



June 2025

A large red semi-truck with a white trailer is driving on a multi-lane highway. The truck is moving from left to right. The background shows a clear blue sky with some light clouds and a flat landscape with some dry grass. The truck's headlights are on, and it has a large chrome grille.

# South Dakota International Fuel Tax Agreement (IFTA) Manual

MOTOR VEHICLE DIVISION  
MOTOR CARRIER SERVICES

# OUR MISSION

## Department of Revenue

*Proactively providing fair and consistent revenue administration for South Dakota.*

## Motor Vehicle Division

*To provide prompt and courteous customer service to all stakeholders, while administering the motor vehicle laws of South Dakota.*

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## ONLINE RESOURCES

<b>South Dakota Department of Revenue</b>	<a href="https://dor.sd.gov/">https://dor.sd.gov/</a>
<b>South Dakota Official State Homepage</b>	<a href="https://sd.gov/default.aspx">https://sd.gov/default.aspx</a>
<b>Motor Fuel - Individuals</b>	<a href="https://dor.sd.gov/individuals/taxes/motor-fuel/">https://dor.sd.gov/individuals/taxes/motor-fuel/</a>
<b>Motor Fuel - Businesses</b>	<a href="https://dor.sd.gov/businesses/taxes/motor-fuel/">https://dor.sd.gov/businesses/taxes/motor-fuel/</a>
<b>South Dakota Truck Information</b>	<a href="https://sdtruckinfo.sd.gov/">https://sdtruckinfo.sd.gov/</a>
<b>IFTA Inc</b>	<a href="https://www.iftach.org/">https://www.iftach.org/</a>
<b>IFTA Online Filing</b>	<a href="https://sd.motorcarrierconnect.com">https://sd.motorcarrierconnect.com</a>

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## CONTACT US

Please contact the Department of Revenue's Motor Carrier Services for IFTA information, forms, and assistance. South Dakota has two motor carrier office locations.

South Dakota Department of Revenue  
Motor Vehicle Division  
Motor Carrier Services  
445 East Capitol Avenue  
Pierre, SD 57501  
**Telephone:** (605) 773-3314  
**Fax:** (605) 773-4117  
**Email:** [SDmotorcarrier@state.sd.us](mailto:SDmotorcarrier@state.sd.us)

South Dakota Department of Revenue  
Motor Vehicle Division  
Motor Carrier Services  
1501 S Highline Avenue Suite 3B  
Sioux Falls, SD 57110  
**Telephone:** (605) 773-3314  
**Fax:** (605) 367-5830  
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# IFTA

The purpose of the International Fuel Tax Agreement (IFTA) is to promote and encourage the most efficient use of the highway system by making the administration of motor fuels taxation uniform concerning motor carriers operating in several member jurisdictions.

This agreement is:

- Recognized by 58 states and providences
- Simplifies the way you report and pay fuel taxes
- Reduces paperwork
- Minimizes compliance requirements

**Note:** Carriers who only travel in South Dakota are not eligible for IFTA.

South Dakota's Participation in IFTA means that:

- A single fuel tax license authorizes you to travel in all IFTA jurisdictions
- A single tax return fulfills your requirements for all member jurisdictions
- A single state usually performs your fuel tax audit

## Qualifying for IFTA

To qualify for licensing under the IFTA agreement, you must operate in two or more member jurisdictions. You must also be operating an IFTA Qualified Motor Vehicle.

1. Base Jurisdiction – the jurisdiction a carrier makes fuel tax payments to.
  - a. Your base jurisdiction will distribute the appropriate amount of tax owed to each IFTA member jurisdiction for you.
  - b. South Dakota will be your base jurisdiction if:
    - a) Your vehicle(s) are registered in South Dakota.
    - b) Your vehicle(s)'s use is controlled from a location in South Dakota.
    - c) Your vehicle(s)'s records are maintained or can be made available in South Dakota.
    - d) At least one of your vehicles logs miles within South Dakota.
2. IFTA Qualified Motor Vehicle – motor vehicles used, designed, or maintained to transport people or property and that:
  - a. Have two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms: or
  - b. Have three or more axles, regardless of the weight; or
  - c. Are used in combination when such combination exceeds a gross vehicle weight of 26,000.

**Note:** Recreation vehicles are not considered qualified vehicles.

# LICENSING

## Applying & Qualifying for IFTA

To obtain an IFTA license the following requirements must be met:

1. You have accurately completed the required forms:
  - a. Apply online at <https://sd.motorcarrierconnect.com>
  - b. [Agreement to Retain Records and File Returns in Timely Manner for IFTA and IRP](#)
2. The division has determined that South Dakota is your base jurisdiction.
3. You have sent the division the correct license and decal fees.
4. If necessary, you have posted an acceptable bond.
5. Fees for the [Unified Carrier Registration Program](#) have been paid (annual registration).

## IFTA License and Credentials

Upon the approval of your application (approximately 10 days after you have met the application requirements above), you will have online access to your IFTA account. Once the online payment for the decals has been made, you will be able to print your IFTA license and your decals will mail out the following business day.

**IFTA License:** Each licensee is issued one IFTA license. The licensee is required to make copies of the license so that one copy is carried in each qualified vehicle. Any time additional decals are ordered, you should print a new license as the decals assigned to your license are printed on this license and updated as you order additional ones. Failure to carry a copy of the license can subject the vehicle operator to purchase a fuel permit and may result in citations and fines.

**IFTA Identification Decals:** Each licensee is issued a set of vehicle identification decals for each qualified vehicle in its fleet (these must be placed on each lower rear exterior side of the cab). All IFTA decals are numbered and assigned to a licensee's account when issued. Highway Patrol will have access to this information and be able to identify any decals that are being utilized illegally. Failure to display the identification decals in the required locations can subject the vehicle operator to purchase a fuel permit and may result in citations and fines.

## Additional Decals

If a decal is destroyed or you are adding a vehicle during the year, you may obtain an additional decal set by logging into your online account at <https://sd.motorcarrierconnect.com/>, ordering additional decals, and making the online payment. If additional sets are obtained but not placed on a vehicle, you must retain the unused decal(s) for audit purposes for a period of four years. The Department provides an IFTA decal inventory sheet to assist you in keeping track of your IFTA decals. You can find this form on both websites listed above.

## BONDING

In most cases, you will not be required to furnish a surety bond when applying for an IFTA license. A bond, however, is required if you have:

1. A history of delinquency in reporting or paying taxes to the State of South Dakota.
2. You are delinquent in reporting or paying tax for any two consecutive reporting periods during a 12-month period.
3. You remit a non-sufficient funds (NSF) check for tax payment and do not issue a valid check within 15 days of being notified by the Department that your original check did not clear.

The Department currently requires a minimum bond of \$1,000.00. The Department will not accept a bond that can be terminated on less than 60 days' notice.

Securities accepted include:

- A cash bond
- A bond issued by a corporate surety
- A certificate of deposit endorsed in favor of the South Dakota Department of Revenue. (The payee of the certificate shall receive any interest paid on the certificate.)

## LICENSE RENEWALS

Each October, the online system will automatically send every IFTA license holder a renewal notice. You will renew online at <https://sd.motorcarrierconnect.com/>, and be asked to verify the existing license information and order the appropriate number of decals for the next calendar year.

Your license will not be renewed if you are delinquent in filing your tax returns, if you owe any taxes, owe on an audit, have a delinquent IRP account, you have no miles in SD and at least one other jurisdiction, have not completed the annual [Agreement to Retain Records and File Returns in Timely Manner](#) for IFTA and IRP, or have not paid UCR fees.

Your license will not be renewed if you report or travel only in South Dakota or file zero distance returns for the past 12 months.

In addition, if you do not report any operations for a 12-month period, you will become ineligible to license. If your operations change and travel outside of South Dakota occurs again, contact the Department of Revenue to re-license.

# BUSINESS CHANGES

If a license holder makes any ownership or location changes, the Department must be notified immediately. Please fill out the [Account Information Update](#) form and email the completed form to your account agent.

## Examples:

*These are just examples and do not cover every situation. If you are unsure if your situation applies to any of the examples, please contact the Department.*

1. If a license holder sells their business:
  - The Department must be notified immediately in writing.
  - The license will be canceled, and the new owner must make application for a new license.
2. When a business changes from a sole proprietor to an LLC:
  - The business will need to submit a letter of explanation and a signed copy of the documents that change the company to an LLC.
  - If the FEIN changes the carrier will need to apply for a new account.
3. When a business changes its name:
  - The business will need to submit a letter of explanation and a copy of the documents that change the company name.
4. When a mailing address or business location changes:
  - The business must notify the Department immediately by completing the [Update IFTA/IRP](#) form.



# TEMPORARY FUEL PERMITS

Carriers who are IFTA license holders must properly display their decals and always carry their IFTA license in the vehicles. If for any reason a carrier does not display decals or have their IFTA license, the carrier must purchase a temporary fuel permit.

In South Dakota, temporary fuel permits cost \$20 and are valid for 72 hours or until a carrier leaves the state, whichever comes first.

Mileage and tax-paid fuel purchased while operating under a temporary permit still must be included on the quarterly tax return. Note the following items on your quarterly return:

- **Enter Total Distance Box:** Add all miles/kilometers accrued under the temporary fuel permit to total distance traveled (necessary to compute average miles/kilometers per gallon).
- **Enter Total Fuel Box:** Add all fuel purchased under the temporary fuel permit to total fuel consumed (necessary to compute average miles/kilometers per gallon).
- **IFTA Total Distance (Miles) Section:** Include all distance traveled in the state in which you purchased the temporary fuel permit.
- **Tax Paid Fuel (Gallons) Section:** Include any fuel you purchased on a tax-paid basis.

Retain all temporary fuel permits in your files for audit verification. Review the permits you submit to be certain that they are fuel permits.

## Example:

*Some jurisdictions have a ton mileage permit.*

- If you submitted the ton mileage permit as a fuel permit, your claim would be disallowed, and you would be assessed interest for underreporting your fuel tax liability.

# UNIFIED CARRIER REGISTRATION

The Unified Carrier Registration (UCR) Plan and Agreement are part of a Federally mandated, state administered program that went into effect September 10, 2007. Under this program, States collect fees from motor carriers, motor private carriers, freight forwarders, brokers, and leasing companies, based on the number of qualifying commercial motor vehicles (CMVs) in their fleets.

## Who is subject to the UCR Agreement?

1. If you operate a tractor, truck, or bus in interstate or international commerce, the registration requirements of the Unified Registration Agreement (UCR) apply to your business.
2. The requirement also includes companies operating as brokers, freight forwarders, or leasing companies that are not combined with a motor carrier entity and make arrangements for the transportation of cargo and goods in interstate and international commerce.
3. "Commercial Motor Vehicle" is defined as a self-propelled vehicle used on the highways in commerce principally to transport passengers or cargo, if the vehicle:
  - a. has a gross vehicle weight rating or gross vehicle weight of at least 10,001 pounds, whichever is greater.
  - b. is designed to transport 10 or more passengers (including the driver); or
  - c. is used in transporting hazardous materials in a quantity requiring placarding.

## What are the UCR Fees?

The fees under this program will be required to be paid each year. The fees for 2025 are listed below.

Tier	Fleet Size From	Fleet Size to	Fee Per Company
1	0	2	46.00
2	3	5	138.00
3	6	20	276.00
4	21	100	963.00
5	101	1,000	4592
6	1,001	200,000	44,836.00

### Example:

A motor carrier operating four tractors and nine straight trucks has a fleet size of thirteen commercial motor vehicles and pays \$276.00.

## How do I register for UCR?

Register online today:

1. Visit [www.ucr.gov](http://www.ucr.gov)
2. Have your DOT number and the last four digits of the FEIN ready to access your account
3. Follow the quick and easy prompts to complete registration
4. Select one convenient payment option:
  - a. Visa, Mastercard, or Discover – Credit Card fees apply
  - b. E-Check/Ach payment - \$1.00 E-Check fees applies
  - c. Online registration is now mandatory. Use of a website other than [www.ucr.gov](http://www.ucr.gov) to file UCR may incur charges additional charges for their services.

**Note:** Carriers must pay UCR fees for all years that they have an active interstate DOT authority to avoid possible enforcement actions.

If you would like to learn more about UCR, go to [www.ucr.gov](http://www.ucr.gov) or call 605.773.3314.

# LEASE AGREEMENTS AND TAX RESPONSIBILITY

## Tax Responsibilities

The carrier operating a vehicle is always responsible for the payment of fuel tax unless a lease agreement specifically states otherwise. For example, if a carrier leasing a vehicle is stopped by law enforcement, and the lease agreement does not show that the lessor is responsible for the payment of fuel tax, the carrier will be held responsible. Similarly, a carrier who is audited by the Department must have documentation proving that the payment of fuel tax is the responsibility of another party of the carrier must have paid the tax.

The following six items quoted directly from the IFTA Articles of Agreement address the tax responsibility of lessors, lessees, independent contractors, and household goods agents:

1. A lessor who is regularly engaged in the business of leasing or renting motor vehicles without drivers for compensation to licensees or other lessees may be deemed to be the licensee, and such lessor may be issued a license if an application has been properly filed and approved by the base jurisdiction.
2. In the case of a carrier using independent contractors under long-term leases (more than 30 days), the lessor or lessee will be given the option of designating which party will report and pay fuel use tax. If the lessee (carrier) assumes responsibility for reporting and paying motor fuel taxes, the base jurisdiction for purposes of this agreement shall be the base jurisdiction of the lessee, regardless of the jurisdiction in which the qualified motor vehicle is registered, for vehicle registration purposes by the lessor.
3. In the case of a short-term motor vehicle rental, by a lessor regularly engaged in the business of leasing, or renting motor vehicles without drivers, for compensation to licensees or other lessees of 29 days or less, the lessor will report and pay the fuel tax unless the following two conditions are met:
  - a. The lessor has a written rental contract which designated the lessee as the party responsible for reporting and paying the fuel use tax; and
  - b. The lessor has a copy of the lessee's IFTA fuel tax license which is valid for the term of the rental.
4. In the case of a carrier using independent contractors under short-term/trip lease of 29 days or less, the trip lessor will report and pay all fuel taxes.
5. In the case of a household goods carrier using independent contractors, agents, or service representatives, under intermittent leases, the party liable for fuel tax shall be:
  - a. The lessee (carrier) when the qualified motor vehicle is being operated under the lessee's jurisdictional operating authority. The base jurisdiction for purposes of this agreement shall be the base jurisdiction of the lessee (carrier), regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes by the lessor or lessee.
  - b. The lessor (independent contractor, agent, or service representative) when the qualified motor vehicle is being operated under the lessor's jurisdictional operating authority. The base jurisdiction for purposes of this agreement shall be the base jurisdiction of the lessor, regardless of the jurisdiction in which the qualified motor vehicle is registered for vehicle registration purposes.
6. No member jurisdiction shall require the filing of such leases, but you must make the leases available upon request of any member.

# RECORD KEEPING

IFTA license holders must maintain detailed records and file quarterly reports along with their fuel tax payments. Records must be retained for a period of four years; the current tax year plus the three previous years. This record keeping and reporting responsibility consists of three elements.

## Fuel Receipts

For the licensee to obtain credit for tax-paid purchases, a receipt, invoice, or credit card or automated vendor-generated invoice or transaction listing must be obtained by the licensee for each purchase of fuel. Separate totals must be compiled for gasoline, diesel, kerosene, gasohol, liquid petroleum gas, and CNG. The fuel receipts must contain:

1. Date the fuel was purchased;
2. Name and address of the seller;
3. Number of gallons purchased;
4. Type of fuel;
5. Equipment number of the vehicle using the fuel;
6. Purchaser's name (When there is a lease agreement, receipts will be accepted in the name of either the lessee or the lessor. There must, however, be a legal document confirming the lease agreement.);
7. Price per gallon or total amount of sale;
8. The amount of a tax paid.

## Bulk Storage

Fuel purchased for bulk storage must be totaled separately. Carriers must keep all fuel delivery tickets and invoices. In addition, carriers must record all disbursements and inventory reconciliation and distinguish between fuel placed in qualified vehicles and fuel used for other purposes. Many taxpayers are claiming all gallons bought in bulk during the reporting period even if they have not used it. You can only report the fuel on your IFTA return if it has been pulled from bulk storage and placed into a qualified vehicle during the filing period.

## Over-the-Road Purchases

Similarly, separate totals must be kept for any over-the-road (OTR) purchases. Carriers must keep sales receipts, invoices, or credit card receipts. (These items may be on microfilm/microfiche or other electronic data storage media.) These records must always identify the vehicle by unit number or license plate number, since IFTA license holders may only report fuel purchases made for qualified vehicles that they operate. Altered receipts or those with erasures will not be accepted for tax-paid credit.

## Individual Vehicle Distance/Fuel Reports

The Individual Vehicle Distance/Fuel Report (IVDFR) is the basic distance-reporting document. All IVDFRs must include:

1. Dates of trip (starting and ending);
2. Trip origin and destination;
3. Routes of travel including highway numbers;
4. Total distance traveled within each jurisdiction;
5. Total trip distance (including all vehicle movement whether loaded, empty, deadhead, or bobtail distance);

6. Unit number or vehicle identification number for power units and trailers;
7. Beginning and ending odometer readings (or hub meter);
8. Registrant's name;
9. Driver's identification (name, number, signature)

The following information is helpful, but not mandatory;

- Odometer reading at jurisdictional border crossing

# IFTA RETURNS

## Tax Reporting

The preceding elements, fuel receipts and IVDFR's, are the basis for the third element, the quarterly IFTA Tax Return. The division will send you a system email at least 30 days before the tax return due date. Filing and payments are required to be done electronically.

The return must show total distance traveled, all fuel consumed, and total tax paid gallons by qualified vehicles during the quarter as well as the distance traveled, and fuel consumed in each IFTA jurisdiction. If fuel is not purchased during the quarter, the average miles/kilometers per gallon from the previous quarter are used. All licensees must submit the IFTA Tax Return every quarter. A return must be submitted each quarter even if:

1. No taxable miles were traveled.
2. All miles traveled were in South Dakota.

**Note:** Failure to receive the authorized email does not relieve you from the obligation of submitting a return in a timely manner.

## Due Dates

Your tax return must be filed and paid online no later than midnight on the last day of the month following the close of a reporting period. If the last day of the month falls on a Sunday or legal holiday, the next business day will be considered the final filing date.

Quarter	Reporting Period	Due Date
1 <sup>st</sup>	January – March	April 30
2 <sup>nd</sup>	April – June	July 31
3 <sup>rd</sup>	July – September	October 31
4 <sup>th</sup>	October – December	January 31

## Measurements

Licensees based in South Dakota are required to report in U.S. measurements. When you calculate your fuel tax, use the following factors and compute to the nearest one-tenth of a cent:

One liter = .2642 gallons

One gallon = 3.785 liters

One mile = 1.6093 kilometers

One kilometer = .62137 miles

When you report fuels that cannot be measured in liters or gallons, such as compressed natural gas, report the fuel at the conversion factor used by the jurisdiction in which the fuel was used.

## **Tax Exempt Miles**

IFTA member jurisdictions differ in their definition of tax-exempt miles. For reporting tax-exempt miles, the licensee is required to maintain documentation supporting tax-exempt miles (refer to [www.iftach.org](http://www.iftach.org)). Fuel used for off-road agricultural or off-road commercial purposes in South Dakota is not exempt from tax and is not subject to refund or tax-exempt reporting.

## **Annual Reporting**

If your distance in all IFTA member jurisdictions other than South Dakota totals less than 5,000 miles during a calendar year, you may choose to report on an annual basis. You must have a one-year filing history under the IFTA program to be eligible for this exception.

If you wish to report annually, you must petition in writing or by email to the Division of Motor Vehicles prior to filing your first quarter tax return. Requests for annual filing submitted after the first quarter will not go into effect until the next license year. When the division receives your request, it will notify the other member IFTA jurisdictions of the request. If any jurisdiction objects to your request, the request will be denied. You will receive written notification that the annual filing privilege has been granted to you. Once notified, you will be responsible for filing four separate tax returns at the end of the year.

## **Refunds and Credits**

When you file your tax return, apply any overpayment of fuel taxes paid in one jurisdiction to the taxes owed to another IFTA jurisdiction. For example, if you underpaid fuel taxes in Minnesota by \$100 and overpaid taxes in Montana by \$50, remit the net tax of \$50 along with your IFTA return. If you show a net tax credit of \$25 or more on a tax return, South Dakota will process and issue a refund before the end of the next reporting period. If the credit is less than \$25 it will be held until it reaches the \$25 or applied to the next return with an amount due until it reaches the \$25 amount to be refunded.

A refund will not be made, however, if there are any tax liabilities outstanding, including audit assessments, penalties, or interest. Similarly, refunds will be withheld if a license holder's payment of fuel tax to any IFTA jurisdiction is delinquent.



## FAILURE TO FILE OR PAY

It is imperative that all tax returns and payments are remitted as required. Do not ignore any notices sent to you regarding your IFTA license. Many taxpayers believe that because they are paying the tax at the pump, that the importance of filing their IFTA tax return is minimal. Failure to file a return will have serious tax consequences against the license holder. If the Department generates a jeopardy assessment based on an estimate due to failure to file, your tax liability can amount to thousands of dollars, as the assessment generated will not allow credit for tax paid purchases. Your IFTA license is also suspended at that time. The following procedures may be taken against any license holder who fails to file a return or pay an amount due.

If, for any reason, you fail, neglect, or refuse to file a tax return when due, a nonfiler notice will be sent to you requesting that the appropriate return be filed. If, after 30 days, the return still has not been filed, a jeopardy assessment based on the best information available will be generated. The jeopardy assessment will provide you with 60 days in which to either file the applicable return and pay any tax, penalty, interest due or request a hearing to contest the assessment.

**Failure to take action within the 60-day period may result in the jeopardy assessment becoming your amount due and no further recourse can be taken to object to the assessment, nor can you later file the applicable delinquent return to reverse the assessment.**

If you have not satisfied a tax delinquency or filed a written appeal request within 60 days of the date of notification, a tax lien may be generated. After a 30-day period, a distress warrant may be issued.

The same procedures may take place if you fail to pay all tax, penalty, or interest due against your license

**IFTA allows for a grace period into the last day of February of each year. Because of this grace period, a tax return must be filed for the first quarter of a year if you have not submitted a written letter of cancellation to the Department to cancel your IFTA license at the end of any given tax year.**

The Department may also revoke your IFTA license if you do not comply with record keeping requirements.

# CANCELLING/REINSTATING AN IFTA LICENSE

## **Cancelling an IFTA License**

If you cancel your International Registration Plan account (the agreement under which interstate motor carriers are licensed), you may also be required to cancel your IFTA account.

To properly cancel your license, you must return your IFTA license card, remove the IFTA decal from the cab, and file the tax return containing distance and fuel information up to and including your last day of operating. You also need to submit a written request that contains your account number and effective date of cancellation.

Cancellation requests must be submitted to the Department of Revenue, Division of Motor Vehicles, IFTA Office or by email at [sdmotorcarrier@state.sd.us](mailto:sdmotorcarrier@state.sd.us). If you have any questions concerning the cancellation of your IFTA license, contact the Department.

## **Reinstating an IFTA License**

If the license was cancelled more than a year ago, a new IFTA Application on <https://sd.motorcarrierconnect.com/> and payment for a new license card and decals needs to be submitted.

# AUDITS

The Department of Revenue routinely audits IFTA license holders required to pay fuel taxes. The purpose of an audit is to ensure license holders comply with the terms of the IFTA/IRP. The audit verifies the accuracy of the reported jurisdictional distance and fuel gallons on the quarterly IFTA Tax returns by reviewing the required source and summary documents listed on the Record Keeping and Tax Reporting section of this manual.

## Notice of Intent to Audit

The audit process begins when the Department mails a Notice of Intent to Audit to the license holder. License holders are normally notified at least 30 days before the audit date (unless the Department secretary determines that a delay would jeopardize the collection of tax).

On the opening day of the audit the license holder should provide the auditor with all records supporting distance traveled and fuel consumed. If the license holder fails to present documentation to the auditor within 60 days of the beginning of the audit, the auditor may disallow the distance and fuel, resulting in an assessment of additional taxes and interest. A license holder's failure to provide records for audit purposes will cause the statute of limitations to be suspended until such records are provided.

If the license holder's records are not complete enough to ascertain an accurate distribution of jurisdictional fuel taxes, the auditor may estimate jurisdictional fuel taxes for the period under audit using the following guidelines:

1. A license holder's prior experience or a comparison with similar operations; or
2. An acceptable industry standard AMPG for operations.

If a license holder's operational records are not located in South Dakota and it becomes necessary for Department auditors to travel to where such records are maintained, the Department will bill the license holder the per diem and travel expenses incurred by the auditor(s) to conduct the audit.

## Certificate of Assessment

After reviewing the license holder's records, a Certificate of Assessment will be issued. The certificate shows the type and amount of tax or fees due, if any, and the reasons for any assessment. The license holder has 60 days from the date of the certificate to take the following action:

1. Pay the assessment online at <https://sd.motorcarrierconnect.com/>, including accrued interest; or
2. Request a hearing (in writing) before the Secretary of Revenue.

## Appealing an Audit Assessment

A request for a hearing is the license holder's only way of contesting an audit assessment. If a license holder decides to appeal the assessment, he or she must submit a Request for Hearing within the 60-day time limitation. The request, submitted in letter form, must specifically identify the issues being contested. If it does not, the administrative hearing could be denied.

The request for hearing must state the following:

1. The portion of the assessment being contested; and
2. The mistake of fact or error of law the license holder believes resulted in an invalid assessment

Once a proper request for hearing has been filed, the matter becomes a contested case and falls within the scope of the Administrative Procedures Act ([SDCL 1-26](#)). The Department schedules the matter for hearing and serves the license holder with a Notice of Hearing.

### **Notice of Hearing**

The notice of hearing informs the license holder of the time and place of hearing, the name and address of the hearing examiner, and sets forth the issues to be considered. The notice of hearing must be served on the license holder at least 10 days prior to the hearing, to allow time for “discovery proceedings,” which may include a pre-hearing conference involving the Department’s attorney, the license holder and his or her representative, and the hearing examiner.

### **The Administrative Hearing**

The administrative hearing is conducted according to the provisions of the Administrative Procedures Act ([SDCL 1-26](#)). The license holder may be represented by an attorney.

Essentially, the license holder is a plaintiff in a civil matter. Consequently, he or she must prove that the assessment is invalid because it is based on a mistake of fact or error of law. In most cases, the administrative hearing is the license holder’s only opportunity to present testimony and evidence.

At the conclusion of the hearing, the hearing examiner may request briefs on the legal issues. Following the submission of briefs, the hearing examiner prepares proposed findings of fact and conclusions of law for the secretary to consider.

### **Findings of Fact, Conclusions of Law, and Order of the Secretary of Revenue**

The secretary may adopt the proposals of the hearing examiner or, after reviewing the record, may submit his or her own findings, conclusions, and decision. Copies of the findings of fact, the conclusions of law, and the order are sent to the license holder.

If the license holder is ordered to pay additional fees and/ or tax and desires to appeal the decision to the circuit court, he or she must:

1. Pay the amounts ordered to be paid; or
2. File a bond with the Department to insure payment.

The South Dakota Supreme Court has ruled that if payment is not made or a bond posted, the circuit court cannot hear an appeal.

### **Notice of Appeal**

After the license holder has paid the fees and/or tax or filed a bond, the appeal to the circuit court is governed by the Administrative Procedures Act. The license holder must serve his or her notice of appeal upon the Department and file it, along with proof of service, with the clerk of courts of the appropriate county. This notice of appeal must be filed within 30 days of the date the Secretary of Revenue serves the license holder notice of his or her decision.

When the court hears the appeal, it will base its review of the Department secretary’s decision upon the administrative record. With regard to the questions of fact, the secretary’s findings will be upheld unless “clearly erroneous.” Questions of law are fully reviewable by the court. The decision of the circuit court may be appealed

to the South Dakota Supreme Court. The supreme court will review the secretary's decision on the record, under the same standards of review employed by the circuit court.

### **Collections**

If a license holder fails to pay fees, taxes, penalties and interest, the Department may begin a civil suit against the license holder for recovery of the debt. If successful, the Department becomes a judgment creditor and can use the normal collection procedures open to such a creditor.

# JEOPARDY ASSESSMENTS

## Notice of Jeopardy Assessment

In some cases, the Department may bypass the formal audit procedure in determining if fees and/or taxes are due. If the Secretary of Revenue finds that the assessment or collection of any tax is jeopardized by the delay, he may immediately assess the estimated tax, penalty and/or interest and demand payment from the license holder. Thus, when confronted with an uncooperative license holder who fails to file required returns or reports taxable transactions, the secretary may estimate the amounts due based upon available records or sources and issue the Notice of Jeopardy Assessment.

If a license holder fails to pay the amounts noted in the jeopardy assessment and is a resident of South Dakota, the Department will file appropriate liens and request the issuance of distress warrants.

## Notice of Tax Lien

Any fee, tax, penalty, or interest due from a license holder results in an automatic lien on his or her real or personal property. To preserve the state's lien priority against other creditors, the Department files a Notice of Tax Lien with the register of deeds of the county in which the license holder's property is located.

## Distress Warrant

If the license holder still fails to make payment, the Department requests the county treasurer to issue a distress warrant to the county sheriff. The distress warrant directs the sheriff to proceed to collect the delinquent fees and/or taxes by seizing and selling the license holder's property. Note, bank accounts are personal property and can be seized to satisfy a distress warrant.

## License Revocations

If the holder of an IFTA license fails to pay fees and/or taxes in a timely fashion, the license may be revoked. The Department will give the license holder prior notice and an opportunity to be heard before his or her license is revoked.

A hearing examiner conducts the revocation hearing. The Department presents evidence to prove the failure to pay fees and/or taxes. The license holder then submits his or her evidence or testimony to show compliance with the licensing regulations. Following the hearing, the examiner prepares minutes and a decision for the Secretary of Revenue to consider. The secretary will then issue his or her order, which may include an assessment of additional taxes, penalty, and interest.

The Department and the license holder have the right of judicial review of the secretary's order. The procedure for judicial review is essentially the same as that described in the previous section on audit appeals.

## Declaratory Rulings

If a license holder believes that an error has been made in determining his or her liability, he or she may ask the Secretary of Revenue to render a formal opinion regarding the application or interpretation of a licensing regulation. This is according to specific rules and procedures set forth in [SDCL 1-26-15](#).

A license holder who wants a declaratory ruling from the Department secretary must submit a verified petition. The petition must present the specific question on which he or she is requesting a ruling and the factual basis for the question. Typically, the petition will include a request for a refund of fees and/or taxes. If the secretary

determines that additional facts or information are needed, he or she may call for a hearing on the petition. The secretary must notify the license holder of the hearing at least 10 days prior to the hearing date.

The secretary may decline to render a decision if he or she determines that a ruling will not settle the controversy. If a ruling is made, the secretary will include findings of fact and conclusions of law. The secretary's ruling is subject to appeal to the courts.

# DYED DIESEL FUEL INSPECTION PROGRAM

## IMPORTANT NOTICE

### Implementation of South Dakota's Dyed Diesel Fuel Inspection Program

Penalties apply to anyone who uses tax-exempt (dyed) diesel fuel in a licensed motor vehicle on South Dakota roads and highways. Authorized personnel of the Department of Revenue, the Internal Revenue Service, and the Highway Patrol may withdraw fuel from licensed motor vehicles, machinery, equipment, and storage facilities in sufficient quantities to test for compliance with the law.

Penalties differ for qualified vehicles. Persons using dyed fuel in a qualified vehicle, such as a semi-truck, are subject to the following penalties:

- \$500 for the first violation
- \$1000 for each subsequent violation

Persons using dyed fuel in vehicles other than qualified vehicles, such as cars or pickup trucks, are subject to the following penalties:

- \$250 for the first violation
- \$500 for each subsequent violation

The first violation of the dyed fuel law is a Class 2 misdemeanor; a subsequent violation is a Class 6 felony.



# APPENDIX

## Appendix A - Definitions

### **BASE JURISDICTION**

The member jurisdiction where qualified motor vehicles are based for vehicle registration purposes and:

1. Where the operational control and operational records of the licensee's qualified motor vehicles are maintained or can be made available; and
2. Where some travel is accrued by qualified motor vehicles within the fleet. The commissioners of two or more affected jurisdictions may allow a person to consolidate several fleets which would otherwise be based in two or more jurisdictions.

### **QUALIFIED MOTOR VEHICLE**

A motor vehicle used, designed, or maintained for transportation of persons or property and:

1. Having two axles and a gross vehicle weight or registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms; or
2. Having three or more axles regardless of weight; or
3. 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 not include recreational vehicles.

### **REVOCATION**

The withdrawal of license and privileges granted to the licensee by the licensing jurisdiction.

### **SUSPENSION**

The temporary removal of privileges granted to the licensee by the licensing jurisdiction.

## Appendix B - Taxpayers' Bill of Rights

The Taxpayers' Bill of Rights has formalized the fundamental principles that have guided the South Dakota Department of Revenue since 1986. These Rights are as follows:

1. You have the right to confidentiality.
2. You have the right to tax information that is written in plain English.
3. You have the right of appeal.
4. You have the right to courteous, prompt, and accurate answers to your questions.
5. You have the right to be certain that collection procedures or assessments are not influenced by performance goals or quotas.
6. You have the right to rely on the written advice given to you by the Department of Revenue.
7. You have the right to be notified before the Department audits your records unless the Secretary of Revenue determines that a delay will jeopardize the collection of tax.
8. You have the right to clear and consistent policy regarding the deadlines for filing tax returns and making payments.
9. You have the right to seek a refund of any taxes you believe you have overpaid within the last three years.
10. You have the right to a process requiring that the seizure of your property for taxes be approved by a person no lower in authority than the division director.
11. You have the right to expect that a good-faith effort to comply with tax laws will be given consideration in disputed cases.
12. You have the right to a tax credit of interest or penalties that are determined to have been inappropriately levied.
13. You have the right to the removal of a lien on your property within 30 days after you have paid all tax, penalty, and interest due.
14. You have the right to have the South Dakota Department of Revenue correct the public record.