

761—505.5(452A) Audits—required reports.

505.5(1) *Delegation to audit and examine.* Pursuant to Iowa Code sections 452A.53, 452A.55, and 452A.62, the department reserves the right to examine returns and records, perform audits and determine the correct amount of tax due.

505.5(2) *Statute of limitations.* Within three years after a return is filed, the department may audit the return to determine the accuracy of taxes paid. There is no time limitation on collection activities for any tax, penalty or interest due the department.

505.5(3) *Outstanding tax, penalty or interest for canceled and inactive licenses.* Any outstanding taxes, penalties or interest must be paid before reapplying for a fuel license.

505.5(4) *Audit period—records—costs.* The statute of limitations on the determination of any additional tax liability shall be three years after a return is filed; therefore, all records must be kept for four years after a return is filed.

a. For the purpose of verifying the correctness of a return filed or for estimating the tax liability of any taxpayer, the department has:

(1) The right and duty to examine or cause to be examined the books, papers, records, memoranda or documents of a taxpayer that relate in any manner to fuel taxes.

(2) The authority to require, at a hearing, the attendance of the taxpayer and other witnesses and the production of books, papers, records, memoranda or documents.

b. The cost of an audit shall be at the taxpayer's expense when the records are maintained outside the state of Iowa.

505.5(5) *Taxpayers required to keep records.*

a. The records required to be kept by this rule, including invoices or other proofs of purchase, shall:

(1) Be preserved for a period of four years after a return is filed unless otherwise stated.

(2) Be open for examination by the department.

b. The fact that the tax has been paid shall appear on the proof of purchase.

505.5(6) *Records to be kept and preserved.* Every person required to file a quarterly report under Iowa Code section 452A.54 shall keep and preserve the following records:

a. Fuel purchase invoices containing:

(1) The date of the fuel purchase.

(2) The name and address of the seller of the fuel (a vendor code, properly identified, is acceptable for this purpose).

(3) The quantity of fuel purchased.

(4) The type of fuel purchased, the price of the fuel per gallon or per liter or the total price of the fuel purchased.

(5) The identification of the qualified motor vehicle into which the fuel was placed.

(6) The name of the purchaser of the fuel. When the qualified motor vehicle being fueled is subject to a lease, the name of either the lessor or lessee is acceptable for this purpose, provided a legal connection can be made between the purchaser named and the licensee.

b. Documentation for bulk fuel storage containing:

(1) Receipts for all deliveries.

(2) Quarterly inventory reconciliations for each tank.

(3) The capacity of each tank.

(4) Bulk withdrawal records for every bulk tank at each location.

(5) The purchase price of the fuel delivered into the bulk storage, including tax paid to the member jurisdiction where the bulk storage is located.

(6) Proof the licensee has paid fuel tax to the member jurisdiction where the bulk storage is located.

(7) The location of the bulk storage from which the withdrawal was made.

(8) The date of each withdrawal, including non-IFTA withdrawals.

(9) The quantity of fuel withdrawn, including non-IFTA withdrawals.

(10) The type of fuel withdrawn.

(11) The identification of the vehicle or equipment into which the fuel was placed.

c. Distance records (manual records) containing:

- (1) The beginning and ending dates of the trip to which the records pertain.
 - (2) The origin and destination of the trip.
 - (3) The route of travel.
 - (4) The beginning and ending reading from the odometer, hubodometer, engine control module (ECM) or any similar device for the trip.
 - (5) The total distance of the trip.
 - (6) The distance traveled in each jurisdiction during the trip.
 - (7) The VIN or vehicle unit number.
- d.* Electronic tracking device record created and maintained at a minimum every ten minutes when the vehicle's engine is on, containing the following data elements:
- (1) The date and time of each system reading.
 - (2) The latitude and longitude to include a minimum of four decimal places (0.0001) of each system reading.
 - (3) The odometer reading from the ECM of each system reading. If no ECM odometer is available, a beginning and ending dashboard odometer or hubodometer for the trip will be acceptable.
 - (4) The VIN or vehicle unit number.
- e.* Data required under paragraph 505.5(6) "d" must be accessible in an electronic spreadsheet format, such as XLS, XLSX, CSV or delimited text file. Formats from a vehicle tracking system that provides a static image, such as PDF, JPEG, PNG or Word, are not acceptable.

505.5(7) *New licensees.* When a person is issued a new license, the department may, within one year of issuance of the license, audit the records of the new licensee for a period going back two years from the date of issuance.

505.5(8) *Nonlicense and nonpermit holders.* All persons who bring into the state a qualified motor vehicle, upon which the Iowa tax on said fuel has not been paid, are operating within the purview of these rules as stated in Iowa Code section 452A.55. Such persons are therefore subject to audit and must keep the same records required of a fuel licensee.

505.5(9) *Interstate—intrastate operators—motor vehicle special fuel holding tanks.* If a person operates one or more qualified motor vehicles under a fuel license and also operates one or more qualified motor vehicles that are not operated under the fuel license, recordkeeping regarding the fuel consumed from the special holding tank may be performed in either of the following ways:

a. Operators of interstate vehicles shall be given an invoice that meets the standards set forth in Iowa Code section 452A.17, for each tank fill, and the vehicle operator must then log the mileage.

b. The licensee shall report total miles driven and total fuel used from the bulk tank, including both interstate and intrastate vehicles.

This rule is intended to implement Iowa Code sections 452A.53, 452A.55, 452A.59, 452A.60, 452A.62 and 452A.69.

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