



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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OFFICE OF
CHIEF COUNSEL

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The Honorable Mike McIntyre
U.S. House of Representatives
Washington, DC 20515

Dear Mr. McIntyre:

I am responding to your letter dated August 15, 2005, on behalf of your constituent, . He wrote about the repeal of the installment method of paying the highway motor vehicle (heavy truck) use tax in the American Jobs Creation Act of 2004 (Pub. L. 108-357) (Act). wrote that this provision may reduce cash flow for small trucking businesses.

The law imposes a tax on the use of heavy trucks on the highway (section 4481(a) of the Internal Revenue Code). States cannot register these heavy trucks without proof of payment of the tax (section 41.6001-2 of the Excise Tax on Use of Certain Highway Motor Vehicles Regulations).

In its report for the legislation that became the Act, the Ways and Means Committee of the House of Representatives noted that they eliminated the installment provision because some taxpayers abused the privilege to pay in installments by registering with the state after paying the first quarterly installment and then failing to pay subsequent installments. The Committee further noted that monitoring and enforcing compliance from one year to the next was difficult and many taxpayers never paid the balance due. Thus, Congress chose to eliminate the privilege of paying the heavy truck use tax in installments for all taxpayers. H.R. Rep. No. 108-548, at 335 (2004).

Because Congress repealed the privilege of paying in installments, the full tax is due on the due date of the return.

I hope this information is helpful. If you have questions, please contact me at

Sincerely,
Frank Boland
Chief, Branch 8
Office of the Associate Chief Counsel
(Passthroughs and Special Industries)