

# NC Department of Revenue Motor Fuels Tax Investigators



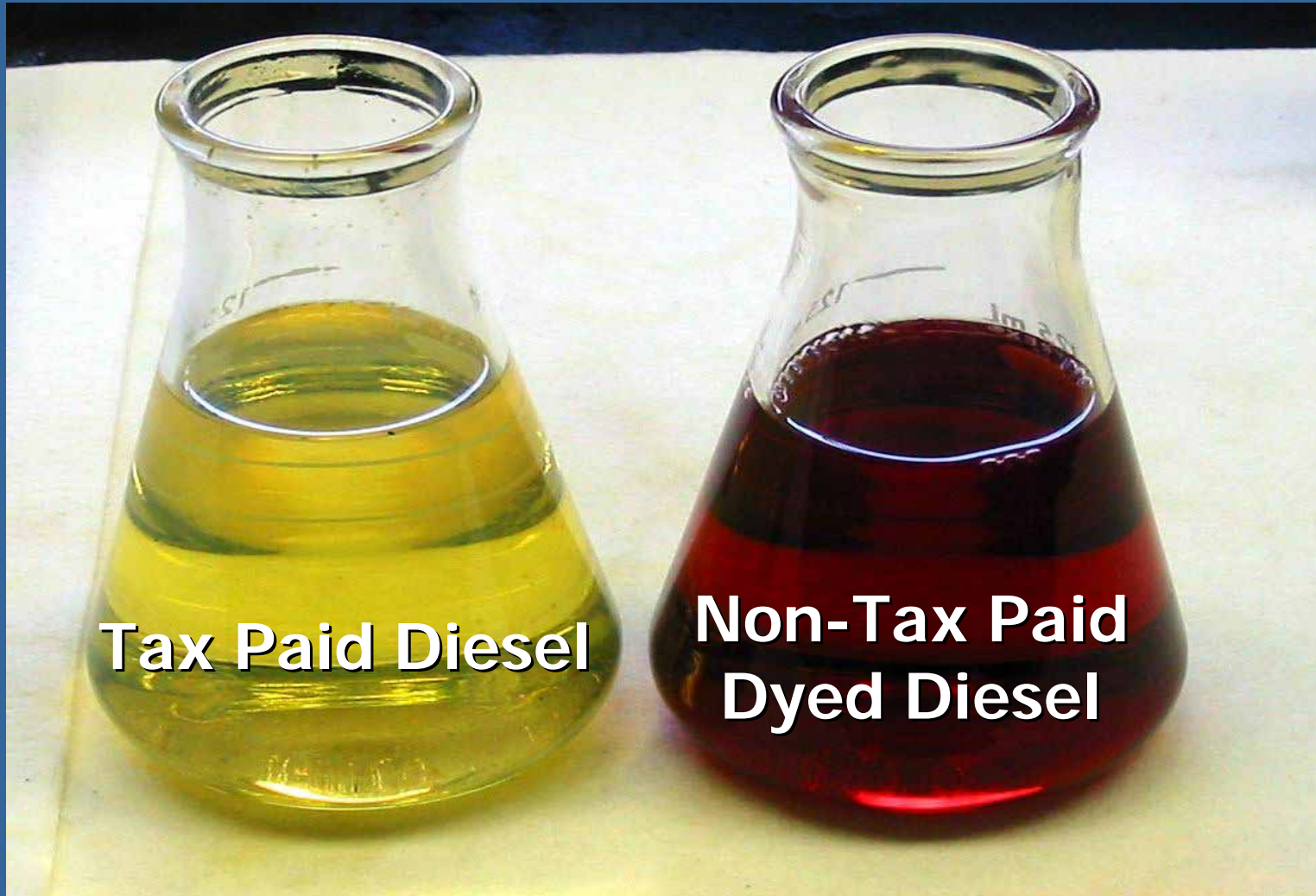
# Investigators

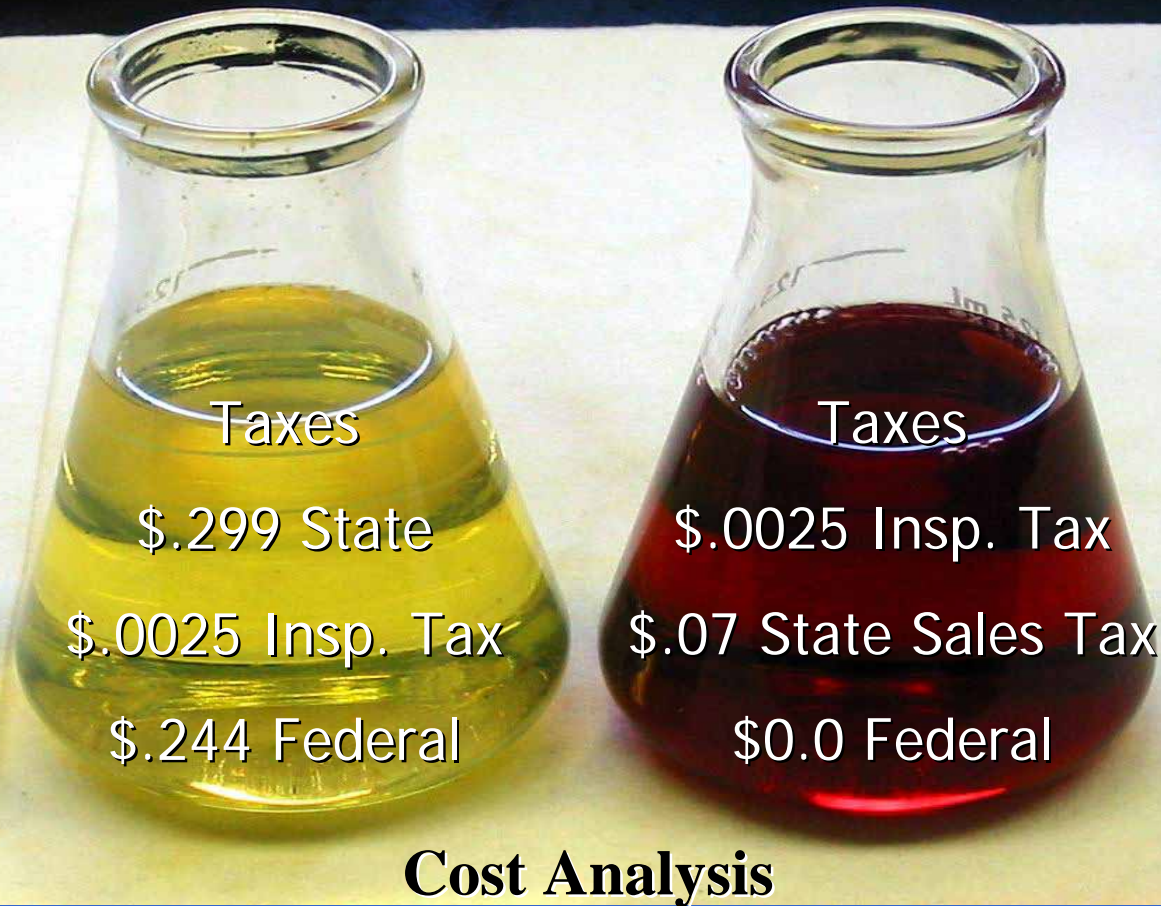
- Statewide Enforcement of Motor Fuel Laws
- Sworn Law Enforcement Officers
- On-Road Enforcement
  - IFTA Motor Carriers
  - Intrastate Motor Carriers
  - Dyed Fuel

# Tax Evasion and Enforcement

- Proper Registration and Decals on Qualified Vehicles.
- Dyed Fuel Use on the Highways.

# Tax-paid and Non-tax paid Fuel





With diesel at a pre-tax price of \$2.00 Per Gallon

Dyed Fuel Cost \$2.14 Per Gallon

Tax Paid Fuel Cost \$2.56 Per Gallon

**Evasion Can Cost State and Federal Agencies**

**54.55¢ Per Gallon in Highway Taxes.**

Why tax evasion? How much profit can there be?

How can it possibly impact the highway funds?

North Carolina assesses a \$1,000.00 penalty for each vehicle in which the fuel supply tank contains any presence of dye.



Highway use of Untaxed Dyed Fuel Cuts Highway Funds and Impacts Construction and Maintenance.

Dyed Fuel Enforcement Brings That Money Back Home.



# NC Dyed Fuel Enforcement Program

The IRS and four state agencies have partnered to enforce North Carolina and Federal motor fuel tax laws. The state agencies are:

- North Carolina State Highway Patrol Motor Carrier Enforcement Administration.
- Motor Fuels Tax Division.
- North Carolina Department of Transportation.
- North Carolina Department of Agriculture.

# Joint Operations

The North Carolina State Highway Patrol  
and the  
Motor Fuels Tax Division

working cooperatively to enforce Motor Fuel Tax Laws and promote Motor Carrier Safety.

# Roadside Enforcement

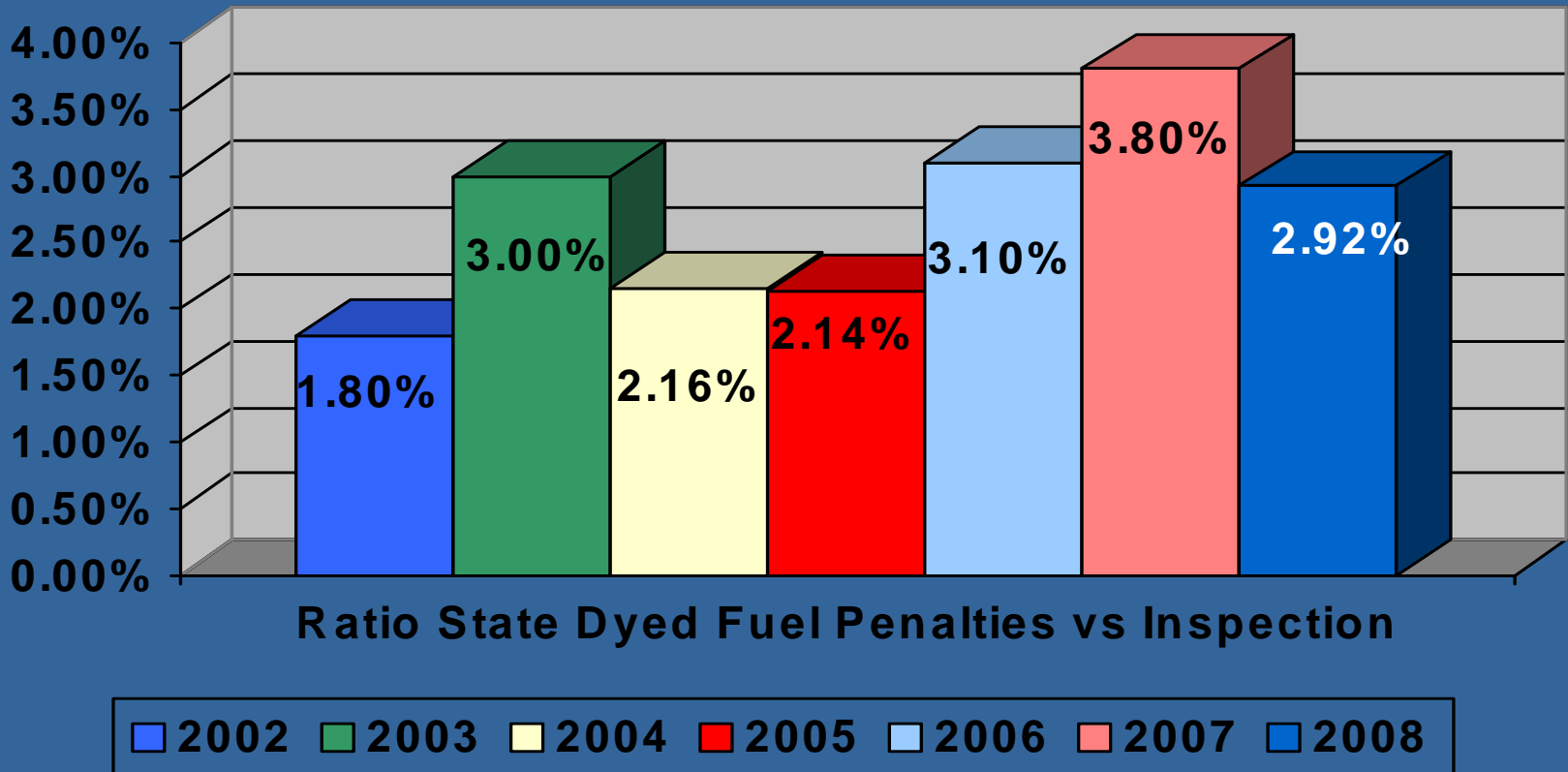
## Dyed Fuel and Motor Carrier Registration



# NC Dyed Fuel Enforcement Program

- North Carolina Department of Revenue Motor Fuels Tax Investigations
  - Investigators
  - Auditors

In 2008, the Investigations Unit inspected 7,100 diesel vehicles resulting in 207 dyed fuel penalties.



# Investigations Audit and Referral

- Conduct Bulk Dyed Fuel Audits to Determine Tax Liability for Dyed Fuel Use.
- Refer to the IRS.
- Refer to IFTA Auditors.
- Refer to Motor Fuels Audit.

# Dyed Fuel Audits

The State of North Carolina Statutes allow a presumption that if the Secretary determines untaxed dyed diesel fuel used to operate a highway vehicle was dispensed from a storage facility or a meter marked for non-highway use, all fuel delivered into that storage facility is presumed to have been used for taxable purposes. (G.S. 105-449.87(b))

# The Audit

Investigators assemble all bulk dyed fuel receipts for the audit period.

The start of the audit period is three years from the date of the audit and ends on the date of the violation.

The excise tax, interest, and inspection tax are calculated on the entire bulk deliveries for the period.



# The Audit (continued)

The Division's goals in conducting the dyed fuel audits are to ensure:

The State receives the taxes due on non-taxed dyed fuel used for taxable purposes.

The taxpayer is assessed fairly based on information developed in the audit and that the assessment ensures the State receives the appropriate tax.

**NC statutes** require motor carriers operating only in North Carolina be licensed, display a NCHFUT decal, and carry proof of the license in the vehicle.

Form Gas. 1272



**NORTH CAROLINA DEPARTMENT OF REVENUE  
MOTOR FUELS TAX DIVISION  
P.O. BOX 25000, RALEIGH, NC 27640  
(919) 733-3409 TELEPHONE (919) 733-8654 FAX  
INTERNATIONAL FUEL TAX AGREEMENT (IFTA) LICENSE  
EXPIRES: DECEMBER 31, 2009**

**TEST  
PO BOX  
GOLDSBORO NC 27532**

**THIS LICENSE IS ISSUED UNDER THE TERMS OF THE INTERNATIONAL FUEL TAX AGREEMENT AND IS VALID FOR VEHICLES OPERATED BY THE LICENSEE IN ALL IFTA MEMBER JURISDICTIONS.**

**NC89000123, 56190198981  
1272, NC001**

**A COPY OF THIS LICENSE MUST BE CARRIED IN EACH QUALIFIED MOTOR VEHICLE**

**NC statutes** require motor carriers operating only in North Carolina be licensed, display a NCHFUT decal, and carry proof of the license in the vehicle.

Form Gas. 1272

**NORTH CAROLINA DEPARTMENT OF REVENUE  
MOTOR FUELS TAX DIVISION  
P.O. BOX 25000, RALEIGH, NC 27640  
(919) 733-3409 TELEPHONE (919) 733-8654 FAX  
NORTH CAROLINA HIGHWAY FUEL USE TAX (NCHFUT) LICENSE  
EXPIRES: DECEMBER 31, 2009**

**TO TEST INTRASTATE ACCTS  
1 LANE  
RALEIGH NC 27604**

**NC890001193  
Nc2222233335  
1272, NC002**



**A COPY OF THIS LICENSE MUST BE CARRIED IN EACH QUALIFIED MOTOR VEHICLE**

# NC Department of Transportation

The NC Dept. of Transportation provides statistical data and is developing an interface to CVISN (Commercial Vehicle Information System Network) and FuelTaCs. These are both opportunities that will enhance North Carolina's ability to administer the IFTA program and collect taxes due.



# Report Motor Fuel Tax Fraud



**Toll Free: (877) 308-9092**