

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 29, 2013

Dear:

This letter is in response to your letter dated January 10, 2013, 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](http://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:

My name is Mr. Z, CDS, I am the Director of Safety & Compliance, with COMPANY, the purpose of my letter is that of clarification and guidance as it relates to the storage of documents related to Illinois Fuel Tax, reviews and audits under the guidelines set forth in the (IFTA) International Fuel Tax Agreement-Procedures Manual (Revised July 2011).

The section of clarification regarding Section P510 Preservation of Records that is covered in the International Fuel Tax Agreement-Procedures Manual, in the section P510

“.100 The licensee is required to preserve the records upon which the quarterly tax return or annual tax return is based for four years for the tax return due date or filing date, whichever is later, plus any time period included as a result of waivers or jeopardy assessments.”

“.300 Records may be kept on microfilm, microfiche, or other computerized or condensed record storage system acceptable to the base jurisdiction.”

As a former federal worker familiar with the Federal Paper Reduction Act I have been working on reducing our in-house storage of documents for preservation and compliance with all the different regulatory agencies that affect us & we have been increasing the use of today's technology for storage of these documents. In accordance, with the Title 49 CFR, a motor carrier can use electronic capture and storage of a drivers qualification files, etc. and supporting documents for Federal DOT audits, providing they have captured the signature of the driver.

My question is more directly related to the interpretation for the State of Illinois Fuel Tax. When I took over in [sic] as the Director of Safety & Compliance in June 2011 I have been trying to increase the reduction of paperwork and using today's tools to do so. Our team that handles all the fuel tax related matters dealing with IFTA's, fuel audits and such is doing a great job. They were told that during their last audit that they must be able to produce the original fuel tax receipt for each transaction unless it is recorded on a master record but, they still have to have the original receipt and that we cannot have a copy of it for the audit & that no records can be stored electronically since we have to produce the original receipt. This has created a serious issue with the paperwork storage.

I am looking for guidance related to this matter and in the event of our next audit related to Illinois base jurisdiction what is the acceptable manners that you will allow for preservation of each transaction. It is difficult to believe that in today's technology that we have to keep and [sic] original receipt and we cannot electronically store such records, trip sheets, receipts, etc., as long [sic] we can produce or recall during a fuel tax audit.

As a Safety Director, I have been through more than 8 Federal Audits in my 13 years both for companies I work for and those I consult with. The availability to preserve all documents and records via electronic methods has been acceptable and allowed for over 7 years and I have never had a issue on the Federal Level during a FMCSA DOT Compliance Audit.

In closing, I am truly looking for guidance of the acceptable process or procedures that we can incorporate into our business model for both paperwork reduction and full compliance with Illinois IFTA and fuel tax program. Document preservation is required for compliance in transportation and with your guidance we want to streamline our process to ensure full compliance & store our records is conducted. I will await you [sic] guidance, instructions or interpretations, in which we can review and see how best to implement them into our business model to create a true Win-Win solutions for compliance and reduction of paper storage.

#### **DEPARTMENT'S RESPONSE:**

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 217-785-1397 between the hours of 8:00 a.m. and 4:30 p.m.

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

Very truly yours,

Debra M. Boggess  
Associate Counsel