IFTA LICENSING

WHAT IS "IFTA"?

The International Fuel Tax Agreement (IFTA) is an agreement between jurisdictions to simplify the reporting of motor fuel taxes. Under this agreement, a quarterly fuel use tax return is filed representing miles traveled, fuel purchased and used, and taxes/credits due in each member jurisdiction. The base jurisdiction then distributes the funds to each affected jurisdiction according to information contained in the quarterly fuel use tax return. A complete listing of the IFTA jurisdictions can be found on the IFTA website at www.iftach.org.

HOW DO I DETERMINE MY BASE JURISDICTION?

Your base jurisdiction is determined by your answers to the following questions:

1. In what state/province do you have an established place of business?
2. Where do you maintain the operational control and operational records for your qualified motor vehicles? Where can you make the records available?
3. In what jurisdiction is your qualified motor vehicle(s) registered under the IRP?

Please remember that in order for a jurisdiction to be designated as the base jurisdiction, there must be some accrued travel in the jurisdiction by the qualified motor vehicles within the fleet.

QUALIFIED MOTOR VEHICLE

A qualified motor vehicle is a motor vehicle used, designed, or maintained for transportation of persons or property having:

1. Two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or
2. Having three or more axles regardless of weight; or
3. Is used in combination, when the weight of such combination exceeds 26,000 pounds, or 11,797 kilograms gross vehicle or registered gross vehicle weight.

Qualified Motor Vehicle does not include recreational vehicles unless they are used in conjunction with any business endeavor. Recreational vehicles are vehicles such as motor homes, pickup trucks with attached campers and buses when used exclusively for personal pleasure by an individual.

EXEMPT VEHICLES

In addition to the exemption for recreational vehicles allowed by the IFTA Articles of Agreement, the following vehicles are exempt in the State of Alabama:

- Any motor vehicle owned and operated by any department, board, bureau, commission, or taxing area or other agency of the federal government;
- Any motor vehicle owned and operated by any department, board, bureau, commission, or taxing area or other agency of the State of Alabama or any political subdivision thereof;
- Any school bus operated by the State of Alabama, or any political subdivision thereof, or any private or privately operated school or schools.

Please refer to the IFTA website at www.iftach.org for vehicle exemptions in each IFTA jurisdiction.

LICENSE APPLICATION PROCEDURES

To receive IFTA credentials (license and decals), complete an IFTA license application form (MV:IFTA-1), and submit it to the MCS office. If any information is omitted from the license application, the application will be returned, thus delaying processing. Credentials will be issued provided all quarterly fuel tax returns have been filed, and all liabilities have been paid. Upon approval of the completed application, IFTA credentials will be mailed within thirty (30) days. Temporary permits may be requested while waiting for the credentials to be issued, however temporary permits are not available for renewal vehicles.

A carrier will not be issued IFTA credentials from Alabama if the carrier was previously licensed in another IFTA jurisdiction, and the license is under suspension or revocation.

POWER OF ATTORNEY FORMS

A Power of Attorney form must be completed annually if a licensee prefers a Reporting Service to fulfill its responsibility for filing tax returns, receiving confidential tax information, and paying liabilities. The filing of the Power of Attorney does not relieve the licensee of the legal obligation associated with the IFTA license. The licensee is ultimately responsible for the reporting and payment of taxes as well as acts of omissions of the Reporting Service. The application must be signed by the owner, all partners, a corporate officer listed in the corporate charter, or person holding power of attorney for the licensee. Applications will be returned for improper signatures.

GRACE PERIOD

The IFTA license year is January 1 through December 31. IFTA allows carriers a two-month grace period (January and February) to display the renewal IFTA decals on all qualified motor vehicles in the fleet.

Carriers renewing credentials may operate with the new IFTA decals and license one month (December) prior to the effective date shown on the credentials. However, those carriers are responsible for filing a fourth quarter tax return for the previous license year, including the last month of the fourth quarter. Carriers must have the current and new license available until the effective date of the new license.

ACCOUNT IDENTIFICATION NUMBER

The account identification number is determined by using the prefix designated for Alabama (AL) followed by the licensee's nine (9) digit taxpayer identification number (TIN). The TIN should be the Federal Employee Identification Number (FEIN) issued by the Internal Revenue Service (IRS). All business entities should have a FEIN. If a FEIN is not available, a Social Security Number (SSN) of the individual, owner or company officer will be used. The licensee must notify the Alabama MCS office in writing regarding any changes to the licensee's TIN. The IFTA account identification number should be included in all correspondence submitted to the MCS Section.

IFTA LICENSE

A new IFTA license will be issued annually to each IFTA licensee. The license is valid for the calendar year January 1 through December 31. Licensees are to make legible photocopies of the original license and place one in each of the qualified motor vehicles. The original should be used to make additional copies when adding a qualified motor vehicle to the fleet during the license year. If a carrier is found operating a qualified motor vehicle without an IFTA license in the motor vehicle, the vehicle operator will be subject to a citation, and court fines.