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## International Fuel Tax Agreement and Motive Fuel User Permits

### *Motor Fuel Tax Act and Carbon Tax Act*

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

This bulletin provides information to help motor carriers who operate certain types of commercial motor vehicles interjurisdictionally understand how the *Motor Fuel Tax Act* and *Carbon Tax Act* apply to their businesses.

If you plan to operate IFTA commercial vehicle(s) interjurisdictionally, you should also consider licensing your vehicles(s) under the International Registration Plan (IRP). Under IRP, you are issued a set of licence plates (also known as prorate plates) and one cab card for each commercial vehicle and the licence fees you pay are distributed to the jurisdictions in which your commercial vehicles are expected to travel. If your base jurisdiction is BC, you register with the Insurance Corporation of British Columbia (ICBC). For more information on IRP, including details on prorate plates (*B.C. Apportioned Registration Manual*), visit ICBC's website at [www.icbc.com/vehicle-registration/licence-plates/Pages/Prorate-plates-for-commercial-vehicles.aspx](http://www.icbc.com/vehicle-registration/licence-plates/Pages/Prorate-plates-for-commercial-vehicles.aspx)

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## Definitions

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A **base jurisdiction** is the province or state where you license your motor vehicle, control the operation of the vehicle and keep your operational records.

A **carrier** is the person or business that owns or operates one or more IFTA commercial motor vehicles used for transporting passengers or goods between jurisdictions.

An **IFTA licensee** is a carrier who holds a valid IFTA carrier licence.

A **motive fuel user permit (MFUP)** is a temporary permit purchased by the owner/operator of a diesel-powered IFTA commercial vehicle that is not registered under IFTA (i.e. does not have a current IFTA licence and decals) when the vehicle enters into BC.

**Motive fuel** is diesel fuel, or a combination of fuels including diesel fuel, used to propel a motor vehicle. Motive fuel does not include gasoline, alternative motor fuel, locomotive fuel or coloured fuel.

An IFTA **commercial vehicle** is a motor vehicle used interprovincially or internationally for the commercial transportation of passengers or goods that:

- has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 11,800 kg or 26,000 lbs,
- has three or more axles regardless of weight, or
- is used in combination with a trailer and the weight of such combination exceeds 11,800 kg or 26,000 lbs.

An IFTA commercial vehicle does not include a recreational vehicle.

A **recreational vehicle** is a vehicle used solely for personal pleasure by an individual and includes motor homes, buses and pick-up trucks with attached campers.

## The International Fuel Tax Agreement (IFTA)

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IFTA is a single system for collecting and distributing fuel taxes based on where the fuel is consumed, rather than where it is purchased.

Under IFTA, you register with your base jurisdiction and receive credentials, including an IFTA licence and decals for your IFTA commercial vehicle(s). These credentials

allow your IFTA commercial vehicle to enter other IFTA jurisdictions without any additional fuel tax registration or reporting requirements.

When you are registered under IFTA, you file a single fuel tax return with your base jurisdiction each quarter. You report the amount of fuel you purchased and the distances your IFTA vehicle(s) travelled in each jurisdiction during the quarter. You also make a single payment to your base jurisdiction for the net tax due as calculated on your return. Your base jurisdiction then redistributes the taxes to other jurisdictions based on the information from your return. Alternatively, your base jurisdiction will issue a refund and collect taxes from other jurisdictions if you purchased more fuel than you consumed in a jurisdiction.

Alaska, the District of Columbia, Hawaii, Mexico, the Yukon Territory, Nunavut and the Northwest Territories are not members of IFTA.

For more information on IFTA, refer to the [BC IFTA Operating Manual](#) available on our website.

If your IFTA commercial vehicle is not registered under IFTA, you need to obtain an MFUP each time your vehicle enters BC. Other jurisdictions may have the equivalent of an MFUP, or different requirements, for the entry of commercial vehicles not registered under IFTA and you should contact those jurisdictions for more information.

## **IFTA Licence or MFUP**

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If your base jurisdiction is BC and you operate an IFTA commercial vehicle, you need to:

- register under IFTA with us, or
- obtain an MFUP from the Ministry of Transportation and Infrastructure each time your vehicle enters BC (see MFUP in BC below), and the equivalent to an MFUP each time your vehicle enters another IFTA jurisdiction.

If your base jurisdiction is not a member of IFTA and you operate an IFTA commercial vehicle, you must either:

- register under IFTA in a member jurisdiction, such as BC, or
- obtain an MFUP each time your vehicle enters BC.

You do not need to register under IFTA or purchase an MFUP each time your vehicle enters BC if you operate an IFTA commercial vehicle and the vehicle is:

- an ambulance, school bus, fire truck, taxi or police vehicle,
- non-diesel powered (if you are not an IFTA licensee),

- used solely as a recreational vehicle, or
- registered for farm use outside of BC. However, a BC farmer with an IFTA commercial vehicle registered in BC as a farm vehicle and using motive fuel (e.g. clear diesel) is required to register under IFTA or purchase an MFUP each time if the vehicle enters BC.

## **IFTA Registration in BC**

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### **Initial Application**

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

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

You will be asked to provide basic information about your business, its operations and the number of vehicles you plan to operate under IFTA.

### **Registration Fee**

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.

After we receive your completed application and the applicable fee, we will issue you an IFTA licence and a pair of decals for each IFTA commercial vehicle you plan to operate under IFTA.

**Note:** It may take up to 21 days from the date you submit the completed application and pay the registration fee for your account to be opened.

### **Annual Renewal**

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](#)
- By mail, courier or in person using the printed *International Fuel Tax Agreement (IFTA) Carrier Licence Application (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 we approve your renewal, a new IFTA licence will be issued along with the decals you 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.

## **IFTA Licences and Decals**

If your IFTA commercial vehicle is registered under IFTA, you must display an IFTA decal on each side of the exterior of the cab and keep the IFTA licence, or a photocopy of the licence, inside the cab.

You need to keep a log book of decals issued, noting the vehicle for which the decals are issued and the date the decals were attached. IFTA licences and decals are valid for one calendar year, from January 1 through December 31. If your business name or address changes, you must inform us and we will issue you a new IFTA licence.

## **IFTA 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 us for an IFTA temporary permit. We 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 valid for 30 days. We will mail you the IFTA licence and decals to replace the permit within the 30-day period.

## **IFTA Quarterly Fuel Tax Returns**

If you register for IFTA in BC, you must file quarterly IFTA fuel tax returns with us.

Your IFTA tax return calculates 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 net 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 and pay your tax:

- Online using [eTaxBC](#)
- By mail, courier or in person using the *International Fuel Tax Agreement (IFTA) Quarterly Tax Return* ([FIN 360](#)) available on our website.

**Note:** You cannot pay your IFTA return at a financial institution.

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

If you do not file and pay using [eTaxBC](#), you will receive a return voucher in the mail reminding you to use the return from our website. A [guide](#) for completing this return is available on our website.

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

You must use metric measurements (kilometres and litres).

### 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
2 <sup>nd</sup>	April – June	July 31
3 <sup>rd</sup>	July – September	October 31
4 <sup>th</sup>	October – December	January 31

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 will be 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 immediately.

If you hand deliver your IFTA tax return and payment, or send it by courier, it must be received by us 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.

If your return and payment are not received on time, penalties and interest may be applied. Nil tax returns and amended tax returns are treated the same as other late returns in evaluating filing history.

### **Nil Returns and Credit 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](#)
- Send your return to our processing centre by 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 email the same return).

### **BC Combined Tax Rate**

You report and pay motor fuel tax, which includes an additional amount equal to the carbon tax, on your IFTA tax return.

For information on motor fuel and carbon tax rates, see [Bulletin MFT-CT 005](#), *Tax Rates on Fuels*.

For information on tax rates in all IFTA jurisdictions, see the IFTA website at <http://www.iftach.org/>

### **Credits and Refunds**

If the fuel taxes you paid on purchases are greater than the taxes owed, you may either:

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

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

### **Penalty for Not Filing Returns**

If you do not file your IFTA tax return, we may assess you, on behalf of all member jurisdictions, for the estimated tax, plus a 10% penalty and interest. We may also suspend or revoke your IFTA licence.

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

We can suspend or revoke your IFTA licence if you do not file IFTA returns or pay taxes due. If your licence is suspended or revoked, we will notify you and all member jurisdictions, who will notify roadside enforcement. If your licence is revoked or cancelled, you must return your original IFTA licence and all unused IFTA decals to us and remove all IFTA credentials (i.e. all IFTA decals and copies of the IFTA licences) from your vehicle(s).

Roadside enforcement of interjurisdictional carriers with a suspended or revoked IFTA licence can vary between member jurisdictions (e.g. requiring that you purchase a MFUP or the equivalent in another jurisdiction, issuing you a citation or fine, or impounding your vehicle(s) until your IFTA licence is reinstated).

We may reinstate your suspended or revoked IFTA licence once you have filed your IFTA returns and paid the taxes due. If you are reinstated, we will notify you and all member jurisdictions of your reinstatement. Please note that 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.

You may voluntarily cancel your IFTA licence if you have filed all required IFTA returns and paid any tax due. If you cancel your licence, you need to return your original IFTA licence to us and remove all IFTA credentials from your vehicles, including decals and licences.

## **Record Keeping and Audits**

You need to keep records that support the information on your IFTA tax returns. If you do not keep records or pay the tax due, it may result in an assessment for the unpaid tax, plus penalty and interest charges. Under IFTA, you need to keep records for **four** years after you file your return.

If you are selected for an IFTA audit, your base jurisdiction will conduct the audit on behalf of all member jurisdictions. After the audit is completed, you and any affected member jurisdiction will receive an audit report. Your base jurisdiction collects and remits any tax, penalty and interest you owe to other member jurisdictions.



## Motive Fuel User Permit (MFUP) in BC

If your IFTA commercial vehicle is using motive fuel and is not registered under IFTA, you need to obtain an MFUP each time your vehicle enters BC except in certain circumstances (see the IFTA Licence or MFUP section above for information about exceptions).

You may obtain an MFUP from the Ministry of Transportation and Infrastructure by:

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

Your MFUP is valid for seven days and it cannot be extended.

**Note:** If you are not registered under IFTA, you need to have your MFUP available for inspection at all times while your IFTA commercial vehicle is in BC.

To obtain an MFUP, you must pay a deposit. The deposit is equal to the motor fuel tax and carbon tax rate for each kilometre multiplied by the number of kilometres you estimate you will travel in BC.

**Note:** You cannot calculate the deposit based on the volume of fuel.

The table below lists the motor fuel tax rate and carbon tax rate used to calculate the deposit. The minimum payment is \$20 per MFUP (\$10 for motor fuel and \$10 for carbon tax).

Period	Carbon Tax Rate for Each Kilometre	Motor Fuel Tax Rate for Each Kilometre	Combined Rate for Each Kilometre	Maximum Combined Deposit
Starting July 1, 2012	4¢	7¢	11¢	\$220

If you travel more kilometres in BC than you estimated, you must pay motor fuel tax and carbon tax to us for the additional distance you travelled using the table above.

All fuel sellers in BC charge motor fuel tax and carbon tax at the time of purchase. If the amount of the deposit and/or tax you paid on motive fuel purchased in BC exceeds the

tax due on the fuel used in BC, you may claim a refund. You calculate your refund using the following formula.

$$\text{Refund} = (\mathbf{D} + \mathbf{TP}) - (\mathbf{R} \times \mathbf{AD})$$

**D** = the amount of deposit paid

**TP** = the amount of motor fuel and carbon tax you paid for motive fuel purchased in BC during the trip and used in the IFTA commercial vehicle

**R** = the rate set out by the province to calculate the deposit for that period

**AD** = the actual distance travelled by the vehicle in the province

To apply for a refund, you must complete an *Application For Refund of Motor Fuel Tax - Purchaser of Fuel* (**FIN 147**). You must also submit the following supporting documents with your application form:

- Copies of all applicable MFUPs
- Documentation to support the actual distance travelled, such as copies of the driver log book showing the distance travelled in BC during the permit period or bills of lading showing the delivery destination
- Copies of all invoices for fuel purchased within BC during the permit period for use in the permitted vehicle showing:
  - the name and location of the seller
  - the date of purchase
  - the litres and type of fuel purchased

Send your application form and supporting documents to:

Ministry of Finance  
Refund Section  
PO Box 9628 Stn Prov Govt  
Victoria BC V8W 9N6

We must receive your refund claim within four years from the date you paid the deposit.

**Note:** A refund cannot exceed the amount of the deposit and we cannot issue a refund of less than \$10 for motor fuel tax and \$10 for carbon tax.



## Need more info?

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

Toll free in Canada: 1 877 388-4440

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

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The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation.

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### Latest Revision

October 2017

- Clarified:
    - the circumstances under which you do not need to register under IFTA or purchase an MFUP each time your vehicle enters BC
    - that for MFUPs, we cannot issue a refund of less than \$10 for motor fuel tax and \$10 for carbon tax
  - Other minor revisions
-