



How to Calculate
the
INTERNATIONAL FUEL TAX
AGREEMENT
QUARTERLY
TAX RETURN



INTRODUCTION

In an effort to assist you, the licensee, with successfully calculating and filing International Fuel Tax Agreement (IFTA) quarterly tax returns, this booklet contains instructions on completing the tax return form and avoiding some of the most common errors.

If you need further instructions or information pertaining to accurately calculating the IFTA tax return, please contact the Bureau of Commercial Vehicle and Driver Services at:



Go to www.iftach.org to obtain the IFTA tax rates.

MATHEMATICAL MISCALCULATIONS

The number one reason for an error on a tax return is simple mathematical miscalculation. Therefore, it is recommended that, in all instances, you double check your calculations before filing a tax return.

A minor error can cause an entire tax return to be calculated incorrectly and thereby create a costly mistake for the licensee. Tax returns with detected errors cannot be processed and will be returned to you for correction.

The IFTA quarterly tax return form HSMV 85921 along with the Florida Schedule 1 – IFTA Fuel Tax Computations form HSMV 85922, and the current tax rates are sent to all IFTA licensees at least thirty (30) days prior to the tax return due date.

DUE DATES

The DUE DATE for the quarterly tax return is the last day of the month immediately following the last day of the quarter for which the return is being filed. If the due date falls on a weekend or State holiday, the due date is the next business day.

TAX RETURN REPORTING QUARTERS	DUE DATES
January thru March	April 30
April thru June	July 31
July thru September	October 31
October thru December	January 31

FOR YOUR INFORMATION

Failure to receive the quarterly tax return form does not release the licensee from reporting obligations. A quarterly tax return **MUST** be filed even if the licensee does not operate or purchase fuel in any IFTA jurisdiction in any particular quarter.

The Bureau of Commercial Vehicle and Driver Services (BCVDS) uses the postmark date stamped by the post office to determine timeliness of your return.

If you are filing your tax return near the due date, it is suggested you take it to the post office and ask for the postmark cancellation stamp (indicating the date mailed) to be placed on the envelope containing the return.

NOTE: *Sometimes the post office will place the next day's postmark on mail placed in a drop box.*

IFTA TAX RETURN (HSMV 85921)
DETAILED INSTRUCTIONS

The following instructions start at the beginning of the International Fuel Tax Agreement Tax Return (form HSMV 85921) and continue section by section with detailed information on how to complete each area of the tax return, including the Florida Schedule 1 – IFTA Fuel Tax Computations (form HSMV 85922).

TAX PERIOD

When the tax return is mailed to you, the tax period will be pre-printed with the correct quarterly tax period. If you are filing taxes for a different period other than the one indicated on the pre-printed tax return, be sure to indicate the specific tax period in the “Tax Period” section for which you are filing.

DELINQUENT RETURN

When the pre-printed tax return is mailed to you, the tax period section will also indicate the delinquent date for the tax period.

ACCOUNT NAME AND ADDRESS

Your name and address will be on the tax return if a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type your correct account name and address in the space provided.

FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)

Your FEIN will be on the tax return, if a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type the correct FEIN on the line provided for FEI #.

NOTE: *The FEIN is your IFTA account number.*

CUSTOMER NUMBER

Your Customer # will be on the tax return, if a pre-printed tax return is mailed to you. If the form you are using is not a pre-printed form, please write or type the correct Customer # on the line provided.

RETURN TYPE

This section is located in the upper right hand corner of the tax return. You have 3 options in this section:

- ORIGINAL RETURN
- AMENDED RETURN
- FINAL RETURN

Only one of these 3 boxes should be check marked (☑) based on the following information:

ORIGINAL RETURN

Mark this box if it is the first (original) return filed for a particular tax quarter.

AMENDED RETURN

Mark this box if the return changes (amends) a tax return previously filed for a particular tax quarter.

FINAL RETURN

Mark this box if you are closing your business and this is the last (final) tax return you will file. (See NOTE on next page.)

NOTE: *If you are filing a final return, on the line below where you marked “Final Return” provide the date your operations ceased. Before your account is closed, all current IFTA decals and your license must be submitted to the BCVDS, or a notarized statement must be submitted indicating they have been destroyed.*

AMOUNT DUE

Line 10 (“Total Due With This Return”) can only be completed after the entire tax return has been computed. If you owe fuel tax, please make your check payable to the Division of Motorist Services. Include on your check, the word “IFTA”, the specific tax quarter (1st, 2nd, 3rd or 4th) and year (2016, 2017, etc.). Also, include your FEIN and Customer #.

NOTE: *If you are on a payment plan for fuel taxes that were assessed as part of an account audit, you should pay those taxes with a separate check, indicating your audit number, FEIN and Customer # on the check.*

NO OPERATIONS?

A quarterly tax return MUST be filed even if the licensee does not operate or purchase any taxable fuel in an IFTA member jurisdiction during the specific quarter. **Mark the box in this section and make certain you forward your tax return to the BCVDS.**

MILEAGE AND FUEL SUMMARY

(For Qualified IFTA Vehicles)

LINE 1 - FUEL TYPE

If your fleet includes vehicles which operate on fuel other than diesel, i.e., gasoline, propane, etc., you will need to separate your mileage and fuel records for each fuel type and enter them under the appropriate column(s). Since most licensees use diesel only, we will continue these instructions with that assumption.

LINE 2.A. - TOTAL MILES TRAVELED IN ALL JURISDICTIONS (IFTA and Non-IFTA)

Enter ALL of the miles your qualified IFTA vehicles ran during the quarter in both IFTA and non-IFTA jurisdictions. This figure is calculated by subtracting the odometer reading on each vehicle at the beginning of the quarter from the odometer reading at the end of the quarter. This should be the number recorded on your Individual Vehicle Mileage Report (IVMR) or your Quarter or Monthly Mileage and Fuel Purchase Recap sheets.

EXAMPLE

Odometer Ending Mileage	0150000 miles
Odometer Beginning Mileage	<u>0127000 miles</u>
TOTAL	23000 miles

Enter on Line 2.A. - 23000 miles

LINE 2.B. - TOTAL GALLONS OF FUEL PLACED IN QUALIFIED VEHICLES FOR ALL JURISDICTIONS (IFTA AND NON-IFTA)

Enter the number of gallons of fuel placed into the fuel tanks of all your qualified IFTA vehicles on this line.

EXAMPLE

You Total the Fuel Receipts for the Quarter and the Calculation Equals 4340 gallons

Enter on Line 2.B. - 4340 gallons

Note: Round the total gallons to the nearest whole number.

LINE 2.C. – AVERAGE MILES PER GALLON (LINE 2.A. / 2.B.)

This is the section of the return where you calculate the miles per gallon (mpg) for your vehicle/fleet by dividing Line 2.B. into Line 2.A. Enter the resulting figure on Line 2.C. **Calculate this figure using 3 decimal places and then round the figure back to 2 decimal places.**

EXAMPLE

(calculate 3 decimal places and round to 2 decimal places)

	5.30	
	5.299	<i>miles per gallon (mpg)</i>
4340	23000.000	<i>miles traveled</i>

SCHEDULE 1 – IFTA FUEL TAX COMPUTATIONS (HSMV 85922)

After you complete the Mileage and Fuel Summary portion of the tax return, including calculation of your vehicle/fleet mpg, you can start entries on the Schedule 1 – IFTA Fuel Tax Computations (HSMV 85922) form.

Column (A), JURISDICTION:

List each jurisdiction (state or province) in which your vehicles traveled during the quarter. **NOTE:** *If any of the jurisdictions charge a surcharge (see the IFTA tax rate sheet you received with your tax return or go to www.iftach.org to obtain tax rates), you will need to list that jurisdiction twice, i.e., on two separate lines. (See page 11 for details.)*

Column (B) - TOTAL MILES IN EACH JURISDICTION:

Enter the total miles you traveled for each jurisdiction listed, using figures from your Individual Vehicle Mileage Record* (IVMR) or the quarterly or monthly mileage and fuel purchase recaps.

**Suggested record keeping forms are available on the department's website at:*

www.flhsmv.gov

Enter "IFTA Q&As" in the Search Box at the top of the screen. Click on "International Registration Plan" to access the Frequently Asked Questions (FAQ) page, and then scroll down to "Both IRP and IFTA Q&As" for a link to "Samples of Acceptable Worksheets".

NOTES:

The sum of each jurisdiction's total miles should equal the Total Miles Traveled in All Jurisdictions, from Line 2.A. of the Mileage and Fuel Summary on the IFTA Tax Return.

Column (C) TOTAL TAXABLE MILES:

In most cases, this will be the same as Column (B) TOTAL MILES IN EACH JURISDICTION. However,

- *Some jurisdictions allow certain mileage exemptions; and miles traveled under a Trip Permit are exempt. **Explain in writing any differences in your Total Taxable Miles (Column C) and Total Miles in Each Jurisdiction (Column B).***
- *Mileage exemptions allowed in a particular jurisdiction should be reflected in Column (C) TOTAL TAXABLE MILES. In these cases, the Total Taxable Miles and the Total Miles columns in each jurisdiction would not match.*

Please see the IFTA website at www.iftach.org for information on exemptions.

Column (D) TAXABLE GALLONS: (Calculated Field)

Divide the taxable miles in Column (C) by the mpg from Line 2.C. of the Mileage and Fuel Summary on the IFTA Tax Return and place that result in Column (D). Round this figure to the nearest whole number. Do not leave any decimal places. This is the amount of fuel that you used in each jurisdiction.

Column (E) TAX PAID GALLONS PLACED IN VEHICLES:

Enter the amount of fuel for which you have already paid taxes, based on actual fuel receipts or bulk fuel withdrawal slips dated during the tax period for which you are preparing the return. Enter the total amount of tax paid fuel on the correct line for each jurisdiction in which fuel was purchased or withdrawn from bulk tanks. The total of all figures in Column (E) will equal Line 2.B. of the Mileage and Fuel Summary on the IFTA Tax Return.

Column (F) NET TAXABLE GALLONS: (Calculated Field)

Subtract Column (E) from Column (D) to calculate Column (F) NET TAXABLE GALLONS. This is the difference between the fuel used, Column (D), and the fuel purchased, Column (E). If you purchased more fuel in a jurisdiction than you used, Column (F) will be a negative number.

Column (G) TAX RATE/SURCHARGE RATE:

Enter the appropriate figures (U.S. rates) for the applicable jurisdiction and fuel type using the Tax Rate Chart that was supplied with your quarterly Tax Return or that can also be found at the IFTA website: www.iftach.org.

Column (H) TAX DUE/CREDIT: (Calculated Field)

Multiply Column (F) by Column (G) to calculate the amount of tax owed. If Column (F) is a negative number, the result will be a tax credit for that jurisdiction. Use Column (H) to enter the applicable amount for each jurisdiction.

SURCHARGE RATES IN CERTAIN JURISDICTIONS

For jurisdictions that impose a surcharge, enter the jurisdiction's name a second time under Column (A), but with the word "Surcharge" under it.

Skip Columns (B) and (C). Copy the same figure in Column (D) as you used to calculate tax due.

Skip Columns (E) and (F). Enter the surcharge rate in Column (G) and multiply by Column (D) to arrive at figure for Column (H).

NOTE: Surcharges are calculated on your "taxable gallons" NOT on "net taxable gallons". Surcharges will always reflect an amount due, NEVER a credit.

Column (I) INTEREST DUE:

If you file your tax return by the DUE DATE, you will be able to skip this column. However, if interest is due, your tax amount will need to be multiplied by the appropriate interest rate for each month (or fraction of a month) that the return is late. Please refer to the IFTA interest rate chart at www.iftach.org and divide the annual rate by 12 to calculate the monthly rate. As an example, if the tax amount due is \$356.00 and the interest rate per month is 0.00417%, the additional interest owed would be as follows:

$$\text{EXAMPLE: } \$356.00 \times 0.00417 = \$1.48$$

Column (J) TOTAL DUE/CREDIT: (Calculated Field)

Add the tax due Column (H) and the interest due Column (I) and enter the figure in Column (J) for each line of Schedule 1.

TOTALS

Total all the figures in Column (H). Transfer the total from Column (H) to Line 3 (Tax or Credit Due) of the Mileage and Fuel Summary (HSMV 85921).

If there is a credit on your account from previous returns, the amount will be pre-printed on Line 4 (Less Credit from Previous Returns). Subtract Line 4 from Line 3 to determine Line 5 (Net Tax Due).

If money is owed from previous quarters, the amount will be pre-printed on Line 6 (Tax Due from Previous Returns). Add the amount on Line 6 to Line 5 to calculate Line 7 (Total Tax Due).

If the tax return is late, enter the penalty amount of \$50.00 or 10% (.10) of the tax due, whichever is greater, on Line 8 (Penalty).

If interest is due, total all figures in Column (I) and enter the amount of interest on Line 9 (Interest).

Add Lines 7, 8, and 9. Enter this total on Line 10 (Total Due With This Return).

If the total is a credit, enter "0" on Line 10 and show the credit on Line 11 (Amount of Credit).

Be sure to sign the Tax Return, and include your title, printed name, telephone number and the date of the return.

If your name is not on the IFTA license or you are not a corporate officer of the company which holds the IFTA license, a Power of Attorney form MUST be on file with the Bureau of Commercial Vehicle and Driver Services in order for you to sign the tax return.

If you need additional information, or have questions that have not been answered in this booklet, please do not hesitate to contact the Bureau of Commercial Vehicle and Driver Services at:

(850) 617-3711
www.flhsmv.gov

MOST COMMON ERRORS MADE BY LICENSEES WHEN FILING IFTA TAX RETURNS

The following pages provide information on five of the most common mistakes made by licensees when completing their tax returns.

#1 MOST COMMON ERROR

Calculating and Applying MILES PER GALLON (MPG)

Simply stated, “MPG” is the quarterly sum of all miles traveled (in both IFTA and non-IFTA jurisdictions) by all the IFTA registered vehicles in a fleet, divided by the total gallons of fuel (both IFTA and non-IFTA) placed in the propulsion tanks of those vehicles.

In most jurisdictions, all miles traveled are considered IFTA miles. Regardless, all miles must be reported for this calculation.

Once fuel is placed in the vehicle’s propulsion tank, it is considered part of the total gallons for that reporting quarter and should be entered on Line 2.B. of the Mileage and Fuel Summary on the IFTA Tax Return. This is true, even if the vehicle is not moved after the fuel is placed in the tank, e.g., refueling from a bulk storage tank after returning from a trip.

Fuel still in a bulk storage tank should not be reported. Bulk storage fuel is reported only after it is transferred to the qualified IFTA vehicle’s propulsion tank.

How to Round the MPG Figure

To accurately round a figure to 2 decimal places, you must carry the figure out 3 decimal places and then round it to the 2nd decimal place accordingly.

Always round the MPG to the nearest second decimal place.

Two Examples: 4.564 = 4.56

 4.567 = 4.57

Place the MPG rounded to the second decimal place on Line 2.C., of the Mileage and Fuel Summary on the IFTA Tax Return. For example, use 4.56 instead of 5.

ONE FINAL POINT ON CALCULATING MPG – Totals must be placed on Line 2.A. and Line 2.B. of the Mileage and Fuel Summary, on the IFTA Tax Return. This is the data you used to determine your MPG and it must be shown.

#2 MOST COMMON ERROR

Difference Between COLUMN (B) TOTAL MILES and COLUMN (C) TAXABLE MILES

In the majority of cases, Column (B) and Column (C) will be the same. However, there will be some cases where the licensee has non-taxable miles, e.g., miles operated on trip permits. In these cases, it will speed processing and approval of your documents if you note on your tax return the reason why certain miles were non-taxable. The IFTA website (www.IFTACH.org) provides information on exemptions.

#3 MOST COMMON ERROR

COLUMN (D) TAXABLE GALLONS Cannot Equal COLUMN (E) TAX PAID GALLONS PLACED IN VEHICLES

With the exception of licensees that do not travel out of the State of Florida during the tax quarter, it is virtually impossible to purchase the exact amount of fuel in each jurisdiction as what was actually expended in that jurisdiction.

A multi-jurisdiction tax return filed in this manner is an indication that the licensee may be guessing at their mileage and fuel purchases. This may result in an audit of the licensee's records.

#4 MOST COMMON ERROR

COLUMN (E) TAX PAID GALLONS Cannot Exceed LINE 2.B. (TOTAL GALLONS) -- When All Fuel Purchases Are Made At The Pump

Line 2.B. of the Mileage and Fuel Summary on the IFTA Tax Return is the total number of gallons placed in the fuel propulsion tanks of qualified IFTA vehicles during the reporting tax quarter. Therefore, all tax paid gallons as indicated in Column (E) must be included in Line 2.B.

Unless tax free fuel purchases were made, Column (E) will equal Line 2.B. It can NEVER exceed it. (See #5 MOST COMMON ERROR.)

#5 MOST COMMON ERROR

BULK FUEL PURCHASES and TAX REPORTING

Line 2.B. of the Mileage and Fuel Summary on the IFTA tax return is the total number of gallons placed in the fuel propulsion tanks of qualified IFTA vehicles during the reporting tax quarter.

Therefore, even if a carrier has bulk tanks and has paid taxes on all of this fuel, they need to show (only) those gallons that were pumped into qualified motor vehicles on Line 2.B., and in Column (E), Tax Paid Gallons.

NOTE: *WITHDRAWAL SLIPS* are required to be maintained in order to support the number of gallons pumped out of the bulk tank and placed into qualified IFTA vehicles.

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