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## Introduction

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The International Fuel Tax Agreement (IFTA) is an agreement among states to simplify the reporting of fuel taxes by interstate motor carriers. IFTA reporting significantly reduces the paperwork and compliance burdens for fuel use tax reporting on motor vehicles.

### **Advantages of IFTA Membership**

- A single fuel tax license, which authorizes your vehicles to travel in all IFTA member jurisdictions.
- A single tax report, which provides detail about your operation in each of the IFTA member jurisdictions.
- Comprehensive audits on behalf of all member jurisdictions instead of numerous individual audits.

You may obtain an IFTA license in New Mexico *if you are a New Mexico based motor carrier (with apportioned registration in New Mexico) and have IFTA qualified motor vehicles.*

### **Base Jurisdiction**

“Base Jurisdiction” means the jurisdiction where qualified motor vehicles are based for vehicle registration purposes, and

1. Where the operational control and operational records of the licensee’s qualified motor vehicles are maintained or can be made available; and
2. Where 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 several fleets that would otherwise be based in two or more jurisdictions.

If you have apportioned registration for IFTA qualified vehicles in New Mexico, you must have an IFTA account in New Mexico, unless an IFTA consolidation has been requested and approved.

### **IFTA Qualified Vehicles**

A *qualified motor vehicle* is a motor vehicle (or combination of vehicles) used, designed, or maintained for the transportation of persons or property and includes the following configurations:

- Two axles and gross vehicle weight exceeding 26,000 pounds;
- Two axles and registered weight exceeding 26,000 pounds;
- Three or more axles regardless of weight; **or**
- A combined vehicle weight exceeding 26,000 pounds.

The definition concerning the number of axles applies only to axles on the power unit, regardless of any trailing units. A power unit with two axles, pulling a trailing unit, with a combined gross or registered weight of less than 26,001 pounds is not a qualified motor vehicle. The first three definitions of a qualified motor vehicle refer only to the power unit. The fourth definition refers to the combination of the power unit and the trailer unit.

A qualified motor vehicle does not include recreational vehicles. A vehicle not meeting the definition of a qualified motor vehicle is not IFTA qualified and is neither issued an IFTA decal nor included on IFTA fuel tax returns.

### **All 48 contiguous US States and most Canadian provinces are members of IFTA.**

This manual will further explain your responsibility as a participant of IFTA. If you have questions concerning IFTA after reading this manual, please contact the New Mexico Motor Vehicle Division’s **Commercial Vehicle Bureau** at 1-888-683-4636 or visit our Motor Vehicle Division web site at: <http://www.mvd.newmexico.gov>

Suggestions about the content of this manual are also welcomed.

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## **Application for License**

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New Mexico is a weight distance state and requires IFTA license applicants to be IRP registered. Before applying for an IFTA license for any New Mexico based qualified motor vehicle, the registered owner or lessee of the vehicle must have a New Mexico Tax Identification Card for the current year.

### **Application for Licensing/Renewal**

To receive your IFTA license and decals, send or deliver a completed application, with the appropriate fees, to the Commercial Vehicle Bureau (CVB), 2546 Camino Entrada Santa Fe NM 87538 or any Motor Vehicle Division Field Office. (See application form and instructions, later in this manual.)

After your first IFTA license and decals, you will be mailed a renewal application in December of each year, if your account is in good standing. Complete the application renewal and return it with the appropriate fees to the Commercial Vehicle Bureau at address listed above. Your new IFTA license and decals will be mailed to you. (See application and renewal form and instructions later in this manual.)

The carrier will not be issued IFTA credentials from New Mexico if the carrier was previously licensed in another IFTA member jurisdiction and the carrier's license is under suspension or has been revoked by that member jurisdiction.

The CVB will not issue a license if the license application contains misrepresentations, misstatements, or omits required information. The CVB will not issue an IFTA license if the carrier has any outstanding liabilities or non-filed reports for motor carrier taxes and fees.

### **Account Identification**

If you are a corporation or partnership, your account number will be the prefix designated for New Mexico (NM) followed by your nine (9) digit Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service. (Example: NM 123456789) If you are an individual and not required to have a FEIN, your account number will be the prefix as designated above followed by your social security number.

If an application for FEIN has been filed, but not processed by the IRS at the time an IFTA license application is filed, it is the licensee's responsibility to notify the CVB in writing when the FIEN is assigned.

### **License**

We will issue one IFTA license for your fleet of vehicles. The license is valid from January 1 through December 31. Make photocopies of the license and place a copy in each qualified IFTA qualified motor vehicle. Failure to present a copy of the license may subject the vehicle operator to the purchase of a trip permit and/or citation. Place the original license in a safe place for future use. (See IFTA license later in this manual.)

### **IFTA Decals**

There is a \$3.50 fee for each set of two decals ordered. (See IFTA decal example later in this manual.) You may purchase extra decals for any vehicles that you may add to your fleet or to replace lost decals. (See New Mexico IFTA Renewal Coupon and Decal Request form later in this manual.) You must display an IFTA decal on both sides of the truck, tractor, or bus. *Decals for the New Year may be displayed as early as December 1<sup>st</sup>.* Failure to display the IFTA decal may subject the vehicle operator to the purchase of a trip permit and/or citation.

### **Temporary IFTA Permit**

A 30-day temporary IFTA permit may be issued to a current licensee in good standing. (See example of Temporary Permit, later in this manual.) This temporary permit is to be used in lieu of display of the permanent annual decals. Its purpose is to give the carrier adequate time to receive and affix the permanent decals on an added vehicle. The temporary permit is not intended to replace the need to renew in a timely

manner. This vehicle –specific permit will be valid in all member jurisdictions. The temporary permit does not have to be displayed, but must be carried in the vehicle.

### **Bonding/Guarantees**

You do not usually need to post a bond with the Department; however, you may be required to post a bond when a licensee has failed to file timely reports, when tax has not been paid, or when an audit indicates a guarantee is necessary to protect the interest of the state.

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## **Tax Reporting/Refunds/Credits**

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### **Quarterly Reporting**

You must report fuel taxes four times each year. Reporting quarters and due dates are as follows:

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

We will send tax returns 30 days before each due date. If you do not receive your IFTA Quarterly Tax Return, Form MTIFTC, contact Tax Return Assistance at 1-888-683-4636. You are still required to file the return by the due date. You must report each quarter even if you do not have taxable fuel or travel in IFTA jurisdictions.

Current tax rates for all jurisdictions can be found on the IFTA website at [www.iftach.org](http://www.iftach.org).

### **Late Reporting (Penalties and Interest)**

Effective April 1, 1998, the penalty for filing a late return, for failure to file a return, or for underpayment of taxes due, is \$50 or 10 percent of the tax due, whichever is greater.

The interest for late payments is 12 percent per annum, or 1 percent per month or partial month, for all member jurisdictions. Interest on refunds is paid at the 12 percent annual rate, prorated for each day past 90 days that the refund claim has been filed and determined to be properly due.

To avoid penalty for late filing, the tax return must be postmarked no later than midnight on the last day of the month following the close of the filing period. If a return is hand delivered, it shall be considered filed and received on the date that it was delivered to the New Mexico Taxation & Revenue Department. If due on a weekend or holiday, the return is due on the next business day.

### **Measurements**

New Mexico filers must report fuel amounts and miles traveled in U.S. measurements. Use the conversion table below. Round your totals to the nearest gallon or mile.

One Liter	=	0.2642	Gallons
One Gallon	=	3.785	Liters
One Mile	=	1.6093	Kilometers
One Kilometer	=	0.62134	Miles

### **Tax Exempt Mileage**

IFTA exempts miles from fuel tax when your vehicles operate under a fuel trip permit.

In New Mexico, off-highway miles are considered taxable under IFTA. Nontaxable miles must be documented in order to be claimed. For example, off-highway miles need to be indicated separately from on-highway miles on your detailed Individual Vehicle Mileage Records (IVMRs). See record keeping

requirements for further information. Exempt miles (under a fuel trip permit) are included in your total miles for computing miles per gallon (MPG), included in each jurisdiction's total miles and are excluded from taxable miles.

Licensees must submit claims for refund for tax paid on tax-exempt fuel directly to the respective jurisdiction.

### **Tax Exempt Fuel**

The amount of the exemption varies among IFTA jurisdictions. In New Mexico, the amount of the exemption and the documentation required for the exemption are governed by New Mexico State Statute 7-16A-11, Regulations 3NMAC 20.11.8 to 3NMAC 20.11.13.

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## **Failure to File/Revocations/Cancellations**

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### **Failure to File/Revocation**

If you do not pay on time, do not pay your taxes in full, do not file a tax return, or do not comply with IFTA record keeping requirements, your fuel license or user permit may be revoked. You will be given notification by mail if revocation is about to occur. You cannot operate vehicles in your fleet while your license or user permit is revoked. New Mexico law enforcement agencies and other IFTA jurisdictions will be notified of your license or user permit revocation.

### **Reinstatement**

To reinstate your revoked fuel license you must satisfy the requirements leading to its revocation, such as filing all missing returns and paying all amounts due, including interest and penalties. In addition, you may be required to file a new application form, listing current information about the operation of your business.

### **Cancellation**

You may cancel your IFTA account if you no longer operate qualified motor vehicles in or through two or more IFTA jurisdictions. To request the cancellation of your IFTA license, complete the tax return for the last quarter. On the report, mark the cancellation request in the space provided and return your original IFTA fuel license and unused decals. (See example of IFTA Tax Return, later in this manual.) New Mexico auditors may conduct an exit audit of your records before you close your account.

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## **Record Keeping Requirements**

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### **Record Retention**

You must retain records to support the information reported on quarterly tax returns for four years, from the due date of the return or filing date, whichever is later. Records may be kept on microfilm or microfiche.

### **Individual Vehicle Mileage Records and Summaries**

Acceptable records must contain mileage data on individual vehicles for each trip. Mileage recaps must also be maintained, stating miles for each vehicle for each jurisdiction in which the vehicle operated. Records must also show the taxable and nontaxable usage of fuel as well as miles traveled for taxable and nontaxable use. Individual Vehicle Mileage Records (IVMR's) must include the following:

- Date of trip (starting and ending)
- Trip origin and destination
- Routes of travel
- Beginning and ending odometer or hubometer readings
- Total trip miles
- Mileage by jurisdiction
- Unit number or vehicle ID number
- Vehicle fleet number
- Registrant's name

### **Fuel Records**

You must maintain complete records of all fuel purchased, received, and used. Taxable fuel reported as part of IFTA must be compiled separately for each fuel type. Records for bulk purchases are to be maintained separately. Fuel records must contain the following:

- The date of each receipt of fuel
- The name and address of the person from whom purchased or received
- The number of gallons received
- The type of fuel
- The plate or ID number of the vehicle or equipment into which the fuel was placed

### **Bulk Storage Fuel**

Bulk fuel is normally delivered into your storage facilities. The term "bulk fuel" can also describe mobile storage facilities such as mobile tanks used for fueling other pieces of equipment. Fuel tax may or may not be paid at the time of delivery, depending on whether dyed or undyed fuel was purchased.

Records must distinguish fuel placed into qualified vehicles from other uses.

### **Over The Road (OTR) Purchases**

OTR purchases must be supported by receipt or invoice, a credit card receipt or automated vendor generated invoice or transaction listing, and must be retained by the licensee showing evidence of such purchases and tax having been paid. These records may be kept on microfilm, microfiche or other computerized or condensed record storage system that meets the legal requirements of New Mexico.

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### **Tax-Paid Purchases**

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#### **Receipt Documentation**

In order for you to receive credit for tax-paid purchases, you must retain receipt or invoice; credit card receipt; or microfilm/microfiche of the receipt or invoice.

#### **Receipt Content**

1. An acceptable receipt or invoice for tax-paid purchases taken as a credit must include, but is not limited to, the following:
  - Date of purchase

- Seller's name and address
- Number of gallons purchased
- Fuel type
- Price per gallon or total amount of sale
- Unit numbers
- Purchaser's name

Be sure your vendor issues you a correct invoice with the above information. The invoices must show that the fuel tax was paid in order to support the credit taken on your return for "tax-paid gallons".

2. For withdrawals from customer-owned, tax paid storage, credit may be obtained if the following detailed records are kept:
  - Date of withdrawal
  - Number of gallons
  - Fuel type
  - Equipment Unit number
  - Purchases and inventory records to show that tax was paid on all bulk purchases
3. The requirement of unit numbers for fuel taken from your own bulk storage and placed in your qualified motor vehicles may be waived upon request. (See the introduction of this manual for a definition of IFTA qualified vehicles). You must show that adequate records are kept to distinguish qualified from non-qualified vehicles for all IFTA jurisdictions.

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## **Audits**

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Every IFTA license holder is subject to audit. If you are selected for an audit, the Taxation & Revenue Department will contact you prior to audit. Any questions pertaining to an audit should be directed to the Commercial Vehicle Bureau Audit Section, New Mexico Taxation & Revenue Department at (505) 841-6370.

If you do not make records available 30 days after written notification or do not maintain records from which the true liability may be determined, the Taxation & Revenue Department may estimate your liability. The estimate may be based on filing history, records received from third parties, industry data, or flat standard amounts (such as MPG of 4.0). The estimate is a final determination unless, in an appeal, you can show that the estimate is wrong in light of the information available.

After completion of the audit, the findings will be reported to you in writing. A copy of the findings will also be sent to any member jurisdiction affected by the audit. New Mexico will collect any tax, penalty, and interest owed to all member jurisdictions.

If your records are not kept in New Mexico, you may be required to pay for all travel expenses incurred by auditors in retrieving your records.

### **Hints to Taxpayers**

Because of the rules associated with being a member of IFTA, the State of New Mexico is required to audit three percent of its IFTA accounts per year. This means that the chances of being audited are higher than what one might expect. You need to keep accurate records in order to avoid tax assessments and should have original documents supporting miles traveled in each jurisdiction, as well as original fuel receipts. These records are required to be maintained for a minimum of four years.

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## **Appeal Procedures**

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You may appeal any action or audit issued by the Taxation & Revenue Department for any member jurisdiction. You must file your appeal in writing within 30 days after a statutory notice of the original findings has been sent to you, or when payment is made. If the appeal is not made within 30 days, or at the time of payment, the findings will be considered final.

If you appeal the assessment for more than one IFTA member jurisdiction, New Mexico will participate in the appeal process on behalf of the other member jurisdictions.

Hearings will be held expeditiously, but may be continued for reasonable cause shown by either party. The Taxation & Revenue Department will provide written notification of the time and place of the hearing.

We will notify you of the findings of fact and ruling on the appeal. In the case of an audit, if you still disagree with the findings, you may request any or all member jurisdictions to audit your records. Each jurisdiction then may elect to accept or deny the request.

Jurisdictions auditing your records will audit only their portion of your operation. You must make records available at a place designated by the requesting member jurisdiction.

You may appear in person or be represented by counsel at a hearing. You may produce witnesses, documents, or other pertinent information to substantiate the appeal.

Further appeal of any jurisdiction member findings will proceed in accordance with the state laws.

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## **ADDRESSES AND NUMBERS**

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Send all applications to:

**Physical Address:**

Commercial Vehicle Bureau  
2546 Camino Entrada  
Santa Fe, New Mexico 87507

**Mailing Address:**

Commercial Vehicle Bureau  
PO Box 5188  
Santa Fe, New Mexico 87502-5188

**Numbers:**

Phone: **1- 888- 683-4636**

Fax: **1- 505-476-1570**  
**1- 505-476-1571**

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## **Forms**

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