Missing State Mileage and Audit Risk

Audit Readiness · https://atsfleetmanagement.com/docs/missing-state-mileage-and-audit-risk/

Description

Missing state mileage is one of the most serious IFTA reporting deficiencies because fuel taxes are distributed among jurisdictions based on the number of miles traveled within each state or province. When mileage is not properly allocated to the jurisdictions in which a vehicle operated, the accuracy of the entire IFTA filing can be compromised.

Auditors place significant emphasis on state mileage because it directly impacts tax allocation. Even when total fleet mileage is accurate, missing jurisdiction mileage can result in additional tax assessments, penalties, and increased audit scrutiny.

For this reason, carriers should regularly review state mileage reports and resolve jurisdiction allocation issues before filing quarterly returns.

Why State Mileage Matters

State mileage directly affects:

- Jurisdiction tax allocations
- Quarterly IFTA returns
- Tax liabilities
- Fuel tax credits
- Audit compliance
- Filing accuracy

Every mile traveled must be assigned to the appropriate jurisdiction.

What Auditors Expect to See

Auditors expect mileage records that clearly demonstrate:

Vehicle Activity

- Which vehicle traveled
- When the trip occurred
- Route traveled
- Total trip mileage

Jurisdiction Allocation

- States traveled
- Border crossings
- Miles traveled within each state
- Allocation methodology

Supporting Documentation

- ELD records
- GPS history
- Route calculations
- Dispatch records
- Driver logs

Common Causes of Missing State Mileage

Missing ELD Data

Trips never imported into the system.

GPS Tracking Failures

Location data unavailable.

State Border Crossing Errors

State transitions not captured properly.

Incomplete Route Records

Trips lack jurisdiction detail.

Vehicle Assignment Errors

Trips assigned to the wrong vehicle.

Data Synchronization Problems

Mileage records fail to process correctly.

High-Risk State Mileage Scenarios

Active Vehicles Showing Zero State Miles

Vehicle activity exists but no jurisdiction allocations are present.

Border Crossings Not Recorded

Trips fail to reflect state transitions.

Incomplete Multi-State Routes

Mileage assigned to only one jurisdiction.

Missing Jurisdiction Reports

State mileage reports contain gaps.

Large Mileage Discrepancies

State totals do not reconcile to total mileage.

How Missing State Mileage Impacts Audits

Tax Allocations Become Unreliable

Jurisdictions may not receive appropriate tax allocations.

Auditors May Reconstruct Mileage

Alternative calculations may be used.

Additional Taxes May Be Assessed

Estimated mileage often increases tax liability.

Interest and Penalties May Apply

Additional assessments frequently include penalties.

Future Audit Risk Increases

Carriers with allocation issues often receive additional scrutiny.

Common Audit Findings Related to State Mileage

Auditors frequently identify:

- Missing jurisdiction mileage
- Unsupported route calculations
- Unverified state allocations
- Missing border crossings
- Incomplete mileage records
- Inaccurate state reports

Best Practices

Review Jurisdiction Reports Monthly

Verify all states traveled appear correctly.

Verify ELD Imports

Confirm trip records import successfully.

Review Route Calculations

Validate jurisdiction allocations.

Investigate Exceptions

Resolve state mileage discrepancies promptly.

Reconcile Mileage Before Filing

Ensure totals are complete and accurate.

Driver Responsibilities

Drivers should:

✔ Use ELD devices properly

✔ Report GPS issues

✔ Report route discrepancies

✔ Verify trip activity

✔ Report missing mileage immediately

Fleet Manager Responsibilities

Fleet managers should:

✔ Review jurisdiction reports

✔ Investigate state mileage exceptions

✔ Monitor ELD imports

✔ Audit route calculations

✔ Maintain supporting records

Warning Signs

Missing State Mileage Exceptions

Active vehicles showing zero state miles

Missing border crossings

Route discrepancies

Unexplained mileage gaps

Incomplete jurisdiction reports

Missing ELD records

State mileage not matching expected operations

How Advanced IFTA Helps

Advanced IFTA includes:

✔ State Mileage Reporting

✔ ELD Integration

✔ GPS-Based Mileage Calculations

✔ Mileage Calculator

✔ Route Documentation

✔ Exception Reporting

✔ Audit Readiness Monitoring

✔ Historical Mileage Reporting

Monthly State Mileage Audit Checklist

Before month-end verify:

✔ State mileage reports reviewed

✔ ELD imports verified

✔ Border crossings validated

✔ Route calculations reviewed

✔ Jurisdiction exceptions resolved

✔ Mileage reconciled

✔ Supporting documentation retained

Recommended Actions

1. Review state mileage reports monthly.
2. Investigate missing jurisdictions immediately.
3. Verify ELD imports regularly.
4. Review route calculations.
5. Reconcile mileage before filing.
6. Resolve jurisdiction exceptions promptly.
7. Retain supporting records for at least four years.

Related Articles

- Required Mileage Documentation
- Missing Mileage and Audit Risk
- Common IFTA Audit Findings
- Jurisdiction Mileage Missing
- State Mileage Does Not Match Expected Values

Download Document ->