

**How to Calculate
the
INTERNATIONAL
FUEL TAX AGREEMENT
QUARTERLY
TAX RETURN**



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PROVIDING HIGHWAY SAFETY AND SECURITY THROUGH EXCELLENCE IN
SERVICE, EDUCATION, AND ENFORCEMENT

How to Calculate the
International Fuel Tax Agreement
Quarterly Tax Return



INTRODUCTION

In an effort to assist you, the licensee, with calculating an error-free International Fuel Tax Agreement (IFTA) quarterly tax return, this booklet contains instructions on completing the tax return and some of the most common errors made during calculation of the tax return.

If you need further instructions or information pertaining to accurately calculating the IFTA tax return, please contact the Bureau of Commercial Vehicle and Driver Services at:

Department of Highway Safety and Motor Vehicles
Division of Motorist Services
BUREAU OF COMMERCIAL VEHICLE AND DRIVER SERVICES
Neil Kirkman Building, MS-62
2900 Apalachee Parkway
Tallahassee, Florida 32399-0626
Telephone (850) 617-3711
Fax (850) 617-5185

www.flhsmv.gov

Go to www.iftach.org to obtain the IFTA tax rates.

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MATHEMATICAL MISCALCULATIONS

The number one reason for an error on a tax return is simple mathematical miscalculation. Therefore, it is recommended that, in all instances, you double-check your calculations before filing a tax return.

A minor error can cause an entire tax return to be calculated incorrectly and thereby create a costly mistake for the licensee. Tax returns with detected errors cannot be processed and will be returned to you for correction.

The IFTA quarterly tax return form HSMV 85921 along with the Florida Schedule 1 – IFTA Fuel Tax Computations form HSMV 85922, and the current tax rates are sent to all IFTA licensees at least thirty (30) days prior to the tax return due date.

DUE DATES

The DUE DATE for the quarterly tax return is the last day of the month immediately following the last day of the quarter for which the return is being filed. If the due date falls on a weekend or State holiday, the due date is the next business day.

TAX RETURN REPORTING QUARTERS	DUE DATES
January thru March	April 30
April thru June	July 31
July thru September	October 31
October thru December	January 31

FOR YOUR INFORMATION

Failure to receive the quarterly tax return form does not release the licensee from reporting obligations. A quarterly tax return MUST be filed even if the licensee does not operate or purchase fuel in any IFTA jurisdiction in any particular quarter.

The Bureau of Commercial Vehicle and Driver Services (CVDS) uses the postmark date stamped by the post office to determine timeliness of your return.

If you are filing your tax return near the due date, it is suggested you take it to the post office and ask for the postmark cancellation stamp (indicating the date mailed) to be placed on the envelope containing the return.

NOTE: Sometimes the post office will place the next day’s postmark on mail placed in a drop box.

IFTA TAX RETURN (HSMV 85921)
DETAILED INSTRUCTIONS

The following instructions start at the beginning of the International Fuel Tax Agreement Tax Return (form HSMV 85921) and continue section by section with detailed information on how to complete each area of the tax return, including the Florida Schedule 1 – IFTA Fuel Tax Computations (form HSMV 85922).

TAX PERIOD

When the tax return is mailed to you, the tax period will be pre-printed with the correct quarterly tax period. If you are filing taxes for a different period other than the one indicated on the pre-printed tax return, be sure to indicate the specific tax period in the "Tax Period" section for which you are filing.

DELINQUENT RETURN

When the pre-printed tax return is mailed to you, the tax period section will also indicate the delinquent date for the tax period.

ACCOUNT NAME AND ADDRESS

This section will be complete, when a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type your correct account name and address in the space provided.

FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEI #)

Your FEI # will be on the tax return, if a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type the correct FEI # on the line provided.

The FEI # is you IFTA account number.

CUSTOMER NUMBER

The Customer # will be on the tax return, if a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type the correct Customer # on the line provided.

RETURN TYPE

This is the section located in the upper right hand corner of the tax return. You are provided with three options in this section:

- Original Return
- Amended Return
- Final Return

One of these three boxes should be check marked based on the following information.

ORIGINAL RETURN

Mark this box if it is the first (original) return filed for a particular tax quarter.

AMENDED RETURN

Mark this box if the return changes (amends) a tax return previously filed for a particular tax quarter.

FINAL RETURN

Mark this box if you are closing your business and this is the last (final) tax return you will file. (see NOTE on next page.)

NOTE: If you are filing a final return, on the line below where you marked “final return” provide the date your operations ceased. Before your account is closed, all current IFTA decals and your license must be submitted to the BCVDS, or a notarized statement must be submitted indicating they have been destroyed.

AMOUNT DUE

The section “Amount Due with This Tax Return” can only be completed after the entire tax return has been computed. If you owe fuel tax, please make your check payable to the Division of Motorist Services, include on your check, the working “IFTA”, the specific tax quarter (1st, 2nd, 3rd, or 4th) and year (2008, 2009, etc.). Also, include your FEI # and Customer #.

IMPORTANT INFORMATION – If you are on a payment plan for fuel taxes, which were assessed as part of an account audit, you should pay those taxes with a separate check, indicating your audit number, FEI # and Customer # on the check.

NO OPERATIONS?

A quarterly tax return **MUST** be filed even if the licensee does not operate or purchase any taxable fuel in an IFTA member jurisdiction during the specific quarter. Mark the box in this section and make certain you forward your tax return to the Bureau of Commercial Vehicle and Driver Services.

MILEAGE AND FUEL SUMMARY

(For Qualified IFTA Vehicles)

LINE 1.A. – FUEL TYPE

If your fleet includes vehicles which operate on fuel other than diesel, i.e., gasoline, propane, etc., you will need to separate your mileage and fuel records for each fuel type. Since most licensees use diesel only, we will continue these instructions with that assumption.

LINE 2.A. – TOTAL MILES TRAVELED IN ALL JURISDICTIONS (IFTA AND NON-IFTA)

This is the section of the return where you calculate the miles per gallon (mpg) which your vehicles attain. On Line 2.A. enter ALL of the miles your vehicles ran during the quarter. This figure is calculated by subtracting the odometer reading on each vehicle at the beginning of the quarter from the odometer reading at the end of the quarter. This should be the number recorded on your Individual Vehicle Mileage Report (IVMR) or your Quarter or Monthly Mileage and Fuel Purchase Recap sheets.

EXAMPLE

Odometer Ending Mileage	0150000 miles
Odometer Beginning Mileage	<u>0127000 miles</u>
TOTAL	23000

Enter on Line 2.A. – 23000 miles

LINE 2.B. – TOTAL GALLONS OF FUEL PLACED IN QUALIFIED VEHICLES FOR ALL JURISDICTIONS (IFTA AND NON-IFTA).

Enter the number of gallons of fuel placed into the fuel tanks of all your qualified IFTA vehicles on this line.

(see Example next page)

EXAMPLE

You total the fuel receipts for the quarter and the calculation equals 4340 gallons

Enter on Line 2.B., - 4340 gallons

Note: round the total gallons to the nearest whole number.

LINE 2.C. – AVERAGE MILES PER GALLON (LINE 2.A. / 2.B.)

Divide line 2.B. into line 2.A. to calculate the mpg for your vehicle/fleet. Then enter the figure on line 2.C. **Calculate this figure using three decimal places and then round the figure back to two decimal places.**

EXAMPLE

(Calculate 3 decimal places and round to 2 decimal places)

		5.30	
		<u>5.299</u>	miles per gallon (mpg)
4340		23000.000	miles traveled

SCHEDULE 1 – IFTA FUEL TAX COMPUTATIONS (HSMV 85922)

After you have completed the Mileage and Fuel Summary portion of the tax return and the mpg has been calculated for your vehicle/fleet, you are now ready to begin computations on the Schedule 1 – IFTA Fuel Tax Computations (HSMV 85922).

COLUMN (A) JURISDICTION

On the Schedule 1 in Column A, JURISDICTION, list each jurisdiction (state) in which your vehicles traveled during the quarter. If any of the jurisdictions charge a surcharge (see the IFTA tax rate sheet you received with your tax return or go to www.iftach.org to obtain tax rates), list that jurisdiction twice, i.e., on two separate lines.

COLUMN (B) TOTAL MILES

Using figures from your Individual Vehicle Mileage Record (IVMR), or the quarterly or monthly mileage and fuel purchase recaps, enter Column (B) – TOTAL MILES I EACH JURISDICTION, the total miles you traveled for each jurisdiction listed.

FYI – Samples of suggested record keeping forms are available on the department’s website at:

www.flhsmv.gov

Click on the drop down box in the driving section and select the Commercial Carriers link. In the FAQ Section, under Both IRP & IFTA Q&A’s, click on the Samples of Acceptable Worksheets link.

The sum of each jurisdiction’s total miles should equal the Total Miles Traveled in ALL jurisdictions, from Line 2.A. of the Mileage and Fuel Summary, on the IFTA Tax Return.

COLUMN © TOTAL TAXABLE MILES

In most cases, Column (C) TOTAL TAXABLE MILES will be the same as Column (B) TOTAL MILES IN EACH JURISDICTION.

FYI

Some jurisdictions allow certain mileage exemptions; and miles traveled under a Trip Permit are exempt. Explain in writing any differences in your Total Taxable Miles (Column C) and Total Miles in Each Jurisdiction (Column B).

Mileage exemptions allowed in a particular jurisdiction should be reflected in Column (C) TOTAL TAXABLE MILES. In these cases, the Total Taxable Miles and the Total Miles columns in each jurisdiction would not match.

Please see the IFTA website at www.iftach.org for information on exemptions.

COLUMN (D) TAXABLE GALLONS IS A CALCULATED FIELD:

Divide the taxable miles in Column (C) by the mpg from Line 2.C. of the Mileage and Fuel Summary, on the IFTA Tax Return, and place that result in Column (D). Round this figure to the nearest whole number. Do not leave any decimal places. This is the amount of fuel, which you used in the jurisdiction.

COLUMN (E) TAX PAID GALLONS PURCHASED

Shows the amount of fuel, which you already paid taxes on. This figure will come from fuel receipts, or bulk fuel withdrawal slips, which are dated during the tax period for which you are preparing the return. Enter the total amount of tax paid fuel on the correct line for the jurisdiction in which the fuel was purchased, or withdrawn from bulk tanks. Round this figure to the nearest whole number. The total of all the figures in Column (E) will equal Line 2.B. of the Mileage and Fuel Summary, on the IFTA Tax Return.

COLUMN (F) NET TAXABLE GALLONS

Calculates the difference between the fuel used, Column (D), and the fuel purchased, Column (E).

Subtract Column (e) from column (D) to calculate Column (F) NET TAXABLE GALLONS

If you purchased more fuel in a jurisdiction than you used, Column (f) will be a negative number.

The figures for Column (G) TAX RATE/SURCHARGE RATE are found on the Tax Rate Chart supplied with you quarterly Tax Return, or at the IFTA website: www.iftach.org.

Find the line for the Jurisdiction and the column for the correct fuel type and enter the amount in Column (G) TAX RATE/SURCHARGE RATE.

Multiplying Column (F) times Column (G) results in the amount of tax owed; or if column (F) is a negative number, the result will be a tax credit for that jurisdiction. This amount should be entered in Column (H).

COLUMNS (G, H, I, & J) SURCHARGE RATES

For jurisdictions that charge a surcharge, use two lines on SCHEDULE 1. Enter the jurisdiction's name and write "Surcharge" under it in column (A). Skip Column (B) and (C), and copy the same figure in Column (D) as you calculated for the jurisdictions tax due line.

Skip Columns (E) and (F) enter the surcharge rate in column (G) and multiply by column (D) to arrive at Column (H). (see note on next page)

NOTE: Surcharges are calculated on your “taxable gallons” NOT on “net taxable gallons”.
Surcharges will always reflect an amount due, NEVER a credit.

If you file your tax return by the DUE DATE, you will be able to skip column (I), INTEREST DUE. However, if interest is due, calculate it by multiplying the tax amount by 1% for each month (or fraction of a month) that the return is late.

EXAMPLE: $\$356.00 \times .01 = \3.56

Add the tax due Column (H) and the interest due Column (I) and enter the figure in column (J) for each line of Schedule 1. Total all the figures in Column (H). Transfer the total from Column (H) to Line 3, Tax or Credit Due, of the Mileage and Fuel Summary (HSMV 85921).

If there is a credit on your account from previous returns, the amount will be pre-printed on Line 4, Less Credit from Previous Returns. Subtract Line 4 from Line 3 to determine Line 5, Net Tax Due.

If money is owed from previous quarters, the amount will be pre-printed on Line 6, Tax Due from Previous Return(s). Add the amount of Line 6 to Line 5 to calculate Line 7, Total Tax Due.

If the tax return is late, enter the penalty amount of \$50.00 or 10% (.10) of the tax due, whichever is greater, on Line 8, penalty.

If interest is due, total all figures in Column 1 and enter the amount of interest on Line 9, Interest.

Add Lines 7, 8, and 9, and enter the amount due on Line 10, Total Due With This Return.

If the total is a credit, enter “0” on Line 10 and show the credit on Line 11. Amount of Credit.

Be sure to sign the tax return, and include your title, printed name, telephone number, date of the return, and the e-mail address.

If your name is not on the IFTA license, or you are not a corporate officer of the company which holds the IFTA license, a Power of Attorney form HSMV 96440 MUST be on file with the Bureau of Commercial Vehicle and Driver Services office in order for you to sign the tax return.

If you need additional information, or have questions that have not been answered in this booklet, please do not hesitate to contact the Bureau of Commercial Vehicle and Driver Services at:

(850) 617-3711

www.flhsmv.gov

**See the following pages for
MOST COMMON ERRORS MADE BY LICENSEES WHEN FILING IFTA TAX RETURNS**

MOST COMMON ERRORS MADE BY LICENSEES WHEN FILING IFTA TAX RETURNS

The following pages provide information on five of the most common mistakes made by licensees when completing their tax returns.

#1 MOST COMMON ERROR

CALCULATING AND USING MILES PER GALLON (MPG)

Simply stated “MPG” is the quarterly sum of all miles traveled (both IFTA and non-IFTA) by all the IFTA registered vehicles in a fleet divided by the total gallons of fuel (both IFTA and non-IFTA) placed in the propulsion tanks of those vehicles.

In most jurisdictions, all miles traveled are considered IFTA miles. Regardless, all miles must be reported for this calculation.

Once fuel is placed in the vehicle’s propulsion tank, it is considered part of the total gallons for that reporting quarter and should be entered on Line 2.B. of the Mileage and Fuel Summary, on the IFTA Tax Return. This is true, even if the vehicle is not moved after the fuel is placed in the tank, e.g., refueling from a bulk storage tank after returning from a trip.

Fuel still in a bulk storage tank should not be reported. Bulk storage fuel is reported only after it is transferred to the qualified IFTA vehicle’s propulsion tank.

How to Round the MPG Figure

To accurately round a figure to 2 decimal places you must carry the figure out 3 decimal places and then round it to the 2nd decimal place accordingly.

Always round the MPG to the nearest second decimal place.

Two Examples: $4.564 = 4.56$
 $4.567 = 4.57$

Place the MPG rounded to the second decimal place on Line 2.C., of the Mileage and Fuel Summary, on the IFTA Tax Return, e.g., 4.56 instead of 5.

ONE FINAL POINT ON CALCULATING MPG – Totals must be placed on Line 2.A. and Line 2.B., of the Mileage and Fuel Summary, on the IFTA Tax Return. This is the data used to determine your MPG, and it must be shown.

#2 MOST COMMON ERROR

DIFFERENCE BETWEEN COLUMN (B) (TOTAL MILES AND COLUMN (C) (TAXABLE MILES)

In the majority of cases, Column (B) and Column (C) will be the same. There will be some cases where the licensee may have non-taxable miles, e.g., miles operated on trip permits. In these cases, it will speed document processing if you note on the tax return the reason why certain miles were non-taxable. The IFTA website (www.IFTACH.org) provides information on exemptions.

#3 MOST COMMON ERROR

COLUMN (D) (TAXABLE GALLONS) CANNOT EQUAL COLUMN (E) (TAX PAID GALLONS) FOR EACH JURISDICTION

With the exception of licensees that do not travel out of the State of Florida during the tax quarter, it is virtually impossible to purchase the exact amount of fuel as expended in each jurisdiction on a multi-jurisdiction tax return.

A tax return filed as such is an indication that the licensee may be guessing at their mileage and fuel purchases and this may result in an audit of the licensees' records.

#4 MOST COMMON ERROR

COLUMN (E) (TAX PAID GALLONS) CANNOT EXCEED LINE 2.B. (TOTAL GALLONS) – (when all fuel purchases are made at the pump)

Line 2.B. of the Mileage and Fuel Summary, on the IFTA tax return is the total number of gallons placed in the fuel propulsion tanks of qualified vehicles during the reporting tax quarter. Therefore, all tax paid gallons, Column (E), must be included in the Line 2.B. figure. Unless tax-free fuel purchases were made, Column (E) will equal Line 2.B. It can Never exceed it. (SEE #5 MOST COMMON ERROR)

#5 MOST COMMON ERROR

BULK FUEL PURCHASES AND TAX REPORTING

Line 2.B. of the Mileage and Fuel Summary, on the IFTA tax return is the total number of gallons placed in the fuel propulsion tanks of qualified IFTA vehicles during the reporting tax quarter.

Therefore, even if a carrier has bulk tanks and has paid taxes on all of this fuel, they would show only those gallons that were pumped into qualified motor vehicle on Line 2.B., and in Column (E), Tax Paid Gallons.

WITHDRAWAL SLIPS are required to be maintained in order to support the number of gallons pumped out of the bulk tank and placed into qualified vehicles.