

# FLEET TAX COMPLIANCE MANUAL

## FUEL TAX REPORTING REQUIREMENTS

### International Fuel Tax Agreement (IFTA)

Kentucky became a full member of the International Fuel Tax Agreement (IFTA) effective January 1, 1996. Under IFTA — which is an agreement among member jurisdictions (both states and Canadian provinces) for the uniform collection (from the motor carrier) and distribution (to the member jurisdictions) of fuel use tax revenues — motor carriers are required to:

- Register all qualified motor vehicles with their base jurisdiction for fuel tax reporting to cover all IFTA jurisdictions, by filing one application with applicable fee.
- Display (per vehicle) two decals and carry a copy of the IFTA license.
- File one quarterly IFTA tax return with the base jurisdiction, paying any tax due member jurisdictions with one check.
- All fuel usage of gasoline, special diesel, gasohol, and LPG in Kentucky must be reported on the Quarterly IFTA tax return. Quarterly reports must be filed and are due on the last day of the month following the end of each calendar quarter. Carriers should contact their base jurisdiction where registered if a tax return is not received.

**“Qualified motor vehicle”** means 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
- Is used in combination, when the weight of such combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle weight. “Qualified motor vehicle” does include vehicles operating intrastate, but does not include recreational vehicles. Wrecker and driveaway operations are reportable.
- Charter buses are not required to register and report fuel tax in Kentucky.

**IFTA Fees:** IFTA License — No Fee  
IFTA Decals (2) — No Fee (renew annually)

**Temporary Permit:** Not available. Carrier must have permanent decals.

**Complete information on each IFTA requirement may be found in the front of this manual behind the International Fuel Tax Agreement tab.**

### Fuel Use Tax

All carriers, including intrastate but excluding form-plated vehicles, buses and official plated vehicles, are required to register and pay fuel tax and surtax on all fuels in Kentucky. Carriers based in an IFTA jurisdiction require only their IFTA decal and license from their base jurisdiction to satisfy the fuel tax requirement, but certain vehicles are also subject to the mileage tax.

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## Mileage/Highway Use Taxes

Motor Vehicles operating interstate or intrastate with a combined license weight in excess of fifty-nine thousand nine hundred and ninety-nine (59,999) pounds are subject to the \$.0285 per mile weight-distance tax. Such carriers must obtain a KYU license (in addition to the IFTA or fuel tax license).

One KYU license is issued for all units operated under the license. The KYU number must be displayed on each side of the power unit. The MC number or DOT number may be used in place of KYU number upon approval from Kentucky.

The license covers both the gasoline and special-fuels-powered equipment. This license is continuous provided all tax returns are timely filed with the Department of Vehicle Registration.

Quarterly reports must be filed on or before the last day of the month following the close of the quarter. This weight-distance tax is not paid on the IFTA return, but is paid to Kentucky via a separate form. Reports are required even though no tax is due. All licensees must maintain records for fuel purchases, consumption and miles traveled for a period of five years.

## Tax Refunds or Credits

### IFTA

Information regarding credits or refunds under IFTA is included in the IFTA Agreement manual located at the beginning of this guide in Section XIII Credits and Refunds.

### PTO/Reefer Fuel

The State of Kentucky will allow refunds for tax-paid fuel used in *power-take-off* or *reefer* equipment, but only if the fuel was purchased from Kentucky licensed dealers and the original purchase receipts verify it, plus the carrier must maintain a separate tank for off-road fuel. A refund permit is required (apply on Form 72A135) and the refund re-request must be submitted on Form 72A053A — Application for Refund of Kentucky Motor Fuel Tax Paid on Non-Highway Motor Fuels. Form TC 95-214 is required for PTO refunds.

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## BULK FUEL REQUIREMENTS

Bulk or storage purchasers of fuel must maintain withdrawal or disbursement records when such fuel is used in taxable highway or road units. Records must be kept on all vehicles fueled from the bulk tank to show which units were fueled, number of gallons withdrawn, and the date of withdrawal. Tax on bulk purchases is paid at the time of purchase, and if a motor carrier uses tax free bulk storage fuel for fueling taxable units (highway units), the tax will be levied on the total fuel purchased for bulk storage. Prior to putting in a storage fuel tank, just where the tank will be located must be approved by the Revenue Cabinet. Motor carriers with bulk storage tanks are not required to file any type of bulk return with Kentucky, because all tax is paid at time of purchase. In return, however, carriers can take credit for all bulk fuel withdrawals on their Highway