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**SUBJECT:** *IRS Heavy Highway Vehicle Use Tax*

**ISSUE:** *Changes for 2011-2012 Reporting Year*

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**EXECUTIVE SUMMARY:** The IRS recently issued a notice temporarily delaying payment of the heavy highway vehicle use tax for the 2011-2012 reporting period. Petroleum marketers operating highway vehicles with a gross vehicle weight (gvw) of 55,000 pounds or more must pay the tax for each annual reporting period running from July 1 through June 30 of the following year. The IRS said the payment delay is necessary for the 2011-2012 reporting period due to uncertainty over whether Congress will reauthorize the tax which expires on September 30, 2011. If Congress does not reauthorize the tax, the IRS will issue revised filing and payment procedures for the remaining three-month period covering July 1, 2011 through September 30, 2011 that the tax remains in effect. The IRS notice also includes special provisions allowing taxpayers to offer 2010-2011 proof of payment of the heavy highway vehicle use tax to satisfy state vehicle registration requirements.

**IRS TEMPORARILY DELAYS PAYMENT OF HEAVY HIGHWAY VEHICLE USE TAX:**

The IRS recently issued a new notice which temporarily delays payment of the federal heavy highway vehicle use tax for the 2011-2012 reporting year which began July 1. Typically, operators of highway vehicles with a gross vehicle weight (GVW) of 55,000 pounds or more must pay the annual heavy highway vehicle use tax on IRS Form 2290 Schedule 1. However, the IRS is delaying payment for the 2011-2012 reporting period due to uncertainty over whether Congress will reauthorize the tax which expires on September 30, 2011.

If Congress does not reauthorize the tax beyond September 30, 2011, a revised Form 2290 will be published by the IRS with a three-month return period covering July 1 through September 30, 2011. Taxpayers would be required to pay only 25% of the annual tax under this scenario.

If Congress reauthorizes the tax after September 30, 2011, the remaining 75% of the tax would be paid on a second revised Form 2290 for the reporting period covering October 1, 2011 through June 30, 2012. Under this scenario, two Form 2290 filings would be required for the 2011-2012 reporting period; the first covering the period from July 1, 2011 through September 30, 2011 and the second filing covering the period from October 1, 2011 through June 30, 2012.

Since proof of payment of the tax is required by States in order to register a heavy highway vehicle, the IRS will allow a receipted Form 2290 Schedule 1 from the previous 2010-2011 reporting year as proof of payment for the three-month period covering July 1, 2011 to September 30, 2011.

A State must also register a heavy highway vehicle **without** proof of payment if the person registering the vehicle presents the original or a photocopy of a bill of sale indicating that the vehicle was purchased by the owner either as a new or used vehicle during the preceding 60 days before the date the State receives the application for registration of the vehicle.

Taxpayers who need a copy of their receipted Form 2290, Schedule 1 for the taxable period July 1, 2010 through June 30, 2011, should call the IRS at 866-699-4096.

***IMPORTANT!*** The IRS will not accept payment for the 2011-2012 reporting year on 2010-2011 Form 2290. Do not file any payment for the 2011-2012 reporting year until the IRS issues revised Form 2290 later this year. PMAA will forward the new filing procedures once they become available.

While PMAA expects Congress will reauthorize the heavy highway vehicle use tax, it is too early to determine when this will occur.