
IP 2009(9)

STATE OF CONNECTICUT

I F T A
MANUAL



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Introduction

The International Fuel Tax Agreement (IFTA) is an agreement among jurisdictions (states of the United States and Canadian provinces) to simplify the reporting of fuel use taxes by interstate carriers. Most IFTA-licensed motor carriers find that IFTA significantly reduces the paperwork and compliance burdens for reporting fuel tax liability for gasoline, diesel, propane, blended fuels (gasohol or ethanol), compressed natural gas, E-85, M-85, and A-55.

This manual explains your responsibilities as an IFTA-licensed motor carrier. If you have any questions about IFTA, call the Excise Field Unit at **860-541-3222**, Monday through Friday, 8:30 a.m. to 4:30 p.m.

AMENDMENTS TO IFTA APPROVED BY DEPARTMENT OF REVENUE SERVICES (DRS)

A cumulative list of the amendments to the International Fuel Tax Agreement, the Audit Manual, or the Procedures Manual, that have been approved by DRS, is available on the Connecticut IFTA Home Page. The amendments can be viewed by visiting the DRS website at **www.ct.gov/DRS** and selecting *Businesses* from the *FAQs Taxpayer Answer Center* menu, scrolling down to *Tax Information*, then selecting *IFTA—(for Interstate Carriers)*, and then select *Amendments to IFTA Approved by DRS*.

UNDER IFTA

- A single fuel tax license authorizes your vehicles to travel in all member jurisdictions.
- A single tax return details your operations in each of the member jurisdictions.
- Companies undergo fewer audits, generally performed only by tax examiners from one taxing jurisdiction.

Under IFTA, you may license your vehicles in Connecticut if:

- You are a Connecticut-based interstate motor carrier;
- You keep the operational control and records for your vehicles in Connecticut or can make your records available to DRS; **and**
- Your qualified motor vehicles actually travel on Connecticut highways.

In place of motor fuel tax licensing under this agreement, persons may elect to satisfy fuel use tax obligations on a trip-by-trip basis (by obtaining trip permits).

Visit the IFTA, Inc. website at **www.iftach.org** for more information on IFTA.

Definitions

Applicant means a person in whose name the uniform application for licensing is filed. The application is filed with a base jurisdiction for the purpose of motor fuel tax reporting under IFTA.

Audit means a physical examination of the records and source documents supporting the licensee's tax returns.

Base jurisdiction means the member jurisdiction where:

- Qualified motor vehicles are based for vehicle registration purposes;
- Operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; **and**
- Some mileage is accrued by qualified motor vehicles within the fleet.

The 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.

Cancellation means the annulment of a license and its provisions by either the licensing jurisdiction or the licensee.

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

Fleet means one or more qualified motor vehicles.

In-jurisdiction miles means the total number of miles operated by a licensee's qualified motor vehicles within a jurisdiction. In-jurisdiction miles do not include miles operated on a fuel use tax trip permit or miles exempted from fuel use taxation by a jurisdiction.

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

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

Motor fuels means all fuels used for the generation of power for propulsion of qualified motor vehicles.

Person means an individual, corporation, partnership, association, trust, or other entity.

Qualified motor vehicle means a motor vehicle or combination of vehicles used, designed, or maintained for the transportation of persons or property having:

- Two axles and a gross vehicle weight exceeding 26,000 pounds;
- Two axles and a registered weight exceeding 26,000 pounds;
- Three or more axles regardless of weight; **or**
- A combination weight exceeding 26,000 pounds.

Recreational vehicles are exempt from IFTA fuel tax reporting.

Recreational vehicle means a vehicle such as a motor home, pickup truck with attached camper, and bus used exclusively for personal pleasure by an individual. To qualify as a recreational vehicle, the vehicle may 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 highways and the issuance of a license plate and a registration card or temporary registration containing owner and vehicle data.

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

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

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

Temporary permit means a permit issued by the base jurisdiction or its agent to be carried in a qualified motor vehicle in lieu of displaying the permanent annual decals. A temporary permit is valid for 30 consecutive days to give the carrier adequate time to affix the annual permanent decals.

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

Weight means the maximum weight of the loaded vehicle or combination of vehicles during the registration period.

Application/Licensing

APPLICATION FOR LICENSE

To apply for your IFTA license and decals, complete **CT-IFTA-2**, *Application For International Fuel Tax Agreement (IFTA) License Connecticut Carrier*, and **mail to:**

Department of Revenue Services
Registration Section
PO Box 2937
Hartford CT 06104-2937

The application requests general information about your interstate operation. If you have any questions about the application, you may contact the DRS Registration Section at **860-297-4870**. Visit the DRS website at **www.ct.gov/DRS** to preview and download forms and publications.

ACCOUNT IDENTIFICATION

The IFTA account number consists of 11 characters; the first two digits are CT followed by the Federal Employer Identification Number (FEIN) issued to the licensee by the U. S. Treasury Department. If the company is a sole proprietorship and is not required to be issued a FEIN, the Social Security Number (SSN) of the sole proprietor may be used.

IFTA LICENSE

You will be issued a single IFTA license for your fleet of vehicles. The license is valid from January 1 through December 31. Make photocopies of the original license and place a copy in each of your vehicles. Keep the original license in a safe place. Use the original to make additional copies when adding a vehicle to your fleet during the license year.

IFTA IDENTIFICATION DECALS

Licensees are issued two vehicle identification decals for each qualified vehicle in their fleet. An identification decal must be placed on the lower rear exterior portion of each side of the vehicle's cab. Failure to display the identification decals in the required locations or to carry a temporary permit may subject the vehicle operator to the purchase of a trip permit, the issuance of a citation, or both.

BONDING

First-time applicants for an IFTA license are not required to furnish a bond unless the applicant has a prior history of delinquency in reporting or paying taxes to the State of Connecticut.

License holders must furnish a bond if they are delinquent in reporting or paying a tax liability for any two reporting periods during a 12-month period. A bond, if required, must be maintained for two calendar years and must be equal to twice the average quarterly tax liability for the taxpayer.

Any IFTA licensee who is required to furnish a bond is required to maintain timely filings and payments for two calendar years before the bond requirement is waived.

The requirement for bond may be satisfied by a cash bond, a bond issued by a corporate surety, or a certificate of deposit endorsed to the State of Connecticut. The payee of the certificate will receive any interest payable on it.

TRIP PERMITS

If you are not an IFTA licensee, your operation of a qualified motor vehicle in a jurisdiction may be authorized if the jurisdiction has issued you a trip permit. Some trip permits cover vehicle registration fees you would otherwise owe, some trip permits cover fuel use taxes you would otherwise owe, and some trip permits cover both registration fees and fuel use taxes you would otherwise owe. Trip permits have a maximum duration of ten days. There is no IFTA trip permit authorizing operation of a qualified motor vehicle in all IFTA jurisdictions.

If you are an IFTA licensee, your IFTA license authorizes you to file a fuel use tax return each quarter with your base jurisdiction and covers your fuel use tax liability to all IFTA jurisdictions in which you operate qualified motor vehicles. You do not need trip permits covering fuel use taxes to operate in IFTA jurisdictions. However, if you are adding a qualified motor vehicle to your fleet, you may request a temporary permit from your base jurisdiction until permanent annual decals are issued.

Tax Reporting, Refunds, and Credits

QUARTERLY REPORTING

The tax return forms are mailed to each licensee during the last week of the quarter; for example, the return for the first quarter is mailed during the last week of March. All tax rates shown on the **IFTA-105**, *IFTA Final Fuel Use Tax Rate and Rate Code Table*, enclosed with the return are the current tax rates of all IFTA jurisdictions. Pay all taxes due to all member jurisdictions with one check made payable to the **Commissioner of Revenue Services** and include the payment with the quarterly tax return.

REPORT FORMS

Tax returns are due on the last day of the month immediately following the close of the quarter for which the return is due. Every licensee must submit a tax return even if no taxable fuel was used. Failure to receive the authorized return form does not relieve the licensee from the obligation of submitting a return. The licensee may submit a written report with all required information, which will be accepted in place of a report on the prescribed form.

ANNUAL TAX RETURN

DRS does not allow annual filing.

LATE FILING PENALTIES AND INTEREST

Penalties and interest are imposed for failure to file a return, filing a return after the due date, or underpaying taxes due. You will be required to pay:

- Penalty for failure to file is \$50 or 10% of the balance due, whichever is greater; **and**
- Interest on all late taxes due to each jurisdiction. In general, interest applies to any portion of the tax not paid on or before the original due date of the return. If you do not pay the tax when due, you will owe interest at the rate of 1% per month or fraction of a month until the tax is paid in full.

To file on time, you must correctly address your return and ensure it is postmarked on or before the due date. If the due date falls on a Saturday, Sunday, or legal holiday, the next business day is the due date.

Your return will meet the timely filed and timely payment rules if the U.S. Postal Service cancellation date, or the date recorded or marked by a designated private delivery service (PDS) using a designated type of service, is on or before the due date. Not all services provided by these designated PDSs qualify.

The following are the designated PDSs and designated types of service at the time of publication:

Federal Express (FedEx)

- FedEx Priority Overnight
- FedEx Standard Overnight
- FedEx 2Day
- FedEx International Priority
- FedEx International First

United Parcel Service (UPS)

- UPS Next Day Air
- UPS Next Day Air Saver
- UPS 2nd Day Air
- UPS 2nd Day Air A.M.
- UPS Worldwide Express Plus
- UPS Worldwide Express

This list is subject to change. To verify the names of designated PDSs and designated types of service, check the DRS website or call DRS. See **Policy Statement 2008(3)**, *Designated Private Delivery Services and Designated Types of Service*.

Visit the DRS website at www.ct.gov/DRS to preview and download this publication.

MEASUREMENTS

Connecticut filers must report fuel and distance traveled in U.S. measurements. Convert fuel and distance using the table below. Round your totals to the whole gallon or mile. Convert:

- One liter to **.2642 gallons**;
- One kilometer to **.62137 miles**.

TAX-EXEMPT MILES OR FUEL USES

The laws of member jurisdictions may exempt certain miles or uses of fuel, or both, from motor fuel use tax. Connecticut law exempts uses of fuel in any vehicle owned by the United States, the state and any of its political subdivisions, or in any school bus from Connecticut motor fuel use tax. Visit the IFTA, Inc. website at www.iftach.org for a listing of jurisdictional exemptions.

FUEL USE TAX TRIP PERMIT AND NON-HIGHWAY MILES

Include fuel trip permit miles and private road or driveway miles and fuel when calculating your fleet average miles per gallon (MPG). Also include trip permit miles when reporting total miles for each IFTA jurisdiction. Deduct exempt miles from the total miles for each jurisdiction to obtain your taxable miles. There are no exempt miles for Connecticut. Taxable miles are the miles used to calculate your taxable gallons.

TAXES DUE/REFUNDS/CREDITS

When completing your tax return, apply any overpayment in one jurisdiction to the taxes owed in another jurisdiction. If taxes owed are more than any overpayments, send one check for the net tax owed. If overpayments are more than any taxes owed, send no money. Your account will be credited for the amount of the overpayment.

You may request a refund of your credit balance or you may carry this balance over to the next period. To request a refund, complete **Form IFTA-100, *IFTA Quarterly Fuel Use Tax Return***, and enter the amount you wish to have refunded on Line 11. You may only request a refund within two years of filing the return. The overpayment will not be refunded or credited after the two-year period.

Failure to File, Revocation, and Cancellation

FAILURE TO FILE

If you do not file a tax return when due, DRS will estimate your tax liability for each jurisdiction. DRS makes this estimate by reviewing available information including your filing history or the history of other filers with operations similar to yours. It will be your responsibility to prove the estimate is incorrect. You are also subject to a penalty of \$50 or 10% of your tax liability, whichever amount is greater. Interest accrues on your tax liability at the rate of 1% per month or fraction of a month. Your decals may be withheld or you may be required to post a bond if you have not filed your tax returns and paid your tax liability.

REVOCAION OR SUSPENSION OF YOUR LICENSE

If you fail to comply with all applicable provisions of IFTA, your license may, after notice and a hearing, be suspended or revoked.

REINSTATEMENT

To have your fuel use tax license reinstated you must:

- Pay all taxes due in full;
- File all reports and returns; **and**
- Provide all records requested.

In addition, you must file a new application, CT-IFTA-2, accompanied by a bond in an amount sufficient to satisfy any potential liabilities to all member jurisdictions.

CANCELLATION

You may cancel your IFTA account if you no longer operate qualified motor vehicles in two or more IFTA jurisdictions. To cancel your fuel license, check the box in the upper right hand corner of your IFTA tax return **and** send your license back to DRS. Your account will not be closed until you have returned your license to DRS along with a written statement giving the last date of operations and attesting that all CT IFTA decals were removed from the motor vehicles. If you cannot return your license you must send a notarized statement declaring that the license is not available.

Recordkeeping Requirements

RECORD RETENTION

You must maintain records to document that the information reported on your tax return, Form IFTA-100, is accurate. You must maintain IFTA records for four years from the filing date. You may keep your records on microfilm, microfiche, paper, or digital imaging.

ACCEPTABLE SOURCE DOCUMENTS

Your records must contain mileage data on individual vehicles for each trip and also monthly fleet summaries. The records must reflect the taxable and nontaxable usage of fuel as well as miles traveled for taxable and nontaxable use.

Your records must support the information you include on the fuel tax return including fuel receipts and daily mileage records.

All trip reports must include:

- Date of trip (starting and ending);
- Trip origin and destination;
- Routes of travel;
- Beginning and ending odometer readings;
- Total trip miles;
- Mileage by jurisdiction;
- Vehicle unit number;
- Vehicle fleet number; **and**
- Licensee's name.

FUEL RECEIPTS

You must maintain complete records of all fuel purchases as reported on the IFTA tax return. Include:

- Gasoline
- Propane
- Diesel
- Compressed Natural Gas
- Gasohol
- E-85
- M-85
- A-55

Keep separate totals for each fuel type you use in your qualified motor vehicles. Separate your receipts for fuel purchases made over the road (at the pump) and for bulk fuel purchases.

All fuel receipts must include:

- Date of each purchase of fuel;
- Vendor or wholesaler's name and address;
- Number of gallons purchased;
- Type of fuel;
- Price per gallon or total dollar amount of sale;
- Unit number of vehicle purchasing fuel; **and**
- Purchaser's name. In case of a lessee/lessor agreement, receipts will be accepted in either name, provided a legal connection can be made to the reporting party.

BULK STORAGE OF FUEL

Fuel in bulk fuel storage facilities owned or maintained in Connecticut must have had the motor fuel taxes paid to the supplier at the time of the delivery. For bulk fuel storage facilities in another jurisdiction, the fuel tax(es) may or may not have been paid to the supplier at the time of delivery, depending on the jurisdiction's motor fuel tax laws. To qualify a purchase as a tax-paid fuel purchase, keep documentation verifying that all applicable motor fuel taxes have been paid.

You must maintain bulk fuel inventory reconciliations. For withdrawals from bulk storage, maintain records to distinguish fuel placed in qualified vehicles from other uses.

Do not report your inventory on form IFTA-101, Column L. Report **only** tax-paid gallons removed for **use** in your qualified motor vehicles in Column L. Fuel remaining in storage may not be reported in Column L until it is used.

OVER-THE-ROAD PURCHASE RECEIPTS

Over-the-road (OTR) purchases must be supported by a sales receipt or invoice, a credit card receipt, a microfilm or microfiche copy of the receipt, or an invoice from the supplier. The invoices or receipts must identify the vehicle by unit number or license plate number. You may report only mileage and fuel consumption for qualified motor vehicles. Altered receipts will not be accepted for tax-paid credit.

MONTHLY SUMMARIES

Summarize your trip reports each month on a single fleet report. Summarize your fleet miles in each jurisdiction as well as your fuel receipts for each jurisdiction. Receipts and invoices for each qualified motor vehicle must support your summary.

Audits

Every IFTA licensee is subject to audit. If your operation is chosen for an audit, you will be notified in writing. Under normal circumstances, you will receive at least a 30-day notice of an audit. Every effort will be made to schedule the audit at a mutually convenient time.

If your records are not acceptable to the auditor, one or more of the following actions may be taken:

- Gallonage may be based on prior experience of the licensee or by comparison to similar operations;

- A standard of 4.0 miles per gallon will be used; **or**
- All claims for credit for tax-paid fuel without supporting documentation will be disallowed.

Direct any questions about an audit to the Excise Field Unit at **860-541-3222**. If a licensee fails to provide records for an audit, a best information available assessment may be processed in accordance with IFTA.

Upon completion of the audit, the findings will be reported in writing to the licensee and any member jurisdiction in

which the licensee operated. Connecticut will collect any tax, penalty, and interest owed for all member jurisdictions. If the licensee's operational records are not located in Connecticut, then it may be necessary for DRS auditors to travel to where the records are maintained.

DRS may require a licensee to pay reasonable per diem and travel expenses incurred by the auditor(s) in the performance of the audit.

The licensee bears the burden of proving that the information reported is correct.

Appeals

You may appeal any action or audit findings by filing a written request for a hearing. Your request must be received within 60 days of the original action or finding date. If you do not file a written request for a hearing within 60 days, the action or finding is final. Mail your appeal to:

Department of Revenue Services
State of Connecticut
Appellate Division
25 Sigourney St Ste 2
Hartford CT 06106

You will be sent a notice of the time and place of your hearing. The hearing may be rescheduled for good cause. You may appear in person or send an attorney to the hearing. You may bring witnesses, documents, or other material to support your appeal.

You will be sent the findings and ruling on your appeal. If the dispute involves an audit and you continue to disagree with the ruling, you may request one or more other jurisdictions to audit your records. Each jurisdiction may choose to grant or deny your request. Jurisdictions that agree to audit your records will audit only the information involving your operation with them. You are responsible for any costs related to these audits.

Effect of IP 2009(9)

EFFECT ON OTHER DOCUMENTS

Informational Publication 2008(10), *State of Connecticut IFTA Manual*, is modified and superseded and may not be relied upon on or after the date of issuance of this Informational Publication.

EFFECT OF THIS DOCUMENT

An Informational Publication is a document that addresses issues frequently raised by taxpayers. It is less technical in nature than a Policy Statement, but may be referred to by individual taxpayers for guidance.

Connecticut Tax Assistance

FOR FURTHER INFORMATION

Call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (Connecticut calls outside the Greater Hartford area only); **or**
- **860-297-5962** (from anywhere).

Select **Option 6** to speak with a representative.

TTY, TDD, and Text Telephone users only may transmit inquiries anytime by calling 860-297-4911.

FORMS AND PUBLICATIONS

Forms and publications are available anytime by:

- **Internet:** Visit the DRS website at www.ct.gov/DRS to download and print Connecticut tax forms; **or**
- **Telephone:** Call **1-800-382-9463** (Connecticut calls outside the Greater Hartford area only) and select **Option 2**, or call **860-297-4753** from anywhere.

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