

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of

██████████

Petitioner.

DOCKET NO. 0-058-172-416

DECISION

██████████ dba ██████████ (Petitioner), protested the Notice of Deficiency Determination (Notice), dated February 20, 2024. Petitioner disagrees with the denial of his tax paid credit and the additional tax due. The Tax Commission reviewed Petitioner's case and upholds the Notice for the reasons stated below.

BACKGROUND

Petitioner is a common carrier hauling freight for hire out of Grangeville, Idaho using a qualified vehicle under the International Fuels Tax Agreement (IFTA). Petitioner reports all miles traveled to Idaho. Petitioner also shares his IFTA permit and IRP registration with ██████████. On September 28, 2023, the Fuels Tax and Registration Fee Audit Bureau (Bureau) sent an audit notification letter requesting copies of Petitioner's fuel purchase information and travel distance logs as required by IFTA. During the audit Petitioner was unable to provide purchase invoices or fuel card summaries for the fuel used. Because the fuel purchases reported to IFTA could not be verified, the Bureau issued a Notice asserting additional tax of \$4,496.05 plus \$535.89 of interest for a total of \$5,031.94. Petitioner protested the Notice, stating, "I can prove that I paid my taxes as I filed in my quarterly IFTA reports..." The Bureau acknowledged the protest and forwarded the case to the Tax Commission's Appeals unit (Appeals) for review.

Appeals reviewed the case and sent Petitioner a letter which discussed the methods for redetermining a Notice. Petitioner requested a telephone hearing which was held June 11, 2024.

Present at the hearing was Petitioner, Tax Commissioner [REDACTED] [REDACTED] Tax Appeals Manager [REDACTED] [REDACTED] and Tax Appeals Specialist [REDACTED] [REDACTED]

During the informal hearing, Petitioner acknowledged his record keeping for fuel purchases is not fully in compliance with IFTA requirements, but he argued adamantly that he could show he paid sales tax on his purchases, just not with approved documentation. To further support his position, Petitioner argued it is not possible to purchase fuel from a gas station without paying tax. At the conclusion of the hearing, Appeals agreed to review any additional documentation Petitioner wished to provide that may substantiate his claim.

Petitioner provided additional documentation, and Appeals sent it to the Bureau for review. The Bureau reviewed the new documentation and informed Appeals no adjustment to the Notice was warranted as there wasn't anything in the new documentation that was IFTA compliant.

LAW AND ANALYSIS

Idaho, like Petitioner, is a participant in IFTA. Idaho is bound to follow IFTA tax law and cannot divert from it. Idaho Code section 63-2442A(5) discusses the responsibility of each jurisdiction when reporting audit findings which states:

An agreement may provide for each jurisdiction to audit the records of persons based in the jurisdiction, to determine if the motor fuels taxes due each jurisdiction are properly reported and paid. Each jurisdiction shall forward the findings of the audits performed on persons based in the jurisdiction, to each jurisdiction in which the person has taxable use of motor fuels. For persons not based in this state and who have taxable use of motor fuels in Idaho, the commission may serve the audit findings received from another jurisdiction, in the form of an assessment, on the person as though an audit was conducted by the commission.

When Petitioner registered for a IFTA license, he agreed to follow IFTA tax reporting, record keeping procedures, and display requirements. Specifically, IFTA Procedures Manual P550 FUEL RECORDS which states:

.100 A licensee shall maintain complete records of all motor fuel purchased, received, or used in the conduct of its business, and on request, produce these records for audit. The records shall be adequate for the auditor to verify the total amount of fuel placed into the licensee's qualified motor vehicles, by fuel type...

.220 The base jurisdiction shall not allow a licensee credit for tax-paid on a retail fuel purchase unless the licensee produces, with respect to the purchase:

- .005a receipt, invoice, or transaction listing from the seller,
- .010a credit-card receipt,
- .015a transaction listing generated by a third party, or
- .020an electronic or digital record of an original receipt or invoice...

.300 For tax-paid credit, a valid retail receipt, or transaction listing must contain:

- .005the date of the fuel purchase
- .010the name and address of the seller of the fuel (a vendor code, properly identified, is acceptable for this purpose)
- .015the quantity of the fuel purchased
- .020the type of fuel purchased
- .025the price of the fuel per gallon or per liter, or the total price of the fuel purchased
- .030the identification of the qualified motor vehicle into which the fuel was placed
- .035the name of the purchaser of the fuel (where the qualified motor vehicle being fueled is subject to a lease, the name of either the lessor or lessee is acceptable for this purpose. Provided a legal connection can be made between the purchaser named and the licensee)

Procedures Manual P560 SUMMARIES which states:

A monthly summary of the fleet's operations reported on the corresponding quarterly tax return that includes the distance traveled by and the fuel placed into each vehicle in the fleet during the quarter, both in total and by jurisdiction, may be necessary for the efficient audit of the licensee's records. The licensee shall make such summaries available for audit upon due notice and demand by the base jurisdiction.

Petitioner, being a licensed IFTA participant, must maintain two types of records: fuel purchases and distance records. The fuel records are the complete records of all fuel purchased for the motor vehicle licensed with IFTA. Petitioner's fuel records consisted of credit card statements and daily entries into a Garmin Electronic Tracking System, neither of which are valid sources

under IFTA. Petitioner provided no fuel invoices or fuel card summaries for fuel verification. Without proper documentation, as defined by IFTA, no tax paid credit may be given.

CONCLUSION

The Tax Commission considered all the information provided and finds that the Notice prepared by the Bureau is a reasonably accurate representation of Petitioner's IFTA liability for the period January 1, 2021, through September 30, 2023. Interest is calculated through March 12, 2025, and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the Notice of Deficiency Determination dated February 20, 2024, is hereby APPROVED, in accordance with the provisions of this decision, and is AFFIRMED and MADE FINAL.

IT IS ORDERED that Petitioner pay the following tax and interest:

<u>TAX</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$4,496.05	\$985.41	\$5,481.46

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of Petitioner's right to appeal this decision is enclosed.

DATED this _____ day of _____ 2025.

IDAHO STATE TAX COMMISSION

CERTIFICATE OF SERVICE

I hereby certify that on this _____ day of _____, 2025,
a copy of the within and foregoing DECISION was served by sending the same by United States
mail, postage prepaid, in an envelope addressed to:

Receipt No.



