

MOTOR CARRIER NEWSLETTER



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Welcome to the 4th Quarter Edition of the Motor Carrier Newsletter. We hope you find the information contained herein beneficial to you and your company. We encourage you to provide your ideas and comments so that we may include them in future issues.

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Have you sent in your 2006 Renewal? Contact the Department @ 775-684-4711, ext. 1 if you have not received your 2006 packet.

IRP/IFTA AUDIT PROCEDURES

❖ IRP AUDIT PROCEDURES

In conducting the IRP audit, auditors will use your source documents to determine the accuracy and completeness of the distance and vehicle information recorded on Individual Vehicle Distance Records, monthly and yearly summaries, and your IRP registration forms. The registrant will be subject to audit on the actual distance traveled during the preceding year(s) corresponding to the registration year(s) regardless of the number of months operated. If a registrant chooses to estimate distance for a second or subsequent registration year, the estimated fees will be calculated in excess of 100% of the actual fees. Any registrant failing to maintain adequate records from which true liability can be determined is subject to an estimated fee

assessment for non-base jurisdictions, 100% fee assessment to the base jurisdiction, application of penalty and interest as prescribed by the laws of the base jurisdiction, and/or the cancellation of registration.

New Registrants: If you are licensing in Nevada for the first time and have operated in another jurisdiction during the previous year, you must use actual mileage on your registration.

❖ IFTA AUDIT PROCEDURES

Every IFTA license holder is subject to audit. If your operation is chosen for an audit, you will be contacted in writing. Under normal circumstances, you will receive at least 30 days notice of an audit. Every effort will be made to schedule the audit at a mutually convenient time.

(IFTA Audit Procedures Continued...)



If your records do not meet the IFTA record keeping requirements, one or more of the following actions may be taken:

- Fuel purchases may be estimated on prior experience of the licensee or by comparing to similar operations;
- A standard of 4.0 miles per gallon will be used;
- All claims for tax paid fuel without supporting documentation will be disallowed; and
- The burden of proof rests on the licensee

Any questions pertaining to an audit should be directed to the Motor Carrier Division, Audit Team at (775) 684-4634. If a licensee fails to provide records for the purpose of an audit, the statute of limitations is extended until such records are provided. Upon completion of the audit, the findings will be reported in writing to the licensee and any member jurisdiction in which distances were traveled. Nevada will collect any tax owed for all member jurisdictions. Interest will be assessed for all member jurisdictions, if applicable, during the IFTA audit and for Nevada only on IRP audits. Penalty due to Nevada on an IRP or IFTA audit will be included in the audit assessment. Penalty due to member jurisdictions will be billed directly by the member jurisdiction(s).

If it is determined that that the licensee's operational records are not located in Nevada and it becomes necessary for the Department's auditors to travel to where such records are maintained, the Department will require a licensee to pay reasonable per diem

and travel expenses incurred by the auditor(s) in the performance of such an audit. Additional record keeping requirements can be found on the Motor Carrier website, located at www.dmvnv.com/mcforms.htm

Delinquent Registration Payments

The following information is very important for all carriers to read and be made aware of. If a carrier is delinquent for a registration payment and it is determined that the carrier has made a late registration payment and that the carrier has made a prior late registration payment at any time during the preceding three (3) year period, effective July 1, 2005 installment privileges for registration payments will be revoked immediately. The carrier will be required to pay their remaining registration balance in full and the carrier will not be eligible for installment payments for their registration for the following year. This is in addition to any administrative fines that may be assessed.

Each carrier has certain responsibilities, such as providing the Motor Carrier Division with their current mailing address and ensuring all payments are made on a timely basis. Any carrier hiring a service to file tax returns and make registration payments on his behalf needs to be aware that the timely filing of these documents and payment of taxes is ultimately the carrier's responsibility.

If you have any questions or need assistance in the correct procedures to follow when completing and filing your quarterly IFTA/Nevada Special Fuel User Tax Return, please contact the Revenue Team at (775) 684-4711 ext 3.

DMV Fuel Industry Tax Application

The Department of Motor Vehicles, Motor Carrier Division proudly announces the introduction of its new web based fuel supplier tax return filing system. Suppliers are only a click away from this new user-friendly system, which offers such benefits as paper reduction, timesavings, and cost savings to the supplier through error reduction.



The concept is simple and user friendly. All you have to do is submit a Trading Partner Agreement for all employees authorized to access your account. You will then be given a User ID number that allows you access to the website.

Your supplier tax return will be built for you, starting with all load detail entered or uploaded by your staff. State and county motor fuel taxes, in addition to all Special Fuels taxes will be calculated based upon taxable sales information entered. In addition, prior month's activity can now be reported on the current month's tax return, thus eliminating the need for filing amended tax returns.

To obtain more information, please contact the Fuel Industry Team at (775) 684-4711 ext 2.



During the 2005 Legislation Session, AB 255 was passed which allows the Department, by regulation, to establish a procedure requiring suppliers to submit tax returns electronically, but no sooner than July 1, 2006.

The Department will be conducting public Workshops/Hearings at various locations throughout the state to receive comments from all interested persons.

All suppliers and other interested parties will be notified of locations, dates, and times when these are determined.

Fuel User Team

IFTA Tax Return errors can result in additional money owed or smaller refunds for carriers. Errors cost you, the taxpayer, time and money. We have identified the most common errors and how to correct them in order to make filing easier for you. Please read carefully to avoid such errors on future tax returns.

1. All mileage and gallons should be rounded to the nearest whole number. If you purchased 458.97 gallons of fuel, you should report it as 459 gallons. If 12,354.32 miles were traveled, it should be reported as 12,354.
2. To correctly calculate your MPG, according to IFTA guidelines, you must divide the total miles traveled by the total gallons purchased, including all Oregon miles and gallons. Failure to do this will result in an incorrect MPG calculation on your tax return, which, in turn, can result in a higher tax liability.

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You should not use a standard MPG each quarter since, under normal conditions, your MPG will fluctuate. An accurate MPG for one quarter may not be so for the next.

3. Column G on Schedule 1 says, "tax paid gallons". This column is where you take credit for the number of gallons purchased in each state. For instance, if you traveled in Nevada and California during the quarter and purchased your fuel only in Nevada, you must put a zero in Column G for California. You will owe the state of California the tax due on the number of gallons you used there (Column F – taxable gallons). Since you purchased more fuel in Nevada than you used in the state, the credit from the excess Nevada purchase will be used to offset your California tax due.
4. Please refer to the Tax Rate Schedule that is included with each quarter's tax return. While a majority of the states do not change tax rates too frequently, there are some that do, so be sure you are using the correct rate.

For questions regarding the IFTA tax returns, please do not hesitate to call our offices at (775) 684-4711 and press #2 for the Fuel User Team. We will be happy to assist you. We also have an "example/instruction sheet" that you may find helpful. Simply give us a call and we will fax or mail one to you.

2006 RENEWAL

Please be aware that Nevada has no grace period and your company's renewal must be postmarked no later than December 31, 2005, to avoid the assessment of penalty and interest.

Following is a list of common mistakes that will result in the renewal application being returned, causing a delay in receiving your 2006 credentials:

- * When estimating mileage for a newly apportioned carrier, or when adding a new jurisdiction, either a Schedule G form outlining your business plan or a Mileage Chart must be attached. The mileage listed on the Schedule G form or the Mileage Chart must correspond to the estimated mileage listed on the application. The Schedule G form must be signed and notarized and the Mileage Chart must be signed and dated to be accepted.
- *The IRP Registration Certification form must be included with all IRP Renewals. This form is required to verify that your company's appropriate base jurisdiction is Nevada.
- *If your vehicle(s) has a gross vehicle weight in excess of 54,999 pounds, a Form 2290 showing proof of payment of the Heavy Vehicle Use Tax (HVUT) to the IRS must accompany the renewal.
- *Checks received without the written description of the amount or without the required signature(s) cannot be accepted.