

CALIFORNIA STATE BOARD OF EQUALIZATION
APPEALS DIVISION BOARD HEARING SUMMARY

In the Matter of the Petition for Redetermination)
Under the Diesel Fuel Tax Law of:)
SOLAR AMERICAN TRANSFERS, INC.) Account Number IF STF 59-038390
Petitioner) Case ID 512177
Pomona, Los Angeles County

Type of Business: Interstate trucking

Audit period: 01/01/06 – 09/30/08

<u>Item</u>	<u>Disputed Amount</u>
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Unreported diesel fuel tax	\$14,156
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Tax as determined	\$22,098.98
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Pre-D&R adjustment	<u>- 7,943.05</u>
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Proposed redetermination, protested	<u>\$14,155.93</u>
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Proposed tax redetermination	\$14,155.93
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Interest through 02/28/15	<u>13,254.93</u>
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Total tax and interest	<u>\$27,410.86</u>
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Monthly interest beginning 03/01/15	<u>\$ 58.98</u>
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This matter was scheduled for Board hearing in August 2014 and again in October 2014, but was postponed at petitioner's request each time due to scheduling conflicts.

UNRESOLVED ISSUE

Issue: Whether adjustments are warranted to the amount of unreported diesel fuel tax. We find no further adjustments are warranted.

Since March 2004, petitioner has operated multiple tractor-trailer trucks for public hire under its International Fuel Tax Agreement (IFTA) license. During an audit by the Property and Special Taxes Department (Department), petitioner provided incomplete records. In its review of the records, the Department found unreported miles traveled and an understatement of total gallons of fuel purchased. The Department examined petitioner's reported tax-paid fuel purchases on an actual basis,

1 using fuel purchase receipts, and found that 58,662¹ of the reported tax-paid gallons were not
2 supported by valid fuel purchase receipts or other records.

3 Petitioner contends that, although it lacks receipts or other records, it paid tax on all of the
4 diesel fuel it purchased during the audit period. Petitioner also asserts that the liability should be
5 waived because it did its best to comply with the complex IFTA rules. In addition, petitioner states
6 that it is unable to pay the liability.

7 The Department has examined all of petitioner's reported tax-paid gallons of diesel fuel on an
8 actual basis and has disallowed reported tax-paid gallons that were not supported by valid fuel
9 purchase receipts or other acceptable records. Petitioner was required to maintain documentation of
10 tax-paid fuel and failed to do so, and the Department properly disallowed the unsupported claims for
11 tax-paid fuel. (IFTA Articles of Agreement, § R1210; IFTA Audit Manual, § A550.200). Therefore,
12 we have no basis to recommend any further adjustments to the audited amount of unreported diesel
13 fuel tax. Further, petitioner's financial circumstances do not provide a basis for adjustment of the
14 liability, although we have informed petitioner of the Board's Offer in Compromise Program.

15 **OTHER MATTERS**

16 None.

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18 Summary prepared by Deborah A. Cumins, Business Taxes Specialist III

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27 ¹ The Department originally found that petitioner had not reported tax on taxable purchases of 100,869 gallons of diesel
28 fuel, but petitioner subsequently provided additional records. Accordingly, the number of unreported gallons subject to tax
was reduced to 58,662 in a pre-conference reaudit.