

NORTH CAROLINA DEPARTMENT OF REVENUE

EXCISE TAX DIVISION

INTERNATIONAL FUEL TAX AGREEMENT
COMPLIANCE MANUAL FOR TAX YEAR 2016



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**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 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.

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 mileage 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.

Carrier means a person who operates, or causes to be operated, a qualified motor vehicle on any highway in North Carolina.

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

Department means the North Carolina Department of Revenue.

Division means the Excise Tax Division.

Gross Vehicle Weight means the unladen (empty) weight of a 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.

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

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

Licensee means a person who holds an uncanceled license issued by the base jurisdiction.

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

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

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.

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

Exempt vehicles include recreational vehicles and 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.

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.

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.

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.

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

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.

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" and then choose "IFTA." The Application for License and Decals requests basic information about the motor carrier and its type of operations. The application 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 proper 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 canceled by the Secretary for cause.
2. The motor carrier was previously licensed in another IFTA member jurisdiction and the motor carrier's license is under suspension or has been revoked by that member jurisdiction.
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.

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 interests of all member jurisdictions. 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.

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 citation.

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. Decals that are assigned to a new owner-operator under a long-term lease agreement must be canceled once the lease has been terminated. 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 citation.

Licensees may request additional decals throughout the license year. The licensee must submit a renewal application, Form Gas-1274A, with the additional number of decal sets requested. This information should be submitted to the Division. Licensees may also request additional decals online at www.dorn.com/electronic/ifta.html.

Licensees may order additional decals in anticipation of using them at a later date. Records should be maintained of the decals 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.

To avoid a \$100.00 citation per vehicle, all operators of qualified motor vehicles must have proper 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.

V. ANNUAL RENEWAL PROCEDURES

Each September, the Division will mail renewal applications to all licensees whose accounts are in good standing. Renewal of the IFTA license may also be denied for the reasons set forth in Section III, Subsection A.

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 in a jurisdiction other than NC for four (4) consecutive quarters, the licensee will be issued an Intrastate (IN) license and decals in lieu of the IFTA license and decals.

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.

The IFTA quarterly tax return must include the following information:

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;
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 assume that the licensee is operating and avoiding fuel tax payments. If a licensee reports all operations in NC or "No Operations" for four (4) consecutive quarters, the Division may discontinue issuing IFTA license and decals to the licensee.

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.dorncc.com or by contacting the Division. **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 particular quarter.** If the licensee had no operations during the quarter, fill in the circle indicating "No Operations," 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>Reporting Quarter</u>	<u>Due Date</u>
January - March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

The quarterly tax return must be postmarked, hand delivered to the Department, or electronically filed by the 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 post office by the due date.

Effective with the third quarter 2012 returns, all carriers are required to file and pay their tax returns electronically. The online filing system may be accessed at www.dorncc.com/electronic/ifta.html.

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 rate. Interest rate information can be found online at http://www.dornco.com/taxes/motor/ifta_interestrates.html.

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.

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".

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 \$1.00 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 \$1.00 will be refunded upon written request. Refunds issued by the Department may be used to offset liabilities owed to the Department or other agencies.

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.

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.

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.

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 for purposes of the Agreement shall be the base jurisdiction of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor or lessee.

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 for purposes of this Agreement shall be the base jurisdiction of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes.

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, the trip lessor will report and pay all fuel taxes.

2. Leases of 30 Days or More

In the case of a motor carrier using independent contractors under long-term leases, 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 for purposes of this Agreement shall be the base jurisdiction 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.

X. LICENSE CANCELLATION, SUSPENSION, REVOCATION, AND REINSTATEMENT

A. License Cancellation

An IFTA license may be canceled 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 canceled by submitting a written request for cancellation. Upon cancellation, the licensee must destroy the original IFTA license. 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.

B. License Suspension and Revocation

An IFTA license may be suspended and/or 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.

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

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.

XI. RECORD KEEPING REQUIREMENTS

A. Mileage 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 Mileage Record (IVMR), as required for the International Registration Plan, is an acceptable source document for recording vehicle mileage information. See example provided in Appendix C, page 20. Supporting information should include the following documentation:

1. Date of trip (beginning and ending);
2. Trip origin and destination (including city and state);
3. Route of travel;
4. Beginning and ending odometer or hubometer readings, including when crossing the jurisdiction line;
5. Total trip miles;
6. Mileage by jurisdiction;
7. Vehicle unit number;
8. Vehicle fleet number;
9. Licensee's name; and
10. Driver's signature or name.

The use of a Global Positioning System (GPS) or other mileage system does not automatically eliminate the requirement for maintaining individual vehicle mileage records. All motor carriers are required to maintain mileage records, as identified in Section XI, Subsection A above, regardless of whether the records are manual trip sheets or GPS mileage records.

B. Fuel Receipts

The licensee must maintain complete records of all fuel purchases. 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, M-85, and A-55. The fuel records must contain:

1. Date of purchase;
2. Name and address of the seller;
3. Number of gallons purchased;
4. Type of fuel purchased;
5. Price per gallon;
6. Unit number or license plate number of the vehicle into which the fuel was placed; and
7. Purchaser's name.

Acceptable fuel receipts include an invoice, a credit card receipt, automated vendor generated invoice or transaction listing, or verifiable microfilm/microfiche of the receipt or invoice. Receipts which contain alterations or erasures will not be accepted by the Division for tax-paid credits.

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. Date of withdrawal;
2. Number of gallons withdrawn;
3. Fuel type;
4. Unit number of the vehicle into which the fuel was placed; and
5. Purchase and inventory records to substantiate that tax was paid on all bulk fuel purchases. Inventory records should include, but are not limited to, tank number, tank location, fuel type, monthly beginning and ending inventories, and monthly totalizer readings.

See example provided in Appendix F, page 28. Separate records should be maintained for retail purchases and bulk storage withdrawals.

D. 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 D, page 21.

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.

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).

E. 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.

F. Failure to Maintain Records

Noncompliance with any record keeping requirement may be cause for revocation of the license and make the licensee subject to a Best Information Available (BIA) audit.

G. Location of Records

A licensee's records should be maintained at a location in North Carolina. If these records are not maintained in North Carolina or are not made available in North Carolina, the travel expenses for the auditor(s) will be billed to the licensee upon completion of the audit.

XII. AUDIT

The purpose of an IFTA audit is the verification of fuel and mileage data 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 ordered and received. 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.

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.

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.

C. Audit Conferences

At the beginning of the audit, the auditor will hold an opening conference with the licensee to determine background information, reporting methods, and records to be reviewed. As the audit progresses, the auditor and the licensee will discuss the sample periods, sampling techniques, and any problem areas. A final conference will be held with the licensee to explain audit adjustments and future reporting practices.

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.

E. Best Information Available (BIA) 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.

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.

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.

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 disagreements are resolved at this step.

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.

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.

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.

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.

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.

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 will not be issued from 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 temporary trip permits is \$50.00 each and they are valid for three (3) days. Permitting services may charge additional fees.

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. | State Permits
7049 Mears Gate Dr. NW
North Canton, OH 44720 | Toll Free (800) 331-4805 |
| 10. | T-Chek Systems
14800 Charlson Road, Suite 100
Eden Prairie, MN 55347-5079 | Toll Free (866) 351-2435 |
| 11. | Transmit America
14655 California Street
Omaha, NE 68154 | Toll Free (800) 228-7577 |
| 12. | The Permit Company
789 South Arroya Parkway
Pasadena, CA 91105 | Toll Free (800) 223-7431 |
| 13. | WCS Permits
6421 E Main Street
Reynoldsbury, OH 43068 | Toll Free (888) 737-6483 |
| 14. | Transport Permits Ltd
3825 West 9 th Street
Waterloo, IA 50702 | Toll Free (800) 373-9033 |
| 15. | Permit America Inc.
PO Box 1409
116 Collision Center Dr, Suite B
Frankfort, KY 40602 | Toll Free (866) 573-7648 |

Individual Vehicle Mileage Record

TRIP REPORT NUMBER

Tractor No. _____	Hubometer Reading	Driver: _____	STATE LAWS REQUIRE THE DRIVER TO KEEP A RECORD OF MILES DRIVEN AND FUEL PURCHASED IN EACH JURISDICTION FOR EACH TRIP.
Trailer No. _____	Ending: _____	Origin: _____	
Trailer No. _____	Beginning: _____	Destination: _____	
Location _____	Total Hub Miles: _____	Destination: _____	
<input type="checkbox"/> Diesel <input type="checkbox"/> Gas <input type="checkbox"/> Gasohol <input type="checkbox"/> LPG <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4	Trailer Axles: _____	Carrier (Lessee): _____	
		Trip Lease #: _____	
		Cargo Weight (Colorado): _____	

DRIVER MUST ENTER ODOMETER READING BEGINNING AND BY STATE EXIT

Line No.	Date	State or Province	Highways Used	Odometer Reading State Exit	Mileage		L = Loaded E = Empty	Trip Permit	Trip Cities	Fuel Gals.	Purchases Vendor	Invoice Number
					Non-Toll	Toll						
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												

(Driver to complete all areas See instructions & sample on back)

Driver/Contractor's Signature _____ Date _____

APPENDIX D

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 E

GAS-1276
IFTA
Web
3-14

International Fuel Tax Agreement (IFTA) Return

North Carolina Department of Revenue

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

NCDOR ID

Fill in applicable circles: <input type="radio"/> No Activity Return <input type="radio"/> Amended Return <input type="radio"/> Address has changed
Return for quarter of <input type="radio"/> Jan 1 - Mar 31 <input type="radio"/> Apr 1 - Jun 30 <input type="radio"/> Jul 1 - Sep 30 <input type="radio"/> 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: ●

<p>1. Tax or (Credit) Due <i>(Amount from Schedule B, Column 9)</i></p> <p>2. Penalty Due <i>(See instructions)</i></p> <p>3. Interest Due <i>(Amount from Schedule B, Column 10)</i></p> <p>4. Total Balance or (Credit) Due <i>(Add Lines 1 through 3) (Refunds less than \$1.00 must be requested in writing)</i></p>	▶	1.	<input type="radio"/>	_____
		2.	<input type="radio"/>	_____
		3.	<input type="radio"/>	_____
		4. \$	<input type="radio"/>	_____

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) 733-8654



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

