

THE TRUCKER'S GUIDE TO IFTA



TruckingOffice
Trucking Management Software

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What is IFTA?



The **International Fuel Tax Agreement (IFTA)** was formulated to simplify the payment of fuel taxes across state and national borders. Its goal is to ensure that each entity receives its proper share of tax revenue, as well as to simplify the process for motor carriers.

This agreement spans the lower 48 US states and Canadian provinces, making it simpler to track carriers that operate in more than one jurisdiction. Alaska, Hawaii, and the Canadian territories are not included in IFTA. Under IFTA, companies are issued one IFTA license and two state decals for each truck, allowing them to operate in other jurisdictions without having to buy additional decals.

Prior to this agreement, each state had their own taxing system, and operators had to obtain individual permits for every state in which they operated. Some states retain additional requirements for fuel tax reporting, but the process has been streamlined by the adoption of this more universal standard.



Why Do We Need IFTA? | Already Pay Taxes



When you buy fuel, you pay a fuel tax at the pump. This tax money is used to keep up the roads and highways. The problem comes in when you buy fuel in one jurisdiction, then drive into another jurisdiction. So if your truck travels through a jurisdiction and you don't buy any fuel there, then they don't get any tax revenue. IFTA takes the total miles driven in each jurisdiction and applies the appropriate tax rate for that jurisdiction to those miles. Then it takes the fuel gallons purchased in each jurisdiction and gives back a credit in some jurisdictions and gives you a balance due in others. IFTA is designed to make sure that each jurisdiction that you operate your commercial vehicle in gets their share of the fuel taxes, and can continue to maintain their road systems.



Does IFTA Apply to Me?



IFTA applies to you if you meet the following criteria:

1. Your truck has a gross vehicle weight (GVW) of 26,000 pounds or has three or more axles or both. For example, if your truck has a GVW of 25,000 pounds but has three axles, then you fall within IFTA jurisdiction. If your truck has only two axles but has a GVW of 27,000 pounds, you are also under IFTA. This includes “piggyback” combos that have a GVW of at least 26,000 pounds.
2. You operate across state lines (in at least two IFTA jurisdictions) for commercial purposes; i.e. transporting goods. All commercial trucking companies are required to obtain an International Fuel Tax Agreement license, although exceptions can be made for government vehicles and farm vehicles.



How to Register for IFTA

1. Register in your base state. The [IFTA website](#) lists contact information for each base jurisdiction.
 - a. You must accrue mileage in that base state.
 - b. You must also operate commercially in at least two IFTA jurisdictions.
2. You can complete the IFTA application package yourself, or you can contact the Truckers Accounting and Permitting Service to apply on your behalf.
3. You need to obtain an annual license for each vehicle in your fleet. The cost for this will vary; some states charge a fee for application processing or for the decals, and others have no fees.



What's Next?

1. Once registered, you will receive an IFTA license and two decals for each truck you register. The decals should be placed on either door. While you're waiting to receive your IFTA stickers, you can get a temporary IFTA license faxed to you to carry in your truck until the decals arrive. Once approved, each truck must carry a copy of the distributed licenses.
2. You will need to file a tax report each quarter, even if you do not purchase fuel or operate during the quarter. The IFTA tax return is mailed on a quarterly basis to all licensed carriers. Tax rates can be viewed, downloaded, and printed at www.iftach.org. As you compile your IFTA tax report, you'll see whether you owe money or will receive a refund or credit.

Expiration

After your initial registration, IFTA will send renewal applications automatically for the following years. Regardless of where or when an IFTA license is obtained, all decals will expire on December 31st every year. Although licensees are recommended to renew the decals immediately after expiration, it is not required. There is a 2-month grace period from December 31 through February 28 to renew your license.



Penalties

- Late filers are subject to a penalty of either \$50 or 10% of their total tax bill, whichever is greater. The \$50 charge applies even if you owe no taxes.
- Interest on late IFTA reports begins accumulating the day after they're due. These penalties are calculated both by the month and by fractions of a month.
- The state can disallow credit for taxes paid in other states if valid fuel receipts are not provided, and may even suspend or revoke IFTA privileges.

Additional Requirements/Info

- Keep returns for at least four years after their due date.
- All retail fuel purchase receipts must include:
 - Date of purchase
 - Name and address of the merchant
 - Number of gallons purchased
 - Type of fuel purchased
 - Buyer's name
 - Unit number
- Keep all trip records and reports that go along with returns.
- Most states require, or at least greatly prefer, online filing. Those who mail their IFTA report must take a chance on slow delivery times and other risks that can hit them in the pocket, big-time.



IFTA Reporting Periods

1. January 1 – March 31, report due April 30th
2. April 1 – June 30, report due July 31st
3. July 1 – September 30, report due October 31st
4. October 1 – December 31, report due January 31st

What You Need to Fill Out Your IFTA Reports

- Mileage records for all of your commercial vehicles, including total miles traveled and the number of miles driven in each jurisdiction.
- Receipts for all retail fuel purchases for each vehicle.
- The IFTA quarterly fuel tax schedule (IFTA-101).
- The current IFTA final use tax rate and table for the rate code (IFTA-105).
- A cover sheet, also known as the IFTA quarterly fuel tax return sheet (IFTA-100).
- Instructions for filling out form IFTA-101 (IFTA-101-I).



6 Common IFTA Reporting Mistakes and How to Avoid Them

Filling out your *IFTA reporting forms* is a big part of being an owner operator. Unfortunately, all it takes is a basic mistake to land you in deep trouble with this essential aspect of operating your business. Here are six of the most common errors we see:

1. **Using logbooks instead of daily trip reports.** Your logs by themselves rarely have all the information you need to fill out your IFTA forms accurately.
2. **Forgetting about unloaded, bobtail, or personal miles,** all of which must go into the records.
3. **Waiting till the last minute.** Nothing messes up IFTA reporting forms faster than filling them out hastily. Unfortunately, many drivers view this task as an afterthought. The trouble is, the revenue service has a different perspective. So make it a priority to complete your tax records in a timely fashion. That'll help you make sure you have time to do them correctly and to correct any needed errors before filing.
4. **Using a GPS device that's not IFTA-compliant.** This can be tricky, because many devices claim to be compliant when they're not. So check reviews and choose one that will meet your needs.



5. Using hand-written notes as a basis for your IFTA reporting forms. Relying on coffee-stained messages scrawled in bad light with a pen that's running dry is asking for problems. The best solution is a computer-based approach.

6. Not taking advantage of the powerful solutions modern technology provides. If you're still taking care of paperwork the old-school way, you don't know what you're missing. TruckingOffice, the ultimate trucker's assistant, can streamline tasks that used to take you hours. Besides streamlining your IFTA reporting forms, it can also help you to keep track of loads, record miles with uncanny accuracy, dispatch invoices in a timely fashion, and maintain your fleet in tip-top condition.

TruckingOffice takes the headaches out of IFTA filing;

CHECK OUT ALL THE FEATURES [HERE](#).

