partnership, LLC, or Corporation, the licensee must report the FEIN, which will be used as the licensee's account number. To comply with the State's Identity Theft Protection Act, the Division will assign a generic North Carolina Department of Revenue Identification number (NCDOR ID) once the account is established. All correspondence from the Division will include the licensee's NCDOR ID.

D. Bonding

The Division may require an IFTA licensee to post a bond when a licensee has failed to file timely returns, when tax has not been remitted, or when an audit indicates problems severe enough that, at the Division's discretion, a bond is required to protect the State from loss in collecting the tax due. The amount of the bond may not be more than the larger of \$500 or four (4) times the motor carrier's average tax liability or refund for a reporting period. (R340, N.C.G.S. 105-449.40)

IV. IFTA CREDENTIALS

A. IFTA License

An IFTA license will be assigned to each IFTA licensee. A photocopy of the license must be maintained in the cab of each qualified motor vehicle to which decals have been affixed. The original license issued by the Division should be kept in a safe place. The IFTA license is valid for the calendar year January 1 through December 31. If a motor carrier is found operating a qualified motor vehicle without an IFTA license, the vehicle operator may be subject to the purchase of a temporary trip permit and/or a \$100.00 civil penalty citation. (R610; R620; N.C.G.S. 105-449.52(a) (1))

B. IFTA Decals

One set of two (2) decals will be issued for each qualified motor vehicle operated by the IFTA licensee. The decals must be placed on the exterior portion of both sides of the cab. A licensee may request extra decals for fleet additions or replacements. Decals that are assigned to a new owner-operator under a long-term lease agreement must be cancelled once the lease has been terminated. If the decals are not cancelled upon lease termination, the motor carrier is still responsible for quarterly filing even if no travel occurs. Failure to display the IFTA decals properly may subject the vehicle operator to the purchase of a temporary trip permit and/or a \$100.00 civil penalty citation. (R625; N.C.G.S. 105-449.52(a) (1))

Licensees may request additional decals throughout the license year. Additional decals may be requested online at www.dornrc.com/electronic/ifta/html or the licensee may submit a renewal application, Form Gas-1274A, with the additional number of decal sets requested. This information should be submitted to the Division by mail to P.O. Box 25000 Raleigh, NC 27640 or by fax to (919) 733-8654.

Licensees may order additional decals in anticipation of using them at a later date. Licensees must maintain records of the decals issued and used. The licensee must keep all unused decals for a period of four (4) years for auditing purposes. Audits will include the verification of all decals ordered and received. (P510; N.C.G.S. 105-449.47(a1))

To avoid a \$100.00 civil penalty citation per vehicle, all operators of qualified motor vehicles must have credentials or a temporary trip permit, unless otherwise exempt.

NOTE: If you are licensed with your state's Division of Motor Vehicles as a Dealer, Manufacturer, Driveaway, or Transporter, you should carry the license in your vehicle while it is being operated on the streets and highways of this State. The decals need not be permanently affixed, but must be temporarily displayed in a visible manner on both sides of the cab. (R625)

V. ANNUAL RENEWAL PROCEDURES

Each September, licensees whose accounts are in good standing may begin the renewal application process. Renewal applications must be completed no later than December 31st. Renewal of the IFTA license may be denied for the reasons set forth in Section III, Subsection A of this manual.

During the renewal process, the Division will review tax return details to determine eligibility of the licensee for an IFTA license and decals. If the licensee has not traveled outside of North Carolina during the previous three (3) or more consecutive quarters, the licensee will be issued an Intrastate (IN) license and decals in lieu of the IFTA license and decals. (R345.300)

DISPLAY OF RENEWAL CREDENTIALS

Carriers renewing credentials may operate with the IFTA decals and license one month prior to the effective date shown on the credentials. However, those carriers are responsible for filing a fourth quarter report for the year preceding the effective date of the new credentials, including the last month of that quarter. (R630)

GRACE PERIOD

Carriers renewing their IFTA license and decals have a two-month grace period (January and February) to display the renewal IFTA license and decals. To operate in IFTA jurisdictions during this grace period, carriers must display either valid current or prior year IFTA license and decals from the jurisdiction in which they were operating or a valid single-trip permit from the IFTA jurisdiction in which they are operating. (R655.200)

VI. REPORTING REQUIREMENTS

A. Quarterly Returns

All licensees must file IFTA quarterly tax returns with the Department. The quarterly tax return indicates the tax or refund due for each member jurisdiction. Only one (1) check is written to the Department for the net tax due or one (1) check is written to the licensee for the net refund due. (R900, N.C.G.S. §§ 105-449.42, 105-449.45(a))

All carriers are required to file and pay their tax returns electronically. The online filing system may be accessed at www.dornnc.com/electronic/ifta.html.

The IFTA quarterly tax return must include the following information:

Schedule A:

1. Total miles, both taxable and nontaxable, traveled by the licensee's qualified motor vehicles in all jurisdictions, IFTA and non-IFTA, including temporary trip permit miles;
2. Total gallons of fuel consumed, both taxable and nontaxable, by the licensee's qualified motor vehicles in all jurisdictions, IFTA and non-IFTA;

Schedule B:

3. Total miles and taxable miles traveled in each member jurisdiction;
4. Taxable gallons consumed in each member jurisdiction; and
5. Tax-paid gallons purchased in each member jurisdiction.

All mileage and fuel must be included on the IFTA return if the qualified vehicle displays IFTA decals, even if the vehicle only travels in one jurisdiction during the quarter.

If a licensee reports “No Operations” on a continuous basis but requests decals, the Division may conclude that the licensee is operating and avoiding fuel tax payments. If a licensee reports all operations in NC or “No Operations” during the previous three (3) or more consecutive quarters, the Division may discontinue issuing IFTA license and decals to the licensee. (R345.100)

The IFTA quarterly tax return is available online to all IFTA licensees at least 30 days prior to the due date. Tax returns and applicable tax rate information may be obtained from the Department’s website at www.dornc.com or by contacting the Division (See Appendix A). **A quarterly tax return must be filed even if the licensee does not operate or purchase taxable fuel in any IFTA member jurisdiction in a reporting quarter.** If the licensee is filing online and had no operations during the quarter, fill in the circle “No” in response to the question “Did you have operations in ANY state?” If the licensee is submitting a paper return and had no operations during the quarter, fill in the circle indicating “No Activity Return,” sign and date the return, and mail to the Division on or before the due date.

The due date for the quarterly tax return is the last day of the month immediately following the close of the quarter for which the return is being filed as follows:

| <u>Quarters</u> | <u>Reporting Quarter</u> | <u>Due Date</u> |
|------------------------|---------------------------------|------------------------|
| 1 st | January - March | April 30 |
| 2 nd | April - June | July 31 |
| 3 rd | July - September | October 31 |
| 4 th | October - December | January 31 |

The quarterly tax return must be postmarked, hand delivered to the Department, or electronically filed by the due date. If the due date is a Saturday, Sunday, or a legal holiday, the next business day is considered to be the final filing due date. The licensee will be subject to the IFTA penalty and interest provisions if a mailed return is not postmarked by the National Postal or Delivery Service by the due date. (R960.200)

B. Penalty and Interest Provisions

When a licensee fails to file a return, files a late tax return, or fails to remit any tax due, the licensee is subject to penalty and interest. The penalty for failure to pay tax when due is the greater of \$50.00 or 10% of the net tax due to all member jurisdictions. The penalty for failure to file the return when due is \$50.00. Interest is computed on the tax due at the applicable IFTA rate. Interest rate information can be found online at http://www.dornc.com/taxes/motor/ifta_interestrates.html. (R1220, N.C.G.S. 105-449.45(d), N.C.G.S. 105-236)

C. Measurement Conversion Table

IFTA licensees are required to report mile and fuel information based upon United States measurements. If applicable, the conversion rates are:

| | |
|--------------------|--------------------------|
| 1 liter | .2642 gallons |
| 1 kilometer | .62137 miles |
| 1 gallon | 3.785 liters |
| 1 mile | 1.6093 kilometers |

All converted figures must be rounded to the nearest whole gallon or mile. (R1310)

D. Exempt Fuel Use

IFTA recognizes that some jurisdictions allow exemptions for fuel used for off-loading purposes. This exemption is not calculated on the IFTA return. **An exemption must be obtained from the jurisdiction in which the tax was paid.** The licensee must maintain adequate records to support the exemption claimed. Jurisdiction information may be obtained at www.iftach.org under "Exemptions". (R830)

E. Tax Exempt Miles

IFTA recognizes that some jurisdictions have unique economic and geographic characteristics which have given rise to various definitions of tax exempt miles. **Contact individual member jurisdictions for answers to specific questions.** All jurisdictions require supporting documentation to prove entitlement to tax exempt miles. Jurisdiction information may be obtained at www.iftach.org under "Exemptions".

F. Surcharge

Some jurisdictions have a surcharge which must be calculated and included on the quarterly IFTA tax return. Surcharge amounts are based on taxable gallons for fuel types on which the jurisdiction requires a surcharge. Surcharges are always a tax due and never a credit.

VII. REFUNDS - CREDITS

Refunds will automatically be issued for any credit of \$3.00 or more. A refund will be issued once the Division determines that all tax liabilities, including any outstanding audit assessments, have been satisfied to all member jurisdictions. A refund may be denied if the licensee is delinquent in filing any quarterly tax return(s). Refunds of less than \$3.00 will be refunded upon written request. Refunds issued by the Department may be used to offset liabilities owed to the Department or other agencies. (N.C.G.S. 105-241.7(e) (4))

VIII. ASSESSMENTS FOR FAILURE TO FILE RETURNS

When the licensee fails, neglects, or refuses to file an IFTA tax return, the Division may assess the licensee in one or both of the following manners:

1. The assessment will be for the tax delinquency, penalty, and interest. This assessment is based on the best information available.
2. The licensee will be subject to a \$50.00 failure to file penalty for each return filed late.

The burden of proof to show that the assessment is incorrect remains with the licensee. (R1200, N.C.G.S. §§ 105-449.45(d), 105-236, and 105-241.9)

IX. LEASE AGREEMENTS

A. Rental/Leasing

1. Leases of Less than 30 Days

In the case of a short-term motor vehicle rental, a lessor who is regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees of 29 days or less, will report and pay the fuel use tax unless the following two (2) conditions are met:

- a. The lessor has a written rental contract which designates the lessee as the party responsible for reporting and paying the fuel use tax; and
- b. The lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental. (R510.100, N.C.G.S. 105-449.42A(a))

2. Leases of 30 Days or More

In the case of a long-term lease, a lessor who is regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees may be deemed to be the licensee, and such lessor may be issued a license if an application has been properly filed and approved by the base jurisdiction. (R510.200, N.C.G.S. 105-449.42A (a))

B. Household Goods Carriers

In the case of a household goods carrier using independent contractors, agents, or service representatives, under intermittent leases, the party liable for motor fuel taxes shall be:

1. The lessee (i.e. motor carrier), when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority. The base jurisdiction shall be that of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor or lessee. (R520.100)
2. The lessor (i.e. independent contractor, agent, or service representative), when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority. The base jurisdiction shall be that of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes. (R520.200)

C. Independent Contractors

1. Leases of Less Than 30 Days

In the case of a motor carrier using independent contractors under short-term/trip leases of 29 days or less, the trip lessor will report and pay all fuel taxes. (R530.100, N.C.G.S. 105-449.42A (b))

2. Leases of 30 Days or More

In the case of a motor carrier using independent contractors under long-term leases (30 days or more), the lessor and lessee will be given the option of designating which party will report and pay fuel use tax. In the absence of a written agreement or contract, or if the document is silent regarding responsibility for reporting and paying fuel use tax, the lessee will be responsible for reporting and paying fuel use tax. If the lessee (i.e. motor carrier), through a written agreement or contract, assumes responsibility for reporting and paying fuel use tax, the base jurisdiction shall be that of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor. Leases are not required to be filed with the base jurisdiction, but shall be made available upon request. (R530.200, R540, N.C.G.S. 105-449.42A (b))

X. LICENSE CANCELLATION, SUSPENSION, REVOCATION, AND REINSTATEMENT

A. License Cancellation

An IFTA license may be cancelled at the request of any licensee, provided all reporting requirements and tax liabilities to all member jurisdictions have been satisfied. Complete and submit Form NC-BN, Out-of-Business Notification, to the Division. The license may also be cancelled by submitting a written request for cancellation. Upon cancellation, the licensee must destroy the original IFTA license and all license copies. Decals should be removed and maintained for audit purposes, and thereafter destroyed. A final audit may be conducted by any member jurisdiction upon cancellation of an IFTA license. The record retention period of four (4) years from the due date or date filed, whichever is later, of the final quarterly tax return applies. (R410, P510)

B. License Revocation

An IFTA license may be revoked for any of the following reasons:

1. Failure to file an IFTA quarterly tax return;
2. Failure to remit all taxes due all member jurisdictions; or
3. Failure to timely request a review of an audit assessment which has not been paid because the amount is disputed. (R420, R1270, N.C.G.S. 105-449.47(a1))

The Division will notify all member jurisdictions when a revocation has occurred or has been released. **DO NOT OPERATE VEHICLES WHEN A LICENSE HAS BEEN REVOKED.**

C. License Reinstatement

The Division may reinstate an IFTA license once the licensee files all required returns and remits all outstanding liabilities due to all member jurisdictions. The Division may require the licensee to post a bond in an amount sufficient to satisfy any potential liabilities of all member jurisdictions. (R430, N.C.G.S. 105-449.40)

XI. RECORD KEEPING REQUIREMENTS

A. Distance Records

It is the licensee's responsibility to maintain records of ALL operations of qualified motor vehicles. The licensee's records must support the information reported on the quarterly tax return. A licensee's system, at a minimum, must include mileage data on each individual vehicle for each trip. The Individual Vehicle Distance Record (IVDR), as required for the International Registration Plan, is an acceptable source document for recording vehicle mileage information. See example provided in Appendix D, page 27. Supporting information should include the following documentation:

1. The beginning and ending dates of the trip to which the records pertain;
2. The origin and destination of the trip;
3. The route of travel;
4. The beginning and ending reading from the odometer, hub odometer, engine control module (ECM), or any similar device for the trip;
5. The total distance of the trip;
6. The distance traveled in each jurisdiction during the trip;
7. The vehicle identification number or vehicle unit number. (P540.100)

Distance records produced wholly or partly by a vehicle tracking system, including a system based on a global positioning system (GPS) should include the following documentation:

1. The original GPS or other location data for the vehicle to which the records pertain;
2. The date and time of each GPS or other system reading, at intervals sufficient to validate the total distance traveled in each jurisdiction;
3. The location of each GPS or other system reading;
4. The beginning and ending reading from the odometer, hub odometer, engine control module (ECM), or any similar device for the period to which the records pertain;
5. The calculated distance between each GPS or other system reading;
6. The route of the vehicle's travel;
7. The total distance traveled by the vehicle;
8. The distance traveled in each jurisdiction;
9. The vehicle identification number or vehicle unit number. (P540.200)

B. Fuel Records

The licensee must maintain complete records of all fuel purchased, received, or used in the conduct of its business. Separate totals must be compiled for each fuel type. Fuel types include Biodiesel, Diesel, Gasoline, Gasohol, Propane, Liquid Natural Gas, Compressed Natural Gas, Ethanol, Methanol, E-85, and A-55. The fuel records must contain:

1. The date of the fuel purchase;
2. The name and address of the seller of the fuel;
3. The quantity of fuel purchased;
4. The type of fuel purchased;
5. The price of the fuel per gallon;
6. The identification of the qualified motor vehicle into which fuel was placed;
7. The name of purchaser of the fuel. (P550.300)

Acceptable fuel records include a receipt, an invoice, a transaction listing from the seller, a credit card receipt, a transaction listing generated by a third party or an electronic or digital record of an original receipt or invoice. Original receipts shall be maintained for verification. Receipts which are illegible, contain alterations or erasures will not be accepted by the Division for tax-paid credits. (P550.200, P550.220)

C. Bulk Fuel Storage

A licensee who maintains a bulk fuel storage facility may obtain credit for tax-paid fuel withdrawn from that storage facility if the following records are maintained:

1. Receipts for all deliveries;
2. Quarterly inventory reconciliations for each tank (including monthly beginning and ending inventories and monthly totalizer readings);
3. The capacity of each tank;
4. Bulk withdrawal records for every bulk tank at each location. (P550.400)

In addition, the licensee shall retain the following records for its bulk storage withdrawals:

1. Location of the bulk storage from which the withdrawal was made;
2. The date of the withdrawal;
3. The quantity of fuel withdrawn;
4. The type of fuel withdrawn;
5. The identification of the vehicle or equipment into which the fuel was placed. (P550.600)

See example provided in Appendix G, page 35. Separate records should be maintained for retail purchases and bulk storage withdrawals.

D. Monthly Summaries

The licensee shall maintain a monthly summary of the fleet's operations reported on the corresponding quarterly tax return that includes the distance traveled by and the fuel placed into each vehicle in the fleet during the quarter, both in total and by jurisdiction. The licensee shall make such summaries available for audit upon due notice and demand by the base jurisdiction. (P560)

E. Decals

The licensee must maintain records of all decals ordered. Licensees should keep records of the decals used. The licensee should also keep all unused decals for the record retention period. See example provided in Appendix E, page 28.

North Carolina law states that a Motor Carrier must keep records of decals issued to it and must be able to account for all decals it receives. (N.C.G.S. 105-449.47(a1))

A penalty may be assessed for either of the following:

- Inability to account for decals issued (\$100.00 per decal), or
- Unauthorized use of a decal by displaying a decal on a vehicle operated by a motor carrier to whom the decal is not issued (\$1,000.00 per decal). (N.C.G.S. 105-449.52(1) and (3))

F. Record Retention Period

Adequate record keeping is important to the motor carrier when seeking a refund or credit for tax-paid fuel and is equally important to the Division to ensure compliance with the reporting and payment of all tax liabilities. Every licensee shall maintain records to substantiate information reported on the quarterly tax return. These records must be maintained for a period of four (4) years from the due date of the return or the date that the return was filed, whichever is later. Records must be made available when requested by any member jurisdiction. (P510)

G. Failure to Maintain Records

Noncompliance with any record keeping requirement may be cause for revocation of the license and make the licensee subject to an Inadequate Records Assessment (IRA) audit. (R420, P570)

H. Location of Records

A licensee's records must be maintained or made available for audit at a location in North Carolina. (R700)

XII. AUDIT

The purpose of an IFTA audit is the verification of fuel and distance records reported on the IFTA quarterly tax returns. The Department will audit IFTA licensees on behalf of all member jurisdictions. Auditors will also account for all decals issued to the licensee. Therefore, records should be maintained for decals used. Any unused decals must be made available to the auditor and kept for a period of four (4) years. (R1300, P510, N.C.G.S. 105-449.47(a1))

A. Audit Selection

The Department will audit an average of three percent (3%) of its IFTA licensees each year. Any North Carolina IFTA licensee may be selected for audit. Automated audit selection ensures random selection of audit candidates. (A250)

B. Notification of Audit Date

Prior to conducting an IFTA audit, an auditor will contact the licensee to arrange an acceptable date to begin the audit. At that time, the auditor will outline the time period to be audited and the records to be reviewed. To confirm the audit date, the auditor will send a follow-up letter detailing the audit date, time period to be audited, and records required. (A420)

C. Audit Conferences

At the beginning of the audit, the auditor will hold an opening conference with the licensee to discuss the licensee's operations, distance and fuel accounting system, audit procedures, records to be examined, sample periods, sampling techniques and any other relevant issues. A final conference will be held with the licensee to explain areas of non-compliance, audit adjustments and future reporting practices. (A440 and A450)

D. Audit Results

A letter of audit finding and recap schedules will be provided to the licensee after the written copy of the audit is processed by the auditor. The licensee has 45 days to remit a payment for the taxes due or file a request for Departmental review with regard to an audit assessment. If the audit results in a refund due, a refund check will be issued after all outstanding tax liabilities have been satisfied. The Division will submit audit reports to all affected member jurisdictions. The licensee may be subject to a supplemental audit if any member jurisdiction disagrees with the audit results. (A460, R1310, N.C.G.S. §§ 105-241.9 and 105-241.11)

E. Inadequate Records Assessment (IRA) Audits

In the event that any licensee fails, neglects, or refuses to file a tax return when due, fails to make records available upon written request, or fails to maintain records from which the licensee's true liability may be determined, the base jurisdiction shall, on the basis of the best information available to it, determine the tax liability of the licensee for each jurisdiction. The base jurisdiction shall, after adding the appropriate penalties and interest, serve the assessment upon the licensee in the same manner as an audit assessment or in accordance with the laws of the base jurisdiction.

The assessment made by a base jurisdiction pursuant to this procedure shall be presumed to be correct and, in any case where the validity of the assessment is questioned, the burden shall be on the licensee to establish by a preponderance of the evidence that the assessment is erroneous. (R1200, P570, N.C.G.S. §§ 105-449.45(d), 105-236, and 105-241.9)

XIII. ADMINISTRATIVE REVIEW PROCEDURES

A. Objection Period

A licensee may disagree with a proposed assessment of taxes or a proposed denial of refund. You may request that the Department review that action by submitting **Form NC-242, Objection and Request for Departmental Review**. The request for review must be filed with the Department within 45 days from the date the notice was mailed by the Department (if mailed) or delivered to you (if delivered by a Department employee in person). If a request for review is not filed with the Department within 45 days, the proposed assessment or proposed denial of refund is final. (N.C.G.S. §§ 105-241.11 and 105-241.12)

B. Departmental Review

Upon receipt of a timely request for review, the Department will take one of the following actions: 1) grant the refund or cancel the assessment, 2) request additional information from you, or 3) schedule a conference with you to discuss the case. If a conference is scheduled, the Department will notify you about the time and date of the conference at least 30 days in advance. It may be shorter than 30 days if both you and the Department can mutually agree on a time and date. The conference can be in person or by telephone. (N.C.G.S. 105-241.13)

This conference is not a formal proceeding in that there is no sworn testimony and the rules of evidence do not apply. You can, however, designate someone to represent you. Most objections can be resolved at the conference level.

If you and the Department cannot agree at the conference, the Department will send you a Notice of Final Determination. This notice is a written document that explains why the Department determined that the proposed assessment or denied refund should be sustained and informs you about how you can challenge this determination. This notice must be provided to you within nine (9) months of the date you asked for the review, unless you and the Department agree to extend the time limit. (N.C.G.S. 105-241.14)

C. Contested Case Hearing

A licensee can challenge the Department's final determination by filing a petition for a contested tax case hearing with the Office of Administrative Hearings (OAH). The OAH has impartial administrative law judges that hear cases brought by individual citizens and businesses against government agencies. (N.C.G.S. 105-241.15)

You have 60 days to file this petition after the Department sends or delivers the Notice of Final Determination to you. You must also send a copy of the petition to the Department at North Carolina Department of Revenue, P.O. Box 871, Raleigh, NC 27602-0871. (N.C.G.S. 150B-23)

You do not have to pay the tax, penalty, and interest due before proceeding to a hearing before the OAH. For information about the hearings process at the OAH, please consult its web page at www.ncoah.com.

If you disagree with the final decision in the contested tax case hearing, you may file a petition in the Superior Court of Wake County for further judicial review of the case. Generally, you must file the petition within 30 days of when you receive the final decision. If the OAH dismissed the contested tax case due to lack of jurisdiction because the only issue in the case is the constitutionality of a statute, you have two (2) years to file this petition. You must pay the tax, penalty, and interest due before the petition will be considered. (N.C.G.S. §§ 105-241.16 and 150B-45)

XIV. MEMBER JURISDICTION INFORMATION

The most updated listing of member jurisdiction information is available at the IFTA, Inc. website at www.iftach.org. Click on "One Stop Shop".

APPENDIX A

TAXPAYER ASSISTANCE LOCATIONS

North Carolina provides a One Stop Shopping Center location to assist motor carriers with questions relating to their requirements in this State. The Excise Tax Division office is located at 1429 Rock Quarry Road, Suite 105, Raleigh, North Carolina 27610.

For your convenience, we are including the telephone number for the One Stop Shopping Center as well as the numbers for the agencies administering laws and regulations that affect motor carriers. We are also including the telephone number for information regarding the Federal Heavy Vehicle Highway Use Tax.

If you have a question for a specific agency, you should contact that agency directly. See the directory of telephone numbers listed below. The Center will assist you if you are not sure which agency to call.

| | | |
|--|---|---|
| Excise Tax Division N.C. Department of Revenue P.O. Box 25000 Raleigh, NC 27640-0950 | (919) 707-7500 (877) 308-9092 Fax: (919) 733-8654 | Issues fuel tax license and decals |
| International Registration Plan (IRP) Section NC Division of Motor Vehicles 1425 Rock Quarry Road, Suite 100 Raleigh, NC 27610 | (919) 861-3720 | Issues NC apportioned license plates |
| Registration Section NC Division of Motor Vehicles 1100 New Bern Avenue Raleigh, NC 27697 | (919) 715-7000 | Issues all NC plates except apportioned plates |
| Motor Carrier Regulatory Unit NC Division of Motor Vehicles 1425 Rock Quarry Road, Suite 100 Raleigh, NC 27610 | (919) 861-3720 | Issues operating authority to for-hire carriers hauling exempt and/or regulated commodities |
| Transportation Division NC Utilities Commission 4325 Mail Service Center Raleigh, NC 27699-4025 | (919) 861-3720 | Issues NC intrastate operating authority |
| Permit Unit NC Division of Highways 750 N. Greenfield Parkway Garner, NC 27529 | (919) 814-3700 (888) 221-8166 | Issues over size and overweight permits |
| Division of Emergency Management 1636 Gold Star Drive Raleigh, NC 27607 | (800) 858-0368 (919) 825-2500 | Central number for information concerning hazardous waste or materials, chemical spills, or fuel spills |

| | | |
|---|-----------------------|---|
| <p>NC State Highway Patrol Motor Carrier Enforcement Unit 4702 Mail Service Center Raleigh, NC 27699</p> | <p>(919) 715-8683</p> | <p>Operates permanent and temporary weighing stations</p> |
| <p>Highway Patrol Headquarters NC Department of Crime Control & Public Safety 512 N. Salisbury Street Raleigh, NC 27699-4702</p> | <p>(919) 733-4030</p> | <p>Enforces traffic laws on the streets and highways of North Carolina</p> |
| <p>Federal Heavy Vehicle Highway Use Tax</p> | <p>(800) 829-1040</p> | <p>Proof of payment of the Federal Heavy Vehicle Highway Use Tax must be furnished to the states for motor vehicles licensed for 55,000 pounds or more before a license plate can be issued. You may call this toll-free number or contact your local IRS office.</p> |

APPENDIX B

NORTH CAROLINA MOTOR FUELS TAX TEMPORARY TRIP PERMITS

IFTA Temporary Permits

North Carolina IFTA temporary permits are issued by the North Carolina Excise Tax Division, Monday through Friday from 8:00 a.m. to 5:00 p.m. Requests may be made by telephone, mail, or fax. IFTA temporary permits are issued to motor carriers that are currently registered with the Division as an IFTA carrier in good standing. These permits may be transmitted via fax to the location of the vehicle. IFTA temporary permits allow motor carriers to operate in all IFTA member jurisdictions; however, the motor carrier must have a copy of their IFTA license in the vehicle in addition to the IFTA temporary permit. There is no charge for an IFTA temporary permit and it is valid for 30 days. Operations under this permit must be included on the quarterly IFTA tax return. North Carolina IFTA carriers who need permits after office hours must purchase a North Carolina Highway Fuel Use temporary trip permit. (R263, R650)

Temporary Trip Permits

North Carolina Highway Fuel Use temporary trip permits are issued by permitting services. Prior arrangements must be made with a permitting service before entering North Carolina; otherwise, the motor carrier may be penalized \$100.00 for not having a valid decal or temporary trip permit. Temporary trip permits are not issued by the Excise Tax Division

North Carolina Highway Fuel Use temporary trip permits are issued to motor carriers who do not have proper credentials to travel in North Carolina. Temporary trip permits allow motor carriers to travel in North Carolina only. Motor carriers must contact other jurisdictions if authorization is needed to operate in those jurisdictions. Contact information for each jurisdiction is located at www.iftach.org. The cost for North Carolina fuel use temporary trip permits is \$50.00 each and they are valid for three (3) days. Permitting services may charge additional fees. (R310) (N.C.G.S. 105-449.49)

PERMITTING SERVICES

Only the following permitting services are authorized to issue North Carolina Highway Fuel Use temporary trip permits. Permits are available on a 24-hour, 7-day per week basis.

- | | | |
|----|--|--------------------------|
| 1. | aZipPermit, LLC P. O. Box 564 North Scituate, RI 02857 | Toll Free (800) 937-6329 |
| 2. | Comdata Corporation 5301 Maryland Way Brentwood, TN 37027 | Toll Free (800) 749-6058 |
| 3. | Custom Permit Service Co. 2400 Briggs Road, Suite 3 Columbus, OH 43223 | Toll Free (800) 669-5014 |
| 4. | Fleet One, LLC 613 Bakertown Road Antioch, TN 37013 | Toll Free (877) 251-7639 |

- | | | |
|-----|--|--------------------------|
| 5. | Interstate Permit Service P.O. Box 32493 Columbus, OH 43232 | Toll Free (800) 343-4889 |
| 6. | J.J. Keller & Associates 3003 W. Breezewood Lane Neenah, WI 54957 | Toll Free (800) 231-5266 |
| 7. | Jet Permits, Ltd. P.O. Box 349 Hales Corners, WI 53130 | Toll Free (800) 788-0603 |
| 8. | Nova Permit Service 2800 Avenue St-Jean Baptiste, Suite 235 Quebec, Canada G2E 6J5 | Toll Free (800) 567-7775 |
| 9. | Reliable Permit Solutions, LLC 1425 W Lugonia Ave Ste 204 Redlands, CA 92374 | Toll Free (888) 949-4220 |
| 10. | State Permits 7049 Mears Gate Dr. NW North Canton, OH 44720 | Toll Free (800) 331-4805 |
| 11. | T-Chek Systems 14800 Charlson Road, Suite 100 Eden Prairie, MN 55347-5079 | Toll Free (866) 351-2435 |
| 12. | Transmit America 14655 California Street Omaha, NE 68154 | Toll Free (800) 228-7577 |
| 13. | Truckers Accounting & Permitting Service 6604 Harney Rd Suite D Tampa, FL 33610 | Toll Free (800) 553-8277 |
| 14. | Truckers Permitting Services, Inc. 376 Duncan Ave Jersey City, NJ 07306 | Toll Free (866) 488-4382 |
| 15. | The Permit Company 789 South Arroya Parkway Pasadena, CA 91105 | Toll Free (800) 223-7431 |
| 16. | WCS Permits 6421 E Main Street Reynoldsbury, OH 43068 | Toll Free (888) 737-6483 |

- | | | |
|-----|---|--------------------------|
| 17. | Transport Permits Ltd 3825 West 9 th Street Waterloo, IA 50702 | Toll Free (800) 373-9033 |
| 18. | Permit America Inc. PO Box 1409 116 Collision Center Dr, Suite B Frankfort, KY 40602 | Toll Free (866) 573-7648 |

APPENDIX C

GEN-58
Web-Fill
7-12

Power of Attorney and Declaration of Representative

North Carolina Department of Revenue
P. O. Box 25000, Raleigh, NC 27640-0005
Fax: 919-715-1786



Part 1. Power of Attorney *(Please type or print.)*

1 Taxpayer Information (Taxpayer(s) must sign and date this form on page 2, line 7.)

| | | |
|--------------------------------------|-----------------------------------|----------------------------------|
| Taxpayer name(s) and address | Social security number(s) | Fed Employer ID Number |
| | | Daytime telephone number |

hereby appoint(s) the following representative(s) as attorney(s)-in-fact:

2 Representative(s) (Representative(s) must sign and date this form on page 2, Part 2.)

| | |
|--------------------------|-----------------------|
| Name and address | Telephone No. |
| | Fax No. |
| Name and address | Telephone No. |
| | Fax No. |
| Name and address | Telephone No. |
| | Fax No. |

to represent the taxpayer(s) before the North Carolina Department of Revenue for the following matters:

3 Tax Matters You may list any tax years or periods that have already ended as of the date you sign the power of attorney. You may include future tax years or periods that end no later than 3 years after the date the power of attorney is received by the Department of Revenue.

| Type of Tax (Individual, Corporate, Sales, etc.) | Year(s) or Period(s) |
|--|----------------------|
| | |
| | |
| | |

4 Acts Authorized. - The representatives are authorized to receive and inspect confidential tax information, which may include federal tax information, and to perform any and all acts that I (we) can perform with respect to the tax matters described on line 3, for example, the authority to sign any agreements, consents, or other documents. For purposes of this section, federal tax information is defined as federal tax returns and return information received from the Internal Revenue Service.

List any specific additions or deletions to the acts otherwise authorized in this power of attorney:

APPENDIX C

POWER OF ATTORNEY PART 2

Page 2
Gen. 58
Web-Fill
7-12

5 **e-Business Center Account** - Your tax representative can create an e-Business Center account with the Department of Revenue to perform online services on behalf of your business. The online services offered through the e-Business Center include filing a return and paying tax for certain business tax types, viewing online tax history, and managing tax payment information. Please select the Electronic Services tab on the Department's homepage for a list of the online services for businesses that require login to the e-Business Center.
PLEASE CHECK THIS BOX IF YOUR REPRESENTATIVE WILL CREATE AN e-BUSINESS CENTER ACCOUNT TO PERFORM ONLINE SERVICES ON YOUR BEHALF

6 **Retention/Revocation of Prior Power(s) of Attorney.** - The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Department of Revenue for the same tax matters and years or periods covered by this document. If you do not want to revoke a prior power of attorney, check here
YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 **Signature of Taxpayer(s).** - If a tax matter concerns a joint return, both husband and wife must sign if joint representation is requested. If signed by a corporate officer, partner, guardian, tax matters partner/person, executor, representative, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the authority to execute this form on behalf of the taxpayer.
▶ IF NOT SIGNED AND DATED, THIS POWER OF ATTORNEY WILL BE RETURNED.

----- Signature ----- Date ----- Title (if applicable) -----
----- Print Name -----
----- Signature ----- Date ----- Title (if applicable) -----
----- Print Name -----

Part 2. Declaration of Representative

Under penalties of perjury, I declare that:

- I am authorized to represent the taxpayer(s) identified in Part 1 for the tax matter(s) specified there; and
- I am one of the following:
 - a Attorney - a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant - duly qualified to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent - Enrolled as an agent under the requirements of Treasury Department Circular No. 230.
 - d Officer - a bona fide officer of the taxpayer's organization.
 - e Full-Time Employee - a full-time employee of the taxpayer.
 - f Family Member - a member of the taxpayer's immediate family (i.e., spouse, parent, child, brother, or sister).
 - g Other (explain) -

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT SIGNED AND DATED, THE POWER OF ATTORNEY WILL BE RETURNED.

| Designation - Insert above letter (a-g) | Jurisdiction (state) or Enrollment Card No. | Signature | Date |
|---|---|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

APPENDIX C

INSTRUCTIONS FOR POWER OF ATTORNEY GEN-58

Gen. 58 Instr.

Web 7-12

All sections must be completed. Incomplete forms will not be processed.

General Instructions

Purpose of Form

Form GEN-58 grants authority to an individual to represent a taxpayer before the Department of Revenue and to receive and inspect confidential tax information, which may include federal tax information. Federal tax information is defined as federal tax returns and return information received from the Internal Revenue Service. See the instructions for Part I, Line 4 for limitations that may apply for certain representatives. A taxpayer's execution of a power of attorney does not prohibit the Department of Revenue from contacting the taxpayer directly when necessary.

Fiduciaries

A fiduciary (trustee, executor, administrator, receiver, or guardian) stands in the position of a taxpayer and acts as the taxpayer. Therefore, a fiduciary does not act as a representative and should not file a power of attorney. The fiduciary is responsible however, for providing evidence substantiating the fiduciary relationship. If a fiduciary wishes to authorize an individual to represent or perform certain acts on behalf of the entity, a power of attorney must be filed and signed by the fiduciary acting in the position of the taxpayer.

Authority Granted

This power of attorney authorizes the individual(s) named to perform any and all acts you can perform. This includes acts such as signing consents extending the time to assess tax and executing waivers agreeing to a tax adjustment. However, authorizing someone as your power of attorney does not relieve you of your tax obligations. Delegating authority or substituting another representative must be specifically stated on Line 4. See **Line 4- Acts Authorized** for more information.

Filing the Power of Attorney

File Form GEN-58 with the applicable office (main or taxpayer service center). The applicable office is the office from which you request information or before which a matter, such as an audit, is pending.

The Department of Revenue will not be able to process your request if the following information is not provided:

• Name • Social Security Number(s) and/or Fed Employer ID Number • Representative's Name • Type of Tax • Year(s) or Period(s) • Date • Signature

Specific Instructions

All sections must be completed. Incomplete forms will not be processed.

Part 1 – Power of Attorney

Line 1 – Taxpayer Information

Individuals. Enter your name, Social Security Number (and/or Employer Identification Number, if applicable), and address in the space provided. If you have been assigned an Individual

Taxpayer Identification Number, list it in the space provided for Social Security Numbers. If a joint return is involved, and you and your spouse are designating the same representative(s), also enter your spouse's name and Social Security Number, and your spouse's address, if different from yours.

Corporations, Partnerships, or LLC's. Enter the name, Employer Identification Number, and business address.

Trust. Enter the name, title, and address of the trustee, and the name and Employer Identification Number of the trust.

Estate. Enter the name, title, and address of the decedent's executor/personal representative, and the name and identification number of the estate. The identification number for an estate includes both the Employer Identification Number, if the estate has one, and the decedent's Social Security Number.

Line 2 – Representative(s)

Enter the name of your representative(s). **Only individuals may be named as representatives.** Use the identical name on all submissions. If you want to name more than three representatives, indicate so on this line and attach a list of additional representatives to the form.

Line 3 – Tax Matters

Enter the type of tax and the tax year(s), period(s) and/or audit period(s). For example, you may list "Income tax" for calendar year "2009," "sales tax" for the "1st, 2nd, 3rd, and 4th quarters of 2009," and "withholding tax" for the audit period of "January 1, 2007 – December 31, 2009."

You may list any tax years or periods that have already ended as of the date you sign the power of attorney. **You may include future tax years or periods that end no later than 3 years after the date the power of attorney is received by the Department of Revenue.**

Line 4 – Acts Authorized

If you want to modify the acts that your named representative(s) can perform, describe any specific additions or deletions in the space provided. The authority to substitute another representative or to delegate authority must be specifically stated on Line 4.

Line 5 - e-Business Center Account

Your tax representative can create an e-Business Center account with the Department of Revenue to perform online services on behalf of your business. The online services offered through the e-Business Center include filing a return and paying tax for certain business tax types, viewing online tax history, and managing tax payment information. Please select the Electronic Services tab on the Department's homepage for a list of the online services for businesses that require login to the e-Business Center.

Line 6 – Retention/Revocation of Prior Power(s) of Attorney

If you want to revoke an existing power of attorney and do not want to name a new representative, submit a copy of the previously executed power of attorney. The copy of the power of attorney must have a current taxpayer signature and date under the original signature and date on Line 7. Write "REVOKE" across the top of the form. If you do not have a copy of the power of attorney you want to revoke, submit a statement revoking the power of attorney. The statement must indicate that the authority of the power of attorney is revoked and must be signed and dated by the taxpayer. Also, the

name and address of each recognized representative whose authority is revoked must be listed. A power of attorney is revoked only when the Department has actual notice of the revocation.

A representative can withdraw from representation by filing a statement with each office where the power of attorney was filed. The statement must be signed and dated by the representative and identify the name and address of the taxpayer(s) and tax matter(s) from which the representative is withdrawing.

A power of attorney expires and is no longer in effect upon the death of the taxpayer who authorized the power of attorney.

Line 7 – Signature of Taxpayer(s)

Individuals. You must sign and date the power of attorney. If a joint return has been filed and both husband and wife will be represented by the same individual(s), both must sign the power of attorney unless one spouse authorizes the other, in writing, to sign for both. In that case, attach a copy of the authorization. However, if a joint return has been filed and husband and wife will be represented by different individuals, each taxpayer must execute his or her own power of attorney on a separate GEN-58.

Corporations or Associations. An officer having authority to bind the taxpayer must sign.

Partnerships. All partners or members of an LLC must sign unless one partner or member is authorized to act in the name of the partnership. A partner is authorized to act in the name of the partnership if, under State law, the partner has authority to bind the partnership.

Part 2 – Declaration of Representative

The representative(s) you name must sign and date this declaration and enter the proper designation (i.e., items a - g). In addition, the representative(s) must list the following in the “Jurisdiction” column:

- a Attorney – Enter the two-letter abbreviation for the state in which admitted to practice.
- b Certified Public Accountant – Enter the two-letter abbreviation for the state in which admitted to practice.
- c Enrolled agent – Enter the enrollment card number.
- d Officer – Enter the title of the officer (i.e., president, vice president, or secretary).
- e Full-Time Employee – Enter title or position (e.g., comptroller or accountant).
- f Family Member – Enter the relationship to taxpayer (i.e., spouse, parent, child, brother, or sister).
- g Other – Enter the relationship to taxpayer.

APPENDIX E

Decal Inventory

YEAR _____

Instructions:

- 1. Complete all columns with requested information for all vehicles.
- 2. List any special circumstances in the Notes column.
- 3. Retain this document for 4 years for audit purposes.

| | Date | Decal Number | Unit Number | Last 4 Digits of VIN | Notes* |
|-----|-------|--------------|-------------|-------------------------|--------|
| 1. | _____ | _____ | _____ | _____ | _____ |
| 2. | _____ | _____ | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ | _____ |
| 7. | _____ | _____ | _____ | _____ | _____ |
| 8. | _____ | _____ | _____ | _____ | _____ |
| 9. | _____ | _____ | _____ | _____ | _____ |
| 10. | _____ | _____ | _____ | _____ | _____ |
| 11. | _____ | _____ | _____ | _____ | _____ |
| 12. | _____ | _____ | _____ | _____ | _____ |
| 13. | _____ | _____ | _____ | _____ | _____ |
| 14. | _____ | _____ | _____ | _____ | _____ |
| 15. | _____ | _____ | _____ | _____ | _____ |
| 16. | _____ | _____ | _____ | _____ | _____ |
| 17. | _____ | _____ | _____ | _____ | _____ |
| 18. | _____ | _____ | _____ | _____ | _____ |
| 19. | _____ | _____ | _____ | _____ | _____ |
| 20. | _____ | _____ | _____ | _____ | _____ |
| 21. | _____ | _____ | _____ | _____ | _____ |
| 22. | _____ | _____ | _____ | _____ | _____ |
| 23. | _____ | _____ | _____ | _____ | _____ |
| 24. | _____ | _____ | _____ | _____ | _____ |
| 25. | _____ | _____ | _____ | _____ | _____ |
| 26. | _____ | _____ | _____ | _____ | _____ |
| 27. | _____ | _____ | _____ | _____ | _____ |
| 28. | _____ | _____ | _____ | _____ | _____ |

* This field is for documenting anything that affected the status of a decal. For example, "Sold Truck" may be noted.

APPENDIX F

GAS-1276
IFTA
Web
3-14

International Fuel Tax Agreement (IFTA) Return

North Carolina Department of Revenue

Main body of the IFTA return form with multiple horizontal lines for data entry.

FOR OFFICE USE ONLY
____/____/____
FEIN / SSN

NCDOR ID

Fill in applicable circles:
 No Activity Return
 Amended Return
 Address has changed
Return for quarter of
 Jan 1 - Mar 31
 Apr 1 - Jun 30
 Jul 1 - Sep 30
 Oct 1 - Dec 31 (Year) _____

Computation of Tax or (Credit) (Schedules A & B must be completed before you can determine tax liability or (credit) due.)
If amount on Line 1 or 4 is negative, fill in circle. Example: ↓
1. Tax or (Credit) Due (Amount from Schedule B, Column 9) ▶ 1. _____
2. Penalty Due (See instructions) ▶ 2. _____
3. Interest Due (Amount from Schedule B, Column 10) 3. _____
4. Total Balance or (Credit) Due (Add Lines 1 through 3) (Refunds less than \$1.00 must be requested in writing) 4. \$ _____

Signature: _____ Title: _____ Date: _____
I certify that, to the best of my knowledge, this return is accurate and complete.

IFTA returns are due by the last day of the month following the end of the quarter. Make check payable to: N.C. Department of Revenue. Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.

MAIL TO:
North Carolina Department of Revenue
Excise Tax Division
Post Office Box 25000
Raleigh, North Carolina 27640-0950

QUESTIONS:
Contact the Excise Tax Division at
Telephone Number (919) 707-7500
Toll Free Number (877) 308-9092
Fax Number (919) 733-8854

Schedule A

Miles Per Gallon Calculation

Calculate the average miles per gallon (MPG) for each product type. Round the average miles per gallon to two decimal places. The MPG figure for each product type is used to calculate the gallons consumed in the detail summary of operations (Schedule B).

| Product Type | • Total Miles All Jurisdictions | • Total Gallons All Jurisdictions | Average Miles Per Gallon (0.00) | Product Type | • Total Miles All Jurisdictions | • Total Gallons All Jurisdictions | Average Miles Per Gallon (0.00) |
|---------------------------|------------------------------------|--------------------------------------|------------------------------------|--------------|------------------------------------|--------------------------------------|------------------------------------|
| Diesel | DI | | | Ethanol | ET | | |
| Gasoline | GA | | | Methanol | MT | | |
| Gasohol | GH | | | E85 | E8 | | |
| Propane | LP | | | M85 | M8 | | |
| Liquid Natural Gas | LN | | | A55 | A5 | | |
| Compressed Natural Gas | CN | | | Biodiesel | BD | | |

Schedule B

Summary of Operations

| (1) • Jurisdiction | (2) • Product Type | (3) • Total Jurisdiction Miles | (4) • Taxable Jurisdiction Miles | (5) Taxable Gallons (col. 4 divided by calculated MPG in Schedule A) | (6) • Taxpaid Gallons (Service Station Purchases and/or Bulk Withdrawals) | (7) Net Taxable or (Credit) Gallons (col. 5 minus col. 6) | (8) Tax Rate | (9) • Tax or (Credit) (col. 7 x col. 8) | (10) Interest Due (See Instructions) | (11) Total Tax or (Credit) (col. 9 + col. 10) |
|-----------------------|-----------------------|-----------------------------------|-------------------------------------|---|--|--|-----------------|--|---|--|
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| Page 2 | | | | | | | | | | |

Summary of Operations

| (1) • Jurisdiction | (2) • Product Type | (3) • Total Jurisdiction Miles | (4) • Taxable Jurisdiction Miles | (5) Taxable Gallons (col. 4 divided by calculated MPG in Schedule A) | (6) • Taxpaid Gallons (Service Station Purchases and/or Bulk Withdrawals) (col. 5 minus col. 6) | (7) Net Taxable or (Credit) Gallons (col. 5 minus col. 6) | (8) Tax Rate | (9) • Tax or (Credit) (col. 7 x col. 8) | (10) Interest Due (See Instructions) | (11) Total Tax or (Credit) (col. 9 + col. 10) |
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| Subtotals Page 4 | | | | | | | | | | |
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INSTRUCTIONS FOR COMPLETION OF FORM GAS-1276 INTERNATIONAL FUEL TAX AGREEMENT (IFTA) RETURN

Include the company name, street address, city, state, zip code, and return period. Each licensee was assigned a North Carolina Department of Revenue Identification Number (NCDOR ID) upon licensing. The NCDOR ID will appear on all correspondence from the Department. Please use the NCDOR ID when referring to your account.

Fill in the appropriate circle(s) to indicate if the return being filed is 1) No activity, 2) an amended return, or 3) includes an address change. To close an account, complete Form NC-BN, Out-of-Business Notification, and submit it with the Gas-1276 for processing by the Excise Tax Division. This form is located at www.dornc.com/downloads/ifta.html.

COMPLETE SCHEDULES A & B ON PAGE 2 BEFORE DETERMINING TAX LIABILITY OR (CREDIT) ON PAGE 1.

***NOTE: ALL CANADIAN LITERS MUST BE CONVERTED TO GALLONS. ONE LITER EQUALS .2642 GALLONS.
ALL CANADIAN KILOMETERS MUST BE CONVERTED TO MILES. ONE KILOMETER EQUALS .62137 MILES.
ALL MILES AND GALLON FIGURES SHOULD BE ROUNDED TO THE NEAREST WHOLE NUMBER.**

SCHEDULE A - MILES PER GALLON CALCULATION

The miles per gallon (MPG) figure will be used to determine the gallons of fuel consumed in each jurisdiction. Calculate the fleet MPG for the current reporting period for each product type listed. Divide the total miles traveled in all IFTA and non-IFTA jurisdictions (including total temporary trip permit miles) by the total fuel consumed in all jurisdictions. Round the number to the nearest two decimal places. Example: 5.768 rounds to 5.77.

SCHEDULE B - SUMMARY OF OPERATIONS

Column (1) Jurisdiction - In alphabetical order, indicate the member jurisdictions in which you operated during the period. Report each fuel type for each jurisdiction on a separate line. Miles traveled in jurisdictions that are not members of IFTA should be recorded as OT.

Column (2) Product Type - Only one product type per line is allowed. Enter the product type by abbreviations:

| | | |
|---------------|-----------------------------|----------------|
| DI - Diesel | LN - Liquid Natural Gas | E8 - E85 |
| GA - Gasoline | CN - Compressed Natural Gas | M8 - M85 |
| GH - Gasohol | ET - Ethanol | A5 - A55 |
| LP - Propane | MT - Methanol | BD - Biodiesel |

Column (3) Total Jurisdiction Miles - Enter the total miles traveled by jurisdiction for each product type. Total miles should include taxable and nontaxable miles. Be sure to report all miles for vehicles displaying IFTA decals, both interstate and intrastate operations. The sum of total miles in Schedule B, Column 3 should equal the sum of total miles reported in Schedule A.

Column (4) Taxable Jurisdiction Miles - Enter the total taxable miles traveled by jurisdiction for each product type. If you deduct tax exempt miles, it is your responsibility to provide records of proper exemption for future review. You must contact jurisdictions individually to determine exempt miles. Miles traveled while operating under a North Carolina IFTA temporary permit are taxable.

Column (5) Taxable Gallons - Enter the total taxable gallons of fuel consumed for each jurisdiction. To determine this figure, divide Taxable Jurisdiction Miles (Column 4) by the average MPG for that product type (Schedule A). Be sure to report all fuel for vehicles displaying an IFTA decal, both interstate and intrastate operations.

NOTE: Some jurisdictions have an additional surcharge. This surcharge is computed on taxable gallons. For each jurisdiction that requires a surcharge, copy the taxable gallons from Column 5 to a separate line including jurisdiction and product type. Multiply the gallons in Column 5 by the surcharge tax rate to determine the surcharge due and enter this amount in Column 9.

Column (6) Taxpaid Gallons - Enter gallons by product type that were bought at the pump and included the fuel tax at the time of purchase and withdrawals from bulk storage if the fuel is tax-paid. Include fuel purchased while operating under a North Carolina IFTA temporary permit or a North Carolina temporary trip permit. If you operated under a temporary trip permit issued by another jurisdiction, contact that jurisdiction for regulations on reporting fuel purchases while operating under the permit. **NOTE:** Some jurisdictions do not collect fuel tax at the pump. Do not report any purchases that did not include the fuel tax.

Form Gas 1276 IFTA-I (Reverse)

Column (7) Net Taxable or (Credit) Gallons - This figure is the difference between taxable gallons and tax-paid gallons. To calculate this difference, subtract Column 8 from Column 5. If Column 5 is greater than Column 8, you will owe additional tax. If Column 5 is less than Column 8, this figure should include parenthesis () to indicate a credit is due.

Column (8) Tax Rate - Use the tax rate sheet (Form Gas-1278) to enter the tax rate by jurisdiction by product type.

Column (9) Tax or (Credit) - Multiply Column 7 by Column 8.

Column (10) Interest - If your return is late, you will be subject to interest for each jurisdiction on which tax is due (Column 9). For jurisdictions with surcharges, add the tax to or subtract the credit from the surcharge amount. If the result is a tax due, interest is calculated on this amount. To calculate the interest payment, multiply the TAX DUE (Column 9) by the interest rate by the number of months late. A partial month is considered a full month when determining the number of months late. The current interest rate can be obtained from the Department's website at www.dorn.com/taxes/motorifta_interestrates. **DO NOT CALCULATE INTEREST FOR CREDITS.**

Column (11) Total Tax or (Credit) Due - Add the totals of Column 9 and Column 10 for each jurisdiction listed.

SUBTOTALS - Add the subtotals for each page and enter the total tax and total interest on Page 1, Lines 1 and 3.

PAGE 1 - Computation of Tax or (Credit)

Line 1 Tax or (Credit) Due - Enter the total tax or (credit) due from Schedule B, Column 9, all pages. If the amount on Line 1 is a (credit), fill in the circle to the left of the boxes to denote a credit amount. Do not use parentheses or dashes.

Line 2 Penalty - Returns are due on the last day of the month following the close of each quarter.

- a. If the return is late and no tax is due, a penalty of \$50 is due.
- b. If the return is late and tax is due, a penalty of \$50 PLUS 10% of the tax due or \$50, whichever is greater, is due.
- c. If the return is on time but underpaid, a penalty of 10% of the tax due or \$50, whichever is greater, is due.

Line 3 Interest Due - Enter the total interest due from Schedule B, Column 10, all pages.

Line 4 Total Balance or (Credit) Due - Add Lines 1 through 3.

1. **If Balance Due** - Mail the return and a check for the balance due to the North Carolina Department of Revenue, Excise Tax Division, P. O. Box 25000, Raleigh, NC 27640-0950.
Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.
2. **If (Credit) Due** - Fill in the circle to the left of the boxes to denote a credit amount. Do not use parentheses or dashes. Mail the return to the North Carolina Department of Revenue, Excise Tax Division, P. O. Box 25000, Raleigh, NC 27640-0950. Refunds less than \$1.00 must be requested in writing.

Please include your signature, title, date, and telephone number.

Anyone who fails to file a return on time will be subject to a penalty of \$50.00 for each offense. This penalty is in addition to the penalty for failure to pay tax when due. In addition, your license plate(s) will be subject to revocation if returns and/or payments are not submitted to the Department.

MAIL TO:
North Carolina Department of Revenue
Excise Tax Division
Post Office Box 25000
Raleigh, North Carolina 27640-0950

QUESTIONS:
Contact the Excise Tax Division at:
Telephone Number (919) 707-7500
Toll Free Number (877) 308-9092
Fax Number (919) 733-8854

