

INFORMATION

AND

MAJOR FEATURES

OF THE

INTERNATIONAL

FUEL

TAX

AGREEMENT

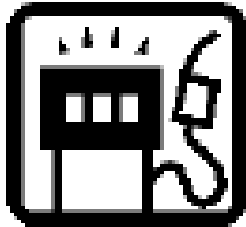


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i. Introduction

The International Fuel Tax Agreement (IFTA) is an agreement among jurisdictions to simplify the reporting of fuel use taxes by interstate motor carriers. Copies of the Articles of Agreement, Policies & Procedures and the Audit Manual can be obtained from the IFTA website @ www.iftach.org.

Advantages of IFTA include:

- A single fuel tax license, which authorizes your vehicles to travel in all member jurisdictions.
- A single fuel tax report, which details your operations in each of the member jurisdictions.
- Fewer audits, generally performed only by Nevada auditors. Each jurisdiction audits their own base carriers.

License your vehicles through Nevada IFTA if:

- You operate IFTA "qualified motor vehicles", and;
- You are a Nevada-based interstate motor carrier, and; your "qualified motor vehicles" travel in Nevada and at least one other IFTA jurisdiction, and;
- You keep operational control and records for your vehicles in Nevada or can make your records available to us.

In lieu of motor fuel tax licensing under the IFTA, persons may elect to satisfy motor fuels use-tax obligations on a trip-by-trip basis by purchasing 24-hour temporary fuel tax permits for a \$30 fee

Foreign-based companies operating qualified motor vehicles solely within Nevada must register their vehicles with the State of Nevada and license as a Special Fuel User and carry a Nevada Special Fuel User's License in the vehicles. The mileage and fuel usage accrued in Nevada by these vehicles must be reported directly to Nevada and must not be included on another jurisdiction's IFTA tax return.

This manual will further explain your responsibilities as a participant of the IFTA. If you have any questions about IFTA, please call the, Motor Carrier Division, Fuel User Team at (775) 684-4711 ext. 2.

Since the IFTA covers only taxation of motor fuels, you will still be required to comply with other requirements in each member jurisdiction, such as vehicle registration, operating authority, and mileage taxes.

All transporters of fuel must be licensed with the Department as a Transporter.

I. Application/Licensing

A. Application for license

To receive your IFTA license and decals, complete an application form and mail it to:
Department of Motor Vehicles
Motor Carrier Division
555 Wright Way
Carson City, NV 89711-0600

You may also apply at any of the branch offices listed below:

CARSON CITY
555 Wright Way
Carson City, NV 89711
(775) 684-4971

SPARKS
810 E. Greg St.
Sparks, NV 89431
(775) 688-2538

ELKO
3920 E Idaho St.
Elko NV 89801
(775) 738-4458

LAS VEGAS
4110 Donovan Way
N Las Vegas NV 89030
(702) 486-5667

The application requests general information about you and your interstate operation. The applicant must also sign the application indicating agreement to comply with reporting, payment, record keeping and license display requirements contained in the IFTA. There are no fees for applications, decals or licenses.

Applications are available through the DMV website at <http://www.dmvnv.com/mcforms.htm>. You should receive a combined renewal application for registration and fuel tax by September 15th of each year.

B. Account Identification

The IFTA account number issued consists of eleven characters; the first two digits are NV, followed by the federal employer identification number (FEIN) of the licensee issued by the Internal Revenue Service. If the company does not have a federal identification number (FEIN), one can be obtained through the IRS website at https://sa.www4.irs.gov/sa_vign/newFormSS4.do. Additionally, a six-digit numerical motor carrier account number is assigned. Both of these identification numbers are listed on your license.

C. 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 one in each qualified motor vehicle. Keep the original in a safe place. Use the original to make additional copies when adding a vehicle to your fleet during the license year.

D. IFTA Identification Decals

Each licensee is issued two vehicle identification decals for each qualified motor vehicle in their fleet. An identification decal must be placed on the lower rear exterior portion on each side of the vehicle's cab. Failure to display the IFTA identification decals in the required locations may subject the vehicle operator to the purchase of a trip permit and/or a citation. Additional decals for new vehicles may be obtained from the branch offices or by requesting them in writing. The request must contain vehicle identification information.

E. Yearly renewals

Each fall you will be sent a renewal application with your vehicle registration renewal. An IFTA license and identification decals for the new license year will be mailed to you once the application is completed, signed, returned to the Motor Carrier office, reviewed, and approved by the Department. After December 1, the new license can be carried with a copy of the previous years license and the identification decals can be applied to the required location as indicated in the instructions on the back of the decal.

II. Tax Reporting/Refunds & Credits

A. Reporting

You are required to submit a quarterly tax return to Nevada showing all fuel used in each member jurisdiction. The tax returns are due by the last day of the month following the end of each calendar quarter. Only one check should accompany the return in payment of the total taxes due the member jurisdictions. Nevada will distribute the taxes owed to the other member jurisdictions. Tax returns are required, even if no operations were conducted during the reporting quarter. A fifteen (15) day extension of time to pay any taxes owed may be granted if a written request is received by the Department on or before the day the payment is due with the return.

B. Late Reporting

Returns postmarked or delivered in person and paid by the due date shall be considered timely filed. If mail is metered by the Licensee but is different from the

US or Canadian Postal Services' postmark, the official postmark will be the one accepted. Returns postmarked after the due date shall be considered late. A penalty of \$50.00 or 10% of the amount owed, whichever is greater, will be assessed. Interest on all delinquent taxes due each jurisdiction will accrue at a rate of 1% per month or fraction thereof. Failure to receive the authorized return form from the Department does not relieve the licensee from the obligation of submitting a return. The licensee may submit a written or computerized return setting forth all information required, which will be accepted in lieu of a return on the prescribed form. Prior approval must be obtained before using another return form.

C. Tax Exempt Miles

Depending on each individual jurisdiction's statutes, IFTA exempts fuel from the use tax when a vehicle:

- (1) Operates under a fuel tax trip permit; or
- (2) Operates on non-public highways/roads.

Include these miles when calculating your fleet average miles per gallon (MPG). Also, include them on Form 366 Schedule 1 in the total miles for each jurisdiction (column d). Deduct them from the taxable miles for each jurisdiction (column e). To find out if a jurisdiction allows the deduction of off-road miles, visit the IFTA website @ www.iftach.org and select the Exemptions button.

D. Taxes Due/Refunds/Credits

When completing your tax return, apply any overpayment in one jurisdiction to the taxes owed in another jurisdiction.

- If your taxes owed are more than your overpayments, send one check for the net tax owed. Make the check payable to the Dept. of Motor Vehicles. If a check is dishonored upon presentation to your financial institution, the submission of the check shall be deemed not to constitute a timely payment of the tax and penalties and interest will be assessed in addition to a \$25.00 handling fee. Any future payments must be made by cashier's check, traveler's check, money order or cash.
- If your overpayments are more than your taxes owed, send no money. Check the refund box on the return or the credit will be applied to the next quarter. Credits under \$5.00 will not be refunded, but can be carried forward until the amount is greater than \$5.00.

Nevada will make the refund to you, regardless of which jurisdiction owes you the refund. However, refunds will be withheld if the licensee is delinquent on any taxes due to any member jurisdiction unless the delinquent taxes are under proper appeal procedures. All credits must be requested in writing within twelve months of the date of the payment of the tax.

III. Cancellation/Revocation/Reinstatement

A. Cancellation

If you cease operations in Nevada, you must advise the Department so we may cancel your Nevada IFTA license in all member jurisdictions. To request a cancellation, place an "X" in the box on your tax return. Attach the license to the return with a written statement giving the last date of operations and attesting that all Nevada IFTA decals were removed from the vehicles in the fleet.

B. Revocation

If you fail to file tax returns or if you fail to pay taxes due to any member jurisdiction, your license may be revoked. Noncompliance with the record-keeping requirements may also be cause for revocation of the license. Revocation of your IFTA license by Nevada will revoke your fuel tax authority in all member jurisdictions. The Department will also revoke your registration credentials.

C. Reinstatement

To reinstate your revoked IFTA fuel license and registration credentials, you must satisfy the requirements leading to your revocation: all returns must be filed, all taxes and/or registration fees must be paid in full, or all records requested must be received.

IV. Records/Audits

A. Records

Carriers are required to keep the "Operational Records" used to support miles traveled in each jurisdiction and total miles traveled. Records are to be retained for four years (16 quarters) after the return is filed with the Department. If the carrier fails to file a return, the records are to be retained for eight years after the return should have been filed with the Department.

Individual Vehicle Distance Records (IVDRs) must be completed for each vehicle movement.

Operational records can be documents such as Drivers Logs, Trip Sheets and Fuel Invoices. IVDRs are acceptable documents if they contain the following information:

1. Registrants' name
2. Vehicle identification number or unit number
3. Vehicle fleet number
4. Date of trip (starting and ending)

5. Trip origin and destination
Include drop and pickup points
6. Routes of travel
Include all routes used and beginning/ending odometer readings
7. Total trip miles
Include all movement, loaded, empty, deadhead and/or bobtail miles.
8. Mileage by jurisdiction
9. Any purchases of fuel tax trip permits

All fuel receipts must include:

1. Date of each receipt of fuel
2. Vendor/Wholesaler name and address
3. Number of gallons received
4. Type of fuel
5. Price per gallon or total amount of sale
6. Unit number of vehicle receiving fuel
7. Purchasers' name (in case of lessee/lessor agreement, receipts will be accepted in either name, provided a legal connection can be made to the reporting party).

The licensee must maintain complete records, supported by fuel receipts, of all fuel purchases as reported on the fuel tax returns.

B. Audits

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

The burden of proof rests on the licensee. If your records are not acceptable to the auditor, one or more of the following actions may be taken:

1. Gallonage may be estimated on prior experience of the licensee or by comparing to similar operations;
2. A standard of 4.0 miles per gallon or lower may be used; or
3. All claims for tax paid fuel without supporting documentation will be disallowed.

Any questions pertaining to an audit should be directed to the, Motor Carrier Division, Audit Team at (775) 684-4634.

If a licensee fails to provide records for the purpose of an audit, the statute of limitations is extended until such records are provided.

Upon completion of the audit, the findings will be reported in writing to the licensee and any member jurisdiction in which miles were traveled. Nevada will collect any tax, penalty and interest owed for all member jurisdictions.

If it is determined that the licensee's operational records are not located in Nevada and it becomes necessary for the Department's auditors to travel to where such records are maintained, the Department will require a licensee to pay reasonable per diem and travel expenses incurred by the auditor(s) in the performance of such an audit.

V. Appeals

The following information is taken from NRS 360A. You may appeal any action or audit finding by completing a written request for a redetermination and hearing. Your request must be received within 30 days of the original action or finding date. If you do not request a redetermination and hearing within 30 days, the action or finding is final.

You will be sent a notice of the time and place of your hearing. The hearing may be rescheduled for good reason. 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 any or every jurisdiction to audit your records. Each jurisdiction may choose to accept or deny your request. Jurisdictions, which agree to audit your records, will audit only the information involving your operation with them. You will be responsible for any costs related to these audits.

VI. Taxpayer's Bill of Rights for Taxes on Fuels

The Department has prepared a Taxpayer's Bill of Rights that is available on the Department's website, at State Libraries, the Department of Taxation offices, and all DMV offices. This document outlines your rights as a taxpayer and provides information on what to do when you have a problem with your taxes or if you disagree with how much the Department says you owe in taxes.

VI. IFTA Jurisdictions

Canadian	AB	=	Alberta	Effective 7-1-93
	BC	=	British Columbia	Effective 1-1-96
	MB	=	Manitoba	Effective 1-1-95
	NB	=	New Brunswick	Effective 1-1-96
	NF	=	Newfoundland	Effective 1-1-96
	NS	=	Nova Scotia	Effective 1-1-96
	ON	=	Ontario	Effective 1-1-97
	PE	=	Prince Edward Island	Effective 1-1-96
	QC	=	Quebec	Effective 1-1-96
	SK	=	Saskatchewan	Effective 1-1-95
US	AL	=	Alabama	Effective 1-1-96
	AR	=	Arkansas	Effective 1-1-92
	AZ	=	Arizona	Effective 1-1-83
	CA	=	California	Effective 1-1-96
	CO	=	Colorado	Effective 1-1-89
	CT	=	Connecticut	Effective 1-1-96
	DE	=	Delaware	Effective 7-1-96
	FL	=	Florida	Effective 1-1-94
	GA	=	Georgia	Effective 1-1-96
	IA	=	Iowa	Effective 1-1-83
	ID	=	Idaho	Effective 4-1-87
	IL	=	Illinois	Effective 1-1-94
	IN	=	Indiana	Effective 1-1-91
	KS	=	Kansas	Effective 1-1-92
	KY	=	Kentucky	Effective 7-1-96
	LA	=	Louisiana	Effective 1-1-94
	MA	=	Massachusetts	Effective 1-1-96
	ME	=	Maine	Effective 1-1-97
	MD	=	Maryland	Effective 1-1-96
	MI	=	Michigan	Effective 1-1-96
	MN	=	Minnesota	Effective 1-1-87
	MO	=	Missouri	Effective 1-1-90
	MS	=	Mississippi	Effective 1-1-94
	MT	=	Montana	Effective 1-1-91
	NC	=	North Carolina	Effective 1-1-92
	ND	=	North Dakota	Effective 1-1-90
	NE	=	Nebraska	Effective 1-1-90
	NH	=	New Hampshire	Effective 1-1-97
	NJ	=	New Jersey	Effective 1-1-96
	NM	=	New Mexico	Effective 1-1-95
	NV	=	Nevada	Effective 7-1-92

NY	=	New York	Effective 1-1-96
OH	=	Ohio	Effective 1-1-95
OK	=	Oklahoma	Effective 7-1-86
OR	=	Oregon	Effective 1-1-94
PA	=	Pennsylvania	Effective 1-1-96
RI	=	Rhode Island	Effective 7-1-96
SC	=	South Carolina	Effective 1-1-96
SD	=	South Dakota	Effective 7-1-88
TN	=	Tennessee	Effective 1-1-94
TX	=	Texas	Effective 7-1-95
UT	=	Utah	Effective 1-1-90
VA	=	Virginia	Effective 1-1-96
VT	=	Vermont	Effective 1-1-97
WA	=	Washington	Effective 1-1-83
WI	=	Wisconsin	Effective 7-1-89
WV	=	West Virginia	Effective 1-1-96
WY	=	Wyoming	Effective 10-1-88

VII. Definitions

1. "Applicant" is a person in whose name the IFTA application for licensing is filed with a base jurisdiction for the purpose of motor fuel tax reporting under the provisions of this Agreement.
2. "Audit" means a physical examination of the records and source documents supporting the licensee's returns.
3. "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 travel 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.
4. "Fleet" means one or more vehicles.
5. "In-Jurisdiction Distance" means the total number of miles or kilometers operated by a licensee's "qualified motor vehicles" within a jurisdiction including miles/kilometers operated under an IFTA temporary permit. These miles do not include miles operated on a fuel tax trip permit or miles exempted from fuel taxation by a jurisdiction.
6. "Jurisdiction" means a State of the United States, the District of Columbia, or a Province or Territory of Canada, or a state of the United Mexican States.
7. "Licensee" means a person who holds an un-cancelled IFTA license issued by a member jurisdiction.
8. "Motor Fuels" means all fuels used for the generation of power for propulsion of motor vehicles.
9. "Person" means an individual, corporation, partnership, association, trust or other entity.
10. "Qualified Motor Vehicle" means a motor vehicle used, designed, or maintained for transportation of persons or property and:
 1. Having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or

2. Having three or more axles regardless of weight; or
 3. Is used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight. "Qualified Motor Vehicle" does not include "recreational vehicles."
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11. "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.
 12. "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-containing owner and vehicle data.
 13. "Reporting Period" means a period of time consistent with the calendar quarterly periods of January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31.
 14. "Total Distance" means all miles or kilometers traveled during the reporting period by every qualified vehicle in the licensee's fleet, regardless of whether the miles or kilometers are considered taxable or nontaxable by a jurisdiction.
 15. "Weight" means the maximum weight of the loaded vehicle or combination of vehicles during the registration period.