

## Tax Information

## Guide 2013

Guide: 2013

Date: May 14, 2013

Subject Fuel Tax Information Guide for Inter-Jurisdictional Carriers Based in Nova Scotia

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# Fuel Tax Information Guide for Inter-Jurisdictional Carriers Based in Nova Scotia

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## **1. Introduction:**

### **What is IFTA?**

The International Fuel Tax Agreement (IFTA) is an agreement between most American states and all Canadian provinces. It governs the uniform collection and distribution of fuel taxes paid by interprovincial and interstate carriers. Nova Scotia joined IFTA on January 1, 1996. Currently, Northwest Territories, Nunavut, Hawaii, Mexico, Yukon, the District of Columbia and Alaska are not members of IFTA.

To a Nova Scotia based carrier, the major benefit of joining IFTA is that it significantly reduces the paperwork and compliance burden for fuel tax reporting. Under the IFTA agreement, Nova Scotia based truckers who travel in two or more member jurisdictions (provinces or states which are members of IFTA) must register in Nova Scotia where they will be issued their IFTA licenses and vehicle decals. Truckers will then file only one quarterly fuel tax return with Service Nova Scotia to cover the distance travelled in all states or provinces that are members of IFTA. **This eliminates the need for preparing separate fuel tax reports** for each province or state in which they travel. Service Nova Scotia will refund or collect the net fuel tax on behalf of all member provinces or states.

The IFTA fuel tax returns account for the carrier's motor fuel use in each jurisdiction of travel and are accepted by Nova Scotia on behalf of all IFTA member jurisdictions with no additional reporting required for those other jurisdictions. Only those carriers that accumulate travel in non-IFTA member jurisdictions, which includes Alaska, Yukon, Mexico, the District of Columbia, Hawaii, Northwest Territories and Nunavut, will be required to file additional fuel use reports.

To further assist inter-jurisdictional carriers based in Nova Scotia with the details of the fuel tax reporting and licensing rules under IFTA, Service Nova Scotia has prepared the following information guide. Please keep in mind that the information that follows is related to Nova Scotia's reporting requirements only and is intended as a guide and does not replace the laws, regulations or administrative documents to which it refers. For additional information regarding reporting requirements of other jurisdictions, please contact those jurisdictions directly.

## **2. Eligibility and Application**

### **Eligibility - Who should apply:**

All carriers that operate qualified motor vehicles in multiple jurisdictions may register with a base jurisdiction for the purpose of fuel tax reporting. Persons based in Nova Scotia who operate a qualified motor vehicle(s) in two or more participating provinces or states may apply for a license under IFTA. The base jurisdiction is where the carrier's operational records are either maintained or can be made available for audit purposes at the carrier's expense, and where one or more qualified motor vehicles are registered.

### **Application:**

Nova Scotia based carriers may request an IFTA license application by contacting:

**Service Nova Scotia**

**IFTA Administrator**

**PO Box 755**

**Halifax, NS B3J 2V4**

**Tel: (902) 424-2850 or 1-800-565-2336 (Toll Free in Nova Scotia)**

**Fax: (902) 424-0602**

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The application form requests basic information about the carrier and its operations. It must be fully completed and returned to the above noted address without delay to ensure prompt issuance of the IFTA license and decals. Application forms are available by contacting Service Nova Scotia at: (902) 424-2850, or on our website (See [Application Form](#)).

### **3. Definitions:**

#### **Applicant**

- a person in whose name the uniform application for licensing is filed with a base jurisdiction for the purpose of motor fuel tax reporting under the provisions of IFTA.

#### **Audit**

- a physical examination of the records and source documents supporting the licensee's tax reports.

#### **Base jurisdiction**

- the province or state where qualified motor vehicles are based for vehicle registration purposes; and
- in which the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and
- in which some travel is accrued by qualified motor vehicles within the fleet.
- The commissioners of two or more affected jurisdiction may allow a person to consolidate, in one base jurisdiction, several fleets, which would otherwise be based in two or more jurisdictions.

#### **Cancellation**

- the termination of a license and its provisions by either the licensing jurisdiction or the licensee.

#### **Commissioner**

- the official named by the jurisdiction to be responsible for administration of IFTA.

#### **Fleet**

- one or more vehicles.

#### **In-jurisdiction distance**

- total number of kilometres operated by a licensee's qualified motor vehicles within a participating province or state. In-jurisdiction kilometres do not include those operated on fuel tax trip permits or those exempted from fuel taxation by participating provinces or states.

#### **Jurisdiction**

- a province or territory of Canada, a state of the United States, the District of Columbia or a state of the United Mexican states.

#### **Lessor**

- is the party granting the use of equipment with or without a driver to another.

#### **Lessee**

- is the party acquiring the use of the equipment with or without a driver from another.

#### **Licensee**

- a person who holds a valid agreement license issued by the base jurisdiction.

#### **Long-term lease**

- is a lease lasting 30 days or more.

#### **Motor fuels**

- all fuels used for the operation of qualified motor vehicles.

#### **Person**

- an individual, corporation, partnership, association, trust or other entity.

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### **Qualified motor vehicle**

- a motor vehicle used, designed or maintained for transportation of persons or property; and
- having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or
- having three or more axles regardless of weight; or
- used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle weight.

A qualified motor vehicle does not include recreational vehicles.

### **Recreational vehicle**

- 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 operation.

### **Registration**

- the qualification of motor vehicles for the privilege of using the highway; through a prepayment of licensing fees; and
- the issuance of a license plate and registration card or temporary registration containing owner and vehicle data.

### **Reporting period**

- the calendar quarterly periods of January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

### **Revocation**

- withdrawal of license and privileges by the licensing jurisdiction.

### **Short-term lease**

- is a lease lasting 29 days or less.

### **Suspension**

- temporary removal of privileges granted to the licensee by the licensing jurisdiction.

### **Total distance**

- all kilometres traveled during the reporting period by every qualified vehicle in the licensee's fleet, regardless of whether the kilometres are considered taxable or non-taxable by a jurisdiction.

### **Transporters**

- means every person engaged in the business of delivering qualified motor vehicles of a type required to be registered hereunder from a manufacturing, assembling or distributing plant to dealers or sales agents of a manufacturer.

### **Weight**

- maximum weight of the loaded vehicle or combination of vehicles during the registration period.

## **4. License and Decals:**

If the applicant meets all IFTA application requirements, an IFTA license and decals will be issued. The license will contain an account number which must be used for reporting all IFTA activity. The IFTA license is valid for the period of January 1 through December 31 and must be renewed each year at the applicable registration fee.

**The licensee is required to make legible copies of the license and place a copy in each vehicle. A vehicle will not be considered to be operating under IFTA unless there is a copy of the license in the vehicle. Failure to display a copy of the license may subject the vehicle**

**operator to the purchase of a single trip fuel permit and/or the issuance of a citation.** If the original copy of the IFTA license is lost or destroyed, a duplicate may be obtained by sending a written request to **Service Nova Scotia, IFTA Administrator.**

Each licensee will be issued two vehicle identification decals for each qualified vehicle in its fleet. An identification decal must be placed on the outside of the cab on both the passenger and driver sides. In the case of transporters, manufacturers, dealers, or driveway operations, the decals need not be permanently affixed but may be temporarily displayed in a visible manner on the cab's passenger side. **Failure to display the identification decals in the required location may make the vehicle operator subject to the purchase of a trip permit and a citation.** The IFTA decals may be displayed one month prior to their effective date. Vehicle decals are issued upon receipt of a completed IFTA license application and the payment of the applicable fees. Additional decals may be obtained by writing to Service Nova Scotia specifying the licensee's IFTA account number, the number of decals required and enclosing the applicable fee for each set of decals.

Carriers from new member jurisdictions are allowed 60 days from the date of the new member's IFTA program implementation to display the IFTA license and decals. All IFTA carriers are allowed a two-month grace period to display the current year's IFTA license and decals.

**Note: If your legal name for your company has changed, you are required to notify us.**

## **5. Leased Carriers:**

In the case of leased carriers, the following shall apply:

- 1) A rental company engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other customers may be deemed to be a licensee and as such may be issued a license provided an application has been properly filed and approved.
- 2) In the case of a carrier using independent contractors under long-term leases (more than 30 days), the carrier and contractor may designate which party will report and pay fuel use tax. If the carrier assumes responsibility for reporting and paying motor fuel taxes, the base jurisdiction for purposes of IFTA shall be the carrier's base jurisdiction, regardless of the jurisdiction in which the qualified motor vehicle is registered by the contractor for vehicle registration purposes.
- 3) In the case of a short-term motor vehicle rental by a contractor regularly engaged in leasing or renting motor vehicles without drivers to licensees or other customers for 29 days or less, the contractor will report and pay the fuel tax unless the following conditions are met:
  - a) the contractor has a written rental contract which designates the carrier as the party responsible for reporting and paying the fuel tax; and
  - b) the contractor has a copy of the carrier's IFTA fuel tax license which is valid for the term of the rental.
- 4) In the case of a carrier using independent contractors under short-term/trip leases of 29 days or less, the trip contractor will report and pay all fuel taxes.

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

- a) **The carrier:** when the qualified motor vehicle is being operated under the carrier's jurisdictional operating authority. The base jurisdiction for purposes of IFTA shall be the base jurisdiction of the carrier regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the contractor of the carrier.
- b) **The independent contractor, agent or service representative:** when the qualified motor vehicle is being operated under the contractor, agent or service representative's jurisdictional operating authority. The base jurisdiction for the purposes of IFTA shall be the base jurisdiction of the contractor, agent or service representative regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes.

## 6. Government Vehicles

Vehicles registered to governments are exempted. This includes federal, provincial/state and municipal governments in Canada and the United States. **Canadian federal government includes vehicles registered to government departments and Crown Corporations that are agents of the crown.**

## 7. IFTA License Renewal

IFTA licenses are valid from January 1 to December 31. It is incumbent upon all licensees to renew their licenses and obtain new decals each year before December 31. To assist licensees that may require extensions of this renewal deadline, particularly those operating large carrier fleets, a two month grace period to display the current year IFTA license and decals is available from January 1 to February 28. During this time and until the display of the renewed IFTA license and decals is made, each motor vehicle must display the proper credentials for traveling in IFTA member jurisdictions, i.e. valid license and decals for previous year.

Nova Scotia may refuse to issue or renew an IFTA license and decals if:

- Your account has been cancelled or revoked;
- You failed to file a fuel tax return;
- You have failed to remit any payments to Nova Scotia to cover the liability for all IFTA-member jurisdictions.

**Note:** IFTA licensees are required to file all delinquent returns and pay all taxes, penalties and interest owing on their accounts before they can be issued a renewal license and decals.

Nova Scotia may not issue a renewal if:

- You have shown no inter-jurisdictional operations over the previous year.

## 8. Reporting Procedures:

### A. Filing of Reports:

Tax report forms will be provided at no charge to each licensee at least 30 days prior to the due date of the report. **Failure to receive the authorized report form does not relieve the licensee from the obligation of submitting a report.** The licensee may submit a written report providing all required information. This will be accepted in place of the standard reporting form.

Licensees file a quarterly report with Nova Scotia and pay taxes due to all member jurisdictions with one payment to Nova Scotia.

Licensees may receive authorization to submit a computer generated tax report instead of the standard tax report if it includes all required information and is in a form which can be processed.

**Every licensee must submit a tax report even if there is no taxable operation for the period.**

**B. Reporting frequency:**

Tax reports must be filed on a quarterly basis. The reporting quarters and report due dates are:

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

**C. Postmark/hand delivery date:**

To avoid a penalty for late filing, the tax report **must** be postmarked no later than midnight on the last day of the month following the close of the reporting period. If the last day of the month falls on a Saturday, Sunday or legal holiday, the next business day is considered the final filing date.

**Reports are considered filed and received**

On the date shown by the US Postal Service, Canada Post or Delivery Service cancellation mark stamped on the envelope containing the report properly addressed to Service Nova Scotia and Internal Services or on the date it was mailed, if satisfactory proof is available to establish the date mailed.

If a report is hand delivered, it is considered filed and received on the date that it is delivered to an employee of Service Nova Scotia.

**D. Measurement conversion:**

Tax rates will be converted using the following factors and will be computed to the nearest whole unit:

One litre = .2642 Gallons

One kilometre = .62137 Miles

One U.S. Gallon = 3.785 Litres

One Mile = 1.6093 Kilometres

One Imperial Gallon = 4.546 Litres

**Note:** For reporting fuels that cannot be measured in litres or gallons (ex: Compressed natural gas), the licensee shall report the fuel at the conversion factor used by the province or state in which the fuel was consumed.

**E. Tax exempt distance:**

For reporting tax exempt miles or kilometres, the licensee is required to obtain the definition of distances that qualify for tax exemption status from the various member states or provinces in which they are traveling.

**F. Underpayments:**

If a licensee files a report showing taxes due and fails to remit payment in full with his tax report, Nova Scotia will take appropriate action, as provided by IFTA, to collect the tax and interest due.

## **G. Overpayments:**

When filing a tax report, a licensee may apply the overpayment generated in one jurisdiction to the taxes owed to another jurisdiction and remit the net tax owed to Nova Scotia. If the total tax payment by a licensee, as a result of tax paid purchases exceeds the total tax due in any one period, the net credit may be carried over to cover future tax liability, or it may be refunded.

## **H. Refunds:**

Refunds to licensees will be made only when all tax liability, including audit assessments, have been satisfied to all member jurisdictions. If a licensee has a credit balance over \$20.00 after filing their quarterly return, a refund will be issued unless your return is filed late. Any credit balance on returns filed late will be carried forward to the next quarter. Net refunds under \$20.00 are carried forward as a credit.

## **I. Fuel tax bond:**

Nova Scotia may require a licensee to post a bond when:

- the licensee has failed to file timely reports;
- tax has not been remitted, or
- an audit indicates problems severe enough that, in the commissioner's discretion, a bond is required to protect the interest of the member jurisdiction.

The total amount of the bond will be equivalent to at least twice the estimated average quarterly tax liability.

## **J. Penalty and interest**

A penalty of 10% or \$50.00, whichever is greater, will be charged for failure to file a report, for filing a late report or for an underpayment of taxes due, whether or not travel has taken place (no operations).

Interest is calculated on tax due to a jurisdiction beginning on the due date of the return until the date that the tax payment is paid. If an amount is overdue on the first day of a month, a complete month's interest is added to the balance due.

If a tax return is received late, interest is charged on the calculated taxes due to jurisdictions. Interest is not calculated on any overpayments to other jurisdictions that may also be reported. (i.e. there is no set-off among the amounts due to and due from the various jurisdictions).

The interest rate is the Canadian Federal Treasury Bill rate plus 2% adjusted quarterly.

## **9. Records:**

### **A. Types of records:**

Each licensee is required to maintain a complete record of all fuel purchased, received and used in the conduct of its business. These records shall contain but not be limited to:

- the date of each receipt of fuel;
- the name and address of the person from whom fuel was purchased or received;
- the number of gallons or litres received;
- the type of fuel; and
- the vehicle or equipment into which the fuel was placed.

In addition, all licensees must maintain detailed distance records which show operations on an individual vehicle basis. These records shall contain but not be limited to:

- both taxable and non-taxable use of fuel;
- distance travelled for taxable and non-taxable use; and
- distance recaps for each vehicle and for each jurisdiction in which the vehicle was operated.

A licensee's records, at minimum, must include distance data on each vehicle for each trip and be recapped in a monthly fleet summary. Supporting information should include the following documentation:

- dates of trip (starting and ending);
- trip origin and destination;
- route of travel;
- beginning and ending odometer reading for the trip;
- total trip miles or kilometres;
- mileage/kilometres by jurisdiction;
- unit number or vehicle identification number;
- vehicle fleet number;
- registrants' name.

## **B. On-board Recording Devices:**

### **1. On-board recording devices**

If the carrier chooses, on-board recording devices may be used instead of or in addition to handwritten trip reports for fuel tax reporting. On-board recording devices may be used alone, in conjunction with an electronic computer system, or in conjunction with manual systems.

All recording devices used to generate trip reports or used in conjunction with manual systems must meet the requirements shown in sections B 3 and B 4. When the on-board recording device is used in conjunction with an electronic computer system and reports are prepared on the basis of data downloaded from the recording device, the overall system must meet the requirements of section B 4.

### **2. Use of on-board recording device only**

When the device is to be used alone, printed reports must be produced to replace handwritten trip reports. The printed trip reports shall be retained for audit. Vehicle and fleet summaries which show miles and kilometres by jurisdiction must then be prepared manually.

### **3. Use of on-board recording device in conjunction with electronic computer system**

When the computer system is designed to produce printed trip reports, vehicle and fleet summaries which show miles and kilometres by jurisdiction must also be prepared.

When the printed trip reports are not be retained for audit, the system must have the capability of producing the reports indicated in Section B 6 upon request.

### **4. Minimum requirements for on-board recording device**

The carrier must obtain a certificate from the manufacturer certifying that the design of the onboard recording device has been sufficiently tested to meet the requirements of this provision.

The on-board recording device and associated support systems must be, to the maximum extent practicable, tamper proof and must not permit altering of the information collected. Editing of copies of the original information collected is allowed, but all editing must be identified and both the edited and original data must be recorded and retained.

The on-board recording device shall warn the driver visually and/or audibly if the device has ceased to function.

The device must time and date stamp all data recorded.

The device must not allow data to be overwritten before the data has been extracted. The device shall warn the driver visually and/or audibly if the device's memory is full and can no longer record data.

The device must automatically update a life-to-date odometer when the vehicle is placed in motion or the operator must enter the current vehicle odometer reading when the on-board recording device is connected to the vehicle.

The device must provide a method for the driver to confirm that the entered data is correct (e.g., a visual display of the entered data that can be reviewed and edited by the driver before the data is finally stored).

## 5. Data collection:

To obtain the information needed to verify fleet distance and to prepare the Individual Vehicle Distance Record(s)(IVDR), the on-board recording device must collect the following data on each trip:

- dates of trip (starting and ending);
- trip origin and destination (location code is acceptable);
- routes of travel;
- beginning and ending odometer or hubometer reading of the trip;
- total trip distance;
- distance by jurisdiction;
- power unit number or vehicle identification number;
- vehicle fleet number;
- registrants' name.

For purposes of fuel tax, the device must also collect the following data:

- date of fuel purchase;
- seller's name and address (vendor code acceptable);
- number of gallons or litres purchased;
- fuel type (may be referenced from vehicle file);
- price per gallon or litre or total amount of sale (required on for purchases from vendors);
- unit numbers; and
- purchasers' name (in the case of lessee/lessor agreement, receipts will be accepted in either name, provided a legal connection can be made to the reporting party).

For purposes of bulk fuel tax, the device must also collect the following data:

- date of withdrawal;
- number of gallons or litres;
- fuel type;
- unit number; and
- purchase and inventory records to show that tax was paid on all bulk purchases.

## **6. Capability of system to produce reports**

Generally speaking, the reports referred to in this section are not prepared by the on-board recording device. Instead, these reports are prepared using an electronic computer system which accepts data from the on-board recording device. The system shall be able to produce the following reports:

- For each trip, and Individual Vehicle Distance Record (IVDR) report that includes the information required in Section B 5. (Note: This report may be more than one (1) page.)
- A report that indicates when the on-board device was last calibrated and the calibration method used.
- An exception report(s) that identifies all edited data, omissions of required data (see Section B 5), system failures, noncontinuous life-to-date odometer readings, travel to non-adjacent jurisdictions, and trips where the location of the beginning trip is not the location of the previous trip.
- a monthly, quarterly and annual summary of vehicle trips by vehicle number showing miles or kilometres by jurisdiction.
- Monthly, quarterly and annual trip summaries by fleet showing the number of miles or kilometres by jurisdiction.

## **7. Carrier responsibility:**

It is the carrier's responsibility to recalibrate the on-board recording device when tire size changes, the vehicle drive-train is modified, or any modifications are made to the vehicle which affect the accuracy of the on-board recording device. The device must be maintained and recalibrated in accordance with the manufacturer's specifications. A record of recalibrations must be kept for the audit retention period.

It is the carrier's responsibility to assure its drivers are trained in the use of the computer system. Drivers shall be required to note any failure of the on-board recording device and to prepare manual trip reports of all subsequent trip information until the device is again operational.

It is the carrier's responsibility to maintain a second copy of the electronic files either electronically or in paper form for the audit retention period.

At the discretion of Nova Scotia, carriers may submit records for audit to the jurisdictions through electronic data transfer.

It is the carrier's responsibility to assure the entire record-keeping system meet's IFTA requirements.

## **C. Tax paid purchases:**

To obtain credit for tax paid purchases, the licensee must keep either a receipt or invoice, a credit card receipt, or microfilm/microfiche of the receipt or invoice, showing evidence of such purchases and tax having been paid.

An acceptable receipt or invoice for tax paid purchases taken as credit must include:

- date of purchase;
- seller's name and address;
- number of gallons or litres purchased;
- fuel type;
- price per gallon or litre or total amount of sale;
- unit numbers; and
- purchasers' name.

In the case of withdrawals from licensee-owned, tax paid bulk storage, credit may be obtained if the following detailed records are maintained:

- date of withdrawal;
- number of gallons or litres;
- fuel type;
- unit number; and
- purchase and inventory records to show the tax was paid on all bulk purchases.

When fuel is withdrawn from the licensee's own bulk storage and placed in its qualified motor vehicles, the licensee must maintain adequate records to distinguish fuel placed in qualified versus non-qualified motor vehicles for all member jurisdictions.

#### **D. Retention of records:**

Required records must be kept for a period of four years from the due date of the tax report, based upon when these records are filed. These records may be kept on microfilm, microfiche or other computerized or condensed record storage system acceptable to Service Nova Scotia. Non-compliance with any record-keeping requirements may be cause for revocation of the license.

Failure to provide records demanded for the purpose of audit extends the statute of limitations until the records are provided.

### **10. Audits, Assessments and Appeals:**

#### **A. Audits:**

Nova Scotia audits its licensees on behalf of all member jurisdictions.

Operational records shall be maintained in Nova Scotia. In the event the licensee's records are not located in Nova Scotia and the province must send auditors to the place records are kept, the licensee will be required to reimburse the province for reasonable per diem and travel expenses of its auditors as authorized by law.

#### **B. Assessments:**

In the event that any licensee fails, neglects or refuses to file a tax report when due, Nova Scotia will estimate the tax liability of the licensee for each jurisdiction and serve the assessment upon the licensee in the same manner.

The assessment made by Nova Scotia pursuant to this procedure shall be presumed to be correct. In the case where the validity of the assessment is drawn in question, the burden shall be on the licensee to establish, by providing sufficient evidence, that the assessment is erroneous or excessive.

#### **C. Collection of tax, penalty and interest owed:**

The collection of tax, penalty and interest owed to all member jurisdictions resulting from an audit or assessment is the responsibility of Nova Scotia. Methods of collection will be governed by the laws of the province and the administrative procedures established by the agreement.

## **D. (a) Appeal procedure - Nova Scotia assessments:**

Where assessments have been levied and the IFTA licensees consider that they are not liable for the Nova Scotia fuel tax or they dispute liability for the Nova Scotia tax amount assessed against them, they may within 60 days from the date of the service or mailing of a notice of assessment, serve on the Provincial Tax Commissioner a Notice of Objection.

Upon receipt of the Notice of Objection, the Provincial Tax Commissioner shall, within 60 days reconsider the assessment and vacate, confirm or vary the estimate, valuation or assessment, and the licensee shall be notified of the Tax Commissioner's decision by mail.

If the Provincial Tax Commissioner's decision is disputed, the IFTA Licensee may, within 30 days of receipt of the Tax Commissioner's decision, appeal the decision to the Nova Scotia Utility and Review Board for Nova Scotia portion of the fuel tax assessment.

The Nova Scotia Utility and Review Board shall hear an appeal within 60 days after date of the service or mailing of a notice of appeal is filed with the Clerk of the Board or such longer period of time as agreed upon by appellant and the Minister.

## **D. (b) Appeal procedure - other jurisdictions**

The appeal process shall be conducted in accordance with the procedures established by the base jurisdiction.

Where a base jurisdiction does not have provisions in its administrative procedures laws for appeals of actions or audit findings the following procedures apply:

### **1. Request for hearing**

A licensee or applicant may appeal an action or audit finding issued by the commissioner of any member base jurisdiction by making a written request for a hearing within 30 days after service of notice of the original action or finding. If the hearing is not requested in writing within 30 days, the original finding or action is final.

### **2. Notice of hearing**

The hearing shall be held expeditiously but may be continued for reasonable cause being shown by either party. The base jurisdiction shall give at least 20 days' written notice of the time and place of the hearing.

### **3. Procedures for hearing**

The appellant may appear in person and/or be represented by counsel at the hearing and is entitled to produce witnesses, documents, or other pertinent material to substantiate the appeal.

If the licensee appeals an assessment for one or more jurisdictions, it will be the responsibility of the base jurisdiction to participate in the appeal process on behalf of the other jurisdictions.

### **Notice of findings - appeals**

The base jurisdiction will notify the appellant of the findings of fact and the ruling on the appeal.

## **Further requests for appeal**

Further appeal of any jurisdiction's finding will proceed in accordance with that jurisdiction's laws.

In the case of an audit, if the licensee is still in disagreement with the original finding, the licensee may request any or every jurisdiction to audit the licensee's records. Each jurisdiction to whom a request is made may elect to accept or deny the request. Each jurisdiction electing to audit the licensee's records will audit only for its own portion of the licensee's operations. The licensee shall make records available at the office of the jurisdiction or at a place designated by the jurisdiction or pay reasonable per diem and travel expenses associated with conducting an audit at the licensee's place of business.

## **11. Exceptions Pertaining to an IFTA License:**

### **Trip permits:**

Instead of obtaining motor fuel tax licensing under IFTA, persons may elect to satisfy motor fuel use tax obligations by obtaining a trip permit for each jurisdiction in which they wish to travel.

Nova Scotia single trip permits are sold by Permit Companies who have been approved by Nova Scotia to issue and collect the applicable trip permit fees.

## **12. License Cancellation, Revocation or Suspension:**

A licensee may submit a written request to cancel their licence if the licensee has complied with all the applicable provisions of the IFTA Agreement and satisfied all motor fuel use tax obligations for the license period.

Nova Scotia may cancel or suspend an IFTA licence if:

- You failed to comply with the terms, conditions and requirements of IFTA.
- You failed to comply with the *Revenue Act and Regulations*.
- You failed to comply with any terms or conditions attached to the licence.
- You failed to pay a required fee.

An IFTA licence may not be cancelled or suspended without prior written notice being served on the IFTA licensee providing an opportunity to be heard and to show cause why the licence should not be cancelled or suspended.

Upon cancellation, the licensee must return the original IFTA license, all license copies and destroy all decals. Nova Scotia will notify all IFTA jurisdictions of a licence cancellation or suspension.

## **13. License Reinstatement:**

To reinstate your cancelled or suspended IFTA license, you must satisfy the requirements specified by the Service Nova Scotia and make all required payments. This includes payment of all taxes, penalties and interest, filing all returns, and provision of all records requested by Service Nova Scotia. You will also be required to complete a new application and pay the required decal fees to reactivate your account. Service Nova Scotia will notify all IFTA jurisdictions of your reinstatement.

## **14. Inquiries:**

Service Nova Scotia  
IFTA Administrator  
PO Box 755  
Halifax, N.S. B3J 2V4

Tax Information      Phone (902) 424-6300 or 1-800-565-2336 (Option 5) (Toll Free in Nova Scotia)  
                        Fax (902) 424-7434

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## **15. INSTRUCTIONS FOR COMPLETING THE IFTA QUARTERLY FUEL TAX RETURN (PLEASE KEEP THESE INSTRUCTIONS FOR FUTURE REFERENCE)**

**Note:** A tax report is required even if no operation has taken place during the reporting period. A separate tax form must be completed for each fuel type (i.e. diesel, gasoline etc.)

1. LINE A - Record all kilometres traveled in all jurisdictions for the quarter (not just IFTA jurisdictions).
2. LINE B - Record all fuel dispensed into the vehicles during the quarter. This line does not include fuel remaining in bulk storage.
3. LINE C- Line A divided by Line B (round this to 2 points after the decimal).
4. Column 1- List of all IFTA jurisdictions.
5. Column 2 -Jurisdictions tax rates per litre for that quarter.
6. Column 3 - Enter the total kilometres traveled in each jurisdiction for the fuel type. The total of column 3 must equal the total kilometres traveled in all jurisdictions (line A ).
7. Column 4 - Enter the total taxable kilometres traveled in each jurisdiction minus fuel trip permit kilometres. Fuel trip permit kilometres are not considered taxable kilometres in any jurisdiction. Off highway kilometres are not taxable kilometres in some jurisdictions. Contact each jurisdiction for information on off highway kilometres.
8. Column 5 - Enter the amount of fuel that should have been purchased for each jurisdiction. Divide column 4 by the KPL factor (line C). Round to the nearest whole litre.
9. Column 6 - Enter the total tax-paid litres of fuel purchased in each jurisdiction. Only receipts showing tax paid fuel may be used to claim tax-paid litres. This includes fuel purchased from Service Stations, and fuel dispensed into qualified vehicles from a bulk storage tank. Round to nearest whole litre.
10. Column 7- The difference between column 5 and column 6 will result in taxable or credit litres. If column 5 is greater than column 6, subtract column 6 from column 5 and enter taxable litres in column 7. If column 6 is greater than column 5, subtract column 5 from column 6 and enter credit due amount within brackets ( ) in column 7.
11. Column 8 - Calculate the tax or credit due for each jurisdiction by multiplying column 7 by column 2. Enter the total amount due, placing any credit amounts within brackets ( ).
12. Column 9 - Interest is due for: the late filing of a report, no report filing, or underpayment of taxes. Interest is computed on the tax due at a rate indicated on the back of the report. Enter the dollar amount due for interest.
13. Column 10- Add amounts from column 8 and column 9. This will be the dollar amount due or tax credit for each jurisdiction.. Indicate credits in brackets ( ).
14. Line 11 - Total Fuel Tax - Enter the total amount due or credit for all member jurisdictions. To determine the total tax due, add the tax amounts due and subtract the tax credit amounts from each jurisdiction.
15. Line 12 - Penalty - Reports not filed by the due date or under payments are considered late and any taxes due are delinquent. A penalty of \$50.00 or 10% of the tax liability, whichever is greater, will be assessed even if no taxes are due.
16. Line 13 - Credit or balance from prior quarter - Any credit from the previous quarter may be applied to the current filing. Any balance due from the previous quarter must be applied to the current filing.
17. Line 14 – Amount Due - If in adding lines 11, 12 and 13, there is an amount due, make your cheque payable to "**N.S. MINISTER OF FINANCE**". Please include your IFTA account number on your payment as it is needed to post the payment to your account.
18. Line 15 - Credit/Refund - If in adding lines 11, 12 and 13, a credit over \$20.00 is owing to you, a refund will be issued unless your return is filed late. Any credit balance on returns filed late will be carried forward to the next quarter. Net refunds under \$20.00 are carried forward as a credit.

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## **16. NOTES:**

### **Fuel tax surcharge**

Some jurisdictions charge an extra tax for each taxable litre (column 5 on the tax report). This surcharge is not collected at the pump or at the time fuel is drawn from bulk storage; the surcharge is collected on the quarterly tax report. To compute the fuel tax surcharge, on the surtax line, multiply the taxable litres by the tax rates. Record that dollar amount in column 8, and if applicable compute interest in column 9. Add columns 8 & 9 and record the result in column 10.

### **30 day temporary permit**

A thirty (30) day IFTA temporary permit is available to a licensee in good standing. The temporary permit issued by fax is vehicle specific and can be obtained by contacting Service Nova Scotia, IFTA Administrator, by calling (902) 424-2850 or faxing (902) 424-0602.

A temporary permit is valid for a period of 30 days to give the carrier adequate time to affix the annual permanent decals. This permit is to be carried in a qualified vehicle in lieu of display of the permanent annual decals.