

# Federation of Tax Administrators

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## Excise Files Information Retrieval System (ExFIRS)

### Excise Files Information Retrieval System (ExFIRS)

This is the overall system made up of the following components:

#### ExSTARS - (Excise Summary Terminal Activity Reporting System)

A system that will gather and analyze motor fuel industry records to determine where and by which entity, federal and state motor fuel taxes are not being remitted.

#### ExCIS - (Excise Classification Information System)

A system that gathers information on return filings.

#### ExACT - (Excise Automated Claims Tracking System)

A system for scanning claims as a method to improve compliance

#### ExCAT - (Excise Customs Activity Tracking)

A system to enhance use of imports/exports information received from Customs.

#### ExFON - (Excise Fuel Online Network)

A system to integrate case processing and tracking.

#### ExTRAS - (Excise Tax Registration Authorization System)

A system to control the 637 registration program.

#### BTRIS - (Below-the-Rack Information System)

A system that contains the fuel fingerprinting library and other information on below-the-rack activities.

#### ExTOLE - (Excise Tax Online Exchange)

A system for exchange of state information not related to IRS tax matters.

**ExSTARS System.** The ExSTARS system officially started on March 31, 2001. At present, 20 major oil companies are submitting test data to the system.

The ExSTARS system will track all fuel products through terminals and capture destination state information when the fuel is disbursed through the terminal rack. Using a concept similar to the federal 1099 process for reporting income, ExSTARS will collect fuel information through Electronic Data Interchange.

The system will collect information from bulk carriers (barges, vessels and pipelines) and from IRS registered terminals. The bulk carriers will report their deliveries to terminals and their bulk pick-ups from terminals. The terminals will report their receipts of products, their ending

inventories by product, and all disbursements of products. Non-bulk disbursements (through the terminal rack) will be reported in load-by-load detail including the position holder, identity of the truck carrier picking up the load and the destination state.

ExSTARS will provide the states with the following information:

- All information reported by terminals located within the state, including receipts, inventories and disbursements.
- Disbursement information reported by terminals located outside the state, if the state is shown as the “Destination State” on the out-of-state terminal’s disbursement report.
- Bulk carrier reports of deliveries to terminals within the state and pick-ups from terminals within the state.
- “Entity” information (name, address, FEIN, contact persons, etc.) as reported to ExSTARS, for all companies showing a primary address in the state, whether or not that company has activity within the state.

The information received from ExSTARS will be subject to disclosure restrictions unless the company has executed a consent agreement under section 6103 (c) of the Internal Revenue Code. These consent agreements will be included in the trading partner agreements for each company that will be required to report information to ExSTARS.

How states can use the ExSTARS data depends on several factors:

1. What is the point of taxation for motor fuel? If the point of taxation is at the terminal rack, the state may be able to make a direct comparison between the ExSTARS data, which is reported by terminal operator, and the state tax returns that are filed. If the point of taxation is below the terminal rack, the data will still be useful to determine what fuel is being delivered into a state.
2. Has the state developed or is it planning to develop a fuel tracking system? The ExSTARS data can be linked to the state’s fuel tracking system to validate information collected in the state system or to serve as a starting point in tracking tax-free transfers through the fuel distribution system.
3. How are the states current fuel tax information systems designed? A state’s use of the ExSTARS data will be largely dependent on whether it has an automated system or a manual system, and whether it is on a mainframe or client-server architecture. The ExSTARS data will be provided in flexible format that will accommodate most systems. Even if the state has a manual system, this data could be viewed and queried by audit and compliance staff to assist them in compliance enforcement work.

**ExTOLE System** is a data exchange for use between states to exclusively share state information that will improve compliance, enforcement, and investigation efforts – especially with interstate taxpayers. No IRS taxpayer data will be included in the ExTOLE database.

## **Major Program Functions**

**Contact List** – Provides primary and secondary points of contact for participating states in key areas of fuel tax administration.

**Truck Sighting** – Tracks the movement of vehicles transporting fuel products in interstate commerce. Helps states determine a carrier's liability for highway use tax by tracking a pattern of vehicle movement.

**Diversions** – Provides a method for supplying participating states with individual state diversion information. Allows a state to be able to identify patterns of diversion activity for taxpayers, carriers, and/or terminals.

**Retail Bulk Plant Consumer Information** – Facilitates the tracking of fuel across state lines. Tracking invoices and bill of lading to dealer returns and between wholesale and retail. Facilitates below-the-rack enforcement.

**Shared Licensing** – Provides states with the ability to view and sort all participating states recorded licensing information. Improves the efficiency of background checks and processing applications and identifies potential violators for joint audits.

**File Transfer** – Enhances the ExTOLE applications to include the ability to transfer files and documents from one state agency to another utilizing a secure method of transport.

**State Disclosure Tracking Provisions** – Individual states will control which state agencies will be able to access their data.

### **FTA Staff Contact**

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