



DOR Motor Carrier

IFTA and IRP Audit Tips

Going through an audit can be stressful, especially if you are unsure or unaware of how to keep the proper records to stay in compliance. Throughout the years, the Indiana Department of Revenue (DOR) audit staff has seen various forms of noncompliance that have resulted in costly assessments for our customers.

The following list will be helpful in providing DOR audit staff the necessary documentation during an IFTA or IRP audit.

Distance Records

Distance records produced by a means other than a vehicle-tracking system that contain the following elements will be accepted as adequate:

- Beginning and ending dates of the trip to which the records pertain;
- Origin and destination of the trips;
- Routes of travel;
- Beginning and ending readings from the odometer, hubodometer, engine control module (ECM), or any similar device for the trip;
- Total distance of the trip;
- Distance traveled in each jurisdiction during the trip; and
- Vehicle Identification number (VIN) or vehicle unit number.

Distance records produced wholly or partly by a vehicle-tracking system, including a system-based GPS, that contain the following elements will be accepted as adequate:

- Original GPS or other location data for the vehicle; to which the records pertain;
- Date and time of each GPS or other system reading, at intervals sufficient to validate the total distance traveled in each jurisdiction;
- Location of each GPS or other system reading;
- Beginning and ending reading from the odometer, hubodometer, engine control module (ECM), or any similar device for the period to which the record pertain;
- Calculated distance between each GPS or other system reading;
- The route of the vehicle's travel;
- Total distance traveled by the vehicle;
- Distance traveled in each jurisdiction; and
- VIN or vehicle unit number.

Fuel Records

The specific records you need to maintain to receive credit for fuel taxes paid vary depending on if you purchased fuel at a retail fuel station or in bulk.

Retail fuel purchases include transactions where a licensee buys fuel from a retail station or from a bulk storage facility that the licensee does not own, lease or control. Fuel obtained from a bulk storage facility that you do not own, lease or control requires a retail receipt to obtain tax paid credit for fuel purchased.

Proof of the purchase must be provided to receive tax paid credit for retail fuel purchases. Proof of purchase can be shown by providing:

- A receipt, invoice, or transaction listing from the seller;
- A credit-card receipt;
- A transaction listing generated by a third party; or
- An electronic or digital record of an original receipt or invoice.

The retail receipt, invoice or transaction listing for a fuel purchase or withdrawal from a bulk facility that the licensee does not own must contain:

- The date of the fuel purchase or withdrawal from a bulk facility the licensee does not own;
- The name and address of the seller of the fuel (a vendor code, when properly identified, is acceptable for this purpose);
- The quantity of fuel purchased or withdrawn from a bulk facility the licensee does not own;
- The type of fuel purchased or withdrawn from a bulk facility the licensee does not own;
- The price of the fuel per gallon or per liter, or the total price of the fuel purchased or withdrawn;
- The identification of the qualified motor vehicle into which the fuel was placed; and
- The name of the purchaser of the fuel (where the qualified motor vehicle being fueled is subject to a lease, the name of either the lessor or lessee is acceptable for this purpose, provided a legal connection can be made between the purchaser named and the licensee).

If you maintain a bulk fuel tank, retain the following records:

- Receipts for all deliveries;
- Quarterly inventory reconciliations for each tank;
- Capacity of each tank; and
- Bulk withdrawal records for every bulk tank at each location.

To receive tax paid credit for fuel purchases or for fuel withdrawn from a bulk fuel tank proof of the purchase must be produced. The receipt provided must show:

- The purchase price of the fuel delivered into the bulk storage, including tax paid to the member jurisdiction where the bulk storage is located; or
- That the licensee paid fuel tax to the member jurisdiction where the bulk storage is located.

Records for each withdrawal must contain:

- The location of the bulk storage from which the withdrawal was made;
- The date of the withdrawal;
- The quantity of fuel withdrawn;
- The type of fuel withdrawn; and
- The identification of the vehicle or equipment into which the fuel was placed.

Quarterly Summaries

You must maintain quarterly summaries for each vehicle in your fleet. Each vehicle summary should list the distance traveled and fuel placed into each vehicle by jurisdiction and in total. If you purchase fuel at retail stations and maintain a bulk fuel tank, your fuel summary must list the bulk fuel and retail fuel transactions separately for each unit in the fleet.

The summation of all vehicle summaries should match the reported distance and fuel figures on your IFTA return each quarter. The summaries of the four quarters of the Distance Reporting Period should match the reported distance on the IRP Application Schedule B.

You will need to provide separate IFTA and IRP summaries if you have:

- An IFTA vehicle that is not part of your IRP registered fleet; or
- An IRP-registered vehicle that is not part of your IFTA fleet.

Record Retention

For IFTA: All distance records, fuel records and quarterly summaries used to determine reported figures must be maintained for a period of four years from the due date or filing date of the return, whichever is later.

For IRP: All distance records and quarterly summaries used to determine reported figures must be maintained for the current registration and the three preceding registrations.

Other Records

It is strongly recommended that unused decals for each license year be retained for the entire record retention period. Unaccounted for decals may be subject to additional fuel use tax in an audit.

Audit Outcomes of Inadequate Records

If you are audited and your IFTA or IRP records are rated as inadequate the following adjustments will be made.

- Your reported or calculated miles per gallon will be reduced to 4.0 or reduced by 20%, which will result in increased consumption and tax due (IC 6-6-4.1-9 and IFTA Article P570).
- Any reported tax-paid credit gallons without a supporting fuel receipt(s) will be disallowed (IC 6-6-4.1-6 and IFTA Article P550).
- You will be assessed 20% of the apportionable fees paid for the registration year audited. (IRP Plan Article x-1015).

For more information visit the Indiana Department of Revenue's Motor Carrier Services website at mcs.dor.in.gov.