

# International Fuel Tax Agreement (IFTA)

## BC IFTA Operating Manual



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Latest Revision: *The revision bar ( | ) identifies changes to the previous version of this manual dated April 2014. For a summary of the changes, see Latest Revision at the end of this document.*

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## Introduction

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### Overview

The International Fuel Tax Agreement (IFTA) is a multi-jurisdictional agreement that establishes a single system for administering and collecting fuel taxes from inter-jurisdictional carriers. Under IFTA, a carrier registers with its base jurisdiction and receives credentials that allow the IFTA licensee to travel in other IFTA member jurisdictions. Carriers file a single quarterly tax return and payment to their base jurisdiction for travel in other IFTA jurisdictions. Base jurisdictions process the tax returns and distribute the tax based on where the fuel was consumed. Base jurisdictions also conduct audits, including audits on behalf of other members.

BC joined IFTA effective January 1, 1996. Currently, 58 North American jurisdictions are IFTA members. Only Alaska, the District of Columbia, Hawaii, the Yukon Territory, Nunavut, the Northwest Territories and Mexico are not members of IFTA.

This manual outlines a carrier's responsibilities as a participant of IFTA but does not replace the legislative requirements under the *Motor Fuel Tax Act* (MFTA).

### Advantages of IFTA Membership for Carriers

Advantages include:

- A single annual fuel tax licence authorizing a vehicle to travel in all IFTA member jurisdictions.
- A single quarterly tax return filed with the base jurisdiction covering a carrier's operations in all IFTA jurisdictions.
- Comprehensive audits conducted by the base jurisdiction on behalf of all member jurisdictions, instead of numerous individual audits conducted by each jurisdiction.

If you plan to operate an IFTA commercial vehicle interjurisdictionally, you should also consider licensing your vehicle under the International Registration Plan (IRP). Under IRP, you are issued a set of licence plates (also known as prorated plates) and one cab card for each commercial vehicle. The licence fees you pay are distributed to the jurisdictions in which your commercial vehicle is expected to travel. If your base jurisdiction is BC, you register with the Insurance Corporation of British Columbia (ICBC). For information on IRP and prorated plates, go to [ICBC's website](#) and see the [British Columbia Apportioned Registration Manual](#).

For information on how provincial sales tax (PST) applies to IRP licensed vehicles, see [Bulletin PST 135, Multijurisdictional Vehicles](#).

## IFTA Administration

IFTA is administered by its member jurisdictions, which determine administrative policies, procedures and audit guidelines, and may amend the terms of the Agreement. Tax administrators from the IFTA member states and provinces hold annual meetings to discuss proposed amendments relating to the Agreement. IFTA members have created an organization called the International Fuel Tax Association, Inc. (IFTA, Inc.), which maintains the Agreement's archives and conducts administrative functions for its members.

## Definitions

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**Audit:** A physical examination of the records and source documents supporting the licensee's quarterly tax returns.

**Base Jurisdiction:** The jurisdiction where:

- the IFTA commercial vehicle is based for vehicle registration purposes (i.e. where the vehicle is plated and insured),
- the licensee of the IFTA commercial vehicle maintains operational control and records or where they can be made available, and
- some travel is made by an IFTA commercial vehicle within the fleet.

A carrier may request permission to consolidate the reporting for fleets of vehicles that would normally be based in two or more jurisdictions.

**Cancellation:** The withdrawal of a carrier's IFTA licence and privileges at the request of the licensee.

**CTA:** BC's *Carbon Tax Act*. Fuel used in an IFTA commercial vehicle operating under IFTA is exempt from carbon tax. However, an amount equivalent to the carbon tax is charged under the *Motor Fuel Tax Act*. This simplifies the administrative process as all IFTA registration, reporting and compliance activities occur under one Act rather than two.

**Carrier:** A person who owns or operates one or more IFTA commercial vehicles used inter-provincially or internationally for the commercial carriage of passengers or goods.

**Commissioner:** The official designated by the member jurisdiction to be responsible for the administration of IFTA.

**Gross Vehicle Weight (GVW):** The current weight of a vehicle on the ground that varies depending on the weight of a vehicle, the weight of passengers, cargo, fuel, and accessories added to the vehicle after purchase, and is different than Registered Gross Vehicle Weight (RGVW).

**IFTA Carrier Licence:** A licence issued in accordance with the International Fuel Tax Agreement (IFTA).

**IFTA Commercial Vehicle:** A motor vehicle used inter-provincially or internationally for the commercial transportation of persons or property that:

- has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 11,797 kilograms or 26,000 pounds, or
- has three or more axles regardless of weight, or
- is used in combination with a trailer when the weight of the combination exceeds 11,797 kilograms or 26,000 pounds gross vehicle weight.

An IFTA commercial vehicle does **not** include:

- a power unit with two axles, used with a trailer, and has a combined GVW or RGVW of less than 11,797 kilograms or 26,000 pounds, or
- a recreational vehicle (e.g. a motor home).

**IFTA Decal:** A decal issued in accordance with the International Fuel Tax Agreement (IFTA).

**IFTA Licensee:** A person who holds a valid IFTA carrier licence and is also referred to as a licensee.

**Jurisdiction:** A province or territory of Canada, a state of the United States, the District of Columbia, or Mexico.

**Lessee:** A person who acquires (e.g. rents or leases) a motor vehicle, with or without a driver, from another person.

**Lessor:** A person granting the use of a motor vehicle, with or without a driver, to another person.

**Member Jurisdiction:** A jurisdiction which is a member of IFTA.

**Motor Fuels:** All fuels used for the generation of power for the propulsion of an IFTA commercial vehicle.

**Motive Fuel User Permit (MFUP):** A temporary motive fuel user permit that is purchased by a non-IFTA licensee who brings motive fuel (i.e. diesel fuel) into BC in a supply tank of an IFTA commercial vehicle.

**MFTA:** *BC's Motor Fuel Tax Act.*

**Recreational Vehicles:** Recreational vehicles are vehicles, such as motor homes, trucks with attached campers, and buses used exclusively for personal use by an individual. To qualify as a recreational vehicle, the vehicle cannot be used for business purposes (e.g. not depreciated for income tax purposes, has no business advertising, and a commercial driver's licence is not required to operate it).

**Registered Gross Vehicle Weight (RGVW):** The maximum licensed weight capacity of a vehicle, which is different than the Gross Vehicle Weight Rating (GVWR) established by the vehicle's manufacturer, and different than the Gross Vehicle Weight (GVW).

**Reporting Period:** A period of time consistent with the calendar quarterly periods of January 1 through March 31 (Q1); April 1 through June 30 (Q2); July 1 through September 30 (Q3), and October 1 through December 31 (Q4).

**Revocation:** The withdrawal of an IFTA licensee's IFTA carrier licence and privileges by the licensing jurisdiction for reasons of non-compliance.

**Taxable Distance:** The total kilometres travelled by a licensee's IFTA decal vehicle within a member jurisdiction, including kilometres operated under an IFTA temporary permit. Taxable distance does not include kilometres while operating on a Motive Fuel User Permit or those exempt from fuel tax.

**Temporary Permit:** A 30-day permit issued by a base jurisdiction allowing an IFTA licensee to put an IFTA commercial vehicle into service immediately without displaying IFTA decals (e.g. the licensee does not have decals available).

**Total Distance:** All kilometres travelled during the reporting period by every IFTA decal commercial vehicle in the licensee's fleet, regardless of whether the kilometres are considered taxable or non-taxable by a member jurisdiction.

## **Qualifications for IFTA in BC**

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### **Carriers Based in BC**

If you are a BC based carrier operating an IFTA commercial vehicle, you must:

- register under IFTA with the Ministry of Finance (the ministry), or
- obtain a Motive Fuel User Permit (MFUP) from the Ministry of Transportation and Infrastructure each time your vehicle enters BC, and an MFUP (or the equivalent) each time your vehicle enters another IFTA jurisdiction.

You may qualify for an IFTA licence in BC if:

- your IFTA commercial vehicle is registered in BC,
- you operate an established place of business in BC,
- you maintain the operational controls and records for your IFTA commercial vehicle in BC or can make those records available in BC,
- your IFTA commercial vehicle travels in BC, and
- you operate one IFTA commercial vehicle in at least one other IFTA member jurisdiction.

If your IFTA commercial vehicle is not registered under IFTA, you must obtain an MFUP each time your vehicle enters BC by:

- accessing the Transportation Permitting System (TPS) online at [th.gov.bc.ca/cvse/tps/tps\\_online.htm](http://th.gov.bc.ca/cvse/tps/tps_online.htm), or
- calling the Provincial Permit Centre toll-free at 1 800 559-9688.

For more information on MFUPs, see [Bulletin MFT-CT 008](#), *International Fuel Tax Agreement and Motive Fuel User Permits*.

You do not need an IFTA licence or an MFUP in BC if you operate an IFTA commercial vehicle that is:

- an ambulance, school bus, fire truck, taxi or police vehicle, or
- registered for farm use outside BC.

### **Carriers Based in a Non-IFTA Member Jurisdiction**

If you are a carrier based in a jurisdiction that is not an IFTA member (i.e. Yukon, Alaska, Northwest Territories, and Nunavut), you may apply to the ministry for licensing if you operate in BC. If the ministry accepts your application, you must agree to make your operational records available for audit in BC, or to pay reasonable per diem travel expenses for auditors to audit your records outside BC.

# Application for IFTA Licence and Decals

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## Application for IFTA Licence

To apply, you must complete an *Application for Carrier Licence International Fuel Tax Agreement (IFTA)*. You can apply:

- online using [eTaxBC](#), or
- by mail, courier or in person using the *International Fuel Tax Agreement (IFTA) Carrier Licence Application* form ([FIN 363](#)) available on our website.

There is a fee of \$300 for new IFTA applicants, which includes a registration fee of \$200 plus the annual licence fee of \$100. Send your payment along with a copy of your [eTaxBC](#) confirmation page or the printed application form. Make your cheque or money order payable in Canadian funds to the Minister of Finance.

If the ministry approves your IFTA licence, you will be issued a tax account number and sent IFTA credentials including your licence and decals. Your BC tax account number will have a prefix “BC3” followed by a unique eight-digit number. This account number will be used in future correspondence with you and with other IFTA member jurisdictions regarding your licence.

The ministry will **not** issue you an IFTA licence if:

- your application form is unsigned, incomplete, contains misrepresentations or misstatements,
- you did not send the applicable fees,
- you previously held a licence in another IFTA member jurisdiction and the IFTA licence is under suspension or has been revoked by that member jurisdiction, or
- you owe tax or returns to an IFTA member jurisdiction.

## Bonding

The ministry may require you to submit a bond or unconditional letter of credit to protect the interests of member jurisdictions, if:

- you have a history of non-compliance with the ministry or other taxation authorities,
- you have not filed timely returns or remitted taxes as required, or
- an audit or inspection indicates non-compliance with the *Motor Fuel Tax Act*.



## **IFTA Credentials**

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### **IFTA Licence**

In each of your IFTA commercial vehicles, you must carry the IFTA licence or a legible photocopy of the licence. The licence identifies you and the serial numbers of the decals covered by your licence. If you do not carry a copy of the appropriate licence in your vehicle, you may be required to purchase a Motive Fuel User Permit, and you may be subject to citations and/or fines each time your vehicle enters an IFTA jurisdiction. Your IFTA licence is valid from the date issued to December 31 of the same calendar year.

### **IFTA Decals**

A set of two decals is required for each IFTA commercial vehicle you operate. You must make sure that the serial numbers listed on your IFTA licence corresponds to the serial numbers on your decals.

The IFTA application asks you for the number of IFTA commercial vehicles in your fleet and the number of sets of decals you require. You should request a sufficient number of decal sets to reasonably meet your annual operational requirements. However, the ministry may review unusually large requests.

If you require additional decals during the year, a supplementary IFTA licence will be issued covering the serial numbers of the additional decals. If you require additional decals to place an IFTA commercial vehicle into immediate operation, request a Temporary Permit (see below).

You must display a decal on each side of the exterior of the cab and keep the IFTA licence, or a photocopy of the licence, inside the cab. If you do not display the decals appropriately or the decal serial numbers do not correspond to the IFTA licence, you may be required to purchase a Motive Fuel User Permit, and you may be given citations and/or fines each time your vehicle enters an IFTA jurisdiction.

You are responsible for ensuring the decals are properly distributed and accounted for (e.g. a log of decals issued, to which vehicle, and the date attached). Also, you are responsible for ensuring that distances travelled by all decaled vehicles are reported on the quarterly tax returns. For audit purposes, you must retain records and supporting tax returns for a minimum of four years from the date the tax return is submitted.

If you sell an IFTA commercial vehicle which is decaled, you must remove your IFTA licence and decals from the vehicle. The only exception is if you lease the vehicle (see Leased Motor Vehicles/Contract Agreements below).

IFTA decals are valid from the date of issue to December 31 of the same calendar year but may be displayed one month early. If you choose to display your IFTA credentials early, you must also have your current IFTA licence and your current set of decals appropriately placed on your vehicle (e.g. in December 2013 you may display 2014 decals but you must also display the 2013 decals).

## Temporary Permits

If you want to register an additional IFTA commercial vehicle under IFTA immediately, but you do not have extra decals on hand, you may ask the ministry for an IFTA temporary permit. The ministry will email or fax the temporary permit to you if:

- you provide your IFTA account number, the vehicle's year, make, licence plate number and Vehicle Identification Number (VIN), and
- your IFTA account is in good standing.

This permit is vehicle-specific and is valid for 30 days. You must place it in the IFTA commercial vehicle, along with a copy of your IFTA licence. The ministry will mail you the IFTA licence and decals to replace the permit within the 30-day period.

## Annual Renewal Procedures

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### IFTA Licence Renewal Application

You must renew your IFTA licence each year in BC. The annual licence or renewal fee is \$100. You can renew your licence and pay your fee:

- online using [eTaxBC](#), or
- by mail, courier or in person using the printed *International Fuel Tax Agreement (IFTA) Carrier Licence Application* form ([FIN 363](#)). This form will be mailed to you in October if your account is in good standing. It is also available on our website.

Once the ministry approves your renewal, a new IFTA licence will be issued along with the decals you had requested for your IFTA commercial vehicles.

Generally, all renewals received before November 30 are processed by December 31, unless you have missing returns or payments, or have not paid your renewal fee.

## Reporting Requirements

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### Quarterly Fuel Tax Returns

Your IFTA tax return allows you to calculate the tax you owe, or the credit you are due, from each member jurisdiction. If you owe tax, you remit one payment with your IFTA tax return for the tax due as calculated on your return. If you do not operate between

jurisdictions or you do not purchase fuel during the quarter, you are still required to file your quarterly return.

### How to File and Pay

You can file your *International Fuel Tax Agreement (IFTA) Quarterly Tax Return* and pay the tax owing:

- online using [eTaxBC](#), or
- by mail, courier or in person using either the printed return mailed to you from the ministry or a return printed off of our website.

**Please note:** You are not able to pay your IFTA return at a financial institution.

If you enrol with [eTaxBC](#), you will receive an email from the ministry when your returns are ready to be filed.

If you report and pay using printed returns, you will receive your IFTA tax return at least 30 days before the due date.

If you identify an error in a tax return from a previous reporting period, **you must submit** an amended return for that reporting period.

A [guide](#) for completing the return is available on our website.

You must use metric measurements when completing your return.

### Due Dates

The following chart shows the due dates for each quarter:

Quarter	Reporting Period	Due Date
1 <sup>st</sup>	January – March	April 30 <sup>th</sup>
2 <sup>nd</sup>	April – June	July 31 <sup>st</sup>
3 <sup>rd</sup>	July – September	October 31 <sup>st</sup>
4 <sup>th</sup>	October – December	January 31 <sup>st</sup>

If the due date falls on a weekend or a BC statutory holiday, the due date is the next business day.

If you file and pay online using [eTaxBC](#), your tax return and payment is considered on time if they are posted to eTaxBC by 11:59 pm (Pacific Time) on the due date.

If you send in your IFTA tax return and payment by mail, it is considered on time if the envelope is postmarked by Canada Post (or national equivalent if outside Canada) on or before the due date. A business postage meter mark is **not** sufficient. If you mail your return and payment on or near the due date, ask Canada Post to postmark the envelope on that day.

If you hand deliver your IFTA tax return and payment, or send it by courier, it must be received by the ministry by the close of business (4:30 pm) on the due date to be considered on time.

Payments must be negotiable on or before the due date to be considered on time (e.g. if your payment is submitted on time but is post-dated after the due date, it will be considered late). If you are paying by cheque, it must be payable in Canadian funds to the Minister of Finance. You cannot pay by credit card.

### **Nil Returns**

If you are filing a nil return (i.e. no travel outside of BC) or a credit return, you may:

- file online using [eTaxBC](#), or
- send your return to our processing centre by:
  - fax to 250 405-4415, or
  - email to [Fact.Support@gov.bc.ca](mailto:Fact.Support@gov.bc.ca)

Your return must be **received** by 11:59 pm on the due date. Do not file multiple copies of the same return (e.g. mail and fax the same return).

### **Overdue Returns**

If you do not file your IFTA tax return or remit the total tax due on time, the ministry, on behalf of all member jurisdictions, will:

- charge interest on the overdue tax due to each member jurisdiction,
- charge interest on any unpaid tax, and
- issue you a warning letter, or assess a penalty equal to 10% of the net tax due.

If you file a second late IFTA tax return or do not remit the total tax due on time during the following 12 months, the ministry may suspend or revoke your IFTA licence.

If you do not file your IFTA tax return, the ministry may assess you for the estimated tax, plus a 10% penalty and interest. The ministry will also:

- suspend or revoke your IFTA licence for all IFTA jurisdictions (see Licence Suspension, Revocation, Cancellation and Reinstatement below),
- assess you for the estimated taxes due to each member jurisdiction,

- charge you jurisdictional interest on the estimated tax due, and
- assess a penalty equal to 10 percent of the estimated tax due.

## Tax Rates

You can find current and historical tax rates for all member jurisdictions on the IFTA website. Additional information on fuel taxes in specific jurisdictions may be available in footnotes to IFTA's Tax Rate Matrix. To view tax rates and these footnotes, go to [IFTA's](#) website, then go to *Tax Rates* and select the appropriate reporting quarter.

## Credits and Refunds

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### Refund or Credit on Your IFTA Tax Return

If the taxes you pay on fuel purchases are greater than the taxes you owe, you may either:

- claim a refund on your IFTA tax return (the ministry cannot process a refund of less than \$10), or
- carry the credit forward to future quarters.

**Please note:** To claim a refund, check the Refund Requested box on your IFTA tax return.

A refund will be issued to you if there are no overdue returns, or tax owing (including any outstanding audit assessments) to any member jurisdictions.

A credit may be carried forward for up to four years and applied to future IFTA tax returns for any taxes owing.

### Stationary Engine Refund

Although not relating to IFTA, you may be eligible for a refund in BC for the difference between the clear and coloured fuel tax rates while your IFTA commercial vehicle is stationary to pump and dispense liquids or other materials to or from your vehicle. You **cannot** claim this refund on your IFTA tax return. For more information on the qualifications and how to apply for the refund, see [Bulletin MFT-CT 003](#), *Coloured Fuels*.

Other IFTA member jurisdictions may also allow similar type of refunds. For more information, see [IFTA's](#) website or contact your member jurisdiction.

## **Licence Suspension, Revocation, Cancellation and Reinstatement**

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### **Licence Suspension, Cancellation or Revocation**

The ministry can suspend and/or revoke your IFTA licence if you do not file IFTA returns, have a second late IFTA return within a 12 month period or you do not pay taxes. If your licence is suspended or revoked, the ministry will notify you and all member jurisdictions, who will notify roadside enforcement.

Roadside enforcement of IFTA commercial vehicles with a suspended or revoked IFTA licence can vary between member jurisdictions. Roadside enforcement may require you to purchase an MFUP (or equivalent in other jurisdictions), issue you citations and/or fines, or impound your vehicle until your IFTA licence is reinstated.

If you do not file your missing returns and pay any tax due that led to your suspension within the given deadline, the ministry will automatically revoke your IFTA licence. If your IFTA licence is revoked, you must return your original IFTA licence and all unused IFTA decals to the ministry and remove all IFTA credentials (i.e. all IFTA decals and copies of the IFTA licences) from your vehicle. In addition, the ministry may issue an assessment for the estimated amount of tax due.

If you want to cancel your IFTA licence, you may either:

- submit a written request, or
- check *Cancel IFTA licence* on your final IFTA tax return.

The ministry will cancel your licence once all reporting requirements and IFTA tax liabilities have been satisfied. You must return your original IFTA licence and all unused IFTA decals to the ministry and remove all IFTA credentials from your vehicle(s).

You must retain all records for a minimum of four years from the date you filed your last IFTA tax return.

### **Licence Reinstatement**

The ministry may reinstate your suspended or revoked IFTA licence once you have filed your IFTA returns and paid all taxes due, including any audit assessments. If you are reinstated, the ministry will notify you and all member jurisdictions of your reinstatement. It may take up to 21 days from the date you submit complete information and pay all outstanding taxes for your account to be reinstated. Until

that time, you must purchase an MFUP or equivalent each time your IFTA commercial vehicle enters an IFTA jurisdiction.

**Please note:** the ministry may require you to submit a bond or unconditional letter of credit to protect the interests of member jurisdictions.

## **Record-Keeping Requirements**

### **Decal Log Books**

You must maintain a log book of the IFTA decals you issue, noting the dates and vehicles that the decals are attached to.

### **Distance Records**

You must maintain complete and accurate travel records of all interjurisdictional and intrajurisdictional operations of your IFTA decaled vehicles. The records (trip report) must detail the extent of travel in each jurisdiction and support the information reported on the IFTA tax return. The trip report must show the following information:

- beginning and ending trip date
- trip origin and destination (including city and province or state)
- routes of travel and beginning and ending odometer readings
- total trip kilometres
- total distance by jurisdiction
- vehicle unit or vehicle identification number
- vehicle fleet number
- carrier name

### **Fuel Records**

You must maintain complete and accurate records of all fuel purchased, received, and used by your IFTA decaled vehicle. Fuel types include gasoline, diesel, propane, blended fuels (e.g. gasohol and ethanol), compressed natural gas, liquid petroleum, and kerosene. Compile separate totals for each fuel type. Maintain separate records for retail and bulk purchases.

### **Fuel Receipts**

You must keep invoices or receipts to receive credit for tax-paid purchases. An invoice or receipt for tax-paid purchases must include the following information:

- date of purchase
- seller's name and address

- number of litres purchased
- fuel type
- price per litre or total amount of sale
- fleet unit number
- purchaser's name

### **Bulk Storage Fuel**

If you have a bulk fuel storage facility and you have fuel delivered, your fuel records must contain the following information:

- date of each fuel delivery
- name and address of the person from whom you purchased or received the fuel
- number of litres received
- type of fuel
- plate or ID number of the vehicle or equipment into which the fuel was placed

If you use fuel from your tax-paid bulk storage, to receive a credit you must retain the following information:

- date of withdrawal
- number of litres
- fuel type
- fleet unit number
- purchase and inventory records to show that tax was paid on all bulk purchases

### **Leased Motor Vehicles/Contract Agreements**

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The IFTA requirements are the same if you lease or own an IFTA commercial vehicle, and the following rules apply in determining who is responsible for reporting and paying fuel taxes.

#### **Rental/Leasing Companies**

Rental/leasing companies (lessors) are companies which rent out an IFTA commercial vehicle without a driver. The leases are either short term (29 days or less) or long term (30 days or more).



### **Short Term Leases**

In the case of a short term lease, the lessor is responsible for reporting and paying fuel taxes unless the following two conditions are met:

- the lessor has a written rental contract which designates the lessee as the party responsible for reporting and paying the fuel tax, and
- the lessor has a copy of the lessee's IFTA licence which is valid for the term of the rental.

### **Long Term Leases**

In the case of a long term lease, the lessee is responsible for reporting and paying fuel taxes. However, the lessor may apply to the ministry to be deemed the licensee and, if approved, the lessor will be responsible for reporting and paying the fuel taxes.

### **Independent Contractors (Owner/Operators)**

Independent contractors differ from rental/leasing companies in that they rent out both the IFTA commercial vehicle and the driver. The leases for independent contractors are either short term (29 days or less) or long term (30 days or more).

### **Short Term Leases**

In the case of short term leases, the lessor (independent contractor, agent or service representative) is responsible for reporting and paying fuel taxes.

### **Long Term Leases**

In the case of long term leases, the lessee is responsible for reporting and paying fuel taxes unless a written contract stipulates that the lessor (independent contractor, agent or service representative) is responsible.

### **Household Goods Carriers**

Household goods carriers (commonly known as moving companies) have separate rules from the above when under intermittent leases. These separate rules cover situations where a moving company hires a subcontractor to move household goods to another jurisdiction. The lessee (household goods carrier) is responsible for reporting and paying fuel taxes when the IFTA commercial vehicle is being operated under the lessee's jurisdictional operating authority. The lessor is responsible for reporting and paying fuel tax when the IFTA commercial vehicle is operated under the lessor's jurisdictional operating authority.

For example, a moving company is hired to move household goods from Vancouver to Calgary. The moving company then hires an independent contractor to move the household goods. The moving company (lessee) is responsible for reporting and

paying fuel taxes, as the IFTA commercial vehicle is operated under its authority. Once the goods are delivered to Calgary, the trip back by the independent contractor is under the independent contractor's authority, unless it rents out its IFTA commercial vehicle and driver to another moving company. The responsible party on the trip back will be the lessor (independent contractor) if the IFTA commercial vehicle comes back empty or the independent contractor arranges for its own haul. However, if the independent contractor is hired by a second moving company on the return trip, that second moving company is responsible for reporting and paying the fuel tax.

## **Audits and Inspections**

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### **Audits**

Under IFTA, the ministry may inspect and audit you on behalf of all member jurisdictions. If you are selected for a routine audit, you will normally be contacted in writing by the ministry at least 30 days prior to the audit.

If you are selected for an audit, the ministry will review your travel records, fuel purchases, decal log books and decal inventories. During the audit, the ministry will also check for unauthorized use of coloured fuel, interjurisdictional travel during a time that your licence is revoked or cancelled, and other compliance issues under the *Motor Fuel Tax Act* (e.g. you do not remove IFTA decals from an IFTA licensed vehicle during a time that your licence is revoked or cancelled) and *Carbon Tax Act*.

### **Four Year Audit Period**

You must retain all records for a minimum of four years from the date a return is due or the date you filed a return, whichever is later, plus any time period included as a result of waivers.

If you do not provide records for an audit, the four year period is extended from the date the request is made until the records are provided.

### **Records Not Available**

If you do not make records available to the ministry, or you did not maintain records from which the actual tax liability can be determined, the ministry will estimate your liability. The estimate may be based on your filing history (e.g. past fuel consumption and distances travelled), records received from third parties, industry data, or IFTA's standard of 1.7 kilometres per litre. The estimate is a final determination unless, on appeal, you demonstrate that the estimate is incorrect in light of information you have available.

## **Audit Results**

Once the ministry has completed the audit, the audit will be reported to you in writing and a copy will be sent to any member jurisdiction affected by the audit. The ministry will collect any tax, penalty, and interest owed to all member jurisdictions and will forward these amounts to them on your behalf.

For more information, see [Bulletin CTB 003](#), *Audits*.

## **Appeal Procedures**

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### **Appeals to the Minister**

You may appeal the following:

- a refusal to issue or renew an IFTA licence
- a suspension or revocation of an IFTA licence
- a disallowed refund
- an audit assessment issued by the ministry

You must serve the notice of appeal on the Minister of Finance within 90 days after a notice of decision has been sent to you. If the appeal is not made within 90 days, the decision will be considered final.

The notice of appeal must be in writing and addressed to:

Minister of Finance  
PO Box 9629, Stn Prov Govt  
Victoria BC V8W 9N6

Once an appeal is received, the minister will consider the matter and notify you in writing of the decision.

For more information, see [Bulletin GEN 002](#), *Appeals*.

After the appeal decision, if you still disagree with audit findings, you may request any or all member jurisdictions to audit your records. Each jurisdiction may accept or deny the request. Jurisdictions auditing your records will audit only their portion of your operations. You must make records available at a place designated by the requesting member jurisdiction.

## Appeals to the Courts

If you are dissatisfied with the Minister's decision, you may appeal to the Supreme Court of BC. An appeal to the court is started by filing a petition in the Supreme Court Registry within 90 days of the date of the minister's decision letter.

## Contact Information

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### Ministry of Finance

If you have questions about IFTA, contact the Ministry of Finance, Consumer Taxation Programs Branch, Fuel and Carbon Tax Section in Victoria.

Toll-free within Canada: 1 877-388-4440

Fax: (250) 387-5882

Email: [FuelTax@gov.bc.ca](mailto:FuelTax@gov.bc.ca)

Online: [gov.bc.ca/consumertaxes](http://gov.bc.ca/consumertaxes)

You can access our forms and publications online at [gov.bc.ca/consumertaxes](http://gov.bc.ca/consumertaxes) (go to **Motor Fuel Tax and Carbon Tax** and then **Forms** or **Publications**)

#### Mail:

PO Box 9447, Stn Prov Govt

Victoria BC V8W 9V7

#### Courier:

1802 Douglas St, Victoria BC V8T 4K6

### IFTA, Inc.

For non-jurisdiction specific information about IFTA, such as a list of all member jurisdictions and their contact information or a copy of the IFTA Procedures and Audit Manuals, or the IFTA Articles of Agreement, see IFTA's website at [iftach.org/](http://iftach.org/)

### Other Contacts

For information about commercial vehicle safety and enforcement, see [th.gov.bc.ca/cvse/](http://th.gov.bc.ca/cvse/)

For information about licensing your commercial vehicle with ICBC, see [icbc.com](http://icbc.com)

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#### Latest Revision

June 2014

- Added information on the need to submit an amended tax return upon identification of an error from a previous reporting period
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