

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 1-704-507-392
	)	
	)	
Petitioner.	)	DECISION
	)	

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On May 10, 2021, the staff of the Fuels Tax and Registration Fee Audit Bureau (Bureau) of the Idaho State Tax Commission (Commission) issued a Notice of Deficiency Determination (Notice) to \_\_\_\_\_ doing business as \_\_\_\_\_ (Petitioner), proposing the following: tax, penalty and interest in the total amount of \$49,633.21 for January 1, 2018 through December 31, 2020.

On June 7, 2021, Petitioner filed a timely appeal and petition for redetermination of the Notice. Petitioner did not schedule an informal hearing. The Commission, having reviewed the Bureau’s file, and supplemental information, hereby issues its decision, upholding Bureau’s modified findings.

**Background**

Petitioner is a common carrier \_\_\_\_\_ based out of \_\_\_\_\_ Idaho using a qualified vehicle under the International Fuel Tax Agreement (IFTA)<sup>1</sup>. Petitioner reports to Idaho all miles traveled by the same vehicle. The Bureau scheduled Petitioner for audit, selected an audit period, and sent a notification letter requesting copies of Petitioner’s fuel purchase information and their

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<sup>1</sup> IFTA is a multijurisdictional agreement which allows licensed carriers to pay the fuel tax liability accrued by qualifying vehicles in any participating jurisdiction through one base jurisdiction. In this case, Petitioner is licensed with Idaho, claiming Idaho as its base jurisdiction.

distance logs as required by IFTA. Petitioner did not provide the records and the Bureau issued a Notice. The Notice was based on the unverified fuel and mileage information as reported to IFTA. Petitioner protested the Notice, stating they had additional documentation for the Bureau's review. The Bureau attempted to contact Petitioner to receive the mentioned records. After a reasonable amount of time had passed without receiving the additional documentation, the Bureau transferred the file to the Commission's Appeals Unit (Appeals) review.

Appeals contacted Petitioner and discussed the fuel and distance records as required by IFTA and requested Petitioner to submit the previously mentioned information. Petitioner sent to Appeals copies of their fuel purchase receipts and incomplete distance records. Appeals forwarded the information for the Bureau to review. The Bureau modified the Notice. The modification was based on Petitioner providing fuel receipts to verify the amount of tax paid for the amount of fuel used during the Audit Period. Petitioner did not provide the distance records as required by the IFTA Audit Manual. Appeals discussed the modification with Petitioner, but they did not accept the revised Notice. Appeals explained to Petitioner the methods available for redetermining a protested modified Notice.

### **Law & Analysis**

Idaho is a participator in IFTA. Idaho Code section 63-2442A(5) discusses the responsibility of each jurisdiction when reporting audit findings:

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 an IFTA license, agreed to comply with all tax reporting, payment record maintenance, and display requirements as discussed in IFTA. Specifically, IFTA Procedures Manual P510:

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.

Licensees need to maintain two types of records: fuel and distance records. Fuel records are the complete records of all motor fuel purchased for the motor vehicle licensed in IFTA. Petitioner is a Licensee of IFTA and submitted for review all their applicable fuel purchase receipts to Appeals.

The requirements for distance records are more specific depending on the method an IFTA licensee wishes to maintain. In Petitioner's case, they were utilizing a personal GPS. The IFTA Procedures Manual P540.200 lists the requirements for distance records when using a GPS which states:

Distance records produced wholly or partly by a vehicle-tracking system, including a system based on a global positioning system (GPS):

- .005 the original GPS or other location data for the vehicle to which the records pertain
- .010 the date and time of each GPS or other system reading, at intervals sufficient to validate the total distance traveled in each jurisdiction
- .015 the location of each GPS or other system reading
- .020 the beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the period to which the records pertain
- .025 the calculated distance between each GPS or other system reading

- .030 the route of the vehicle's travel
- .035 the total distance traveled by the vehicle
- .040 the distance traveled in each jurisdiction
- .045 the vehicle identification number or vehicle unit number

The submitted information from Petitioner contained the following:

- Trip Date
- State the Trip Occurred
- Miles or Kilometers Traveled

Petitioner did not provide the following required information:

- The origin of the trip.
- The destination of each trip.
- The odometer readings from the beginning and ending of each trip.
- The route taken.

The Bureau determined the distance information submitted to Appeals was not adequate as discussed in the IFTA Procedures Manual section 570.100:

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.

The Bureau calculated an Inadequate Records Assessment by accepting Petitioner's reported miles and reducing their allowed miles per gallon by 20%. The Bureau, using the calculated Inadequate Records Assessment, modified the Notice.

### **Conclusion**

The Bureau modified the Notice using the additional records submitted by Petitioner. The Commission reviewed the modifications for a licensed common carrier without appropriate mileage information as defined in the IFTA Audit Manual. -

Based on the information available, the Commission finds the modified Notice prepared by the Bureau to be a reasonably accurate representation of Petitioner’s IFTA liability for January 1, 2018, through December 31, 2020. The interest is calculated through December 28, 2023, and will continue to accrue at the rate set forth in Idaho Code section 63-3045(6) until paid.

THEREFORE, the modified Notice 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, interest, and penalty:

<b>Tax Type</b>	<b>Audit Period</b>	<b>Tax Due</b>	<b>Penalty</b>	<b>Interest</b>	<b>Total Due</b>
IFTA	01/01/2018-12/31/2020	\$7,110	\$711	\$1,863	\$9,684

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

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

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

IDAHO STATE TAX COMMISSION

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_ 2023,  
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.

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