TRANSPORTATION CABINET
Department of Vehicle Regulation
Division of Motor Carriers
(Amended at ARRS Committee)

601 KAR 1:200. Administration of taxes imposed in KRS 138.655 through 138.7291.

RELATES TO: KRS 138.655-138.7291, 186.650, 49 C.F.R. 390.21, 49 U.S.C. 317
STATUTORY AUTHORITY: KRS 138.725(1), 281.600, 49 U.S.C. 317
CERTIFICATION STATEMENT:
NECESSITY, FUNCTION, AND CONFORMITY: 49 U.S.C. 31705 and KRS 138.227 authorize the department to enter into the provisions of the International Fuel Tax Agreement (IFTA). If a motor carrier operates in interstate commerce, the motor fuel taxes imposed by Kentucky statutes that are subject to the provisions of IFTA are KRS 138.660(1) and (2). If the motor carrier operates exclusively in intrastate commerce, the taxes imposed by KRS 138.660(1) and (2) are not subject to the requirements of IFTA. The tax imposed by KRS 138.660(3) is not subject to the IFTA federal mandate. All three (3) of these taxes are administered under the provisions of KRS 138.655 through 138.7291. This administrative regulation establishes the administrative procedures for the implementation of the International Fuel Tax Agreement in Kentucky, establishes the differences between the requirements of IFTA and Kentucky state law, establishes if the provisions of IFTA preempt state law, and provides for uniformity in the interstate and intrastate administration of KRS 138.660(1) and (2) so as not to violate the interstate commerce clause of the United States Constitution.

Section 1. Definitions.

(1) "Base jurisdiction" or "base state" means the member jurisdiction where qualified motor vehicles are based for vehicle registration purposes and where:

(a) The operational control and operational records of the fuel tax licensee's qualified motor vehicles are maintained or can be made available; and

(b) Some travel is accrued by qualified motor vehicles within the fleet.

(2) "Ceased operation" means that the licensee no longer operates in Kentucky.

(3) "Division" means the Division of Motor Carriers.

(4) "Fuel tax license" means either an IFTA license or a Kentucky Intrastate Tax (KIT) license.

(5) "IFTA" means the International Fuel Tax Agreement.

(6) "IFTA license" means a motor fuel tax license issued in accordance with the IFTA Articles of Agreement and the IFTA Procedures Manual.

(7) "Jurisdiction" means a state of the United States, the District of Columbia, or a province or territory of Canada, or a state of the United Mexican States.

(8) "KIT license" means the Kentucky intrastate tax license issued by the Kentucky Transportation Cabinet to an intrastate motor carrier subject to the taxes imposed by KRS 138.660(1) and (2).

(9) "KYU license (KYU)" means the weight distance tax license issued by the Kentucky Transportation Cabinet to a motor carrier subject to the tax imposed by KRS 138.660(3).

(10) "Motor carrier" is defined by KRS 138.655(6).

(11) "Motor Carrier Portal" means the web-based platform where motor carriers shall apply, renew, file taxes, and update motor carrier credentials.

(12)

(a) "Qualified motor vehicle" means a motor vehicle operated by a motor carrier that is used, designed, or maintained for the transportation of persons or property and that meets at least one (1) of the following criteria:

1. A single vehicle having two (2) axles and a gross vehicle weight or a registered gross vehicle weight exceeding 26,000 pounds or 11,797 kilograms;
2. A single vehicle having three (3) or more axles, regardless of weight; or
3. A vehicle used in combination, if the weight of the combination exceeds 26,000 pounds or 11,797 kilograms gross vehicle weight or registered gross vehicle weight.

(b) A qualified motor vehicle shall not mean:
1. A recreational vehicle;
2. A motor vehicle registered pursuant to KRS 186.050(4) or under another jurisdiction's law as a farm vehicle; or
3. A motor vehicle used to transport persons for hire.

(13) "Quarterly Tax Filing" means a period of time consistent with the calendar quarterly periods of January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31.

(14) "Tax-paid fuel" means motor fuel purchased either in bulk or over-the-road by a motor carrier on which the motor fuel taxes imposed by a jurisdiction are paid at purchase.

Section 2. Governing IFTA Documents. Unless otherwise specified in this administrative regulation, the following IFTA documents prepared and adopted by the membership of the International Fuel Tax Association shall govern the administration of Kentucky's collection of the taxes imposed by KRS 138.660(1) and (2):

(1) International Fuel Tax Agreement Articles of Agreement;
(2) International Fuel Tax Agreement Procedures Manual; and
(3) International Fuel Tax Agreement Audit Manual.

Section 3. IFTA Fuel Tax License Application, Renewal, and Tax Filing.

(1) A carrier that operates a qualified motor vehicle in interstate commerce and has Kentucky as the base jurisdiction for the operations of its qualified motor vehicles shall apply for an IFTA license.

(2) An applicant for an IFTA License or an annual IFTA Renewal shall apply using the motor carrier portal.

(3) An IFTA license issued by Kentucky authorizes a qualified motor vehicle for motor fuel tax purposes to be operated in any IFTA jurisdiction.

(4) The division shall issue two (2) IFTA decals per qualified motor vehicle to a holder of an IFTA fuel tax license.

(a) One (1) decal shall be placed on the driver side door and the second decal on the passenger side door.

(b) A licensee can access the motor carrier portal to request additional decals.

(5) A fuel tax license shall expire on December 31 of the year in which the license was issued.

(6) Quarterly tax filings shall be filed and paid using the motor carrier portal following the schedule in Section 1 (13) of this administrative regulation.

(a) Failure to file or pay the IFTA quarterly tax shall result in a $500 failure to file or pay fee.

(b) A tax filing is required every quarter even if there were no operations during that quarter. In this instance, a licensee shall file zero miles for that quarter to avoid cancellation of the license.

(7)

(a) An IFTA licensee shall immediately report any change in the principal business address, legal status, or business name to the Federal Motor Carrier Safety Administration by visiting fmcsa.dot.gov. Once the Federal Motor Carrier Safety Administration reports the updates to the division the motor carrier portal shall be updated.

(b) All motor carrier operations subject to KRS 138.660(1)(2) shall be conducted in the name in which the IFTA license is issued or the duly assumed business name of the licensee as it appears on the license.

(8) A licensee may request to cancel their IFTA license after all tax liabilities have been paid by requesting the cease operations option.

Section 4. KIT Fuel License Application, Renewal, and Tax Filing..

(1) A carrier that operates a qualified motor vehicle in intrastate commerce and Kentucky as the base jurisdiction for the operations of its qualified motor vehicles shall apply for a KIT license.

(2) An applicant for a KIT license or an annual KIT Renewal shall apply using the motor carrier portal.

(3) A KIT license issued by Kentucky authorizes a qualified motor vehicle for motor fuel tax purposes to be operated in Kentucky only.

(4) The division shall issue two (2) IFTA decals per qualified motor vehicle to a holder of a KIT fuel tax license.

(a) One (1) decal shall be placed on the driver side door and the second decal on the passenger side door.

(b) A licensee can access the motor carrier portal to request additional decals.

(5) A fuel tax license shall expire on December 31 of the year in which the license was issued.

(6) Quarterly tax filings shall be filed and paid using the motor carrier portal following the schedule in Section 1(13) of this administrative regulation.

(a) Failure to file or pay the KIT quarterly tax shall result in a $500 failure to file or pay fee.

(b) A tax filing is required every quarter even if there were no operations during that quarter. In this instance, a licensee shall file zero miles for that quarter to avoid cancellation of the license.

(7)

(a) A KIT licensee shall immediately report any change in the principal business address, legal status, or business name to the Federal Motor Carrier Safety Administration by visiting fmcsa.dot.gov. Once the Federal Motor Carrier Safety Administration reports the updates to the division the motor carrier portal shall be updated.

(b) All motor carrier operations subject to KRS 138.660(1)(2) shall be conducted in the name in which the KIT license is issued or the duly assumed business name of the licensee as it appears on the license.

(8) A licensee may request to cancel their KIT license after all tax liabilities have been paid by requesting the cease operations option.

Section 5. KYU License Application and Tax Filing.

(1) A motor carrier subject to the tax imposed by KRS 138.660(3) shall apply for a KYU license prior to operating on the highways of Kentucky.

(2) An applicant for a KYU license shall apply using the motor carrier portal.

(3) Quarterly tax filings shall be filed and paid using the motor carrier portal following the schedule in Section 1(13) of this administrative regulation.

(a) Failure to file or pay the KYU quarterly tax shall result in a $500 failure to file or pay fee.

(b) A tax filing is required every quarter even if there were no operations during that quarter. In this instance, a licensee shall file zero miles for that quarter to avoid cancellation of the license.

(4) For ease of enforcement it is recommended that a KYU licensee display the KYU number on each motor vehicle subject to the tax imposed by KRS 138.660(3) and

operated in the same manner as required by 49 C.F.R. Part 390.21.

(5)

(a) A KYU licensee shall immediately report any change in the principal business address, legal status, or business name to the Federal Motor Carrier Safety Administration by visiting fmcsa.dot.gov. Once the Federal Motor Carrier Safety Administration reports the updates to the division the motor carrier portal shall be updated.

(b) All motor carrier operations subject to KRS 138.660(3) shall be conducted in the name in which the KYU license is issued or the duly assumed business name of the licensee as it appears on the license.

(6) A KYU licensee shall register all vehicles subject to the tax imposed by KRS 138.660(3) with the division using the motor carrier portal.

(7) A licensee may request to cancel their KYU license after all tax liabilities have been paid by requesting the cease operations option.

Section 6. Leasing of Motor Vehicles. The following shall apply to a lessor, lessee, and independent contractors.

(1)

(a) A lessor that is regularly engaged in the business of leasing or renting a motor vehicle without a driver to a licensee or other lessee shall be deemed to be the licensee.

(b) The lessor shall be issued a license if an application has been:

1. Properly filed on the motor carrier portal; and

2. Approved pursuant to the provisions of Sections 3 and 5 of this administrative regulation.

(2) If a motor carrier uses independent contractors under leases of thirty (30) days or more, the lessor and lessee shall have the option of designating which party is to report and pay the taxes imposed by KRS 138.660(1),(2) and (3). This shall include fuel taxes imposed by other jurisdictions.

(3) If the lessee assumes responsibility for filing and paying motor fuel taxes pursuant to subsection (2) of this section, the base jurisdiction for IFTA purposes 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.

(4) If a motor carrier rents a motor vehicle for a period of less than thirty (30) days from a lessor described in subsection (1) of this section, the lessor shall pay the KYU taxes and the fuel use taxes unless the lessor has a:

(a) Written rental contract that designates the lessee as the party responsible for filing and paying the fuel use tax and the KYU taxes; and

(b) Copy of the lessee's KYU issuance letter and the IFTA fuel tax license that is valid for the term of the rental.

(5) If the motor carrier uses independent contractors under leases of thirty (30) days or less, the trip lessor shall report and pay all fuel taxes and KYU taxes.

(6) The lease shall be made available by either the lessee or the lessor upon request of the division.

Section 7. Tax Recordkeeping. Each fuel tax licensee or KYU licensee shall maintain records as established in 601 KAR 1:201.

Section 8. Assessment.

(1)

(a) If a fuel tax licensee fails, neglects, or refuses to file a tax report when due, the division shall, on the basis of the best information available, determine the fuel tax liability of the licensee for each jurisdiction and the tax liability of the license as established in KRS 138.660(3).

(b) If a motor carrier fails, neglects, or refuses to obtain either a fuel tax license or a KYU license, the division shall, on the basis of the best information available to the cabinet, determine the KRS 138.660(1) and (2) or (3) tax liability of the motor carrier for Kentucky.

(2)

(a) The motor carrier shall be notified of additional tax assessments by email and mail.

(b) In the absence of protest, payment including interest from the original due date shall be made within forty-five (45) days from the date of the notice of tax due.

(3)

(a) Pursuant to KRS 131.110(1), a written protest may be filed by the motor carrier or other persons representing the motor carrier and shall include a supporting statement and documents that identify the specific adjustments requested or the portions of the assessment being protested and setting forth the reasons the protest is being made.

(b) The protest shall be submitted to or presented at the Transportation Cabinet Building, Division of Road Fund Audits, 4th floor, 200 Mero Street, Frankfort, Kentucky 40622 within forty-five (45) days from the date of the notice of tax due.

(4) If an IFTA license motor carrier elects to exercise the right under Section 1450.200 of the IFTA Articles of Agreement for Further Requests for Appeal, the cabinet shall consider this a protest of the assessment by the taxpayer and place the taxpayer into protest status.

(5) If an IFTA member jurisdiction elects to exercise the right under Section 1360.100 of the IFTA Articles of Agreement to reaudit the motor carrier, the cabinet shall consider this a protest of the assessment by the taxpayer.

(6) If the supporting statements and documentation are not sufficient to change the assessment results, the motor carrier may request an information gathering or protest conference with the Division of Road Fund Audits.

(7)

(a) Within sixty (60) days of the taxpayer submitting complete additional information or within sixty (60) days of a protest conference being held, the Division of Road Fund Audits shall issue a final ruling to the taxpayer that includes the final assessment and the procedures to follow if the taxpayer chooses to appeal to the Kentucky Board of Tax Appeals as established in KRS 131.110.

(b) Upon agreement by both parties, the sixty (60) day time period shall be altered by an agreed waiver that specifies the new time period for completion.

(8) If the motor carrier does not request a conference, the cabinet shall issue a final ruling to the taxpayer stating the final assessment results and detailing the procedures for an appeal to the Kentucky Board of Tax Appeals.

(9) Within thirty (30) days from the date of the final ruling, a written protest may be filed with the Kentucky Board of Tax Appeals by the taxpayer or other persons representing the taxpayer as established in KRS 131.110.

Section 9. Trip Permits.

(1) A motor carrier who does not have a required license may operate on Kentucky's highways using a temporary trip permit issued pursuant to KRS 138.665.

(2) Temporary trip permits shall be purchased using the Motor Carrier Portal.

(a) Pursuant to KRS 138.710(2), the charge for a temporary IFTA permit is forty (40) dollars plus the administrative charge of the financial institution.

(b) Pursuant to KRS 138.710(2), the charge for temporary KIT permit is forty (40) dollars plus the administrative charge of the financial institution.

(c) Pursuant to KRS 138.710(2), the charge for a temporary KYU permit is forty (40) dollars plus the administrative charge of the financial institution.

Section 10. Fuel Tax Refunds or Credits.

(1) A fuel tax licensee shall be allowed to carry forward a motor fuel tax credit for eight (8) quarters.

(2) A refund request, using the TC95-640 Tax Overpayment/ Credit Refund Application form, from a fuel tax licensee shall be emailed to tax.dmc@ky.gov.

(3)

(a) A full credit shall be allowed to IFTA and KIT licensees for tax-paid fuel purchases placed in a qualified motor vehicle.

(b) Any excess of fuel tax paid over liability in any member jurisdiction shall be credited in full to tax liability in other member jurisdictions or to the IFTA licensee's account ledger.

(4)

(a) A motor fuel tax refund to an IFTA licensee shall not be made unless the motor fuel tax liability, including an audit assessment, has been satisfied for all member jurisdictions.

(b) If a fuel tax licensee's refund request is determined to be properly due, the refund shall be paid within ninety (90) days after receipt of a request for payment from a fuel tax licensee.

(5)

(a) A fuel tax licensee may apply within two (2) quarters to the division for refund of the fuel tax imposed by KRS 138.660(1) or (2) if the fuel:

1. Is consumed on the public highways;
2. Is from the same tank that is permanently attached to the power unit of the qualified motor vehicle;
3. Serves to power the operation of the qualified motor vehicle on the highways; or
4. Is issued for power take-off equipment.

(b) The application for the Power take-off equipment refund of fuel established in subsection 5(a)4 of this section shall be made by contacting The Kentucky Transportation Cabinets Division of Road Fund Audits at KYTC.PTORefunds@ky.gov to obtain the application for Fuel Tax Refund for Use of Power Take-off Equipment form, to substantiate the non-highway use of the fuel.

Section 11. Incorporation by Reference.

(1) "TC 95-640, Tax Overpayment/ Credit Refund Application" September 2026, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Transportation Cabinet Building, 200 Mero Street, Frankfort, Kentucky 40622, Monday through Friday, 8 a.m. to 4:00 p.m. or at drive.ky.gov. 009

(601 KAR 001:200. 22 Ky.R. 2504; 23 Ky.R. 441; eff. 9-3-1996; 25 Ky.R. 1704; 2140; eff. 3-2-1999; 36 Ky.R. 2220; 37 Ky.R. 56; eff. 8-6-2010; Crt eff. 10-8-2018; Crt eff. 9-9-2019; 52 Ky.R. 2169; 53 Ky.R. 716; eff. 11-9-2026.)