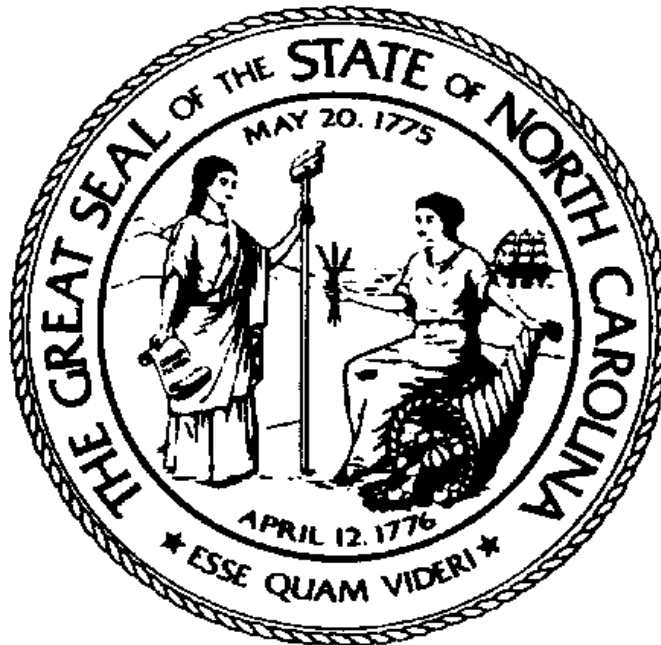


NORTH CAROLINA DEPARTMENT OF REVENUE

MOTOR FUELS TAX DIVISION

INTERNATIONAL FUEL TAX AGREEMENT COMPLIANCE MANUAL



October 2007

**INTERNATIONAL FUEL TAX AGREEMENT
COMPLIANCE MANUAL**

TABLE OF CONTENTS

I.	INTRODUCTION.....	Page 1
II.	DEFINITIONS.....	Page 1
III.	INITIAL LICENSING PROCEDURES.....	Page 3
IV.	IFTA CREDENTIALS.....	Page 4
V.	ANNUAL RENEWAL PROCEDURES.....	Page 4
VI.	REPORTING REQUIREMENTS.....	Page 5
VII.	REFUNDS-CREDITS.....	Page 7
VIII.	ASSESSMENTS FOR FAILURE TO FILE REPORTS.....	Page 7
IX.	LEASE AGREEMENTS.....	Page 7
X.	LICENSE CANCELLATIONS, SUSPENSION, REVOCATION, AND REINSTATEMENT.....	Page 8
XI.	RECORD KEEPING REQUIREMENTS.....	Page 9
XII.	AUDIT.....	Page 11
XIII.	APPEAL PROCEDURES.....	Page 12
XIV.	MEMBER JURISDICTION INFORMATION.....	Page 12
	APPENDIX A - TAXPAYER ASSISTANCE LOCATIONS.....	Page 13
	APPENDIX B - NORTH CAROLINA MOTOR FUELS TAX TEMPORARY TRIP PERMITS.....	Page 15
	APPENDIX C - INDIVIDUAL VEHICLE MILEAGE RECORD.....	Page 17
	APPENDIX D - DECAL INVENTORY.....	Page 18
	APPENDIX E - IFTA RETURN AND INSTRUCTIONS.....	Page 19
	APPENDIX F - BULK FUEL LOG.....	Page 23

I. INTRODUCTION

The International Fuel Tax Agreement (IFTA) is a base jurisdiction fuel tax agreement. Upon application, the carrier's base jurisdiction will issue credentials (license and decals) which allow the IFTA licensee to travel in all IFTA member jurisdictions.

The current IFTA membership consists of 48 states and the following Canadian provinces: Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan.

North Carolina is your base jurisdiction for IFTA licensing and reporting if:

1. You have a qualified motor vehicle licensed with the North Carolina Division of Motor Vehicles;
2. You maintain the operational control and records for qualified motor vehicles in North Carolina or can make those records available in North Carolina;
3. You have qualified motor vehicles which actually travel on North Carolina highways; AND
4. You operate in at least one other IFTA jurisdiction.

The IFTA license offers several benefits to the inter-jurisdictional motor carrier. These benefits include one application, one set of credentials for each qualified vehicle, one quarterly tax return which reflects the net tax or refund due, and one audit in most circumstances. The advantages all lead to cost and time savings for the inter-jurisdictional carrier.

IFTA carriers that operate in non-IFTA jurisdictions must continue to follow the procedures and file the returns required by the statutes and regulations of those non-IFTA jurisdictions.

Carriers should contact the motor carrier unit in each jurisdiction they travel to ensure compliance with specific requirements that are in addition to the IFTA agreement. Examples of requirements that are not specified in the IFTA agreement include apportioned license plates, oversize/overweight permits, single state registration permits, and weight distance taxes.

This manual will explain in further detail the application for credentials, licensing, reporting, record keeping requirements, and audit procedures.

II. DEFINITIONS

Audit means a physical examination of the records and source documents supporting the licensee's quarterly tax returns.

Axle means an assembly of a vehicle consisting of two (2) or more wheels whose centers are in one horizontal plane by means of which a portion of the weight of a vehicle and its load, if any, is continually transmitted to the roadway.

Base Jurisdiction means the member jurisdiction where qualified motor vehicles are based for vehicle registration purposes and:

1. Where operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and

2. Where some mileage is accrued by qualified motor vehicles within the fleet.

The Commissioners of two (2) or more affected jurisdictions may allow the consolidation of several fleets which would otherwise be based in two (2) or more jurisdictions.

Carrier means a person who operates or causes to be operated a qualified motor vehicle on any highway in North Carolina.

Commissioner means the official designated by the jurisdiction to be responsible for administration of IFTA.

Department means the North Carolina Department of Revenue.

Division means the Motor Fuels Tax Division.

Gross Vehicle Weight means the unladen (empty) weight of a vehicle (tractor and trailer) plus the weight of any load thereon.

Jurisdiction means a state of the United States, the District of Columbia, or a Province or Territory of Canada.

Lessee means the party acquiring the use of equipment with or without a driver from another.

Lessor means the party granting the use of equipment with or without a driver to another.

Licensee means a person who holds an uncanceled license issued by the base jurisdiction.

Member Jurisdiction means a jurisdiction which is a member of the International Fuel Tax Agreement.

Motor Fuels means all fuels used for the generation of power for propulsion of qualified motor vehicles.

Qualified Motor Vehicle means a motor vehicle used, designed, or maintained for the transportation of person or property and:

1. Having two (2) axles and a gross vehicle weight or registered gross vehicle weight exceeding twenty-six thousand (26,000) pounds; or
2. Having three (3) or more axles regardless of weight; or
3. Is used in combination when the weight of such combination exceeds twenty-six thousand (26,000) pounds gross vehicle weight.

NOTE: The number of axles applies only to the power unit of the vehicle.

Exempt vehicles include recreational vehicles, special mobile equipment, and vehicles owned by the United States Government, the State of North Carolina, or its political subdivisions. Special mobile equipment, vehicles owned by the United States Government, and vehicles owned by the State of North Carolina or its political subdivisions that operate in other IFTA jurisdictions may be subject to the fuel tax reporting laws of those jurisdictions.

Recreational Vehicle means vehicles such as motor homes, pickup trucks with attached campers and buses when used exclusively for personal pleasure by an individual. In order to qualify as a recreational vehicle, the vehicle shall not be used in connection with any business endeavor.

Registration means the qualification of motor vehicles normally associated with a prepayment of licensing fees for the privilege of using the highway; and, the issuance of a license plate and a registration card or temporary registration card containing owner and vehicle information.

Registered Gross Vehicle Weight means the weight at which a qualified motor vehicle is registered (plated) with the North Carolina Division of Motor Vehicles or a jurisdiction other than North Carolina.

Reporting Period means a period of time consistent with the calendar periods of January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31.

Total Distance means all miles or kilometers traveled during the reporting period by every qualified motor vehicle in the licensee's fleet, regardless of whether the miles or kilometers are considered taxable or nontaxable by a jurisdiction.

III. INITIAL LICENSING PROCEDURES

A. IFTA License Application Procedures

Any motor carrier based in North Carolina and operating one (1) or more qualified motor vehicles in at least one (1) other IFTA member jurisdiction should file an Application for License and Decals in North Carolina. If a carrier qualifies as an IFTA licensee but does not wish to participate in the IFTA program, trip permits must be obtained to travel through member jurisdictions according to the regulations of each member jurisdiction.

A carrier may request an Application for License and Decals (Form Gas-1274) by contacting the Motor Fuels Tax Division (Division) offices located in Raleigh, Greensboro, or Charlotte, or by calling the Division at (919) 733-3409 or 1-877-308-9092. The Application for License and Decals requests basic information about the carrier and its type of operations. The application does not require vehicle descriptions. However, the Division reserves the right to request, if needed, the descriptions of the vehicles before an application is processed. The descriptions of the vehicles must be kept on file at the licensee's place of business.

A carrier must submit the completed application to the Motor Fuels Tax Division for processing. If any information is omitted from the license application, the carrier will be contacted by the Division, thus delaying the application and licensing process. Once the application is processed by the Division, the proper IFTA credentials will be issued to the licensee.

A carrier will not be issued IFTA credentials from the Division 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 Division will not issue a license if the license application submitted contains misrepresentations, misstatements, or omits required information.

B. License Fee

North Carolina does not charge a license or decal fee for fuel tax registration.

C. Account Identification

The account identification numbers are determined by using the prefix designated for North Carolina (NC) followed by the licensee's nine (9) digit Federal Employer Identification Number (FEIN) issued by the Internal Revenue Service (IRS) or Social Security Number (SSN). If the licensee is a proprietorship, the licensee must report the proprietor's SSN. If the licensee is a Partnership, LLC or Corporation, the licensee must report the FEIN, which will be used as the licensee's account number. The Division will assign a generic State Number once your account is established to comply with the State's Identity Theft Protection Act. All correspondence from the Division will include the State Number.

D. Bonding

The Division may require an IFTA licensee to post a bond when a licensee has failed to file timely returns, when tax has not been remitted, or when an audit indicates problems severe enough that, in the Division's discretion, a

bond is required to protect the interest of all member jurisdictions.

The amount of the bond may not be more than the larger of \$500 or four times the average tax liability or refund for a reporting period.

IV. IFTA CREDENTIALS

A. IFTA License

An IFTA license will be assigned to each IFTA licensee. A photocopy of the license must be maintained in the cab of each qualified motor vehicle. The original license issued by the Division should be kept in a safe place. The IFTA license is valid for the calendar year January 1 through December 31. If a carrier is found operating a qualified motor vehicle without an IFTA license, the vehicle operator may be subject to the purchase of a trip permit and/or a \$100.00 citation.

B. IFTA Decals

Two (2) decals will be issued for each qualified motor vehicle operated by the IFTA licensee. The decals must be placed on the exterior portion of both sides of the cab. A licensee may request extra decals for fleet additions. Decals that are assigned to a new owner-operator under a long-term lease agreement must be recalled once the lease has been terminated. Failure to display the IFTA decals properly may subject the vehicle operator to the purchase of a trip permit and/or a \$100.00 citation.

Licensees may request additional decals throughout the license year. The licensee is required to make a photocopy of the original license and attach a letter with the additional number of sets of decals requested. This information should be submitted to the Division.

Licensees may order additional decals in anticipation of using them at a later date. Records should be maintained of the decals used. The licensee must keep all unused decals for a period of four (4) years for auditing purposes. Audits will include the verification of all decals ordered and received.

In order to avoid a \$100.00 citation, all operators of qualified motor vehicles must have proper credentials or a temporary fuel permit, unless otherwise exempt.

Effective January 1, 2003, North Carolina law states that a Motor Carrier must keep records of identification markers (decals) issued to it and must be able to account for all identification markers it receives.

A penalty may be assessed for either of the following:

- Inability to account for decals issued (\$100.00 per decal)
- Displaying a decal on a vehicle operated by a motor carrier to whom the decal is not issued. Unauthorized use of a decal. (\$1,000.00 per decal).

NOTE: If you are licensed with your state's Division of Motor Vehicles as a Dealer, Manufacturer, Driveaway, or Transporter, you should carry the license in your vehicle while it is being operated on the streets and highways of this State. The decals need not be permanently affixed, but must be temporarily displayed in a visible manner on both sides of the cab.

V. ANNUAL RENEWAL PROCEDURES

Each October the Division will mail renewal applications to all licensees whose accounts are in good standing.

Renewal of the IFTA license may be denied if the Division determines that the licensee has failed to file a report or has failed to remit any amount due any member jurisdiction.

VI. REPORTING REQUIREMENTS

A. Quarterly Returns

All licensees must file an IFTA quarterly tax return with the Division. The quarterly tax return indicates the tax or refund due for each member jurisdiction. Only one (1) check is written to the Department for the net tax due or one check is written to the licensee for the net refund due.

Tax rates provided with the IFTA quarterly tax return will be current for all member jurisdictions. As tax rates and procedures change, the base jurisdiction will inform licensees.

Included in the IFTA quarterly tax return is the following information:

1. Total miles, taxable and nontaxable, traveled by licensee's qualified motor vehicles in all jurisdictions, IFTA and non-IFTA, including trip permit miles;
2. Total gallons of fuel consumed, taxable and nontaxable, by licensee's qualified motor vehicles in all jurisdictions, IFTA and non-IFTA;
3. Total miles and taxable miles traveled in each member jurisdiction;
4. Taxable gallons consumed in each member jurisdiction; and
5. Tax-paid gallons purchased in each member jurisdiction.

All mileage and fuel must be included on the IFTA return if the qualified vehicle displays an IFTA decal even if the vehicle only travels in one jurisdiction during the quarter.

If a licensee reports "No Operations" on a continuous basis but requests decals, the Division may assume that the licensee is operating and avoiding fuel tax payments. If a licensee reports all operations in NC or "no operations" for four consecutive quarters, the Division may discontinue issuing IFTA decals to the licensee.

The IFTA quarterly tax return will be sent to all IFTA licensees at least thirty (30) days prior to the due date. Failure to receive the quarterly tax return does not release the licensee from reporting obligations. Quarterly tax returns may be obtained from the Department's website (www.dornc.com), the Division or any Division field office. **A quarterly tax return must be filed even if the licensee does not operate or purchase taxable fuel in any IFTA member jurisdiction in a particular quarter.** If the licensee had no operations during the quarter, check the block indicating no operations, sign and date the return, and mail to the Division on or before the due date.

The due date for the quarterly tax return is the last day of the month immediately following the close of the quarter for which the return is being filed as follows:

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

The quarterly tax return must be postmarked or hand delivered to the Department by the due date. If the due date is a Saturday, Sunday, or legal holiday, the next business day is considered the final filing date. The licensee will be subject to the IFTA penalty and interest provisions if the return is not postmarked by the post office in a timely manner.

The Division has developed an electronic method for filing the quarterly IFTA tax return. Active motor carrier accounts may now report quarterly operations using the Internet. Access code letters have been mailed to all active motor carriers providing information for filing returns and ordering credentials using the Internet. The Internet application may be accessed at www.dornc.com.

Please send paper returns or Internet vouchers and **payments** to North Carolina Department of Revenue, Motor Fuels Tax Division, P.O. Box 25000, Raleigh, N.C. 27640-0950.

B. Penalty and Interest Provisions

When a licensee fails to file a return, files a late tax return, or fails to remit any tax due, the licensee is subject to penalty and interest. The penalty for failure to pay tax when due is the greater of fifty dollars (\$50.00) or ten percent (10%) of the net tax due to all member jurisdictions. The penalty for failure to file the return when due is fifty dollars (\$50.00). Interest is computed on the assessment at a rate of one percent (1%) per month. The Division will assess interest for a full month for any part of a month for each member jurisdiction.

C. Measurement Conversion Table

IFTA licensees are required to report based upon United States measurements. If applicable, the conversion rates are:

1 liter	.2642 gallons
1 kilometer	.62137 miles
1 gallon	3.785 liters
1 mile	1.6093 kilometers

All numbers must be rounded to the nearest whole gallon or mile.

D. Exempt Fuel Use

IFTA recognizes that some jurisdictions allow exemptions for fuel used for off-loading purposes. This exemption is not calculated on the IFTA return. **An exemption must be obtained from the jurisdiction in which the tax was paid.** The licensee must maintain adequate records to support the exemption claimed. Jurisdiction information may be obtained at www.iftach.org under **Exemptions**.

E. Tax Exempt Miles

IFTA recognizes that some jurisdictions have unique economic and geographic characteristics which have given rise to various definitions of tax exempt miles. Contact the individual member jurisdictions for specific questions. All jurisdictions require supporting documentation. Jurisdiction information may be obtained at www.iftach.org under **Exemptions**.

F. Surcharge

Some jurisdictions have a surcharge which is completed on the quarterly IFTA tax return. Surcharge amounts are based on taxable gallons for fuel types on which the jurisdiction requires a surcharge.

VII. REFUNDS - CREDITS

Refunds will automatically be requested and issued for any credit of three dollars (\$3.00) or more. A refund will be issued once the Division determines that all tax liabilities, including any outstanding audit assessments, have been satisfied to all member jurisdictions. A refund may be denied if the licensee is delinquent in filing any quarterly tax return(s). Refunds of less than three dollars (\$3.00) will only be refunded upon written request.

VIII. ASSESSMENTS FOR FAILURE TO FILE RETURNS

When the licensee fails, neglects, or refuses to file an IFTA tax return, the Division will assess the licensee in one or both of the following manners:

1. The assessment will be for the tax delinquency, penalty, and interest. This assessment is based on the best information available.
2. The licensee will be subject to a \$50.00 penalty for each offense.

The burden of proof remains with the licensee to show that the assessment is incorrect.

IX. LEASE AGREEMENTS

A. Rental/Leasing

1. Leases of Less than Thirty (30) Days

In the case of a short-term motor vehicle rental, by a lessor regularly engaged in the business of leasing or renting motor vehicles without drivers, for compensation to licensees or other lessees of 29 days or less, the lessor will report and pay the fuel use tax unless the following two conditions are met:

- a. The lessor has a written rental contract which designates the lessee as the party responsible for reporting and paying the fuel use tax; and
- b. The lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental.

2. Leases of Thirty (30) Days or More

In the case of a long-term lease, a lessor regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees may be deemed to be the licensee, and such lessor may be issued a license if an application has been properly filed and approved by the base jurisdiction.

B. Household Goods Carriers

In the case of a household goods carrier using independent contractors, agents, or service representatives, under intermittent leases, the party liable for motor fuel taxes shall be:

1. The lessee (carrier) when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority. The base jurisdiction for purposes of the Agreement shall be the base jurisdiction of the lessee (carrier), regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor or lessee.

2. The lessor (independent contractor, agent, or service representative) when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority. The base jurisdiction for purposes of this Agreement shall be the base jurisdiction of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration.

C. Independent Contractors

1. Leases of Less Than Thirty (30) Days

In the case of a carrier using independent contractors under short-term/trip leases, the trip lessor will report and pay all fuel taxes.

2. Leases of Thirty (30) Days or More

In the case of a carrier using independent contractors under long-term leases, 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. If the lessee (carrier) through a written agreement or contract assumes responsibility for reporting and paying fuel use taxes, the base jurisdiction for purposes of this Agreement shall be the base jurisdiction of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor. Leases are not required to be filed with the base jurisdiction, but shall be made available upon request.

X. LICENSE CANCELLATION, SUSPENSION, REVOCATION, AND REINSTATEMENT

A. License Cancellation

An IFTA license may be canceled at the request of any licensee provided all reporting requirements and tax liabilities to all member jurisdictions have been satisfied. The close box on the final IFTA quarterly tax return may be checked to indicate the end of operations under IFTA. The license may also be canceled by submitting a written request for cancellation. Upon cancellation, the licensee must destroy the original IFTA license. A final audit may be conducted by any member jurisdiction upon cancellation of an IFTA license. The record retention period of four (4) years from the due date or date filed, whichever is later, of the final quarterly tax return applies.

B. License Suspension and Revocation

An IFTA license may be suspended and/or revoked for any of the following reasons:

1. Failure to file an IFTA quarterly tax return;
2. Failure to remit all taxes due all member jurisdictions; or
3. Failure to pay and/or protest an audit assessment within the established time period.

The Division will notify the North Carolina State Highway Patrol, Motor Carrier Enforcement Administration, and all member jurisdictions when a suspension or revocation has occurred or has been released. **DO NOT OPERATE VEHICLES WHEN A LICENSE HAS BEEN REVOKED OR SUSPENDED.**

C. License Reinstatement

The Division may reinstate an IFTA license once the licensee files all required returns and remits all outstanding liabilities due all member jurisdictions. The Division may require the licensee to post a bond in an amount sufficient to satisfy any potential liabilities of all member jurisdictions.

XI. RECORD KEEPING REQUIREMENTS

A. Mileage Records

It is the licensee's responsibility to maintain records of ALL operations of qualified motor vehicles. The licensee's records must support the information reported on the quarterly tax report. A licensee's system, at a minimum, must include mileage data on each individual vehicle for each trip. The Individual Vehicle Mileage Record (IVMR), as required for the International Registration Plan, is an acceptable source document for recording vehicle mileage information. See example provided in Appendix C, page 17. Supporting information should include the following documentation:

1. Date of trip (starting and ending);
2. Trip origin and destination (including city and state);
3. Route of travel;
4. Beginning and ending odometer or hubometer readings;
5. Odometer or hubometer readings when crossing the jurisdiction line;
6. Total trip miles;
7. Mileage by jurisdiction;
8. Vehicle unit number;
9. Vehicle fleet number; and
10. Licensee's name.

The use of Global Position Satellite (GPS) or other mileage systems does not automatically alleviate the requirement for maintaining individual vehicle mileage records. Waiver requests must be submitted in writing to the Department of Revenue, Motor Fuels Tax Division and approved prior to eliminating any record keeping requirements.

B. Fuel Receipts

The licensee must maintain complete records of all fuel purchases. Separate totals must be compiled for each fuel type. Fuel types include Diesel, Gasoline, Gasohol, Propane, Liquid Natural Gas, Compressed Natural Gas, Ethanol, Methanol, E-85, M-85, and A-55. The fuel records must contain:

1. Date of purchase;
2. Name and address of the seller;
3. Number of gallons purchased;
4. Type of fuel purchased;
5. Price per gallon;
6. Unit number of the vehicle into which the fuel was placed or license plate number; and
7. Purchaser's name.

Acceptable fuel receipts include an invoice, a credit card receipt, automated vendor generated invoice or transaction listing, or verifiable microfilm/microfiche of the receipt or invoice. Receipts which contain alterations or erasures will not be accepted by the Division for tax-paid credits.

C. Bulk Fuel Storage

A licensee who maintains a bulk fuel storage facility may obtain credit for tax-paid fuel withdrawn from that storage facility if the following records are maintained:

1. Date of withdrawal;
2. Number of gallons withdrawn;
3. Fuel type;
4. Unit number of the vehicle into which the fuel was placed; and

5. Purchase and inventory records to substantiate that tax was paid on all bulk fuel purchases. Inventory records should include, but are not limited to, tank number, tank location, fuel type, monthly beginning and ending inventories, and monthly totalizer readings.

Upon request by the licensee, the State may waive the requirement of unit numbers for fuel withdrawn from the licensee's own bulk storage and placed into its qualified motor vehicle. The licensee must show that adequate records are maintained to distinguish fuel placed into qualified versus non-qualified vehicles. Records should be kept separate for retail purchases and bulk storage withdrawals.

D. Decals

The licensee must maintain records of all decals ordered. Licensees should keep records of the decals used. The licensee should also keep all unused decals for the record retention period. See example provided in Appendix D, page 18.

Effective January 1, 2003, North Carolina law states that a Motor Carrier must keep records of identification markers issued to it and must be able to account for all identification markers it receives.

A penalty may be assessed for either of the following:

- Inability to account for decals issued (\$100.00 per decal)
- Displaying a decal on a vehicle operated by a motor carrier to whom the decal is not issued. Unauthorized use of a decal. (\$1,000.00 per decal)

E. Record Retention Period

Adequate record keeping is important to the carrier when seeking a refund or credit for tax-paid fuel, and is equally important to the Division to ensure compliance with the reporting and payment of all tax liabilities. Every licensee shall maintain records to substantiate information reported on the quarterly tax return. These records must be maintained for a period of four (4) years from the due date of the return or the date that the return was filed, whichever is later. Records must be made available upon request by any member jurisdiction.

F. Penalty for Failure to Maintain Records

Licensees shall retain the previously described records for a period of four (4) years from the date of filing the quarterly tax return. Noncompliance with any record keeping requirement may be cause for revocation of the license.

G. Location of Records

A licensee's records should be maintained at a location in North Carolina. If these records are not maintained in North Carolina or are not made available in North Carolina, the travel expenses for the auditor(s) will be billed to the licensee upon completion of the audit.

XII. AUDIT

The purpose of an IFTA audit is the verification of fuel and mileage data reported on the IFTA quarterly tax returns. The Division will audit IFTA licensees on behalf of all member jurisdictions. Auditors will also account for all decals ordered and received. Therefore, records should be maintained for decals used. Any unused decals must be made available to the auditor and kept for a period of four (4) years.

A. Audit Selection

The Department will audit an average of 3% of its IFTA licensees each year. Any North Carolina IFTA licensee may be selected for audit. Automated audit selection ensures random selection of audit candidates.

B. Notification of Audit Date

Prior to conducting an IFTA audit, an auditor will contact the licensee to arrange an acceptable date to begin the audit. At that time, the auditor will outline the time period to be audited and the records to be reviewed. To confirm the audit date, the auditor will send a follow-up letter detailing the audit date, time periods to be audited, and records required.

C. Audit Conferences

At the beginning of the audit, the auditor will hold an opening conference with the licensee to determine background information, reporting methods, and records to be reviewed. As the audit progresses, the auditor and the licensee will discuss the sample periods, sampling techniques, and any problem areas. A final conference will be held with the licensee to explain audit adjustments and future reporting practices.

D. Audit Results

A letter of audit finding and recap schedules will be given to the licensee after the written copy of the audit is processed by the auditor. The licensee has thirty (30) days to remit a payment or file a protest on an audit assessment. Effective January 1, 2008 the timeframe for remitting the tax or filing a protesting an assessment will increase to forty-five(45) days. A refund due will be issued after any outstanding tax liabilities have been satisfied. The Division will submit audit reports to all affected member jurisdictions. The licensee may be subject to a supplemental audit if any member jurisdiction disagrees with the audit results.

E. Best Information Available (BIA) Audits

In the event than any licensee fails, neglects, or refuses to file a tax return when due; fails to make records available upon written request of a minimum of thirty (30) days; or fails to maintain records from which the licensee's true liability may be determined, the base jurisdiction shall, on the basis of the best information available to it, determine the tax liability of the licensee for each jurisdiction. The base jurisdiction shall, after adding the appropriate penalties and interest, serve the assessment upon the licensee in the same manner as an audit assessment or in accordance with the laws of the base jurisdiction.

The assessment made by a base jurisdiction pursuant to this procedure shall be presumed to be correct and,

in any case where the validity of the assessment is questioned, the burden shall be on the licensee to establish by a preponderance of the evidence that the assessment is erroneous or excessive.

XIII. APPEAL PROCEDURES

A. Protest Period

A licensee may appeal an audit finding issued by any member jurisdiction by submitting a written request for a hearing within thirty (30) days of receipt of the original notice of tax due. If the hearing is not requested within thirty (30) days, the audit finding is final. This appeal process is valid through December 31, 2007.

Effective January 1, 2008, a licensee may appeal an audit finding issued by any member jurisdiction by submitting a written request for a hearing within forty-five (45) days of receipt of the original notice of tax due. If the hearing is not requested within forty-five (45) days, the audit finding is final.

B. Administrative Review

The Division will hold an administrative review which will include a conference with representatives from the Division and the licensee appealing the assessment. The parties may be able to achieve a settlement of the matter at this level.

If this administrative review does not resolve the contested issues, then the licensee will be entitled to a hearing.

C. Hearing

The licensee will receive written notice of the date, time, and place of the hearing at least twenty (20) days prior to the hearing date. The hearing shall be held in a timely manner, but may be rescheduled for a reasonable cause shown by either party. The Department will participate in the appeal process on behalf of all member jurisdictions. The licensee may appear in person and/or be represented at the hearing. A person may not represent the licensee unless the licensee is present at all times or the person representing the licensee has a properly executed power of attorney to represent the licensee.

D. Tax Review Board (This procedure will change effective January 1, 2008.)

If you disagree with the findings of your hearing, you may petition the Tax Review Board for administrative review of the decision. To obtain a review, you must file a notice of intent to petition for review with the Tax Review Board within thirty (30) days of the hearing decision. After filing the notice of intent you must file a written statement or petition within sixty (60) days explaining your objections to the decision. If the Tax Review Board upholds the decision of the Secretary of Revenue, you have the right to appeal to the Superior Court.

E. Notification of Results (This procedure will change effective January 1, 2008.)

The Department will notify the licensee in writing of the findings and rulings on the appeal. The licensee may request a supplemental audit from any member jurisdiction if the licensee objects to the findings of the Department. The member jurisdiction may accept or deny the request.

XIV. MEMBER JURISDICTION INFORMATION

The most updated listing of member jurisdiction information is available at the IFTA, Inc website at www.iftach.org. Click on **One Stop Shop**.

APPENDIX A

TAXPAYER ASSISTANCE LOCATIONS

North Carolina provides a One Stop Shopping Center location on Rock Quarry Road to assist motor carriers with questions relating to their requirements in this State. The Motor Fuels Tax Division office is located at 1429 Rock Quarry Road, Suite 105, Raleigh, North Carolina.

For your convenience we are including the telephone number for the One Stop Shopping Center as well as the numbers for the agencies administering laws and regulations that affect motor carriers. We are also including the telephone number to call for information regarding the Federal Heavy Vehicle Highway Use Tax.

If you have a question for a specific agency, you should dial that agency directly. See the directory of telephone numbers listed below. The Center will assist you if you are not sure of the proper agency.

MOTOR FUELS TAX DIVISION N.C. Department of Revenue P.O. Box 25000 Raleigh, NC 27640-0950	(919) 733-3409 (877) 308-9092 Fax: (919) 733-8654	Issues fuel registration cards and permits (license and decals)
---	---	--

CHARLOTTE ONE STOP	(704) 393-0606	6016 Brookshire Blvd. Charlotte, NC 28216
---------------------------	----------------	--

(Charlotte renewal begins November 2007)

GREENSBORO ONE STOP	(336) 834-4320	5 Centerview Drive - Suite 110 Greensboro, NC 27261
----------------------------	----------------	--

(Greensboro renewal begins November 2007. Decals issued on Monday and Friday - November 2007, December 2007, and January 2008 Only)

North Carolina Motor Fuels Tax Field Offices

Raleigh	(919) 733-3409	1429 Rock Quarry Road, Suite 105
Albemarle	(704) 982-8911	No Office Location
Asheville	(828) 667-0597	2800 Heart Drive
Battleboro	(252) 467-9222	110 Fountain Park Drive, Suite F1
Charlotte	(704) 393-0606	6016 Brookshire Blvd.
Durham	(919) 560-6803	3326 Chapel Hill Blvd, Building D
Elizabeth City	(252) 337-6756	401 S. Griffin Street, Suite C
Fayetteville	(910) 486-1212	225 Green Street, Suite 800
Fletcher	(828) 687-9499	No Office Location
Greensboro	(336) 834-4320	5 Centerview Drive, Suite 110
Greenville	(252) 830-2999	2995 Radio Station Road
Hickory	(828) 327-2007	112 2nd Street Place, SE
Jacksonville	(910) 324-1647	No Office Location
Vanceboro	(252) 244-9912	No Office Location
Wilmington	(910) 251-2658	33 Darlington Avenue

Please schedule a field office appointment to ensure someone will be available to assist you. Contact the Raleigh office if the auditors in the field offices are on field assignments.

International Registration Plan (IRP) Section NC Division of Motor Vehicles 1425 Rock Quarry Road, Suite 100 Raleigh, NC 27610	(919) 861-3720	Issues NC apportioned license plates
--	----------------	--------------------------------------

Registration Section NC Division of Motor Vehicles 1100 New Bern Avenue Raleigh, NC 27697	(919) 715-7000	Issues all NC plates except apportioned plates
---	----------------	--

<p>Motor Carrier Regulatory Unit NC Division of Motor Vehicles 1425 Rock Quarry Road, Suite 100 Raleigh, NC 27610</p>	<p>(919) 861-3720</p>	<p>Issues operating authority to for-hire carriers hauling exempt and/or regulated commodities.</p>
<p>Transportation Division NC Utilities Commission 4325 Mail Service Center Raleigh, NC 27699-4025</p>	<p>(919) 861-3720</p>	<p>Issues NC intrastate operating authority</p>
<p>Permit Unit NC Division of Highways 1425 Rock Quarry Road, Suite 109 & 110 Raleigh, NC 27610</p>	<p>(919) 733-7154 (888) 574-6683</p>	<p>Issues over size and over weight permits</p>
<p>Division of Emergency Management 116 West Jones Street Raleigh, NC 27603</p>	<p>(800) 858-0368 (919) 733-3942</p>	<p>Central number for information concerning hazardous waste or materials, chemical spills or fuel spills</p>
<p>NC State Highway Patrol Motor Carrier Enforcement Unit 4702 Mail Service Center Raleigh, NC 27699</p>	<p>(919) 715-8683</p>	<p>Operates permanent and temporary weighing stations</p>
<p>Highway Patrol Headquarters NC Department of Crime Control 512 N. Salisbury Street Raleigh, NC 27699-4702</p>	<p>(919) 733-4030</p>	<p>Enforces traffic laws on the streets and highways of North Carolina</p>
<p>Federal Heavy Vehicle Highway Use Tax</p>	<p>(800) 829-1040</p>	<p>Proof of payment of the Federal Heavy Vehicle Highway Use Tax must be furnished to the states for motor vehicles licensed for 55,000 pounds or more before a license plate can be issued. You may call this toll free number or contact your local IRS office.</p>

APPENDIX B

NORTH CAROLINA MOTOR FUELS TAX TEMPORARY TRIP PERMITS

IFTA Temporary Permits

North Carolina IFTA temporary permits are only issued by the North Carolina Motor Fuels Tax Division located at 1429 Rock Quarry Road, Suite 105, Raleigh, Monday through Friday from 8:00 a.m. to 5:00 p.m. Requests may be made by telephone, mail, or fax. IFTA temporary permits are only issued to carriers that are currently registered with the Division as an IFTA carrier and the account must be up-to-date. These permits may be transmitted via fax to the location of the vehicle. IFTA temporary permits allow carriers to operate in all IFTA member jurisdictions; however, the carrier must have a copy of their IFTA license in the vehicle in addition to the permit. There is no charge for an IFTA temporary permit and it is valid for 30 days. Operations under this permit must be included on the IFTA return.

Temporary Trip Permits

North Carolina Highway Fuel Use temporary trip permits are issued by permitting services or weigh stations operated by the North Carolina State Highway Patrol, Motor Carrier Enforcement Administration. Prior arrangements must be made with the first available weigh station before entering North Carolina; otherwise, you may be penalized \$100.00 for not having a valid decal or trip permit. Temporary trip permits will not be issued from the Motor Fuels Tax Division. If you desire electronic transmission, you should contact one of the permitting services listed below.

North Carolina Highway Fuel Use temporary trip permits are issued to carriers who do not have proper credentials to travel in North Carolina. North Carolina IFTA carriers who need permits after Motor Fuels Tax Division office hours must purchase a North Carolina Highway Fuel Use temporary trip permit. North Carolina Highway Fuel Use temporary trip permits only allow carriers to travel in North Carolina. Carriers must contact other jurisdictions individually if authorization is needed to operate in that jurisdiction. Purchase price for temporary trip permits is \$50.00 each and they are valid for three (3) days.

If you need individual jurisdiction temporary trip permits, you should contact each jurisdiction directly. Contact information for each jurisdiction may be located at www.iftach.org.

PERMITTING SERVICES

Only the following permit services are authorized to issue North Carolina Highway Fuel Use temporary trip permits. Permits are available on a 24-hour, 7-day per week basis.

- | | | |
|----|---|--------------------------|
| 1. | Com Data Legalization
7880 Bent Branch Drive, Suite 10
Irving, TX 75063 | Toll Free (800) 749-9143 |
| 2. | Custom Permit Service Co.
2400 Briggs Road, Suite 3
Columbus, OH 43223 | Toll Free (800) 669-5014 |
| 3. | Fleet One
5042 Linbar Drive
Nashville, TN | Toll Free (877) 251-7639 |
| 4. | Interstate Permit Service
P.O. Box 32493
Columbus, OH 43232 | Toll Free (800) 343-4889 |
| 5. | J.J. Keller & Associates
7273 State Road 76
Neenah, WI 54956 | Toll Free (800) 231-5266 |
| 6. | Jet Permits, Ltd.
P.O. Box 349
Hales Corners, WI 53130 | Toll Free (800) 788-0603 |
| 7. | Nova Permit Service
850 Ernest-Gagnon, Suite 166
Quebec, Canada | Toll Free (800) 567-7775 |

PERMITTING SERVICES - continued

- | | | |
|----|--|--------------------------|
| 8. | Transmit America
14655 California Street
Omaha, NE 68154 | Toll Free (800) 228-7577 |
| 9. | Xero-Fax, Inc
P.O. Box 6069
Albany, NY 12206 | Toll Free (800) 937-6329 |

NORTH CAROLINA WEIGH STATIONS TELEPHONE NUMBERS AND LOCATIONS

Asheville	(828) 667-2820	I-40 12 miles West of Asheville
Charlotte	(704) 392-6960	I-85 South 7 miles South of Charlotte
Halifax	(252) 445-2122	I-95 South 18 miles South of Roanoke Rapids
Hendersonville	(828) 693-9712	I-26 South of Asheville
Hertford	(252) 264-2717	US-17 South of Elizabeth City
Hillsborough	(919) 563-6108	I-85 South of Durham
Lumberton	(910) 618-5548	I-95 26 miles North of the SC line
Mount Airy	(336) 320-2705	I-77 7 miles South of the VA line
Statesville	(704) 878-4249	I-40 West of Statesville

PORTABLE WEIGH STATIONS IN NORTH CAROLINA

Greenville	(252) 752-4435
Raleigh	(919) 733-4430
Salisbury	(704) 857-2498
Wilmington	(910) 350-2010

APPENDIX C: Individual Vehicle Mileage Record

TRIP REPORT NUMBER

Tractor No. _____ Trailer No. _____ Trailer No. _____ Location _____ <input type="checkbox"/> Diesel <input type="checkbox"/> Gas <input type="checkbox"/> Gasohol <input type="checkbox"/> LPG	Hubometer Reading Ending: _____ Beginning: _____ Total Hub Miles: _____ Trailer Axles: _____ <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4	Driver: _____ Origin: _____ Destination: _____ Destination: _____ Carrier (Lessee): _____ Trip Lease #: _____ Cargo Weight (Colorado.): _____
---	---	---

STATE LAWS REQUIRE
THE DRIVER TO KEEP A
RECORD OF MILES
DRIVEN AND FUEL
PURCHASED IN EACH
JURISDICTION FOR
EACH TRIP.

DRIVER MUST ENTER ODOMETER READING
BEGINNING AND BY STATE EXIT

Line No.	Date	State or Province	Highways Used	Mileage		Toll	L = Loaded E = Empty	Trip Permit	Trip Cities	Fuel Gals.	Purchases Vendor	Invoice Number
				Odometer Reading State Exit	Non-Toll							
1.												
2.												
3.												
4.												
5.												
6.												
7.												
8.												
9.												
10.												
11.												
12.												
13.												
14.												
15.												

(Driver to complete all areas
See instructions & sample on back)

BEGINNING ODOMETER READING

Driver to enter mileage and fuel purchases for fuel and highway tax reporting

ENDING ODOMETER READING

Driver/Contractor's Signature _____ Date _____

APPENDIX D

Decal Inventory

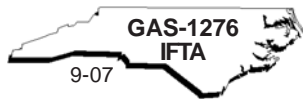
YEAR _____

Instructions:

- 1. Complete all columns with requested information for all vehicles.
- 2. List any special circumstances in the Notes column.
- 3. Retain this document for 4 years for audit purposes.

	Date	Decal Number	Unit Number	Last 4 Digits of VIN	Notes*
1.	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____
7.	_____	_____	_____	_____	_____
8.	_____	_____	_____	_____	_____
9.	_____	_____	_____	_____	_____
10.	_____	_____	_____	_____	_____
11.	_____	_____	_____	_____	_____
12.	_____	_____	_____	_____	_____
13.	_____	_____	_____	_____	_____
14.	_____	_____	_____	_____	_____
15.	_____	_____	_____	_____	_____
16.	_____	_____	_____	_____	_____
17.	_____	_____	_____	_____	_____
18.	_____	_____	_____	_____	_____
19.	_____	_____	_____	_____	_____
20.	_____	_____	_____	_____	_____
21.	_____	_____	_____	_____	_____
22.	_____	_____	_____	_____	_____
23.	_____	_____	_____	_____	_____
24.	_____	_____	_____	_____	_____
25.	_____	_____	_____	_____	_____
26.	_____	_____	_____	_____	_____
27.	_____	_____	_____	_____	_____
28.	_____	_____	_____	_____	_____

* This field is for documenting anything that affected the status of a decal, for example, "Sold Truck" may be noted.



International Fuel Tax Agreement (IFTA) Return

North Carolina Department of Revenue

For Office Use Only

Batch # _____

Legal Name and Complete Mailing Address

Close Account

IFTA Intrastate (IN)

Effective Date: _____

Account Number

--	--	--	--	--	--	--	--	--	--	--	--

State Number

--	--	--	--	--	--	--	--	--	--

Return for quarter of

Jan 1 - Mar 31
 Apr 1 - Jun 30
 Jul 1 - Sep 30
 Oct 1 - Dec 31

--	--	--	--

(Year)

(This return must be filed regardless of activity)

1. "X" If No Operations Were In Any State This Period. Sign, Date and Return 2. If This Is An Amended Return, Enter Period: _____

Tax or (Credit) Calculations

(Schedule A must be completed before you can determine tax liability or (credit) due)

[Staple check

Subtotals From Schedule B	Total Miles Col. B	Taxable Miles Col. C	Taxable Gallons Col. D	Taxpaid Gallons Col. E	Net Taxable or (Credit) Gallons Col. F	Tax or (Credit) Col. H	Interest Col. I
3. Page 2							
4. Page 3							
5. Page 4							
6. TOTALS							

7. Tax or (Credit) Due (Total From Line 6, Column H)	7.	\$
8. Previous (Credit) Available	▶ 8.	\$
9. Penalty Due (See Instructions)	9.	\$
10. Interest Due (Total from Line 6, Column I)	10.	\$
11. Total Balance or (Credit) Due (Make check payable to: N.C. Department of Revenue . Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.)	▶ 11.	\$

IFTA returns are due by the last day of the month following the end of the quarter.

Signature and Title: _____ Date: _____
 I certify that, to the best of my knowledge, this report is accurate and complete.

Check box if certified copy of return is needed.

Telephone Number () _____ Fax Number () _____

MAIL TO:
 North Carolina Department of Revenue
 Motor Fuels Tax Division
 Post Office Box 25000

QUESTIONS:
 Contact the Motor Fuels Tax Division at:
 Telephone Number (919) 733-3409
 Toll Free Number (877) 308-9092



INSTRUCTIONS FOR COMPLETION OF FORM GAS 1276 IFTA THE INTERNATIONAL FUEL TAX AGREEMENT (IFTA) RETURN

Include the company name, street address, city, state, zip code and return period unless you have a pre-addressed label. For changes in name or address on a pre-addressed label, please draw a line through the incorrect information and legibly write the correct information. Do not draw a line through your account number.

If you are a partnership, LLC, or corporation your account number will be your Federal Identification Number (FEIN). If you are a proprietorship, your account number will be your Social Security Number (SSN). Please use the same number when referring to your account. To comply with the Identity Theft Protection Act, each licensee will be assigned a generic State Number that will appear on all correspondence.

- Item 1 - Place an "x" in the box if you did not operate in any jurisdiction this period. (This return must be filed regardless of activity).
- Item 2 - If amended return, indicate the period being amended.

YOU MUST COMPLETE SCHEDULES A & B BEFORE YOU CAN DETERMINE TAX LIABILITY OR (CREDIT)

***NOTE: ALL CANADIAN LITERS MUST BE CONVERTED TO GALLONS. ONE LITER EQUALS .2642 GALLONS.
ALL CANADIAN KILOMETERS MUST BE CONVERTED TO MILES. ONE KILOMETER EQUALS .62137 MILES.
ALL MILES AND GALLON FIGURES SHOULD BE ROUNDED TO THE NEAREST WHOLE NUMBER.**

SCHEDULE A - MILES PER GALLON CALCULATION

The miles per gallon figure will be used to determine the gallons of fuel consumed in each jurisdiction. Calculate the fleet MPG for the current reporting period for each fuel type listed. Divide total miles traveled in all IFTA and Non-IFTA jurisdictions (including temporary fuel permit miles) by the total fuel consumed in all jurisdictions. Round the answer to the nearest two decimal places. Example: 5.768 rounds to 5.77.

SCHEDULE B - SUMMARY OF OPERATIONS

IFTA Member Jurisdiction - In alphabetical order indicate the member jurisdictions in which you operated during the period. Report each fuel type for each jurisdiction on a separate line.

Column (A) Fuel Types -Only one fuel type per line is allowed. Enter the fuel type by abbreviations:

DI - Diesel	LN - Liquid Natural Gas	E8 - E85
GA - Gasoline	CN - Compressed Natural Gas	M8 - M85
GH - Gasohol	ET - Ethanol	A5 - A55
LP - Propane	MT - Methanol	BD - Biodiesel

Column (B) Total Miles - Enter the total miles traveled by jurisdiction for each fuel type. Total miles should include taxable and non-taxable miles. Be sure to report all miles for vehicles displaying an IFTA decal with intrastate operations.

Column (C) Taxable Miles - Enter the total taxable miles traveled by jurisdiction for each fuel type. If you deduct tax exempt miles, it is your responsibility to provide records of proper exemption for future review. You must contact jurisdictions individually to determine exempt miles. Miles traveled while operating under a North Carolina IFTA temporary permit are taxable.

Column (D) Taxable Gallons - Enter the total taxable gallons of fuel consumed for each jurisdiction. To determine this figure, divide Taxable Miles (Column C) by the average MPG for that fuel type (Schedule A). Be sure to report all fuel for vehicles displaying an IFTA decal with intrastate operations.

NOTE: Some jurisdictions have an additional surcharge. **This surcharge is computed on taxable gallons.** For each jurisdiction that requires a surcharge, copy the taxable gallons from Column D on a separate line including jurisdiction and fuel type. Multiply gallons in Column D by the surcharge rate to determine the surcharge due and put this amount in Column H.

Column (E) Taxpaid Gallons Purchased - Enter gallons by fuel type that were bought at the pump which included the fuel tax at the time of purchase and withdrawals from bulk storage if the fuel is taxpaid. Include fuel purchased while operating under a North Carolina IFTA temporary permit or a North Carolina temporary trip permit purchased for \$50.00. If you operated under a temporary trip permit issued by another jurisdiction, contact that jurisdiction for regulations on reporting fuel purchases while operating under the permit. NOTE: Some jurisdictions do not collect fuel tax at the pump. Do not report any purchases which did not include the fuel tax.

Column (F) Net Taxable/(Credit) Gallons - This figure is the difference between taxable gallons and taxpaid gallons. To calculate this difference, subtract Column E from Column D. If Column D is greater than Column E, you will owe additional tax. If Column D is less than Column E, no additional tax is owed and this figure should have brackets to indicate (credit) due.

Form Gas 1276 IFTA-I (Reverse)

Column (G) Tax Rate - Enter the tax rate by jurisdiction by fuel type. Use the tax rate sheet mailed with the return.

Column (H) Tax or (Credit) - Multiply Column F by Column G.

Column (I) Interest - If your return is late, you will pay interest to each jurisdiction where tax is due (Column H). For jurisdictions with surcharges, add the tax to or subtract the credit from the surcharge amount. If the result is a tax due, interest is calculated on this amount. To calculate the interest payment, multiply the TAX DUE (Column H) by the interest rate by the number of months late. A partial month is considered a full month when determining the number of months late. The current interest rate is one percent (1%) per month or twelve percent (12%) per year. **DO NOT CALCULATE INTEREST FOR CREDITS.**

Column (J) Total Due/(Credit) Due - Add the totals of Column H and Column I for each jurisdiction listed.

SUBTOTALS - Enter the subtotals for pages 2, 3, and 4.

TAX OR (CREDIT) CALCULATIONS

Subtotals from Schedule B - Carry the subtotals from pages 2, 3, and 4 to the front page of the tax return (Lines 3, 4, and 5) to determine the total tax liability or (credit).

Lines 3, 4 and 5 - Enter the following information from the subtotals.

Column B Total Miles - Enter total miles, Col. B subtotals per page.

Column C Taxable Miles - Enter taxable miles, Col. C subtotals per page.

Column D Taxable Gallons - Enter taxable gallons, Col. D subtotals per page.

Column E Taxpaid Gallons - Enter taxpaid gallons, Col. E subtotals per page.

Column F Net Taxable/(Credit) Gallons - Enter difference between Col. D and E.

Column H Tax/(Credit) Due - Enter tax or (credit) due, Col. H subtotals per page.

Column I Interest - Enter interest due, Col. I subtotals per page.

Line 6 Totals - Enter the grand total amounts by adding lines 4 thru 6 for each column.

Line 7 Tax/(Credit) Due - Enter total from line 6, column H.

Line 8 Previous Credit Available - You may apply any unused North Carolina credit from any of the 8 previous quarters to taxes due. Credits earned in other IFTA jurisdictions prior to joining IFTA may not be used on the North Carolina return. However, you may contact that jurisdiction for any refund or credit that may be available.

Line 9 Penalty - Returns are due on the last day of the month following the close of each quarter.
a. If return is late and no tax due, penalty of \$50.
b. If return is late and tax is due, penalty of \$50 PLUS 10% of tax due or \$50, whichever is greater.
c. If return is on time but underpaid, 10% of tax due or \$50, whichever is greater.

Line 10 Interest Due - Enter total from line 6, column I.

Line 11 Total Balance/(Credit) Due - There are no limits on the amount of payments or credits/refunds.
a. If Tax Due - Send the return and a check for the amount of tax due to the North Carolina Department of Revenue, Motor Fuels Tax Division, P. O. Box 25000, Raleigh, NC 27640-0950.
Any payment must be drawn on a U.S. (domestic) bank and payable in U.S. dollars.
b. If (Credit) Due - The figure should be in brackets to indicate (credit) due. All credits over \$3.00 will automatically be refunded. Requests for refunds less than \$3.00 must be received in writing. Send the return to the N. C. Department of Revenue, Motor Fuels Tax Division, P. O. Box 25000, Raleigh, NC 27640-0950.

Please include your signature, title, date and telephone number.

Anyone who fails to file a return on time will be subject to a penalty of \$50.00 for each offense. This penalty is in addition to the penalty for failure to pay tax when due. In addition, your license plate(s) will be subject to revocation if returns and/or payments are not sent to this Division.

