



441 G St. N.W.  
Washington, DC 20548

November 6, 2020

The Honorable Howard R. "Skip" Elliott  
Acting Inspector General  
Department of Transportation

**FY 2020 Excise Tax: Agreed-Upon Procedures Related to Distributions to Trust Funds**

Independent Accountant's Report on Applying Agreed-Upon Procedures

Dear Mr. Elliott:

We performed the procedures described in the enclosures to this report on fiscal year 2020 net excise tax distributions to the Airport and Airway Trust Fund (AATF) and the Highway Trust Fund (HTF), with which you agreed. The Internal Revenue Service (IRS) is responsible for certifying quarterly net excise tax collections to be distributed to the AATF and the HTF. The Department of the Treasury's Office of Tax Analysis (OTA) is responsible for developing reasonable estimates of net excise tax collections to be distributed to the AATF and the HTF. These IRS certifications and OTA estimates are the basis of the net excise tax distributions to the AATF and the HTF. The sufficiency of these procedures is solely the responsibility of the Office of Inspector General of the Department of Transportation. We performed these procedures solely to assist your office in ascertaining whether the net excise tax revenue distributed to the AATF and the HTF for the fiscal year ended September 30, 2020, is supported by information from the Department of the Treasury, including IRS's quarterly excise tax receipt certifications and OTA's estimates. Consequently, we make no representation regarding the sufficiency of the procedures described in the report either for the purpose for which this report has been requested or for any other purpose.

We conducted the engagement in accordance with U.S. generally accepted government auditing standards, which incorporate attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to perform, and did not perform, an examination or review, the objective of which would have been to express an opinion or conclusion, respectively, on the amount of net excise taxes distributed to the AATF and the HTF during fiscal year 2020. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that we would have reported to you. We completed the agreed-upon procedures on October 26, 2020.

The procedures we agreed to perform were related to information representing the basis of amounts distributed from the General Fund to the AATF and the HTF during fiscal year 2020,<sup>1</sup> including (1) IRS's quarterly AATF and HTF excise tax certifications prepared during fiscal year 2020 and (2) OTA's estimates of excise tax amounts to be distributed to the AATF and the HTF for the third and fourth quarters of fiscal year 2020. Enclosure I provides the details on the

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<sup>1</sup>The General Fund is a component of the Department of the Treasury's central accounting function. It is a stand-alone reporting entity that comprises the activities fundamental to funding the federal government (e.g., issued budget authority, cash activity, and debt financing activities).

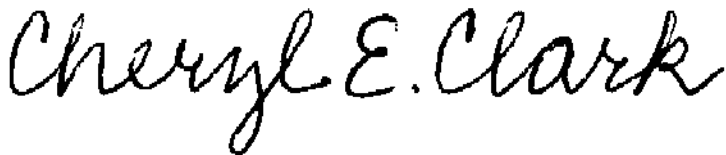
agreed-upon procedures and our results with respect to the AATF. Enclosure II provides the details on the agreed-upon procedures and our results with respect to the HTF.

We requested comments on a draft of this report from IRS and OTA. We received email responses from the Deputy Associate Chief Financial Officer for Custodial Financial Management, IRS, and the Financial Economist, OTA. IRS agreed with the findings related to the procedures performed concerning excise tax distributions to the AATF and the HTF during fiscal year 2020 and had no comments. OTA stated that it had no comments on the report.

The purpose of this report is solely to describe agreed-upon procedures related to information representing the basis of amounts distributed from the general fund to the AATF and HTF during fiscal year 2020, and the report is not suitable for any other purpose. However, this report is a matter of public record, and its distribution is not limited. The report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-3406 or [clarkce@gao.gov](mailto:clarkce@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Estelle Tsay-Huang (Assistant Director), Stephanie Chen, Cole Haase, Jessica L'Or, and Tabitha FitzGibbon made key contributions to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Cheryl E. Clark". The signature is written in a cursive, flowing style.

Cheryl E. Clark  
Director  
Financial Management and Assurance

Enclosures – 2

## Enclosure I

### Airport and Airway Trust Fund Excise Tax Procedures

#### I. Procedures on IRS's Quarterly AATF Receipt Certifications

Perform the following procedures on the Internal Revenue Service's (IRS) Airport and Airway Trust Fund (AATF) receipt certifications for the quarters ended September 30, 2019;<sup>1</sup> December 31, 2019; and March 31, 2020:<sup>2</sup>

- A. Inspect the certification letters for authorizing signatures.

Description of Findings and Results

The certification letters for all three quarters had authorizing signatures.

- B. Inspect the certification letters and supporting worksheets to determine whether evidence exists that they were reviewed by the supervisor or another analyst.

Description of Findings and Results

There was evidence that the supervisor or another analyst reviewed the certification letters and supporting worksheets for all three quarters.

- C. Calculate the totals on the certification letters to determine whether they are mathematically correct.

Description of Findings and Results

The totals on the certification letters for all three quarters were mathematically correct.

- D. Trace the certified amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation

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<sup>1</sup>IRS certifies to trust funds the amount of excise taxes collected. The IRS certifications of excise tax distributions and corresponding Department of the Treasury Bureau of the Fiscal Service adjustment for the quarter ended September 30, 2019, were completed in February 2020 and thus affect distributions to the AATF during fiscal year 2020.

<sup>2</sup>In prior fiscal years, IRS completed four quarterly excise tax receipt certifications to the AATF within the 12-month period. However, because of processing delays resulting from the Coronavirus Disease 2019 (COVID-19) pandemic, IRS was not able to certify excise tax collections for the quarter ended March 31, 2020, until the end of September 2020. Additionally, at the end of September 2020, IRS was unable to determine when it would complete its excise tax certification for the quarter ended June 30, 2020.

## Enclosure I

(abstract 77)<sup>3</sup> from the certification letters back to the *Report of Excise Tax Collection*<sup>4</sup> and the *Treasury 90 Report* for agreement.<sup>5</sup>

### Description of Findings and Results

The certified amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) from the certification letters agreed with the related quarterly *Report of Excise Tax Collection* and the *Treasury 90 Report* for all three quarters.

- E. Compare the distribution rates IRS used for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) for agreement with the applicable laws.

### Description of Findings and Results

The distribution rates IRS used for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) agreed with the applicable laws in effect during all three quarters.

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<sup>3</sup>The certified amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) made up over 98 percent of the total amount of excise tax receipts that IRS certified to the AATF during fiscal year 2020.

<sup>4</sup>The quarterly *Report of Excise Tax Collection* contains prorated collections, classified by abstracts, which serve as the basis for IRS's quarterly trust fund certifications. The *Report of Excise Tax Collection* is produced by the Collection Certification System. Collections are classified by abstract on the report when the related Form 720 tax return has been posted to IRS's master file during the processing period that the report covers. IRS uses data from one report for each quarterly certification. IRS's master file contains the detailed records of taxpayer accounts. The Collection Certification System produces what IRS refers to as audit files. These audit files contain the individual prorated collections by tax type and taxpayer identification number. IRS calculates the amount it certifies to the trust funds by first subtracting credits that taxpayers claim from the prorated collections and then multiplying the result by the applicable trust fund distribution rates. IRS's Collection Certification System prorates a taxpayer's payments proportionately among all taxes reported as owed on the tax return. For example, if a corporation reports that it owes \$3 million for transportation of property by air tax and \$3 million for kerosene tax on its quarterly Form 720, but has paid IRS only \$4 million at the time IRS performs its certification, the program prorates the \$4 million in the following manner: \$2 million to transportation of property by air tax and \$2 million to kerosene tax.

<sup>5</sup>The *Treasury 90 Report* summarizes excise tax credit information and is produced quarterly by IRS service center campuses. See Internal Revenue Manual, § 3.17.41, *Excise Reporting* (Mar. 31, 2020). IRS has 10 service center campuses.

## Enclosure I

- F. Inspect the *Report of Excise Tax Collection* used in the certification to determine whether it contains more than \$101 million<sup>6</sup> in AATF collections from prior quarters.<sup>7</sup>

### Description of Findings and Results

For the quarter ended September 30, 2019, the report used in the AATF certification contained more than \$101 million of collections from prior quarters. According to IRS, this is largely because of an adjustment resulting from an error in recording an AATF collection for the quarter ended September 30, 2018. IRS included this adjustment amount in its receipt certification to the AATF for the quarter ended September 30, 2019.

The reports used in the AATF certification for the quarters ended December 31, 2019, and March 31, 2020, did not contain more than \$101 million in AATF collections from prior quarters.

- G. Inspect the *Report of Excise Tax Collection* used in the certification to determine whether it contains more than \$101 million in AATF collections from future quarters.<sup>8</sup>

### Description of Findings and Results

None of the reports used in the AATF certification for any of the three quarters reported more than \$101 million in AATF collections from future quarters.

- H. For the quarter ended March 31, 2020, inquire with IRS whether any excise tax returns from its list of the largest excise taxpayers were omitted from the certification.<sup>9</sup> For any such returns that were omitted but that IRS subsequently received, report the total amount of AATF-related tax collections from these tax returns. For any such returns that were omitted and that IRS has not yet received, report the amount of AATF-related tax collections from the taxpayer(s) based on the previous quarter.

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<sup>6</sup>The \$101 million represents approximately 2 percent of the total amount of excise tax receipts that IRS certified to the AATF for each quarter of fiscal year 2019.

<sup>7</sup>The *Report of Excise Tax Collection* may contain collections related to prior quarters that IRS certifies as part of the current quarter's collections because IRS did not post the related tax returns to its master file until the current processing period. This may result from IRS processing delays or from taxpayers' delays in filing tax returns.

<sup>8</sup>The *Report of Excise Tax Collection* may contain collections related to future quarters that IRS certifies as part of the current quarter's collections because taxpayers filed the tax returns before the due date and paid the taxes owed, and IRS posted the tax returns to its master file during the current processing period.

<sup>9</sup>IRS maintains a listing of its largest excise taxpayers. To help ensure that tax return data for the largest excise taxpayers are included in each quarterly excise tax certification, IRS tracks the receipt of these returns and contacts these taxpayers when necessary.

## Enclosure I

### Description of Findings and Results

We communicated the results directly to the Office of Inspector General of the Department of Transportation.

## II. **Procedures on Excise Tax Distributions to the AATF for the Quarters Ended June 30, 2020, and September 30, 2020**

- A. Determine whether the Department of the Treasury's Office of Tax Analysis (OTA) prepared a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during quarters ended June 30, 2020, and September 30, 2020, and whether OTA used this tax rate table in its trust fund estimates for each quarter.<sup>10</sup>

### Description of Findings and Results

OTA prepared a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during the quarters ended June 30, 2020, and September 30, 2020. For the quarter ended September 30, 2020, OTA used the tax rate table in preparing the five semimonthly estimates that affect fiscal year 2020 distributions to the AATF.

- B. Inspect the transfer forms and supporting schedules to determine whether there is evidence of review.

### Description of Findings and Results

There was evidence that an OTA economist, other than the one who prepared the estimate, reviewed the transfer forms and supporting schedules affecting distributions from the General Fund to the AATF for the quarters ended June 30, 2020, and September 30, 2020.

- C. Calculate the totals on the transfer forms to determine whether they are mathematically correct.

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<sup>10</sup>OTA makes semimonthly estimates of excise tax collections for transfer from the General Fund to trust funds. To better match excise tax collections with the corresponding quarter, OTA's estimates for each quarter cover the period starting on the 16th day of the first month in the quarter and go through the 15th day of the first month of the next quarter. Specifically, OTA's estimates for the third quarter of fiscal year 2020 will cover April 16, 2020, through July 15, 2020, and OTA's estimates for the fourth quarter of fiscal year 2020 will cover July 16, 2020, through October 15, 2020. While there are six semimonthly estimates related to the quarter ended September 30, 2020, only five of these affect fiscal year 2020 distributions to the AATF. The sixth semimonthly estimate, covering the period from October 1 through 15, will affect distributions to the AATF for fiscal year 2021.

## Enclosure I

### Description of Findings and Results

The totals on the transfer forms affecting distributions from the General Fund to the AATF for the quarters ended June 30, 2020, and September 30, 2020, were mathematically correct.

- D. Trace the transfer amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77)<sup>11</sup> from the transfer forms back to the related source documents for agreement.<sup>12</sup>

### Description of Findings and Results

The transfer amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) from the transfer forms agreed with the related source documents for the quarters ended June 30, 2020, and September 30, 2020.

## III. Other Procedures

- A. Using IRS's quarterly certifications, OTA's estimated distributions, and any adjustments, compile and report the amount of net excise taxes to be distributed to the AATF in fiscal year 2020.

### Description of Findings and Results

Based on a compilation of IRS's quarterly certifications, OTA's estimations, and adjustments, the amount of net excise taxes to be distributed to the AATF in fiscal year 2020 is \$9,015,739,000.

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<sup>11</sup>OTA did not calculate estimated transfer amounts for tax on transportation of persons by air (abstract 26), tax on the use of international air travel facilities (abstract 27), tax on transportation of property by air (abstract 28), and tax on kerosene for use in commercial aviation (abstract 77) for the third and fourth quarters of fiscal year 2020 because the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) suspended excise tax collection on transportation of persons and property by air, use of international air travel facilities, and kerosene for use in commercial aviation from March 28, 2020, through the end of December 2020. Pub. L. No. 116-136, div. A, title IV, § 4007, 134 Stat. 281, 477 (Mar. 27, 2020).

<sup>12</sup>The source documents include the *Report of Excise Taxes* used to derive the percentages applied to reported receipts, the Daily Treasury Statement, the Monthly Treasury Statement, and the excise tax rate table.

## Enclosure II

### Highway Trust Fund Excise Tax Procedures

#### I. Procedures on IRS's Quarterly HTF Receipt Certifications

Perform the following procedures on the Internal Revenue Service's (IRS) Highway Trust Fund (HTF) receipt certifications for the quarters ended September 30, 2019;<sup>1</sup> December 31, 2019; and March 31, 2020:<sup>2</sup>

- A. Inspect the certification letters for authorizing signatures.<sup>3</sup>

##### Description of Findings and Results

The certification letters for all three quarters had authorizing signatures.

- B. Inspect the certification letters and supporting worksheets to determine whether evidence exists that they were reviewed by the supervisor or another analyst.

##### Description of Findings and Results

There was evidence that the supervisor or another analyst reviewed the certification letters and supporting worksheets for all three quarters.

- C. Calculate the totals on the certification letters to determine whether they are mathematically correct.

##### Description of Findings and Results

The totals on the certification letters for all three quarters were mathematically correct.

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<sup>1</sup>IRS certifies to trust funds the amount of excise taxes collected. The IRS certifications of excise tax distributions and corresponding Department of the Treasury Bureau of the Fiscal Service adjustment for the quarter ended September 30, 2019, were completed in February 2020 and thus affect distributions to the HTF during fiscal year 2020.

<sup>2</sup>In prior fiscal years, IRS completed four quarterly excise tax receipt certifications to the HTF within the 12-month period. However, because of processing delays resulting from the Coronavirus Disease 2019 (COVID-19) pandemic, IRS was not able to certify excise tax collections for the quarter ended March 31, 2020, until the end of September 2020. Additionally, at the end of September 2020, IRS was unable to determine when it would complete its excise tax certification for the quarter ended June 30, 2020.

<sup>3</sup>IRS prepares two certification letters for the HTF each quarter: one for the Highway Account and the other for the Mass Transit Account.



## Enclosure II

- D. Trace the certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62)<sup>4</sup> from the certification letters back to the *Report of Excise Tax Collection*<sup>5</sup> and the *Treasury 90 Report* for agreement.<sup>6</sup>

### Description of Findings and Results

The certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) from the certification letters agreed with the related *Report of Excise Tax Collection* and the *Treasury 90 Report* for the quarters ended September 30, 2019, December 31, 2019, and March 31, 2020.

- E. Compare the distribution rates IRS used for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) for agreement with the applicable laws.

### Description of Findings and Results

The distribution rates IRS used for diesel fuel tax (abstract 60) and gasoline tax (abstract 62) agreed with the applicable laws in effect during all three quarters.

- F. Inspect the *Report of Excise Tax Collection* used in the certification to determine whether it contains more than \$273 million<sup>7</sup> in collections from prior quarters.<sup>8</sup>

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<sup>4</sup>The certified amounts for diesel fuel tax (abstract 60) and gasoline tax (abstract 62), along with the heavy vehicle use tax (traced separately in procedure I. H below), made up over 86 percent of the total amount of excise tax receipts that IRS certified to the HTF during fiscal year 2020.

<sup>5</sup>The quarterly *Report of Excise Tax Collection* contains prorated collections, classified by abstracts, which serve as the basis for IRS's quarterly trust fund certifications. The *Report of Excise Tax Collection* is produced by the Collection Certification System. Collections are classified by abstract on the report when the related Form 720 tax return has been posted to IRS's master file during the processing period that the report covers. IRS uses data from one report for each quarterly certification. IRS's master file contains the detailed records of taxpayer accounts. The Collection Certification System produces what IRS refers to as audit files. These audit files contain the individual prorated collections by tax type and taxpayer identification number. IRS calculates the amount it certifies to the trust funds by first subtracting credits that taxpayers claim from the prorated collections and then multiplying the result by the applicable trust fund distribution rates. IRS's Collection Certification System prorates a taxpayer's payments proportionately among all taxes reported as owed on the tax return. For example, if a corporation reports that it owes \$3 million for gasoline tax and \$3 million for diesel fuel tax on its quarterly Form 720, but has paid IRS only \$4 million at the time IRS performs its certification, the program prorates the \$4 million in the following manner: \$2 million to gasoline tax and \$2 million to diesel fuel tax.

<sup>6</sup>The *Treasury 90 Report* summarizes excise tax credit information and is produced quarterly by IRS service center campuses. See Internal Revenue Manual, § 3.17.41, *Excise Reporting* (Mar. 31, 2020). IRS has 10 service center campuses.

<sup>7</sup>The \$273 million represents approximately 2 percent of the total amount of excise tax receipts that IRS certified to the HTF for each quarter of fiscal year 2019.

<sup>8</sup>The *Report of Excise Tax Collection* may contain collections related to prior quarters that IRS certifies as part of the current quarter's collections because IRS did not post the related tax return to its master file until the current processing period. This may result from IRS processing delays or from taxpayers' delays in filing tax returns.

## Enclosure II

### Description of Findings and Results

None of the reports used in the HTF certification for any of the three quarters reported more than \$273 million in HTF collections from prior quarters.

- G. Inspect the *Report of Excise Tax Collection* used in the certification to determine whether it contains more than \$273 million in collections from future quarters.<sup>9</sup>

### Description of Findings and Results

None of the reports used in the HTF certification for any of the three quarters reported more than \$273 million in HTF collections from future quarters.

- H. Trace heavy vehicle use tax amounts from the Highway Account certification letters to the master file and *Treasury 90 Report*.<sup>10</sup>

### Description of Findings and Results

The heavy vehicle use tax amounts from the Highway Account certification letters agreed with the master file and *Treasury 90 Report* for the quarters ended September 30, 2019, and March 31, 2020.

For quarter ended December 31, 2019, IRS erroneously omitted approximately \$700,000 credit adjustment to the heavy vehicle use tax amounts in its receipt certification on the HTF Highway Account. After we brought this to IRS's attention, it corrected the error and reissued its certification letter to that account.

- I. For the quarter ended March 31, 2020, inquire with IRS whether any excise tax returns from its list of the largest excise taxpayers were omitted from its certification.<sup>11</sup> For any such returns that were omitted but that IRS subsequently received, report the total amount of HTF-related tax collections from these tax returns. For any such returns that were omitted and that IRS has not yet received, report the amount of HTF-related tax collections from the taxpayer(s) based on the previous quarter.

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<sup>9</sup>The *Report of Excise Tax Collection* may contain collections related to future quarters that IRS certifies as part of the current quarter's collections because taxpayers filed the tax returns before the due date and paid the taxes owed, and IRS posted the tax returns to its master file during the current processing period.

<sup>10</sup>Heavy vehicle use taxes, which go to the HTF, are reported on Form 2290. IRS obtains these amounts directly from its master file and campus systems, rather than from its Collection Certification System.

<sup>11</sup>IRS maintains a list of its largest excise taxpayers. To help ensure that tax return data for the largest excise taxpayers are included in each quarterly excise tax certification, IRS tracks the receipt of these returns and contacts these taxpayers when necessary.

## Enclosure II

### Description of Findings and Results

We communicated the results directly to the Office of Inspector General of the Department of Transportation.

## II. **Procedures on Excise Tax Distributions to the HTF for the Quarters Ended June 30, 2020, and September 30, 2020**

- A. Determine whether the Department of the Treasury's Office of Tax Analysis (OTA) prepared a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during the quarters ended June 30, 2020, and September 30, 2020, and whether OTA used this tax rate table in its trust fund estimates for each quarter.<sup>12</sup>

### Description of Findings and Results

OTA prepared a tax rate table to capture information concerning tax rates, tax basis, accounts, and deposit rules in effect during the quarters ended June 30, 2020, and September 30, 2020. For the quarter ended September 30, 2020, OTA used the tax rate table in preparing the five semimonthly estimates that affect fiscal year 2020 distributions to the HTF.

- B. Inspect the transfer forms and supporting schedules to determine whether there is evidence of review.

### Description of Findings and Results

There was evidence that an OTA economist other than the one who prepared the estimate reviewed the transfer forms and supporting schedules affecting distributions from the General Fund to the HTF for the quarters ended June 30, 2020, and September 30, 2020.

- C. Calculate the totals on the transfer forms to determine whether they are mathematically correct.

### Description of Findings and Results

The totals on the transfer forms affecting distributions from the General Fund to the HTF for the quarters ended June 30, 2020, and September 30, 2020, were mathematically correct.

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<sup>12</sup>OTA makes semimonthly estimates of excise tax collections for transfer from the General Fund to trust funds. To better match excise tax collections with the corresponding quarter, OTA's estimates for each quarter cover the period starting on the 16th day of the first month in the quarter and go through the 15th day of the first month of the next quarter. Specifically, OTA's estimates for the third quarter of fiscal year 2020 will cover April 16, 2020, through July 15, 2020, and OTA's estimates for the fourth quarter of fiscal year 2020 cover July 16, 2020, through October 15, 2020. While there are six semimonthly estimates related to the quarter ended September 30, 2020, only five of these affect fiscal year 2020 distributions to the HTF. The sixth semimonthly estimate, covering the period from October 1 through 15, will affect distributions to the HTF for fiscal year 2021.

## Enclosure II

- D. Trace the transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax<sup>13</sup> from the transfer forms back to the related source documents for agreement.<sup>14</sup>

### Description of Findings and Results

The transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax from the transfer forms agreed with the related source documents for the quarters ended June 30, 2020, and September 30, 2020.

## III. Other Procedures

- A. Using IRS's quarterly certifications, OTA's estimated distributions, and any adjustments, compile and report the amount of net excise taxes and penalties to be distributed to the HTF in fiscal year 2020.<sup>15</sup>

### Description of Findings and Results

Based on a compilation of IRS's quarterly certifications, OTA's estimations, and adjustments, the amount of net excise taxes and penalties to be distributed to the HTF in fiscal year 2020 is \$42,656,995,000.

(104215)

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<sup>13</sup>OTA's estimated transfer amounts for diesel fuel tax (abstract 60), gasoline tax (abstract 62), and heavy vehicle use tax made up over 84 percent of the total amount transferred to the HTF for the third and fourth quarters of fiscal year 2020.

<sup>14</sup>The source documents include the *Report of Excise Taxes* used to derive the percentages applied to reported receipts, the Daily Treasury Statement, the Monthly Treasury Statement, and the excise tax rate table.

<sup>15</sup>The American Jobs Creation Act of 2004 amended transfers to the HTF from the General Fund to include certain fuel-related penalties. IRS assesses and collects these penalties and distributes them to the HTF. Pub. L. No. 108-357, § 868, 118 Stat. 1418, 1622 (Oct. 22, 2004) (*classified as amended at* 26 U.S.C. § 9503(b)(5)). IRS includes such amounts in its quarterly certification to the HTF.

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## Strategic Planning and External Liaison

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