

Record Keeping



The recordkeeping requirements covered in this section are specified by terms of the International Fuel Tax Agreement (IFTA) and are contained in the IFTA Procedures Manual* and in the International Registration Plan (IRP). www.irpinc.org

**Additional information can be found at <http://www.iftach.org>*

***MCA 15-70-121** – authorized the Montana Department of Transportation to enter into the International Fuel Tax Agreement. **ARM 18.10.106** – adopts and implements the agreement by rule.*

Why Do I Have to Keep Records?

- IFTA/IRP licensees are required to keep records to support the information reported on their IFTA Tax Returns and their IRP applications.

What If I Don't Keep Records?

- Failure to maintain records upon which the licensee's true tax liability may be determined may result in an assessment.
- Non-compliance with any record keeping requirement may be cause for **revocation** of the license.

What Kind of Records Do I Have to Keep?

1. Mileage/Trip Reports

2. Fuel Records

Licensees are required to have source documents to support the information reported on their tax return. Records must be retained for the current year and the 3 prior years (4 years total).

1. Mileage/Trip Reports



Driver(s) Name:	Fleet #:	Tractor #/Name:	Trailer #:	Load #:	Beginning Trip Date:	Ending Trip Date:	
Joe Smith	2	Blue Truck			7/2/2011	7/5/2011	
	Starting Point of Trip (City,State)			Original Load Point or Pick-up Point (City,State)		Final Destination Point (City, State)	
	Last Unload or Deadhead:					Next Trip Sheet begins here.	
	Helena, MT			Butte, MT		6 Minot, ND	
List all additional Pick-Up or Drop Points (City, State) in this area:	1 Idaho Falls, ID		4 Great Falls, MT		7 Williston, ND		
	2 Buffalo, WY		5 Havre, MT		8		
	3 Billings, MT		6 Glasgow, MT		9		
Beginning Odometer Reading	State and Miles by State	Route(s) of Travel	Date of Purchase/ Travel	Gallons Purchased	Name of Dealer and Invoice Number	City, State of Dealer	Type of Fuel
65700	MT 198 miles	I-15 Helena to Border	7/2/2011	129	Helena Truck Stop	Helena, MT	Diesel
65898	ID 78 miles	I-15 Border to Idaho Falls					
	ID 74 miles	Hwy-26 Idaho Falls to Border					
66050	WY 37 miles	Hwy-26 Border to Jackson Hole					
	WY 160 miles	Hwy-26 & 287 Jackson Hole to Lander	7/3/2011				
	WY 203 miles	Hwys 287, 26, 20, 16 Lander to Buffalo					
	WY 154 miles	I-90 Buffalo to Border					
66604	MT 72 miles	I-90 Border to Billings	7/4/2011	85	Fuel and Go	Billings, MT	Diesel
	MT 219 miles	Hwys 3,12, 89 Billings to Great Falls					
	MT 114 miles	Hwy-87 Great Falls to Havre					
	MT 158 miles	Hwy-2 Havre to Glasgow					

Fleet Monthly Miles Recap

Month:	July			
IFTA Jurisdiction	Unit # Miles	Unit # Miles	Unit # Miles	Total Miles
IA	Blue Trk 72		0	72
ID	Blue Trk 152		0	152
IL	Blue Trk 394		0	394
IN	Blue Trk 126		0	126
MN	Blue Trk 238		0	238
MO	Blue Trk 367		0	367
MT	Blue Trk 1271		0	1271
ND	Blue Trk 605		0	605
NE	Blue Trk 83		0	83
SD	Blue Trk 475		0	475
WI	Blue Trk 390		0	390
WY	Blue Trk 750		0	750
Total Miles	July			4923

Mileage/Trip Reports:

A licensee's system at a minimum:

- **Must** contain mileage on individual vehicles for each trip and be totaled in monthly fleet summaries.
- Recap mileage traveled for each vehicle for each jurisdiction in which the vehicle operated.
- Document mileage traveled for taxable and non-taxable use.

TRIP REPORTS SHOULD HAVE THE FOLLOWING ELEMENTS:

- Licensee's name
- Vehicle **fleet** number
- Vehicle identification # or unit #
- Starting & ending dates of trip
- Place of trip origin & destination
- Routes of travel
- Beginning & ending odometer (or hubometer) readings
- Total trip miles
- Distance by **jurisdiction**
- **Nontaxable** trip **miles**

How do I know if my trip miles are taxable?



TRAVEL ON PUBLIC ROADS AND HIGHWAYS IN MONTANA ARE TAXABLE

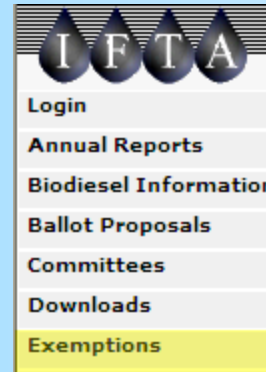
**Public Roads and Highways are defined as follows in MCA
15-70-301(15):**

All streets, roads, highways and related structures:

- (a) built and maintained with appropriated funds of the United States, the state of Montana, or any political subdivision of the state
- (b) dedicated to public use
- (c) acquired by eminent domain; or
- (d) acquired by adverse use of the public, with **jurisdiction** having been assumed by the state or any political subdivision of the state.

How To Verify If Other Jurisdictions Have Tax Exempt Miles

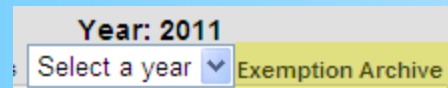
The International Fuel Tax Agreement, Inc. website is a great resource for your IFTA questions.



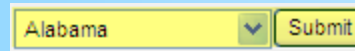
(a) Go to www.iftach.org

(b) Click on Exemptions located on the left hand column.

(c) Click on Exemption Archive in the upper right hand corner.



(d) Select the jurisdiction for the information you need and then click on submit.



(e) The exemption information for that particular jurisdiction will be displayed.

2. Fuel Records

A licensee must maintain complete records of all motor fuel received.

Separate totals must be compiled for each motor fuel type.

- Gasoline
- Diesel
- Propane

Retail and Bulk fuel purchases must be accounted for separately.

All record of fuel purchases shall contain but not be limited to:

- Date of each receipt of fuel
- Name and address of the seller where the fuel was purchased or received
- Type of fuel, number of gallons; and
- The vehicle or equipment into which the fuel was placed.

TAX PAID RETAIL PURCHASES



Retail purchases must be supported by a receipt or invoice, credit card receipt, automated vendor generated invoice or transaction listing, or microfilm/microfiche for the receipt or invoice. Receipts that have been altered or indicate erasures will not be accepted for tax-paid credit unless the licensee can demonstrate the receipt is valid.

Receipts for retail fuel purchases must identify the vehicle by the plate or Unit # or other licensee identifier, as distance traveled and fuel consumption may be reported only for vehicles identified as part of the licensee's operation.

An acceptable receipt or invoice must include, but shall not be limited to, the following:

- Date of purchase
- Seller's name and address
- Number of gallons or liters purchased
- Fuel type
- Vehicle identification
- Price per gallon or liter or the total amount of the sale
- Purchaser's 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)

Blue Truck ✦

Truck Stop
Rapid City, SD
Date 7/11/2011
Fuel Type Diesel
Gallons 85
Price Per gallon \$4.00
Total Purchase \$340.00

Blue Truck

Fast Stop
Minot ND
Date 7/5/2011
Fuel Type Diesel
Gallons 120
Price Per gallon \$3.98
Total Purchase \$477.60

Blue Truck

Quick Fill
Dickinson ND
Date 7/6/2011
Fuel Type Diesel
Gallons 115
Price Per gallon \$3.92
Total Purchase \$450.80

Blue Truck

Tracy's Fuel and Go
Billings MT
Date 7/4/2011
Fuel Type Diesel
Gallons 85
Price Per gallon \$3.65
Total Purchase \$310.25

Blue Truck

Pumping Station
Indianapolis, IN
Date 7/9/2011
Fuel Type Diesel
Gallons 92
Price Per gallon \$3.99
Total Purchase \$367.08

Blue Truck

Fuel Stop
Omaha, NE
Date 7/9/2011
Fuel Type Diesel
Gallons 128
Price Per gallon \$4.02
Total Purchase \$514.56

Helena Fuel Delivery
123 Road Avenue
Helena, MT 59601

7/2/2011

Delivered to: Joe's Trucking
456 A Street
Helena, MT 59601
406-222-2222

Diesel	129 gallons	\$518.58
	Fuel taxes included in price.	

No Visible Evidence of Dye

Total:		\$518.58
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Montana Department of Transportation International Fuel Tax Agreement (IFTA)

PO Box 5895
Helena, MT 59604-5895
TTY: (406) 444-7696
Phone: (406) 444-7664
Fax: (406) 444-5411
www.mdt.mt.gov

Trade Name (DBA)

Joe's Trucking

MT License #:

099999

All fuel purchases must be listed on MF-92CR if you are applying for a credit refund.

Date of Purchase	Fuel Type D, GH, P, G, NG	Dealer Invoice Number	Name of dealer from whom purchase was made			Gallons Purchased No Montana Tax Paid	Gallons Purchased Montana Tax Paid
			Name	City	State		
Jul 4, 2011	D		Fuel and Go	Billings	MT		85
July 5, 2011	D		Fast Stop	Minot	ND	120	
July 6, 2011	D		Quick Fill	Dickinson	ND	115	
July 7, 2011	D		Gas and Go	Milwaukee	WI	130	
July 9, 2011	D		Pumping Station	Indianapolis	IN	92	
Jul 9, 2011	D		Fuel Stop	Omaha	NE	128	
Jul 11, 2011	D		Truck Stop	Rapid City	SD	85	

Total						670	85

How to Complete the Fuel Purchase Summary Form

- ❖ Date of Purchase – Enter month, day and year if purchased by individual invoices. If billed monthly then enter just the month and year.
- ❖ Fuel Type – Codes listed at top of column.
- ❖ Dealer Invoice Number – Enter the individual invoice number or the monthly billing number. If neither, leave blank.

Completing the Fuel Purchase Summary Form cont....

- ❖ Name of dealer – Enter the name of dealer, city and state where fuel was purchased.
- ❖ Gallons Purchased with no MT Tax – Total gallons purchased anywhere outside of MT.
- ❖ Gallons Purchased in MT Tax Paid – Total gallons purchased in MT.

Tax Paid Bulk Fuel Purchases



Bulk storage fuel is normally delivered into storage facilities maintained by the licensee. Copies of all delivery tickets and/or receipts must be retained by the licensee. Receipts that have been altered or indicate erasures are not accepted for tax-paid credits unless the licensee can prove the receipt is valid.

A bulk fuel inventory reconciliation must be maintained. If a licensee has a bulk facility in more than one jurisdiction, a separate bulk fuel inventory reconciliation must be maintained for each jurisdiction. For withdrawals from bulk storage, records must be maintained to distinguish fuel placed in qualified vehicles (IFTA) from other uses.

To obtain credit for withdrawals from Licensee-owned, tax paid bulk storage the following records must be maintained:

- Date of withdrawal
- Number of gallons/liters
- Fuel type
- Unit number or equipment number
- Purchase and inventory records to substantiate that tax was paid on all bulk purchases.

Bulk Fuel Dispersal Record

Tank Number/Location:

Fuel Type: _____ (Diesel, Gasoline, Gasohol, Propane)

Date	Beginning Meter Reading	Ending Meter Reading	Number of Gallons	Unit/Plate/Rig Equip. Number
7/2/2011	675	546	129	Blue Truck
Total	675	546	129	

IF you have bulk storage, a separate summary must be filled out for each jurisdiction.

	Tax Paid		Tax Paid
1) Beginning Inventory: (From last qtr)	675	5) Total fuel dispensed into Other Vehicles:	0
2) Received into Storage: (Bulk gallons)	0	6) Total fuel dispensed into IFTA Vehicles: (Add to purchases at the pump for column g)	129
3) Ending Inventory: (Lines 1+2- 4)	546	7) Total fuel dispensed into Equipment:	0
4) Total Fuel Dispersed (1 + 2 less 3): (Must equal the total of lines 5, 6 and 7)	129		

Desk Reviews

Every IFTA license holder is subject to desk reviews. MDT staff may call and request records for review.

Audits

Every IFTA/IRP license holder is subject to audit. If your operation is chosen for audit, you will be contacted in writing. Under normal circumstance you will receive at least 30 days notice.

Audit Selection

➤ Licensee's are selected for audit as defined in the **IFTA Audit Manual**; Section A320 or through random selection for IRP.

or

➤ By referral.

Licensee Communication

- 30 days prior to the audit, the licensee will be notified:
 - The licensee will be informed of the approximate audit date
 - The quarters included in audit period
 - Whether the records will be reviewed at the licensee's place of business or in our office; and
 - What records to provide

The auditor meets with the licensee to conduct an Entrance Conference in order to:

- Understand licensee's operations and book keeping procedures.
- Explain the audit process.
- Determine who has the final acceptance for the audit findings.
- Answer licensee questions.

Audit Procedures

To determine whether the licensee's records support the information reported on their tax return the auditor will:

- Evaluate internal controls used by the licensee to insure the accuracy of the reported information
- Test Distance & Fuel records
- Analyze the results
- Issue a report to the licensee and all affected jurisdictions documenting the audit results.

After the audit is completed the auditor will meet with the licensee to conduct an Exit Conference in order to:

- Review audit results with licensee
- Explain recommendations
- Explain appeal process
- Answer licensee questions