

Heavy Vehicle Use Tax (HVUT)

Highway Information Seminar

FHWA – Office of Highway Policy Information

November 14, 2017



FHWA Responsibilities with HVUT

- Primary administration of HVUT lies with the Internal Revenue Service (IRS)
- FHWA has two responsibilities
 - Annual governor's certification
 - Periodic review of State procedures



Basics of HVUT

- All vehicles with a registered weight of 55,000 lbs. or more
- Limited vehicles are exempt
 - (Federal and State govt. vehicles, Red Cross, etc.)
- Tax period is July 1 to June 30 of following year
- Tax is paid at the beginning of the year.
- Tax rates are from \$ 100 to \$ 550 and increases with each 1,000 lbs.
- Tax may be “suspended” if:
 - Vehicle travels less than 5,000 miles in general use during year
 - Vehicle travels less than 7,500 miles in agricultural use during year



How Did FHWA Get Involved With HVUT?

- IRS collects the tax, but has no way of ensuring compliance. They do not have registration information for vehicles
- States can ensure the tax has been paid by withholding registration without proof-of-payment of HVUT
- States now have extra work without direct benefit to them, so they must be convinced to assist
- FHWA can withhold large amounts of funding if States are not complying.



How and when HVUT is paid

- Options for paying tax
 - Carrier mails in Form 2290 to IRS and receives back a stamped copy of Schedule 1.
 - Carrier walks into IRS service center and receives stamped copy.
 - Carrier files electronically and immediately receives watermarked copy
- When carrier is applying or renewing State registration of vehicle:
 - They must provide proof-of-payment of the HVUT
 - States may allow a grace period for proof-of-payment under certain conditions



HVUT Annual Governor's Certifications

- 23 C.F.R. 669.7
 - The Governor of each State, or his or her designee, shall certify to the FHWA before January 1 of each year that it is obtaining proof-of-payment of the heavy vehicle use tax as a condition of registration in accordance with [23 U.S.C. 141\(c\)](#). The certification shall cover the 12-month period ending September 30, except for the certification due on January 1, 2011, which shall cover the 4-month period from June 1, 2010 to September 30, 2010.



HVUT Annual Governor's Certifications

- Form 1563 Page 1

OMB control number 2125-0541

**A Certificate of Enforcement of Heavy Vehicle Use Tax
(23 CFR 669)**

I, _____, Governor of the State of _____,
do hereby designate _____, _____
position agency
to issue a certification to the United States Department of Transportation, Federal Highway
Administration, as required by 23 CFR Sec. 669.7.

Signature of Governor

Date of Signature

The above designation should be updated only on an as needed basis as required by 23 CFR 669.

Form FHWA-1563 (9-2003)



HVUT Annual Governor's Certifications

A Certificate of Enforcement of Heavy Vehicle Use Tax (23 CFR 669)

I, _____, Governor of the State of
_____, do hereby designate, _____, _____
position agency
to issue a certification to the United States Department of Transportation, Federal Highway
Administration, as required by 23 CFR Sec. 669.7.

REMOVE

Signature of Governor

Date of Signature



HVUT Annual Governor's Certifications

- Form 1563 Page 2

One of the following certifications must be submitted annually as required by 23 CFR 669:

I, _____, _____
position agency
of the State of _____, do hereby certify that evidence of payment of the heavy
vehicle use tax pursuant to section 4481 of the Internal Revenue Code of 1954, as amended, is being
obtained as a condition of registration for vehicles subject to such tax in accordance with 23 U.S.C.
141(c) and applicable IRS rules including Federal apportionment penalties. This certification is for the
period _____ to _____.

Signature of State Official

Date of Signature

I, _____, Governor of the State of
_____, do hereby certify that evidence of payment of the heavy vehicle use tax
pursuant to section 4481 of the Internal Revenue Code of 1954, as amended, is being obtained as a
condition of registration for vehicles subject to such tax in accordance with 23 U.S.C. 141(c) and
applicable IRS rules including Federal apportionment penalties. This certification is for the period
_____ to _____.

Signature of Governor

Date of Signature

Form FHWA-1563 (9-2003)



HVUT Annual Governor's Certifications

One of the following certifications must be submitted annually as required by 23 CFR 669:

I, _____, _____
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141(c) and applicable IRS rules including Federal apportionment penalties. This certification is for the
period _____ to _____.

Signature of State Official

Date of Signature



HVUT Annual Governor's Certifications

I, _____, Governor of the State of
_____, do hereby certify that evidence of payment of the heavy vehicle use tax
pursuant to section 4481 of the Internal Revenue Code of 1954, as amended, is being obtained as a
condition of registration for vehicles subject to such tax in accordance with 23. U.S.C. 141(c) and
applicable IRS rules including Federal apportionment penalties. This certification is for the period
_____ to _____.

SIGNATURE

Signature of Governor

SIGNATURE

Date of Signature



HVUT Annual Governor's Certification Process

- State decides if certification will be signed by the Governor, or by a named individual or person in a named position designated to sign.
 - Designation can be an:
 - Individual by name
 - Person in a named position
- Designations should be reviewed annually
 - For changes in the designee
 - For changes in Governor
- If no changes are needed, the designation for does not have to be submitted to HQ, but it is acceptable



HVUT Annual Governor's Certification Process

- It is preferred that you use the Form 1563, but it is not required.
- The language as it appears in 23 C.F.R 669.9 (b) IS REQUIRED:
 - I (name of certifying official), (position, title), of the State of (), do hereby certify that evidence of payment of the heavy vehicle use tax pursuant to section 4481 of the Internal Revenue Code of 1954, as amended, is being obtained as a condition of registration for vehicles subject to such tax in accordance with [23 U.S.C. 141\(c\)](#) and applicable IRS rules. This certification is for the period () to ().



HVUT Annual Governor's Certification Process

- Remember that the certification is stating that they were in compliance during the past year, not the coming year.
- By regulation the certification is to be to FHWA by January 1
- Certifications are sent to the Division Offices
- Division Office forwards to HQ, electric copies are acceptable
- If designation did not change, it does not have to be forwarded with the certification
- Try to ensure the person, and or titled position who is designated, is the one signing the certification
- As the certification covers the past period ending on September 30, we should not be receiving certifications prior to October 1.



HVUT Process/Program Reviews

- Periodic reviews required by 23 C.F.R. 21
- Per FHWA Policy Review Guidance
 - Reviews should be at least once every 3 years
- Review involves examining State documentation and procedures to assure they are requiring proof-of-payment of the HVUT before they issue State registrations to qualified vehicles.



HVUT Process/Program Reviews

- Support materials located:
- Internal (FHWA):
<http://our.dot.gov/office/fhwa.policy/HPPI/HVUTMaterials/default.aspx>
- External (State):
<https://www.fhwa.dot.gov/policyinformation/vehicleusetax.cfm>
- Initial review material – Compliance Review Training Course



HVUT Process/Program Reviews

Heavy Vehicle Use Tax

Funding Our Nation's Highway Programs and Leveling the Playing Field

About This Course



Welcome to the Heavy Vehicle Use Tax (HVUT) compliance review training course. The overarching objective of this course is to enhance the HVUT enforcement process, and thereby reduce HVUT evasion, by training FHWA division staff responsible for conducting periodic compliance reviews. This course is designed to:

- Introduce you to the HVUT
- Clearly specify your responsibilities when performing HVUT compliance reviews
- Outline effective procedures for conducting compliance reviews
- Assist in the detection of HVUT evasion schemes
- Outline new enforcement steps being taken to improve HVUT compliance
- Test your understanding of the compliance process

To maximize the learning process, we recommend you:

- Complete each section in order
- Take notes as you move through the course material
- Click on links presented in the **More Information** section presented at the bottom of some of the pages (the compliance review audit protocol is a particularly important resource)
- Complete the short quizzes at the end of each module and re-read sections when incorrect answers are noted

Average course completion time is 1 hour.



HVUT Process/Program Reviews

Table of Contents

This course contains five modules as outlined below. Example sub-topics are presented for each module:

- **Module 1: Introduction**
 - What is the HVUT?
 - How much revenue is raised through the HVUT?
 - Why is the HVUT important?
- **Module 2: HVUT collection and administration**
 - Procedures for paying the HVUT
 - Roles in tax collection and administration
- **Module 3: Conducting the compliance review**
 - Preparation for a compliance review
 - Risks or flags that could indicate non-compliance
 - How to verify proof of payment
- **Module 4: HVUT evasion methods and detection**
 - HVUT evasion methods
 - Fraudulent IRS Form 2290
 - HVUT evasion cases
 - HVUT penalties
- **Module 5: What's new in HVUT enforcement**
 - What is being done at the federal level to enhance HVUT enforcement
 - IRS electronic systems
 - Conclusion



HVUT Process/Program Reviews

- Support materials located:
- Internal (FHWA):
<http://our.dot.gov/office/fhwa.policy/HPPI/HVUTMaterials/default.aspx>
- External (State):
<https://www.fhwa.dot.gov/policyinformation/vehicleusetax.cfm>
- Initial review material – Compliance Review Training Course
- Other support resources are included on site
 - Questions for State agency
 - Report templates
 - Procedures Guide



HVUT Process/Program Reviews

- Initial Contact
 - Determine if records are maintained centrally or regionally
 - Make initial list of contacts
- Send Questions For State to Answer
 - Not all questions will apply to every agency
 - Answers may lead to additional questions
- On-site Work
 - Walkthrough of registration processing
 - Gather documentation
 - Examination of Form 2290 Schedule 1 samples
 - Make sure forms are stamped or watermarked
 - Closeout conference



HVUT Process/Program Reviews

- Suggest that the final report be in the form of the Program Review Report Template
- HQ assistance is provided
 - Participation by phone in opening and closing conferences
 - Possible on-site assistance by HQ personnel, documentation review
- Prefer that copies of final reports be sent to HQ
- Final reports may be posted to the SharePoint Program Review Library, but when they are notify HQ.



State Non-Compliance with HVUT Regulations (FHWA)

- If State is found to be out of compliance:
- 23 C.F.R. 669.13
 - If a State fails to certify as required by this regulation or if the Secretary of Transportation determines that a State is not adequately obtaining proof-of-payment of the heavy vehicle use tax as a condition of registration notwithstanding the State's certification, Federal-aid highway funds apportioned to the State under [23 U.S.C. 104\(b\)\(1\)](#) for the next fiscal year shall be reduced in an amount up to 8 percent as determined by the Secretary.
- Those funds are State's National Highway Performance Program Funds

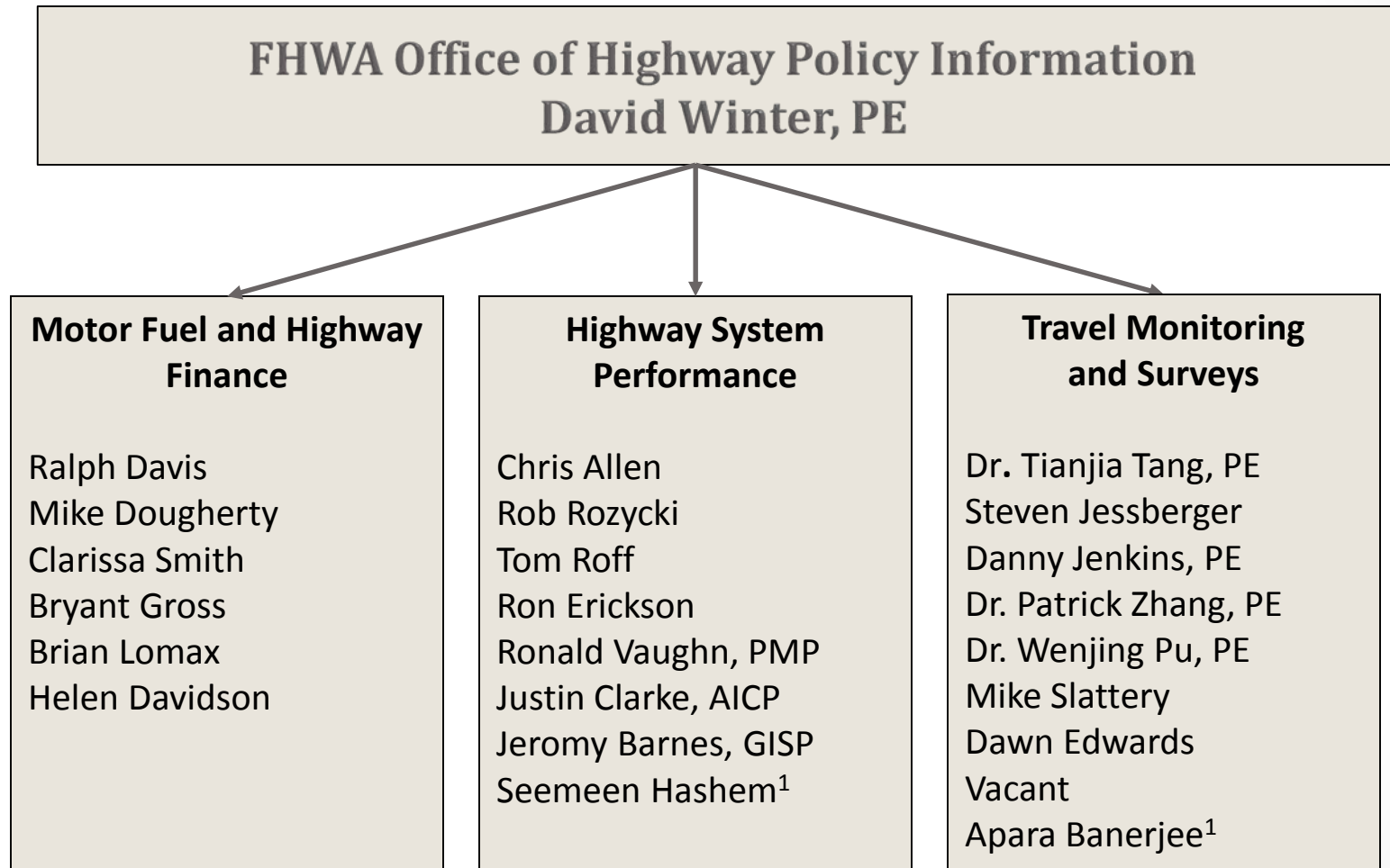


State Non-Compliance with HVUT Regulations (FHWA)

- Total NHPP Funding for FY 2017: \$ 22.8 billion
- Average State NHPP Funding for FY 2017: \$ 447 million
- Potential HVUT non-compliance penalty (8% of State NHPP): \$ 35.8 million



Office Organizational Chart



Questions and Comments

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