

This letter describes documentation requirements under the Motor Fuel Tax Law. See 86 Ill. Adm. Code 500.335, 500.340 and 500.345. (This is a GIL.)

March 30, 2010

Dear Xxxxx:

This letter is in response to your letter dated September 1, 2009, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

On behalf of BUSINESS, this letter serves to request a formal Private Letter Ruling on BUSINESS' use of document imaging fuel receipts, in lieu of the original paper document for IFTA audit purposes. As a result, BUSINESS respectfully requests a Ruling on the use of document imaging to store its paper fuel receipts.

Statement of Facts

Since 2003 BUSINESS has been utilizing document imaging in its daily operations by scanning proof of delivery, bills of lading, and other supporting transportation documents.

Currently BUSINESS is storing the original paper fuel receipts in the event of IFTA audit. BUSINESS has been providing images of original paperwork with freight invoices to its customers for the past six years. Customers include those who have required original paperwork in the past, however are now assured that imaged documents are a picture of the actual document.

Maintaining documents in electronic format has distinct advantages over paper-based record keeping. These include the ability to quickly retrieve and share documents, to easily create and store backup copies of vital documents for disaster recovery, and to distribute document-based information quickly and inexpensively. BUSINESS' imaging

system provides a picture of the actual document. Attached are examples of said fuel tickets dated 2005 and 2006 imaged via BUSINESS' system.

This request for a Private Letter Ruling is to clarify Illinois Department of Revenue Regulations Title 86 Part 500 Section 500.345 Records Requirements Motor Fuel Tax a) Each licensee shall maintain records to substantiate information reported on the quarterly tax report. Records shall be preserved for a period of four years from the due date of the return or the date filed, whichever is later. Records may be kept on microfilm, microfiche, or other **computerized** or condensed **record storage system**. Such records, for IFTA licensees, shall be made available upon request of any member jurisdiction.

Further, it is to the best of BUSINESS' knowledge that the Department has not previously ruled on this issue, and BUSINESS has not previously submitted this issue to the Department previously.

BUSINESS uses ABC's trucking industry specific document imaging solution.

Should you have any questions or concerns about our request, please do not hesitate contact [sic] me.

DEPARTMENT'S RESPONSE:

The Department's regulation "Public Information, Rulemaking and Organization" provides that "[w]hether to issue a private letter ruling in response to a letter ruling request is within the discretion of the Department. The Department will respond to all requests for private letter rulings either by issuance of a ruling or by a letter explaining that the request for ruling will not be honored." 2 Ill. Adm. Code 1200.110(a)(4). The Department has decided to respond with a GIL.

The IFTA Procedures Manual provides that licensees are required to preserve the records upon which the quarterly tax return is based for four years from the return due date or filing date, whichever is later, plus any time period included as a result of waivers or jeopardy assessments. Records may be kept on microfilm, microfiche, or other computerized or condensed record storage system acceptable to the base jurisdiction. See the IFTA Procedures Manual, section P510. The Department of Revenue's Motor Fuel Tax Law regulations also provide that records may be kept on microfilm, microfiche, or other computerized or condensed record storage system. See 86 Ill. Adm. Code 500.345 for further details.

For your further information, we also refer you to Sections 500.335(g), (h) and 500.340 of the Department's Motor Fuel Tax regulations regarding Quarterly Payment and Reporting, and Credits and Refunds which can be found on the Department's website. See also the Illinois Motor Fuel Use Tax Carrier Compliance Manual (which can also be found on the Department's website) which sets forth alternative recording devices which may be used in place of, or in addition to, handwritten trip reports for recordkeeping purposes. As you will see, electronic imaging of original records is generally acceptable as long as your records are complete and contain the information you put on your quarterly report and the records are accessible. If the imaging system is similar to any of the methods mentioned in this response, then it appears that it would be an acceptable record storage system. Our Audit Department advises, however, that during an audit you would be expected to produce a hard copy of any imaged document. Specifically, if you are going to destroy the original document, you must be able to produce a legible image of that original.

For additional information on alternative recording devices, you may want to contact the Department's Motor Fuel Use Tax Section at 217-782-2291.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336.

Very truly yours,

Debra M. Boggess
Associate Counsel

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