

HVUT Technical Exchange Meeting

31 May 2006

Arrangements:

- Location: 4th floor, AAMVA Headquarters, 4301 Wilson Blvd, Suite 400, Arlington, VA.
- Time: 9:30 AM – noon
- Remote participation: A dial-in number will be arranged.
- Check in with receptionist and get a badge. Bring picture ID.
- Beverages will be provided.
- Send files to Valerie.Barnes@jhuapl.edu by 26 May for distribution to AAMVA and remote participants. If changes are made to files after that, please bring the new version on a flash drive or CD to the meeting.
- AAMVA will provide a computer (Office 2003) and projector.

Invited Participants:

- FMCSA – Jeff Secrist, Quon Kwan
- FHWA – Linda Morris
- IRS – Carole Sheets, Roy Miller, John Myett, Norman Keith
- Congress – Sen. Thune staffer?
- AAMVA – Tim Adams
- States – VA, MD, SD
- Carriers – TBD (ATA, OOIDA, TRALA)
- JHU/APL

Planned Objectives:

- Understand milestones for the IRS's HVUT projects
- Identify stakeholder roles
- Identify issues to be worked jointly
- Identify points of contact
- Review baseline requirements

Planned Agenda:

- Introductions
- IRS presentations
- DOT presentations
- Discussion, develop plan of attack
- Next steps

Actual Participants:

- In person
 - Tim Adams (AAMVA)
 - Vivienne Cameron (AAMVA)
 - Keith Kaiser (AAMVA)
 - Norman Keith (IRS)
 - Roy Miller (IRS)
 - John Myett (IRS)
 - Jacqueline Charles (IRS contractor)
 - Karen Singh (IRS contractor)
 - Tom Howard (FHWA)
 - Gloria Williams (FHWA)
 - Linda Morris (FHWA)
 - Quon Kwan (FMCSA)
 - DJ Waddell (APL)
 - Sharon Hopkins (MD)
 - Bob Pitcher (ATA)
- Via telecon
 - Valerie Barnes (APL)
 - Carole Sheets (IRS)
 - John Lynch (TRALA)

Revised Outline

- Introductions
- US Department of Transportation Commercial Vehicle Information Systems and Networks (CVISN) program
- Internal Revenue Service (IRS) Excise Tax e-File and Compliance (ETEC) Program
- HVUT Ad Hoc Team Issues
- Plan of Attack

Files Used

- HVUTTechExch 2006-05-26.ppt
- ETEC Release 2 VIN Requirements Presentation v105222006.ppt
- F2290e-FileHVUTWkGrp05312006v1.0.ppt

Highlights

Quon Kwan presented slides 1-16 in the file *HVUTTechExch 2006-05-26.ppt*.

John Myett presented slides in the file *F2290e-FileHVUTWkGrp05312006v1.0.ppt*.

The IRS would welcome to a working group any software developer, service provider, or carrier that is interested in deploying e-filing for IRS Form 2290.

The IRS is prohibited from developing software for filing the 2290 electronically (unless no one stepped forward to do it). The IRS is encouraging the private commercial vendors that develop tax

return software for e-filing to include form 2290 so as to make such software as widely available as possible. Vendors have already indicated in interest in e-filing for form 2290.

Tim Adams asked if a state could provide 2290 e-filing services. Mr. Myett replied that he is unaware of any situation like that today, but knows of nothing that would prohibit it. The state would need to go through the same software testing process the IRS uses with commercial vendors.

In response to a question, Carole Sheets reported that in 2005, HVUT was paid for more than 2.6 million commercial vehicles.

Roy Miller presented slides in the file *ETEC Release 2 VIN Requirements Presentation v105222006.ppt*.

The IRS plans to send transmission, return acceptance or rejection, and error messages in acknowledgments to the transmitter. The Schedule 1 information would not be returned electronically. The transmitter would be responsible for sending the acknowledgement to the taxpayer. The taxpayer could use the return acceptance acknowledgement together with a copy of the electronic return as verification the tax has been paid.

Mr. Miller said that they had not thought about states giving the IRS registration data. If that's a requirement, it could be added. In later discussions, the idea gained merit as a way to verify that the VIN listed on the 2290 corresponds to a registered vehicle.

Both large and small carriers may file electronically; carriers with more than 25 vehicles are required to file electronically.

Tim Adams asked if there will be any issues for states regarding certifying their procedures to FHWA. The gist of the ensuing discussion was that the IRS determines what constitutes proof of HVUT payment. Once on-line verification of HVUT payment is available, the IRS will need to issue new guidance. States will then update their procedures. When states certify their procedures to FHWA, they should be in accordance with the IRS's new guidance.

Valerie Barnes and Tim Adams raised the issue of commercial vehicle brokers, leasing agents, etc. needing to know whether HVUT has been paid for a vehicle they are considering hiring. Will they be able to access the on-line HVUT payment status data to make the determination? Carole Sheets indicated that it would be a disclosure problem for the IRS. The only information an e-filer would have to show to a potential broker would be the electronic return and the acknowledgement.

HVUT must be paid for both interstate and intrastate vehicles. In some states, different agencies handle interstate and intrastate commercial vehicle registration. Some states contract with commercial service providers for vehicle registration; so, the agents who must verify HVUT payment status are not always state government employees. This may present problems in accessing the HVUT payment status on-line.

IRS representatives stated that typically, e-filing includes statements about disclosing the information. The statements should be re-examined to see if it is possible to make them meet HVUT payment status verification needs.

The proposed "VIN database" described on slide 6 contains only current data, not historical data. Mr. Miller asked for feedback as to whether it should contain historical data. Tom Howard suggested that it might be worthwhile to have historical data so that FHWA could check whether tax had been paid for a specific vehicle for the past several years. No decision was reached.

Mr. Miller asked for feedback on the data proposed for the VIN database. There was discussion about when the state verifies payment status versus when the vehicle registration expires, when a taxpayer might request a HVUT refund versus when the HVUT payment status is checked for that vehicle, and inconsistencies among current practices, existing regulations, and guidance. These issues require further discussion.

If the “VIN database” winds up being a system managed by FMCSA, then FMCSA would need to manage who would be authorized to view the data.

Tim Adams led a discussion of open issues. Slides 17-20 in the file *HVUTTechExch 2006-05-26.ppt* were not used.

Tim Adams stressed that it is important to the states that eventually HVUT payment status would be available electronically for all vehicles, not just those for which the 2290 was filed electronically. Everyone acknowledged the issue. Tim clarified that he was not saying that 2290 e-filing should be made mandatory for every vehicle. AAMVA is willing to work to encourage small operators to use e-filing services. The IRS stated that they cannot capture paper 2290 return data electronically by June 2007.

Mr. Miller re-stated that he needs feedback on what data should be made available in the “VIN database.” FHWA needs to think about whether historical data is needed. States need to review the proposed data list to make sure that the items are adequate.

There was a prolonged discussion about verifying VINs. PCVINA (from RL Polk) is a tool many states use to validate VINs. VINs were standardized in 1982. If a vehicle was made before 1982, it may not have a VIN that matches the standard. Re-built vehicles also have VINs that do not match the standard. While there will be only a small number of vehicles with non-standard VINs, the e-filing system must have provisions for them. The consensus seemed to be that the VIN should be checked when an operator is inputting data for the 2290, and an error message should appear if the VIN doesn't match the standard. Then the operator would have to explain/justify the non-standard VIN. Anecdotally, state registration agents/systems seem to accept non-standard VINs for old vehicles without checking them. The 2290 does not now require vehicle manufacture date. When the 2290 return is submitted electronically to the IRS, their software should also check the VIN. If the IRS had a list of VINs for registered vehicles (based on registration data from the states), the 2290 segment of the Modernized e-File system could check incoming VINs against that list. We did not reach a conclusion about what the IRS system should do about a non-standard VIN.

Tom Howard (FHWA) expressed this concern: the final solution for on-line verification of HVUT payment status must not increase the burden for those who audit whether a state's processes comply with regulations. FHWA must be able to audit that the state is verifying HVUT payment before registering a commercial vehicle.

Points of contact for each area were identified:

- IRS
 - Regulatory – Carole Sheets
 - Filing – John Myett
 - Payment status sharing – Roy Miller
 - VIN checking – Roy Miller and John Myett

- FHWA – Linda Morris and Gloria Williams
- FMCSA – Quon Kwan and Jeff Secrist
- Ad hoc team
 - Champion – Tim Adams (AAMVA)
 - Support staff – Valerie Barnes and DJ Waddell (JHU/APL)

Action Items

1. FHWA: Assess whether historical data is needed in the “VIN database”.
2. HVUT ad hoc team: Review proposed data elements for the “VIN database”.
3. HVUT ad hoc team: Share lessons learned with IRS on how to check VINs.
4. HVUT ad hoc team: Explore feasibility of sharing registration (or title?) data with the IRS to support VIN checking.
5. IRS: Clarify guidance regarding what the state must do to verify HVUT payment.
6. IRS: Identify questions/issues for the next technical exchange meeting.
7. Valerie Barnes: We need to review the issues not discussed during this meeting in more detail with the IRS. Add to the agenda for the next HVUT ad hoc team telecon.
8. Tim Adams/Valerie Barnes: Organize the next technical exchange meeting for 20 June at 9:00 AM (at AAMVA headquarters). Send out a list of questions/issues on which the IRS is seeking input.