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MOTOR FUEL TAX BULLETIN 2008-01

Issued: May 28, 2008

Changes in Disposition of IFTA Decals

Introduction/Reminder

Motor carriers are reminded that when any changes in the circumstances surrounding the original issuance of an International Fuel Tax Agreement ("IFTA") license and the underlying decals for that license, the party to whom the IFTA license was issued must notify the Pennsylvania Department of Revenue's Bureau of Motor Fuel Taxes ("BMFT") of such changed circumstances.

Responsibility For Notification

Once you establish an IFTA account, you must notify the BMFT, in writing, of any changes to your account including, but not limited to, account cancellations, address changes, changes to the use of issued decals, etc. The account is your responsibility. See 75 Pa.C.S. § 9610.

Proper recordkeeping requires both maintaining proper records for vehicles under your control or ownership, as well as notifying the BMFT when things such as decals and license identification cards (i.e., cab-cards) pass from your control or become unrecoverable. For example, when a vehicle to which IFTA decals have been affixed is sold, traded, or otherwise disposed of by the operator, or passes from control of the operator through lease or otherwise, the motor carrier must notify the BMFT within thirty days after the vehicle leaves the licensee's service. See, e.g., 61 Pa.Code § 313.9.

Proper notification must include the taxpayer/carrier's account number, tractor registration plate number, the date of disposition change, and the name and address of the person having possession of the vehicle. This notification should be mailed, faxed, or emailed to the BMFT using the contact information below. The licensee need not mail the cancelled decals to the BMFT; rather, the decals themselves, if recoverable, should remain in the licensee's files for at least four years for auditing purposes.

Tax Liability Remains With Licensee Until BMFT Notified Of Change In Disposition

The licensee to whom the identification card and decals were issued shall be liable for taxes applicable to the operations of the vehicles licensed until the date the BMFT receives proper notification of disposition or loss of control of the vehicles licensed. See 61 Pa.Code § 313.9. However, if the BMFT receives proper notification of vehicle disposition or loss of control of the licensed vehicles within thirty days of disposition or loss of control, the licensee's liability for such vehicles will terminate upon the date of disposition or loss of control.

In the case of a carrier involved in leasing agreements, please recall the *IFTA Agreement Manual*, which states:

In the case of a carrier using independent contractors under long-term leases (30 days or more), the lessor and lessee will be given the option of designating which party will report and pay fuel use tax. In the absence of a written agreement or contract, or if the document is silent regarding responsibility for reporting and paying fuel use tax, the lessee will be responsible for reporting and paying fuel use tax. *IFTA Agreement Manual: R530.200.*

In any event, the party ultimately deemed responsible for the decals shall be the party required to account for any taxes due the Commonwealth for the activity of the decaled vehicles. Such responsibility for tax liability may include the statutory assessment of four miles per gallon ("4 MPG") for inadequate recordkeeping. See 75 Pa.C.S. § 9609.

Disposition Of Cancelled Decals

Decals *cannot* be transferred from one vehicle to another or from one company to another. You must remove your decals and keep them with your files for four years for auditing purposes. Once decals are removed from a vehicle they are considered void. Similarly, once a decaled/licensed vehicle passes control from one taxpayer to another, the decals and license are immediately voided, unless otherwise provided for by statute.

Disposition Of Unused Decals

Decals that are purchased but unused during the registration year should be kept in the licensee's files for four years for auditing purposes. Unused decals may not be used by any vehicle other than those vehicles employed by or leased to the original licensee.

Evidence In Lieu Of Notification

In the event that a carrier does not notify the BMFT of changes in disposition of decals, such a carrier may provide the Department with:

- (1) evidence of the carrier's written policy requiring cancelled decals to be returned and
- (2) physical evidence that the decals were removed.

Such evidence may be considered by the Department in determining whether any liability exists for unaccounted-for decals.

Contact Information For Changes In Disposition:

TEL: 1-800-482-4382

FAX: (717) 787-6261

MAILING ADDRESS:

PA Department of Revenue
Bureau of Motor Fuel Taxes
P.O. Box 280646
Harrisburg, PA 17128-0646

Please note that you can request an additional decal application by calling 1-800-482-4382 or visit our Web site at www.revenue.state.pa.us.

Authority For This Notice Reminder

The foregoing recordkeeping requirements are consistent with the following provisions of the *Pennsylvania Consolidated Statutes*, the *Pennsylvania Code*, and the *IFTA Agreement and Procedures Manuals*:

75 Pa.C.S. § 2101, "Construction"

75 Pa.C.S. § 2102, "Identification markers and license or road tax registration card required"

75 Pa.C.S. § 9602, "Definitions"
75 Pa.C.S. § 9603, "Imposition of tax"
75 Pa.C.S. § 9604, "Credit for motor fuel tax payment"
75 Pa.C.S. § 9610, "Records"
75 Pa.C.S. § 9613, "Penalty and interest for failure to report or pay tax"
75 Pa.C.S. § 9615, "Manner of payment and recovery of taxes, penalties and interest"
75 Pa.C.S. § 9615.1, "Examination of Records"
75 Pa.C.S. § 9616, "Determination, redetermination and review"
75 Pa.C.S. § 9621, "Regulations"

61 Pa.Code § 313.7, "Nontransferability"
61 Pa.Code § 313.9, "Cancellation for disposition of vehicle"
61 Pa.Code § 313.12, "Records of miles"
61 Pa.Code § 313.13, "Records of fuel"
61 Pa.Code § 313.14, "Substantiating evidence"

IFTA Agreement Manual, R530 – Independent Contractors
IFTA Agreement Manual, R660 – Non-Compliance
IFTA Procedures Manual, P160 – Certification
IFTA Procedures Manual, P500 et. seq. – Recordkeeping

Effective Date

This Tax Bulletin is effective immediately.