

MOTOR CARRIER OFFICE

NEWSLETTER



Publication 205

December 2011

Diesel Fuel Tax and IFTA information

Tax rate change for the International Fuel Tax Agreement (IFTA) and interstate user diesel fuel

The tax you report and pay with your quarterly fuel tax return for diesel fuel that you purchase outside California and use in the state has been increased to 43.5 cents per gallon for the period January 1, 2012, through June 30, 2012. You may claim a credit of 43.5 cents per gallon for the gallons of tax-paid diesel fuel you purchase in California and use both inside and outside the state.

The 43.5 cents per gallon reflects:

- 13.0 cents per gallon of diesel fuel tax (adjusted annually effective July 1 of each year).
- An additional excise tax of 30.5 cents per gallon (adjusted annually effective January 1 of each year).

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

Renew your IFTA credentials to avoid penalty charges

We mailed your *RENEWAL APPLICATION FOR IFTA LICENSE AND DECALS* in September and a reminder notice in November. Renewal of your IFTA credentials was due by November 30, 2011. If you have not yet applied for your 2012 IFTA credentials, be sure to do so immediately. Your current credentials will expire on December 31, 2011 (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, 2012, 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 2012 credentials

You have until February 29, 2012, to display your 2012 decals. 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 (on or before November 30, 2011). Many IFTA jurisdictions, including California, step up their IFTA credential enforcement beginning on March 1 each year.

Penalty charge

If you are not covered by the grace period or otherwise do not have credentials, you will be assessed a penalty if you enter California without valid IFTA credentials or a valid California Fuel Trip Permit. 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 or \$500, whichever is more.
2. If we do not determine at the time of entry that you 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 also 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.

eFiling is available for IFTA taxpayers

The Board of Equalization's (BOE) electronic filing (eFile) program allows eligible IFTA taxpayers to file returns over the Internet.

Who can eFile?

Most IFTA accounts are eligible to eFile.

What are the benefits of eFiling?

It's Convenient.

- File from anywhere you can connect to the Internet.
- File day or night (except from 5:00 p.m. Sunday to 5:30 a.m. Monday, when the system is down for routine maintenance).
- May eliminate trips to the Post Office.

It's Fast.

- Receive immediate confirmation of filing.
- Reduce the risk of submitting an incomplete return.

It's Safe.

- The latest hardware and software security ensures the safety and security of taxpayer information.

It's Free.

- No cost to file.
- No postage.

BOARD MEMBERS (Names updated 2012)

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Second District
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JEROME E. HORTON
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JOHN CHIANG
State Controller

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Where can I get more information?

For an overview of the program, go to www.boe.ca.gov and click on “eServices,” where you can obtain general information and answers to frequently asked questions.

Common errors made on IFTA returns

Approximately eight out of every ten returns filed with the Motor Carrier Office contain errors. You can avoid unnecessary tax, interest, and penalty charges if you avoid some of the more common reporting errors, such as:

Rounding miles. Do not round the miles-per-gallon figure (MPG). It must be carried out to two decimal places.

Failing to calculate surcharges. Currently, Indiana, Kentucky, and Virginia charge a surcharge on fuel consumed in their states. If you travel in any of these states, you must list the surcharge on a separate line on the IFTA Quarterly Fuel Use Tax Schedule (IFTA-101). The surcharge is not collected at the pump. As a result, you cannot claim a tax credit for the surcharge.

Failing to timely mail returns and payments. To avoid penalty and interest charges for late filing, returns and payments sent by mail must be postmarked on or before the specified due date. When mailing your return, please be sure to do so before the daily postal pickup to ensure a timely postmark. If the due date falls on a Saturday, Sunday, or state holiday, returns that are postmarked by the next business day will be accepted as timely. A return or payment postmarked after the due date may be considered timely if you provide satisfactory proof that it was mailed on time, with sufficient postage, to the proper address.

Failing to report California operations. Many carriers incorrectly report only travel outside their base jurisdiction of California. All IFTA jurisdictions in which your vehicles travel must be listed on the IFTA Quarterly Fuel Use Tax Schedule (IFTA-101).

Failing to report miles driven in Oregon on the IFTA Quarterly Fuel Use Tax Schedule. As most readers are aware, Oregon does not impose a fuel tax on fuel purchased or consumed in the state. Instead, it imposes a weight-distance tax, which is paid directly to the state. Even though Oregon does not impose a fuel tax as described above, the state is an IFTA member jurisdiction and miles driven in the state must be reported. They should be included as part of your “Total IFTA Miles” (Column A). They should also be included in Column H (“IFTA Miles”); however, your Oregon “Taxable Miles” for Column I would be zero.

Maintain records that support your IFTA tax return

Fuel and mileage data that are reported on your IFTA tax returns must be supported by adequate records. The following types of records are particularly important, especially when they are used to support requests for credit or refunds for tax-paid and nontaxable uses of fuel.

Distance Records. You must record miles traveled to substantiate interstate and intrastate travel. Supporting information for each individual vehicle trip should include: date of the trip (starting and ending), trip origin and destination (including city and state), routes of travel, beginning and ending odometer readings, total trip miles, distances by jurisdiction, vehicle unit number, vehicle fleet number, and your name.

Retail Over the Road Fuel Purchases. You must maintain complete records for all fuel purchased, received, and used in the conduct of your business. Separate totals must be compiled for each fuel type by jurisdiction. Your fuel records must contain all the following information: date of purchase, name and address of the seller, number of gallons or liters purchased, type of fuel purchased, price per gallon or liter or total amount of sale, the unit number of the vehicle into which the fuel was placed, and name of purchaser.

Bulk Fuel. To obtain credit for withdrawals from licensee-owned, tax-paid bulk storage, the following records must be maintained: date of withdrawal, number of gallons or liters withdrawn, fuel type, unit number of the vehicle into which the fuel was placed, and purchase and inventory records showing tax was paid on your bulk fuel purchases.

Other Types of Records. You should also maintain the following records to support your IFTA tax returns: equipment lists that show fleet vehicles (type and model year); Department of Transportation log books; short-and long-term lease contracts; and federal income tax returns that include depreciation schedules showing company vehicles.

Records Retention Period. You should maintain your records in California for a period of four years from the due date of the quarterly tax return to which they relate or the date the return was filed, whichever is later.

For information, please see [publication 50](#), *California IFTA Guide to the International Fuel Tax Agreement* (November 2009). You can also download a copy from our website at www.boe.ca.gov.

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. 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 800-400-7115 (TTY:711). Select the options for “special taxes and fees” and the “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.

More articles available online!

There are occasions when we have more articles than we have space for in this print version of the *Motor Carrier Office Newsletter*. The additional articles are available online at www.boe.ca.gov/news/ftncont.htm. The supplemental articles are: Know your rights; Annual Taxpayers’ Bill of Rights hearings to begin; Civil behavior in trying times; and Ethics at work – “thank you” is enough.

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NEWSLETTER



SUPPLEMENTAL ARTICLES

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.
- Appeal a decision or claim a refund as allowed by law.

Of course, along with those rights, you have certain responsibilities, including the responsibility to:

- Keep informed about tax laws and regulations that affect your business.
- Report and pay taxes and fees when due.
- Maintain adequate records.

For more information about your rights, you may wish to order [publication 70](#), *Understanding Your Rights as a California Taxpayer*.

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 policy or procedure? 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 dates and times for the 2012 business and property tax hearings, normally held in Sacramento and Culver City, were not yet set when this article went to press, but you may check our website or contact the Taxpayers' Rights Advocate for details.

Although you are not required to make advance arrangements to speak, it would help us to prepare if you contact the Taxpayers' Rights Advocate Office at 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 Taxpayers' Rights Advocate Office or visit us at www.boe.ca.gov (click on the tab "Your Rights" and choose "Taxpayers' Rights Advocate"), where you can also view the office's 2010-11 annual report, which will be available soon.

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. Still, we ask that you treat our employees just as you would like to be treated in a business situation. Any statement or gesture made to a Board of Equalization 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 gifts of any type. So 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 can also use our online Customer Service Survey form at www.boe.ca.gov/info/survey.htm to express yourself.

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