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What Name Belongs on Your Form 2290 – IRS Code 4481 Tells All

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What Name belongs on your Stamped Schedule 1? It seems like it should be a simple question with a simple answer. The trouble is there are two answers, and two factors that go into the question. Keep reading – we're going to try to make this as clear as mud...

The Internal Revenue Code 4481(b):

“By whom paid. The tax imposed by this section shall be paid by the person in whose name the highway motor vehicle is, or is required to be, registered under the law of the State or contiguous foreign country in which such vehicle is, or is required to be, registered.”

Roughly Translated – The IRS is saying if there is only one name on the tags, then that name, is the person responsible for the filing and payment of Form 2290.

But what happens when there are two names on the tags?

The Treasury Regulations state:

“Any highway motor vehicle which, at any time in the taxable period, is registered both in the name of the owner of the vehicle and in the name of any other person, is considered, for purposes of the regulations in this part, to be registered, at such time, solely in the name of the owner of the vehicle.”

Roughly Translated – the IRS is saying that when two people are involved in tagging a truck, the legal owner of the truck is responsible for the filing and payment of the Form 2290. This is called Dual Registration.

Let's examine how this works in the real world.

Examples:

One Person:

John Smith is a driver who owns his truck and tags the vehicle in his name. He should file the Form 2290 and pay taxes with his EIN and personal and/or company name. His tags will match his Form 2290.

Two People:

Clark Inc. owns a single truck and they will get tags in their name. They hired John Smith to drive that truck. Clark Inc. should file the Form 2290 and pay taxes with the company EIN and name. Here, the tags and Form 2290 will exactly match.

But – if John Smith is getting the tags in his name with Clark Inc. as the owner then this is Dual Registration. Clark Inc. pays the Form 2290 taxes. In this case, the tags will NOT exactly match the Form 2290.

Three or More People:

BIG-Lease owns a fleet of trucks. They lease some trucks out to Clark Inc. Clark Inc. gets tags under their name and hires John Smith to drive one of them. Clark Inc. should file the Form 2290, and pay taxes with their company EIN and name. In this case, neither John Smith nor BIG-Lease are involved in getting the tags, so the tags will exactly match the Form 2290.

But – if Clark Inc. is getting tags in their name with BIG-Lease as the owner then this is Dual Registration. BIG-Lease pays the 2290 because of the Dual Registration rule. In this case, the tags will NOT exactly match the Form 2290.

The Tag Question:

Looking at those examples, the name on the state issued tags may not exactly match the Stamped Schedule 1 because of Dual Registration. The owner is responsible for payment of tax, while the tag holder's name is on everything else. Sometimes this mismatch will cause difficulty at the tag office.

What to do if your tag office won't accept the correct document

It happens all the time. The state offices disagree about the interpretation of the law, and you're unable to finish your paperwork.

Stay polite, but also be firm and insistent that the document you are giving them is exactly what the IRS requires.

If I were John Smith in the two person-dual registration example up above, I would say something like this:

“I don’t understand why you need a Stamped Schedule 1 in my name. Taxes were paid by the owner of the truck – just like the Form 2290 instructions say. I’m not the owner, so I’m not supposed to pay this tax.”

Or you could try asking questions instead:

“Are the taxes due twice?!? Can you please help me understand why you need my name on the Stamped Schedule 1 when legally I’m not responsible to pay those taxes?”

Usually being firm, polite and having the documentation to back you up is all you need to get the job done. Good documentation would include a copy of your lease agreement, and a copy of the [Form 2290 Instructions here](#). No matter how frustrated you get – stay polite – words like please and thank you will get you a lot further than anger and hostility.

Don’t hesitate to ask for a supervisor, and ask that supervisor to call the IRS and confirm what they are telling you if it doesn’t match the IRS Instructions.

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And don’t hesitate to call us here at 2290Tax if we can help you. We can happily fax a copy of the law, or Form 2290 Instructions to you wherever you are, or speak to someone on your behalf. We can give you the IRS phone numbers to call, or suggest to the tag office supervisor that they should double check.

Call us any time at 888-802-4299 and get answers!