



**IFTA BALLOT PROPOSAL
05-2024**

Sponsor

Jurisdiction of Pennsylvania

Date Submitted

May 9, 2024

Proposed Effective Date

January 1, 2026

Manual Sections to be Amended

(January 1996 Version, Effective July 1, 1998, as revised)

IFTA Articles of Agreement
IFTA Procedures Manual

Section R200 DEFINITIONS
Section P550 FUEL RECORDS
Section P570 INADEQUATE RECORDS ASSESSMENT
Section P710 GENERAL GUIDELINES
Section P720 REQUIRED INFORMATION
Section P1040 MONTHLY TRANSMITTALS
Section A350 AUDIT ADJUSTMENTS
Section A360 REDUCTION TO TOTAL FUEL

IFTA Audit Manual

Subject

To establish a definition for the unit of measurement of fuel used in electric vehicles, establish a generic definition to describe the units of measurement for all fuel types, and to amend all applicable sections of the governing documents to address all units of measurements of fuel used in qualified motor vehicles.

History/Digest

Since its beginnings, IFTA has been the instrument of fuel use tax administration for qualified motor vehicles (IFTA Articles of Agreement R245). Most of these vehicles have operated on liquid fuels; most notably diesel and gasoline. Over many years, other fuel types have been introduced, including several alternative fuels. These have included fuels in both liquid and gaseous forms along with a variety of fuels that are alcohol based or biofuels. Each of these fuels have been reported on an IFTA tax return by using the following units of measurement: gallons or liters. Some fuel types are converted to a traditional unit of measurement by employing a diesel gallon equivalent (DGE) or a gasoline gallon equivalent (GGE). IFTA Ballot 8-2022 amended the definition of Motor Fuels under Article R239 to include several other alternative fuels including electricity, hydrogen, and any form of energy used to propel a qualified motor vehicle to the definition of Motor Fuels. With the advent and expansion of qualified motor vehicles powered by electricity, another unit of measurement has been introduced, kilowatt hour (kWh). A kilowatt hour (kWh) is not a liquid form of energy, thus terms such as gallons or liters do not apply to electricity as

a motor fuel. In the future, there may be additional types of unit measurements for forms of energy used as a motor fuel in accordance with Article R239. Accordingly, the use of the verbiage “gallons” or “liters” solely in the governing documents no longer applies. Therefore, a more generic and accurate description used to define units of measurement regardless of fuel type is needed. The sponsor offers that a more appropriate term to describe a unit of measurement for any form of energy used as a motor fuel is “volume.”

Intent

To establish a definition for kilowatt hour and a generic definition to describe units of measurement for motor fuels and to amend the applicable sections of the governing documents to account for the proposed and new definitions described in this document.

Interlining Indicates Deletion; Underlining Indicates Addition

1 **ARTICLES OF AGREEMENT**

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3 **R228** **Kilowatt** means a unit of energy to define the output power of an engine and the power of an
4 electric motor.

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6 **R229** **Kilowatt Hour (kWh)** means the unit of measurement used to describe the volume of electricity
7 used in or disbursed into a qualified motor vehicle. A kilowatt hour is equivalent to the energy
8 delivered by one kilowatt of power for one hour.

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10 **R267** **Volume** means the unit of measurement used to define the amount of motor fuels placed into the
11 supply storage unit of a qualified motor vehicle or used by a qualified motor vehicle. This includes
12 motor fuels measured by gallons, liters, diesel equivalent gallons (DGE), gasoline equivalent
13 gallons (GGE), kilowatt hours (kWh), and/or any unit of measurement used as an industry
14 standard for a specific fuel type.

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16 **PROCEDURES MANUAL**

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18 **P550 FUEL RECORDS**

19
20 .100 {Remains unchanged}

21 .110 {Remains unchanged}

22 .200 {Remains unchanged}

23 .210 {Remains unchanged}

24 .220 {Remains unchanged}

25 .300

26 .005 {Remains unchanged}

27 .010 {Remains unchanged}

28 .015 {Remains unchanged}

29 .020 {Remains unchanged}

30 .025 the price of the fuel per ~~gallon or per liter~~ volume, or the total price of the fuel
31 purchased.

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33 **P570 INADEQUATE RECORDS ASSESSMENT**

34
35 .100 {Remains unchanged}

36 .005 {Remains unchanged}

37 .010 reducing the licensee's reported MPG, ~~or~~ KPL, kWh, or any factor used to
38 compute motor fuels consumption by twenty percent.

39
40 .200 This section does not affect the ability of a base jurisdiction to disallow tax-paid credit for
41 fuel purchases which are inadequately documented, or, for cause, to conduct a best
42 information available audit which may result in adjustments to either the audited or
43 reported MPG, ~~or~~ KPL, kWh, or any factor used to compute motor fuels consumed, or
44 suspend, revoke, or cancel the license issued to a licensee.

45
46 **P710 GENERAL GUIDELINES**

47
48 .100 {Remains unchanged}

49 .200 Total volume number of gallons or liters of motor fuel used by the licensee in operation of
50 qualified motor vehicles;

51 .300 {Remains unchanged}

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53 .400 ~~Volume Gallons or liters~~ of taxable motor fuel consumed within each member jurisdiction;
54 and
55 .500 ~~Volume Total number of gallons or liters~~ of tax-paid fuel purchased within each member
56 jurisdiction.
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58 **P720 REQUIRED INFORMATION**

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60 {Sections .050 through .450 remain unchanged}

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62 .500 Columns for reporting for each jurisdiction in order (with rounding provided to the nearest
63 whole unit);

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65 {Subsections .010, .015, and .020 remain unchanged}

66 .025 Taxable ~~volume gallons or liters~~;

67 .030 Tax paid ~~volume gallons or liters~~;

68 .035 Net taxable ~~volume gallons or liters~~;

69 {Subsections .040, .045, and .050 remain unchanged}

70
71 {Sections .550 through .850 remain unchanged}

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73 **P1040 MONTHLY TRANSMITTALS**

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75 **Outgoing Transmittals** {Remains unchanged}

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77 **Incoming Billing Transmittals**

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79 {Sections .50 through .300 remain unchanged}

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81 .350 The reported taxable ~~volume gallons or liters~~ for each licensee for that jurisdiction;

82 .400 The reported tax paid ~~volume gallons or liters~~ for each licensee for that jurisdiction;

83 .450 The net taxable ~~volume gallons or liters~~ for each licensee for that jurisdiction;

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85 {Sections .500 through .750 remain unchanged}

86
87 **AUDIT MANUAL**

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89 **A350 AUDIT ADJUSTMENTS**

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91 .100 When records for the fleet as a whole are adequate for audit, the base jurisdiction shall
92 have the authority to adjust the MPG, or KPL, kWh, or any factor used to compute motor
93 fuels consumption.
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95 {Section .200 remains unchanged}

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97 .300 {Remains unchanged}

98
99 .005 reduce the vehicle MPG, or KPL, kWh, or any factor used to compute motor fuels
100 consumption by 20% or

101
102 .010 {Remains unchanged}

103
104 .400 {Remains unchanged}

108 **A360 REDUCTION TO TOTAL FUEL**

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110 The total fuel reported by a licensee shall only be reduced when there is clear proof, based on the
111 records provided by the licensee, to support such a reduction and such proof is documented in
112 the audit file. The absence of tax paid fuel receipts and a subsequent denial of tax-paid credits
113 claimed does not, in and of itself, warrant a reduction to reported total ~~gallons~~ volume.

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