

## **Form 2290, Heavy Highway Vehicle Use Tax Schedule 1 Guidance for State Motor Vehicle Licensing Offices**

The purpose of this document is to provide guidance to the state Motor Vehicle Licensing Offices on acceptable proof of payment regarding Form 2290, Schedule 1. Please review this material and share it with your employees.

### **History of the Heavy Vehicle Use Tax**

The Heavy Vehicle Use Tax (HVUT) was imposed by section 143 of the Surface Transportation Assistance Act of 1982, Public Law 97–424, and is codified as 23 U.S.C. 141. This legislation provides for State certification of enforcement of laws respecting maximum vehicle size and weight. The amendment added a provision to section 141 that provides that a State's annual apportionment of Interstate Maintenance funds may be reduced by up to 25 percent in any fiscal year during which heavy vehicles subject to the HVUT may be lawfully registered in the State without having presented proof-of-payment of the tax.

On July 14, 1986, the Federal Highway Administration (FHWA) published in the Federal Register (51 FR 25363) a final rule implementing the requirements of this statute in 23 CFR Part 669—Enforcement of Heavy Vehicle Use Tax. The notice set forth procedures to be followed by each State for certifying that it is obtaining evidence of proof-of-payment of the HVUT before such vehicles are lawfully registered in the State. An annual certification of compliance is required. Procedures are specified for reducing a State's apportionment of highway funds in accordance with 23 U.S.C. 141 in the event a State fails to meet the requirements of the regulation.

### **Proof of Payment Regulations**

Since 1986, the IRS has updated its procedures for implementing the HVUT proof of payment. The current regulations, found in 26 CFR 41.6001–2., entitled Proof-of Payment for State Registration Purposes, sets forth the circumstances under which a State must require proof-of payment of the tax imposed by 26 U.S.C. 4481(a), and the required manner in which such proof-of-payment is to be received by the State as a condition of issuing a registration for a highway motor vehicle.

A State must either comply with the provision of this section, or comply with other, alternative rules regarding the satisfaction of proof-of-payment requirement as may be prescribed by the Commissioner of the Internal Revenue Service in order to avoid a reduction of Federal-aid highway funds apportioned under 23 U.S.C. 104(b)(4).

The Proof of Payment Regulation is attached.

## **Samples of IRS Received Stamps**

Concerns have been raised by some motor vehicle licensing offices as to the validity of IRS received stamps due to the variances in their appearance.

*Exhibit 1* attached to this guidance is IRS received stamps used by the Cincinnati Service Processing Center.

*Exhibit 2* of the attachment is the IRS received stamp used at an IRS Taxpayer Assistance Center (TAC). Generally, this is representative of all stamps used by the IRS TAC offices.

*Exhibit 3* is an IRS received Schedule 1 of Form 2290 when the form is electronically filed.

## **Acceptable Substitute for Receipted Schedule 1**

A State shall accept as proof of payment a photocopy of the Form 2290 (with the Schedule 1 attached) which was filed with the Internal Revenue Service for the vehicle being registered with **sufficient documentation of payment of tax due** at the time the Form 2290 was filed.

This documentation can include but is not limited to, a photocopy of both sides of a cancelled check, a bank statement indicating the amount of tax paid and electronic acknowledgement indicating a payment of tax, and an Internal Revenue Service printout of the taxpayer's account showing the amount of tax paid. This substitute proof of payment may be used to register a vehicle when, for example, the receipted Schedule 1 has been lost, or when at the time required for registration of a vehicle, a receipted Schedule 1 has not been received by a taxpayer who has filed a Form 2290 with respect to such vehicle.

## **Tax Suspended Vehicles**

Questions have arisen as to the difference in the definition and tax treatment of tax suspended vehicles and vehicles not considered highway vehicles, which are not subject to tax. A tax suspended vehicle is a highway motor vehicle that has a taxable gross weight of at least 55,000 pounds or greater for which the registrant reasonable expects to be used 5,000 miles (7,500 miles for agricultural vehicles) or less on a public highway during the tax period.

The registrant is still required to file Form 2290 and provide the DMV with a receipted Schedule 1 of Form 2290.

## **Vehicles not Considered Highway Vehicles**

A vehicle that is not a highway vehicle and not subject to the tax is not required to file Form 2290 and thus is not required to provide the state motor vehicle licensing office with a Schedule 1.

Examples of vehicles that are not highway vehicles are mobile machinery vehicles. A mobile machinery vehicle is defined as:

Any vehicle which consists of a chassis —

1. to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or similar operation if the operation of the machinery or equipment is unrelated to transportation on or off the public highways,
2. which has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and,
3. which, by reason of such special design, could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

Exhibit 4 attached to this guidance is a picture of a mobile crane that is not a highway vehicle and therefore not subject to tax. There may be other vehicles that meet the definition of mobile machinery, but this is the most common example.

## **Questions about Vehicle Meeting Mobile Machinery Requirements**

If a state motor vehicle licensing office is uncertain as to whether a vehicle meets the requirement of mobile machinery, they should process the registration and forward the registration and all documents that were processed with the registration to the following address:

Internal Revenue Service  
Excise Workload Selection & Delivery  
162 West Chestnut Street  
Washington, PA 15301

The state motor vehicle licensing office should use the attached letter shown in Exhibit 5 to transmit the information and to serve as documentation to the Federal Highway Administration if the file is examined for proof of payment requirements.

### **Questionable Form 2290 Schedule 1**

If for any reason the state motor vehicle licensing office has a concern the Schedule 1 appears questionable due to irregularities or there is no legible or very faint IRS stamp (whether it is a hand stamped or watermarked stamp) and would like IRS verification the Form 2290 was filed, these inquiries will be worked by the Campus Exam/AUR Cincinnati Centralized Specialty Tax Operations. The following procedures are in place:

- These procedures apply **ONLY** when there is a concern that a Schedule 1 is questionable. These procedures cannot be used to verify whether a Form 2290 is filed if no questionable items are present.
- These procedures are to be used **ONLY** by a State DMV office and not by Form 2290 taxpayers.
- The DMV will fax the Schedule 1 and the signed Consent to Disclosure to the attention of Centralized Specialty Tax Operations, Excise Department 1, Subject: DMV Verification.
- The request will be made on official government letter head and contain the specific reason why the inquiry is being made.
- The tax period shown on the Consent to Disclosure must match the tax period shown on the Schedule 1.
- The request must identify a DMV point of contact, including a name, phone and fax number who will be contacted with the requested information.
- Fax the verification requests to **855-386-1138**.
- Centralized Specialty Tax Operations, Excise Department 1 will monitor the fax mailbox throughout the day.
- After the Consent to Disclosure is received, Centralized Specialty Tax Operations, Excise Department 1 will fax the DMV point of contact with the requested information within 24 hours.

If you have any questions regarding this guidance, please contact your respective IRS Governmental Liaison assigned to your State per the attached list.

## **Proof of Payment Regulations**

26 CFR 41.6001-2, Proof of payment for State registration purposes, provides, in pertinent part, as follows.

(a) In general. This section sets forth the circumstances under which a State must require proof of payment of HVUT imposed and the required manner in which such proof of payment is to be received by the State as a condition of issuing a registration for a highway motor vehicle.

(b)(1) Such proof of payment must be received by the State before the State issues a registration for such vehicle unless the State is using a suspension registration system. (See 26 CFR 41.6001-2(b)(3)). The term "proof of payment", when used in this section, shall be considered to refer in appropriate cases to proof of suspension of the HVUT. Any proof of payment presented to a State must relate to tax paid or suspension of tax paid for the taxable period which includes the date that the State receives the application for registration. A "base state" must be presented proof of payment when issuing an "apportioned plate" under the International Registration Plan (IRP) (or similar agreement) for a highway motor vehicle, but no proof of payment of the HVUT is required to be presented to the other states for which the vehicle is proportionally registered and which are listed on the IRP cab card issued by the base state.

Further, a State is not required to receive proof of payment in order to issue special temporary travel permits which allow a vehicle to, (i) operate in a State in which the vehicle is not registered (including proportional or prorate registration), (ii) operate at more than the State's maximum statutory weight limit, or (iii) operate at more than the weight that the vehicle is registered in a State. Further, a State may register a highway motor vehicle without proof of payment if the person registering the vehicle presents the original or a photocopy of a bill of sale (or other document evidencing transfer) indicating that the vehicle was purchased by the owner either as a new or used vehicle during the preceding 60 days before the date that the State receives the application for registration of such vehicle.

(c)(1) Proof of payment shall consist of a receipted Schedule 1 (Form 2290) that is returned by the Internal Revenue Service to a taxpayer who files a Form 2290 and pays the amount of tax due with such return. A photocopy of such receipted Schedule 1 shall also serve as proof of payment. Such Schedule 1 shall serve as proof of suspension of such tax for the number of vehicles entered in that part of the Schedule 1 designated for vehicles for which tax has been suspended. The vehicle identification number of the vehicle being registered must appear on the Schedule 1 (or an attached page) in order for the Schedule 1 to be a valid proof of payment for such vehicle.

INTERNAL REVENUE SERVICE  
EXAMPLES OF DATE STAMPS  
CINCINNATI CAMPUS

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INTERNAL REVENUE SERVICE

**RECEIVED**

**Jun 30, 2015**

CAMPUS EXAM/AUR CINCINNATI  
CENTRALIZED SPECIALTY TAX OPERATION

**RECEIVED**

**JUN 12 2015**

INTERNAL REVENUE SERVICE  
CINCINNATI COMPLIANCE SERVICES CENTER  
CENTRALIZED EXCISE OPERATIONS

CINCINNATI IRS CENTER  
EXCISE #21

**MAR 23 2015**

RECEIVED  
INTERNAL REVENUE SERVICE

**RECEIVED**

**JUL 02 2015**

INTERNAL REVENUE SERVICE  
CINCINNATI COMPLIANCE SERVICES CENTER  
CENTRALIZED EXCISE OPERATIONS

EXHIBIT TWO

INTERNAL REVENUE SERVICE  
W & I - FIELD ASSISTANCE  
CITY, FL ZIPCD

DATE (MON DT YEAR)

RECEIVED  
WITH REMITTANCE  
5 digit ID#

INTERNAL REVENUE SERVICE  
W & I - FIELD ASSISTANCE  
CITY, FL ZIPCD

DATE (MON DT YEAR)

RECEIVED  
5 digit ID#



# Form 2290 Schedule 1 Watermark Sample



**SCHEDULE 1**  
**(Form 2290)**  
OMB No. 1545-0048

**Schedule of Heavy Highway Vehicles**  
For the period July 1, 2007, through June 30, 2008

Name as shown on Form 2290: \_\_\_\_\_  
This schedule is stamped and returned to you for use as proof of payment when registering a taxable vehicle with a state.

String String  
City, state, and ZIP code for Candidate or Mexican address, see page 4 of the instructions. \_\_\_\_\_  
Spring, AL 38872

Type \_\_\_\_\_  
City, state, and ZIP code for Candidate or Mexican address, see page 4 of the instructions. \_\_\_\_\_  
Print \_\_\_\_\_

Employer identification number: 11-2000001

**Caution:** You must list all vehicles. Attach a separate list if needed.  
**Part I** Vehicles on Which You Are Reporting Tax. See page 6 of the instructions.

1	2	3	4	5	6	7	8	9	10	11	12	Category	
AAAAA	W												

**Part II** Vehicles for Which Tax Is Suspended (7,500 Miles or Less for Agricultural Vehicles). See page 6 of the instructions.

1	2	Category
AAAAA	AAAAA	W

**Part III** Summary of Reported Vehicles

a Enter the number of taxable vehicles from Form 2290, page 2, column 5, Totals . . . . . a 1  
b Enter the total number of taxable vehicles on which the tax is suspended from Form 2290, page 2, column 5 (category W) . . . . . b 1

For Priority Act and Paperwork Reduction Act Notice, see page 8 of the instructions. Schedule 1 (Form 2290) (Rev. 7-2007)

"The stamped electronic 2290 schedule 1 would be available to be printed from the Help Desk only up until the time the PDF file is purged from the MeF Oracle database which is set for 1 year."

Exhibit Four



## EXHIBIT FIVE

Date

Internal Revenue Service  
Excise Workload Selection & Delivery  
162 West Chestnut Street  
Washington, PA 15301

Regarding: Review of Registration Documents for Non-Highway Vehicle(s)

Enclosed you will find registration documents for a vehicle(s) that was registered as a non-highway vehicle for your review.

(The DMV can add information here as they deem necessary, if any)

If you have any questions, please contact (insert name and phone number)

Sincerely,

Name  
Title  
DMV Office Name  
Address  
Phone Number