

However, Petitioner provided a fuel card statement for only one quarter. The Bureau allowed a tax-paid credit for the one quarter and no tax-paid credit for the other eleven quarters in the audit period.

The Bureau also requested Petitioner's distance records for the audit period to substantiate the mileage it reported on its IFTA returns. Petitioner was unable to provide any mileage records. Consequently, the Bureau issued the Notice based on an inadequate records assessment.

Petitioner protested the Notice stating they had additional documentation they wished to provide. Petitioner subsequently submitted documentation to the Bureau, but it was not sufficient to warrant modification to the Notice. Petitioner continued to promise more documentation would be provided, but it was not. Therefore, the Bureau, after a reasonable amount of time, 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 responded and Appeals let him know specifically what documentation was needed to resolve the matter. Petitioner sent new documentation, the fuels tax auditor reviewed it, but it did not resolve the issue. Appeals notified Petitioner of the problems with the new data, and they again stated they would provide additional documentation. Petitioner did not provide any additional documentation, did not request an informal hearing and have ceased communications with the Tax Commission.

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.

Petitioner, when applying for a IFTA license, agreed to follow IFTA tax reporting, record keeping procedures, and display requirements. Specifically, IFTA Procedures Manual P510

RETENTION AND AVAILABILITY OF RECORDS which states in part:

A licensee shall retain the records of its operations to which IFTA reporting requirements apply for a period of four years following the date the IFTA tax return for such operations was due or was filed, whichever is later, plus any period covered by waivers or jeopardy assessments.

A licensee must preserve all fuel and distance records for the period covered by the quarterly tax returns for any periods under audit in accordance with the laws of the base jurisdiction.

On request, the licensee shall make such records available for audit to any member jurisdiction.

To determine the accuracy of a licensee's IFTA return, the base jurisdiction reviews a licensee's distance and fuel records for sufficiency and appropriateness. The adequacy of a licensee's records is addressed in IFTA Procedures Manual, Section P530 ADEQUACY OF RECORDS, stating in part:

The records maintained by a licensee under this article shall be adequate to enable the base jurisdiction to verify the distances traveled and fuel purchased by the licensee for the period under audit and to evaluate the accuracy of the licensee's distance and fuel accounting systems for its fleet.

The adequacy of a licensee's records is to be ascertained by the records' sufficiency and appropriateness. Sufficiency is a measure of the quantity of records produced; that is, whether there are enough records to substantially document the operations of the licensee's fleet. The appropriateness of the records is a measure of their quality; that is, whether the records contain the kind of information an auditor needs to audit the licensee for the purposes stated in the preceding paragraph. Records that are sufficient and appropriate are to be deemed adequate.

Provided a licensee's records are adequate under this definition, the records may be produced through any means, and retained in any format or medium available to the licensee and accessible by the base jurisdiction. If records are presented in a format or in a manner in which the base jurisdiction cannot audit them, they have not been made available as required.

Licensee records which do not contain all of the elements set out in P540, P550 and P560 may still, depending on the sufficiency and appropriateness of the records and of the licensee's operations, be adequate for an audit.

In Petitioner's case, it provided insufficient fuel records and insufficient distance records. Thus, the Bureau imposed an inadequate records assessment

The inadequate records assessment is set forth in IFTA Procedures Manual, Section P570

INADEQUATE RECORDS ASSESSMENT which states in part:

- .100 If the base jurisdiction determines that the records produced by the licensee for audit do not, for the licensee's fleet as a whole, meet the criterion for the adequacy of records set out in P530, or after the issuance of a written demand for records by the base jurisdiction, the licensee produces no records, the base jurisdiction shall impose an additional assessment by either:
 - .005 adjusting the licensee's reported fleet MPG to 4.00 or 1.70 KPL; or
 - .010 reducing the licensee's reported MPG or KPL by twenty percent.
- .200 This section does not affect the ability of a base jurisdiction to disallow tax-paid credit for fuel purchases which are inadequately documented, or, for cause, to conduct a best information available audit which may result in adjustments to either the audited or reported MPG or KPL, suspend, revoke, or cancel the license issued to a licensee.

Petitioner, being a licensed IFTA participant, must maintain two types of records: fuel purchases and distance records. Each IFTA member agrees to follow IFTA record keeping when they register. The fuel records are the complete records of all fuel purchased for the motor vehicle licensed for IFTA. Petitioner did not maintain complete records or monthly summaries. Petitioner was given adequate time to add records but was unable to supply any new records.

Since Petitioner did not provide adequate records the Tax Commission finds the Bureau correctly imposed an inadequate records assessment.

CONCLUSION

Petitioner has not provided the Tax Commission with information to establish that the amounts asserted in the Notice of Deficiency Determination are incorrect. A determination of the State Tax Commission is presumed to be correct. *Albertson's, Inc. v. State, Dept. of Revenue*, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). The burden is on the taxpayer to show that the deficiency is erroneous. The Tax Commission considered all the information provided and finds the Notice prepared by the Bureau to be a reasonably accurate representation of Petitioner's fuels tax liability for the period October 1, 2020, through September 30, 2023. Interest is calculated through April 30, 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 January 17, 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, penalty, and interest:

<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
\$349,016.48	\$34,901.65	\$77,970.91	\$461,889.04

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.
