September 2009

Department of Revenue

Motor Fuels Tax Division

A Quarterly Publication
www.dornc.com
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IMPORTANT RENEWAL NOTICE TO IFTA AND INTRASTATE MOTOR CARRIERS

The renewal period for IFTA and Intrastate licenses and decals for the 2010 calendar year has begun and will continue through December 31, 2009. The IFTA Agreement allows for a 60-day grace period for motor carriers to affix decals to their vehicles as follows:

R655 GRACE PERIOD
.200 Carriers renewing their IFTA license and decals have a two-month grace period (January and February) to display the renewal IFTA license and decals. To operate in IFTA jurisdictions during this grace period, carriers must display either valid current or prior year IFTA license and decals from the jurisdiction in which they were operating or a valid single-trip permit from the IFTA jurisdiction in which they are operating.

The Division mailed renewal notices in July 2009. Carriers may renew their licenses by returning the completed renewal application for processing. To expedite processing, we recommend that you request renewal of licenses and decals via the Internet, which is now available at www.dornc.com.

Questions or concerns regarding this important notification may be directed to the Motor Fuels Tax Division at (919) 733-3409 or toll free at (877) 308-9092.

What are my yearly renewal compliance requirements?

The Division is required to verify that each taxpayer is in compliance with the Department of Revenue. If our records show any outstanding tax liabilities or delinquent returns, your 2010 decals will not be released. In addition, you must have a current registration with the Department of Motor Vehicles and all corporations must be active with the Secretary of State to avoid denial of 2010 decals. On your 2010 Renewal Application, please include the tag number of one of your qualified motor vehicles to assist us with locating your vehicle registration.

Account Closure

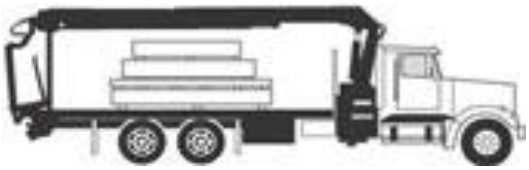
An IFTA license may be canceled at the request of any licensee provided all reporting requirements and tax liabilities to all member jurisdictions have been satisfied. The close box on the final IFTA quarterly tax return should be checked to indicate the end of operations under IFTA. The license may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

2010 Decal Renewal Season

Renewal applications have been mailed and processing has begun.

You can now order your 2010 IFTA/IN license & decals online.

We will begin mailing out the 2010 license & decals November 2, 2010



IMPORTANT NOTICE TO MOTOR CARRIERS

When can I receive a penalty for not having a decal?

A penalty may be assessed for either of the following:

- Inability to account for decals issued ($100 per decal), or
- 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 per decal).

Who is responsible for the decals?

Motor Carriers are responsible for all decals issued to them. Unused decals must be maintained for a period of at least four (4) years for audit purposes. If a Motor Carrier fails to produce records to account for all decals, they may be held responsible for the operation of the unaccounted for decals based on the best information available.

North Carolina law states that a Motor Carrier must keep records of all decals issued to it and must be able to account for all decals it receives.

IFTA Web Site

For additional information regarding IFTA and footnotes associated with various jurisdictions' tax rates, visit the IFTA, Inc. website at: www.iftach.org

No Operations Return

Place an "*X*" in the box located on the front of the IFTA return if you did not operate in any jurisdiction for any given period. A return must be filed regardless of activity.

NEWSFLASH

As a security measure, 2010 decals will tear upon removal from a vehicle.

I. D. Requirements

Identification is required from all in-person requests of IFTA licenses and decals.

DECAL DISPLAY

You may display your 2010 North Carolina decals (IFTA and NCHFUT) on your vehicles beginning December 1, 2009. A copy of the 2010 original license (cab card) must be kept in the cab of the vehicle.

North Carolina IFTA carriers must carry a copy of the 2009 North Carolina IFTA license (cab card) in the vehicle in addition to the 2010 license until January 1, 2010.

Decal Placement:

Each qualified motor vehicle will be issued two (2) decals. One decal must be placed on the exterior portion of each side of the vehicle's power unit.

Failure to display decals in the required location may subject the vehicle operator to the purchase of a trip permit and a citation.

REQUIREMENTS – QUALIFIED VEHICLES

Qualified vehicles are required to have a license and fuel decal(s). A qualified vehicle is a motor vehicle used, designed, or maintained for the transportation of persons or property and:

- Having two (2) axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds;
- Having three (3) axles regardless of weight; or
- Used in combination when the weight of such combination exceeds 26,000 pounds gross vehicle weight.

REQUIREMENTS FOR INTRASTATE (IN) LICENSED VEHICLES

Qualified vehicles that only travel in North Carolina are subject to the record keeping requirements of users. A user is a person who owns or operates a licensed highway vehicle that has a registered gross vehicle weight of at least 10,001 pounds and who does not maintain storage facilities for motor fuel. Users are required to keep mileage and fuel records and are subject to audit by the N C Department of Revenue. Record keeping requirements include:

- Must retain all fuel receipts (highway and non-highway)
- Quarterly odometer readings
- Purchase and disposition dates of vehicles
- List of current vehicles by registered gross weight

REQUIREMENTS FOR IFTA LICENSED VEHICLES

It is the licensee's responsibility to maintain records of all operations of qualified motor vehicles. At a minimum, information must include the following mileage data on each individual vehicle for each trip.

Mileage Records:
Date of trip (starting and ending)
Trip origin and destination (city & state)
Route of travel
Beginning and ending odometer or hubometer readings
Total trip miles
Mileage by jurisdiction
Vehicle unit number & fleet number
Licensee's name

Fuel Receipts:
Date of purchase
Name and address of seller
Number of gallons purchased
Type of fuel purchased
Price per gallon
Unit number of vehicle or Vehicle Identification Number (VIN)
Purchaser's name

Carriers that maintain bulk storage are categorized as bulk end-users. Bulk end-users have additional requirements with regard to maintaining fuel accountability records, including fuel withdrawal records. For further information, please contact our Division

NEW MOTOR CARRIER BONDING REQUIREMENTS

Effective August 1, 2009 as authorized by N.C. G.S. 105-449.40, the Secretary of Revenue will require a motor carrier to post a bond when any of the following occurs:

1. A taxpayer who has failed to file the required tax return for two quarters will receive a proposed bond-warning letter. The letter will advise the taxpayer to file and pay any delinquent return within 30 days. Failure to do so will result in the Division sending a second letter, along with copies of "Best Information Available" assessments for the delinquent periods, requiring the taxpayer to obtain a bond equivalent to the larger of $500.00 or four times the taxpayer's average tax liability or refund for a reporting period.

2. Taxpayers whose accounts reflect a final billed liability dated six months or older who are neither in a payment plan nor bankruptcy will receive a proposed bond-warning letter. The letter will inform them that they must respond within 30 days by paying the outstanding liabilities due. Failure to pay the outstanding liability will result in the Division sending a second letter requiring the taxpayer to obtain a bond equivalent to the larger of $500.00 or four times the taxpayer's average tax liability or refund for a reporting period.

3. Based on an audit, a taxpayer may be identified as a candidate requiring a bond due to the following circumstances:
   i. Taxpayer fails to maintain the necessary records to keep its account in compliance
   ii. Taxpayer fails to file tax returns properly (estimating miles, fuel or MPG; filing No-ops or All-ops when business practices indicate differently),
   iii. Taxpayer is not compliant per IFTA, Inc. requirements, or
   iv. A Best Information Available audit is conducted.

   Once a taxpayer has been identified as requiring a bond based on an audit, the Motor Fuels Tax Division will send a letter imposing the requirement for the taxpayer to obtain a bond. The bond should equal the equivalent of the larger of $500.00 or four times the taxpayer's average tax liability or refund for a reporting period.

   Barring any further incidences of non-compliance, all bonds imposed will remain in effect for three years or until an audit is conducted to verify compliance.

IFTA FILING REQUIREMENTS

All licensees must file an IFTA quarterly tax return with the Division. The due dates for filing each return are shown below. The IFTA quarterly tax return and tax rates are provided each quarter, 30 days prior to the due date. Failure to receive or obtain the quarterly tax return does not release the licensee from reporting obligations. 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.

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

- Failure to file an IFTA quarterly tax return
- Failure to remit all taxes due all member jurisdictions
- Failure to pay and/or protest an audit assessment within the established time period
- Failure to be licensed properly

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 been released. Do not operate vehicles when a license has been revoked or suspended.

Motor Fuels…goes Green

Q: Will the 2009 Motor Carrier Seminar presentations be available online?

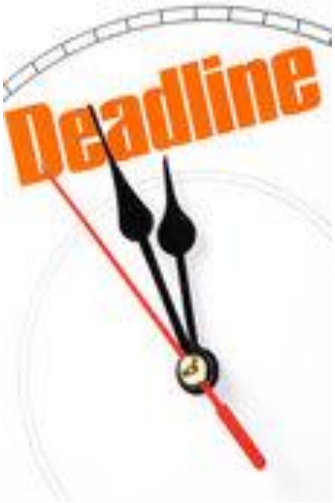
A: Yes, you can access the presentations at http://www.dornc.com/taxes/motor/seminars.html

Q: Will I receive a 2010 Compliance Manual?

A: The Motor Fuels Tax Division will no longer mail a Compliance Manual to current IFTA carriers during renewal season. The manual will be available online for the 2010 decal year at http://www.dornc.com/publications/ifta.html

Q: I file my IFTA returns online. Each quarter I have received the tax rate and newsletter in the mail. Will I continue to receive these documents quarterly?

A: The Motor Fuels Tax Division will discontinue mailing quarterly tax rate sheets and newsletters to electronic filers. These documents will not be sent to taxpayers who file four consecutive quarterly returns online. These forms are now available online at http://www.dornc.com/downloads/ifta.html



RETURN RECEIVED DATE:

The Department uses the postmark date stamped by the U.S. Post Office to determine if your return is on time. If you use a postage meter to stamp your mail, the Department will use the meter stamp as long as the Post Office does not also postmark the envelope.

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
January February March	April May June	July August September	Oct Nov Dec
due April 30	due July 31	due November 2	due February 1

Veteran's Day

November 11, 2009

Thanksgiving

November 26 & 27, 2009

Christmas

December 24 & 25, 2009