

Border-bound? Be ready this month for HVUT, HUT filings

Two important permitting renewals come due at the end of August. The confusing part is they have similar acronyms: Heavy Vehicle Use Tax (HVUT) and Highway Use Tax (HUT). The HVUT is a US federal tax administered by the Internal Revenue Service while the HUT is a New York State program.

If you operate in the US or in New York specifically, be ready for these filings this month. Those of you running your own show will need to get organized to file your HVUT and/or HUT returns either yourself or through an experienced, professional permitting service. Those of you who are with a carrier should be aware that these taxes will be paid this month and the costs may be charged to your broker settlement, taking a bite out of your take-home pay.

No one gets into trucking because they love to file tax returns. But it's one of those chores that simply has to get done – and done right. Here's what you should know about your HVUT and HUT obligations:

US HVUT

HVUT is assessed annually on heavy vehicles operating on public highways in the US at registered gross weights equal to or exceeding 55,000 lbs. The fee

Tax Talk

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depends on the gross taxable weight of each vehicle. If the gross taxable weight is from 55,000 to 75,000 lbs, the HVUT is \$100 plus \$22 per 1,000 lbs over 55,000 lbs. With a few exceptions, a commercial vehicle with a gross taxable weight of 75,000 lbs or more will be assessed the maximum HVUT: \$550 per year.

The current HVUT renewal period begins July 1, 2009, and ends June 30, 2010. You must file Form 2290 and Schedule 1 (available at www.irs.gov) showing all vehicles going into the US that are registered in your name and have a taxable gross weight of 55,000 lbs or more. The due date for the renewal is Aug. 31. You must file regardless of your business structure, ie. individual, limited liability company (LLC), corporation, or partnership.

Form 2290 must also be used during the year to update your fleet if you add or delete units. In fact, every time a new vehicle is added to your fleet you must submit a new filing adding it by the last day of the month after it joins.

Let's say you buy a new taxable vehicle on Jan. 3, 2010, and start using it right away. You must file another Form 2290 reporting the new vehicle by Feb. 28, 2010, adding it to the remainder of the July 1, 2009-June 30, 2010 period. You'll pay a pro-rated amount based on the number of months until the June expiry. Based on this example, the fee would be US\$229.17 to cover the five months.

Last year the IRS brought in a new filing restriction that requires all carriers filing a return reporting 25 or more vehicles to file their returns electronically.

No more paper filing for you folks. You'll have to hook yourself up with an approved tax filer to do this.

New York HUT

New York State's HUT is a weight-distance tax, computed based on the number of miles travelled on public highways in the state (excluding toll-paid portions of the New York State Thruway) at a rate determined by the weight of the motor vehicle.

HUT permits expire every three years.

Most carriers operating in New York have Series 19 HUT permits, which were supposed to have expired in December 2008. But New York had troubles with its online

renewal system so the state extended the Series 19 expiry date to Nov. 30, 2009.

However, the renewal application and the \$15 per vehicle fee must be in New York's hands before Aug. 31.

This year you have two ways to renew, either through the now-functioning online process (called OSCAR) or by mailing in a paper Form TMT-2. New York has been sending letters to everyone registered with an HUT account with renewal instructions and a password to use OSCAR. You'll need this password to log on and set yourself up.

Since June 1, 2009, any new HUT requests have been given Series 20 permits which do not need to be renewed. In fact, the Series 20 permits we've seen have no expiry date. Presumably, they're good until at least December 2011.

Regardless, remember the HUT permit is not required to be carried in the truck. At a roadside inspection, the licence plate or VIN will be used to confirm that the truck is registered.

For more information, visit www.tax.state.ny.us.

Problems paying in US funds

Unfortunately, paying these renewals with a cheque may pose a problem for Canadians. Actually, paying any US-based tax accounts with a cheque may be a problem. We've been advised by our bank that some US banks will not accept cheques from Canadian banks even though the funds are in US dollars.

Some of our clients have had trouble filing electronic payments with the IRS because the funds were coming from US-dollar accounts at Canadian banks.

The best way to ensure payment is to obtain a US-based bank account or to pay with US-fund bank drafts and money orders. We're watching this closely: if you're having payments questioned or rejected in the US because they're drawn from a Canadian bank, I'd like to hear about it.

Finally, if you use an outside service for mileage and fuel tax reporting, make sure your provider understands your needs as a Canadian carrier and can sit down with you or your tax compliance manager personally to streamline the fuel and mileage tax reporting process.

With more trip sheets, fuel statements, toll receipts, and other information being collected electronically, it's a good time to review how to minimize costs and exposure to risks associated with non-compliance. □

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