



Fuel Tax Guide for Interjurisdictional Carriers Based in New Brunswick

November 2009

Disclaimer: This guide is intended to provide information respecting Interjurisdictional Carriers Based in New Brunswick under the *Gasoline and Motive Fuel Tax Act* (the *Act*). This manual should not be regarded as a replacement of the laws, regulations or administrative documents to which it refers.

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1. Introduction

Effective January 1, 1996 New Brunswick became a member of the International Fuel Tax Agreement (IFTA). IFTA is an agreement among all Canadian Provinces and most American states that facilitates the process whereby interjurisdictional motor carriers are able to report and pay all motor carrier fuel taxes to a single base jurisdiction.

In New Brunswick, the IFTA is administered through the Revenue and Taxation Division of the Department of Finance. When a person or business entity wishes to become registered as a motor carrier for the purposes of interjurisdictional travel, the person, or business must submit an application to the Division's Licensing and Registration section. Upon approval of the application, the carrier is issued an IFTA licence and decals.

IFTA licences and decals issued by New Brunswick are accepted by all other IFTA member jurisdictions with no additional permits, licences or, fees required. The carrier is also issued fuel tax report forms, or returns, which must be filed with New Brunswick on a quarterly basis.

The IFTA fuel tax returns account for the carrier's motor fuel use in each jurisdiction of travel and are accepted by New Brunswick on behalf of all IFTA member jurisdictions with **no additional reporting** required for those other jurisdictions. Only those carriers that accumulate travel in non-IFTA member jurisdictions, which includes: **Alaska, Yukon, District of Columbia, Hawaii, Northwest Territories and Nunavut**, will be required to file additional fuel use reports.

To further assist interjurisdictional carriers based in **New Brunswick** with the details of the fuel tax reporting and licensing rules under the IFTA, the Department has prepared the following information manual. Please keep in mind that the information that follows is related to New Brunswick's reporting requirements only and it is intended as a guide and does not replace the laws, regulations or administrative documents to which it refers. For additional information regarding reporting requirements of other jurisdictions, please contact those jurisdictions directly.

2. Eligibility

All carriers that operate **qualified motor vehicles** in multiple jurisdictions are required to register with a **base jurisdiction** for the purposes of fuel tax reporting.

The **base jurisdiction** is where the carriers' operational records are either maintained, or can be made available for audit purposes at the carriers' expense, and where one or more qualified motor vehicles are registered.

A **Qualified Motor Vehicle** is:

a motor vehicle used, designed or maintained for transportation of persons or property;
and

- having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or
- having three or more axles regardless of weight; or
- used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle weight.

*Qualified motor vehicle does **not** include recreational vehicles.

Accordingly, you are eligible to apply to New Brunswick for an IFTA licence and decals if you meet all of the following criteria:

- you are a carrier with one or more qualified motor vehicles registered in New Brunswick;
- you either maintain operational records in New Brunswick, or agree to sign an affidavit stating you are prepared to make records available to New Brunswick at your own expense; and
- your qualified motor vehicles travel in New Brunswick and at least one other IFTA-member jurisdiction.

3. Exceptions

In New Brunswick, many registrants are carrier companies that lease vehicles (the lessee) from independent brokers (the lessor). If you lease or rent a qualified motor vehicle(s) to a carrier, then you may not be required to obtain an IFTA licence and decals from the Department. The responsibility for fuel use tax reporting may rest with either the carrier or the broker, depending upon which one of the following categories is applicable.

3.1 *Independent Contractors*

- **Short-Term Leases**

If you are an independent contractor involved in a short-term/trip lease of 29 days or less with a carrier company, then you as the trip lessor must report and pay all fuel taxes.

- **Long-Term Leases**

If you are an independent contractor involved in a long-term lease (30 days or more) with a carrier company, then you may be responsible for reporting and paying the fuel use tax. Under these circumstances, the lessor and lessee retain the option of designating which party will report and pay fuel use tax. This must be specified in the broker/carrier agreement.

In the absence of a written broker/carrier agreement or contract, or if the document is silent regarding responsibility for reporting and paying fuel use tax, the carrier (lessee) will be responsible for reporting and paying fuel use tax.

If, through a written agreement or contract, the carrier (lessee) assumes responsibility for reporting and paying fuel use taxes, then the base jurisdiction for purposes of fuel tax reporting shall be the base jurisdiction of the carrier (lessee). The base jurisdiction in which the broker (lessor) has registered the qualified motor vehicle for vehicle registration purposes is not relevant.

3.2 Rental Leasing

3.2.1 Short-Term Rental Leasing

If you are a lessor regularly engaged in the business of either leasing, or renting motor vehicles without drivers, to carrier companies or other lessees of 29 days or less, then you fall in the short-term rental category. Under these circumstances, it is the lessor who must report and pay the fuel use tax, unless the following two conditions are met.

- The lessor has written a rental contract which designates the lessee as the party responsible for reporting and paying the fuel use tax; and
- The lessor has a copy of the lessee's IFTA fuel tax licence, which is valid for the term of the rental.

3.2.2 Long-Term Rental Leasing

If you are a lessor regularly engaged in the business of either leasing, or renting motor vehicles without drivers to carrier companies or other lessees for periods in excess of 29 days, then you qualify as a long-term lessor. Under these circumstances, you as the lessor may be responsible for reporting fuel use taxes to the Department. This is normally specified in a written agreement or contract between the leasing party and the lessor.

3.3 Household Goods Carriers

In the case of a household goods carrier using independent contractors, agents, or service representatives under intermittent leases, the party liable for motor fuel use tax shall be:

3.3.1 The Lessee

The lessee (carrier) when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority. For purposes of fuel tax reporting, the base jurisdiction shall be the base jurisdiction of the lessee (carrier), regardless of the jurisdiction in which the qualified motor vehicle is registered by the lessor or lessee.

3.3.2 The Lessor

The lessor (independent contractor, agent, or service representative) when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority. The base jurisdiction for purposes of fuel tax reporting shall be the base jurisdiction of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes.

3.4 Government Vehicles

Vehicles registered to governments will be exempted. This includes federal, provincial/state and municipal governments in Canada and the United States. Canadian federal government includes vehicles registered to government departments and Crown Corporations that are agents of the Crown.

4. Licence Registration and Renewal Procedures

4.1 Initial Application for Licence

To apply for an IFTA licence and decals, you must complete an "Application for an International Fuel Tax Agreement (IFTA) Licence" form, and submit it to the Licensing and Registration section of the Department of Finance, together with the applicable decal fee. The application form can be obtained by contacting the Revenue and Taxation Division of the Department of Finance or online for electronic submissions on the Service New Brunswick (SNB) Web site at www.snb.ca or on the Department of Finance Web site at www.gnb.ca/0024/index-e.asp.

When you submit your application, please ensure that you have provided all of the information requested, including the number of decals required for the registration year. Failure to provide either the required information or the proper payment of the decal fee will result in a delay in processing your application. Once your application is approved, your licence and decals will be mailed to the mailing address indicated on your application.

If your licence is revoked in another IFTA-member jurisdiction, you will not be eligible to register in New Brunswick.

4.2 IFTA Licence

The Province of New Brunswick issues one IFTA licence to each applicant that meets the licence application requirements set out by the Department of Finance. Once you have received your IFTA licence, make legible copies of the original licence and place one copy in each of your qualified motor vehicles. Place the original licence with your business records. If, during the registration year, your fleet is expanded to include additional qualified motor vehicles, then you are to make copies of the original licence for those additional qualified motor vehicles. If

you are found operating a qualified motor vehicle without an IFTA licence or without a valid single trip fuel permit, the vehicle operator will be subject to a fine.

4.3 IFTA Licence Renewal

IFTA licences are **valid** from January 1 to December 31. It is incumbent upon all licensees to renew their licences and obtain new decals each year before December 31. To assist licensees that may require extensions of this renewal deadline, particularly those operating large carrier fleets, a two-month **grace period** to display the current year IFTA licence and decals is available from January 1 – February 28. During this time, and until the display of the renewed IFTA licence and decals is made, each motor vehicle must display the **proper credentials** for travelling in IFTA member jurisdictions, i.e. valid licence and decals for previous year.

New Brunswick does not issue a renewal licence and decals if:

- Your account has been cancelled or revoked;
- You have failed to file a fuel tax return;
- You have failed to remit any payments to New Brunswick to cover the liability for all IFTA-member jurisdictions.

New Brunswick may not issue a renewal if:

- You have shown no interjurisdictional operations over the last year.

Note: IFTA licensees are required to file all delinquent returns and pay all taxes, penalties and interest owing on their accounts before they can be issued a renewal licence and decals.

Renewal notification will be issued in November of each year.

4.4 IFTA Decals

All interjurisdictional carriers licensed with New Brunswick must ensure that two (2) decals (one set) are obtained for each qualified motor vehicle. IFTA decals are valid for one year from January 1 through December 31. The decals must be affixed and maintained on each side door of a qualified motor vehicle at eye level and towards the front of the vehicle. In the case of transporters, vehicle manufacturers, or dealers, the decals need not be permanently affixed but may be temporarily displayed in a visible manner on the cab's passenger side.

You may display your decals one month before the effective date provided you keep the current year licence in the qualified motor vehicle until January 1. If you do not display the IFTA decals properly, the vehicle operator will be subject to a fine.

4.5 IFTA Decal Fees

The cost per each set of decals is \$5.00 and it is due upon application. New Brunswick will issue decals only after the applicable decal fee has been paid. Persons applying for decals online are required to pay the applicable fee by MasterCard or Visa. Decal fee payments sent to the department by mail are payable by cheque or money order to the **Minister of Finance**.

4.6 Additional IFTA Decals

The first set(s) of decals is/are issued to the licensee upon licence approval and payment of the applicable fee. Additional sets of decals may be obtained by accessing the online application available on the SNB Web site (www.snb.ca) or on the Department of Finance Web site (www.gnb.ca/0024/index-e.asp) or by completing Part V of the application for an IFTA licence form and submitting it to the Department of Finance along with the applicable fees.

4.7 Single Trip Fuel Permit

Carrier companies that have obtained an IFTA licence and decals from the Province of New Brunswick generally would not be required to obtain single trip fuel permits from any of the jurisdictions where travel is conducted. The exceptions, however, would be where a carrier does either of the following:

- accumulates travel in a non-IFTA member jurisdiction; or
- dispatches a broker, whose vehicle is not licensed for interjurisdictional travel, to an out-of-province location.

4.8 30 Day Temporary Decal Permit

In instances where the Province of New Brunswick approves an application for an IFTA licence and decals, but is unable to provide the carrier with the proper decals within the timeframe that the carrier actually requires the licence and decals, New Brunswick will issue a 30-day Temporary Decal Permit. The 30-day Temporary decal permit is valid for all member jurisdictions.

4.9 Fuel Tax Bond

New Brunswick may require any licensee found in violation of the *Gasoline and Motive Fuel Tax Act* to post a security as a condition to receiving an IFTA licence and decals. The types of violations that warrant such a condition are as follows:

- failure on the part of the licensee to file timely reports;
- failure on the part of the licensee to remit all taxes due; or
- return of a cheque by the licensee's banking institution.

The licensee may also be required to post a security if, upon audit, the licensee's records indicate that a guarantee is necessary to protect the interests of IFTA member jurisdictions.

4.10 Where to Apply

The "Application for an IFTA Licence" is available online on SNB's Web site at www.snb.ca or on the Department of Finance Web site at www.gnb.ca/0024/index-e.asp and can be submitted electronically or printed off and submitted by mail at the address below:

Department of Finance
Revenue and Taxation Division
P. O. Box 3000
670 King St.
Fredericton, NB E3B 5G5

Tel: (506)-453-2404
Fax: (506) 457-7335
E-mail: wwwfin@gnb.ca
Web site: www.gnb.ca/0024/index-e.asp

The application form requests basic information about the carrier and the carrier's operations. **It must be fully completed** and returned to the above noted address.

5. Reporting Requirements

5.1 Quarterly Fuel Tax Return

New Brunswick sends each licensee an IFTA Quarterly Fuel Tax Report (IFTA-100) and an IFTA Quarterly Fuel use Tax Schedule (IFTA-101) at least 30 days before each filing due date. Licensees that use more than one fuel type must submit a separate quarterly fuel use tax schedule for each fuel type along with their report.

A Complete fuel tax return includes:

- The IFTA Quarterly Fuel Tax Report (IFTA-100);
- The IFTA Quarterly Fuel Use Tax Schedule (IFTA-101) for each fuel type used by your qualified motor vehicles during the quarter; and
- payment for any taxes due.

5.2 Filing of Reports

Licensees are required to file quarterly reports with New Brunswick and pay all taxes due to all member jurisdictions with one payment to New Brunswick. All forms required for proper filing will be provided at no charge to each licensee at least 30 days prior to the due date of the return. Failure to receive the authorized report form does not relieve the licensee from the obligation of submitting a report.

Important Note: Licensees are obligated by legislation to file a report regardless of whether or not travel was made outside New Brunswick.

Where the licensee is unable to submit the standard return, the Department will accept a written report provided it includes all required information.

Alternatively, licensees may receive authorization to submit a computer generated tax report instead of the standard tax report, provided it includes all required information and is in a form that can be processed.

IFTA requires that you report both “total IFTA kilometres” and “taxable kilometres” when filing tax returns. The licensee’s fuel use return must include the following information based on the previous calendar quarter:

- Total distance traveled during the reporting period by qualified motor vehicles in the licensee’s fleet by jurisdiction, regardless of whether the kilometres are taxable or non taxable, **including your base jurisdiction of New Brunswick**;
- Total number of litres of motor fuel used by the licensee in operation of qualified motor vehicles;
- Total interjurisdiction kilometres traveled by qualified motor vehicles within each member jurisdiction;
- Total litres of taxable motor fuel consumed within each member jurisdiction; and
- Total litres of tax-paid fuel purchased within each member jurisdiction.

5.3 Reporting Frequency

Tax reports shall be filed on a quarterly basis. The reporting due dates are as follows:

<u>Reporting Quarter</u>	<u>Due Date</u>
January - March	April 30
April - June	July 31
July - September	October 31
October - December	January 31

5.4 Postmark/Hand Delivery Date

Tax returns must be postmarked no later than midnight on the last day of the month following the close of the reporting period in order to avoid penalty for late filing. If the last day of the month falls on a Saturday, Sunday or legal holiday, the next business day is considered the final filing date.

Reports are considered filed and received on the date shown by the Canada Post or Delivery Service cancellation mark stamped on the envelope containing the report and properly addressed to New Brunswick’s Department of Finance. If a report is hand delivered, then it is considered filed and received on the date that it is delivered to an employee of the Revenue and Taxation Division, Department of Finance, Province of New Brunswick.

5.5 Measurement Conversion

New Brunswick based IFTA licensees are required to report fuel usage in litres, and distance traveled in kilometres by using the following table. All totals must be rounded to the nearest whole litre or kilometre.

Conversion Table		
1 litre	=	.2642 U.S. gallons
1 U.S. gallon	=	3.785 litres
1 imperial gallon	=	4.546 litres
<hr/>		
1 mile	=	1.609 kilometres
1 kilometre	=	.62137 miles

5.6 Tax Exempt Kilometres

Tax exempt kilometres are allowed when your vehicle(s) qualifies for an exemption that is provided by an IFTA jurisdiction (such as distance traveled under a single trip fuel permit). The licensee is required to obtain the definition of distances that qualify for tax exemption status from the various member states or provinces in which he is travelling and report accordingly. For further information, you may contact the Department of Finance at: (506) 453-2404 or by visiting the following web address: www.iftach.org and click on exemptions.

5.7 Tax Exempt Fuel Use

On your IFTA return, you must report all taxable fuel placed in the tank of your qualified motor vehicles. Some IFTA jurisdictions provide a refund of the tax paid on fuel used in exempt operations. (Please refer to the IFTA Member Jurisdiction Information Chart which lists the operations that qualify as exempt). To claim a refund, you must submit your claim directly to the jurisdiction where the fuel was purchased. For further information relating to exemptions, you may contact the Department of Finance at: (506) 453-2404 or by visiting following web addresses: <http://www.gnb.ca/0162/tax/fuel/introg&mfe.asp#exemptions> or www.iftach.org and click on exemptions.

5.8 Refunds/Overpayments

When completing your fuel tax return, calculate your net tax due or credit claimed for this period by netting the tax on credit amounts calculated for each jurisdiction in which you traveled during that reporting period. If the net result is tax due, enclose a cheque for the net tax due amount made payable to the Minister of

Finance. If the net result is a credit claim, New Brunswick will either apply the credit towards the next report, or refund you the credit amount if requested.

Licensees will be entitled to receive any refunds due, only after all tax liabilities, including audit assessments, owed to all jurisdictions have been paid. New Brunswick based licensees, who request a refund of a credit balance will be paid within 90 days from the receipt of the request. All requests for refunds of credit balances must be made in writing.

The IFTA Tax Rate form included with your returns lists the current tax rates and surcharge rates for all IFTA-member jurisdictions for that reporting quarter. The tax rates have been converted to Canadian currency. Do not use old tax rate tables. The Department of Finance will inform you of changes in tax rates and IFTA procedures.

It is recommended that licensees claim any net credits due as soon as possible, i.e. quarterly, as IFTA member jurisdictions, including New Brunswick, do not carry credit balances beyond eight quarters (24 months).

5.9 Payments

All tax payments and decal fee payments should be made payable to the Minister of Finance and mailed to the address specified above for licence applications. Payments cannot be made at financial institutions.

When cheques sent to the Department of Finance are returned by any financial institution, the New Brunswick Department of Finance may assess a non-negotiable cheque fee and will hold any refund (fuel tax or audit). The refund amount will cover the returned cheque, until full payment is received.

5.10 Amended Returns

If you need to correct a prior fuel tax return, please contact the Department of Finance for a blank return for that reporting period and complete as follows:

- Check the box marked “Amended Report” on your fuel tax return (IFTA-100 form).
- Ensure that the reporting period dates reflect the period you are correcting.
- Fully complete the return with the correct information.
- Sign and date the return.

6. Failure to File a Quarterly Fuel Tax Return

6.1 Failure to Pay Fuel Tax

Failure to pay fuel tax due to each jurisdiction according to the fuel tax return will result in interest and penalty charges. You must remit a payment to New Brunswick to cover the liability for all IFTA-member jurisdictions or your licence

may be revoked. If you do not agree with an assessment, the onus will be on you to prove the assessment is erroneous. Tax credits pending on your account or credit from an audit will first be applied to any tax due, interest, or penalty owing from quarterly fuel tax returns. **You are responsible to pay all charges billed to you by the Province of New Brunswick or your licence may be revoked. In such a case, all IFTA-member jurisdictions, as well as the law enforcement agencies where appropriate will be notified.**

6.2 Failure to File a Complete Fuel Tax Return

Failure to file a complete return (IFTA forms 100 and 101) will result in penalty charges. A complete return allows New Brunswick to clear your liability with each IFTA-member jurisdiction. **A return must still be filed for any quarter where your vehicles did not travel outside New Brunswick.**

6.3 Failure to File Fuel Tax Returns

If you fail to file your fuel tax returns, the Department will estimate your tax liability for each member jurisdiction based upon the information available to the Department. Either your past filing history, or the history of similar filers will be used for such a tax assessment. Once the Department has compiled a comparison of your fleet, it will assess you the estimated tax liability together with any interest. The Department of Finance may require you to post a fuel tax bond that will be applied to future tax liabilities.

6.4 Penalty and Interest Provisions

6.4.1 Penalty Charges

New Brunswick imposes a penalty of 10% of the total tax due or \$50, whichever is greater, when:

- A return is filed late;
- Full payment for tax due is not received by the due date; or
- A fuel tax return is not filed.

6.4.2 Interest Charges

Interest is charged on tax due to a jurisdiction beginning on the due date of the return until the date that the payment is received. The interest rate is the Canadian Federal Treasury Bill rate plus 2%.

Where licensees fail to remit payment for an outstanding liability within 30 days, additional interest charges will accrue at the rate of 1.06% per month compounded monthly. The Province of New Brunswick applies this interest pursuant to the *Revenue Administration Act*.

7. Licence Cancellation, Revocation and Reinstatement

7.1 Licence Cancellation

You may cancel your IFTA licence when you are no longer operating qualified motor vehicles in multiple jurisdictions or you prefer to acquire single trip permits for interjurisdictional travel. To request the cancellation of your IFTA licence, check the “Cancel Licence” box on your final quarterly return and enter the last date of operations, or mail a signed letter requesting cancellation to the Revenue and Taxation Division, Department of Finance.

Upon cancellation it is a requirement that the decals be removed and that the licensee return them, if at all possible, along with the licence and any unused decals, to the Licensing and Registration section of the Department of Finance.

New Brunswick’s auditors have the discretion to conduct a final audit of your records after your IFTA account is closed. After cancellation, you must keep all records for four years. The Department of Finance will notify all IFTA-member jurisdictions of your cancellation.

To reactivate your cancelled account, you must submit a new application form quoting your cancelled IFTA account number, along with the required decal fees.

7.2 Licence Revocation

The Department of Finance may revoke your IFTA licence if you fail to comply with IFTA requirements such as:

- Filing complete quarterly returns on time;
- Paying taxes in full; or
- Following the record keeping requirements as specified by the department.

An account may be revoked for an outstanding audit assessment or for failure to comply with other requirements. A notice of revocation will be mailed to the mailing address listed on your application. The Department of Finance will notify all IFTA jurisdictions of your revocation. For interjurisdictional trips made while your licence is revoked, you will be required to purchase single trip fuel permits from each jurisdiction, in which you intend to travel.

7.3 Licence Reinstatement

To reinstate your revoked IFTA licence, you must satisfy the requirements specified by the department and make all required payments. This includes payment of all taxes, penalties and interest, filing of all returns, and provision of all records requested by the Department of Finance. You will also be required to complete a new application and pay the required decal fees to reactivate your account. The Department of Finance may require that you post a bond to satisfy any potential liabilities to all member jurisdictions. The department will notify all IFTA jurisdictions of your reinstatement.

7.4 Bankruptcy

If you file for bankruptcy, please inform the Department of Finance immediately.

8. Record Keeping Requirements

8.1 Record Retention Period

IFTA registrants must retain all required records for a period of four years beginning from the date that the tax report is filed. These records may be kept on microfilm; microfiche or other computerized or condensed record storage systems acceptable to New Brunswick's Department of Finance. Non-compliance with any of the prescribed record keeping requirements may be cause for revocation of the licence.

Failure to provide records requested by the Province of New Brunswick for the purposes of audit extends the statute of limitations until the records are provided.

8.2 Fuel Receipts

All IFTA licensees are required to maintain a complete record of **all fuel purchased, received and used** in the conduct of their business. Separate totals must be calculated for each fuel type. These records shall contain, but not be limited to:

- date of each receipt of fuel;
- name and address of the person from whom fuel was purchased or received;
- number of litres received;
- fuel tax paid on number of litres;
- type of fuel;
- price per litre or total amount of fuel sale;
- vehicle or equipment into which the fuel was placed;
- purchaser's name – for contract or rental agreement, receipts will be accepted as long as the name on the contract provides a legal connection to the reporting party; and
- amount of fuel purchased while travelling under a single trip permit. (You are required to keep a copy of your single trip permit).

8.3 Distance Records

All IFTA licensees must maintain **detailed distance records**, which show operations on an individual vehicle basis. This includes proof of taxable and non-taxable distance travelled.

A trip report is an acceptable source document. However, licensees must ensure that they record all travel conducted with qualified motor vehicles, including trips

that occur entirely within New Brunswick. Specifically, these records must include, but not be limited to:

- Total distance travelled, **including all kilometres travelled within New Brunswick**;
- Start and end dates of a trip;
- Point of origin and the destination;
- Routes of travel (list the highways used when leaving and entering a jurisdiction);
- Odometer or hubometer readings at the beginning and end of each trip;
- Total trip distance;
- Distance travelled in each jurisdiction (odometer or hubometer readings at jurisdiction line);
- Power unit number or vehicle identification number (VIN); fleet number; and name of the registrant.

8.4 Tax Paid Purchases (Bulk Fuel Storage)

To obtain credit for tax paid purchases, the licensee must keep either a receipt or invoice, a credit card receipt, or microfilm/microfiche of the receipt or invoice, showing evidence of such purchases and the tax having been paid.

An acceptable receipt or invoice for tax paid purchases taken as credit must include:

- date of purchase;
- seller's name and address;
- number of gallons or litres purchased;
- fuel type;
- price per gallon or litre or total amount of sale;
- unit numbers; and
- purchaser's name.

In the case of withdrawals from licensee-owned, tax-paid bulk storage, credit may be obtained if the following detailed records are maintained:

- date of withdrawal;
- number of gallons or litres;
- fuel type;
- unit number; and
- purchase and inventory records to show the tax was paid on all bulk purchases.

When fuel is withdrawn from the licensee's own bulk storage and placed in its qualified motor vehicles, the licensee must maintain adequate records to distinguish fuel placed in qualified versus non-qualified motor vehicles for all jurisdictions.

8.5 Records to Support Non-Taxable Distance

Keep appropriate records to support non-taxable distance traveled, which you have claimed on your fuel tax return. Specifically, you are required to keep a record of all single trip fuel permits obtained within each quarter as well as all kilometres traveled on the Massachusetts Turnpike.

8.6 On-board Recording Devices

If you are currently using on-board recording devices for record keeping purposes, or are planning to use on-board recording devices in the future, and you wish to obtain information on the specific information requirements that must be met by these devices, please contact the Department of Finance at (506) 453-2404.

9. Audits, Assessments and Appeals

9.1 Audits

New Brunswick audits its licensees on behalf of all IFTA member jurisdictions. Therefore, it is a requirement that licensees maintain all operational records in New Brunswick. In the event that the licensee's records are not located in New Brunswick and the province must send auditors to where the records are kept, the licensee is obligated to reimburse the province for reasonable per diem and travel expenses of its auditors.

9.2 Assessments

IFTA licensees must submit tax returns for every quarter that they are validly licensed, including the periods when there are no taxable operations. Any licensee that either fails, neglects, or refuses to file a tax return at the time that it is due is subject to a tax assessment under the *Gasoline and Motive Fuel Tax Act*. The assessment of tax includes the (estimated) liabilities for each jurisdiction in which the licensee conducted travel, together with applicable interest and penalty charges.

9.3 Collection of Tax, Penalty and Interest Owed

Tax, penalty and interest owed to all IFTA member jurisdictions resulting from an audit or assessment will be collected by New Brunswick. The laws of the Province will govern the methods by which the tax is collected.

9.4 Objection and Appeal Procedure

Where an assessment is levied upon an IFTA licensee and the licensee wishes to dispute liability for the amount assessed, the licensee may, within 30 days of either the payment of the tax, or the date of the service or mailing of a notice of assessment, serve on the Provincial Tax Commissioner a Notice of Objection. Notice of Objection forms may be obtained from the address provided at the end of this guide.

Within 60 days after receiving the Notice of Objection, the Provincial Tax Commissioner shall reconsider the assessment and vacate, confirm or vary the assessment or reassess, and the licensee shall be notified of the Tax Commissioner's decision.

If the IFTA licensee is unsatisfied with the Provincial Tax Commissioner's decision and wishes to pursue further recourse, the IFTA Licensee may, within 30 days after being notified, appeal the decision to the Minister of Finance. Appeal forms may be obtained at the address provided at the end of this guide.

Within 30 days after receiving the Notice of Appeal, the Minister of Finance shall fix a date to consider the appeal.

10. Inquiries

Please contact the Department of Finance at:

Department of Finance
Revenue and Taxation Division
PO Box 3000
670 King St.
Fredericton, NB E3B 5G5

Telephone (506) 453-2404
Fax (506) 457-7335

11. Definitions

Applicant - a person in whose name the uniform application for licensing is filed with New Brunswick for the purpose of **motor fuel tax reporting** /*Gasoline and Motive Fuel Tax Act*.

Audit - a physical examination of the records and source documents supporting the licensee's tax reports.

Base jurisdiction:

the province or state where qualified motor vehicles are based for vehicle registration purposes; and

in which the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and

in which some travel is accrued by qualified motor vehicles within the fleet.

The commissioners of two or more affected jurisdictions may allow a person to consolidate, in one base jurisdiction, several fleets, which would otherwise be based in two or more jurisdictions.

Cancellation - the termination of a licence and its provisions by the licensee/customer.

Carrier - is an individual or organization engaged in transporting passengers or goods for hire. For IFTA, a carrier could be either a lessor, or a lessee (see definitions).

Credentials - IFTA licences and decals.

Drive-away operations - see definition of transporter.

Fleet - one or more vehicles.

IFTA Kilometres - Kilometres travelled in IFTA jurisdictions.

In-jurisdiction distance - total number of kilometres operated by a licensee's qualified motor vehicles within a participating province or state. In-jurisdiction kilometres do not include those operated on fuel tax single trip permits or those exempted from fuel taxation by participating provinces or states.

Independent Contractor - is the lessor (See definition of lessor).

Intermittent leases - occurs when a person leases his vehicle to a carrier on the intermittent basis. An example would be when the trucker leases his vehicle to a carrier for one week, operates it for the next week in his own name and then leases it to a carrier for the third week.

Jurisdiction - a state of the United States, the District of Columbia, a Province or Territory of Canada.

Lessor - is the party granting the use of equipment with or without a driver to another.

Lessee - is the party acquiring the use of the equipment with or without a driver from another.

Licensee - a person who holds a valid agreement licence issued by the base jurisdiction.

Long-term lease - is a lease lasting 30 days or more.

Motor fuels - all fuels used for the operation of qualified motor vehicles.

Non IFTA Jurisdiction - Alaska, Yukon, District of Columbia, Northwest Territories, Hawaii, or *Nunavut*.

Non IFTA Kilometres - Kilometres travelled in Alaska, Yukon, District of Columbia, Hawaii, Northwest Territories and *Nunavut*.

Person - an individual, corporation, partnership, association, trust, or other entity.

Qualified motor vehicle:

a motor vehicle used, designed or maintained for transportation of persons or property; and

having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or

having three or more axles regardless of weight; or

used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle weight.

***Qualified motor vehicle does not include recreational vehicles.**

Recreational vehicle - vehicles such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure by an individual. In order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any business endeavour.

Registration (Motor Vehicle) - the qualification of motor vehicles for the privilege of using the highway; through a prepayment of licensing fees; and

the issuance of a licence plate and a registration card or temporary registration containing owner and vehicle data.

Reporting period - the calendar quarterly periods of January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

Revocation - withdrawal of licence and privileges by the licensing jurisdiction.

Short-term lease - is a lease lasting 29 days or less.

Suspension - temporary removal of privileges granted to the licensee.

Transporters - means every person engaged in the business of delivering qualified motor vehicles of a type required to be registered hereunder from a manufacturing, assembling or distributing plant to dealers or sales agents of a manufacturer.

30 Day IFTA Decal Permit - a permit issued by New Brunswick to be carried in a qualified vehicle in lieu of display of the permanent annual decals. A temporary permit is valid for a period of 30 days to give the carrier adequate time to affix the annual permanent decals.

Total distance - all kilometres travelled during the reporting period by every qualified vehicle in the licensee's fleet, regardless of whether the kilometres are considered taxable or non-taxable by a jurisdiction.

Weight - maximum weight of the loaded vehicle or combination of vehicles.

12. Step-by-Step Instructions for Completing Quarterly Tax Reports

- **Use a separate Form IFTA-101 for each fuel type** (see sample, page 23)
- **Round to the nearest whole litre or kilometre**

(A) Total IFTA Kilometres - Enter the total kilometres traveled in IFTA jurisdictions by all qualified motor vehicles in your fleet. It must include **all** travel within the reporting period.

(B) Total NON-IFTA Kilometres - Enter the total kilometres traveled in non-IFTA jurisdictions. *All jurisdictions in Canada and the United States are members of IFTA except Alaska, Yukon, Hawaii, Nunavut, Northwest Territories and the District of Columbia which are Non-IFTA.*

(C) Total Kilometres - Add the amount from (A) and (B) to determine total kilometres traveled.

(D) Total Litres - Enter the total litres purchased in both IFTA and non-IFTA jurisdictions for all qualified motor vehicles in your fleet.

(E) Average Fleet Kilometres per Litre - Divide item (C) by item (D). Round to 2 places past the decimal. (ex 1.566 would round to 1.57)

Column F - Pre-printed are all the IFTA jurisdictions chosen for operation on your IFTA licence application. Jurisdictions appearing twice have an added surcharge. To determine surcharge multiply the amount in Column K by the tax rate for the appropriate fuel type. If you did not operate in a jurisdiction listed make no entries for that jurisdiction. If you operate in a jurisdiction other than those listed, enter the jurisdiction's name.

Column G - Enter the tax rate code for jurisdictions you may have added in Column F from the enclosed *Form IFTA - 105, IFTA Fuel Tax Rate Table*.

Column H - Enter the total kilometres in each IFTA jurisdiction for this fuel type only. **Please note: The sum of column "H" must equal the "Total IFTA Kilometres" in column "A"**

Column I - Enter the IFTA taxable kilometres for each IFTA jurisdiction. Kilometres traveled on a Fuel Permit are not considered taxable in any jurisdiction.

Column J - Enter your average kilometre per litre (kpl) from item (E) above.

Column K - Divide the amount in Column I by the amount in Column J to determine the litres consumed in each IFTA jurisdiction.

Column L - Enter the total **litres** purchased in each IFTA jurisdiction.

Column M - Subtract Column K from Column L. If this is a credit (Column L greater than Column K), enclose in brackets as this indicates an overage of fuel purchased. **Please note: The sum of column "L" must equal "Total Litres" in "D".**

Column N - If the tax rate is not pre-printed, enter the rate for the appropriate fuel type from the enclosed *Form IFTA-105*.

Column O - Multiply the amount in Column M by the tax rate for that jurisdiction in Column N to determine tax due or credit. *Enter any credit amount in brackets.*

Column P - If you file late, compute interest on any tax due for each jurisdiction. Interest is computed on tax due from the due date of the report until the date payment is received. Multiply Column O by the pre-printed interest rate in Column P by the number of months which you are late. **Reports must be postmarked by the due date indicated on the report.**

Column Q - For each jurisdiction add the amounts in Column O and Column P and enter the total dollar amount due or credit amount. Enter any credit amount in brackets.

Subtotal - Add the amounts in Column Q.

Total - The total for Column Q is the difference of all credits and taxes due for all jurisdictions.

Transfer the total for each fuel type reported to the corresponding lines 1 to 5 of Form IFTA-100. (see sample, page 22)

If this is an amended report, please indicate an 'x' in the 'amended report' box. **If you did not operate outside New Brunswick, you must complete this return and indicate an 'x' in the 'no operations' box.** If you are filing a final report and requesting your licence be cancelled, please indicate an 'x' in the 'cancel licence' box and return your IFTA licence and any unused decals, destroying any used decals.

Lines 1 to 5 - Enter the total amount from Column Q of *Form IFTA-101* for each fuel type.

Line 7 - A penalty of **\$50 or 10%**, whichever is greater, is imposed for the failure to file a report, for filing a late report or for underpayment of taxes due.

Line 9 - This line shows the previous balance on your account as of the date shown. Amounts shown in brackets are credits (tax overpayments).

Line 10 - This line is the total amount due or total overpayment. Add lines 8 and 9.

Line 11 - Credits (overpayments) recorded on line 10 must be shown on this line. These credits, when ten dollars or more, will be refunded. Amounts of less than ten dollars will be carried forward to your next return.

13. Notes

For travel to PEI, the mileage on the Fixed Link is to be allocated equally between New Brunswick and Prince Edward Island.

A 30 day IFTA temporary decal permit is available to a licensee in good standing. The temporary permit issued by fax is vehicle specific and can be obtained by contacting Licensing and Registration at: (506) 453-2404.

The State of Michigan charges state sales tax on gasoline and diesel purchases in addition to Fuel Tax. IFTA carriers may be eligible to receive a credit by contacting the Michigan Dept of Treasury at: (517) 636-4580.

Massachusetts Turnpike kilometres are to be included in total IFTA kilometres and excluded from taxable kilometres on your IFTA quarterly return. If you take this exemption, you are required to remit the 5% use tax on the cost of the fuel for which the exemption was taken on the annual Massachusetts' Business Use Tax Return due April 15th. For further information, contact (617) 887-5054 or 5057.