International Fuel Tax Agreement

Information Circular IFTA-1R9

Information for Interjurisdictional Carriers

Last updated: July 18, 2023

Important Information

This information circular is intended to explain the International Fuel Tax Agreement Articles of Agreement and relevant provisions of the *Fuel Tax Act*. Every effort has been made to ensure the contents are accurate. However, if a discrepancy should occur in interpretation between this information circular and the Articles of Agreement or legislation, the Articles of Agreement and legislation take precedence.

Contents

- Overview
- Eligibility and Application Process
- IFTA Credentials and Fees
- Additional Decals
- Temporary IFTA Credentials
- Fuel Tax Trip Permits
- Licence Revocation, Reinstatement and Cancellation
- General Reporting and Remittance Requirements
- Reporting for Multiple Fleets
- Reporting for Intra-Jurisdictional Travel
- Licensing and Reporting by Lessors/Lessees and Household Goods Carriers
- Assessments
- Refunds
- Rebates of Fuel Tax Paid by Farmers
- Interest and Penalties
- Objections and Appeals
- Enforcement of IFTA Terms
- Record Keeping Requirements
- Audits

Overview

1. The International Fuel Tax Agreement (IFTA) is an agreement by and among the 48 contiguous American states and the 10 Canadian provinces bordering the United States that enables the uniform collection and distribution of fuel taxes paid by motor vehicle carriers traveling in more than one IFTA jurisdiction.

2. IFTA membership is voluntary but allows a carrier to reduce the paperwork and compliance burden for fuel tax reporting. An Alberta carrier licensed under IFTA submits only one quarterly IFTA fuel tax return to Alberta Treasury Board and Finance, Tax and Revenue Administration (TRA), covering the distance travelled in all IFTA jurisdictions, rather than preparing separate fuel tax returns for each jurisdiction. TRA collects or refunds the net fuel tax for all IFTA jurisdictions.

3. Alaska, District of Columbia, Northwest Territories, Nunavut and Yukon Territory are not IFTA members. However, carriers from the Northwest Territories may register in Alberta and carriers from the Yukon Territory may register in British Columbia.

Back to Contents

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Eligibility and Application Process

4. To be eligible to register for IFTA in Alberta, a carrier must meet all the following criteria:

   - operates a qualified motor vehicle (or more than one) that is base-plated in Alberta or the Northwest Territories,
   - travels to at least one other IFTA jurisdiction,
   - allocates some income to Alberta for income tax purposes, and
   - does not have an amount owing or an unfiled IFTA fuel tax return for a prior reporting period.

5. For the purposes of IFTA, a 'qualified motor vehicle' is a motor vehicle (other than a recreational vehicle) used, designed, or maintained for transportation of persons or property that meets one of the following size and weight requirements:

   - two axles and a gross vehicle weight or registered gross vehicle weight exceeding 11,797 kilograms (26,000 pounds), or
   - three or more axles regardless of weight, or
   - if used in combination with a trailer, a combined weight that exceeds 11,797 kilograms (26,000 pounds).

6. To register for IFTA in Alberta and receive the necessary credentials, a carrier that meets the eligibility criteria must apply to TRA using the Tax and Revenue Administration Client Self-Service (TRACS) secure online portal and pay the applicable fees. For additional information on how to register for IFTA and remit payment for the applicable fees, including an instructional video, refer to the 'How to register' section of the International Fuel Tax Agreement page of our website.

Back to Contents

IFTA Credentials and Fees

7. IFTA credentials in Alberta consist of an Alberta IFTA fuel tax licence and vehicle decals. These credentials signify to enforcement officials in other IFTA jurisdictions that a carrier is registered/licensed in Alberta and reports to Alberta the distances travelled and fuel purchased in IFTA jurisdictions. Accordingly, the carrier will not be charged a single-trip permit fee for fuel tax purposes by enforcement officers in other IFTA jurisdictions. For information on permits, refer to the 'Fuel Tax Trip Permits' section.

8. IFTA credentials expire on December 31 of each calendar year. To renew an IFTA registration, a carrier registered for IFTA in Alberta must use the 'Renew Annual Registration' function in TRACS prior to the new calendar year. A carrier should not attach new decals to vehicles until December of the respective year. A carrier renewing an IFTA licence and decals has a two-month grace period (January and February) to display the renewed licence and decals.

9. Each Alberta carrier registered under IFTA in Alberta purchases one Alberta IFTA fuel tax licence. Licences are not issued in hard copy. Rather, a carrier should download, save, and print the licence using TRACS. The licence is not vehicle-specific and a clear copy of it should be placed in each qualified motor vehicle operated by the carrier. Alternatively, an electronic copy is acceptable and may be presented, as necessary, in lieu of keeping a hard copy in each qualified motor vehicle.

10. Each carrier is required to buy at least one set of two Alberta IFTA decals for each qualified motor vehicle. The numbered decals are to be attached to the lower, rear exterior of each side of the vehicle's cab. Decals are designed to last for a full year, although replacement decals are available if necessary. For information on obtaining replacement decals, refer to the 'Additional Decals' section.

11. The annual fees for each carrier include:

    - $15 for the Alberta IFTA fuel tax licence, and
    - $10 for each set of two decals per qualified motor vehicle.

12. Annual fees must be paid at the time of initial registration and then paid each year at the time of renewal.

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13. Most decals are sent to each carrier by mail. However, a carrier who requires 250 or more sets of decals may arrange for courier delivery of the decals at their own expense. It is the carrier's responsibility to contact the courier and provide a copy of the electronic waybill to TRA. Once the waybill is received, TRA will prepare the courier package and notify the designated contact person when the package is ready for pick up. A carrier cannot pick up decals in-person at TRA's offices.

Back to Contents

Additional Decals

14. A carrier registered for IFTA in Alberta may purchase additional decals for additions to a fleet, or for contracting or leasing arrangements. Replacement decals may also be purchased if existing decals are defective or damaged, for example, sun-bleached or otherwise unreadable.

15. Additional or replacement decals should be requested through TRACS.

16. The fee for each additional set of two decals is $10. However, the fee will be waived if it is determined that the original decals were defective at the time they were manufactured.

Back to Contents

Temporary IFTA Credentials

17. A carrier registered for IFTA in Alberta that requires additional IFTA decals on an urgent basis may contact TRA and provide information about the make, model and vehicle identification number (VIN) of each vehicle requiring decals and remit the applicable fee.

18. A new carrier that requires all IFTA credentials (including both an Alberta IFTA fuel tax licence and decals) on an urgent basis should contact TRA and provide the same information listed in the immediately preceding paragraph and remit the applicable fee.

19. The fee for temporary credentials is $10 per vehicle.

20. If the request for temporary credentials is approved and the applicable fee has been received by TRA, the temporary credentials will be faxed or emailed to the carrier in the form of a certificate to be used until the licence (if applicable) is available and the decals are received by the carrier. A copy of the temporary credentials must be displayed in each respective vehicle to prevent the carrier from being charged a single-trip permit fee by enforcement officers in other IFTA jurisdictions. For information on permits, refer to the 'Fuel Tax Trip Permits' section.

21. Temporary credentials expire 30 days from the date they are issued and must be replaced by the IFTA licence and decals as soon as possible.

Back to Contents

Fuel Tax Trip Permits

22. A carrier registered for IFTA in Alberta must also meet the fuel tax reporting requirements of non-IFTA jurisdictions in which they travel. This requirement applies to travel in Alaska, District of Columbia, Northwest Territories, Nunavut and Yukon Territory. The carrier should contact the relevant jurisdiction for information concerning these reporting requirements.

23. A carrier registered for IFTA in Alberta who has qualified motor vehicles that are not registered for IFTA will not be able to use those vehicles to travel in other IFTA jurisdictions unless a single-trip permit for fuel tax purposes is purchased. If the carrier is not a member of a licensing pro-rate plan, the carrier will also have to purchase a permit for licensing purposes. The carrier should contact the relevant jurisdictions for information regarding the purchase of these permits.

24. Fuel tax should not be pro-rated in respect of vehicles that do not meet the definition of 'qualified motor vehicle'. For such vehicles, the carriers must pay the fuel tax of the jurisdiction in which the fuel was purchased.

Back to Contents

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Licence Revocation, Reinstatement and Cancellation

25. The IFTA fuel tax licence of a carrier registered for IFTA in Alberta may be revoked if the carrier does not

- file the Alberta IFTA fuel tax return and pay taxes,
- provide security for fuel tax payable to TRA on request,
- comply with record keeping requirements, or
- make records available to TRA on request.

26. A revoked IFTA fuel tax licence of a carrier registered for IFTA in Alberta may be reinstated if the carrier corrects the compliance issues, files a new IFTA Registration and pays a reinstatement fee of $100.

27. A carrier registered for IFTA in Alberta may cancel its Alberta IFTA fuel tax licence if the carrier no longer operates qualified motor vehicles in at least two IFTA jurisdictions. However, before TRA will cancel the licence, the carrier must complete an Alberta IFTA fuel tax return for the last quarter of operations and indicate it is a final return. Until the licence is cancelled, the carrier must file returns every quarter, even if the carrier did not operate in two or more IFTA jurisdictions during the quarter. On cancellation, the carrier should destroy all printed copies of the licence and return any unused decals to TRA. A final audit may be conducted by any IFTA jurisdiction at, or after, the time of cancellation.

Back to Contents

General Reporting and Remittance Requirements

28. A carrier registered for IFTA in Alberta must file an IFTA fuel tax return and remit any net fuel tax payable for the quarter by the last day of the month following the quarterly reporting period. The due dates are as follows:

Quarterly Reporting Period	Due Date
January – March	April 30
April – June	July 31
July – September	October 31
October – December	January 31

29. If the due date for a return or payment falls on a weekend or a government holiday, the return and remittance may be submitted the next business day.

30. Each return should be submitted through TRACS for each respective quarter. A return submitted through TRACS is considered filed on the date it is submitted on TRACS.

31. A return must be submitted each quarter, even if the carrier did not travel in any IFTA jurisdictions during the reporting period, or the distance travelled in IFTA jurisdictions was reported by another licensee, for example, under a lease or contract arrangement. A carrier who does not travel outside of Alberta during the reporting period must file a return indicating the distance travelled and fuel purchased in Alberta. If a 'nil' return is submitted, the carrier should indicate that there was no travel in IFTA jurisdictions during the quarter, or that the distance travelled during the quarter was reported by another licensee (including name).

32. If a carrier registered for IFTA in Alberta travels less than 8,000 kilometres per year in IFTA jurisdictions excluding Alberta (based on previous filing history), the carrier may make a written request of TRA for permission to file one annual return and make one annual payment. If permission is granted, the annual return and payment will be due on the last day of the month immediately following the close of the annual period.

33. For information on how to remit fuel tax to TRA, including information on the effective date of receipt of a payment, refer to the Making Payments page of our website.

34. Failure to file a return or remit fuel tax as and when required may result in a carrier's IFTA credentials being revoked and enforcement agencies in other IFTA jurisdictions begin advised of the carrier's changed status.

Back to Contents

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Reporting for Multiple Fleets

35. If a carrier registered for IFTA in Alberta has multiple fleets base-plated in more than one IFTA jurisdiction, special permission is required for reporting the distance travelled by all the fleets on one IFTA fuel tax return. A letter requesting permission should be submitted at the time of registration, and TRA will contact the other IFTA jurisdiction(s) to arrange approval for a consolidated return.

36. IFTA credentials may be requested by the carrier for each qualified motor vehicle base-plated in a non-IFTA jurisdiction.

Back to Contents

Reporting for Intra-Jurisdictional Travel

37. To include qualified motor vehicles operated exclusively within one jurisdiction in its fleet, a carrier registered for IFTA in Alberta may obtain IFTA decals for each intra-jurisdictional vehicle. Once the intra-jurisdictional vehicles are decaled, the carrier must report all fuel purchases and distance travelled for the vehicles, even if no vehicles left the jurisdiction.

Back to Contents

Licensing and Reporting by Lessors/Lessees and Household Goods Carriers

38. A lessor who is regularly engaged in leasing or renting motor vehicles without drivers may obtain an IFTA fuel tax licence by filing an application and receiving approval from the lessor's base jurisdiction.

39. For short-term leases of 29 days or less, a lessor (other than a lessor who is an independent contractor) is required to report and pay the fuel tax unless there is a written lease or contract designating the lessee as the person responsible for reporting and paying the fuel tax. The lessor must also retain a copy of the lessee's IFTA fuel tax licence that is valid during the term of the lease. However, if the lessor is an independent contractor, then the lessor must report and pay the fuel tax.

40. For lease periods greater than 29 days, the lessor (including a lessor who is an independent contractor) and lessee may designate which party will be responsible for reporting and paying fuel tax. However, if no designation is made, the lessee will be responsible for reporting and paying the fuel tax to the lessee's base jurisdiction (regardless of where the respective qualified motor vehicle is registered for vehicle registration purposes).

41. However, if the lessee is a household goods carrier, the person responsible for reporting and paying fuel tax will be

    - the lessee if the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority, or
    - the lessor if the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority.

    In either case, the base jurisdiction of the vehicle will be the base jurisdiction of the person responsible for reporting and paying the fuel tax regardless of the jurisdiction in which the vehicle is registered for vehicle registration purposes.

42. A lessor or lessee is not required to file a copy of a particular lease or contract, but such documents must be made available to TRA upon request.

Back to Contents

Assessments

43. A notice of assessment will be issued to a carrier registered for IFTA in Alberta if changes have been made to the IFTA fuel tax return during processing. The notice will set out any balance due or refundable, including a balance resulting from a calculation error.

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44. TRA may issue an assessment in respect of estimated tax that should have been paid by a carrier if the carrier has not filed an IFTA fuel tax return as and when required. TRA may reassess a carrier for adjustments made during an audit, or because of new information provided to TRA.

Back to Contents

Refunds

45. A carrier registered for IFTA in Alberta may claim a refund on an IFTA fuel tax return for any overpayment of tax in a reporting period. A refund will be issued once TRA has determined that tax liabilities to all IFTA jurisdictions, including any outstanding audit assessments, have been paid and all IFTA fuel tax returns have been filed on time.

46. Refunds will normally be paid within 90 days after receipt of a request for payment from the carrier. Otherwise, TRA will pay interest from the date the refund was due until the date the refund is paid.

Back to Contents

Rebates of Fuel Tax Paid by Farmers

47. A farm-plated qualified motor vehicle travelling in IFTA jurisdictions must use clear diesel fuel, rather than marked gasoline or diesel, to be approved for IFTA credentials. Rebates of fuel tax paid on clear diesel used in Alberta may be claimed through TRACS. For additional information on how a farmer may apply for a fuel tax rebate, refer to 'Rebate of Tax Paid by a Consumer' section of Information Circular FT-4, *Alberta Fuel Tax Exemptions, Refunds and Rebates*.

Back to Contents

Interest and Penalties

48. If an IFTA fuel tax return or payment is not received by TRA as and when required, interest may be assessed on any fuel tax owing to any jurisdiction from the due date to the date when both the return and payment have been received. Interest is charged using a quarterly adjusted rate calculated as the average interest rate, rounded up, on 90-day Canadian federal treasury bills during the first month of the preceding quarter, plus two per cent.

49. Interest is calculated on the principal amount owing from the date the amount was due to the date the amount is paid. If an amount is overdue on the first day of a month, a complete month's interest is added to the balance due.

50. Interest is not calculated on any overpayments to jurisdictions. When interest is calculated, there is no set-off among the amounts due to, and from, the various jurisdictions.

51. If a carrier registered for IFTA in Alberta fails to file an IFTA fuel tax return, or files a return late (including a nil return and a return reporting a refund due), TRA may assess the carrier with a penalty of $50 or 10 per cent of unpaid tax, whichever is greater.

52. TRA is authorized to waive penalties assessed against a carrier registered for IFTA in Alberta if extraordinary circumstances prevented the carrier or its agent from complying with the *Fuel Tax Act* or the IFTA Articles of Agreement. For additional information on waivers of penalties, including the various circumstances in which penalties may be waived and the process for applying for a waiver, refer to Information Circular FT-3, *Administration of the Alberta Fuel Tax Program*.

53. In general, interest will not be waived under the IFTA program. However, interest in respect of Alberta fuel tax may be waived if a carrier registered for IFTA in Alberta can demonstrate that the IFTA fuel tax return was filed late because of misinformation given to the carrier by TRA.

Back to Contents

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Objections and Appeals

54. A carrier registered for IFTA in Alberta who disagrees with an assessment or reassessment issued by TRA should first contact TRA for an explanation, as many disputes can be resolved through discussion or exchange of additional information. However, if the dispute cannot be resolved through discussion with TRA and the carrier still disagrees with the basis of the assessment or reassessment, the carrier may formally object by filing a Form AT4762, "Notice of Objection" within 90 days from the date of mailing of the assessment or reassessment. An objection may be filed on paper or through the TRACS.

55. If an assessment or reassessment is confirmed or varied by TRA further to an objection and the carrier disagrees with the decision of TRA, the carrier may appeal to the Court of King's Bench of Alberta within 90 days from the date the notice confirming or varying the assessment or reassessment was mailed.

56. For additional information on filing an objection or appeal, refer to Information Circular FT-3, *Administration of the Alberta Fuel Tax Program*.

Back to Index

Enforcement of IFTA Terms

57. To ensure that the terms of IFTA are met by various interjurisdictional carriers, TRA and peace officers appointed for the purpose of enforcing the *Fuel Tax Act* are authorized to

- inspect or audit the records of a carrier registered for IFTA in Alberta to confirm that the correct amount of Alberta fuel tax has been paid,
- demand, through a search warrant or court action, information necessary to determine the amount of fuel tax payable,
- assess or reassess any tax or penalties payable within four years from the end of the calendar year in which the tax or penalties became payable,
- assess interest on unpaid tax,
- initiate legal action to recover any taxes, penalties or interest payable,
- assess against a person a penalty equal to 50 per cent of tax owing if, in TRA's opinion, the amount is owing because of neglect, carelessness, wilful default, fraud or evasion by or committed by, or on behalf of, the person, and
- require a carrier registered for IFTA in Alberta to provide security if the carrier has not filed timely reports or paid fuel tax as required, or if TRA determines that security is needed to protect the interests of other IFTA jurisdictions.

58. A carrier registered for IFTA in Alberta who makes false statements, destroys required records, makes false or deceptive entries in records, or wilfully evades compliance with the *Fuel Tax Act* is guilty of an offence. In addition to any other penalty that may be imposed, the carrier is liable to a fine up to 300 per cent of any tax evaded or sought to be evaded, or liable to that fine and a term of imprisonment up to two years.

59. A carrier who fails to submit an IFTA fuel tax return or to provide information as and when required is guilty of an offence and liable to a fine of $50 for each day of default.

Back to Contents

Record Keeping Requirements

60. A carrier registered for IFTA in Alberta must maintain records that support the information reported on the IFTA fuel tax return. Separate records must be maintained for tax-exempt fuel and for taxable fuel. Such records may include, but are not limited to:

- detailed distance records for each vehicle, for each jurisdiction in which each vehicle operates,
- taxable and non-taxable uses of fuel, and
- distances travelled for taxable and non-taxable use.

61. Vehicle distance information must include the following information:

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- start and end dates of each trip,
- origin of each trip and destination, including city, and province or state,
- either routes of travel on each trip or beginning and end odometer readings for each trip,
- total kilometres travelled for each trip,
- distance by jurisdiction,
- vehicle unit number or vehicle identification number,
- vehicle fleet number; and
- the carrier's name.

62. The carrier is required to maintain complete records of all fuel purchases, with separate totals for each fuel type. Such records must contain the following:

- date of purchase,
- name and address of the seller,
- number of gallons or litres purchased,
- type of fuel purchased,
- price per gallon or litre,
- unit number of the vehicle into which the fuel was placed, and
- purchaser's signature.

63. Acceptable fuel receipts include an invoice or credit card receipt. Invoices and receipts that contain alterations or erasures are not acceptable.

64. A carrier who maintains a bulk fuel storage facility should base the IFTA tax calculations on fuel withdrawals from the facility instead of on fuel purchases delivered to the facility. The following records should be maintained to support each withdrawal:

- date of withdrawal,
- number of gallons or litres withdrawn,
- fuel type, and unit number of the vehicle into which the fuel was placed.

Also to be kept are purchase and inventory records proving that tax was paid on all bulk fuel purchases.

65. The records referred to above are to be kept for a period of four years from the due date of the IFTA fuel tax return or the date it was filed, whichever is later. Records must be made available upon the request of any IFTA jurisdiction. Not providing records as required extends the four-year retention requirement until the records are provided.

66. Records are to be kept in Alberta, unless written permission has been provided by TRA for a particular carrier to keep the records elsewhere. Permission to keep records outside of Canada will only be provided on the condition that the records are shipped at the carrier's expense to Alberta for inspection or audit when requested, or the carrier agrees to pay the travel costs of auditors to inspect or audit the records where they are kept.

Back to Contents

Audits

67. In each five-year period, TRA audits a minimum of 15 per cent of all IFTA carriers for the purpose of verifying fuel purchases and distances travelled as reported on the Alberta IFTA fuel tax return. Audits are conducted by TRA on behalf of all IFTA jurisdictions.

68. Prior to conducting an IFTA audit, an auditor will contact the carrier by phone to arrange an acceptable date to begin the audit. At that time, the auditor will indicate the periods to be audited and the records to be reviewed. Then the auditor will send a formal letter to the carrier to confirm the audit dates, the periods to be audited and the record requirements. When an auditor is required to travel outside of Alberta to review records not located or not made available in Alberta, the carrier is billed for the auditor's travel expenses incurred in the completion of the audit.

69. At the beginning of an audit, the auditor holds an opening conference with the carrier to discuss operations, reporting methods, audit and sampling procedures, and records to be reviewed, which may differ from those requested initially. As the audit progresses, there is open communication between the auditor and the carrier. An exit conference is held with the carrier to explain the preliminary findings, recommendations for ongoing compliance and the right to object.

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70. TRA notifies the carrier by letter of the audit findings. From the date of the notice of reassessment, the carrier has 30 days to make a payment and 90 days to object to the reassessment. For additional information on filing a notice of objection, refer to the 'Objections and Appeals' section.

71. TRA submits its audit reports to all IFTA jurisdictions. While it is not common practice, a carrier's audit findings may be re-examined by another jurisdiction if the audit report raises questions of concern to the respective jurisdiction. An IFTA jurisdiction may re-audit, at its own expense, a carrier after notifying both the carrier and its base jurisdiction of reasonable cause for the re-audit. All re-examinations must be based exclusively on the audit sample period used by the base jurisdiction in conducting its original audit.

Back to Contents

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