

Understanding IFTA Audits

Description

An International Fuel Tax Agreement (IFTA) audit is a formal review conducted by a base jurisdiction to verify that a motor carrier's reported mileage, fuel purchases, and fuel tax filings are accurate, complete, and supported by adequate documentation. While many carriers view audits as intimidating, they are a routine part of maintaining compliance within the trucking industry.

Why IFTA Audits Occur

- Random audit selection
- New carrier compliance reviews
- Rapid fleet growth
- Unusual mileage patterns
- Consistently high fuel tax credits
- Repeated amended returns
- Missing or inconsistent filing data
- Prior audit findings

What Auditors Are Looking For

Mileage Accuracy, Fuel Documentation, Tax Filings, and Supporting Records including ELD trips, fuel receipts, dispatch records, vehicle records, and quarterly IFTA returns.

Audit Types

- Desk Audit – Remote review of records.
- Field Audit – On-site review of carrier operations and documentation.

Common Audit Findings

- Missing Fuel Receipts
- Missing Mileage
- Inadequate Distance Records
- Unsupported Adjustments
- Duplicate Fuel Transactions
- Missing Jurisdiction Mileage

Financial Consequences

Additional tax assessments, interest charges, penalties, loss of fuel tax credits, and increased future audit scrutiny.

Records Every Carrier Should Maintain

- ELD Trip Data
- GPS Records
- Fuel Receipts
- Fuel Card Reports
- IFTA Filings
- Vehicle Registrations
- Lease Agreements

How Advanced IFTA Helps

- ✓ ELD Mileage Integration
- ✓ Fuel Receipt Management
- ✓ OCR Fuel Capture
- ✓ Mileage Calculator
- ✓ Adjustment Tracking
- ✓ Exception Reporting
- ✓ Audit Readiness Monitoring

Audit Readiness Best Practices

Review Exception Reports monthly, upload fuel receipts immediately, verify ELD imports regularly, investigate MPG variances, maintain supporting documentation, and retain records for at least four years.

Warning Signs That Increase Audit Risk

Missing fuel receipts, missing mileage, unsupported adjustments, repeated amended returns, large fuel tax credits, and incomplete documentation.

Recommended Actions

1. Review all mileage and fuel records monthly.
2. Upload and retain fuel receipts.
3. Investigate all Exception Reports.
4. Maintain adjustment documentation.
5. Conduct quarterly compliance reviews.
6. Build and maintain a complete audit package.

Tags

Audit Readiness, IFTA Audit, Compliance, Mileage Reporting, Fuel Reporting, Audit Preparation, Fleet Compliance, Documentation, ELD Integration, Advanced IFTA