

MOTOR CARRIER OFFICE

NEWSLETTER

International Fuel Tax Agreement (IFTA) and Interstate Diesel Fuel (DI) Programs



Publication 205

November 2012

BOE is going paperless—IFTA carriers transition to mandatory electronic filing

Many IFTA carriers voluntarily electronically file (efile) their IFTA Quarterly Fuel Use Tax Return. In order to reach our goal to go paperless, the BOE will soon require all IFTA carriers to efile their quarterly return.

• Why is the BOE transitioning to mandatory efile?

The goal of going paperless is to create efficiencies and generate cost savings inherent in doing business electronically. Mandatory efilings allows the BOE to achieve this goal and at the same time provide carriers a convenient, fast, secure and accurate method to file a return.

• When will I be required to efile?

We encourage you to voluntarily efile your return now. We plan to require all IFTA carriers to efile by the end of 2013. We will notify you well in advance of the actual transition date and provide you with all the instructions and information you will need.

For more information on IFTA efile, select the eServices tab on the BOE website at www.boe.ca.gov.

Additional eServices now available for IFTA carriers

We have many other electronic services available to make doing business with us much easier.

These services are now electronic:

- File your IFTA Quarterly Fuel Use Tax Return
- Register for a California Fuel Trip Permit
- Register for a new account
- Make a payment on your accounts receivable balance
- Request relief of penalty and interest, or file a declaration of timely mailing

Additional electronic services coming soon:

- Pay the taxes due on your IFTA quarterly return
- Register your IFTA renewal
- Register for additional IFTA decals

All our eServices are convenient, fast, free, and safe. For more information, go to www.boe.ca.gov and click on “eServices.”

Tax rate change for IFTA and interstate user diesel fuel

The tax you report and pay with your quarterly tax return for diesel fuel that you purchase out-of-state and use in California has increased from 40.5 cents per gallon to 44.5 cents per gallon for the period January 1, 2013, through June 30, 2013. You may claim a credit of 44.5 cents per gallon for

tax-paid diesel fuel you purchase in California and use both inside and outside the state.

The 44.5 cents per gallon reflects:

- 10.0 cents per gallon of diesel fuel tax
- An additional excise tax of 34.5 cents per gallon

If you have any questions concerning the calculation of this tax, please call our Taxpayer Information Section at 1-800-400-7115.

New legislation takes effect January 1, 2013

Assembly Bill 2679 (Stats. 2012, Ch. 769) amends section 60116 of the Diesel Fuel Tax Law to adjust the date for setting the interstate user rate from January 1 of each year to July 1 of each year, beginning July 1, 2013, to coincide with the date excise tax rates are set for diesel fuel and motor vehicle fuel pursuant to provisions of the Fuel Tax Swap. This legislation eases the reporting burden on Interstate Fuel Tax Agreement participants and interstate users of diesel fuel by requiring only one rate change each year.

For copies of this bill, please write to the Legislative Bill Room, 1303 10th Street, Room B32, Sacramento, CA 95814, or you can view the bill at www.leginfo.ca.gov/bilinfo.html.

Renew your IFTA credentials to avoid penalty charges

We mailed your Renewal Application for IFTA License and Decals in September 2012, and a reminder notice in November 2012. Renewal of your IFTA credentials is due by November 30, 2012. If you have not yet applied for your 2013 IFTA credentials, be sure to do so immediately. Your current credentials will expire on December 31, 2012 (unless your credentials are revoked, canceled, or suspended before then). As explained below, you are subject to a penalty charge if you enter California on or after January 1, 2013, without proper IFTA credentials (see grace period information) or a valid California Fuel Trip Permit.

Grace period for carriers who have applied and paid for their 2013 credentials

Please place your 2013 IFTA decals on your vehicles as soon as they are received. Mindful that you may have vehicles out on the road for an extended period, you have until February 28, 2013, to display your 2013 decals on those vehicles. This grace period only applies if you have filed all of your IFTA returns, paid all amounts due, and filed and paid for renewal of your credentials on time (by November 30, 2012). Many IFTA jurisdictions, including California, step up their IFTA credential enforcement beginning March 1 each year.

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Penalty for operating without a valid IFTA, DI or Fuel Trip Permit

If you are not covered by the grace period noted in the previous article, or do not have proper credentials, you will be assessed a penalty if you enter California without proper and valid IFTA and DI credentials or a valid California Fuel Trip Permit (Fuel Trip Permits are now available online, see eServices above).

The penalty may be calculated in one of two ways:

1. If we determine at the time of entry that you owe tax, the penalty will be 25 percent of the tax amount owed or \$500, whichever is greater.
2. If you do not have proper credentials at the time of entry, but you do not owe tax, the penalty is \$100. For each subsequent violation, \$100 will be added to the amount of the previous penalty until the penalty reaches the maximum of \$500 per violation. For example, the minimum penalty is \$200 for a second violation and \$300 for a third violation. In addition to paying a penalty, you will be required to purchase a California Fuel Trip Permit to travel in California. The current cost of a permit is \$30 for a single vehicle for a consecutive four-day period.

All tax, interest, and penalty amounts you are assessed upon entering California, the California Fuel Trip Permit fee, and any other outstanding amounts due must be paid before you will be allowed to proceed into the state. Failure to pay these amounts may result in your qualified motor vehicle being impounded, posted for sale, and sold to pay the indebtedness.

IFTA workshops

The Motor Carrier Office holds free workshops to help new IFTA carriers understand their rights and responsibilities as an IFTA licensee.

Staff will provide this information:

- **Brief overview of IFTA**
- **Preparing for an IFTA audit**
 - Proper record keeping and retention
 - Fuel receipts and mileage record keeping
 - Common problems found in record keeping
- **Renewing your IFTA license**
- **Electronic filing (IFTA eFile)**
 - Completing your IFTA report
 - Common errors on the IFTA report

BOE staff is available to assist you with the filing of your first IFTA tax return. Please bring your fuel receipts and mileage records to the workshop.

For the location and time of our next workshop, go to www.boe.ca.gov and click on "Outreach & Events," then "In-Person Seminars."

Motor Carrier Office

The Motor Carrier Office is located at 1030 Riverside Parkway in West Sacramento. The office is open to the public from 8:00 a.m. to 5:00 p.m. Monday through Friday, except state holidays. Free parking is available for tractor trailers and personal vehicles.

Our mailing address is:

Board of Equalization
Motor Carrier Office MIC:65
PO Box 942879
Sacramento, CA 94279-0065

If you have any questions, please contact our Taxpayer Information Section at 1-800-400-7115 (TTY:711). Select the options for "Special Taxes and Fees" and "IFTA, International Fuel Tax Agreement" to reach the Motor Carrier Office staff. Customer service representatives are available to assist you weekdays from 8:00 a.m. to 5:00 p.m., Pacific time, except state holidays.

Annual Taxpayers' Bill of Rights hearings to begin

Do you have suggestions for improving our services? Do you want us to look more closely at a tax or fee issue? If you do, come share your ideas and concerns with our Board Members at the annual Taxpayers' Bill of Rights hearings. You may present your proposal orally or in writing.

The annual business and property taxes hearings for 2013 are scheduled for May 22 in Sacramento and July 17 in Culver City, both starting at approximately 1:30 p.m.

Although you are not required to make advance arrangements to speak, it will help us to prepare if you contact the Taxpayers' Rights Advocate Office at 1-888-324-2798 beforehand to let us know your topic. If your proposal is complex or extensive, we encourage you to submit it in advance and then summarize it in your oral presentation.

For more details, please call the Advocate Office or visit them at www.boe.ca.gov (click on the tab "Your Rights" and choose "Taxpayers' Rights Advocate"), where you can also view the office's latest annual report.

Know your rights

As a taxpayer, you have many rights under the law, including the right to:

- Receive information and assistance to help you comply with the law;
- Be treated fairly and courteously, and receive prompt service; and
- Appeal a decision or claim a refund as allowed by law.

Along with those rights, you have certain responsibilities, including:

- Keeping informed about tax laws and regulations that affect your business;
- Reporting and paying taxes and fees when due; and
- Maintaining adequate records.

For more information, you may order publication 70, *Understanding Your Rights as a California Taxpayer*, or view at www.boe.ca.gov/pdf/pub70.pdf.

Civil behavior in trying times

Some observers have noted that civility is decreasing in our society as our lives become more complex. We know that you may find yourself frustrated with the difficulties of the tax law or pressed for time when dealing with our staff. We still request that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a BOE employee that seems remotely like a threat—even a statement made in jest—will be referred to our Internal Affairs Section for investigation.

Ethics at work —“Thank you” is enough

We would like to remind you that BOE policy prevents our employees from accepting any types of gift. If you are grateful to someone for going the extra mile to help you with a complicated issue, a simple “thank you” will do. You may also use our online Customer Service Survey form at [How Are We Doing Survey—California State Board of Equalization](#) to express yourself.