

Inter-jurisdictional Motor Carriers: Fuel Used and/or Purchased in British Columbia

Motor Fuel Tax Act

Under the *Motor Fuel Tax Act*, carriers operating one or more qualifying commercial motor vehicles inter-jurisdictionally are required to report and remit tax on fuel consumed in British Columbia. This bulletin outlines the two ways that carriers can fulfil this requirement; by obtaining an International Fuel Tax Agreement (IFTA) licence that allows seamless travel through multiple jurisdictions, or by obtaining a trip permit, (MV4001), upon each entry into British Columbia.

For more detailed information on IFTA, including links to the *International Fuel Tax Agreement (IFTA) Operating Manual for BC Carriers*, the carrier licence application and IFTA quarterly fuel tax return forms and instructions, please visit our website at www.sbr.gov.bc.ca/ctb/IFTA.htm

For information on the International Registration Plan (IRP), licensing fees and multi-jurisdictional vehicle tax, carriers should refer to [Bulletin SST 073, Tax on Multi-jurisdictional Vehicles](#).

The information in this bulletin is provided for your convenience and guidance and is not a replacement for the legislation. The *Motor Fuel Tax Act* and Regulations can be found on the web at www.gov.bc.ca/sbr

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USEFUL TERMS TO KNOW

Base Jurisdiction

The province or state:

- in which the commercial motor vehicles are based for vehicle registration purposes, and
- where operational control and operational records of the carrier's motor vehicles are maintained or can be made available, and
- where some travel is done by the commercial motor vehicles within the fleet.

Carrier

A carrier is a person or business that owns or operates one or more motor vehicles used inter-provincially or internationally for the commercial carriage of passengers or goods.

Qualifying Commercial Motor Vehicle

A motor vehicle, other than a recreational vehicle, used, designed or maintained for the transportation of persons or property, and that:

- has two axles and a gross vehicle weight or registered gross vehicle weight exceeding 11,797 kg or 26,000 lbs, or
- has three or more axles on the power unit, regardless of weight, or
- is used in combination when the weight of such combination exceeds 11,797 kg or 26,000 lbs gross vehicle weight.

The requirements relating to the number of axles apply only to axles on the power unit, regardless of any trailing units. A power unit with two axles, pulling a trailing unit such that the combined gross or registered gross weight (i.e., the licensed gross vehicle weight) of the tractor and trailer is less than 11,797 kg, is not a qualifying commercial motor vehicle.

THE INTERNATIONAL FUEL TAX AGREEMENT

The International Fuel Tax Agreement (IFTA) provides a single registration and fuel consumption tax reporting system for inter-jurisdictional carriers. Under IFTA, carriers register with their base jurisdiction and receive credentials that allow them to travel through other IFTA member jurisdictions without additional fuel tax registration, licensing or reporting requirements.

The purpose of this system is to distribute fuel taxes based on the jurisdiction(s) in which fuel is consumed rather than purchased. Carriers who choose to register with IFTA file a single quarterly fuel tax return with their base jurisdiction. This single return covers their operations in all other IFTA jurisdictions, making it easier to comply with the various fuel tax requirements of these jurisdictions.

WHO REQUIRES AN IFTA LICENCE OR TRIP PERMIT?

The licensing and permit requirements apply to all carriers operating qualifying commercial motor vehicles inter-jurisdictionally, and who travel on British Columbia roads.

Carriers Based in an IFTA Jurisdiction

Carriers whose base jurisdiction is British Columbia or another IFTA member jurisdiction, and who operate a qualified commercial motor vehicle in at least one other jurisdiction must either:

- be registered and licensed under IFTA in their base jurisdiction and abide by the terms of the IFTA licence, or
- purchase a trip permit (often called a motive fuel user permit) each time they travel inter-jurisdictionally (see page 4).

In British Columbia, the trip permit is the MV4001 form issued by the province's inspection stations, formerly known as weigh scales.

Carriers Based in Non-IFTA Jurisdictions

Carriers who are based in a jurisdiction that is not a member of IFTA (i.e., Alaska, District of Columbia, Hawaii, Mexico, the Yukon Territory, Nunavut or the Northwest Territories) must either:

- apply to be registered and licensed under IFTA in a member jurisdiction, such as British Columbia, or

- obtain trip permits each time they enter a jurisdiction (see page 4).

Failure to Obtain a Licence or Permit

The Act imposes penalties for entering British Columbia without obtaining the required IFTA licence or trip permit. On first conviction, a fine up to \$500 may be imposed; on subsequent convictions, fines up to \$10,000 may be imposed.

Persons not Required to Obtain an IFTA Licence or Trip Permit

Persons operating ambulances, school buses, fire trucks, taxis or police vehicles, or persons using recreational vehicles exclusively for personal pleasure, are **not** required to obtain IFTA licences or trip permits.

Persons who use motive fuel in the operation of a commercial motor vehicle that is registered for farm use outside of the province are **exempt** from the British Columbia requirements to obtain IFTA credentials or purchase trip permits.

HOW TO APPLY FOR IFTA CREDENTIALS IN BRITISH COLUMBIA

To participate in IFTA, a carrier must complete an *Application for Carrier Licence International Fuel Tax Agreement (IFTA)* form (FIN 363). This form requests basic information about the carrier, the carrier's operations and the number of vehicles that the carrier will be operating.

The application form ([FIN 363](#)) and [instructions](#) for completing the form may be obtained by visiting our website or contacting us at the phone numbers or e-mail address given at the end of this bulletin.

On receipt of a completed application form and the applicable fees, the Consumer Taxation Programs Branch (the branch) will issue an IFTA licence to the applicant and provide IFTA decals for each qualifying commercial motor vehicle.

Fees

Carriers participating in IFTA are required to pay an annual licence fee of \$100, plus a one-time initiation fee of \$200. These fees must be submitted with a completed and signed application form. All payments must be in Canadian funds payable to the Minister of Finance.

IFTA CREDENTIALS

IFTA Licences

The branch will issue an IFTA carrier licence to each IFTA licensee. The IFTA licence is valid for a calendar year, from January 1 through December 31.

The IFTA carrier licence, or a photocopy of the licence, must be kept in the cab of each qualified commercial motor vehicle. If a carrier is found operating a qualified commercial motor vehicle without an IFTA carrier licence or with decals that do not match the licence (see below), the carrier may be subject to citations and/or fines and may be required to purchase a trip permit.

IFTA Decals

IFTA licensees are issued a pair of decals for each qualified commercial motor vehicle they operate. One of the decals must be displayed on each side of the exterior of the cab of the vehicle. IFTA decals are valid for one calendar year, from January 1 through December 31.

IFTA Temporary Permits

An IFTA licensee wishing to place an additional qualified commercial motor vehicle in service immediately who does not have extra decals on hand may request an IFTA temporary permit from the branch. The temporary permit will be faxed to the licensee if the licensee provides the vehicle year, make, licence plate number, and Vehicle Identification Number and if the licensee's account is in good standing. This permit is vehicle specific and is valid for only 30 days. A supplementary IFTA licence and decals to replace the permit will be mailed to the licensee within the 30-day period.

Suspension, Revocation, Reinstatement and Cancellation of an IFTA Licence

An IFTA licence may be suspended and revoked by the base jurisdiction for any failure to comply with the provisions of IFTA. The branch will notify the licensee and all member jurisdictions, who may notify roadside enforcement, when a suspension or revocation has occurred. Without a valid IFTA licence, carriers must purchase trip permits, such as British Columbia's MV4001, each time they enter an IFTA jurisdiction.

The branch may reinstate a suspended or revoked IFTA licence once the licensee meets its outstanding obligations. When the terms of reinstatement are met, the branch will notify the licensee and all member jurisdictions that a suspension or revocation has been lifted.

An IFTA licence may be cancelled at the request of the licensee provided all reporting requirements and tax liabilities have been satisfied. Upon cancellation, the licensee is required to return the original IFTA licence to the branch and to remove the IFTA decals and photocopies of the IFTA licence from all vehicles.

IFTA TAX RETURNS AND RECORDS

Quarterly Fuel Tax Returns

Carriers registered and licensed under IFTA in British Columbia must file quarterly fuel tax returns in the province, even if they do not operate inter-jurisdictionally or purchase fuel during the quarter.

The quarterly fuel tax return calculates the tax due to, or refund due from, each member jurisdiction. One payment for the net tax due to all member jurisdictions must be sent to the branch with the return. A refund over \$20 may be claimed for a net overpayment of tax to the IFTA jurisdictions during a reporting quarter or the credit may be carried forward and used on subsequent returns. Credit amounts of less than \$20 will not be refunded but will be carried forward and can be used on subsequent returns.

IFTA licensees should receive their quarterly fuel tax return at least 30 days before the return's due date. If the licensee does not receive a return prior to the due date, the licensee must still submit a return. The licensee should call the branch to have another return sent out. Contact information is provided at the end of this bulletin.

The quarterly fuel tax return ([FIN 360](#)) is also available on our website, along with [instructions](#) for completing the return.

The due date for the return is the last day of the month immediately following the end of the quarter for which it is being filed. The following chart shows the due dates for each quarter.

Quarter	Reporting Period	Due Date
1st	Jan, Feb, Mar	Apr 30th
2nd	Apr, May, June	July 31st
3rd	July, Aug, Sep	Oct 31st
4th	Oct, Nov, Dec	Jan 31st

Mailed returns must be postmarked on or before the due date. Returns delivered to the branch or a Service BC-Government Agent office must be received and date-stamped on or before the due date.

British Columbia IFTA licensees are required to report based upon metric measurements and Canadian currency. Conversion and tax rates are included with the return.

Failure to File a Quarterly Fuel Tax Return

When an IFTA licensee fails, neglects or refuses to file a quarterly fuel tax return, the branch, on behalf of all member jurisdictions, may assess the licensee for the estimated tax, plus a 10% penalty and interest charges. This assessment is based on the information available, including the licensee's filing history.

IFTA Record Keeping Requirements and Audits

It is the licensee's responsibility to maintain records of **all** inter-jurisdictional and intra-jurisdictional operations of its decaded commercial motor vehicles. The licensee's records must detail the distance travelled and fuel purchased in each jurisdiction, and support the information reported on the quarterly fuel tax return. IFTA licensees must maintain records for four years after the due date of the return. Failure to do so may result in fines and/or penalties.

Every IFTA licensee is subject to audit. Under IFTA, the base jurisdiction audits its carriers on behalf of all member jurisdictions. After completion of an audit, the audit findings are reported to the licensee and to any member jurisdiction affected by the audit. British Columbia collects and forwards any tax, penalty and interest owed by the carrier to member jurisdictions. The audit period for IFTA is limited to four years. However, the normal (i.e., non-IFTA) audit period under the *Motor Fuel Tax Act* is six years.

BRITISH COLUMBIA TRIP PERMITS (MV4001)

British Columbia Based Carriers

British Columbia based carriers who operate one or more commercial motor vehicles inter-jurisdictionally and who choose not to register under IFTA are required to purchase a trip permit each time they enter a jurisdiction. In British Columbia the trip permit is the MV4001, which must be purchased at the inspection station for 15¢ per liter of fuel brought into the province.

Out-of-Province Based Carriers

Carriers who are based out-of-province and who are not registered under IFTA must obtain a trip permit at the inspection station upon entering the province. At that time, carriers must pay 7¢ for each kilometre to be travelled in the province with a minimum payment of \$10.

Where the tax paid on fuel purchased in the province exceeds the tax due for fuel consumed in British Columbia, the carrier may apply to the branch for a refund. Invoices showing the location of fuel purchases, quantity of fuel purchased, name of the purchaser and vehicle identification must be submitted. No refunds are paid for amounts less than \$10.

Trip Permit Record Keeping Requirements and Audits

Non-IFTA carriers who use trip permits must produce the permit for inspection by a peace officer or other authorized person on request.

Records of non-IFTA carriers' inter-jurisdictional travel and tax remittances must be kept for seven years and must be made available to the branch for audit purposes. Failure to keep records or remit the tax due under the Act may result in an assessment for the tax due, plus interest and penalty charges.

NEED MORE INFO?

This bulletin is provided for convenience and guidance.

If you have any questions, call us at 604 660-4524 in Vancouver or call toll-free at 1 877 388-4440, or e-mail your questions to CTBTaxQuestions@gov.bc.ca

Information is also on the web at www.gov.bc.ca/sbr While there, you can subscribe to our free electronic update service.

References: *Motor Fuel Tax Act*, Sections 1, 4(2), 10, 16-19, 25, 26, 42 and 43(3) and Regulations 1, 16-27, 40-43, 46, 48-50 and 52 and *International Fuel Tax Agreement (IFTA) Operating Manual for BC Carriers*