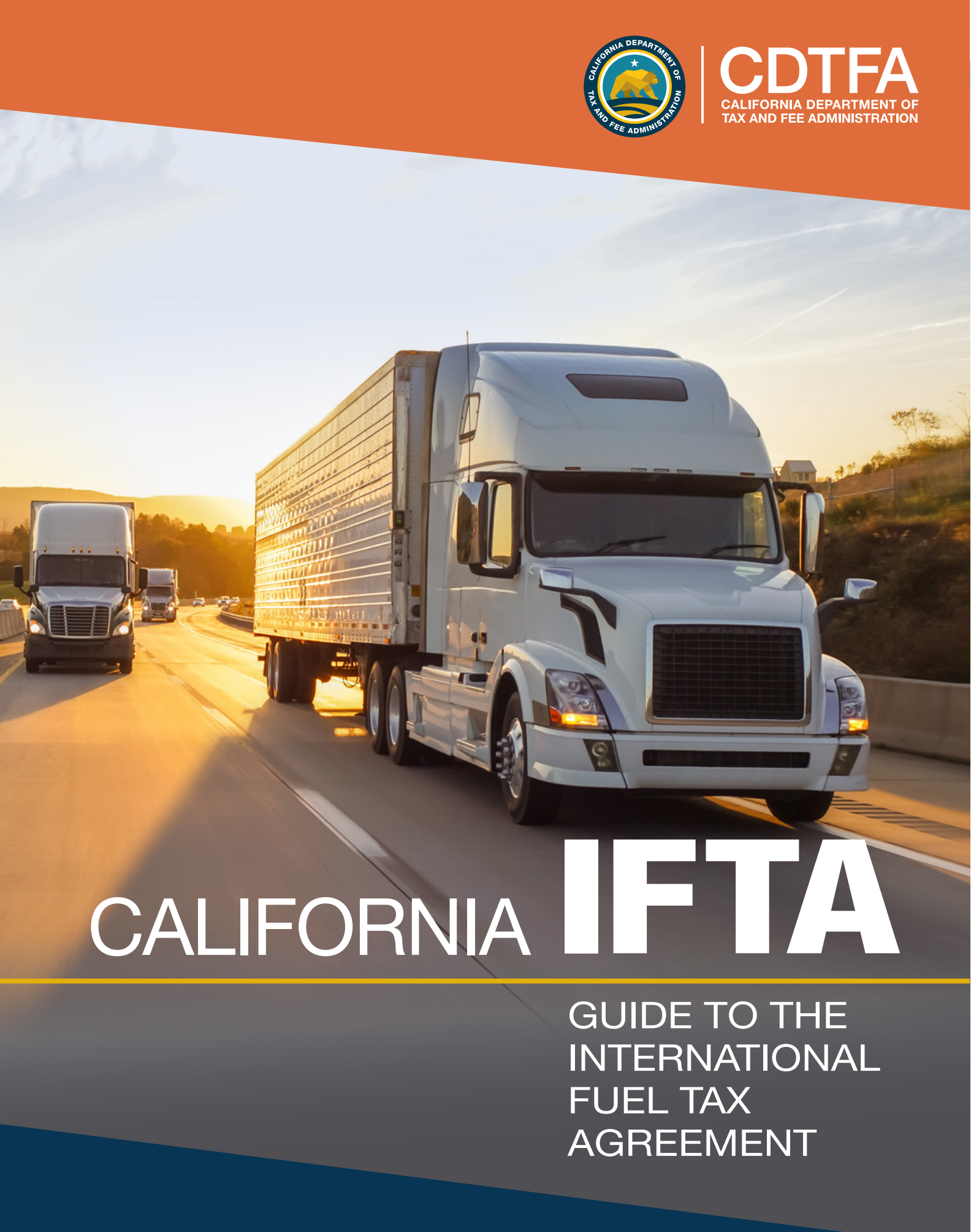




CDTFA
CALIFORNIA DEPARTMENT OF
TAX AND FEE ADMINISTRATION



CALIFORNIA **IFTA**

GUIDE TO THE
INTERNATIONAL
FUEL TAX
AGREEMENT

Preface

This publication is intended as a general guide to the International Fuel Tax Agreement (IFTA) in California and explains your responsibilities as an IFTA licensee. IFTA is an agreement among states in the United States and provinces in Canada that simplifies fuel use tax reporting for motor carriers that travel both inside and outside California. In California, IFTA is administered by the California Department of Tax and Fee Administration (CDTFA).

If you cannot find the information you are looking for in this publication, please view our [Tax Guide for International Fuel Tax Agreement \(IFTA\) and Diesel Fuel Interstate User](#) on our [website](#) or call our Customer Service Center at 1-800-400-7115 (CRS:711). Customer service representatives are available to answer your questions Monday through Friday between 7:30 a.m. and 5:00 p.m. (Pacific time), except state holidays.

Please refer to the [For More Information](#) section for a list of relevant CDTFA regulations and publications.

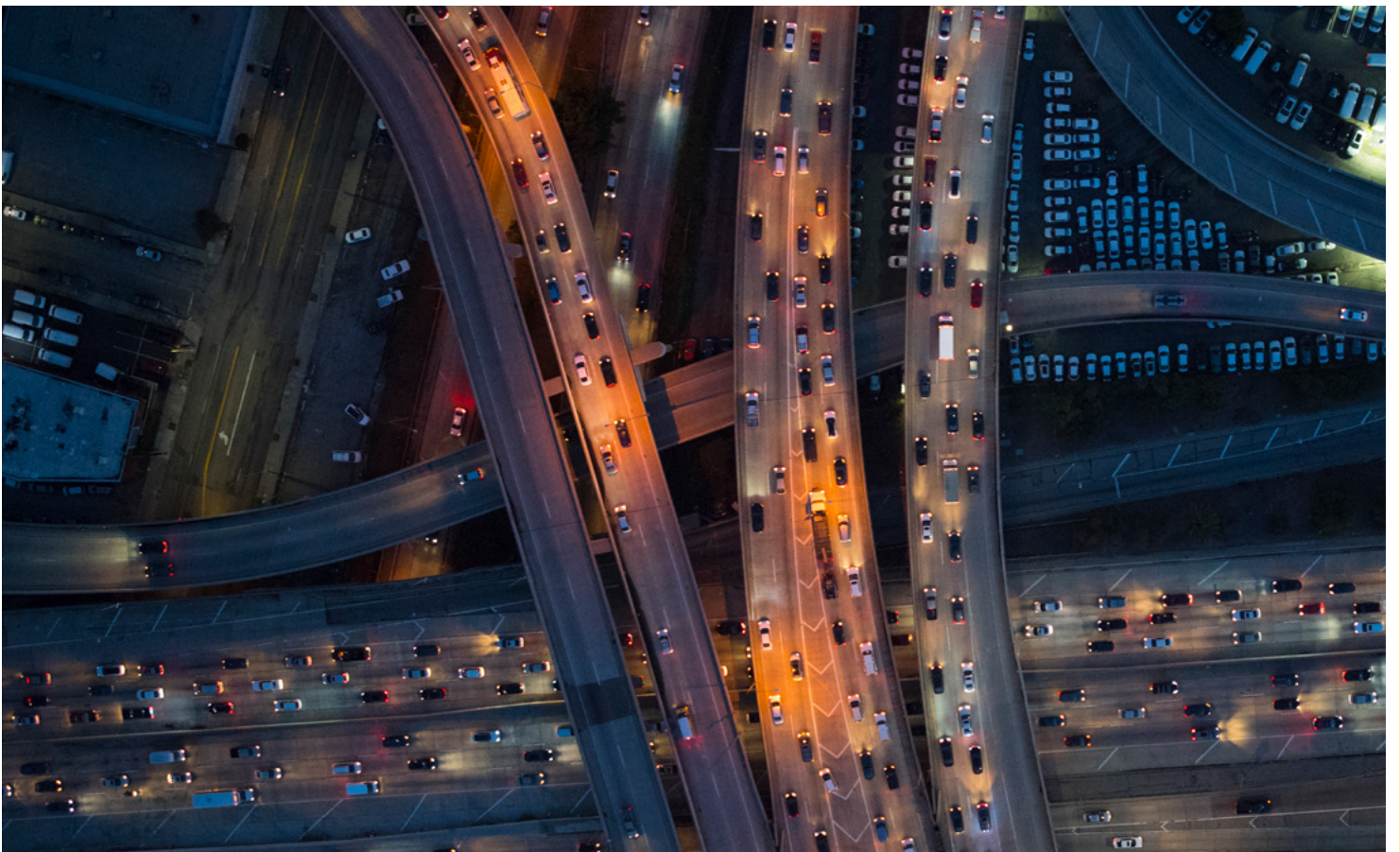
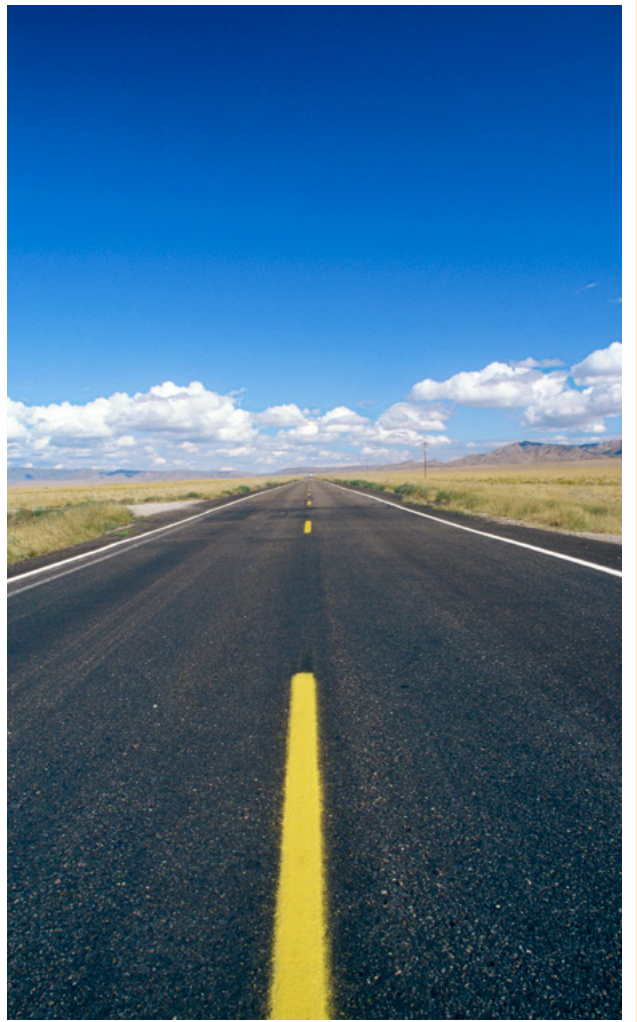
We welcome your suggestions for improving this publication. Please provide your comments or suggestions to:

Program Administration Branch, MIC:31
California Department of Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-0031

Please note: This publication summarizes the law, applicable regulations, and IFTA Agreement in effect when the publication was written, as noted on the back cover. However, changes in the law or in regulations may have occurred since that time. If there is a conflict between the text in this publication and the law, the decision will be based on the law and not on this publication.

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Basic California Fuel Tax License Requirements for Carriers

California fuel tax reporting and licensing requirements vary depending on where you travel and which fuel you use to power your vehicles. The table below provides basic information about California fuel tax license requirements for motor carriers. For information on interstate user diesel fuel tax and user use fuel tax, or if you're not sure how you should register, please contact us. Please refer to the table below to determine if you should or may license your vehicles under the International Fuel Tax Agreement (IFTA), and if so, please read the rest of this publication.

Vehicle powered by	Vehicle travels in	California fuel tax license requirement
Diesel <i>including water-emulsified diesel and biodiesel</i>	California only	None
	California and Mexico	Interstate user diesel fuel tax license (not IFTA) or fuel trip permits
	California and at least one other IFTA jurisdiction	IFTA license or fuel trip permits
Gasoline <i>including gasohol</i>	California only	None
	California and Mexico	None
	California and at least one other IFTA jurisdiction	If you travel only in jurisdictions that do not tax interstate carriers for gasoline use: None If you travel in a jurisdiction that taxes interstate carriers for gasoline use: IFTA license or fuel trip permits: You can find tax rates for each fuel type at IFTA, Inc. International Fuel Tax Association (iftach.org).
Alternative/Use fuel <i>see note below</i>	California only	User use fuel tax license
	California and Mexico	User use fuel tax license
	California and at least one other IFTA jurisdiction	IFTA license or fuel trip permits

Please note: Fuels subject to the use fuel tax include:

- Propane (Liquefied petroleum gas [LPG])
- Dimethyl ether (DME)
- Dimethyl ether-liquefied petroleum gas blend (DME-LPG blend)
- Liquid natural gas (LNG)
- Compressed natural gas (CNG)
- Kerosene, distillate, or stove oil
- Alcohol fuels, such as methanol and ethanol
- Blended alcohol fuels that contain no more than 15 percent gasoline or diesel fuel
- Any other combustible gas or liquid used in an internal combustion engine for the generation of power to propel a motor vehicle on the highways, except fuel subject to the diesel fuel or motor vehicle fuel tax

This publication is intended as a guide to the International Fuel Tax Agreement (IFTA) in California and explains your responsibilities as an IFTA licensee. IFTA is an agreement among states in the United States and provinces in Canada that simplifies fuel use tax reporting for motor carriers that travel both inside and outside California. In California, IFTA is administered by the California Department of Tax and Fee Administration (CDTFA).

Why license under IFTA?

IFTA offers several advantages to interstate motor carriers, including:

- A single fuel tax license which authorizes your vehicles to travel in all member jurisdictions (see [IFTA Jurisdictions](#)).
- One tax return filed each quarter with the jurisdiction where you are licensed (your “base jurisdiction”). This tax return will contain your mileage and fuel use information for all jurisdictions.
- Audits, if applicable, will generally be performed by your base jurisdiction.

Trip permit option

If you qualify for an IFTA license but do not participate in the IFTA program, you are required to obtain fuel trip permits to travel into or through each IFTA member jurisdiction, including California. For example, if you are a California-based carrier, not licensed under IFTA, and you travel into Nevada (an IFTA jurisdiction), you must purchase a Nevada fuel trip permit for entry into and travel within that state. When you return to California, you must purchase a CDTFA-123, *California Fuel Trip Permit* before you re-enter the state.

California Fuel Trip Permit

You may purchase a *California Fuel Trip Permit* (CFTP) using our online services at www.cdtfa.ca.gov.

A CFTP is issued for specific dates, for up to four consecutive days. It is not valid before or after the dates specified. *The fee is \$30.00 for each CFTP.*

Fuel trip permits from other jurisdictions

Each jurisdiction regulates the cost and availability of its own fuel trip permits. Consequently, you should contact other jurisdictions directly for fuel trip permit information. Many jurisdictions allow some truck stops and commercial permit services to sell their fuel trip permits (see [IFTA Jurisdictions](#)).

Operating in California without a fuel trip permit or an IFTA license

We will assess you a penalty if you operate a qualified motor vehicle in California in interstate commerce without first obtaining an IFTA license or a CFTP. The minimum penalty is \$100. If you owe fuel tax, the penalty may be higher—\$500 or 25 percent of the tax due, whichever is more. In addition, we may seize your vehicle. It will not be released until you pay us all the tax, penalty, interest, and costs associated with seizure and storage of the vehicle.

Non-IFTA jurisdictions

Carriers traveling in non-IFTA jurisdictions must continue to follow the procedures and file the fuel tax returns required by those jurisdictions. As of this publication date, the following jurisdictions were not IFTA members:

- United States: Alaska, Hawaii, and the District of Columbia.
- Canada: Northwest Territories, Nunavut, and Yukon Territory.
- Mexico: All states, and the Federal District of Mexico City.

Other regulations and taxes

IFTA covers only taxation of motor fuels. You are still required to comply with other requirements in each member jurisdiction, such as vehicle registration, operating authority, and mileage taxes. For telephone numbers of California agencies regulating vehicle registration and operation, see [For More Information](#).

Questions

If you do not find the information you need on IFTA or California IFTA licensing and reporting procedures in this publication, please contact our Motor Carrier Office.

Motor Carrier Office

California Department of Tax and Fee Administration

1030 Riverside Parkway, Suite 125

West Sacramento, CA 95605-1527

Telephone: 1-916-309-0900

Fax: 1-916-373-3070

You may also call our Customer Service Center at 1-800-400-7115 (CRS:711). From the main menu, select the option *Special Taxes and Fees*. Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays.

This chapter lists the definitions of terms used in this publication and on IFTA returns, registration, and other documents. Although many of the terms may be familiar to you, it is important that you understand the way they are used in this tax program, especially before you register or complete your tax return.

Audit

A physical examination of the records and source documents supporting your quarterly tax returns.

Base jurisdiction

The member jurisdiction where your qualified motor vehicles are based for vehicle registration purposes, and where:

- Operational control of your qualified motor vehicles is maintained,
- Operational records of your qualified motor vehicles are maintained or can be made available, and
- Qualified motor vehicles within your fleet accrue some travel miles.

The Commissioners (defined below) of two or more affected jurisdictions may allow you to consolidate several fleets that would otherwise be based in different jurisdictions.

CDTFA

The California Department of Tax and Fee Administration.

CFTP

California Fuel Trip Permit.

Carrier

A person who operates a motor vehicle on any highway in California or who authorizes operation of such a vehicle.

Commissioner

The official designated by the jurisdiction to be responsible for administration of the IFTA.

Fleet or IFTA fleet

All qualified motor vehicles licensed by a carrier under IFTA.

IFTA

International Fuel Tax Agreement.

Jurisdiction

A state of the United States, the District of Columbia, a province or territory of Canada, and all states of Mexico and the Federal District of Mexico City.

Licensee

A person who holds a current, valid IFTA license.

Lessee

A lessee is a person or business who is permitted to use a vehicle (with or without the provision of a driver) by another person or business. Lessees generally pay fees for the use of others' vehicles.

Lessor

A lessor is a person or business who grants permission to use a vehicle (with or without the provision of a driver) to another person or business. Lessors generally charge fees for the use of their vehicles.

Member jurisdiction

A jurisdiction that is a member of the International Fuel Tax Agreement (see [IFTA Jurisdictions](#)).

Motor fuels

All fuels used to propel qualified motor vehicles.

Person

An individual, corporation, partnership, association, trust, or other legal entity.

Qualified motor vehicle

A motor vehicle used, designed, or maintained for the transportation of people or property, meeting any one of the qualifications listed below. Under IFTA, a qualified motor vehicle is one that:

- Has two axles and a gross vehicle or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or
- Has three or more axles (power unit only), regardless of weight; or
- Is used in a combination with a total weight of more than 26,000 pounds or 11,797 kilograms gross vehicle or registered gross vehicle weight.

A recreational vehicle such as a motor home or a pickup with a camper is not considered a qualified motor vehicle when an individual uses it exclusively for recreational purposes. Vehicles used in connection with a business operation are not considered recreational.

Recreational vehicles

Vehicles such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal use by an individual. To qualify as a recreational vehicle, the vehicle cannot be used in connection with any business operation or be registered under a business name.

Reporting period

One of the four quarterly calendar periods:

- First quarter - January 1 through March 31
- Second quarter - April 1 through June 30
- Third quarter - July 1 through September 30
- Fourth quarter - October 1 through December 31

Temporary permit

A permit issued by the base jurisdiction or its agent to be carried in a qualified vehicle in place of the display of annual permanent decals. A temporary permit is valid for 30 days to give you adequate time to obtain and affix annual permanent decals.

Total miles

The total of all miles or kilometers traveled by every qualified vehicle in your IFTA fleet during the reporting period.

Total gallons or liters

The total of all gallons or liters of fuel placed in the fuel tank of every qualified vehicle in your IFTA fleet during the reporting period.

This chapter addresses California's IFTA licensing procedures, license and decal fees, security, IFTA credentials, license renewals, cancellation, revocation, and licensing requirements for leased vehicles.

Before you submit your application

Before you apply for an IFTA license in California, please make sure that you:

- Operate one or more qualified motor vehicles.
- Operate vehicles that should be licensed under IFTA (see [Basic California Fuel Tax License Requirements](#)); and
- Meet the following requirements for obtaining a California IFTA license.

Requirements for obtaining a California IFTA license

Under IFTA, you should license your vehicles in California if all these conditions apply:

- You have qualified motor vehicles that travel on California highways.
- Your qualified motor vehicles are based in California and registered with the California Department of Motor Vehicles (DMV).
- You perform motor carrier operations from an established physical place of business in California (a P. O. Box or agent address alone does not qualify).
- You maintain the operational control of the qualified motor vehicles in California.
- Operational records for qualified motor vehicles are maintained in California, or you can make those records available in California.

If you are an interstate motor carrier and you operate only between California and Mexico, you do not qualify for an IFTA license; however, you do qualify for an Interstate User Diesel Fuel License. (See [Basic California Fuel Tax License Requirements](#) on page i.)

Submitting an application

The IFTA license application requests basic information about your business and your operations. You must apply online for permits, accounts, or licenses at www.cdtfa.ca.gov. You may also access online services in our field offices and the Motor Carrier Office.

Please be sure to provide all information requested, including:

- All vehicle information.
- Your social security number or federal employer identification number (FEIN). Corporations, limited liability companies (LLCs), and partnerships must provide their FEIN.
- Your driver license number.

If an authorized agent submits your application, you must provide a properly completed:

- [CDTFA-392](#), *Power of Attorney*, and
- [CDTFA-82](#), *Authorization for Electronic Transmission of Data*.

During the application process, you must agree to the licensee responsibilities as listed in [CDTFA-50, Acknowledgment of Licensee Responsibilities under the International Fuel Tax Agreement](#).

Once we have processed your application and the information provided is validated, you will receive IFTA credentials that will entitle you to travel in all IFTA jurisdictions.

Please note: We may not issue you IFTA credentials if you were previously licensed in another IFTA member jurisdiction and your license was revoked or suspended by that jurisdiction. In addition, we will not issue a license if we find that your application contains misrepresentations or misstatements.

Security deposit

Generally, you will not be required to post a security deposit with your application. However, we may require a deposit later if any of the following are true:

- You have not filed your fuel tax returns on time;
- You did not pay tax when due; or
- An audit indicates a tax reporting problem.

If you were an IFTA licensee in another jurisdiction, we may require you to post security based on your prior fuel tax reporting and payment record. In addition, we may require a security deposit from carriers based in a non-IFTA jurisdiction who register under IFTA in California.

If required, the minimum security deposit is \$2,000.

Annual license and decal fees

In addition to your license, you need one set of two decals for each qualified motor vehicle in your IFTA fleet. Along with your application, you must submit payment to cover the annual fees for your IFTA license and decals:

- The annual fee for a California IFTA license is \$10;
- There is an additional \$2.00 per-set charge for annual IFTA decals.

You can make your payment online by ACH Debit, or credit card by visiting our website at www.cdtfa.ca.gov.

You will receive one annual license, valid for the calendar year (January through December), to cover all qualified motor vehicles you operate in IFTA jurisdictions (your “IFTA fleet”). You are required to make copies of the license so that one copy is carried in each qualified motor vehicle.

You will also receive two decals for each qualified motor vehicle in your fleet. One decal must be placed on the exterior portion of the cab’s passenger side. The second decal must be placed in the same position on the driver’s side. You will receive your decals annually at the time of renewal for all qualified motor vehicles based in California.

IFTA credentials

License

If you operate a qualified motor vehicle without carrying a copy of your current, valid IFTA license, you may be subject to a citation, a fine, a penalty, and possible seizure and sale of your vehicle. In addition, you may be required to purchase fuel trip permits to travel into or through each member jurisdiction.

Reminder: If you travel interstate before receiving your IFTA license and decals, you must purchase a fuel trip permit for each jurisdiction in which you travel through, including California.

Decals

You must attach one decal to each side of each vehicle's cab, in the lower rear corner. For buses, please attach one decal on each side, no further back than the rear of the driver's seat, at eye level from the ground. If you do not display the identification decals in the required locations, you may be required to purchase a CFTP, and be subject to a citation, a penalty, a fine, and possible seizure and sale of your vehicle. All California decals for a particular year are identical—you may place any set of decals you are issued on any qualified vehicle in your IFTA fleet.

Note to transporters, manufacturers, dealers, and drive-away operators:

If you deliver a new or used qualified vehicle across state lines to the owner and you do not obtain a fuel trip permit for the delivery, you may temporarily display decals on the qualified vehicle's cab in a visible manner rather than permanently attaching them to the cab.

Grace period

You have until the last day of February of each year before you must carry a current IFTA license and display the current year's decals on each of your vehicles, provided you have applied on time to renew your IFTA license and your account is in good standing. Renewal applications must be submitted online by December 31 of the current year to qualify for the grace period.

During January and February of each year, a valid IFTA license and decals from the previous year will be honored by IFTA member jurisdictions in lieu of valid, current-year IFTA credentials.

Temporary permits

We will issue a temporary permit once we process your application for an IFTA license and decals. You must place the temporary permit and a copy of your IFTA license in the qualified motor vehicle for which the temporary permit was ordered. The temporary permit is valid only for that vehicle. We will issue you a temporary permit only if your account is in good standing.

Once you obtain the temporary permit, the vehicle is considered part of your IFTA fleet. Your *IFTA Quarterly Fuel Use Tax Return* must include all miles driven and all fuel consumed by the vehicle during the period it operated on the temporary permit. Once you receive your annual license and have placed the decals on the vehicles, you may discard the temporary permit.

Annual renewal procedures

Each year you will be required to file an IFTA license renewal application online at www.cdtfa.ca.gov. Select *Login/Register* to enter your username and password. The cost of renewing your IFTA license is the annual fee of \$10 per carrier plus \$2 for each set of decals.

You must file all required IFTA returns, and be current on all your tax payments due to member jurisdictions for us to process your license renewal.

Updating your business information

Go to www.cdtfa.ca.gov and log in with your username and password to update your account information including, but not limited to, updating your mailing address, email address, or telephone number, or closing your account. If you prefer, you may use form [CDTFA-345-SP](#), *Notice of Business Change, Special Taxes and Fees Accounts*, to notify us of any business changes.

License cancellation

We may contact you regarding cancellation of your IFTA license if your reporting history indicates that you have no interstate travel. We will also cancel your license at your request, provided you have satisfied all reporting requirements and paid all the tax you owe. You must file all returns due for the period up until the time you submit your cancellation request, even if you did not travel during that period.

For example, if you request to cancel your IFTA license effective October 3 you are required to file a 4th quarter return (for October 1–3).

Canceling your license may be done over the telephone, in writing, or through your online account. However, authorized agents may not request cancellation of licenses over the telephone.

You must return your original IFTA license and all unused IFTA decals with your cancellation request.

Please note: Once your license is cancelled, you should retain records of your fuel purchases and usage for four years after the due date of your final IFTA tax return (see [Records](#)). Any member jurisdiction may conduct a final audit after cancellation of your license.

License revocation

It is important to comply with provisions of the IFTA Agreement. To avoid having your license revoked, please do the following:

- Comply with all provisions of the IFTA Agreement and California fuel tax laws and regulations.
- File an IFTA quarterly tax return.
- Pay all taxes due.
- Pay the amount due on an audit billing or file a petition for redetermination within the established timeframe.

We will notify all IFTA jurisdictions if we revoke your license. If you operate a qualified motor vehicle in an IFTA jurisdiction after your license has been revoked, you may be subject to penalties and other sanctions.

License reinstatement

We may reinstate a revoked IFTA license after you file all required returns, pay all outstanding liabilities, and pay a \$50 reinstatement fee. You may be required to post a security deposit sufficient to satisfy potential liabilities for all member jurisdictions.

Leased vehicles

Your responsibility to apply for a license and report tax for leased vehicles under IFTA depends on several factors. Since lease agreements vary, you may find that the circumstances of your agreement are not covered in this section. If you have questions about how IFTA applies to your leased vehicle, please contact us for assistance.

Please note: While IFTA does not require that you travel with a copy of your lease agreement, we recommend that you do so. If enforcement authorities have any question about your fuel tax reporting requirements, having a copy of the lease agreement on hand may get you back on the road faster.

Independent contractors

Long-term leases (30 days or more)

When a carrier (lessee) leases, for 30 days or more, a vehicle owned by an independent contractor (lessor), the parties to the lease may determine who will report and pay the fuel tax due. The written lease agreement should state which party is responsible for reporting and paying the fuel tax. If it does not, the lessee will be held responsible for any tax due under IFTA.

When the written lease agreement specifies that the lessee has responsibility for paying the tax, the base jurisdiction for the vehicle should be established without consideration of the jurisdiction where the vehicle is registered. For example, if you are a carrier who has leased a vehicle registered in Oregon from an independent contractor, and you keep your records in California, control your operations from California, and your vehicles accrue some travel miles in California, California would be considered your IFTA base jurisdiction, despite the fact that the vehicle you lease is registered in Oregon.

Short-term leases (less than 30 days)

When a carrier (lessee) leases a vehicle from an independent contractor (lessor) under a short-term lease of less than 30 days, the lessor will generally be liable for reporting and paying the fuel tax due.

Vehicles rented or leased without drivers**Long-term leases (30 days or more)**

When a vehicle is leased or rented without a driver for a period of 30 days or more, the lessee is generally required to register and report fuel tax under IFTA. However, the lessor may register and pay the fuel tax if the lease agreement clearly states that the lessor is responsible.

Short-term leases (less than 30 days)

When a vehicle is leased or rented without a driver on a short-term basis (less than 30 days), the lessor is generally responsible for registering and reporting the fuel use tax. However, the lessee must report and pay the tax when:

- The written lease or rental contract specifies that the lessee is responsible for reporting and paying fuel use tax, and
- The lessee provides the lessor with a copy of the lessee's IFTA license, which must be valid for the term of the lease.

Carriers of household goods

For carriers of household goods using independent contractors, agents, or service representatives, IFTA fuel tax reporting and payment liability depends on whether the qualified motor vehicle is operated under the lessor or the lessee's operating authority.

Lessor responsible for tax (lessor's operating authority)

Vehicle operated under the lessor's operating authority. In this case, the lessor—generally the independent contractor, agent, or service representative—is responsible for registering, reporting, and paying fuel tax under IFTA. The vehicle's registration jurisdiction should not be considered in determining the lessor's base jurisdiction.

Lessee responsible for tax (lessee's operating authority)

Vehicle operated under the lessee's operating authority. In this case, the lessee—generally the carrier—is responsible for registering, reporting, and paying fuel tax under IFTA in their base state. The vehicle's registration jurisdiction should not be considered in determining the lessee's base jurisdiction.

Tax Reporting Requirements

This chapter explains your fuel tax reporting responsibilities as an IFTA licensee. It contains information on filing your IFTA returns, reporting periods, penalty and interest, information required on returns, credits, and refunds.

Please note: Your fuel tax reporting requirements may differ from those discussed in this chapter if your business involves any unusual operations, such as transport services that power vehicles with dyed fuel, exempt clear fuel, dual fuel, water-emulsified diesel, or multiple alternative fuel types. Your reporting requirements may also differ if your vehicles operate as exempt bus operations. Please contact us for additional information on your fuel tax reporting requirements if your business falls within one of these operations.

Quarterly IFTA returns

Your quarterly tax return is due on the last day of the month immediately following the close of the quarterly reporting period:

Reporting Quarter	Due Date
January 1 through March 31	April 30
April 1 through June 30	July 31
July 1 through September 30	October 31
October 1 through December 31	January 31

If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day. Any amounts due must be paid by 12:00 a.m. (midnight) on the due date to be considered timely.

Completing your IFTA return

You must file a completed California IFTA tax return each quarter through our online services. You are required to file one IFTA quarterly tax return for your entire IFTA fleet, and you are required to file an IFTA quarterly tax return even if you do not travel during a given quarter. As you input your total miles and total gallons online, our system will calculate the tax you owe, or credit due to you, for tax paid on fuel you used in each member jurisdiction. If you owe tax, you will make one online payment to CDTFA, rather than payments to individual jurisdictions. If you have paid more tax than is owed, the overpayment will be refunded.

You may also access online services in our local offices or contact the Motor Carrier Office for assistance at 1-916-309-0900. Before filing your return, please ensure you have the following information on for your IFTA fleet for the reporting period:

Total miles traveled by your entire fleet, broken down by:

- Total miles traveled in IFTA jurisdictions.
- Total miles traveled in non-IFTA jurisdictions.

Total gallons used in your fleet vehicles, broken down by:

- Total gallons of fuel purchased tax-paid in each IFTA jurisdiction.
- Total gallons of fuel purchased in non-IFTA jurisdictions.
- Total gallons of ex-tax fuel purchased without paying tax at the time of purchase.
- “Taxable Miles” traveled in each member jurisdiction. Generally, your “Taxable Miles” and your “Total Miles” will be the same. For jurisdictions that allow exempt miles, such as fuel trip permit miles, you will need to know the number of exempt miles in order to calculate your “Taxable Miles.” Exemption information can be found at www.iftach.org.
- “Tax Paid Gallons” of fuel placed into the fuel tank and used to operate your qualified motor vehicles in each jurisdiction.
- “Non-IFTA Jurisdiction” information which includes the miles traveled and gallons of fuel purchased in each non-IFTA jurisdiction. See [Non-IFTA Jurisdictions](#).
- “Ex-Tax Gallons” for fuel purchased without paying tax at the time of purchase. This includes:
 - Fuel purchased on an Indian Reservation,
 - Dyed Fuel,
 - Farm Fuel,
 - Fuel purchased without a valid or missing fuel receipt must be claimed as “Ex-Tax Gallons.”

Please note: Some jurisdictions do not tax certain fuels under IFTA. California, for example, collects the tax on gasoline when it’s removed from the terminal rack or imported into the state and does not tax gasoline use by interstate carriers. However, you must report any miles you drive in California using gasoline on your IFTA return even though no tax will be due or refunded.

Measurement conversion table

You are required to report your fuel purchases, fuel use, and travel mileage using United States measurements. Conversion rates are:

1 gallon = 3.785 liters	1 liter = 0.2642 gallons
1 mile = 1.6093 kilometers	1 kilometer = 0.62137 miles

All numbers must be rounded to the nearest whole gallon or mile.

Penalty and interest

If you do not file your quarterly tax return by the due date, or if you fail to pay the tax you owe by the due date, you may be subject to penalty and interest charges. The penalty is \$50 or ten percent of the total net tax due with your return, whichever is more.

Interest on unpaid tax is charged at the established monthly interest rate per full or partial month. We will calculate interest beginning on the date after your tax return and tax payment were due, continuing through the month in which you pay the tax. Unlike penalty charges, interest is computed on the tax due to each member jurisdiction, rather than the net total due with your report.

Fuel tax surcharges

For some jurisdictions, (currently Kentucky and Virginia) you must pay a fuel tax *surcharge* in addition to the jurisdiction's fuel use tax (a surcharge is an additional tax for fuel used in that jurisdiction). The system calculates the surcharge on a separate line on your fuel tax schedule.

Surcharges are not collected at the pump, so you cannot claim "Tax Paid Gallons" on a surcharge line. As a result, your "Tax Due" figure for a surcharge will *always* show tax due if you have any taxable miles in the jurisdiction.

Adjustment for tax-exempt miles

Some IFTA jurisdictions define certain miles traveled by motor carriers as tax-exempt. While the tax-exempt miles you travel must be included as "Total Miles" on your quarterly tax return, you may deduct them when you calculate "Taxable Miles" for a particular IFTA jurisdiction.

Each IFTA jurisdiction has its own definition of tax-exempt miles. It is your responsibility to obtain the definition of tax-exempt miles from each jurisdiction in which you operate. All jurisdictions require you to retain documentation to support a claim of tax-exempt miles. For a list of jurisdictions and tax-exempt miles, please visit the IFTA Inc. website at www.iftach.org.

California tax-exempt miles

California considers *only* those miles traveled under a valid California Fuel Trip Permit to be tax-exempt miles for the purposes of the IFTA quarterly return. To recover fuel tax you paid on fuel used in other non-taxable ways, you must file a claim for refund.

Please note: IFTA jurisdictions may issue more than one type of trip permit. A trip permit may be issued as a temporary vehicle license, for payment of fuel tax, or for another purpose. Under IFTA, you may report only the miles your IFTA vehicles traveled using a fuel trip permit. You must include the fuel trip permit miles in the "Total Miles" for the individual jurisdiction, and deduct them when calculating your "Taxable Miles" on your IFTA schedule. *You cannot adjust your miles for travel using any other type of trip permit.*

Refunds of tax paid on diesel fuel used in a nontaxable manner

In addition to allowing you to claim a deduction on your IFTA return for certain miles traveled, some jurisdictions, including California, allow you to file a claim for refund for the diesel fuel tax you have paid on diesel fuel used in certain nontaxable ways. The fact that you may file a claim for refund for these nontaxable fuel uses *does not change* your IFTA reporting. Your IFTA quarterly return must include all gallons used by your qualified motor vehicles during the reporting period.

You must file a diesel fuel tax claim for refund directly with the jurisdiction where you paid the diesel fuel tax and used the fuel in a nontaxable manner, based on the jurisdiction's own definitions of nontaxable fuel use and its refund requirements. Be sure to maintain adequate records to support any refund you claim.

California nontaxable diesel fuel uses

California allows refunds of diesel fuel tax you have paid on fuel used for purposes other than operating motor vehicles on the state's public highways. The most common nontaxable uses of tax-paid diesel fuel include:

- Use of tax-paid diesel fuel to power a vehicle on roads other than the state's public highways (off-highway use).
- Use of tax-paid diesel fuel to operate auxiliary equipment (*Please note:* For transactions occurring on and after April 1, 2016, Regulation 1432 provides Safe-Harbor Percentages as presumed amounts of diesel fuel used to operate auxiliary equipment). [Regulation 1432](#) can be found on our website at www.cdtfa.ca.gov.
- Use of tax-paid diesel fuel to power a refrigeration unit with a separate fuel tank or generator, or any similar equipment where fuel is not used to power the tractor.
- Use of tax-paid diesel fuel in construction equipment exempt from registration and operated off-highway.
- Use of tax-paid diesel fuel in a vessel.
- Use of tax-paid diesel fuel on a highway under the U.S. Department of Agriculture's (USDA) jurisdiction, provided you pay or contribute to the construction or maintenance of that highway under an agreement with, or with the permission of, the USDA.
- Use of diesel fuel in a motor vehicle owned and operated by a public agency or other political subdivision of the state (city, county, or special district), on highways constructed and maintained by the United States within a military reservation in California.

While you may file a claim for refund for these nontaxable fuel uses, you must include the gallons used in the total gallons figure on your IFTA schedule and include them in your miles-per-gallon calculation, with the exception of gallons used in refrigeration units with separate tanks (reefer).

Filing a claim for refund of California diesel fuel tax

To obtain a refund of the diesel fuel tax you paid on diesel fuel purchased in California, and used in a nontaxable manner in California, you must register for an account and file a claim for refund online at www.cdtfa.ca.gov. You must submit your claim within three years of the date you purchased the fuel.

The law generally allows you to file a claim for refund once a year. However, if your claim will total at least \$750 for a calendar quarter, you may file a claim for refund on a quarterly basis.

Please note: This information applies only to claims for refund for California nontaxable diesel fuel uses. For more information, please contact our Customer Service Center at 1-800-400-7115 (CRS:711). If you wish to file a request for refund from another jurisdiction, please contact that jurisdiction for information (see [IFTA Jurisdictions](#)).

Credits and requests for refund

If your completed IFTA quarterly tax return shows that you have overpaid tax for the period, there is no need to make a payment on the return. You may request a refund when you file your tax return. Your refund will be issued after we determine that you have paid all tax liabilities owed to member jurisdictions, including any outstanding audit assessments. Your request for refund may be denied if you are delinquent in filing any quarterly tax return.

Billing for tax due when a return is not filed

If for any reason you do not file an IFTA quarterly tax return, we will issue a department assessed billing based on the best information available to us.

Failure to file the *IFTA Quarterly Fuel Use Tax Return* may result in an assessment based on your filing history, or an estimation of the fleet's liability based on an industry average miles per gallon (MPG) and industry average miles per qualified motor vehicle, plus applicable penalties and interest. In addition, no credit for tax paid fuel will be allowed in the assessment. If you believe that the billed amount is erroneous or excessive, it is your responsibility to provide factual evidence showing you owe less tax than what we calculated.

Refusal to file a tax return or to furnish requested information

If you do not file a tax return you may be subject to penalty and interest. The penalty is \$50 or ten percent of the net tax due with the return, whichever is more. If we determine that you did not file returns because of intent to commit fraud or intent to evade the fuel use tax, you may be subject to criminal prosecution and a fine of up to \$5,000.

It is essential that you maintain adequate records to document all the information you provide on your quarterly IFTA tax returns. Adequate records are also important to support requests you may make for credits or refunds for tax-paid fuel and nontaxable uses of fuel. You must retain records used to support reported miles and fuel for at least four years.

Distance records

You must maintain complete records of your qualified motor vehicles' interstate and intrastate operations. The *Individual Vehicle Distance Record* (IVDR) is an acceptable source document for recording vehicle distance information. A blank IVDR is provided on [page 19](#), which you may copy and use. Another acceptable source document is a trip report, provided it includes all the following information:

- Vehicle fleet number
- Your name
- Date of trip (starting and ending)
- Trip origin and destination (including city and state)
- Vehicle unit number
- Routes of travel (beginning and ending odometer readings by jurisdiction)
- Total trip miles or kilometers
- Distance by jurisdiction

You may also choose to use a vehicle tracking system, including a system based on a global positioning system (GPS) provided the information obtained from it includes the following:

- The original GPS or other location data for the vehicle to which the records pertain.
- The date and time of each GPS or other system reading, at intervals sufficient to validate the total distance travelled in each jurisdiction.
- The location of each GPS or other system reading.
- The beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the period to which the records pertain.
- The calculated distance between each GPS or other system reading.
- The route of the vehicle's travel.
- The total distance traveled by the vehicle.
- The distance traveled in each jurisdiction.
- The vehicle identification number or vehicle unit number.

Fuel receipts

You must maintain complete records of all fuel purchases. Separate totals must be compiled for each fuel type, by jurisdiction. Fuel types include diesel, emulsified diesel, biodiesel, gasoline, gasohol, liquefied petroleum gas (LPG), dimethyl ether (DME), DME-LPG blends, compressed natural gas (CNG), liquid natural gas (LNG), alcohol fuels (ethanol, methanol, E-85 and M-85), and any other fuel you use to propel your vehicle. Diesel Exhaust Fluid (DEF) gallons should not be included in the calculation of your total gallons reported on the IFTA quarterly tax return. Your fuel records must contain all of 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
- Unit number of the vehicle into which the fuel was placed
- Purchaser's name

If using a card lock system for your fleet, we must be able to identify the IFTA qualified vehicle in your fleet that was fueled. It is recommended the credit cards be kept vehicle specific and identified by unit number.

Acceptable fuel receipts include an invoice or a credit card receipt, or verifiable microfilm, microfiche, or digital images of an invoice. Most jurisdictions prefer actual invoices rather than microfilm or microfiche. We will not accept receipts containing alterations or erasures.

Unacceptable records

If mileage or fuel records are lacking or inadequate to support any tax return filed or unacceptable for audit purposes to determine your tax liability, our audit staff has the authority to determine your liability based upon (but not limited to) factors such as the following:

- Prior experience of the licensee;
- Licensees with similar operations;
- Industry averages;
- Records available from fuel distributors or other third parties; and
- Other pertinent information the auditor may obtain or examine.

Unless the auditor finds substantial evidence to the contrary by reviewing the above, in the absence of adequate records, the auditor may:

- Estimate the number of gallons you used based on your driving history or by comparing your operations to similar operations.
- Use a standard of 4.0 MPG or reduce the reported miles per gallon by 20 percent.
- Disallow claimed tax-paid fuel.

You have the burden of proving that your records and statements are correct.

Bulk fuel storage

If you maintain a bulk fuel storage facility, you may obtain credit for tax paid on fuel withdrawn from that storage facility and used in your qualified motor vehicles, provided you maintain the following records:

- Date of withdrawal
- Number of gallons or liters withdrawn
- Fuel type
- Unit number of the vehicle into which the fuel was placed
- Purchase invoices and inventory records showing that tax was paid on your bulk fuel purchases

Gallons withdrawn from your bulk storage and used in qualified vehicles should be listed under “Tax-paid gallons” on your quarterly return.

Location of records

Your records should be maintained in California. If your operational records are not located or made available in the state and our auditors need to travel to the location where they are kept, you may be required to pay reasonable daily expenses (such as meals and lodging) and travel expenses for the audit staff.

Record retention period

Generally, you must maintain records for a period of four years from the due date of your quarterly tax report or the date the report was filed, whichever is later. Some jurisdictions may require you to keep your records for a longer period of time. If you have questions about the specific record retention requirements of a jurisdiction, please contact the jurisdiction for more information.

You must make your records available on request to any member jurisdiction. If you do not provide records requested for audit purposes, the statute of limitations will be extended until the records are provided.

IFTA audits are conducted to verify that you have correctly reported the fuel used and mileage driven on your IFTA quarterly tax returns. We audit the records of California licensees on behalf of all member jurisdictions.

This section provides general information on the audit process. For more detailed information, you may wish to obtain a copy of our [publication 76, Audits](#), which gives additional information about what to expect and how to prepare for an audit. It also discusses how to appeal an audit if you disagree with the results and explains procedures for filing a claim for refund. More detail regarding appeals and claims for refund may be found in our [publication 17, Appeals Procedures—Sales and Use Taxes and Special Taxes and Fees](#). Publications 76 and 17 can be found on our website at www.cdtfa.ca.gov.

Audit selection

We are required to audit at least three percent of California IFTA licensees each year. Any licensee may be selected for audit.

If you are selected for an IFTA audit, our auditor will contact you in advance to arrange an acceptable date to begin the audit. At that time, the auditor will outline the time period for the records you must produce for review. If your operational records are not located in California or are not made available in California, we may require you to pay reasonable daily expenses (such as meals and lodging) and travel expenses incurred by the auditor or auditors who are conducting the audit.

Audit period

California law allows us to audit your account for a period of three years. Under certain conditions, the auditor may examine earlier periods. Billings may be issued for any reporting period covered by the audit. The time period for audits and resulting billings may be different in other jurisdictions. If you have questions about the audit and billing period for a specific jurisdiction, please contact that jurisdiction for more information.

Audit process

At the beginning of the audit, the auditor will meet with you to discuss your business operations, reporting methods, and records to be reviewed. As the audit progresses, the auditor will discuss with you the sample periods, sampling techniques, and any problem areas.

A final conference will be held with you to review the audit findings. You will receive copies of the audit working papers, which normally include schedules that document the tests and examination procedures used in the audit. The audit working papers also include the proposed audit result and the auditor's narrative comments describing your records, explaining the purposes of the tests conducted, and interpreting the findings of those tests.

Any additional tax, proposed refund, or no change in your tax liability will be reviewed and explained during the final conference. In addition, the auditor may make suggestions regarding your future reporting practices.

Audit results

We will send you an audit result letter after the audit is processed through our audit review section. If the audit revealed any tax due, we will send you a billing called a *Notice of Determination*. You have 30 days from the date of the notice to pay the tax due or to file an appeal of the audit billing called a *Petition for Redetermination* (see next section). If the audit shows that you are due a refund, we will issue a refund after deducting any other outstanding amounts you may owe.

We will submit the audit report to all member jurisdictions. Any member jurisdiction may choose to re-examine the audit findings. In addition, a member jurisdiction may choose to re-audit your account at its own expense, after notifying you and us of the reasonable cause for the re-audit.

If your records are unacceptable for audit purposes the audit staff may determine the liability based on the factors listed under *Unacceptable Records* on [page 17](#).

Appealing the results of your audit

You may appeal a CDTFA audit finding by submitting a *Petition for Redetermination* within 30 days of the date of the *Notice of Determination*. You may file your petition through your online account on our website, or you may email, mail, or fax your petition to us. You may file your petition using [CDTFA-416, *Petition for Redetermination*](#), or submit your petition by letter. Your petition must:

- Include your IFTA license number;
- Identify the protested item(s), or amount(s);
- State the specific reasons you believe you do not owe the tax shown in the *Notice of Determination*; and
- Be signed by you or your authorized representative.

If you do not file your petition online, you may email it to adab@cdtfa.ca.gov, or fax your petition to 1-916-323-9497, or mail your petition to:

Appeals and Data Analysis Branch, MIC:33
California Department of Tax and Fee Administration
PO Box 942879
Sacramento, CA 94279-0033

IFTA Jurisdictions

The 48 contiguous states of the United States and ten Canadian provinces are members of IFTA. Current contact information for IFTA jurisdictions can be found on the IFTA Inc. website at www.iftach.org/Carriers/. The website also provides specific jurisdictional information on exemptions, refunds, tax rates, and other general information.

United States

Alabama	Nebraska
Arizona	Nevada
Arkansas	New Hampshire
California	New Jersey
Colorado	New Mexico
Connecticut	New York
Delaware	North Carolina
Florida	North Dakota
Georgia	Ohio
Idaho	Oklahoma
Illinois	Oregon
Indiana	Pennsylvania
Iowa	Rhode Island
Kansas	South Carolina
Kentucky	South Dakota
Louisiana	Tennessee
Maine	Texas
Maryland	Utah
Massachusetts	Vermont
Michigan	Virginia
Minnesota	Washington
Mississippi	West Virginia
Missouri	Wisconsin
Montana	Wyoming

Canada

Alberta	Nova Scotia
British Columbia	Ontario
Manitoba	Prince Edward Island
New Brunswick	Quebec
Newfoundland	Saskatchewan

Non-IFTA Jurisdictions

Your IFTA credentials are not valid in the following non-IFTA jurisdictions.

United States: Alaska, Hawaii, District of Columbia

Canada: Yukon Territory, Northwest Territory, Nunavut

Mexico: All states and the Federal District of Mexico City

For additional information or assistance, please take advantage of the resources listed below.

CUSTOMER SERVICE CENTER

1-800-400-7115 (CRS:711)

Customer service representatives are available Monday through Friday from 7:30 a.m. to 5:00 p.m. (Pacific time), except state holidays. In addition to English, assistance is available in other languages.

INTERNET

www.cdtfa.ca.gov

You can visit our website for additional information—such as laws, regulations, forms, publications, industry guides, and policy manuals—that will help you understand how the law applies to your business.

You can also verify a permit, license, or account on our website (see [Verify a Permit, License, or Account](#)).

Multilingual versions of publications are available on our website at www.cdtfa.ca.gov.

Another good resource—especially for starting businesses—is the California Tax Service Center at www.taxes.ca.gov.

BULLETINS and NEWSLETTERS

We publish various bulletins and newsletters, including the annual *Special Taxes and Fees Newsletter*, which include articles on the application of law to specific types of transactions, announcements about new and revised publications, and other articles of interest. You can find current bulletins and newsletters on our website at www.cdtfa.ca.gov/taxes-and-fees/tax-bulletins.htm. Sign up for our [CDTFA updates](#) email list and receive notification when the latest issues have been posted to our website.

FREE CLASSES, SEMINARS, and TUTORIALS

We offer [free workshops](#) to help new IFTA carriers understand their rights and responsibilities as an IFTA licensee. We also offer [online seminars](#), and [video tutorials](#) for help using our online services system, including filing your return. Some classes are offered in multiple languages. If you would like further information on specific classes, please call our Motor Carrier Office.

WRITTEN TAX ADVICE

For your protection, it is best to get tax advice in writing. You may be relieved of tax, penalty, or interest charges that are due on a transaction if we determine that we gave you incorrect written advice regarding the transaction and that you reasonably relied on that advice in failing to pay the proper amount of tax. For this relief to apply, a request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

For written advice on general tax and fee information, please visit our website at www.cdtfa.ca.gov/email/ to email your request.

You may also send your request in a letter. For written advice on IFTA, send your request to: Program Administration Branch, MIC:31, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0031.

TAXPAYERS' RIGHTS ADVOCATE

If you would like to know more about your rights as a taxpayer or if you have not been able to resolve a problem through normal channels (for example, by speaking to a supervisor), please see [publication 70](#), *Understanding Your Rights as a California Taxpayer*, or contact the [Taxpayers' Rights Advocate Office](#) for help at 1-916-324-2798 or 1-888-324-2798. Their fax number is 1-916-323-3319.

If you prefer, you can write to: Taxpayers' Rights Advocate, MIC:70, California Department of Tax and Fee Administration, P.O. Box 942879, Sacramento, CA 94279-0070.

QUESTIONS RELATED TO IFTA

You may contact our Motor Carrier Office for more information about IFTA requirements or questions regarding how to complete your IFTA return.

Motor Carrier Office
California Department of Tax and Fee Administration
1030 Riverside Parkway, Suite 125
West Sacramento CA 95605-1527
Telephone: 1-916-309-0900
Fax: 1-916-373-3070

INTERNATIONAL FUEL TAX AGREEMENT MANUALS

[Articles of Agreement](#)
[Audit Manual](#)
[Procedures Manual](#)

BUSINESS TAX LAW GUIDE, REGULATIONS, PUBLICATIONS, FORMS, and INDUSTRY GUIDES

Lists vary by publication

Selected [regulations](#), [forms](#), [publications](#), and [industry guides](#), that may interest you are listed below.

Spanish versions of certain publications are also available online.

Business Tax Law Guide

[Diesel Fuel Tax Law](#)

[Use Fuel Tax Law](#)

Regulations

[Diesel Fuel Tax Regulations](#)

[Use Fuel Tax Regulations](#)

Publications

- 12, *California Use Fuel Tax: A Guide for Vendors and Users*
- 17, *Appeals Procedures Sales and Use Taxes and Special Taxes and Fees*
- 50, *California IFTA – Guide to the International Fuel Tax Agreement*
- 50-A, *California IFTA – Introduction to the International Fuel Tax Agreement*
- 50-AS, *California IFTA – Introduction to the International Fuel Tax Agreement, Spanish*
- 51, *Resource Guide to Tax Products and Services for Small Businesses*
- 70, *Understanding Your Rights as a California Taxpayer*
- 70-S, *Understanding Your Rights as a California Taxpayer, Spanish*
- 75, *Interest, Penalties, and Collection Cost Recovery Fee*
- 76, *Audits*
- 76-S, *Audits, Spanish*
- 84, *Do You Need a California Fuel Permit or License?*
- 117, *Filing a Claim for Refund*
- 117-S, *Filing a Claim for Refund, Spanish*
- 201, *Special Taxes and Fees Newsletter*
- 439, *Online Services*

Forms

- CDTFA-50, *Acknowledgement of Licensee Responsibilities Under the International Fuel Tax Agreement*
- CDTFA-82, *Authorization for Electronic Transmission of Data*
- CDTFA-82-S, *Authorization for Electronic Transmission of Data (Spanish)*
- CDTFA-345-SP, *Notice of Business Change Special Taxes and Fee Accounts*
- CDTFA-392, *Power of Attorney*
- CDTFA-392-S, *Power of Attorney, Spanish*
- CDTFA-416, *Petition for Redetermination*
- CDTFA-416-S, *Petition for Redetermination (Spanish)*
- CDTFA-5235, *IFTA Jurisdiction Schedule*

Industry Guide

[Tax Guide for International Fuel Tax Agreement \(IFTA\) and Diesel Fuel Interstate User](#)

Tax Evasion Hotline

We have established a toll-free number you may use to report suspected tax evasion: 1-888-334-3300.

Customer service representatives are available to assist you Monday through Friday from 8:00 a.m. and 5:00 p.m., (Pacific time), except state holidays.

Other Related Agencies

CDTFA is the agency responsible for administering California's fuel taxes. If you have other questions relating to motor carrier registration or operations in California, please contact the agencies listed below.

Bureau of Household Goods and Services (BHGS)

www.bhgs.dca.ca.gov

California Air Resources Board

www.arb.ca.gov

California Highway Patrol (CHP)

www.chp.ca.gov

California Department of Motor Vehicles (DMV)

www.dmv.ca.gov

California Department of Transportation (Caltrans)

www.dot.ca.gov

California Public Utilities Commission (CPUC)

www.cpuc.ca.gov

International Fuel Tax Association (IFTA, Inc.)

www.iftach.org

Federal Motor Carrier Safety Administration (FMCSA)

www.fmcsa.dot.gov



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