

# **ARIZONA**

# **IFTA MANUAL**

**and**

# **TAX REPORT INSTRUCTIONS**



## IFTA Tax Filing Online Service

[azdot.gov/mvd/services/motor-carrier-services/motor-carrier-licensing/ifta-tax-filing-online-service](http://azdot.gov/mvd/services/motor-carrier-services/motor-carrier-licensing/ifta-tax-filing-online-service)

### Arizona IFTA Quarterly Reports Due Dates

Quarter	Reporting Period	Due Date *
1st Quarter	January - March	April 30
2nd Quarter	April - June	July 31
3rd Quarter	July - September	October 31
4th Quarter	October - December	January 31

\* If the due date falls on a Saturday, Sunday, or a legal holiday, the next business day is considered the tax report filing due date.

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# **Arizona IFTA Manual and Tax Report Instructions**

## **Introduction**

The International Fuel Tax Agreement (IFTA) is an agreement among 48 U.S. states and 10 Canadian provinces (58 jurisdictions in all) to simplify the reporting of motor fuel taxes by interstate motor carriers. IFTA reporting significantly reduces the paperwork and standardizes motor fuel tax reporting.

Before adoption of IFTA, each member jurisdiction had its own fuel tax return, license, decals, rules, and forms, and performed its own separate audits. A motor carrier operating in multiple jurisdictions was required to comply with the reporting requirements of each state or province, which made filing returns difficult and time consuming.

## **Advantages of IFTA**

- One set of rules with a single definition of motor vehicles that qualify for IFTA. These rules override the rules of member jurisdictions.
- One set of tax forms to complete in the base jurisdiction
- A single use fuel tax license that authorizes a licensee's vehicles to travel in all IFTA jurisdictions
- A single IFTA audit

All Canadian provinces and U.S. states, except Alaska and Hawaii, are members. The District of Columbia, Northwest Yukon, Nunavut territories and any governmental entity in Mexico are not members.

If you are based in Arizona (registered either as an intrastate or interstate carrier) and will operate in at least one other IFTA jurisdiction, you must obtain an Arizona IFTA license or buy a temporary fuel tax permit when operating in any IFTA jurisdictions, including Arizona.

If you are based in another IFTA jurisdiction, your IFTA license and decals from your base jurisdiction will meet Arizona's use fuel tax licensing requirements. If you are based outside Arizona and not licensed through IFTA, you must obtain an Arizona fuel tax permit to travel in Arizona. Information on fuel permits may be obtained from the MVD Commercial Permits Unit (623.932.2247 or 623.932.2257) or an Arizona Port of Entry. If you are based in and travel only in Arizona, no fuel tax license or reporting is required.

## Definitions

**Applicant** – The person, company, partnership, etc., in whose name the IFTA application for licensing is being filed.

**Base Jurisdiction** – The jurisdiction where qualified motor vehicles are based for vehicle registration purposes, where the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available, and where some travel is accrued by qualified motor vehicles within the IFTA fleet. (See IFTA Fleet Consolidation)

**Biodiesel** – Considered a use fuel in Arizona and is taxed at the applicable use fuel tax rate

**Established Place of Business** – Means a physical structure located within the base jurisdiction that is owned, leased or rented by the fleet registrant. The physical structure shall be designated by a street number or road location and must be open during normal business hours and have located within it:

- A telephone, publicly listed in the name of the fleet registrant
- One or more persons in the permanent employment of the registrant conducting the fleet registrant's trucking-related business
- The availability of operation records of the fleet and the maintenance of such records

**Gross Vehicle Weight** – The declared weight in lbs. or kilograms of a vehicle or motor vehicle combination and the heaviest load carried

**Highway** – A roadway open for use by the public that is maintained by the State of Arizona or its political subdivisions (county, city, agency, district), tribal governments, or the federal government

**IFTA Fleet Consolidation** – The approved consolidation of IFTA fleets which are based in two or more jurisdictions. The IFTA commissioners of the two or more affected jurisdictions may allow a person to consolidate several IFTA fleets that would otherwise be licensed in two or more jurisdictions and license them in one.

If a fleet has apportioned registration for IFTA-qualified vehicles in Arizona, an Arizona IFTA license should be obtained unless an IFTA consolidation has been approved and the consolidated IFTA license is in another jurisdiction.

**IFTA-Qualified Vehicles** – Vehicles included in an IFTA fleet that usually travel in more than one jurisdiction. (See IFTA Fleet Consolidation for the exception) For IFTA motor fuel tax reporting, a qualified motor vehicle is one designed or maintained to transport persons or property and:

- Has two axles and registered gross vehicle weight of more than 26,000 lbs. or 11,737 kilograms; or
- Has three or more axles regardless of weight; or

- Used in combination when the weight of such combination exceeds 26,000 lbs. or 11,737 kilograms gross vehicle weight or registered gross vehicle weight

A vehicle that does not meet the definition of an IFTA-qualified motor vehicle may not be included in an IFTA fleet, may not display an IFTA decal, and may not be included in the data on your IFTA fuel tax return. Recreational vehicles, such as motor homes, pickup trucks with attached campers, and buses that are used exclusively for personal pleasure do not qualify for the IFTA program. Recreational vehicles that are used for business endeavors and meet the above requirements are IFTA-qualified vehicles, and need to be licensed.

Individual Vehicle Mileage Report (IVMR) – A document used to capture information on the day-to-day operations of each truck in an IFTA fleet. This is similar to a trip envelope filled out by the driver.

Licensee – The person, company, partnership, etc., in whose name the IFTA license is being issued

Miles per Gallon (MPG) – Total gallons of fuel purchased divided into total miles traveled. For IFTA returns, this includes all fuel placed into the IFTA fleet vehicles regardless of where or how it was obtained. Total miles are miles traveled everywhere, including off-highway miles, unladen miles, and miles driven under a temporary use fuel tax permit by an IFTA-qualified vehicle. Report all fuel placed in the fuel tank of an IFTA-qualified vehicle.

Motor Fuels – All fuels used for propulsion for an IFTA-qualified vehicle

Non-reportable Fuel – Fuel used to operate unlicensed equipment that is **not** drawn from the fuel tank of an IFTA-qualified vehicle. This fuel may not be included on any part of the IFTA return.

Non-taxable Mileage – Miles traveled not subject to the motor fuel taxes. Each jurisdiction has its own unique definition of non-taxable mileage. Arizona's non-taxable miles occur when your vehicle operates under a temporary use fuel tax permit or operates off-highway.

Off-Highway – Includes any Arizona miles not driven on an Arizona highway. Idle time, reefer or power take-off are **not** included in the Arizona's IFTA definition of off-highway. These requests must be submitted on a separate refund claim.

Power Take-Off (PTO) Equipment – Vehicle-mounted equipment powered by the main engine that also propels a motor vehicle. Examples of PTO equipment are trash compactors, concrete mixers, sewage pumps, and conveyors or other loading/unloading devices on vehicles.

Registration – A licensing process for motor vehicles authorizing the vehicle's use of Arizona highways. The process involves payment of fees and registration tax with the issuance of license plate, a registration card or a temporary registration card, which contains vehicle and owner data.

Special Fuels – Diesel, diesel blends, biodiesel, or any fuel that is subject to Arizona's use fuel tax

Statute of Limitations – The time limit during which either the licensee or the jurisdiction may change the information reported on an original tax filing and claim additional tax due or refund.

Arizona's statute of limitations is three years from the due date of the return or the date it was filed, whichever is later. The statute of limitations may be extended by mutual consent.

**Tax-Paid Gallons** – Gallons of fuel that have a jurisdiction's fuel tax included in the price at the time of purchase or delivery, including fuel bought at retail stations and bulk fuel. The licensee, in order to show evidence that fuel tax was paid, must retain a receipt, invoice, or credit card receipt for a period of three years. The tax-paid fuel purchase must include:

- Date of fuel purchase
- Seller's name and address
- Number of gallons purchased
- Fuel type purchased
- Price per gallon
- Unit number or plate number
- Purchaser's name

Tax-paid fuel purchased and placed into the fuel tank of an IFTA-qualified vehicle can be reported on the IFTA tax filing as tax-paid gallons. Do not include non-reportable fuel in tax-paid gallons (such as use-fuel purchased in Mexico).

**Taxable Miles** – The total number of miles or kilometers operated by a licensee's IFTA-qualified vehicles within a jurisdiction. Taxable miles do not include miles/kilometers where the motor carrier operated in a jurisdiction under single trip use fuel tax permit/use fuel tax permit or the vehicle operation was exempt from fuel taxation by a jurisdiction.

**Temporary Use Fuel Tax Permit** – Arizona's temporary permit that allows conditional travel in Arizona. A use fuel permit may be purchased at Ports of Entry or from MVD Commercial Permits located in Goodyear, Arizona. Permits can be purchased for a single trip or for travel over a specified time period. Permits for a single trip, 30 days, 90 days, or 180 days are available for purchase.

**Use Fuel Tax** – An excise tax imposed on use fuel **used** in the propulsion of a use class vehicle on an Arizona highway.

## Licensing and Decals

The IFTA/IRP application is available online at [azdot.gov](http://azdot.gov); at the Tucson Motor Carrier Services office located at 621 E 22nd St; Tucson, AZ 85713; or at Motor Carrier Services administrative offices at 1801 W Jefferson St; Phoenix, AZ 85007.



The processing fee for the original or renewal Arizona IFTA license is \$10.00. The processing fee payment must be in certified funds (examples of certified funds are a money order or a cashiers check).

To participate in the IFTA program with the State of Arizona you will be required to provide evidence of an established place of business in Arizona. The following documents are accepted as evidence:

- Proof that the company's physical business location is in Arizona, such as photocopies of rent receipts, mortgage payments, ownership, lease or rental documents indicating the registrant's business address.
- Utility bill such as telephone, electrical, gas, etc., in the registrant's name or business name. (**Cellular/mobile phone statements cannot be used as evidence.**)
- Articles of Incorporation
- A current Arizona real estate tax bill
- Copies of a Form 2290

When Motor Carrier Services receives an IFTA license application, entries on the application are checked to verify the information requested is complete. The applicant will be contacted if more information is required. ADOT reserves the right to deny an IFTA fuel tax license to an applicant. A licensee must file an application and pay the \$10.00 renewal fee each year to renew the IFTA license. An IFTA license will be issued to the motor carrier after the carrier is verified to be in **good standing**.

Good standing means:

- Current IFTA tax filings
- Current International Registration Plan (IRP) registration or AZ full base registration
- No unpaid balances due the Arizona Department of Transportation

Please complete the application form that describes the legal status of your business. If you have any questions on how to complete the application, contact Motor Carrier Services at [mvdmcsc@azdot.gov](mailto:mvdmcsc@azdot.gov).

An IFTA identification number will be issued upon approval of IFTA application. If your company is a corporation or partnership, the IFTA license number will be the Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service preceded by the suffix "AZ".

Each applicant will be issued only one IFTA license and is referred to as a licensee. Each qualified vehicle is required to carry a copy of the license in the vehicle. The licensee is required to make copies of the license for all vehicles covered by the IFTA. Failure to display a copy of the license will result in the issuance of a citation and/or the requirements to purchase a single trip use fuel tax permit.

This requirement is imposed even when the decal is properly displayed. If the original copy of the IFTA license is lost or destroyed, a duplicate may be obtained by calling Motor Carrier Services. Keep the original IFTA license in a safe place so copies can be made if additional vehicles are added to the fleet. You must contact

Motor Carrier Services for additional decals when vehicles are added.

Each licensee is issued one set (two decals) of Arizona IFTA identification decals per vehicle. One decal must be placed on the lower rear exterior portion of the cab's passenger side. The second decal should be placed in the same position on the driver's side. Failure to display an IFTA vehicle decal will result in the issuance of a citation and/or the requirement to purchase a single trip use fuel tax permit.

In the case of transporters, manufacturers, or drive-away operations, the IFTA decal need not be permanently affixed, but may be temporarily displayed in a visible manner on the cab's passenger side. In the case of buses, the decal may be located on the driver's side. Decals are mailed annually at the time of renewal. During the year, you may obtain additional decals by contacting Motor Carrier Services.

## Agents

If you authorize an agent to act on your behalf with a power of attorney, MVD will only contact this appointed agent regarding any issues associated with your IFTA License and IFTA tax reporting. If this power of attorney is revoked, contact MVD promptly and in writing instructing to remove the current agent from the account and designating the authorized contact regarding IFTA issues. If another agent is selected a new power of attorney will be required.

## Bonding (Effective September 30, 2009)

MVD may require a licensed IFTA carrier or a person applying for an IFTA license to post a bond for any of the following reasons:

- Licensed IFTA carrier fails to file tax reports or remit taxes in a timely manner
- MVD Director determines that the interests of the state or IFTA member jurisdiction is in jeopardy
- IFTA license applicant is not based in a jurisdiction that is a member of IFTA
- IFTA license applicant does not have a good standing status from another IFTA member jurisdiction as a result of a previous license
- IFTA license applicant does not have a history as a motor carrier in this state or any other member jurisdiction
- Applicant has no previous account history in Arizona or other IFTA member jurisdictions
- Applicant has a previous account history in a IFTA member jurisdiction, but cannot be verified
- Applicant has a verifiable "non-favorable or not in good standing" record history from an IFTA member jurisdiction
- Applicant is based in a non-member IFTA jurisdiction

MVD may waive the bonding requirements for a license applicant if the applicant has a verifiable "favorable or good standing" account history in Arizona or other member IFTA jurisdiction.

A licensee who is required to post a bond must provide a surety or cash bond in the amount determined by the MVD Director. (Arizona Revised Statutes Title 28, Chapter 16, Article 2).

## Leases

A lessor regularly engaged in the business of leasing or renting motor vehicles without drivers, for compensation, may be deemed to be the licensee, and such lessor may be issued an IFTA license if an application has been properly filed and approved by the base jurisdiction. For leases of 30 days or more, where the carrier uses an independent contractor, the lessor and lessee are given the option of designating which party will report and assume tax liability. For motor vehicle leases of less than 30 days, the lessor of the motor vehicle is liable for the tax.

In the case of a household goods carrier using independent contractors, agents or service representatives, the party liable for the tax shall be:

- The lessee (carrier) when the motor carrier is operated under the lessee's jurisdictional operating authority

The base jurisdiction, for the purpose of this agreement, is the base jurisdiction of the lessee (carrier) regardless of the jurisdiction in which the lessor or lessee registers the qualified motor vehicle.

- The lessor (independent carrier, agent or service representative) when the motor carrier is being operated under the lessor's jurisdictional operating authority

## Name Change

The following documents need to be submitted to have the name changed on the licensing, registration, and ownership documents:

- A new updated IFTA/IRP Application (form 70-0508)
- IRP Supplement Schedule C (70-0504) listing all currently apportioned registered vehicles
- Arizona title documentation to transfer the vehicles titles into the new name
- The Lease Agreement Certificate, if the registrant and the vehicle owner are different

If the name of the company is changing, but the entity ownership or Federal Employee Identification Number (FEIN) is remaining the same, a new IFTA license, registration credential, and vehicle titles will be issued after payment of the \$4.00 titling fee and the IRP filing fee.

## Entity Change

If the ownership of the entity is changing or if the entity has a new Federal Employee Identification Number (FEIN), a new IFTA license, registration credential, and vehicle titles will be issued after the annual International Registration Plan (IRP) fees are paid by the new entity along with the titling fee of \$4.00 per vehicle and the \$10.00 IFTA licensing fee. The former AZ based entity may apply for refund/credit of any unexpired registration fees from each IRP jurisdiction where registration fees were originally assessed. Jurisdictions will then

reimburse based upon their state law.

Not all jurisdictions authorize refunds of registration fees. It is advisable to initiate entity changes at the time of the IRP renewal to avoid loss of the registration fees.

Arizona law allows for refund of certain unexpired Arizona registration fees paid, if the refund is \$10.00 or more.

## IFTA Tax Filing

IFTA license provisions require the licensee to file a quarterly motor fuel tax return with their base jurisdiction.

An Arizona based IFTA licensee must file an IFTA Use Fuel Tax Report quarterly with Arizona Department of Transportation's Fuel Tax Reporting Unit. A quarterly filing is required even if the licensee had no miles traveled for the quarter. The report details jurisdictional miles traveled and motor fuel purchased in each jurisdiction for a quarter. The licensee then uses this data to calculate whether additional taxes are owed or if a refund is due. (Please refer to page 14 for the complete filing instructions.) Any additional tax owed by the licensee is remitted to ADOT. ADOT is responsible for the distribution of taxes to the appropriate member jurisdictions based on information received from the IFTA Use Fuel Tax Report.

Each quarter the Arizona licensee must file an IFTA Use Fuel Tax Report or an IFTA tax filing return by the due date. To file the quarterly IFTA Use Fuel Tax Report online, you will need to register online through **AZ MVD Now** at the following link [AZMVDNow.gov](https://AZMVDNow.gov) with the email address associated with the company and created password. The website can only be used by licensees whose IFTA-qualified vehicles consume use fuel, gasoline, gasohol and those electric powered vehicles.

Failure to receive the form does not relieve the licensee of the obligation to file the return and pay the net amount owed by the due date.

The IFTA Use Fuel Tax Report must be postmarked or submitted online on or before the due date to avoid interest and penalties. The acceptable postmark dates are the U.S. Postal Service or Canadian Postal Service cancellation date stamped on the envelope containing the tax report, properly addressed to MVD.

If a return is mailed, it is considered received on the date that it is postmarked to ADOT – Fuel Tax Reporting Unit located at:

ADOT – Fuel Tax Reporting Unit  
1801 W. Jefferson St., MD519M  
Phoenix, AZ 85007

## Penalty/Interest Assessment

A penalty of \$50.00 or 10% of the quarter's tax liability, whichever is greater, will be assessed on tax reports filed late. If the tax liability is a zero or a credit, the late filing penalty is \$50.00.

Additionally, interest will be assessed on all delinquent taxes due **each** jurisdiction at the rate of one percent per month. Interest will be calculated from the date the tax was due for each month or fraction of a month until the tax is transferred to the appropriate jurisdiction.

## Filing Tips

Arizona based licensees are required to report fuel consumed and distance traveled in U.S. measurements. Tax rates will be converted using the following factors and will be computed and rounded to the nearest whole unit for the license's Canadian travel.

One Liter	=	0.2642 Gallons
One Gallon	=	3.7850 Liters
One Mile	=	1.6093 Kilometers
One Kilometer	=	0.62137 Miles

For reporting motor fuels that cannot be measured in liters or gallons, such as compressed natural gas, the licensee shall report the fuel at the conversion factor used by the jurisdiction in which the fuel was consumed.

To report off-highway miles (tax-exempt miles), the licensee is required to obtain the definition of tax- exempt miles from the jurisdictions where operations occurred. Arizona defines off-highway miles as any Arizona miles not driven on an Arizona highway. Reefer fuel, idle time, or power take-off are not included in Arizona's IFTA definition of off-highway. Arizona idle time, Arizona power take-off, or Arizona reefer fuel purchase refund request must be submitted on a separate refund claim.

When filing a tax return, an overpayment generated in one jurisdiction is applied (netted) against the taxes owed to another jurisdiction. The net tax owed is remitted to MVD along with the IFTA Use Fuel Tax Report or the payment instructions from this IFTA filing website. Fuel Tax over payments will be refunded only when the licensee requests the refund.

Kentucky, New Mexico, New York and Oregon have a highway use fee in addition to the fuel taxes. If you travel in one of these four jurisdictions, you must file the required report with the jurisdiction in addition to filing your Arizona IFTA return. Some or all of your vehicle miles will be reported on both the IFTA return and that state's highway use fee report.

When listing delivery locations for the Individual Vehicle Mileage Report (IVMR) that are outside of a city, use the name of the nearest city. Indicate road miles and direction from the city. For example, instead of ADOT's warehouse that is 10 road miles west of Flagstaff, Arizona, list "Flagstaff, Arizona plus 10 west." Do not just use intercity mileage; use actual miles traveled. If the trip starts from a business location on the west side of Phoenix and the driver travels into the middle of the city to pick up freight, these miles must be included. All miles, including non-revenue (deadhead) miles, must be documented. Using map or computer program mileage only is not acceptable. Map or computer mileage is the shortest and most direct route between locations and does not necessarily reflect the actual mileage driven. Your quarterly miles per

gallon (MPG) calculations will not be correct if only map or computer program mileage is used. Your IFTA return depends on an accurate MPG.

## Cancellation of License

The licensee must request cancellation of the Arizona IFTA license if the motor carrier no longer meets the IFTA licensing requirements. To request cancellation of an IFTA license, complete the tax return for the last quarter of interstate activity, along with a written request/statement indicating that all decals and license, along with all copies of the license have been destroyed.

In accordance with the IFTA licensing agreement, "Any licensee that notifies a base jurisdiction...but does not destroy its license and remove all decals, is subject to appropriate penalties as imposed by that jurisdiction."

Until the cancellation requirements are met, the account will be considered active and quarterly IFTA tax filing will be expected. Requests for cancellations will **not be accepted by telephone**.

If the IFTA license is canceled after a new quarter begins, an IFTA Use Fuel Tax Report is required to close out the account.

## Revocation of License

IFTA licenses may be revoked for cause:

- If fuel taxes are not remitted and/or are not paid in full, or
- If an IFTA Use Fuel Tax Report is not filed, or
- For noncompliance with IFTA record keeping requirements
- Failure to maintain a bond for the required period.

Notification of the intent to revoke your license will be made by certified mail. Once revoked, operation of vehicles in the fleet will not be permitted outside Arizona unless a temporary permit (single trip use fuel tax permit or use-fuel tax permit) is obtained for each movement. All IFTA jurisdictions will be notified of the license revocation. If the IFTA license is revoked for cause, all causes of the revocation must be resolved prior to reestablishing an IFTA account.

## IFTA Record Keeping Requirements

Individual Vehicle Mileage Report (IVMR) and Summaries IFTA requires that mileage and fuel records must be maintained for 4 years on each vehicle for each trip. Monthly and quarterly mileage summaries must also be maintained which separately state miles for each vehicle for each jurisdiction in which the vehicle operated. Each jurisdiction's miles must be separated into taxable and non-taxable miles.

IVMRs must include the following information:

- Date of trip (starting and ending)
- Trip origin and destination
- Intermediate trip stops
- Routes of travel
- Beginning and ending odometer or hub meter readings
- Total trip miles
- Mileage by jurisdiction
- Motor vehicle unit identification
- Vehicle fleet number
- Licensee's name
- Fuel purchased or drawn from bulk storage

## **Fuel Records**

The licensee must maintain complete records for 4 years, supported by receipts of all fuel purchases as reported on the Arizona IFTA tax report. Separate totals must be compiled for each fuel type. Fuel purchased as bulk storage fuel and over-the-road (OTR) fuel purchased are to be accounted for separately.

Licensee records must detail bulk fuel purchased as to the vehicle the fuel was dispensed into. Bulk fuel that is dispensed into non-IFTA-qualified vehicles or is used for purposes other than operating a motor vehicle cannot be included on the quarterly IFTA tax filing. Bulk fuel purchase invoices must show that the fuel taxes were paid in order to support the credit taken on the IFTA return for tax-paid gallons. For a complete list of fuels that may be reported on an IFTA return, visit the IFTA website at [www.iftach.org](http://www.iftach.org). See the definition of tax-paid gallons for the receipt requirements of a fuel purchase.

The licensee must perform bulk fuel reconciliations quarterly. This reconciliation of your fuel inventory balances the book inventory to the physical inventory. All fuel that is taken out of bulk storage must be metered.

## **Over-The-Road Purchases**

Fuel purchases must be supported by a receipt, invoice, or credit card receipt, or microfilm/microfiche of the receipt or invoice. Under no circumstances will receipts that have been altered or that indicate erasures be accepted for tax-paid credits.

A Daily Vehicle Mileage and Fuel Report are included as an example of an IVMR.

You must retain records to support the information reported on your Arizona IFTA Use Fuel Tax Report for 4 years from the due date of the return or the date filed, whichever is later.

## **Audit Procedures**

Every IFTA licensee is subject to audit. In the event that you are selected for an audit, you will be contacted by the Arizona Department of Transportation prior to commencement of the audit. Department staff will make arrangements to audit your records and will follow up with a written confirmation. Any questions pertaining to an IFTA audit should be directed to the auditor who sent you the notification letter.

If the licensee's operational records are not located in Arizona and it becomes necessary for the Department's auditor to travel to where the records are maintained, the Department will require a licensee to pay in advance reasonable travel expenses.

The audit assessment statute of limitations for Arizona based licensees is 3 years. The audit notification letter will indicate the time period to be audited. The Department has 4 years to issue a notice of additional use-fuel tax assessment. If a licensee fails or refuses to provide records or access to records the time limited is tolled until the records demanded are provided. The statute of limitations may be extended by mutual consent.

If a licensee fails to provide records for an audit, the statute of limitations is extended until such records are provided. If a licensee provides records that are not acceptable for audit purposes, the Department may elect to:

- Estimate miles per gallon based on prior experience of the licensee or by comparison to similar operations
- Use a standard 4.0 miles per gallon
- Reject all claims for fuel taxes paid without supporting documentation
- Increase mileage by 25% for all jurisdictions

After completion of the audit, an audit report will be sent to you by certified mail. A summary of the findings will also be sent to any member jurisdiction affected by the audit. Arizona will collect and remit any fuel taxes, penalty, and interest owed to it and other member jurisdictions, and refund any overpayment owed to you from Arizona and other member jurisdictions.

## **Appeal Audit Findings**

Upon completion of the audit, the findings are reported in writing to the licensee and all other IFTA member jurisdictions. Arizona will collect any taxes, penalties, and interest owed to all member jurisdictions.

A licensee or applicant may appeal an action or an audit finding by making a written request for a hearing by the final date of the audit. The licensee will receive written notice confirming the hearing date, time and location. For hearings involving a corporation that is an Arizona



IFTA licensee, the Department requires that an Arizona attorney represent the corporation if the amount in question is greater than \$5,000. If a hearing is not requested in writing by the final date, the original action or audit becomes final.

## Refunds and Credits

A licensee will receive a credit for tax-paid fuel used outside the jurisdiction where the fuel was purchased in excess of fuel consumption for that jurisdiction. Tax-paid fuel placed into the fuel tank of a qualified vehicle shall qualify as a tax-paid retail purchase, and can be reported on the IFTA tax report.

Refunds will be made only when all tax liabilities, including audit assessments, have been satisfied to all member jurisdictions.

Only IFTA-qualified motor vehicles are reported on the IFTA tax report.

**Refunds for Off-Highway equipment, Idle Time, Power Take-Off, and Reefer Fuel** must be requested on a designated refund form, which can be obtained online at [azdot.gov](http://azdot.gov).

All refunds or credits are subject to audit. The Arizona Revised Statutes that address refunds are found in Title 28 Chapter 16 Articles 1 and 2.

Contact IFTA Inc. – [iftach.org](http://iftach.org)

The International Fuel Tax Association Inc. (IFTA, Inc.) is a nonprofit corporation organized under the laws of the State of Arizona. It is an association of all member jurisdictions that have entered into the International Fuel Tax Agreement. IFTA, Inc. serves as a repository of information for IFTA. This includes jurisdiction contact lists, fuel tax rates by jurisdiction, and IFTA newsletter. The IFTA Articles of Agreement, Procedures Manual and Audit Manual are also maintained and updated by IFTA, Inc.

## Contact Arizona Department of Transportation

ADOT has a website where you can file your report electronically. The only figures that you need to input are miles and tax-paid gallons. Taxes due will calculate automatically.

File Online at [AZMVDNow.gov](http://AZMVDNow.gov)

IFTA Forms (for mail in a paper report filing) on the ADOT website at [azdot.gov](http://azdot.gov):

- IFTA/IRP Application (form 70-0508)
- IFTA Use Fuel Tax Report (70-4434)
- IFTA Use Fuel Refund Request (96-0158)

Mailing Address for paper tax reports:

IFTA Fuel Tax Reporting  
Arizona Department of  
Transportation 1801 W. Jefferson  
St., MD 519M Phoenix AZ 85007

Office Locations for Motor Carrier Services

- Phoenix at 1801 W. Jefferson St
- Tucson at 621 E 22nd St

Questions

Email – Motor Carrier Services – [mvdmcsc@azdot.gov](mailto:mvdmcsc@azdot.gov)

Email – Fuel Tax Reporting Unit – [irpiftainfo@azdot.gov](mailto:irpiftainfo@azdot.gov)

Phone:

- IFTA Tax Reports – 602.712.8473
- License, Decals or Account Status – 602.712.6775
- Refunds – 602.712.6775

## Individual Vehicle Mileage Report (IVMR) – Example

Record the Odometer Reading:

- At the beginning of each day or trip
- When leaving each jurisdiction
- At the end of each day or trip

**Driver Name**\_\_\_\_\_ **Truck Number**\_\_\_\_\_

Trip Date	Origin	Beginning Odometer	Destination	Ending Odometer	State	Routes	Miles	Fuel Purchased (Gal/City)
Total Miles								

# Instructions for the AZ IFTA Use Fuel Tax Report

## Step 1 – Identification of Motor Carrier

In the upper left corner of the IFTA Use Fuel Tax Report (form # 70-4434) write your:

- AZ MVD account number.
- Company name including the DBA (doing business as)
- Current company mailing address
- AZ IFTA license number, same as your Federal Employer Identification Number (FEIN)
- Calendar quarter period ending date

## Step 2 – Calculation of the Average Fleet Miles Per Gallon

- *Total Mileage Traveled In All Jurisdictions* – Enter the grand total of miles traveled from your IFTA qualified fleet vehicles by fuel type, including off-highway miles, miles traveled under a temporary permit for fuel taxes, and non-revenue (deadhead, bobtail) miles.
- *Total Gallons Purchased In All Jurisdictions* – Enter the grand total of fuel gallons purchased in all jurisdictions by fuel type. The total gallons of fuel put into the fuel tanks of the IFTA- qualified vehicles during the period. It doesn't matter whether the fuel was tax-paid, or whether some of the fuel put in to the vehicle's tank will also be used to run auxiliary equipment. Do not include fuel purchased for a separate fuel tank on the vehicle that is to operate auxiliary equipment only (i.e., reefer fuel, etc.).
- *Fleet Average MPG (2 decimal places)* – Divide Total Gallons Purchased In All Jurisdictions into Total Miles Traveled In All Jurisdictions for each fuel type. Enter the calculation here rounding to the nearest hundredth – two decimal places. Use the **rounded MPG** in all the jurisdictions calculations.

**Example:** 45,217 total miles driven from odometer readings in a quarter divided by 10,312 diesel gallons purchased = 4.38 miles per gallon.

If the IFTA qualified fleet has more than two fuel types or a fuel type not listed on the IFTA Use Fuel Tax Report, please contact Motor Carrier Services for further instructions.

## Step 3 – Calculation of the Jurisdiction Tax Calculation:

Column 1      State

Enter the two-letter abbreviation for the jurisdiction (see the Tax Rate Chart for a complete listing)

*Column 2      Fuel Type*

Enter SF for Diesel, GS for Gasoline or other codes upon instructions from Motor Carrier Services

*Column 3      Tax Rate*

Enter the rate for each jurisdiction (see the Tax Rate Chart at IFTA Inc - [iftach.org](http://iftach.org) for a complete listing)

*Column 4      Total Miles*

Enter the total miles traveled while within each jurisdiction's boundaries. Include every mile traveled by your fleet in the jurisdiction (e.g., on-highway, off-highway, temporary permit, etc.). Round to the nearest whole mile. Do not use decimals.

*Column 5      Taxable Miles*

Enter the taxable miles (total miles less non-taxable miles) traveled in each jurisdiction. To determine your non-taxable miles for each jurisdiction use your fleet summary records from the IVMRs. In Arizona, non-taxable miles include miles traveled under a single trip use fuel permit/use fuel permit and off-highway miles. Each jurisdiction has its own unique definition of non-taxable miles. You may need to contact each jurisdiction to obtain their definition of non-taxable miles. Round taxable miles to the nearest whole mile. Do not use decimals.

*Column 6      Taxable Gallons*

Calculate and enter the taxable gallons for each jurisdiction. To calculate taxable gallons divide Column 5 – Taxable Miles by the Fleet Average MPG calculated in step

2). Round to the nearest **whole** gallon. **Do not use decimals.** If using the IFTA tax filing website, this calculation is automatically performed.

*Column 7      Tax-Paid Gallons*

Enter the total number of gallons purchased in each jurisdiction. The tax-paid gallons reported are the gallons of fuel placed into the fuel tanks of your fleet vehicles that had the jurisdiction's fuel taxes included in the price. You must have receipts to support these totals. Do not adjust gallons for idle time or power take-off. Do **not** include fuel that was put into fuel that was put into a tank of a non-qualified IFTA vehicle or into an auxiliary fuel tank on the vehicle such as reefer fuel. Round to the nearest **whole** gallon. **Do not use decimals.**

*Column 8      Net Taxable Gallons*

Calculate and enter net taxable gallon for each jurisdiction. To calculate net taxable gallons, subtract Tax Paid Gallons in Column 7 from the Taxable

Gallons in column 6. If Column 7 is greater than Column 6, input the difference as a **negative** number in Column 8. If Column 6 is greater than Column 7, input the difference as a **positive** number in Column 8. Again round to the Bracket ( ) negative figures.

*Column 9      Tax Due*

Calculate and enter tax due to each jurisdiction. To calculate tax due, multiply the Net Taxable Gallons in Column 8 by the jurisdictions tax rate, which is recorded in Column

3. Put brackets ( ) around negative figures. A negative tax due means that fuel taxes were overpaid to a jurisdiction for miles driven in that jurisdiction. A positive tax due means additional taxes are owed. The sum of each jurisdiction will equal the total Tax Due or tax refund. If the report is late, you must calculate interest in column 10.

*Column 10      Interest Due*

If the tax report is not postmarked by the due date, interest must be calculated and entered on this line. The interest is calculated using the following instructions:

- For each jurisdiction that has a positive tax due (tax owed to the jurisdiction), multiply the **positive** figures for Tax Due column 9 by 1% for each month you are late. Only calculate interest on jurisdictions where taxes are owed.
- Example: The IFTA Use Fuel Tax Report is filed 3 months late. \$38.20 is owed to California under the Tax Due Column. Interest would be calculated using the following formula  $\$38.20 \text{ tax owed} \times 1\% \times 3 \text{ months late} = \$1.146$  interest owed to California. \$1.15 would be entered in column 10.
- If your report is less than one month late, you must still pay 1% interest for that whole month.

*Column 11      Total Due*

Add Tax Due column 9 and Interest Due column 10 for each row. Bracket ( ) any negative figures.

## Two-Cent Credit

Arizona statutes authorize IFTA motor carriers a two cent per gallon tax credit on use fuel purchases made in Arizona, but where the fuel was consumed in another IFTA jurisdiction. The statutes also require the other jurisdictions fuel taxes be paid by the motor carrier to qualify. Use fuel gallons that do not qualify for the two-cent credit are:

- Use fuel gallons consumed while the IFTA-qualified vehicle is off-highway or
- Use fuel gallons consumed in a nonmember IFTA jurisdiction

- Use fuel gallons consumed while the vehicle was operating under a temporary permit

Foreign-based IFTA motor carriers can file for refund of two-cent per gallon credit. Arizona based IFTA carriers can claim the two-cent credit on their Arizona quarterly IFTA Use Fuel Tax Report without having to file for a refund.

To qualify for the two-cent credit the Arizona's Net Taxable Gallons for diesel fuel must have more Gallons Purchased in Arizona than Consumed. For the Arizona based IFTA carriers filing their Quarterly Tax Report online, the two-cent credit will be calculated automatically. For the Arizona based IFTA carriers filing their Quarterly Tax Report via a process other than online, the second line of Arizona's IFTA Use Fuel Tax Report has been preprinted to claim the two-cent credit. To determine the amount of gallons that are entitled to the two-cent credit, the taxpayer can use the following schedule:

#### Two-Cent Credit Calculation

Line #	From the IFTA Use Fuel Tax Report enter	Number of Gallons
1	Arizona Tax Paid Gallons (line 1 Column 7)	
2	Arizona Taxable Gallons (line 1 Column 6)	
3	Total Gallon Eligible subtract the amount in line 2 from line 1. Enter the total. If the total is zero or a negative amount - stop, you are not eligible for the credit.	
4	Sum of the Other Jurisdiction's Net Taxable Gallons (Add the Net Taxable Gallons (Column 8) for each jurisdiction reported except for Arizona (AZ) and Nonmember Jurisdiction (OS)	
5	Gallons Subject to the Two-Cent Credit (The lesser of line 1 or 4) *	

\* Enter Line 5 gallons on Line 2 Column 8 of the IFTA Use Fuel Tax Report

## Surcharges

Indiana, Kentucky, and Virginia charge a fee (called a surcharge) in addition to the use fuel tax. These jurisdictions (and respective surcharge rates) are identified on the fuel taxes rate chart for IFTA, which is mailed to you each quarter.

To report the surcharge on the IFTA Use Fuel Tax Report (form # 70-4434), enter a second reporting line for that jurisdiction directly below the line where you have reported its fuel use tax. Enter the surcharge rate in the column titled Tax Rate. Enter the same total miles, taxable miles and taxable gallons as you entered on the prior line. Since the surcharge is not included in the amount you paid for the fuel, no surcharge tax-paid gallons may be claimed. Enter "zero" in the column for Tax-Paid Gallons. Net Taxable Gallons will be the same as the figure for Taxable Gallons. Multiply the number in the Net Taxable Gallons column by the surcharge rate. Enter the surcharge amount you compute in the Tax Due column and carry this total forward to Total Due.

## OS Nonmember Jurisdiction Miles

OS nonmember jurisdiction miles are any miles driven in states or jurisdictions not members of

IFTA (Interstate Fuel Trade Agreement) or any off-highway miles not included under column 4 Taxable Miles by jurisdiction. Miles driven in Mexico are considered to be OS non-member jurisdictional miles.

#### Step 4 – Summary Calculations:

<i>Page 1 Totals</i>	Total each column of figures and enter the total in the space provided on page one
<i>Page 2 Totals</i>	If you wrote any jurisdiction travel information on the back of the report, total the columns and enter the total on the front of the report in the space provided
<i>Pg 1 + Pg 2 Totals</i>	Add page 1 and page 2 from the boxes above and write the total in the space provided
<i>Previous Credit Balance</i>	Leave blank if filing a paper IFTA Use Fuel Tax Report (form # 704434). The website will carry forward the outstanding balance.
<i>Adjusted</i>	Leave blank
<i>Late Fees</i>	\$50.00 late fee will apply if your tax report is not postmarked by the due date for the quarterly period (refer to the Due Dates listed at the front of this manual)
<i>Grand Total Due</i>	Add Pg 1 + Pg 2 totals column 11 with any amount in the box for Late Fees and enter that total in the space provided

#### Step 5 – Authorization of Report

<i>Signature</i>	The report must have the signature of the preparer
<i>Date</i>	Date report was completed
<i>Title</i>	Title of the person who prepared the report
<i>Phone</i>	Current phone number of preparer who is <b>authorized on the Account</b> .

If you owe net taxes, please make your check payable to ADOT, then **mail report and any payment due** to the address below.

IFTA Fuel Tax Reporting  
Arizona Department of  
Transportation 1801 W. Jefferson  
St., MD 519M Phoenix, AZ 85007

## Accepting the IFTA Use Fuel Tax Report

An IFTA Use Fuel Tax Report **will be considered acceptable** if:

- The taxpayer's Arizona Account Number is correct
- The taxpayer's Arizona IFTA License Number is correct



- A period ending date has been entered
- Your name and complete address has been entered on the report
- The report is signed and dated
- The taxpayer's telephone is provided
- Mileage has been entered in the Total Mileage Traveled In All Jurisdictions box for each fuel type
- Gallons have been entered in the Total Gallons Purchased In All Jurisdictions box for each fuel type
- Entries have been made for each traveled jurisdiction in: Column 1 – State (Jurisdiction)  
Column 2 – Fuel Type  
Column 4 – Total Miles  
Column 5 – Taxable Miles  
Column 7 – Tax-Paid  
Gallons
- Taxpayer has rounded correctly
- Detail equals the *Page 1 Totals* and *Page 2 Totals* or the *Pg 1 + Pg 2 Totals*
- Taxpayer has not included reefer fuel, power take-off refund, or idle time refunds on the report or
- Filed and submitted on the website

If an IFTA Use Fuel Tax Report is found unacceptable, the report will be returned to the taxpayer for correction. To avoid penalties and interest, the taxpayer will need to return the corrected report by the Due Date.

### Amending an Arizona IFTA Use Fuel Tax Report

#### Manually submitted by Paper Tax Report -

To amend a return, use a copy of the original return (form # 70-4434). Check the Amended Return box

(or write "Amended" in large letters at the top) and enter the correct figures for all jurisdictions.

**Do not** enter just the net change – amended returns must report the gallons or miles, as they should have been entered on the original return.

Any previously filed return can be amended if it falls within the three-year statute of limitations.

#### Electronically through AZ MVD Now –

Log into AZ MVD Now and open up the IFTA Quarterly Tax filing window. Choose the quarter you want to amend using the drop down boxes.

### File Error Free – IFTA Quarterly Fuel Tax Reporting Is Now Easy!

How would you like to reduce your workload? You can! Use the AZ MVD Now website to file and calculate your quarterly IFTA tax report. Enter miles and tax-paid gallons, the Arizona website will automatically calculate your total taxes due saving time and eliminating the possibility of calculation errors.

Tired of receiving notices from ADOT? Manual reports can be difficult. Common errors (listed below) result in corrections and amended returns. (**Note: Amended reports will be accessed \$50.00 or 10%, whichever is greater**)

1. Wrong Arizona IFTA number
2. Wrong period listed
3. Wrong MVD number
4. Wrong account name
5. Incorrect gallons and dollars on report
6. Can't read the writing
7. Figures are in wrong columns report
8. No interest or penalties reported incorrectly when filed late
9. Calculation errors
10. Wrong tax rates
11. Original signature missing
12. Amended report not marked "Amended"
13. A separate report filed for each truck
14. Surcharge missing or computed incorrectly
15. Combined periods reported on one report

If you have any questions, contact ADOT – Fuel Tax Reporting Unit at 602.712.8473 or email at [irpiftainfo@azdot.gov](mailto:irpiftainfo@azdot.gov).

Register on the AZ MVD Now website by registering through the following link [AZMVDNow.gov](http://AZMVDNow.gov).

## IFTA Use Fuel Tax Reporting Online

The AZ MVD Now IFTA tax filing online service website has been created for direct entry of IFTA data by the taxpayer to the online quarterly tax report. Following are the instructions below for when you register online on the website to generate your User ID and Password to submit tax reports online.

### Login to Register and File your Tax report

1. Access the website at [AZMVDNow.gov](http://AZMVDNow.gov).

**Note:** Please use **Google Chrome** as your compatible browser to access the AZ MVD Now to file your report

2. Click the **Sign In** button. The Web User Security Login screen will open.

3. Enter your Email Address and Password
4. Click **Sign In**
5. Follow instructions to access your account.

### **IFTA Quarterly Reporting Questions?**

Contact the ADOT - Fuel Tax Reporting

Unit: E-mail – [irpiftainfo@azdot.gov](mailto:irpiftainfo@azdot.gov) or

Phone – 602.712.8473

AZ MVD Account Number							
Name							
Mailing Address							
City/State/Zip							
AZ IFTA License Number							
AZ—							



Period Ending:

Fuel Type	Total Mileage Traveled In All Jurisdictions		Total Gallons Purchased In All Jurisdictions	=	Fleet Average MPG (2 decimal places)
Special Fuel (SF)		÷		=	
Gasoline (GS)		÷		=	

[illegible]

Signature		Date	Adjusted	
Title		Phone (       )	Late Fees	
Make check payable to ADOT			<b>Grand Total Due</b>	
<b>Change Notice</b> <input type="checkbox"/> Amended Report		A billing notice will not be sent for less than \$10.00. However, interest will still accrue on any taxes due.		
		Cashier Use		

**Sample IFTA Use Fuel Tax Report form** (available at [azdot.gov](http://azdot.gov)) page 2

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