26
Parts 40 to 49
Revised as of April 1, 2002

Internal Revenue

Containing a codification of documents of general applicability and future effect

As of April 1, 2002

With Ancillaries

Published by
the Office of the Federal Register
National Archives and Records Administration

A Special Edition of the Federal Register
Table of Contents

<table>
<thead>
<tr>
<th>Explanation</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
<td></td>
</tr>
</tbody>
</table>

Title 26:

<table>
<thead>
<tr>
<th>Chapter I—Internal Revenue Service, Department of the Treasury (Continued)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

Finding Aids:

<table>
<thead>
<tr>
<th>Table of CFR Titles and Chapters</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>273</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alphabetical List of Agencies Appearing in the CFR</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>291</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table of OMB Control Numbers</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>301</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>List of CFR Sections Affected</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>317</td>
</tr>
</tbody>
</table>
Cite this Code: CFR

To cite the regulations in this volume use title, part and section number. Thus, 26 CFR 40.0–1 refers to title 26, part 40, section 0–1.
Explanation

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas.

Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

- Title 1 through Title 16 ..............................................................................as of January 1
- Title 17 through Title 27 ..............................................................................as of April 1
- Title 28 through Title 41 ............................................................................as of July 1
- Title 42 through Title 50 .............................................................................as of October 1

The appropriate revision date is printed on the cover of each volume.

LEGAL STATUS

The contents of the Federal Register are required to be judicially noticed (44 U.S.C. 1507). The Code of Federal Regulations is prima facie evidence of the text of the original documents (44 U.S.C. 1510).

HOW TO USE THE CODE OF FEDERAL REGULATIONS

The Code of Federal Regulations is kept up to date by the individual issues of the Federal Register. These two publications must be used together to determine the latest version of any given rule.

To determine whether a Code volume has been amended since its revision date (in this case, April 1, 2002), consult the “List of CFR Sections Affected (LSA),” which is issued monthly, and the “Cumulative List of Parts Affected,” which appears in the Reader Aids section of the daily Federal Register. These two lists will identify the Federal Register page number of the latest amendment of any given rule.

EFFECTIVE AND EXPIRATION DATES

Each volume of the Code contains amendments published in the Federal Register since the last revision of that volume of the Code. Source citations for the regulations are referred to by volume number and page number of the Federal Register and date of publication. Publication dates and effective dates are usually not the same and care must be exercised by the user in determining the actual effective date. In instances where the effective date is beyond the cutoff date for the Code a note has been inserted to reflect the future effective date. In those instances where a regulation published in the Federal Register states a date certain for expiration, an appropriate note will be inserted following the text.

OMB CONTROL NUMBERS

The Paperwork Reduction Act of 1980 (Pub. L. 96–511) requires Federal agencies to display an OMB control number with their information collection request.
Many agencies have begun publishing numerous OMB control numbers as amendments to existing regulations in the CFR. These OMB numbers are placed as close as possible to the applicable recordkeeping or reporting requirements.

OBSOLETE PROVISIONS

Provisions that become obsolete before the revision date stated on the cover of each volume are not carried. Code users may find the text of provisions in effect on a given date in the past by using the appropriate numerical list of sections affected. For the period before January 1, 1986, consult either the List of CFR Sections Affected, 1949–1963, 1964–1972, or 1973–1985, published in seven separate volumes. For the period beginning January 1, 1986, a “List of CFR Sections Affected” is published at the end of each CFR volume.

CFR INDEXES AND TABULAR GUIDES

A subject index to the Code of Federal Regulations is contained in a separate volume, revised annually as of January 1, entitled CFR INDEX AND FINDING AIDS. This volume contains the Parallel Table of Statutory Authorities and Agency Rules (Table I). A list of CFR titles, chapters, and parts and an alphabetical list of agencies publishing in the CFR are also included in this volume.

An index to the text of “Title 3—The President” is carried within that volume.

The Federal Register Index is issued monthly in cumulative form. This index is based on a consolidation of the “Contents” entries in the daily Federal Register.

A List of CFR Sections Affected (LSA) is published monthly, keyed to the revision dates of the 50 CFR titles.

REPUBLICATION OF MATERIAL

There are no restrictions on the republication of material appearing in the Code of Federal Regulations.

INQUIRIES

For a legal interpretation or explanation of any regulation in this volume, contact the issuing agency. The issuing agency’s name appears at the top of odd-numbered pages.

For inquiries concerning CFR reference assistance, call 202-523-5227 or write to the Director, Office of the Federal Register, National Archives and Records Administration, Washington, DC 20408 or e-mail info@fedreg.nara.gov.

SALES

The Government Printing Office (GPO) processes all sales and distribution of the CFR. For payment by credit card, call 202-512–1800, M-F 8 a.m. to 4 p.m. e.s.t. or fax your order to 202-512–2250, 24 hours a day. For payment by check, write to the Superintendent of Documents, Attn: New Orders, P.O. Box 371954, Pittsburgh, PA 15250–7954. For GPO Customer Service call 202–512–1803.

ELECTRONIC SERVICES

The full text of the Code of Federal Regulations, the LSA (List of CFR Sections Affected), The United States Government Manual, the Federal Register, Public Laws, Public Papers, Weekly Compilation of Presidential Documents and the Privacy Act Compilation are available in electronic format at www.access.gpo.gov/nara (‘‘GPO Access’’). For more information, contact Electronic Information Dissemination Services, U.S. Government Printing Office. Phone 202–512–1530, or 888–293–6498 (toll-free) or E-mail, gpoaccess@gpo.gov.
The Office of the Federal Register also offers a free service on the National Archives and Records Administration’s (NARA) World Wide Web site for public law numbers, Federal Register finding aids, and related information. Connect to NARA’s web site at www.nara.gov/fedreg. The NARA site also contains links to GPO Access.

RAYMOND A. MOSLEY,
Director,
Office of the Federal Register.

April 1, 2002.
Title 26—INTERNAL REVENUE is composed of nineteen volumes. The contents of these volumes represent all current regulations issued by the Internal Revenue Service, Department of the Treasury, as of April 1, 2002. The first twelve volumes comprise part 1 (Subchapter A—Income Tax) and are arranged by sections as follows: §§ 1.0–1.60; §§ 1.61–1.169; §§ 1.170–1.300; §§ 1.301–1.400; §§ 1.401–1.440; §§ 1.441–1.500; §§ 1.501–1.640; §§ 1.641–1.850; §§ 1.851–1.907; §§ 1.908–1.1000; §§ 1.1001–1.1400 and § 1.1401 to end. The thirteenth volume containing parts 2–29, includes the remainder of subchapter A and all of Subchapter B—Estate and Gift Taxes. The last six volumes contain parts 30–39 (Subchapter C—Employment Taxes and Collection of Income Tax at Source); parts 40–49; parts 50–299 (Subchapter D—Miscellaneous Excise Taxes); parts 300–499 (Subchapter F—Procedure and Administration); parts 500–599 (Subchapter G—Regulations under Tax Conventions); and part 600 to end (Subchapter H—Internal Revenue Practice).

The OMB control numbers for Title 26 appear in § 602.101 of this chapter. For the convenience of the user, § 602.101 appears in the Finding Aids section of the volumes containing parts 1 to 599.
Would you like to know...

if any changes have been made to the Code of Federal Regulations or what documents have been published in the Federal Register without reading the Federal Register every day? If so, you may wish to subscribe to the LSA (List of CFR Sections Affected), the Federal Register Index, or both.

LSA
The LSA (List of CFR Sections Affected) is designed to lead users of the Code of Federal Regulations to amendatory actions published in the Federal Register. The LSA is issued monthly in cumulative form. Entries indicate the nature of the changes—such as revised, removed, or corrected. $31 per year.

Federal Register Index
The index, covering the contents of the daily Federal Register, is issued monthly in cumulative form. Entries are carried primarily under the names of the issuing agencies. Significant subjects are carried as cross-references. $28 per year.

A finding aid is included in each publication which lists Federal Register page numbers with the date of publication in the Federal Register.

Superintendent of Documents Subscription Order Form

Order Processing Code  ☐ YES, send me the following indicated subscriptions for one year:

☐ LSA (List of CFR Sections Affected), (LCS) for $31 per year.
☐ Federal Register Index (FRSU) $28 per year.

The total cost of my order is $ . Price is subject to change. International customers please add 25%.

Company or personal name

Street address

City, State, ZIP code

Daytime phone with area code

Purchase order No. (optional)

Fax your orders (202) 512–2250
Phone your orders (202) 512–1800

(Includes regular shipping and handling.)

For privacy check box below:

☐ Do not make my name available to other mailers

Check method of payment:

☐ Check payable to Superintendent of Documents

☐ GPO Deposit Account

☐ VISA ☐ MasterCard (expiration date)

Credit card No. (must be 20 digits)

Thank you for your order!

Authorizing signature

Mail To: Superintendent of Documents
P.O. Box 371954
Pittsburgh, PA 15250–7954
Title 26—Internal Revenue

(This book contains parts 40 to 49)

Part

CHAPTER I—Internal Revenue Service, Department of the Treasury (Continued) ......................................................... 40
CHAPTER I—INTERNAL REVENUE SERVICE,
DEPARTMENT OF THE TREASURY
(Continued)

EDITORIAL NOTE: IRS published a document at 45 FR 6088, Jan. 25, 1980, deleting statutory sections from their regulations. In Chapter I cross references to the deleted material have been changed to the corresponding sections of the IRS Code of 1954 or to the appropriate regulations sections. When either such change produced a redundancy, the cross reference has been deleted. For further explanation, see 45 FR 20795, March 31, 1980.

SUBCHAPTER D—MISCELLANEOUS EXCISE TAXES

<table>
<thead>
<tr>
<th>Part</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>5</td>
</tr>
<tr>
<td>41</td>
<td>13</td>
</tr>
<tr>
<td>43</td>
<td>31</td>
</tr>
<tr>
<td>44</td>
<td>32</td>
</tr>
<tr>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td>48</td>
<td>48</td>
</tr>
<tr>
<td>49</td>
<td>234</td>
</tr>
</tbody>
</table>

SUPPLEMENTARY PUBLICATION: Internal Revenue Service Looseleaf Regulations System.
Additional supplementary publications are issued covering Alcohol, Tobacco and Firearms Regulations, and Regulations Under Tax Conventions.
PART 40—EXCISE TAX PROCEDURAL REGULATIONS

Sec. 40.0–1 Introduction.
40.6011(a)–1 Returns.
40.6011(a)–2 Final returns.
40.6071(a)–1 Time for filing returns.
40.6071(a)–3 Time for an eligible air carrier to file a return for the third calendar quarter of 2001.
40.6091–1 Place for filing returns.
40.6101–1 Period covered by returns.
40.6109(a)–1 Identifying numbers.
40.6151(a)–1 Time and place for paying tax shown on return.
40.6302(a)–1 Voluntary payments of excise taxes by electronic funds transfer.
40.6302(c)–1 Use of Government depositaries.
40.6302(c)–2 Special rules for use of Government depositaries under section 4681.
40.6302(c)–3 Special rules for use of Government depositaries under chapter 33.

Section 40.6011(a)–1 also issued under 26 U.S.C. 6011(a).
Section 40.6011(a)–2 also issued under 26 U.S.C. 6011(a).
Section 40.6071(a)–1 also issued under 26 U.S.C. 6071(a).
Section 40.6071(a)–3 also issued under 26 U.S.C. 6071(a).
Section 40.6091–1 also issued under 26 U.S.C. 6091.
Section 40.6101–1 also issued under 26 U.S.C. 6101.
Section 40.6109(a)–1 also issued under 26 U.S.C. 6109(a).
Section 40.6302(a)–1 also issued under 26 U.S.C. 6302(a) and (h).
Section 40.6302(c)–1 also issued under 26 U.S.C. 6302(a) and (b).
Section 40.6302(c)–2 also issued under 26 U.S.C. 6302(a).
Section 40.6302(c)–3 also issued under 26 U.S.C. 6302(a).


§ 40.0–1 Introduction.
(a) In general. The regulations in this part 40 are designated “Excise Tax Procedural Regulations.” The regulations set forth administrative provisions relating to the excise taxes imposed by chapters 31, 32, 33, 34, 36, 38, and 39 (except for the chapter 32 tax imposed by section 4181 (firearms tax) and the chapter 36 taxes imposed by sections 4461 (harbor maintenance tax) and 4481 (heavy vehicle use tax)), and to floor stocks taxes imposed on articles subject to any of these taxes. Chapter 31 relates to retail excise taxes; chapter 32 to manufacturers’ excise taxes; chapter 33 to taxes imposed on communications services and air transportation; chapter 34 to taxes imposed on policies issued by foreign insurers; chapter 36 to taxes imposed on transportation by water; chapter 38 to environmental taxes; and chapter 39 to taxes imposed on registration-required obligations. See parts 43, 46, 48, 49, and 52 of this chapter for regulations relating to the imposition of tax.
(b) References to forms. Any reference to a form in this part is also a reference to any other form designated for the same use by the Commissioner after October 22, 1992.
(c) Definition of semimonthly period. The term “semimonthly period” means the first 15 days of a calendar month (the “first semimonthly period”) or the portion of a calendar month following the 15th day of the month (the “second semimonthly period”).
(d) Effective date. Except as otherwise provided, this part is effective April 1, 1991, for returns that relate to calendar quarters beginning after December 31, 1990, and are filed after March 31, 1991, and for deposits that relate to calendar quarters beginning after March 31, 1991. In the case of taxes for which rules are provided in this part, the administrative provisions that apply to such taxes before the effective date of this part are contained in 26 CFR parts 43, 46, 48, 49 and 52 (each revised as of April 1, 1992).


§ 40.6011(a)–1 Returns.
(a) In general—(1) Return required. The return of any tax to which this part 40 applies must be made on Form 720, Quarterly Federal Excise Tax Return, according to the instructions applicable to the form. The requirement for filing
§ 40.6011(a)–2

26 CFR Ch. I (4–1–02 Edition)

a return under this part 40 applies separately to each tax listed by IRS Number on Form 720. Except as provided in this paragraph (a)(1), an entry must be made on the line for the IRS Number in order to file a return of the tax corresponding to that number. The entry on an IRS Number line of the word “none,” “zero,” or comparable entry clearly indicating a denial of liability constitutes a return of that tax. The entry of the word “none” across the return or in the summary portion, provided it clearly indicates a denial of liability for all taxes, constitutes a return of all taxes listed on Form 720.

(2) Period covered by return—(i) In general. Except as provided in paragraph (b) of this section, the return must be made for a period of one calendar quarter. A return must be filed for the first calendar quarter in which liability for tax is incurred (or in which tax must be collected and paid over) and for each subsequent calendar quarter, whether or not liability is incurred (or tax must be collected and paid over) during that subsequent quarter, until a final return under § 40.6011(a)–2 is filed. In the case of one-time filings (as defined in § 40.6011(a)–2(b)) and returns of floor stocks taxes under § 40.6011(a)–2(c), a first return is also a final return.

(ii) First return. A person’s return is a first return if the person was not required under this part 40 to file a return (other than a final return) for the preceding period.

(iii) Floor stocks tax return. A return reporting liability for a floor stocks tax described in § 40.0–1(a) is a return for the calendar quarter in which the tax payment is due and not the calendar quarter in which the liability for tax is incurred.

(3) Person required to file the return. Except in the case of a tax required to be collected and paid over, the person incurring liability for tax must file the return. In the case of a tax required to be collected and paid over, the person required to collect the tax (and not the person incurring liability) must file the return.

(b) Monthly and semimonthly returns—(1) In general. If the district director determines that any person that is required under this section to file returns has failed to comply in a timely manner with the requirements of this part 40 relating to returns, payments, and deposits of tax, that person will be required, if so notified in writing by the district director, to make a return for a monthly or semimonthly period (as defined in § 40.0–1(c)). Each person so notified by the district director must make a return for the calendar month or semimonthly period in which the notice is received and for each calendar month or semimonthly period thereafter until the person has filed a final return or until the person is notified by the district director to resume making quarterly returns.

(2) Certain persons liable for tax on taxable fuel. The district director may require a person to make a return of tax for a monthly or semimonthly period in the manner prescribed in paragraph (b)(1) of this section if the person—

(i) Is a bonded registrant (as defined in § 48.4101–1(b) of this chapter) at any time during the period;

(ii) Has been registered under section 4101 for less than one year at the beginning of the period;

(iii) Meets the acceptable risk test of § 48.4101–1(f)(3) of this chapter by reason of § 48.4101–1(f)(3)(i)(B) of this chapter at any time during the period;

(iv) Has failed to comply with the applicable provisions of § 48.4101–1(h) of this chapter (relating to the terms and conditions of registration);

(v) Is liable for tax under § 48.4082–4(a) of this chapter (relating to the back-up tax on diesel fuel and kerosene) at any time during the period; or

(vi) Is liable for tax under section 4081 (relating to the tax on taxable fuel) at any time during the period and is not registered under section 4101 at that time.


§ 40.6011(a)–2 Final returns.

(a) In general—(1) Permanent cessation of operations. Any person that is required under § 40.6011(a)–1 to make returns and that permanently ceases all
operations with respect to which liability for tax was incurred (or with respect to which tax had to be collected and paid over) must make a final return in accordance with the instructions applicable to the form on which the return is made. A person does not make a final return if only a temporary or partial cessation of such operations occurs and must continue to file returns as required under §40.6011(a)-1.

(2) Change in law without cessation of operations. Any person that is required under §40.6011(a)-1 to make returns must make a final return in accordance with the instructions applicable to the form on which the return is made if, by reason of a change in law, that person is no longer liable for any tax (or, in the case of a collected tax, is no longer responsible for collecting and paying over any tax). For example, if the tax on a product is changed from a retail tax to a manufacturers tax, a retailer formerly liable for the tax but now buying the product tax-paid from its supplier must make a final return (assuming that the retailer has no other tax liability reportable on the return).

(b) Special rule for one-time filings—(1) In general. A first return is also a final return if it is a one-time filing. A return is a one-time filing if the person reporting tax does not engage in any activity with respect to which tax is reportable on the return in the course of a trade or business.

(2) Deposits not required. See §40.6302(c)-1(e)(2) for a rule providing that no deposit of taxes reported on a one-time filing is required.

(c) Special rule for floor stocks taxes. A first return reporting only floor stocks taxes under this part 40 is also a final return.


§ 40.6071(a)-1 Time for filing returns.

(a) Quarterly returns. Each quarterly return required under §40.6011(a)-1(a)(2) must be filed by the last day of the first calendar month following the quarter for which it is made.

(b) Monthly and semimonthly returns—(1) Monthly returns. Each monthly return required under §40.6011(a)-1(b) must be filed by the fifteenth day of the month following the month for which it is made.

(2) Semimonthly returns. Each semimonthly return required under §40.6011(a)-1(b) must be filed by the last day of the semimonthly period (as defined in §40.9-1(c)) following the semimonthly period for which it is made.

(c) Effective date. This section is applicable with respect to returns that relate to calendar quarters beginning on or after October 1, 2001.


§ 40.6071(a)-3 Time for an eligible air carrier to file a return for the third calendar quarter of 2001.

(a) In general. If, in the case of an eligible air carrier, the quarterly return required under §40.6011(a)-1(a) for the third calendar quarter of 2001 includes tax imposed by subchapter C of chapter 33—

(1) The requirements of §40.6071(a)-2 as in effect on August 7, 2001, do not apply to the return; and

(2) The return must be filed by January 15, 2002.

(b) Definition of eligible air carrier. Eligible air carrier has the same meaning as provided in section 301(a)(2) of the Air Transportation Safety and System Stabilization Act; that is, any domestic corporation engaged in the trade or business of transporting (for hire) persons by air if such transportation is available to the general public.

(c) Effective date. This section is applicable with respect to returns that relate to the third calendar quarter of 2001.

[T.D. 8963, 66 FR 5471, Feb. 6, 2002]

§ 40.6091–1 Place for filing returns.

(a) Quarterly returns. Except as provided in paragraph (b) of this section, quarterly returns must be filed in accordance with the instructions applicable to the form on which the return is made.

(b) Hand-carried returns—(1) Persons other than corporations. Returns of persons other than corporations that are filed by hand carrying must be filed
§ 40.6101–1

with the district director for the Internal Revenue district in which is located the principal place of business or legal residence of the person.

(2) Corporations. Returns of corporations that are filed by hand carrying must be filed with the district director for the Internal Revenue district in which is located the principal place of business or principal office or agency of the corporation.

(c) Monthly and semimonthly returns. Monthly and semimonthly returns required under §40.6011(a)–1(b) must be filed in accordance with the instructions of the district director requiring that filing.


§ 40.6101–1 Period covered by returns.

See §40.6011(a)–1(a)(2) for the rules relating to the period covered by the return.

[T.D. 8963, 66 FR 41776, Aug. 9, 2001]

§ 40.6151(a)–1 Time and place for paying tax shown on return.

Except as provided by statute, the tax must be paid at the time prescribed in §40.6071(a)–1 for filing the return, and at the place prescribed in §40.6091–1 for filing the return.

[T.D. 8968, 66 FR 41776, Aug. 9, 2001]

§ 40.6302(a)–1 Voluntary payments of excise taxes by electronic funds transfer.

Any person may voluntarily remit by electronic funds transfer any payment of tax to which this part 40 applies. Such payment must be made in accordance with procedures prescribed by the Commissioner.

[T.D. 8828, 64 FR 37677, July 13, 1999]

§ 40.6302(c)–1 Use of Government depositories.

(a) In general.—(1) Semimonthly deposits required. Except as provided by statute or by paragraph (e) of this section, each person required under §40.6011(a)–1(a)(2) to file a quarterly return must make a deposit of tax for each semimonthly period (as defined in §40.0–1(c)) in which tax liability is incurred.

(2) Treatment of taxes imposed by chapter 33. For purposes of this part 40, tax imposed by chapter 33 (relating to communications and air transportation) is treated as a tax liability incurred during the semimonthly period—

(i) In which that tax is collected; or

(ii) In the case of the alternative method, in which that tax is considered as collected.

(3) Definition of net tax liability. Net tax liability means the tax liability for the specified period plus or minus any adjustments allowable in accordance with the instructions applicable to the form on which the return is made.

(4) Computation of net tax liability for a semimonthly period. The net tax liability for a semimonthly period may be computed by—

(i) Determining the net tax liability incurred during the semimonthly period; or

(ii) Dividing by two the net tax liability incurred during the calendar month that includes that semimonthly period, provided that this method of computation is used for all semimonthly periods in the calendar quarter.

(b) Amount of deposit—(1) In general. The deposit of tax for each semimonthly period must be not less than 95 percent of the amount of net tax liability incurred during the semimonthly period.

(2) Safe harbor rules—(i) Applicability. The safe harbor rules of this paragraph (b)(2) are applied separately to taxes deposited under the alternative method provided in §40.6302(c)–3 (alternative method taxes) and to the other taxes for which deposits are required under this section (regular method taxes).

(ii) Regular method taxes. Any person who made a return of tax reporting regular method taxes for the second preceding calendar quarter (the lookback quarter) is considered to have complied with the requirement of this part 40 for deposit of regular method taxes for the current calendar quarter if—

(A) The deposit of regular method taxes for each semimonthly period in the current calendar quarter is not less than 1/6 of the net tax liability for regular method taxes reported for the look-back quarter;
(B) Each deposit is made on time;
(C) The amount of any underpayment of regular method taxes is paid by the due date of the return; and
(D) The person’s liability does not include any regular method tax that was not imposed at all times during the look-back quarter or a tax on a chemical not subject to tax at all times during the look-back quarter.

(iii) Alternative method taxes. Any person that made a return of tax reporting alternative method taxes for the look-back quarter is considered to have complied with the requirement of this part 40 for deposit of alternative method taxes for the current calendar quarter if—

(A) The deposit of alternative method taxes for each semimonthly period in the current calendar quarter is not less than 1/6 of the net tax liability for alternative method taxes reported for the look-back quarter;
(B) Each deposit is made on time;
(C) The amount of any underpayment of alternative method taxes is paid by the due date of the return; and
(D) The person’s liability does not include any alternative method tax that was not imposed at all times during the look-back quarter and the month preceding the look-back quarter.

(iv) Modification for tax rate increase. The safe harbor rules of this paragraph (b)(2) do not apply to regular method taxes or alternative method taxes for the first and second calendar quarters beginning on or after the effective date of an increase in the rate of any tax to which this part 40 applies unless the deposit of those taxes for each semimonthly period in the calendar quarter is not less than 1/6 of the tax liability the person would have had with respect to those taxes for the look-back quarter if the increased rate of tax had been in effect for the look-back quarter.

(v) Failure to comply with deposit requirements. If a person fails to make deposits as required under this part 40, that failure may be reported to the appropriate IRS office and the IRS may withdraw the person’s right to use the safe harbor rules of this paragraph (b)(2).

(c) Time to deposit.—(1) In general. The deposit of tax for any semimonthly period must be made by the 14th day of the following semimonthly period unless such day is a Saturday, Sunday, or legal holiday in the District of Columbia in which case the immediately preceding day which is not a Saturday, Sunday, or legal holiday in the District of Columbia is treated as the 14th day. Thus, generally, the deposit of tax for the first semimonthly period in a month is due by the 29th day of that month and the deposit of tax for the second semimonthly period in a month is due by the 14th day of the following month.

(2) Exceptions. See §40.6302(c)-2 for the special rules for September. See §40.6302(c)-3 for the special rules for deposits under the alternative method.

(d) Remittance of deposits.—(1) Deposits by federal tax deposit coupon. A completed Form 8109, "Federal Tax Deposit Coupon," must accompany each deposit. The deposit must be remitted, in accordance with the instructions applicable to the form, to a financial institution authorized as a depositary for federal taxes (as provided in 31 CFR part 203).

(2) Deposits by electronic funds transfer. For the requirement to deposit excise taxes by electronic funds transfer, see §31.6302-1(h) of this chapter. A taxpayer not required to deposit by electronic funds transfer pursuant to §31.6302-1(h) of this chapter remains subject to the rules of this paragraph (d).

(e) Exceptions.—(1) Taxes excluded. No deposit is required in the case of the taxes imposed by—

(i) Section 4042 (relating to fuel used on inland waterways);
(ii) Section 4161 (relating to sport fishing equipment and bows and arrow components);
(iii) Section 4982(h) (relating to floor stocks tax on ozone-depleting chemicals); and
(iv) Section 48.4081-3(b)(1)(iii) of this chapter (relating to certain removals of gasohol from refineries).

(2) One-time filings. No deposit is required in the case of any taxes reportable on a one-time filing (as defined in §40.6011(a)-2(b)).

(3) De minimis exception. For any calendar quarter, no deposit is required if the net tax liability for the quarter does not exceed $2,500.
§ 40.6302(c)–2 Special rules for September.

(a) In general—(1) Separate deposits required for the second semimonthly period. In the case of deposits of taxes not deposited under the alternative method (regular method taxes) for the second semimonthly period in September, separate deposits are required for the period September 16th through 26th and for the period September 27th through 30th.

(b) Persons not required to use electronic funds transfer. The rules of this section are applied with the following modifications in the case of a person not required to deposit taxes by electronic funds transfer.

(1) Periods. The deposit periods for the separate deposits required under paragraph (a) of this section are September 16th through 25th and September 26th through 30th.

(2) Amount of deposit. In computing the amount of deposit required under paragraph (a)(2)(i)(B) of this section, the applicable fraction is 10/15. In computing the amount of deposit required under paragraph (a)(2)(ii)(A) of this section, the applicable fraction is 10/90.

(c) Effective date. This section is applicable with respect to deposits that relate to calendar quarters beginning on or after October 1, 2001. [T.D. 8963, 66 FR 41777, Aug. 9, 2001]

§ 40.6302(c)–3 Special rules for use of Government depositaries under chapter 33.

(a) Overview. This section sets forth an alternative method for computing the amount of deposits of taxes imposed by chapter 33, and provides rules...
relating to the time for making a deposit and the amount of tax to be reported on the return of tax for each quarter by persons using the alternative method. The safe harbor rules for computing deposits of tax using the alternative method and the general rules relating to deposits are set forth in §40.6302(c)(1) and apply unless inconsistent with the rules set forth below.

(b) Alternative method for computing deposits—(1) In general—(i) Alternative method. Any person required to collect and pay over any tax imposed by chapter 33 may compute the amount of that tax to be deposited on the basis of amounts considered as collected (the “alternative method”) instead of on the basis of actual collections of tax.

(ii) Using more than one method to compute deposits. A person may compute deposits of tax imposed by one or more sections of chapter 33 using the alternative method provided by this section and compute deposits of taxes imposed by other sections of chapter 33 on the basis of amounts actually collected using the rule of §40.6302(c)(1)(c)(1). For purposes of this paragraph (b)(1)(ii), the taxes imposed by section 4261(a) and (b) are treated as taxes imposed by the same section.

(2) Applicability—(i) In general. A person may use the alternative method with respect to a tax only if the person—

(A) Separately accounts for the tax in accordance with paragraph (b)(2)(i)(A) of this section (the “separate account”) and

(B) Makes a return of the tax on the basis of the amount of the tax that is considered as collected.

(ii) Separate account. The account required under paragraph (b)(2)(i)(A) of this section (the “separate account”) must reflect for each month—

(A) All items of the tax that are included in amounts billed or tickets sold to customers during the month; and

(B) Items of adjustment (including bad debts and errors) relating to the tax for prior months within the period of limitations on credits or refunds.

(iii) Change of method. The method of computing deposits of tax imposed by a section of chapter 33 (as described in paragraph (b)(1)(ii) of this section) may be changed only at the beginning of a calendar quarter. Before a person changes the method used to compute the amount of tax to be deposited and reported for a calendar quarter, the person must notify the Commissioner so that proper adjustments may be made in order to properly reflect that person’s collections of excise tax.

(3) Period during which tax is considered as collected. For purposes of this section, the tax included in amounts billed or tickets sold during a semimonthly period (as defined in §40.0–1(c)) is considered as collected during the first seven days of the second following semimonthly period. Thus, the tax included in amounts billed or tickets sold during the first semimonthly period of a calendar month is considered as collected during the period of the 1st day through the 7th day of the following month; the tax included in amounts billed or tickets sold during the second semimonthly period of a calendar month is considered as collected during the period of the 16th day through the 22nd day of the following month.

(4) When amounts are billed. For purposes of this section, an amount is billed on the earlier of the date the amount is received or the date a bill for the amount is rendered.

(c) Time to deposit. Under the alternative method, the deposit of tax for any semimonthly period must be made by the third banking day after the seventh day of that semimonthly period. Thus, for example, the deposit for the semimonthly period beginning on January 1, 1993 (relating to amounts billed between December 1st and December 15, 1992) is due by January 12, 1993, three banking days after January 7, the seventh day of the semimonthly period.

(d) Amount of deposit. Under the alternative method, the deposit of tax for any semimonthly period must be not less than 95 percent of the net amount of tax that is considered as collected during that semimonthly period. The net amount of tax that is considered as collected during the semimonthly period must be either the net amount of tax reflected in the separate account for the corresponding semimonthly period or one-half the net amount of tax reflected in the
§ 40.6302(c)-3 26 CFR Ch. I (4–1–02 Edition)

separate account for the preceding month.

(e) Reporting of tax. If a tax is deposited under the alternative method for a calendar quarter, the return of tax for the quarter must report the net amount of the tax that is considered as collected during the quarter and not the amount of the tax that is actually collected during the quarter. The amount to be reported for each month is the net amount of tax reflected in the separate account for the preceding month. February is the amount reported as the collections for December, January, and February are considered as collected during January, February, and March, and are reported as the collections of tax for January, February, and March (the first calendar quarter). Thus, the net amount of tax reflected in the separate accounts for December, January, and February is the amount reported as collections for the first quarter.

(i) Determining the net amount of alternative method taxes reflected in the separate account for the first semimonthly period in September (or one-half of the net amount of alternative method taxes reasonably expected to be reflected in the separate account for the month of September); (ii) Treating \( \frac{11}{15} \) of that amount as the amount of taxes charged during the period September 1st–11th; and

(iii) Treating the remainder of the amount determined under paragraph (f)(3)(i) of this section (adjusted, if that amount is based on reasonable expectations, to reflect actual taxes charged through the end of September) as the amount charged during the period September 12th–15th.

(4) Safe harbor rule based on look-back quarter liability. The safe harbor rule of § 40.6302(c)–1(b)(2) does not apply for the fourth calendar quarter unless—

(i) The deposit for alternative method taxes charged during the period September 1st–11th is not less than \( \frac{11}{15} \) of the net tax liability reported for alternative method taxes for the look-back quarter; and

(ii) The total deposit for alternative method taxes charged during the first semimonthly period in September is not less than \( \frac{5}{6} \) of the net tax liability reported for alternative method taxes for the look-back quarter.

(5) Persons not required to use electronic funds transfer. In the case of a person that is not required to deposit excise taxes by electronic funds transfer (a non-EFT depositor), the rules of this paragraph (f) apply with the following modifications:

(i) The taxes for which separate deposits must be made are the taxes charged during the periods September 1st–10th and September 11th–15th.

(ii) The deposit required for taxes charged during the period beginning September 1st must be made by September 28. A deposit that would otherwise be due on September 29 is a Saturday and by September 30 if September 29 is a Sunday.

(iii) The generally applicable fractions and percentage are modified to reflect the different deposit periods in accordance with the following table:
Generally applicable fractions and percentage Modifications for non-EFT depositors

<table>
<thead>
<tr>
<th>Fraction</th>
<th>Percentage</th>
<th>Fraction</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/15</td>
<td>73.33 percent</td>
<td>10/15</td>
<td>66.67 percent</td>
</tr>
<tr>
<td>11/90</td>
<td>66.67 percent</td>
<td>10/90</td>
<td>62.50 percent</td>
</tr>
</tbody>
</table>

(g) Effective date. This section is applicable with respect to deposits and returns that relate to taxes that are considered as collected in calendar quarters beginning on or after October 1, 2001.


§ 41.4481–1

41.4481–1 Imposition of tax.

(a) In general. Tax is imposed on the use during a taxable period of any registered highway motor vehicle that (together with the semitrailers and trailers customarily used in connection with highway motor vehicles of the same type as such highway motor vehicle) has a taxable gross weight of at least 55,000 pounds.

(b) Rate of tax. For the rate of tax generally, see section 4481(a). For the rate of tax for certain vehicles used in logging, see section 4483(e). For the rate of tax for certain vehicles base-plated in Canada or Mexico, see section 4483(f). For a special rule for the taxable period in which the tax terminates, see section 4482(d).

(c) Computation of tax. (1) Except as provided in paragraph (c)(2) of this section, the tax on the use of a particular highway motor vehicle for a taxable period is computed as follows:

(i) For vehicles with a taxable gross weight of at least 55,000 pounds, but not over 75,000 pounds, add to $100 an amount equal to $22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds; and
(i) For vehicles with a taxable gross weight over 75,000 pounds, the tax is $550.

(2) If the first taxable use of a particular highway motor vehicle is made after the first month of the taxable period, the tax on the use of such vehicle for such taxable period is computed by multiplying the amount of tax that would be due for a full taxable period as computed under paragraph (c)(1) of this section, by a fraction. Such fraction shall have as its numerator the number of months in the taxable period beginning with the month of first taxable use and as its denominator the number of months in the entire taxable period. For purposes of determining the fraction, any part of a month is counted as a full month. (See example (2) of paragraph (e) of this section.)

(3) If the taxable gross weight of a vehicle increases during the month in which the vehicle is first used in a taxable period, the tax for the vehicle for the taxable period is computed on the basis of the increased weight. If the taxable gross weight of a vehicle increases after the month in which the vehicle was first used in a taxable period, the additional tax liability, if any, that results from the increased weight is calculated according to the following formula:

$$\left[\frac{T_1 \times P}{12} + \left(\frac{T_2 \times R}{12}\right)\right] - T_1,$$

where:

- $T_1$ = Tax imposed for a full taxable period (or partial taxable period as determined under paragraph (c)(2) of this section) at the vehicle's previously reported taxable gross weight.
- $T_2$ = Tax imposed for the same taxable period as used in $T_1$ at the vehicle's increased taxable gross weight.
- $P$ = The number of months in the taxable period during which the vehicle's taxable gross weight was as previously reported for such taxable period. This number does not include the month in which the vehicle's taxable gross weight increased.
- $R$ = The number of months remaining in the taxable period including the month in which the vehicle's taxable gross weight was increased.

If tax was imposed for a partial taxable period as determined under paragraph (c)(2) of this section, the additional tax is determined by substituting the numerator of months in such partial taxable period for "12" in the above formula.

(4) If in any taxable period the taxable gross weight of a highway motor vehicle is decreased, the computation of tax is not affected and no right to credit or refund of any tax paid under section 4481 arises.

(5) If in any taxable period a highway motor vehicle is destroyed or stolen before the first day of the last month in the taxable period, and is not subsequently used during such taxable period, the tax shall be calculated proportionately from the first day of the month in the period in which the first taxable use of the highway motor vehicle occurs to and including the last day of the month in which the highway motor vehicle was destroyed or stolen. Any tax paid under section 4481(a) on such a highway motor vehicle in excess of the tax calculated in the preceding sentence, shall be an overpayment for which a credit or refund of tax may be claimed. For purposes of this paragraph (c)(5), a highway motor vehicle is destroyed if the vehicle is damaged due to an accident or other casualty to such an extent that it is not economical to rebuild.

(6) If the use of a highway motor vehicle during the taxable period is discontinued (for reasons other than destruction or theft as described in paragraph (c)(5) of this section) or is converted to a use which is exempt from the tax imposed by section 4481(a), the computation of the tax is not affected and no right to a credit or refund of any tax paid under section 4481 arises.

(a) Credit or refund of tax under section 4481(a). (1) Any claim for refund of an overpayment of tax under section 4481(a) due to destruction or theft of the vehicle shall be made in accordance with the applicable provisions of this section and §301.6402–2 (Regulations on Procedure and Administration) and shall be filed by the person in whose name the vehicle is registered or required to be registered when the vehicle is destroyed or stolen. A claim for refund of the tax imposed by section 4481(a) is to be filed on Form 8849 (or such other form as the Commissioner may designate).

(2) Any person entitled to claim a refund of tax under paragraph (d)(1) of
this section may, in lieu of claiming a refund of such tax, claim a credit for such tax on the next Form 2290 required to be filed.

(e) Examples. The application of section 4481 and this section may be illustrated by the following examples:

Example (1). In the taxable period beginning August 10, 1984, the first taxable use of a particular highway motor vehicle, a bus, having a taxable gross weight of 56,000 pounds, occurs on July 10, 1984, at which time the vehicle is registered in the name of X. A tax of $122 ($100+$22) is imposed on X for the use of such vehicle for such taxable period.

Example (2). On July 1, 1984, X has registered in his name a highway motor vehicle having a taxable gross weight of 60,000 pounds. The vehicle is in “dead storage” until August 10, 1984, at which time X starts using the vehicle on the public highways in carrying on his trucking business. On August 10, 1984, the vehicle is still registered in X’s name. Since the first taxable use of this highway motor vehicle during the taxable period occurred on August 10, 1984, X is required to pay a tax of $192.50 ($100+$92.50) for such taxable period.

Example (3). On April 15, 1985, a vehicle with a taxable gross weight of 70,000 pounds and registered in the name of Y is completely destroyed. Y had purchased the vehicle from X who had paid the tax for the taxable period beginning July 1, 1984. Y is entitled to a refund of tax for those full months after destruction in the taxable period ending June 30, 1985. Thus, Y may file a claim for a refund of $71.67—2/12 of the total tax of $430 ($100+(5$22)) imposed on Y for the use of such vehicle in the taxable period beginning July 1, 1984. Y may file the claim after destruction in the taxable period ending June 30, 1985. Thus, Y may file a claim for a refund of $71.67—2/12 of the total tax of $430 ($100+(5$22)) imposed on Y for the use of such vehicle in the taxable period beginning July 1, 1984. Y may file the claim after destruction in the taxable period ending June 30, 1985. Thus, Y may file a claim for a refund of $71.67—2/12 of the total tax of $430 ($100+(5$22)) imposed on Y for the use of such vehicle in the taxable period beginning July 1, 1984. Y may file the claim after destruction in the taxable period ending June 30, 1985.


§ 41.4481–2 Persons liable for tax.

(a) In general. (1)(i) A person is liable for the tax imposed by section 4481 with respect to the use of a highway motor vehicle in a taxable period if the vehicle is registered in the person’s name—

(A) At the time of the first use of the vehicle in the taxable period;

(B) In the case of a vehicle under a suspension of tax described in §41.4483–3(a), at the time the use on the public highways during the taxable period exceeds 5,000 miles (7,500 miles for agricultural vehicles);

(C) At the time that an increase in the taxable gross weight of the vehicle results in an additional tax liability (as computed under §41.4481–1(c)(3)) if the increase occurs after the month in which the vehicle was first used in the taxable period; or

(D) At the time of any use during the taxable period that is after the first use during the period, but only to the extent that the tax or any installment payment of the tax has not previously been paid.

(ii) In any case in which more than one person is liable for the tax for a taxable period, the liability of all persons is satisfied to the extent that the tax is paid by any person liable for the tax.

(2) The application of paragraph (a)(1) of this section may be illustrated by the following example:

Example. In the taxable period beginning July 1, 1985, the first taxable use of a particular highway motor vehicle having a taxable gross weight of 60,000 pounds occurs on July 10, 1985, at which time the vehicle is registered in the name of Y. On September 1, 1985, Y sells the vehicle to X who registers and uses the vehicle before the end of such taxable period. Since the vehicle was registered in the name of Y at the time of its first taxable use, Y is liable for the total tax of $210 ($100+(5$22)) imposed on the use of the vehicle for the taxable period. X is also liable for $210 tax or any part thereof, but only to the extent that Y does not pay it. To the extent that either X or Y pays the tax the other party is relieved of such liability.

(b) Evidence of prior use of second-hand vehicle. Every person who, at any time in the taxable period, acquires and has registered in his name a secondhand highway motor vehicle shall obtain and keep as a part of his records evidence, which he believes to be true, showing whether there was or was not a taxable use of such vehicle at any time in such taxable period prior to the time when the vehicle was registered in his name. Such person shall also obtain and keep as evidence a statement from the transferee as to whether there was in effect, at the time the vehicle was acquired, a suspension under § 41.4483–3(a) of the tax imposed by section 4481(a). The evidence may take the form of a written statement, signed and dated by the person from whom the vehicle was acquired, showing whether there was or was not a prior taxable use of the vehicle and whether there was a suspension.
§ 41.4481–3 Registration.

(a) For purposes of the regulations in this part, the term “registered” when used in reference to a highway motor vehicle means—

(1) Registered under the law of any State or Territory of the United States, the District of Columbia, or contiguous foreign country, or

(2) Required to be registered under the law of any State or Territory of the United States or contiguous foreign country in which such highway motor vehicle is operated or situated or, in the District of Columbia, under the law of the District of Columbia.

Any highway motor vehicle which is operated under a dealer’s tag, license, or permit is considered to be registered in the name of such dealer. A highway motor vehicle is not considered to be registered solely by reason of the fact that there has been issued a special permit for operation of the vehicle at particular times and under specified conditions.

(b) 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.


§ 41.4482(a)–1 Definition of highway motor vehicle.

(a) Highway motor vehicle. The term “highway motor vehicle” means any vehicle that is both:

(1) A vehicle propelled by means of its own motor, whether such motor is powered by gasoline, diesel fuel, special motor fuels, electricity, or otherwise, and

(2) A “highway vehicle” as defined in §48.4061(a)–1(d) of this chapter.

(b) Treatment of certain excluded vehicles. Although trailers and semitrailers used in combination with highway trucks or truck-tractors are not vehicles the use of which is subject to the tax imposed by section 4481(a), trailers and semitrailers customarily used in combination with highway trucks or truck-tractors are taken into account in determining the taxable gross weight of the highway motor vehicle under §41.4482(b)–1, which is the base of the tax.


§ 41.4482(b)–1 Definition of taxable gross weight.

(a) Actual unloaded weight—(1) In general. Actual unloaded weight means the empty (or tare) weight of the truck, truck-tractor, or bus, fully equipped for service.

(2) Trucks and truck-tractors. A truck or truck-tractor fully equipped for service includes the body (whether or not designed and adapted primarily for transporting cargo, as for example, concrete mixers); all accessories; all equipment attached to or carried on such truck or truck-tractor for use in connection with the movement of the vehicle by means of its own motor or
for use in the maintenance of the vehicle; and a full complement of lubricants, fuel, and water. It does not include the driver, any equipment (not including the body) attached to or carried on the vehicle for use in handling, protecting, or preserving cargo, or any special equipment (such as an air compressor, crane, specialized oilfield machinery, etc.) mounted on the vehicle for use on construction jobs, in oilfield operations, etc.

(3) Buses. A bus fully equipped for service includes the body; all accessories; all equipment attached to or carried on such bus for use in connection with the movement of the vehicle by means of its own motor, for use in the maintenance of the vehicle, or for the accommodation of passengers or others (such as air conditioning equipment and sanitation facilities, etc.); and a full complement of lubricants, fuel, and water. It does not include the driver.

(b) Determination of taxable gross weight—(1) In general. The taxable gross weight of a highway motor vehicle is the sum of the actual unloaded weight of the vehicle fully equipped for service, the actual unloaded weight of any semitrailers or trailers fully equipped for service customarily used in combination with the vehicle, and the weight of the maximum load customarily carried on the vehicle and on any semitrailers or trailers customarily used in combination with the vehicle. In the case of a highway motor vehicle that is registered in at least one State that requires a declaration of gross weight to be stated as a specific amount by the registrant, the taxable gross weight of such vehicle must fall within the highest gross weight category of such State for which such vehicle is registered during the taxable period. Declarations of weight made in order to obtain special temporary travel permits which allow a vehicle to, (i) operate in a State in which the vehicle is not registered or prorated, (ii) operate at more than a State’s maximum statutory weight limit, or (iii) operate at more than the weight that the vehicle is registered in a State, shall not be considered in determining the taxable gross weight of a vehicle.

(2) Buses. For purposes of the tax imposed by section 4481(a), the taxable gross weight of a bus shall be the sum of the weights referred to in paragraph (b)(1) of this section except that “the weight of the maximum load customarily carried” on a bus shall be equal to 150 pounds times the number of units of seating capacity provided for passengers and driver.

(c) Examples. The provisions of this section may be illustrated by the following examples:

Example (1). A is the owner of a truck-tractor. On January 1, 1985, A registers the truck-tractor in three states—X, Y, and Z. For purposes of registering the vehicle in State X, A declares the gross operating weight of his truck-tractor to be 60,000 pounds. The declaration of the gross weight of the vehicle at 50,000 pounds places A’s truck-tractor in the State X registration category of 55,000 to 62,000 pounds gross weight. Thus, the registered weight of A’s vehicle in State X is 62,000 pounds. At the same time as A registers the vehicle in State X, A also proportionally registers the vehicle under the IRP in State Y. A uses the same declared gross weight of 60,000 pounds for purposes of the State Y proportional registration. Registration in State Y at this declared gross weight places A’s truck-tractor in the State Y gross weight registration category of 58,000 to 62,000 pounds. Finally, A registers the truck-tractor in State Z. Registration of vehicles in State Z is based on the unladen weight of the vehicle. During the taxable period beginning on July 1, 1985, A’s truck-tractor is not registered in any other state. For the taxable period beginning on July 1, 1985, A must declare a taxable gross weight of no less than 60,000 pounds for purposes of the tax imposed by section 4481(a) because that is the highest declared gross weight for state registration or other purposes. Should A declare to any State
agency a higher gross operating weight with respect to the truck-tractor during the same taxable period (except for a special temporary permit). A would then be liable for additional tax as determined under paragraph (c)(3) of §41.4481-1.

Example (2). Assume the same facts as in example (1), except that on one occasion during the taxable period, A was issued a special 2-day permit to use his truck-tractor in State X to haul a load which would give A’s unit a total gross weight of 60,000 pounds. A may still declare the taxable gross weight of his unit to be no less than 60,000 pounds because special permits to haul heavier loads on a temporary basis are not considered in determining the taxable gross weight of a vehicle.

Example (3). C owns and has registered in his name 2 trucks which are identical in all respects and which are used to carry the same type of load. The first vehicle is registered only in State X at a registered weight of 73,000 pounds based on a declared gross weight of 70,000 pounds. The second vehicle is registered only in State Y at a registered weight of 68,000 pounds based on a declared gross weight of 65,000 pounds. No other declarations of gross weight are made with respect to either vehicle. For purposes of the Federal heavy vehicle use tax, the taxable gross weight of the vehicle registered in State X may be declared at no less than 70,000 pounds and the taxable gross weight of the vehicle registered in State Y may be declared at no less than 65,000 pounds even though the vehicles are identical.


§41.4482(c)-1 Definition of State, taxable period, use, and customarily used.

(a) State. State includes any State, any political subdivision of a State, the District of Columbia, and, to the extent provided by section 7871, any Indian tribal government.

(b) Taxable period. For the definition of taxable period, see section 4482(c).

(c) Use. The term “use”, as used in the regulations in this part with reference to a highway motor vehicle, means the use of the highway motor vehicle on the public highways in the United States, that is, operation of the vehicle, by means of its own motor, on any roadway (whether a Federal highway, State highway, city street, or otherwise) in the United States which is not a private roadway. Thus, for purposes of the tax, there is no use of a highway motor vehicle while the vehicle is in “dead storage”. The term “use” does not include operation of a new highway motor vehicle on a public highway in the United States if such operation is merely for the purpose of transporting the vehicle from the point of manufacture or assembly to the consumer, whether direct or with intermediate deliveries to such points as are involved in the distribution process. For example, operation of a new vehicle for the purpose of delivering it from the factory to a branch establishment of the manufacturer, or from the factory or branch establishment to a dealer, distributor, or consumer, does not constitute use of the vehicle within the meaning of the regulations in this part; likewise, the further operation of the vehicle by a dealer or distributor for the purpose of delivering the vehicle to a consumer does not constitute use of the vehicle. Similarly, the operation of a secondhand highway motor vehicle by a dealer or distributor for the purpose of delivering the vehicle to a purchaser does not constitute use of the vehicle within the meaning of the regulations in this part. Furthermore, the term “use” does not include operation of a new or secondhand highway motor vehicle, if such operation is exclusively for the purpose of demonstration of the vehicle by a dealer in, or distributor of, new or secondhand highway motor vehicles. Operation of a highway motor vehicle on a private roadway, or other private property, does not constitute use of the vehicle within the meaning of the regulations in this part.

(d) Customarily used. A semitrailer or trailer is treated as customarily used in connection with a highway motor vehicle if the vehicle is equipped to tow the semitrailer or trailer.


§41.4483-1 State exemption.

Use of a highway motor vehicle by a State is exempt from the tax imposed by section 4481. For this purpose, the term use by a State means the operation
by a State on the public highways in the United States of any highway motor vehicle, whether or not such highway motor vehicle is owned by the State.

[T.D. 8879, 65 FR 17154, Mar. 31, 2000]

§ 41.4483–2 Exemption for certain transit-type buses.

(a) In general. Use in any taxable period, or part thereof, of any bus of the transit type by any person who is engaged in the operation of a transit system is exempt from the tax, if such person meets the 60-percent passenger fare revenue test provided for in paragraph (e) of this section, for the applicable period prescribed in paragraph (c) of this section as the test period for such person for such system for such taxable period, or part thereof.

(b) Buses of the transit type. The term “transit type”, when used in the regulations in this part with reference to a bus, means the type of bus which is designed for the mass transportation of persons within an urban area, as distinguished from the intercity-type bus. A transit-type bus is ordinarily distinguishable from an intercity-type bus by comparison of seats, doors, and baggage facilities. The transit-type bus usually has straight-back seats of the bench type, while the intercity-type bus generally has seats which either can be reclined or are in fact permanently fixed in a reclining position. The transit-type bus is more likely to have an accordion or folding-type door at the front of the bus, and often has a second door in the middle or at the rear for passengers to leave the bus, as opposed to the emergency-type rear door which may or may not be included in the intercity-type bus. The typical transit-type bus does not have facilities for storing baggage whereas the typical intercity-type bus has facilities for storing baggage in a compartment underneath the floor of the bus or in overhead racks, or both. Other characteristics which may be taken into account in distinguishing a transit-type bus from an intercity-type bus include gear ratios, acceleration and maximum speed, and aisle space for standees. The transit-type bus ordinarily has a lower gear ratio to provide for quick starts and because, in general, buses of this type are operated at low speeds. The intercity-type bus ordinarily has a higher gear ratio and can be operated at much higher speeds. The transit-type bus usually has wider aisles, with overhead straps or bars to accommodate standees.

(c) Test period. (1) In the case of any person who is engaged in the operation of a transit system at any time in the calendar quarter immediately preceding July 1 of any taxable period, the test period for such system for such taxable period shall be such calendar quarter. However, if passenger fare revenue from scheduled service described in paragraph (e) of this section was derived on less than 30 days during such calendar quarter from operation of such system, the test period for such system for such taxable period shall be the test period for such system for the last preceding test period for such system. If such system has no preceding test period, then the test period for such system for such taxable period shall be the calendar quarter beginning with July 1 of such taxable period.

(2) Except as otherwise provided in subparagraph (3) of this paragraph, in the case of any person who commences operation of a transit system at any time on or after July 1 of any taxable period the test period for such system for that part of such taxable period beginning with the first day on which such operation was commenced shall be the calendar quarter in which falls such first day. However, if passenger fare revenue from scheduled service described in paragraph (e) of this section was derived on less than 30 days during such calendar quarter from operation of such system, the test period for such system for such taxable period shall be the following calendar quarter.

(3) In the case of any person who commences operation of a transit system at any time in the last calendar quarter to which the tax imposed by section 4481 applies, such last calendar quarter shall be the test period for such transit system regardless of the number of days in which passenger fare revenue is derived in such calendar quarter.

(d) Transit system. The term “transit system”, as used in the regulations in
§ 41.4483-3  26 CFR Ch. I (4–1–02 Edition)

this part, means any system for furnishing scheduled common carrier public passenger land transportation service along regular routes.

(e) 60-percent passenger fare revenue test. For purposes of this section, a person engaged in the operation of a transit system meets the 60-percent passenger fare revenue test, for the applicable test period prescribed in this section, if:

(1) During such test period such person derived passenger fare revenue from the operation of such system, and

(2) At least 60 percent of the total of such passenger fare revenue derived by such person during such test period was attributable to (i) amounts paid for transportation which do not exceed 60 cents, (ii) amounts paid for commutation or season tickets for single trips of less than 30 miles, or (iii) amounts paid for commutation tickets for one month or less. If the X Transit Company does not meet the 60-percent passenger fare revenue test for April, May, and June of 1984, the tax attaches for the taxable period beginning with July 1, 1984, with respect to the use of each of the 20 transit-type buses having a taxable gross weight of more than less than 55,000 pounds.

Example (2). Assume the same facts as those stated in Example (1), except that the X Transit Company commences operation of the transit system on April 15, 1984, and derives passenger fare revenue from operation of the system throughout the following August and September. In such case, the test period is July, August, and September of 1984, and if the test is met for this period, no tax is imposed on the use by the Company of any bus of the transit type in the period July 15, 1984, through June 30, 1985.

Example (3). Assume the same facts as those stated in Example (1), except that the X Transit Company commences operation of the transit system on April 15, 1985, and derives passenger fare revenue from operation of the system throughout the following May and June. In such case, the test period is April, May, and June of 1985, and if the test is met for this period, no tax is imposed on the use by the Company of any bus of the transit type in the period April 15 through June of 1985, or in the taxable period beginning on July 1, 1985.


§ 41.4483-3  Exemption for trucks used for 5,000 or fewer miles and agricultural vehicles used for 7,500 or fewer miles on public highways.

(a) Suspension of tax—(1) In general. Liability for the tax imposed by section 4481(a) is suspended during a taxable period if it is reasonable to expect that the vehicle will be used for 5,000 or fewer miles on public highways during such taxable period and the owner furnishes in the time and manner required the information required under paragraph (a)(2) of this section. See paragraph (g) of this section regarding special rules for agricultural vehicles. See §41.4482(c)–1(c) for the meaning of “use” on the public highways.

(2) Information to be supplied in support of suspension of tax. The owner of a highway motor vehicle who reasonably expects that the vehicle will be used
for 5,000 or fewer miles on public highways during a taxable period shall furnish on the first Form 2290 filed during the taxable period for such motor vehicle, such information as is required by the Form in order to support the suspension of tax under paragraph (a) of this section.

(b) Cessation of suspension from tax. If a highway motor vehicle on which the tax under section 4481(a) is suspended for a particular taxable period under paragraph (a)(1) of this section is used for more than 5,000 miles on public highways during such taxable period, the owner of the vehicle is liable for the tax for the entire taxable period in accordance with section 4481(a).

(c) Exemption. If at the end of any taxable period during which the tax under section 4481(a) on a highway motor vehicle was suspended under paragraph (a)(1) of this section the vehicle has not been used for more than 5,000 miles on public highways, the vehicle shall be exempt from the tax for that taxable period. The owner of the vehicle shall verify that the vehicle was used for less than 5,000 miles in such ended taxable period on the first Form 2290 filed for the next taxable period.

(d) Examples. The provisions of this section may be illustrated by the following examples:

Example (1). A is the owner of 6 highway motor vehicles, each of which has a taxable gross weight in excess of 55,000 pounds. None of these 6 vehicles are agricultural vehicles. The vehicles are placed in use during July 1984. Because of the nature of his business, A reports on the first Form 2290 filed after June 30, 1984, that he reasonably expects that none of the vehicles will be used for more than 5,000 miles on public highways. Accordingly, the tax imposed by section 4481(a) is suspended for A’s 6 vehicles for the taxable period July 1, 1984, through June 30, 1985, for that vehicle at the rate set forth in §4481-1(b), and must so report on a Form 2290 filed on or before March 31, 1985, the last day of the month following the month in which the use exceeds 5,000 miles.

(e) Credit or refund of tax for highway motor vehicle used 5,000 or fewer miles. (1) If a highway motor vehicle on which the tax imposed by section 4481(a) has been paid for a given taxable period is used for 5,000 or fewer miles on public highways during such taxable period, the person who paid the tax may file a claim for refund of an overpayment of the tax at the end of the taxable period. Claims for refunds of tax made under this paragraph (e) shall be filed in the same manner as claims for refunds filed under §41.4481–1(d). Refunds of tax made under this paragraph (e) shall be without interest.

(2) Any person entitled to claim a refund of tax under paragraph (e)(1) of this section may, in lieu of claiming a refund of such tax, claim credit for such tax on the first Form 2290 filed for the next taxable period.

(f) Relief from liability for tax under certain circumstances. If the tax imposed by section 4481(a) on a highway motor vehicle is suspended for any taxable period under paragraph (a) of this section and the vehicle is transferred while the suspension is in effect, the transferor will not be liable for any tax on such vehicle for such taxable period if such transferor furnishes a statement to the transferee on which is included the transferor’s name, address and taxpayer identification number, the vehicle identification number, the date of transfer of the vehicle, the number of miles the vehicle has been used on the public highways during the taxable period, the odometer reading at the time of the transfer, and the name, address and taxpayer identification number of the transferee. The suspension from tax under paragraph (a) continues until the vehicle is used on the public highways for more than 5,000 miles during the taxable period (including use by the transferee for the portion of the taxable period prior to the transfer). If the transferor has furnished the statement required in this paragraph (f), the transferee and not the transferor is liable for the entire tax under section 4481(a) for the taxable period in which the transfer was made. If the transferee has not furnished such statement to the transferee, then the transferee is also liable for the tax on the use of such vehicle for such taxable period to the extent that the tax or an installment payment of the tax has not been
previously paid. See paragraph (b) of this section relating to cessation of suspension from tax and §41.6011(a)–1(a)(3) for a requirement that certain transferees described in this paragraph (f) must file a return.

(g) Special rule for agricultural vehicles—(1) In general. In applying the provisions of this section to an agricultural vehicle, “$7,500” shall be substituted for “$5,000” each place it appears in paragraphs (a) through (f) of this section.

(2) Meaning of terms—(i) Agriculture vehicle. An agricultural vehicle is any highway motor vehicle—

(A) Used (or expected to be used) primarily for farming purposes, and

(B) Registered (under the laws of the State or States in which such vehicle is required to be registered) as a highway motor vehicle used for farming purposes.

A highway motor vehicle is used primarily for farming purposes if more than one-half of such vehicle’s use (determined on the basis of mileage) during the taxable period is for farming purposes. Further, the highway motor vehicle must be registered (under the laws of the State or States where such vehicle is required to be registered) as a highway motor vehicle used for farming purposes for the entire taxable period in order to qualify as an agricultural vehicle. See §41.4482(a)–(1) for the definition of “highway motor vehicle”.

A vehicle will be considered to be registered under the laws of the State as a highway motor vehicle used for farming purposes if such vehicle is so registered under a State statute or legally valid regulations. In addition, no special tag or license plate identifying a vehicle as being used for farming purposes is required.

(ii) Farming purposes. For purposes of this section, “farming purposes” means the transporting of any farm commodity to or from a farm, or the use directly in agricultural production.

(iii) Farm commodity. A “farm commodity” is any agricultural or horticultural commodity, feed, seed, fertilizer, livestock, bees, poultry, fur-bearing animals, or wildlife. A farm commodity does not include a commodity which has been changed by a processing operation from its raw or natural state. For example, juice which has been extracted from fruits or vegetables is not a farm commodity for purposes of this paragraph (g).

(iv) Farm. The term “farm” includes stock (including feed yards for fattening cattle), dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, orchards, and such greenhouses and other similar structures as are used primarily for the raising of any agricultural or horticultural commodity. Greenhouses and other similar structures used primarily for purposes other than the raising of agricultural or horticultural commodities (for example, display, storage, or fabrication of wreaths, corsages, and bouquets) do not constitute “farms”.

(v) Agricultural production—(A) In general. A highway motor vehicle is considered to be used directly in agricultural production only if it is used as indicated in the following paragraphs.

(B) Use of a highway motor vehicle in connection with cultivating, raising, and harvesting. A highway motor vehicle is considered to be used directly in agricultural production if such vehicle is used in connection with cultivating the soil, or raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training and management of livestock, bees, poultry, and fur-bearing animals and wildlife. A highway motor vehicle which is used in connection with operations such as canning, freezing, packaging, or other processing operations will not be considered to be used directly in agricultural production.

(C) Use of a highway motor vehicle in connection with planting, cultivation, caring for, cutting, etc., of trees. A highway motor vehicle is used directly for agricultural production if it is used in connection with planting, cultivating, caring for, or cutting of trees, or in connection with the preparation (other than milling) of trees for market; but only if such operations are incidental to farming operations. These farming operations include felling trees and cutting them into logs or firewood, but do not include sawing logs into lumber, chipping, or other milling operations.
§ 41.4483–6 Reduction in tax for trucks used in logging.

(a) In general. The tax imposed by section 4481 shall be reduced by 25 percent in the case of a truck used in logging.

(b) Truck used in logging. The term “truck used in logging” means any highway motor vehicle which—

(1) Is used exclusively during the taxable period for the transportation, to and from a point located on a forested site, of products harvested from such forested site, and

(2) Is registered (under the laws of the State or States in which such vehicle is required to be registered) as a highway motor vehicle used exclusively in the transportation of harvested forest products.

Products harvested from the forested site may include timber which has been processed for commercial use by sawing into lumber, chipping or other milling operations if such processing occurs prior to transportation from the

§ 41.4483–4 Application of exemptions.

Any exemption from the tax on the use of a highway motor vehicle has application only with respect to the use of such highway motor vehicle and not with respect to the highway motor vehicle as such. Furthermore, such exemption is subject to those provisions of paragraph (c) of § 41.4481–1 relating to proration of the tax and to the effect of an exempt use of a highway motor vehicle after a taxable use has been made. Thus, if a taxable use is made of a highway motor vehicle at any time in a taxable period, the tax is imposed on the use of such vehicle for such taxable period, computed from the first day of the month in which such taxable use occurred, even though at some time in the same taxable period, before or after such taxable use occurred, the use of the vehicle may have been, or may be, exempt. For example, if a highway motor vehicle is operated exclusively by a State in the period July 1 through September 10 of a taxable period, use of such vehicle in such period is exempt from the tax. However, if a taxable use of the vehicle is made on September 11 of such taxable period, the tax imposed on the use of such vehicle for such taxable period is computed from September 1. On the other hand, if a taxable use of the vehicle is made at any time in July of the taxable period, the tax imposed on the use of such vehicle for such taxable period is computed from July 1, even though the vehicle may be operated exclusively by a State in every other month of such period.

forestamed site. A vehicle will be considered to be registered under the laws of a state as a highway motor vehicle used exclusively in the transportation of harvested forest products if such vehicle is so registered under a state statute or legally valid regulations. In addition, no special tag or license plate identifying a vehicle as being used in the transportation of harvested forest products is required.

§41.4483–7 Public Utility Vehicles

(a) In general. In the case of a highway motor vehicle that, for any taxable period, has a base for registration purposes in a contiguous foreign country, the tax imposed by section 4481 for such taxable period shall be 75 percent of the tax that would be imposed but for this section. A highway motor vehicle has a base for registration purposes in a contiguous foreign country in any taxable period in which such vehicle is registered under the laws of a contiguous foreign country and such vehicle is not registered under the laws of any of the United States other than proportionately registered under a proration agreement (such as the International Registration Plan). A highway motor vehicle is not considered to have a base for registration purposes in a contiguous foreign country in any taxable period in which the vehicle was registered in the name of such person from whom the vehicle was acquired at any time during the taxable period shall keep records sufficient to enable the district director to determine whether such person is liable for the tax and, if so, the amount thereof. See §41.4482(b)–1 for the definition of taxable gross weight. Such records shall show with respect to each such vehicle:

(1) A description of the vehicle (including serial number or manufacturer’s number) in sufficient detail to permit positive identification of the vehicle.

(2) The weight of the loads carried by the vehicle in such form as is required under the laws of any State in which the vehicle is registered or required to be registered, in order to permit verification of such vehicle’s taxable gross weight.

(3) In the case of any such vehicle acquired after June 30, 1956, the date on which such person acquired such vehicle and the name and address of the person from whom the vehicle was acquired.

(4) The first month of each taxable period in which occurred a taxable use of each such vehicle while the vehicle was registered in the name of such person; information showing whether such vehicle was operated, while registered in the name of such person, in any prior month in such taxable period; and if such vehicle was so operated, evidence establishing that such operation was not a taxable use.

(5) The date of sale or other transfer to another of any such vehicle, together with the name and address of the person to whom transferred.

(6) In the case of any such vehicle disposed of otherwise than by sale or other transfer (including disposition by theft or destruction), the date and method of disposition of the vehicle.

(7) In the case of a secondhand highway motor vehicle acquired at any
time in the taxable period, evidence showing whether there was a prior taxable use in such taxable period of the highway motor vehicle (see paragraph (b) of §41.4481–2) or whether there was a suspension of tax in effect (see §41.4483–3).

(b) A copy of each return, schedule, statement, or other document filed, pursuant to the regulations in this part or in accordance with the instructions applicable to any form prescribed thereunder, by the person required to keep such records.

(b) Transit systems. Every person engaged in the operation of a transit system who claims exemption from tax with respect to a transit-type bus shall keep records sufficient to show, with respect to each taxable period, whether it meets the 60-percent passenger fare revenue test (see paragraph (e) of §41.4483–2) for the period prescribed as the test period (see paragraph (c) of §41.4483–2) for such system for such taxable period.

(c) Exemption for vehicles used 5,000 miles or less. The owner of a highway motor vehicle who reasonably expects the vehicle to be exempt from the tax under section 4481(a) by reason of §41.4483–3(c) for a given taxable period shall keep records which indicate the reason that the use of the vehicle is not expected to exceed 5,000 miles on public highways.

(d) Records of claimants. Any person claiming refund, credit, or abatement of the tax, interest, additional amount, addition to the tax, or assessable penalty, shall keep a complete and detailed record with respect to the claim.

(e) Place and period for keeping records. (1) All records required by the regulations in this part shall be kept, by the person required to keep them, at a convenient and safe location within the United States which is accessible to internal revenue officers. Such records shall at all times be available for inspection by such officers. If such person has a principal place of business in the United States, the records shall be kept at such place of business.

(2) Records required by paragraph (a) of this section shall be maintained for a period of at least 3 years after the date the tax becomes due or the date the tax is paid, whichever is the later.

Records required by paragraphs (b) and (c) of this section shall be maintained for a period of at least 3 years after the end of the taxable period for which such exemption applies. Records required by paragraph (d) of this section (including any record required by paragraphs (a), (b), or (c) of this section which relates to a claim) shall be maintained for a period of at least 3 years after the date the claim is filed.

§41.6001–2 Proof of payment for State registration purposes.

(a) In general. This section sets forth the circumstances under which a State must require proof of payment of the tax imposed by section 4481(a), and the required manner in which such proof of payment is to be received by the State as a condition of issuing a registration for a highway motor vehicle. A State must either comply with the provisions of this section or, in the alternative, comply with such other rules regarding the satisfaction of this proof of payment requirement as may be prescribed by the Commissioner (by Revenue Procedure or otherwise), in order to avoid a reduction of Federal-aid highway funds apportioned under 23 U.S.C. 104(b)(4). The rules of this section apply to highway motor vehicles for which applications for registration are received by a State on or after October 1, 1985. For purposes of this section, an application for registration which is mailed will be considered to be received by a State on the date on which it is postmarked.

(b) Proof of payment required—(1) In general. A State to which an application is made to register a highway motor vehicle must receive from the registrant proof of payment of the tax imposed by section 4481(a) (or proof of suspension of such tax under §41.4483–3) unless otherwise provided in this paragraph (b)(1), or paragraph (b)(2) or (5) of this section. See paragraph (c) of this section for the meaning of “proof of payment”. Such proof of payment must be received by the State before the State issues a registration for such vehicle unless the State is using a system
of registration provided in paragraph (b)(3) of this section. The term “proof of payment”, when used in this section, shall be considered to refer in appropriate cases to proof of suspension of the tax imposed by section 4481(a). Except as provided in paragraph (b)(4) of this section, any proof of payment presented to a State must relate to tax paid (or suspended under §41.4483–3) for the taxable period which includes the date that the State receives the application for registration. A “base state” must be presented proof of payment when issuing an “apportioned plate” under the International Registration Plan (IRP) (or similar agreement) for a highway motor vehicle, but no proof of payment of the tax imposed by section 4481(a) is required to be presented to the other states for which the vehicle is proportionally registered and which are listed on the IRP cab card issued by the base state. Further, a State is not required to receive proof of payment in order to issue special temporary travel permits which allow a vehicle to, (i) operate in a State in which the vehicle is not registered (including proportional or prorate registration), (ii) operate at more than the State’s maximum statutory weight limit, or (iii) operate at more than the weight that the vehicle is registered in a State. Further, a State may register a highway motor vehicle without proof of payment if the person registering the vehicle presents the original or a photocopy of a bill of sale (or other document evidencing transfer) indicating that the vehicle was purchased by the owner either as a new or used vehicle during the preceding 60 days before the date that the State receives the application for registration of such vehicle.

(2) States required to receive proof of payment with respect to vehicles subject to tax—(i) Registration in States that register vehicles on the basis of gross weight. A State that registers vehicles on the basis of gross weight must require proof of payment with respect to such vehicle if the minimum weight of the registered weight category for such vehicle is 55,000 pounds or more. No such proof of payment is required for any vehicle that does not have a declared gross weight in that State of 55,000 pounds or more.

(ii) Registration in States that register vehicles other than on the basis of gross weight. A State that registers vehicles other than on the basis of gross weight must require proof of payment in order to register a highway motor vehicle unless the State receives a written statement stating that during the taxable period which includes the date on which the State receives the application for registration, such vehicle had a taxable gross weight of less than 55,000 pounds. The written statement must state the number of vehicles being registered that have a taxable gross weight of less than 55,000 pounds and must be signed by the person registering the vehicles. A State may register a highway motor vehicle without receiving either proof of payment or a written statement as described above if such vehicle has an unladen weight of 8,000 pounds or less. However, the State must require proof of payment when issuing a “base plate” registration for a vehicle if a gross weight declaration of 55,000 pounds or more is made to the State with respect to such vehicle in order to proportionally register the vehicle in another State under the IRP.

(iii) State may require additional proof. Nothing contained in this section shall prohibit a State from refusing to register a highway motor vehicle without additional proof that the vehicle is not subject to tax under section 481(a) even though the person registering the vehicle submits a written statement declaring that the taxable gross weight of such vehicle is less than 55,000 pounds.

(3) Suspension registration system. A State may issue a registration with respect to any or all highway motor vehicles subject to tax under section 481(a) without receiving proof of payment if such vehicles are registered under a “suspension” registration system. Registration of a vehicle subject to tax under a suspension system must be on the condition that, (i) the State receive
proof of payment with respect to such vehicle no later than 4 months (or any lesser time to be determined by the State) after the beginning of the vehicle’s registration period, and (ii) the State’s system provides for the automatic suspension (e.g., through the use of computer-generated notices) of such vehicle’s registration if no proof of payment is received within the required time. Following such a suspension of registration, the State must not allow the vehicle to be registered until valid proof of payment is received. A State may either register all vehicles subject to tax under section 4481(a) in the manner described in this paragraph (b)(3) or adopt this manner of registration only in situations which the State deems appropriate. A State that registers vehicles other than on the basis of gross weight may also register vehicles not subject to tax under a suspension registration system for purposes of receiving the written statement described in paragraph (b)(2)(ii).

(4) Registration during certain months. In the case of a highway motor vehicle subject to tax under section 4481(a) for which a State receives an application for registration during the months of July, August or September, proof of payment for the immediately preceding taxable period may be used to verify payment of the tax imposed by section 4481(a).

(5) Registration in a State several times during the taxable period. A State is required to receive proof of payment with respect to a highway motor vehicle subject to tax under section 4481(a) only once during a taxable period. Thus, in the case of a State that allows a highway motor vehicle to be registered on a quarterly basis, rather than annually, proof of payment will be required to be presented to the State only once during the taxable period. The State may designate any one of the four quarterly registration periods as the time for submitting proof of payment.

(6) Proof of payment records. See 23 CFR Part 669 for a description of the supporting documentation and records that will be required by the Federal Highway Administration (FHWA) in order to allow the FHWA to verify that the State is in compliance with the rules of this section.

(c) Proof of payment—(1) In general. (i) The proof of payment required in paragraph (b) of this section shall consist of a receipted Schedule 1 (Form 2290) that is returned by the Internal Revenue Service to a taxpayer who files a return of tax under section 4481(a) and pays the amount of tax (or installment thereof) due with such return. A photocopy of such receipted Schedule 1 shall also serve as proof of payment. Such Schedule 1 shall serve as proof of suspension of such tax under §41.4483-3 for the number of vehicles entered in that part of the Schedule 1 designated for vehicles for which tax has been suspended. Except as provided in paragraph (c)(1)(ii) of this section, the vehicle identification number of the vehicle being registered must appear on the Schedule 1 (or an attached page) in order for the Schedule 1 to be a valid proof of payment for such vehicle.

(ii) With respect to taxable periods beginning before July 1, 2000, if a receipted Schedule 1 is submitted as proof of payment for the registration of one or more highway motor vehicles and—

(A)(1) The total of the number of vehicles on such Schedule 1 for which tax has not been suspended under §41.4483-3 exceeds 21, or

(B) The name of the taxpayer appearing on such Schedule 1 is one of the names in which such vehicles are sought to be registered,

such Schedule 1 shall be accepted as proof of payment in support of the registration of a number of vehicles equal to or less than such total and a list of the vehicles (or their vehicle identification numbers) is not required as part of such proof of payment.

(iii) With respect to taxable periods beginning before July 1, 2000, if a Schedule 1 which does not include a list of vehicle identification numbers is submitted as proof of payment for the registration of one or more highway motor vehicles and the name of the taxpayer appearing on such Schedule 1 is not one of the names in which such
vehicles are sought to be registered then such Schedule 1 shall be accepted as proof of payment in support of the registration of a number of vehicles equal to or less than the total number of vehicles on such Schedule 1 provided the Schedule 1 is accompanied by a written statement executed by the taxpayer. Such written statement shall contain the vehicle identification numbers of the vehicles sought to be registered and a statement that the tax under section 4481(a) has been paid with respect to such vehicles for the taxable period. The statement must be signed by the taxpayer whose name appears on the Schedule 1.

(2) Acceptable substitute for receipted Schedule 1. For purposes of this section, a State shall accept as proof of payment a photocopy of the Form 2290 (with the Schedule 1 attached) which was filed with the Internal Revenue Service for the vehicle being registered with sufficient documentation of payment of tax due at the time the Form 2290 was filed (such as a photocopy of both sides of a cancelled check). This substitute proof of payment may be used to register a vehicle when, for example, the receipted Schedule 1 has been lost, or when at the time required for registration of a vehicle, a receipted Schedule 1 has not been received by a taxpayer who has filed a Form 2290 with respect to such vehicle. The rules of paragraph (c)(1)(i) of this section regarding the circumstances in which a list of vehicle identification numbers is not required as part of a valid proof of payment, apply to a non-receipted Schedule 1 received by a State with a Form 2290 as a substitute proof of payment under this paragraph (c)(2).

(d) Examples. The application of this section may be illustrated by the following examples:

Example (1). A applies to register a 3-axle single unit truck in State R, a member of the International Registration Plan, on November 1, 1985. State R registers vehicles subject to the tax imposed by section 4481(a) that has a base for registration purposes in a contiguous foreign country upon entry of such vehicle into the United States during any taxable period to which this section applies. Such proof of payment must relate to tax paid (or suspended under §41.4483(b)) for the taxable period that includes the date of entry into the United States. See paragraph (c) of this section for the definition of the term “proof of payment.”

(2) No proof of payment is required upon entry of a highway motor vehicle into the United States.
In general. For purposes of this section, the proof of payment required in paragraph (a) of this section shall consist of a receipted Schedule 1 (Form 2290) that is returned by the Internal Revenue Service to a taxpayer that files a return of tax under section 4481(a) and pays the amount of tax (or installment thereof) due with such return. A photocopy of such receipted Schedule 1 shall also serve as proof of payment. Such proof of payment shall also serve as proof or suspension of the tax under §41.4483-3 for the number of vehicles entered in that part of the Schedule 1 designated for vehicles for which tax has been suspended. The vehicle identification number of any vehicle for which a return is being filed, whether tax is being paid with respect to such vehicle or tax is suspended on such vehicle, must appear on the Schedule 1 (or an attached page) in order for the Schedule 1 to be a valid proof of payment for such vehicle.

(2) Acceptable substitute for receipted Schedule 1. For purposes of this section, a photocopy of the Form 2290 (with the Schedule 1 attached) that is filed with the Internal Revenue Service for a vehicle being entered into the United States with sufficient documentation of payment of tax due at the time the Form 2290 is filed (such as a photocopy of both sides of a cancelled check) shall be accepted as proof of payment. No documentation of payment of tax is required with the substitute proof of payment if at the time the Form 2290 is filed the tax imposed by section 4481(a) is suspended under §41.4483-3 with respect to the vehicle entering the United States. This substitute proof of payment may be used to enter a vehicle into the United States if, for example, the receipted Schedule 1 has been lost, or if the taxpayer that filed a Form 2290 with respect to such vehicle has not received a receipted Schedule 1.

For purposes of this section, the proof of payment required in paragraph (a) of this section shall consist of a receipted Schedule 1 (Form 2290) that is returned by the Internal Revenue Service to a taxpayer that files a return of tax under section 4481(a) and pays the amount of tax (or installment thereof) due with such return. A photocopy of such receipted Schedule 1 shall also serve as proof of payment. Such proof of payment shall also serve as proof or suspension of the tax under §41.4483-3 for the number of vehicles entered in that part of the Schedule 1 designated for vehicles for which tax has been suspended. The vehicle identification number of any vehicle for which a return is being filed, whether tax is being paid with respect to such vehicle or tax is suspended on such vehicle, must appear on the Schedule 1 (or an attached page) in order for the Schedule 1 to be a valid proof of payment for such vehicle.

(2) Acceptable substitute for receipted Schedule 1. For purposes of this section, a photocopy of the Form 2290 (with the Schedule 1 attached) that is filed with the Internal Revenue Service for a vehicle being entered into the United States with sufficient documentation of payment of tax due at the time the Form 2290 is filed (such as a photocopy of both sides of a cancelled check) shall be accepted as proof of payment. No documentation of payment of tax is required with the substitute proof of payment if at the time the Form 2290 is filed the tax imposed by section 4481(a) is suspended under §41.4483-3 with respect to the vehicle entering the United States. This substitute proof of payment may be used to enter a vehicle into the United States if, for example, the receipted Schedule 1 has been lost, or if the taxpayer that filed a Form 2290 with respect to such vehicle has not received a receipted Schedule 1.

For purposes of this section, the proof of payment required in paragraph (a) of this section shall consist of a receipted Schedule 1 (Form 2290) that is returned by the Internal Revenue Service to a taxpayer that files a return of tax under section 4481(a) and pays the amount of tax (or installment thereof) due with such return. A photocopy of such receipted Schedule 1 shall also serve as proof of payment. Such proof of payment shall also serve as proof or suspension of the tax under §41.4483-3 for the number of vehicles entered in that part of the Schedule 1 designated for vehicles for which tax has been suspended. The vehicle identification number of any vehicle for which a return is being filed, whether tax is being paid with respect to such vehicle or tax is suspended on such vehicle, must appear on the Schedule 1 (or an attached page) in order for the Schedule 1 to be a valid proof of payment for such vehicle.
§ 41.6071(a)–1

1 Time for filing returns.

(a) In general. Except as provided in paragraph (b) of this section, a return described in §41.6011(a)–1 must be filed by the last day of the month following the month in which—

(1) A person becomes liable for tax under §41.4481–2(a)(1)(i)(A), (B), or (C); or

(2) A person that is liable for tax under §41.4481–2(a)(1)(i)(D) is notified by the Commissioner that the tax has not been paid in full; or

(3) A transferee described in §41.4483–3(D) acquires the vehicle.

(b) Certain transit-type buses. In the case of any bus of the transit type, the first taxable use of which in any taxable period occurs prior to the close of the test period (see paragraph (c) of §41.4483–2) with reference to which liability for the tax on the use of such transit-type bus for such taxable period is determined, the person in whose name the bus is registered at the time of such use shall, after such test period and on or before the last day of the following month make a return of such tax for such taxable period on the use of such transit-type bus.


§ 41.6091–1

1 Place for filing returns.

(a) In general. Except as provided in paragraph (b) of this section, returns must be filed in accordance with the instructions applicable to the form on which the return is made.

(b) Hand-carried returns—(1) Persons other than corporations. Returns of persons other than corporations that are filed by hand carrying must be filed with the Commissioner in the internal revenue district in which is located the principal place of business or legal residence of the person.

(2) Corporations. Returns of corporations that are filed by hand carrying must be filed with the Commissioner in the internal revenue district in which is located the principal place of business or principal office or agency of the corporation.

[T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 41.6101–1

1 Period covered by returns.

Each return is for a taxable period as defined in section 4482.

[T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 41.6109–1

1 Identifying numbers.

Every person required under §41.6011(a)–1 to make a return must provide the identifying number required by the instructions to the form on which the return is made.

[T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 41.6151(a)–1

1 Time and place for paying tax.

The tax must be paid at the time prescribed in §41.6071(a)–1 for filing the return and at the place prescribed in §41.6091–1 for filing the return.

[T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 41.6156–1

1 Installment payments of tax on use of highway motor vehicle.

(a) Privilege to pay tax in installments. Except as provided in paragraph (f) of this section, the liability shown on each return on Form 2290 may be paid in equal installments, rather than by a single payment if the return is timely filed and the person filing the return elects in the return, in accordance with the instructions contained therein, to pay the tax in installments. For the tax liabilities of the parties to a transfer, where a vehicle has been transferred during the taxable period and
there has been an election to pay tax in installments, see §41.4481–2.

(b) Dates for paying installments. In the case of any tax payable in installments by reason of the election described in paragraph (a) of this section, the installments must be paid in accordance with the following table:

<table>
<thead>
<tr>
<th>Date of Installment</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st installment</td>
<td>on or before the last day of July</td>
</tr>
<tr>
<td>2nd installment</td>
<td>on or before the last day of Aug</td>
</tr>
<tr>
<td>3rd installment</td>
<td>on or before the last day of Sept</td>
</tr>
<tr>
<td>4th installment</td>
<td>on or before the last day of Oct</td>
</tr>
<tr>
<td>5th installment</td>
<td>on or before the last day of Nov</td>
</tr>
<tr>
<td>6th installment</td>
<td>on or before the last day of Dec</td>
</tr>
</tbody>
</table>

(c) Proration of additional tax to installments. If an election has been made under paragraph (a) of this section to pay the tax imposed by section 4481 in installments, and additional tax is assessed on a return for such tax before the date prescribed for payment of the last installment, the additional tax shall be prorated equally to all the installments, whether paid or unpaid. That part of the additional tax so prorated to any installment which is not yet due shall be collected at the same time and as part of such installment. The part of the additional tax so prorated to any installment, the date for payment of which has arrived, shall be paid upon notice and demand from the district director.

(d) Acceleration of payment. If any person elects under the provisions of this section to pay the tax in installments, any installment may be paid prior to the date prescribed for its payment. If an installment is not paid in full on or before the date fixed for its payment, the whole amount of the unpaid tax shall be paid upon notice and demand from the district director.

(e) Interest in respect of installment payments. Interest on an underpayment of an installment accrues from the due date for the installment. Where the installment privilege has been terminated and the time for payment of remaining installments has been accelerated by the issuance of a notice and demand, interest on these installments accrues from the date of such notice and demand. Interest on additional tax prorated as described in paragraph (c) of this section accrues from the date prescribed for the payment of the first installment. For provisions generally applicable to interest on delinquent taxes and installment payments, see section 6601 and §301.6601–1 of this chapter (Regulations on Procedure and Administration).

§43.4471–1

Liabilities to which election does not apply. The privilege to pay tax in installments provided by section 6156, shall not apply to any liability for tax incurred in

1. Any taxable period ending prior to July 1, 1961, and
2. April, May, or June of any taxable period one year in length, or
3. July, August, or September of a taxable period less than one year in length.

(g) Cross references. For provisions relating to overpayment of installments, see §301.6403–1 of this chapter (Regulations on Procedure and Administration).


PART 43—EXCISE TAX ON TRANSPORTATION BY WATER

Sec. 43.0–1 Introduction.
43.4471–1 Imposition of tax.
43.4472–1 Definitions.


SOURCE: T.D. 8314, 55 FR 41520, Oct. 12, 1990, unless otherwise noted.

§43.0–1 Introduction.

The regulations in this part 43 are designated “Excise Tax on Transportation by Water.” The regulations relate to the taxes on transportation by water imposed by section 4471 of the Internal Revenue Code. See part 40 of this chapter for regulations relating to returns, payments, and deposits of taxes imposed by section 4471.


§43.4471–1 Imposition of tax.

(a) In general. Section 4471 imposes a tax of $3 per passenger on a covered voyage as is defined in section 4472.
§ 43.4472-1 Definitions.

(a) In general. For definitions of the terms “covered voyage” and “passenger vessel,” see sections 4472 (1) and (2).

(b) Voyage. For purposes of this section, “voyage” means a journey of a vessel that includes the outward and homeward trips or passages. The voyage commences when the vessel begins to load passengers and continues during the entire ensuing period until the vessel has made one outward and one homeward passage (including intermediate passages, if made). A voyage may be a covered voyage with respect to a passenger even if the passenger does not make both an outward and homeward passage or if the point of first embarkation or disembarkation by the passenger in the United States is an intermediate stop of the vessel.

(c) Over 1 or more nights. A voyage is considered to extend over 1 or more nights if it extends for more than 24 hours.

(d) Engaged in gambling. A passenger is engaged in gambling aboard a vessel if that person is participating as a player in any policy game or other lottery, or any other game of chance, for money or other thing of value, provided that the policy game, other lottery, or game of chance is conducted, sponsored, or operated by the owner or operator of the vessel, as either principal or agent, or by an employee, agent, or franchisee of the owner or operator of the vessel. A passenger is not engaged in gambling aboard a vessel if the passenger participates with other passengers in a casual, “friendly” game of chance that is not conducted, sponsored, or operated by the owner or operator of the vessel or by an employee, agent, or franchisee of the owner or operator.

(e) Territorial waters. For purposes of sections 4471 and 4472, the territorial waters of the United States are those waters within the international boundary line between the United States and any contiguous foreign country or within 3 nautical miles (3.45 statute miles) from low tide on the coastline. No inference is intended as to the extent of the territorial limits for other tax purposes.

Internal Revenue Service, Treasury

Subpart D—Miscellaneous and General Provisions Applicable to Taxes on Wagering

MISCELLANEOUS PROVISIONS
44.4421–1 Definitions.
44.4422–1 Doing business in violation of Federal or State law.

GENERAL PROVISIONS RELATING TO OCCUPATIONAL TAXES
44.4401–1 Payment of special tax.
44.4402–1 Partnership liability.
44.4405–1 Change of ownership.
44.4405–2 Change of address.
44.4405–3 Liability for failure to register change or removal.
44.4406–1 Cross reference.

Subpart E—Administrative Provisions of Special Application to the Taxes on Wagering

44.6001–1 Record requirements.
44.6011(a)–1 Returns.
44.6071–1 Time for filing return.
44.6091–1 Place for filing returns.
44.6151–1 Time and place for paying taxes.
44.6191–1 Credit or refund generally.
44.6192–1 Credit or refund on wagers laid off by taxpayer.
44.7262–1 Failure to pay special tax.

Source: T.D. 6370, 24 FR 2614, Apr. 4, 1959, unless otherwise noted.

Subpart A—Introduction

§ 44.0–1 Introduction.

(a) In general. The regulations in this part are designated “Wagering Tax Regulations.” The regulations relate to the taxes imposed by Chapter 35 of the Internal Revenue Code of 1954, as amended, to certain general provisions of Chapter 40 of such Code, and to certain related administrative provisions of Subtitle F of such Code. Chapter 35 imposes an excise tax on wagers and a special tax to be paid by each person liable for the tax imposed on wagers. References in these regulations to the “Internal Revenue Code” or the “Code” are references to the Internal Revenue Code of 1954, as amended, unless otherwise indicated. References to a section or other provision of law are references to a section or other provision of the Internal Revenue Code, as amended, unless otherwise indicated.

(b) Division of regulations. The regulations in this part are divided into five subparts. Subpart A contains provisions relating to the arrangement and numbering of the sections of the regulations in this part, general definitions and use of terms, scope of the regulations, and the extent to which the regulations in this part supersede prior regulations relating to the taxes imposed by Chapter 35 of the Internal Revenue Code. Subpart B relates to the tax on wagers. Subpart C relates to the special tax. Subpart D relates to certain miscellaneous and general provisions having application to taxes imposed by Chapter 35. Subpart E relates to selected provisions of subtitle F of the Code (Procedure and Administration) which have special application to the taxes imposed by Chapter 35 of the Code.

(c) Arrangement and numbering. Each section of the regulations in this part (other than Subpart A) is designated by a number composed of the part number followed by a decimal point (44.); the section of the Internal Revenue Code which it interprets; a hyphen (-); and a number identifying the section. By use of these designations one can ascertain the sections of the regulations relating to a provision of the Code. For example, the regulations pertaining to section 4401 of the Code are designated §§ 41.4401–1, 41.4401–2, and 41.4401–3.


§ 44.0–2 General definitions and use of terms.

As used in the regulations in this part, unless otherwise expressly indicated:

(a) The terms defined in the provisions of law contained in the regulations in this part shall have the meanings so assigned to them.


(c) District director means district director of internal revenue.
§ 44.0–3
(d) The cross references in the regulations in this part to other portions of the regulations, when the word “see” is used, are made only for convenience and shall be given no legal effect.

§ 44.0–3 Scope of regulations.
The regulations in this part apply to wagering activity on and after January 1, 1955.

§ 44.0–4 Extent to which the regulations in this part supersede prior regulations.
The regulations in this part, with respect to the subject matter within the scope thereof, supersede Regulations 325, 26 CFR (1939) Part 325.

Subpart B—Tax on Wagers
§ 44.4401–1 Imposition of tax.
(a) In general. Section 4401 imposes a tax on all wagers, as defined in section 4421. See section 4421 and § 44.4421–1 for definition of the term “wager.”
(b) Rate of tax; amount of wager—(1) Rate of tax. The tax is imposed at the rate of 10 percent of the amount of any taxable wager.
(2) Amount of wager. (i) The amount of the wager is the amount risked by the bettor, including any charge or fee incident to the placing of the wager as provided in subdivision (iv) of this subparagraph, rather than the amount which he stands to win. Thus, if a bettor bets $5 against a bookmaker’s $7 with respect to the outcome of a prize fight, the amount of the wager subject to tax is $5.
(ii) In the case of a “parlay” wager (i.e., a single wager made by a bettor on the outcome of a series of events, usually horse races), the amount of the taxable wager is the amount initially wagered by the bettor irrespective of whether the parlay is successful. In the case of an “if” wager, the amount of the taxable wager is the total of all amounts wagered on each selection of the bettor. For example, A makes a $10 wager on horse R with the understanding that if horse R wins, $5 is to be wagered on horse S and $5 on horse T. If horse R wins, the taxable wager is $20. If horse R loses, the taxable wager is $10. In determining the amount of a taxable wager involving the features of, or a combination of, “parlay” and “if” bets, such as wagers sometimes referred to as a “whipsaw” or an “if and reverse” bet, the rules set forth above relating to “parlay” and “if” bets are to be followed. For example, assume B wagers $10 on horse R with the understanding that if horse R wins, $5 is to be placed as a parlay wager on horses S and T. In such a case, if horse R loses, the taxable wager is $10; if horse R wins, there are two taxable wagers amounting in the aggregate to $15.
(iii) In the case of punchboards with prizes of merchandise, cash, or free plays listed thereon, the amount of the taxable wager is the amount risked by the bettor for all chances taken by him, including the chances taken by the bettor in lieu of the acceptance of an equivalent amount in cash or merchandise.
(iv) In determining the amount of any wager subject to tax there shall be included any charge or fee incident to the placing of the wager. For example, in the case of a wager with respect to a horse race, any amount paid to a bookmaker for the purpose of guaranteeing the bettor a pay-off based on actual track odds is to be included as a part of the wager. Similarly, in the case of a lottery, any amount paid to the operator thereof by the bettor for the privilege of making a contribution to the pool or bank is also to be included in the amount of the wager. However, the amount of the wager subject to tax shall not include the amount of the tax where it is established by actual records of the taxpayer that such amount of tax was collected from the bettor as a separate charge.

§ 44.4401–2 Person liable for tax.
(a) In general. (1) Every person engaged in the business of accepting wagers with respect to a sports event or a contest is liable for the tax on any such wager accepted by him. Every person who operates a wagering pool or lottery conducted for profit is liable for the tax with respect to any wager or contribution placed in such pool or lottery. To be liable for the tax, it is not necessary that the person engaged in the business of accepting wagers or operating a wagering pool or lottery.
physically receive the wager or contribution. Any wager or contribution received by an agent or employee on behalf of such person shall be considered to have been accepted by and placed with such person.

(2) Any person required to register under section 4412 by reason of having received wagers for or on behalf of another person, but who fails to register the name and place of residence of such other person (hereinafter in this subparagraph referred to as principal), shall be liable for the tax on all wagers received by him during the period in which he has failed to so register the name and place of residence of such principal. Subsequent compliance with section 4412 by the person receiving wagers for another does not relieve him of his liability and duty to pay such tax, nor will the fact that such person incurs liability with respect to the tax on such wagers, relieve his principal of liability for the tax imposed under section 4401 with respect to such wagers. Accordingly, both the person receiving the wagers and his principal shall be liable for the tax on such wagers until the tax is paid. Payment of the tax on such wagers shall not relieve the person receiving wagers of any penalty for failure to register as required by section 4412. This subparagraph has application only to wagers received after September 2, 1958.

(b) In business of accepting wagers. A person is engaged in the business of accepting wagers if he makes it a practice to accept wagers with respect to which he assumes the risk of profit or loss depending upon the outcome of the event or the contest with respect to which the wager is accepted. It is not intended that to be engaged in the business of accepting wagers a person must be either so engaged to the exclusion of all other activities or even primarily so engaged. Thus, for example, an individual may be primarily engaged in business as a salesman, and also for the purpose of the tax be engaged in the business of accepting wagers.

(c) Lay-offs. If a person engaged in the business of accepting wagers or conducting a lottery or betting pool for profit lays off all or part of the wagers placed with him with another person engaged in the business of accepting wagers or conducting a betting pool or lottery for profit, he shall, notwithstanding such lay-off, be liable for the tax on the wagers or contributions initially accepted by him. See §44.6419-2 for credit and refund provisions applicable with respect to laid-off wagers.

§ 44.4401-3 When tax attaches.

The tax attaches when (a) a person engaged in the business of accepting wagers with respect to a sports event or a contest, or (b) a person who operates a wagering pool or lottery for profit, accepts a wager or contribution from a bettor. In the case of a wager on credit, the tax attaches whether or not the amount of the wager is actually collected from the bettor. However, if an amount equivalent to the amount of the wager is paid to the bettor prior to the close of the calendar month in which such wager was accepted, either because of the cancellation of the event upon which the wager was placed, or because the wager was cancelled or rescinded by mutual agreement, the wager need not be reported on the taxpayer’s return for such month. Where such cancellation or rescission takes place in a month subsequent to the month in which the wager was accepted, credit or refund of the tax paid with respect to such wager may be made subject to the provisions of §44.6419-1.

§ 44.4402-1 Exemptions.

(a) Parimutuel wagering enterprises. Section 4402 provides that no tax shall be imposed by section 4401 on any wager placed with, or on any wager placed in a wagering pool conducted by, a parimutuel wagering enterprise licensed under State law.

(b) Wagering machines—(1) In general. Section 4402 provides that no tax shall be imposed by section 4401 on any wager placed in a coin-operated device (as defined in section 4462 as in effect for years beginning before July 1, 1980), or on any amount paid, in lieu of inserting a coin, token, or similar object, to operate a device described in section 4462(a)(2) (as so in effect). These devices include:

(i) So-called “slot” machines that operate by means of the insertion of a
§ 44.4403–1 Daily record.

Every person liable for tax under section 4401 shall keep such records as will clearly show as to each day’s operations:

(a) The gross amount of all wagers accepted;
(b) The gross amount of each class or type of wager accepted on each separate event, contest, or other wagering medium. For example, in the case of wagers accepted on a horse race, the daily record shall show separately the gross amount of each class or type of wagers (straight bets, parleys, “if” bets, etc.) accepted on each horse in the race. Similarly, in the case of the numbers game, the daily record shall show the gross amount of each class or type of wager accepted on each number.

For additional provisions relating to records, see section 6001 and §44.6001–1.

§ 44.4404–1 Territorial extent.

(a) In general. The tax imposed by section 4401 applies to wagers (1) accepted in the United States, or (2) placed by a person who is in the United States (i) with a person who is a citizen or resident of the United States, or (ii) in a wagering pool or lottery conducted by a person who is a citizen or resident of the United States. All wagers made within the United States are taxable irrespective of the citizenship or place of residence of the parties to the wager. Thus, the tax applies to wagers placed within the United States, even though the person for whom or on whose behalf the wagers are received is located in a foreign country and is not a citizen or resident of the United States. Likewise, a wager accepted outside the United States by a citizen or resident of the United States is taxable if the person making such wager is within the United States at the time the wager is made.

(b) Examples. The following examples illustrate the application of paragraph (a) of this section:

Example (1). A syndicate which maintains its headquarters in a foreign country has representatives in the United States who receive wagers in the United States for or on behalf of such syndicate. For the purposes of section 4404, such wagers are considered as accepted within the United States, the syndicate is considered to be in the business of accepting wagers within the United States, and such wagers are subject to the tax. This is true regardless of the nationality or residence of the members of the syndicate.
Example (2). A Canadian citizen employed in Detroit, Michigan, telephones a horse race bet to a bookmaker who is a United States citizen with his place of business located in Windsor, Canada. The wager is taxable since it is made by a person within the United States with a person who is a United States citizen.

Example (3). A United States citizen while visiting Tijuana, Mexico, makes a wager on the outcome of a horse race with a bookmaker who is also a United States citizen located and doing business in Tijuana. The wager is not taxable since both parties to the wager, though United States citizens, were outside the United States at the time the wager was made.

Subpart C—Occupational Tax

§ 44.4411-1 Imposition of tax.

(a) In general. A special tax of $50 per year is required to be paid by each person:

(1) Who is liable for the tax imposed by section 4401, or

(2) Who is engaged in receiving wagers for or on behalf of any person who is liable for the tax imposed by section 4401.

(b) Examples. The application of paragraph (a) of this section may be illustrated by the following examples:

Example (1). A, who is engaged in the business of accepting horse race bets, employs ten persons to receive on his behalf wagers which are transmitted by telephone. A also employs a secretary and a bookkeeper. A and each of the ten persons who receives wagers by telephone on behalf of A are liable for the special tax. The secretary and bookkeeper are not liable for the special tax unless they also receive wagers for A.

Example (2). B operates a numbers game and has an arrangement with ten persons, who are employed in various capacities, such as bootblacks, elevator operators, news dealers, etc., to receive wagers from the public on his behalf. B also employs C to collect from the ten persons referred to, the wagers received by them on B’s behalf and to deliver such wagers to B. C performs no other services for B. B and the ten persons who receive wagers on his behalf are liable for the special tax. C is not liable for the special tax since he is not engaged in receiving wagers for B.

(c) Cross references. For provisions relating to the payment of the special tax (computation, manner of payment, etc.), see Subpart D of this part.

§ 44.4412-1 Registration.

(a) In general. Every person required to pay the special tax imposed by section 4411 shall register and file a return on Form 11-C. For provisions relating to the general requirement for filing a return, see §44.6011(a)-1.

(b) Information to be reported on Form 11-C. (1) Every person required to make a return on Form 11-C shall report thereon his full name and place of residence. A person doing business under an alias, style, or trade name shall give his true name, followed by his alias, style, or trade name. In the case of a partnership, association, firm, or company, other than a corporation, the style or trade name shall be given, also the true name of each member and his place of residence. In the case of a corporation, the true name and title of each officer and his place of residence shall be shown.

(2) Each person engaged in the business of accepting wagers on his own account shall report on Form 11-C the name and address of each place where such business will be conducted and the name, address, and number appearing on the special (occupational) stamp of each agent or employee who may receive wagers on his behalf. Thereafter, a return shall be filed on Form 11-C, marked “Supplemental”, each time an additional employee or agent is engaged to receive wagers. Such supplemental return shall be filed not later than 10 days after the date such additional employee or agent is engaged to receive wagers and shall show the name, address, and number appearing on the special (occupational) stamp of each such agent or employee. As to a change of address, see §44.6005-2.

(3) Each agent or employee who receives wagers for or on behalf of a person engaged in the business of accepting wagers on his own account shall report on Form 11-C the name and residence address of each person (i.e., individual, partnership, corporation, etc.) on whose behalf wagers are to be received. Thereafter, the agent or employee shall file a return on Form 11-C, marked “Supplemental”, each time he is engaged or employed to receive wagers for a person or persons other than
§ 44.4413-1  Certain provisions made applicable.

For regulations under sections 4901, 4902, 4904, 4905, and 4906, as extended and made applicable to the special tax imposed by section 4411 and to the persons upon whom such tax is imposed, see Subpart D of this part.

Subpart D—Miscellaneous and General Provisions Applicable to Taxes on Wagering

MISCELLANEOUS PROVISIONS

§ 44.4421-1 Definitions.

(a) Wager. The term “wager” means:

(1) Any wager placed with a person engaged in the business of accepting wagers upon the outcome of a sports event or a contest;

(2) Any wager placed in a wagering pool with respect to a sports event or a contest, if such pool is conducted for profit; and

(3) Any wager placed in a lottery conducted for profit.

(b) Lottery. (1) In general. The term “lottery” includes the numbers game, policy, and similar types of wagering. In general, a lottery conducted for profit includes any scheme or method for the distribution of prizes among persons who have paid or promised a consideration for a chance to win such prizes, usually as determined by the numbers or symbols on tickets as drawn from a lottery wheel or other receptacle, or by the outcome of an event: Provided, Such lottery is conducted for profit. The term also includes enterprises commonly known as “policy” or “numbers” and similar types of wagering where the player selects a number, or a combination of numbers, and pays or agrees to pay a certain amount in consideration of which the operator of the lottery, policy, or numbers game agrees to pay a prize or fixed sum of money if the selected number or combination of numbers appear or are published in a manner understood by the parties. For example, the winning number or combination of numbers may appear or be published as a series of numbers in the payoff prices of a series of horse races at a certain race track, or in the United States Treasury balance reports, or the reports of a stock or commodity exchange. This description is not intended to be restrictive; hence, the substitution of letters or other symbols for numbers or a different arrangement for determining the winning number or combination of numbers, does not alter the fundamental nature of a game which otherwise would be considered a lottery. The operation of a punch board or a similar gaming device for profit is also considered to be the operation of a lottery.

(ii) Drawings conducted by an organization exempt from tax under section 501 or 521. Section 4421 specifically excludes from the term “lottery” any game of a type in which usually (a) the wagers are placed, (b) the winners are determined, and (c) the distribution of prizes or other property is made, in the presence of all persons placing wagers in such game. Thus, for example, no tax would be payable with respect to wagers made in a bingo or keno game since such a game is usually conducted under circumstances in which the wagers are placed, the winners are determined, and the distribution of prizes is made in the presence of all persons participating in the game. For the same reason, no tax would apply in the case of card games, dice games, or games involving wheels of chance, such as roulette wheels and gambling wheels of a type used at carnivals and public fairs.

(iii) Drawings conducted by a tax-exempt organization exempt from tax under section 501 or 501(c) (other than Form 11–C). For provisions relating to the time for filing Form 11–C (other than Form 11–C marked “Supplemental”), see section 6071 and § 44.6071–1. For provisions relating to the place for filing Form 11–C, see section 6091 and § 44.6091–1.

A. Such supplemental return shall be filed not later than 10 days after the date he is engaged to receive wagers and shall show the name, business address, or, if none, the residence address of the person or persons by whom he is engaged to receive wagers. As to a change of address, see § 44.4905–2.

(c) Time and place for filing Form 11–C. For provisions relating to the time for filing Form 11–C, see section 6071 and § 44.6071–1. For provisions relating to the place for filing Form 11–C, see section 6091 and § 44.6091–1.

B. Such supplemental return shall be filed not later than 10 days after the date he is engaged to receive wagers and shall show the name, business address, or, if none, the residence address of the person or persons by whom he is engaged to receive wagers. As to a change of address, see § 44.4905–2.

C. Such supplemental return shall be filed not later than 10 days after the date he is engaged to receive wagers and shall show the name, business address, or, if none, the residence address of the person or persons by whom he is engaged to receive wagers. As to a change of address, see § 44.4905–2.
§ 44.4901–1 Payment of special tax.

(a) Condition precedent to carrying on business. No persons shall engage in the business of accepting wagers subject to the tax imposed by section 4401 until he has filed a return on Form 11–C and paid the special tax imposed by section 4411. Likewise, no person shall engage in receiving wagers for or on behalf of any person engaged in the business of accepting wagers until he has filed a return on Form 11–C and paid the special tax imposed by section 4411. For provisions relating to the tax imposed by section 4401 and the special tax imposed by section 4411, see Subparts B and C of this part, respectively.

(b) Computation of special tax. (1) Section 4411 imposes a special tax of $50 per year which is required to be paid by each person who is liable for the tax imposed by section 4401 (tax on wagers) or who is engaged in receiving wagers for or on behalf of any person who is liable for the tax imposed by section 4401. A person engaged both in accepting wagers on his own account and in receiving wagers for or on behalf of some other person is required to purchase but one special tax stamp.

(2) The tax year begins July 1 and ends June 30 of the following calendar year. Persons commencing business between August 1 and June 30 (both dates inclusive) shall pay a proportionate part of the annual tax. “Commencing business” means the initial acceptance by a person of a wager subject to the tax imposed by section 4401 or the initial receiving of a taxable wager by an agent or employee for or on behalf of some other person. Persons in business for only a portion of a month are liable for tax for the full month, i.e., a person first becoming subject to the special tax on, for example, the 20th day of a month, is liable for tax for the entire month.

(c) Tax payment evidenced by special tax stamp. (1) Upon receipt of a return on Form 11–C, together with remittance of the full amount of tax due, the district director will issue a special tax stamp as evidence of payment of the special tax.

521 if no part of the net proceeds derived from such drawing inures to the benefit of any private shareholder or individual. For provisions relating to exemption from income tax under section 501 or 521, see the Income Tax Regulations (Part 1 of this chapter).

(c) Other terms used—(1) Wagering pool. A wagering pool conducted for profit includes any scheme or method for the distribution of prizes to one or more winning bettors based upon the outcome of a sports event or a contest, or a combination or series of such events or contests, provided such wagering pool is managed and conducted for the purpose of making a profit.

(2) Sports event. A sports event includes every type of sports event, whether amateur, scholastic, or professional, such as horse racing, auto racing, dog racing, boxing and wrestling matches and exhibitions, baseball, football, and basketball games, tennis and golf matches, track meets, etc.

(3) Contest. A contest includes any type of contest involving speed, skill, endurance, popularity, politics, strength, appearances, etc., such as a general or primary election, the outcome of a nominating convention, a dance marathon, a log-rolling, wood-chopping, weight-lifting, corn-husking, beauty contest, etc.

(4) Conducted for profit. A wagering pool or lottery may be conducted for profit even though a direct profit will not inure from the operation thereof. A wagering pool or lottery operated with the expectancy of a profit in the form of increased sales, increased attendance, or other indirect benefits is conducted for profit for purposes of the wagering tax.

§ 44.4422–1 Doing business in violation of Federal or State law.

Payment of any special tax within the scope of the regulations in this part in nowise authorizes the carrying on of any business in violation of a law of the United States or the law of any State. The special tax stamp is not a license or permit and affords no protection from prosecution for violation of any Federal or State law. See also section 4906.
§ 44.4902-1 26 CFR Ch. I (4–1–02 Edition)

(2) District directors will distinctly write or print on the stamp before it is delivered or mailed to the taxpayer the following information: (i) The taxpayer’s registered name, and (ii) the business or office address of the taxpayer if he has one; if not, the residence address. Special tax stamps will be transmitted by ordinary mail, unless it is requested that they be transmitted by registered mail in which case additional cost to cover registry fee shall be remitted with the return.

(3) District directors and their collection officers are forbidden to issue receipts in lieu of stamps representing special taxes which shall be remitted with the return.

(4) Whenever a taxpayer, having a special tax stamp, is requested that they be transmitted by ordinary mail, unless it is requested that they be transmitted by registered mail in which case additional cost to cover registry fee shall be remitted with the return.

§ 44.4902–1 Partnership liability.

Any number of persons doing business in copartnership shall be required to pay but one special tax. The district director may issue a special tax stamp to a copartnership in a firm or trade name, provided the names and addresses of all members of the partnership are disclosed on Form 11–C.

§ 44.4905–1 Change of ownership.

(a) Changes through death. Whenever any person who has paid the special tax imposed by section 4411 dies, the surviving spouse or child, or executor or administrator, or other legal representative, may carry on such business for the remainder of the term for which such special tax has been paid without any additional payment, subject to the conditions hereinafter stated. If the surviving spouse or child, or executor or administrator, or other legal representative of the deceased taxpayer continues the business, such person shall within 30 days after the date of the death of the taxpayer execute a return on Form 11–C. Such return shall show the name of the deceased taxpayer, together with all other data required to be reported on Form 11–C (see § 44.412–1), and the stamp issued to such taxpayer shall be submitted with the return for proper notation by the district director.

(b) Changes from other causes. A receiver or trustee in bankruptcy may continue the business under the stamp issued to the taxpayer at the place and for the period for which the special tax was paid. An assignee for the benefit of creditors may continue business under his assignor’s special tax stamp without incurring additional special tax liability. In such cases the change shall be registered with the district director in a manner similar to that required by paragraph (a) of this section.

(c) Changes in firm. When one or more members of a firm partnership withdraw, the business may be continued by the remaining partner or partners under the same special tax stamp for the remainder of the period for which the stamp was issued to the old firm. The change shall, however, be registered in the same manner as required in paragraph (a) of this section. If new partners are taken into a firm the new firm so constituted may not carry on business under the special tax stamp of the old firm. The new firm shall make a return on Form 11–C and pay the special tax imposed by section 4411 reckoned from the first day of the month in which it began business, even though the name of such firm be the same as that of the old. If the members of a partnership, which has paid the special tax, form a corporation to continue the business a new special tax stamp must be obtained in the name of the corporation.

(d) Change in corporation. If a corporation changes its name, no additional tax is due, provided the change in name is registered with the district director in the manner required by paragraph (a) of this section. An increase in the capital stock of a corporation does not create a new special tax liability if the laws of the State under which it is incorporated permit such increase without the formation of a new corporation. A stockholder in a corporation, who after its dissolution continues the business, incurs liability for the special tax imposed by section 4411 unless he already has a special tax stamp obtained in respect of activities conducted as a sole proprietor.
§ 44.4905-2 Change of address.

(a) Procedure by taxpayer—(1) After June 30, 1963. Whenever, after June 30, 1963, a taxpayer changes his business or residence address to a location other than that specified in his last return on Form 11-C, he shall register the change with the district director from whom the special tax stamp was purchased by filing a new return. Form 11-C, designated “Supplemental Return”, setting forth the new address and the date of change. He shall so register the change of address before:

(i) He engages in any wagering activity at the new address, or

(ii) The termination of a 30-day period which begins on the day after the date of such change, whichever occurs first. The taxpayer’s special tax stamp shall accompany the supplemental return for proper notation by the district director. As to liability in case of failure to register a change of address, see §44.4905-3.

(2) Before July 1, 1963. Whenever, before July 1, 1963, a taxpayer changes his business or residence address to a location other than that specified in his last return of Form 11-C, he shall, within 30 days after the date of such change, register the change with the district director from whom the special tax stamp was purchased by filing a new return. Form 11-C, designated “Supplemental Return”, setting forth the new address and the date of change. The taxpayer’s special tax stamp shall accompany the supplemental return for proper notation by the district director. As to liability in case of failure to register a change of address, see §44.4905-3.

(b) Procedure by district director; removal within district. When registration of a change of address within the same district is made by a taxpayer in the manner specified in paragraph (a) of this section, the district director, if necessary, will enter on his records the new address and the date of change. If the information disclosed on the supplemental return is such as to require a change on the face of the special tax stamp, the district director will make the proper change and return the stamp to the taxpayer.

(c) Procedure by district director; removal to another district. In case of removal of the taxpayer’s office or principal place of business (or residence address, if he has no office or principal place of business) to another district, the district director, after noting the transfer on his records, shall transmit the special tax stamp to the district director for the district to which such office or business was removed. The latter will make an entry on his records, as in the case of an original registration in his district, correct the address on the stamp, if necessary, and note thereon his name, title, date, and district, and then forward the stamp to the taxpayer.


§ 44.4905-3 Liability for failure to register change or removal.

Any person succeeding to and carrying on a business for which the special tax imposed by section 4411 has been paid, and any taxpayer changing his residence address or his place of business, without registering such change as provided in §§44.4905-1 and 44.4905-2 shall be liable to an additional tax, and to the penalty prescribed in section 6651 for failure to make a return. (For regulations under section 6651, see the Regulations on Procedure and Administration (Part 301 of this chapter).)

§ 44.4906-1 Cross reference.

For provisions relating to the applicability of Federal and State laws, see section 4422 and §44.4422-1.

Subpart E—Administrative Provisions of Special Application to the Taxes on Wagering

§ 44.6001-1 Record requirements.

(a) In general. (1) In addition to all other records required pursuant to §44.4403-1, every person required to pay tax under section 4401 shall keep such records as will clearly show as to each day’s operation:

(i) Separately, the gross amount of wagers: (a) Accepted directly by the taxpayer or at any registered place of business of the taxpayer (other than laid-off wagers),
§44.6011(a)–1

(b) Accepted for his account by agents at any place other than a registered place of business of the taxpayer (other than laid-off wagers), and

c) Accepted as laid-off wagers from persons subject to the tax on wagers;

(ii) With respect to wagers laid off with others, the name, address, and registration number of each person with whom the laid-off wagers were placed, and the gross amount laid off with each such person, showing separately the gross amount of laid-off wagers with respect to each event, contest, or other wagering medium, as, for example, the gross amount laid off on each horse in a race; and

(iii) The gross amount of tax collected from or charged to bettors as a separate item.

(2) If a taxpayer has any agents or employees receiving wagers on his behalf, he shall maintain a separate record showing the name and address of each agent or employee, the period of employment, and the number of the special tax stamp issued to each such agent or employee.

(3) A duplicate copy of each return required by §44.6011(a)–1 shall be retained as part of the taxpayer’s records.

(b) Records of agent or employee. Every person who is engaged in receiving for or on behalf of another person (at any place other than a registered place of business of such other person) wagers of a type subject to the tax imposed by section 4401 shall keep a record showing for each day (1) the gross amount of such wagers received by him, (2) the amount, if any, retained as a commission or as compensation for receiving such wagers, and (3) the amount turned over to the person on whose behalf the wagers were received, and the name and address of such person.

(c) Record of claimants. Any person claiming a credit or refund shall keep a complete and detailed record of each overpayment and of each laid-off wager for which credit is taken or refund is claimed, including a copy of the certificate required under paragraph (d) of §44.6419–2.

(d) Place for keeping records. Every person required to pay the tax imposed by section 4401 shall keep or cause to be kept, at his office or principal place of business, or, if he has no office or principal place of business, at his residence or some other convenient or safe location, all such records as are required pursuant to paragraphs (a) and (c) of this section and section 4403 and §44.4403–1.

(e) Period for retaining records. All records required by the regulations in this part shall at all times be available for inspection by internal revenue officers. Records required by §44.4403–1 and by paragraph (a) of this section shall be maintained for a period of at least three years from the date the tax became due. Records required by paragraph (b) of this section shall be maintained for a period of at least three years from the date the wager was received. Records required by paragraph (c) of this section shall be maintained for a period of at least three years from the date any credit is taken or refund is claimed.


§44.6011(a)–1 Returns.

(a) In general. Every person required to pay the tax on wagers imposed by section 4401 of the Code shall make for each month, from the daily records required by §§44.4403–1 and 44.6001–1, a return on Form 730 in accordance with the instructions and regulations applicable thereto. A return shall be marked “Final Return”.

(b) Return on Form 11–C. Every person required to pay the special tax imposed by section 4411 shall make a return on Form 11–C in accordance with the instructions and regulations applicable thereto.

§44.6071–1 Time for filing return.

(a) Return on Form 730. Each return required to be made on Form 730 pursuant to §44.6011(a)–1 shall be filed on or before the last day of the first calendar month following the period for which it is made. For provisions relating to the time for filing a return when the prescribed due date falls on Saturday,
§ 44.6419–1

Returns which are filed by hand carrying shall be filed with the district director (or with any person assigned the administrative supervisions of an area, zone or local office constituting an permanent post of duty within the internal revenue district of such director) as provided in paragraph (a) of this section. See § 301.6091–1(c) of this chapter (Regulations on Procedure and Administration) for provisions relating to the definition of hand carried.

§ 44.6091–1 Time and place for paying taxes.

The taxes imposed by sections 4401 and 4411 shall, without assessment or notice and demand, be paid to the internal revenue officer with whom the returns are required to be filed at the time fixed for filing returns. For provisions relating to the time for filing returns, see section 6071 and § 44.6071–1. For provisions relating to the place for filing returns, see section 6091 and § 44.6091–1.

§ 44.6419–1 Credit or refund generally.

(a) Overpayment of wagering tax; in general. If a person overpays the tax imposed under section 4401, he may either file a claim for refund on Form 843 or take credit for such overpayment against the tax due on a subsequent monthly return. A complete statement of the facts involving the overpayment shall be attached either to the claim or to the return on which the credit is claimed. Every claim for refund shall be supported by evidence showing the name and address of the taxpayer, the date of payment of the tax, and the amount of such tax. A credit taken on a return shall be supported by evidence of the same character.

(b) Statement supporting credit or refund. No credit or refund shall be allowed whether in pursuance of a court decision or otherwise unless the taxpayer files a statement explaining satisfactorily the reason for claiming the credit or refund and establishing (1) that he has not collected (whether as a separate charge or otherwise) the amount of the tax from the person who

§ 44.6071–1 Place for filing returns.

(a) In general. A return on Form 730 or Form 11–C shall be filed with the district director of internal revenue for the district in which is located the legal residence or principal place of business of the person making the return. If such person has no legal residence or principal place of business in any internal revenue district, the return shall be filed with the District Director at Baltimore, Maryland, except as provided in paragraph (b) of this section.

(b) Returns of individuals outside the United States. The returns on Form 730 and Form 11–C of individuals (whether citizens of the United States, citizens of possessions of the United States, or aliens) outside the United States having no legal residence or principal place of business in any internal revenue district shall be filed with the Director, International Operations Division, Internal Revenue Service, at Washington, D.C. 20225.

(c) Returns filed with service centers. Notwithstanding paragraphs (a) and (b) of this section, whenever instructions applicable to returns filed on Form 730 of Form 11–C provide that the returns be filed with a service center, the returns shall be so filed in accordance with the instructions.

(d) Hand-carried returns. Returns which are filed by hand carrying shall be filed with the district director (or with any person assigned the administrative supervisions of an area, zone or local office constituting an permanent post of duty within the internal revenue district of such director) as provided in paragraph (a) of this section. See § 301.6091–1(c) of this chapter (Regulations on Procedure and Administration) for provisions relating to the definition of hand carried.
§44.6419–2 Credit or refund on wagers laid off by taxpayer.

(a) Laid-off wagers; in general. If a taxpayer accepts a wager and lays off all or a part thereof with another person who is liable for tax under section 4401 with respect to such laid-off wager, a credit may be allowed to such taxpayer in the amount of the tax due with respect to the amount of the wager so laid off, provided there is attached to the return for the month during which the wager was accepted and laid off by him the certificate prescribed in paragraph (d) of this section.

(b) Claim for refund. If a taxpayer has paid the tax with respect to a wager laid off by him, he may file a claim for refund of such tax on Form 843 or take a credit for the tax paid by him against the tax shown to be due on any subsequent monthly return. If a refund is claimed, Form 843 shall be completed in accordance with the instructions thereon and, in addition, there shall be attached to such form a statement setting forth the reason for claiming the refund, the month in which such tax was paid, the date of payment, and whether any previous claim for refund covering the amount involved or any part thereof has been filed. There shall also be attached to the Form 843 the certificate prescribed below. In the case of a credit, the statement and certificate shall be attached to the monthly return on which the credit is claimed.

(c) Credit or refund not allowed. No credit or refund will be allowed under this section if the wager is laid off with a person or organization not liable for tax under section 4401 with respect to such laid-off wager. No interest shall be allowed on any amount of tax credited or refunded under this section.

(d) Certificate required. The certificate prescribed for use in support of a credit or refund with respect to a laid-off wager shall be in the following form:

CERTIFICATE

(In support of credit or refund with respect to laid-off wagers under section 6419(b) of the Internal Revenue Code.)

I hereby certify that I, or the (Corporation, partnership, or syndicate) of which I am an officer or member, doing business at (Address) registered with the District Director of Internal Revenue at under Registration No. as a person accepting wagers within the meaning of section 4401 of the Internal Revenue Code, accepted laid-off wagers, in the amounts and on the dates indicated below, from (Name) (Address) during the month of , 19 .

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount of laid-off wager</th>
<th>Subject of laid-off wager (identify horse and track, particular contest, or contestant, etc.)</th>
</tr>
</thead>
</table>

The undersigned further certifies that he, or the corporation, partnership, or syndicate of which he is a member will make return of and account for the tax, under section 4401 of the Internal Revenue Code, with respect to the laid-off wagers so accepted.
It is understood by the undersigned that this certificate is given for the purpose of enabling the person from whom the laid-off wagers were accepted to claim credit with respect to the tax due on such laid-off wagers or to claim credit or refund of the tax, if any, paid on such laid-off wagers.

It is further understood that the fraudulent use of this certificate will subject the undersigned and all guilty parties to a fine of not more than $10,000 or to imprisonment for not more than five years, or both, together with costs of prosecution.

(Signed)

(Date)

(Title)

(Owner, President Partner, Member, etc.)

§ 44.7262-1 Failure to pay special tax.

Any person liable for the special tax who does any act which makes him liable for such tax, without having paid the tax, is, besides being liable for the tax, subject to a fine of not less than $1,000 and not more than $5,000.

PART 46—EXCISE TAX ON POLICIES ISSUED BY FOREIGN INSURERS AND OBLIGATIONS NOT IN REGISTERED FORM

Subpart A—Introduction

Sec.

46.0-1 Introduction.

46.0-2 General definitions and use of terms.

Subpart B—Tax on Policies Issued by Foreign Insurers

46.4371-1 Applicability of subpart.

46.4371-2 Imposition of tax on policies issued by foreign insurers; scope of tax.

46.4371-3 Rate and computation of tax.

46.4371-4 Records required with respect to foreign insurance policies.

46.4374-1 Payment of tax.

Subpart C—Excise Tax on Obligations Not in Registered Form

46.4701-1 Tax on issuer of registration-required obligation not in registered form.


Source: T.D. 8497, 25 FR 6461, May 6, 1960, unless otherwise noted.

Subpart A—Introduction

§ 46.0-1 Introduction.

The regulations in this part 46 relate to the taxes on policies issued by foreign insurers imposed by chapter 34 of the Internal Revenue Code and the tax on the issuer of registration-required obligations not issued in registered form imposed by chapter 39 of the Internal Revenue Code. See part 40 of this chapter for regulations relating to returns, payments, and deposits of taxes imposed by chapters 34 and 39.


§ 46.0-2 General definitions and use of terms.

As used in the regulations in this part, unless otherwise expressly indicated:

(a) The terms defined in the provisions of law contained in the regulations in this part shall have the meanings so assigned to them.


(c) District director means the district director of internal revenue. The term also includes the Director of International Operations in all cases where the authority to perform the functions which may be performed by a district director has been delegated to the Director of International Operations.

(d) Calendar quarter means a period of 3 calendar months ending on March 31, June 30, September 30, or December 31.

Subpart B—Tax on Policies Issued by Foreign Insurers

§ 46.4371-1 Applicability of subpart.

The provisions of this subpart apply only to premiums paid on or after January 1, 1966. See Subpart H, Part 47 of this chapter for provisions relating to premiums paid or charged before January 1, 1966. If any portion of the tax imposed by section 4371 was paid on the basis of the premium charged before January 1, 1966, in accordance with the provisions of § 47.4371-2 of this chapter (documentary stamp tax), then, to the extent that such portion was paid by stamp, no further tax is due under the provisions of this subpart.
§ 46.4371–2 Imposition of tax on policies issued by foreign insurers; scope of tax.

(a) Certain insurance policies, and indemnity, fidelity, or surety bonds. Section 4371(1) imposes a tax upon each policy of insurance (other than those referred to in paragraph (b) of this section), upon each indemnity, fidelity, or surety bond, or upon each certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of insurance or an obligation in the nature of an indemnity, fidelity, or surety bond is made, continued, or renewed, if issued:

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as insurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the insurer in a State, Territory, or the District of Columbia in which the insurer is authorized to do business); and either

(2) To or for, or in the name of, a domestic corporation, domestic partnership, or an individual resident of the United States, against or with respect to hazards, risks, losses, or liabilities wholly or partly within the United States; or

(3) To or for, or in the name of, a foreign corporation, foreign partnership, or nonresident individual, engaged in a trade or business within the United States with respect to hazards, risks, losses, or liabilities wholly or partly within the United States.

For definition of the term "indemnity bond," see section 4372(c).

(b) Life insurance, sickness, and accident policies, and annuity contracts. Unless the insurer is subject to tax under section 819, section 4371(2) imposes a tax upon each policy of insurance or annuity contract, or upon each certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of insurance or an annuity contract is made, continued, or renewed, if issued:

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as insurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the insurer in a State, Territory, or the District of Columbia in which such insurer is authorized to do business); and

(2) To any person with respect to the life or hazards to the person of a citizen or resident of the United States.

(c) Reinsurance. Section 4371(3) imposes a tax upon each policy of reinsurance, certificate, binder, covering note, receipt, memorandum, cablegram, letter, or other instrument by whatever name called, whereby a contract of reinsurance is made, continued, or renewed, if issued:

(1) By a nonresident alien individual, a foreign partnership, or a foreign corporation, as reinsurer (unless the policy or other instrument is signed or countersigned by an officer or agent of the reinsurer in a State, Territory, or the District of Columbia in which such reinsurer is authorized to do business); and

(2) To any person against, or with respect to, any of the hazards, risks, losses, or liabilities covered by contracts of the type described in section 4371 (1) or (2).

(d) Exempt indemnity bonds. The tax imposed by section 4371 does not apply to any indemnity bond described in section 4373(2).

§ 46.4371–3 Rate and computation of tax.

(a) Rate of tax. (1) The tax under section 4371(1) is imposed at the rate of 4 cents on each dollar, or fractional part thereof, of the premium payment.

(2) The tax under section 4371 (2) and (3) is imposed at the rate of 1 cent on each dollar, or fractional part thereof, of the premium payment.

(b) Meaning of premium payment. For purposes of this subpart, the term "premium payment" means the consideration paid for assuming and carrying the risk or obligation, and includes any additional assessment or charge paid under the contract, whether payable in one sum or installments.

§ 46.4371–4 Records required with respect to foreign insurance policies.

(a) Each person required under the provisions of § 46.4374–1 to remit the tax imposed by section 4371 shall keep or cause to be kept accurate records of all policies or other instruments subject
§ 46.4701–1

Tax on issuer of registration-required obligation not in registered form.

(a) In general. Section 4701 imposes a tax (determined under paragraph (c) of this section) on any person (referred to as the issuer) who issues an obligation that—

(1) Is a registration-required obligation, and

(2) Is not issued in registered form.

(b) Definitions—(1) Person. The term “person” includes all governmental entities.

(2) Obligation. The term “obligation” includes bonds, debentures, notes, certificates and other evidences of indebtedness regardless of how denominated.

(3) Registration-required obligation. The term “registration-required obligation” has the same meaning as when used in section 163(f) (and the regulations thereunder) which relates to the denial of a deduction for interest on certain obligations not in registered form. However, the term “registration-
required obligation” does not include any obligation which would otherwise be exempt from Federal income tax under section 103(a) or any other provision of law.

(4) Registered form. The term “registered form” has the same meaning as when used in section 103(j) (and the regulations thereunder) which relates to obligations which must be in registered form to be tax-exempt.

(5) Issuer. Except as provided in §1.163-5T(d) (relating to pass-through certificates) and §1.163-5T(e) (relating to REMICs), the “issuer” is the person whose interest deduction would be disallowed solely by reason of section 163(f)(1).

(6) Date of Issuance. (1) For obligations intended to be offered to the public, the term “date of issuance” means the date the obligation is first sold to the public at the issue price.

(ii) For an obligation which is privately placed, the term “date of issuance” is the date the obligation is first sold by the issuer.

(7) Issue price. See section 1273(b) and the regulations thereunder for the definition of “issue price”.

(c) Rate and computation of tax. The tax under section 4701(a) is imposed in an amount equal to the product of—

(1) 1 percent of the principal amount of the obligation, multiplied by

(2) The number of calendar years (or portions thereof) during the period beginning on the date of issuance of the obligation and ending on the date of maturity.

For purposes of this paragraph, the term “principal amount” for a discounted obligation is the issue price, and for all other obligations, including obligations sold at a premium, the term “principal amount” is the stated redemption price at maturity.

(d) Payment of tax. Every person who incurs liability for the tax imposed by section 4701 is required to file a return in accordance with section 6011 and §46.6011(a)-1 relating to the general requirement of a return, statement or list.

(e) Effective date. The provisions of this section shall apply to obligations issued after December 31, 1982, unless issued on the exercise of a warrant or the conversion of a convertible obligation if the warrant or obligation was offered or sold outside the United States without registration under the Securities Act of 1933 and was issued before August 10, 1982. See section 310(d)(3) of the Tax Equity and Fiscal Responsibility Act of 1982.


**PART 48—MANUFACTURERS AND RETAILERS EXCISE TAXES**

**Subpart A—Introduction**

Sec. 48.0–1 Introduction.

48.0–2 General definitions and attachment of tax.

48.0–3 Exemption certificates.

**Subpart B–E [Reserved]**

**Subpart F—Special Fuels**


48.4041–4 Application of tax on sales of liquid for use as fuel in aircraft in non-commercial aviation.

48.4041–5 Sales of diesel and special motor fuels and fuel for use in aircraft; rules of general application.

48.4041–6 Application of tax on use of taxable liquid fuel.

48.4041–7 Dual use of taxable liquid fuel.

48.4041–8 Definitions.

48.4041–9 Exemption for farm use.

48.4041–10 Exemption for use as supplies for vessels or aircraft.

48.4041–11 Tax-free sales of fuel for use in noncommercial aviation only if sellers and certain purchasers are registered.

48.4041–12 Sales by United States, etc.

48.4041–13 Other credits or refunds.

48.4041–14 Exemption for sale to or use by certain aircraft museums.

48.4041–15 Sales to States or political subdivisions thereof.

48.4041–16 Sales for export.

48.4041–17 Tax-free retail sales to certain nonprofit educational organizations.

48.4041–18 Fuels containing alcohol.

48.4041–19 Exemption for qualified methanol and ethanol fuel.

48.4041–20 Partially exempt methanol and ethanol fuel.

48.4041–21 Compressed natural gas (CNG).
Subpart G—Fuel Used on Inland Waterways

48.4042-1 Tax on fuel used in commercial waterway transportation.
48.4042-2 Special rules.
48.4042-3 Certain types of commercial waterway transportation excluded.

Subpart H—Motor Vehicles, Tires, Tubes, Tread Rubber, and Taxable Fuel

AUTOMOTIVE AND RELATED ITEMS

MOTOR VEHICLES

48.4052-1 Heavy trucks and trailers; certification requirement.
48.4061(a) [Reserved]
48.4061(a)-1 Imposition of tax; exclusion for light-duty trucks, etc.
48.4061(a)-2 Bonding of importers.
48.4061(a)-3 Definitions.
48.4061(a)-4 Parts or accessories sold on or in connection with chassis, bodies, etc.
48.4061(a)-5 Sale of automobile truck bodies and chassis.
48.4061(b) [Reserved]
48.4061(b)-1 Imposition of tax.
48.4061(b)-2 Definition of parts or accessories.
48.4061(b)-3 Rebuilt, reconditioned, or repaired parts or accessories.
48.4061-1 Temporary regulations with respect to floor stock refunds or credits on cement mixers.
48.4062(a) [Reserved]
48.4062(a)-1 Specific parts or accessories.
48.4062(b) [Reserved]
48.4062(b)-1 Rebuilt parts or accessories sold on an exchange basis.
48.4063-1 Tax-free sales of bodies to chassis manufacturers.
48.4063-2 Tax-free sales of parts or accessories sold for resale on or in connection with the first retail sale of a light-duty truck.
48.4063-3 Other tax-free sales.
48.4064-1 Gas guzzler tax.

TIRES, TUBES, AND TREAD RUBBER

48.4071-1 Imposition and rates of tax.
48.4071-2 Determination of weight.
48.4071-3 Imposition of tax on tires and tubes delivered to manufacturer’s retail outlet.
48.4071-4 Original equipment tires on imported articles.
48.4072-1 Definitions.
48.4073 [Reserved]
48.4073-1 Exemption of tires of certain sizes.
48.4073-2 Exemption of tires with internal wire fastening.
48.4073-3 Exemption of tread rubber used for recapping nonhighway tires.
48.4073-4 Other tax-free sales.

TAXABLE FUEL

48.4081-1 Taxable fuel; definitions.
48.4081-2 Taxable fuel; tax on removal at a terminal rack.
48.4081-3 Taxable fuel; taxable events other than removal at the terminal rack.
48.4081-4 Gasoline; special rules for gasoline blendstocks.
48.4081-5 Taxable fuel; notification certificate of taxable fuel registrant.
48.4081-6 Gasoline; gasohol.
48.4081-7 Taxable fuel; conditions for refunds of taxable fuel tax under section 4081(e).
48.4081-8 Taxable fuel; measurement.
48.4082-1 Diesel fuel and kerosene; exemption for dyed fuel.
48.4082-2 Diesel fuel and kerosene; notice required for dyed fuel.
48.4082-3 Diesel fuel and kerosene; visual inspection devices. [Reserved]
48.4082-4 Diesel fuel and kerosene; back-up tax.
48.4082-5 Diesel fuel and kerosene; Alaska.
48.4082-6 Kerosene; exemption for aviation-grade kerosene.
48.4082-7 Kerosene; exemption for feedstock purposes.
48.4083-1 Taxable fuel; administrative authority.
48.4091-3 Aviation fuel; conditions to allowance of refunds of aviation fuel tax under section 4091(d).
48.4101-1 Taxable fuel; registration.
48.4101-2 Information reporting.
48.4102-1 Inspection of records by State or local tax officers.

Subpart I—Coal

48.4121-1 Imposition and rate of tax on coal.

Subpart J [Reserved]

Subpart K—Sporting Goods

48.4161(a) [Reserved]
48.4161(a)-1 Imposition and rate of tax; fishing equipment.
48.4161(a)-2 Meaning of terms.
48.4161(a)-3 Parts and accessories.
48.4161(a)-4 Use considered sale.
48.4161(a)-5 Tax-free sales.
48.4161(b) [Reserved]
48.4161(b)-1 Imposition and rates of tax; bows and arrows.
48.4161(b)-2 Meaning of terms.
48.4161(b)-3 Use considered sale.
48.4161(b)-4 Tax-free sales.
48.4161(b)-5 Effective date.

Subpart L [Reserved]
Subpart M—Special Provisions Applicable to Manufacturers Taxes

48.4216(a)(1) Charges to be included in sale price.
48.4216(a)(2) Exclusions from sale price.
48.4216(a)(3) Other items relating to tax on sale price.
48.4216(b)(1) Constructive sale price; scope and application.
48.4216(b)(2) Constructive sale price; basic rules.
48.4216(b)(3) Constructive sale price; special rule for arm’s-length sales.
48.4216(b)(4) Constructive sale price; affiliated corporations.
48.4216(c) Computation of tax on leases and installment sales.
48.4216(d)(1) Sales of installment accounts.
48.4216(e)(1) Exclusion of local advertising charges from sale price.
48.4216(e)(2) Limitation on aggregate of exclusions and price readjustments.
48.4216(e)(3) No exclusion or readjustment for other advertising charges or reimbursements.
48.4216(f)(1) Value of used components excluded from price of certain trucks.
48.4217(1) Lease considered as sale.
48.4217(2) Limitation on amount of tax applicable to certain leases.

Use by Manufacturer or Importer Considered Sale

48.4218(1) Tax on use by manufacturer, producer, or importer.
48.4218(2) Business or personal use of articles.
48.4218(3) Events subsequent to taxable use of article.
48.4218(4) Use in further manufacture.
48.4218(5) Computation of tax.

Application of Tax in Case of Sales by Other Than Manufacturer or Importer

48.4219(1) Sales of taxable articles by a person other than the manufacturer, producer, or importer.

Subpart N—Exemptions, Registration, Etc.

48.4221(1) Tax-free sales; general rule.
48.4221(2) Tax-free sale of articles to be used for, or resold for, further manufacture.
48.4221(3) Tax-free sale of articles for export, or for resale by the purchaser to a second purchaser for export.
48.4221(4) Tax-free sale of articles for use by the purchaser as supplies for vessels or aircraft.
48.4221(5) Tax-free sale of articles to State and local governments for their exclusive use.
48.4221(6) Tax-free sales of articles to nonprofit educational organizations.
48.4221(7) Tax-free sales of tires and tubes.

48.4221(8) Tax-free sales of tires, tubes, and tread rubber used on intercity, local, and school buses.
48.4222(1) Registration.
48.4222(2) Exceptions to the requirement for registration.
48.4222(3) Revocation or suspension of registration.
48.4223(1) Registration in the case of certain other exemptions.
48.4223(1) Special rules relating to further manufacture.
48.4225(1) Exemption of articles manufactured or produced by Indians.

Subpart O—Refunds and Other Administrative Provisions of Special Application to Retailers and Manufacturers Taxes

48.6412(1) Floor stocks credit or refund.
48.6412(2) Definitions for purposes of floor stocks credit or refund.
48.6412(3) Amount of tax paid on each article.
48.6416(1) Claims for credit or refund of overpayments of taxes on special fuels and manufacturers taxes.
48.6416(2) Credit or refund of tax on special fuels.
48.6416(3) Credit or refund of manufacturers tax under chapter 32.
48.6416(4) Price readjustments causing overpayments of manufacturers tax.
48.6416(6) Readjustment for local advertising charges.
48.6416(7) Supporting evidence required in case of price readjustments.
48.6416(8) Certain exportations, uses, sales, or resales causing overpayments of tax.
48.6416(9) Exportations, uses, sales, and resales included.
48.6416(10) Supporting evidence required in case of manufacturers tax involving exportations, uses, sales, or resales.
48.6416(11) Supporting evidence required in case of special fuels tax involving exportations, uses, sales, or resales of special fuels.
48.6416(12) Tax-paid articles used for further manufacture and causing overpayments of tax.
48.6416(13) Further manufacture included.
48.6416(14) Supporting evidence required in case of tax-paid articles used for further manufacture.
48.6416(15) Return of installment accounts causing overpayments of tax.
48.6416(16) Credit for tax paid on tires or, prior to January 1, 1984, inner tubes.
48.6416(17) Refund to exporter or shipper.
48.6416(18) Credit on returns.
48.6416(19) Accounting procedures for like articles.
48.6420-1 Credits or payments to ultimate purchaser of gasoline used on a farm.
48.6420-2 Time for filing claim for credit or payment.
48.6420-3 Exempt sales; other payments or refunds available.
48.6420-4 Meaning of terms.

48.6420-5 Applicable laws.
48.6420-6 Records to be kept in substantiation of credits or payments.
48.6420(a)-2 Gasoline includible in claim.
48.6421-0 Off-highway business use.
48.6421-1 Credits or payments to ultimate purchaser of gasoline used for certain nonhighway purposes.
48.6421-2 Credits or payments to ultimate purchasers of gasoline used in intercity, local, or school buses.
48.6421-3 Time for filing claim for credit or payment.
48.6421-4 Meaning of terms.
48.6421-5 Exempt sales; other payments or refunds available.
48.6421-6 Applicable laws.
48.6421-7 Records to be kept in substantiation of credits or payments.
48.6427-0 Off-highway business use.
48.6427-1 Credit or payments to purchaser of special fuels resold or used for non-taxable, farming, or other purposes.
48.6427-2 Credits or payments to purchaser of diesel or special motor fuels used in intercity, local, or school buses.
48.6427-3 Time for filing claim for credit or payment.
48.6427-4 Applicable laws.
48.6427-5 Records to be kept in substantiation of credits or payments.
48.6427-6 Limitation on credit or refund of tax paid on fuel used in intercity, local or school buses after July 31, 1984.
48.6427-8 Diesel fuel and kerosene; claims by ultimate purchasers.
48.6427-9 Diesel fuel and kerosene; claims by registered ultimate vendors (farming and State use).
48.6427-10 Kerosene; claims by registered ultimate vendors (blending).
48.6427-11 Kerosene; claims by registered ultimate vendors (blending).

48.6715-1 Penalty for misuse of dyed fuel.

**Authority:** 26 U.S.C. 7805, unless otherwise noted.

Section 48.4081-7 also issued under 26 U.S.C. 4081(e).
Section 48.4082-1 also issued under 26 U.S.C. 4082.
Section 48.4082-2 also issued under 26 U.S.C. 4082.
Section 48.4082-5 also issued under 26 U.S.C. 4082.
Section 48.4082-6 also issued under 26 U.S.C. 4082(d).
Section 48.4082-7 also issued under 26 U.S.C. 4082(d).
Section 48.4101-1 also issued under 26 U.S.C. 4101(a).
Section 48.4101-2 also issued under 26 U.S.C. 6071(a).
Section 48.4221-3(e) also issued under 26 U.S.C. 4221(a).
Section 48.6116(b)(2)-2(b) also issued under 26 U.S.C. 6416(b).
Section 48.6427-8 also issued under 26 U.S.C. 6427(m).
Section 48.6427-9 also issued under 26 U.S.C. 6427(m).
Section 48.6427-10 also issued under 26 U.S.C. 6427(m).
Section 48.6427-11 also issued under 26 U.S.C. 6427(m).

**Subpart A—Introduction**

**§ 48.0-1 Introduction.**

The regulations in this part 48 are designated ‘‘Manufacturers and Retailers Excise Tax Regulations.’’ The regulations relate to the excise taxes imposed by chapter 31 and 32 of the Internal Revenue Code. Chapter 31 (relating to retail taxes) imposes tax on certain luxury items, special fuels, fuel used in commercial transportation on inland waterways, and heavy trucks and trailers. Chapter 32 (relating to manufacturers taxes) imposes tax on gas guzzler automobiles, highway-type tires, taxable fuel, aviation fuel, coal, certain vaccines, and sporting goods. Although chapter 32 also imposes a tax on firearms, this tax is under the jurisdiction of the Bureau of Alcohol, Tobacco, and Firearms. See part 40 of this chapter for regulations relating to returns, payments, and deposits of taxes imposed by chapters 31 and 32 (other than the tax on firearms imposed by section 4181).

§ 48.0–2 General definitions and attachment of tax.

(a) Meaning of terms. As used in the regulations in this part, unless otherwise expressly indicated:

(1) The terms defined in the provisions of law contained in the regulations in this part shall have the meanings so assigned to them.

(2) [Reserved]

(3) The term calendar quarter means a period of 3 calendar months ending on March 31, June 30, September 30, or December 31.

(4)(i) The term manufacturer includes any person who produces a taxable article from scrap, salvage, or junk material, or from new or raw material, by processing, manipulating, or changing the form of an article or by combining or assembling two or more articles. The term also includes a “producer” and an “importer”. An “importer” of a taxable article is any person who brings such an article into the United States from a source outside the United States, or who withdraws such an article from a customs bonded warehouse for sale or use in the United States. If the nominal importer of a taxable article is not its beneficial owner (for example, the nominal importer is a customs broker engaged by the beneficial owner), the beneficial owner is the “importer” of the article for purposes of chapter 32 and is liable for tax on his sale or use of the article in the United States. See section 4219 and the regulations thereunder for the circumstances under which sales by persons other than the manufacturer or importer are subject to the manufacturers excise tax.

(ii) Under certain circumstances, as where a person manufactures or produces a taxable article for another person who furnishes materials under an agreement whereby the person who furnished the materials retains title thereto and to the finished article, the person for whom the taxable article is manufactured or produced, and not the person who actually manufactures or produces it, will be considered the manufacturer.

(iii) A manufacturer who sells a taxable article in a knockdown condition is liable for the tax as a manufacturer. Whether the person who buys such component parts and assembles a taxable article from them will also be liable for tax as a further manufacturer of a taxable article will depend on the relative amount of labor, material, and overhead required to assemble the completed article and on whether the article is assembled for a business or personal use. See section 4218 and the regulations thereunder.

(5) The term sale means an agreement whereby the seller transfers the property (that is, the title or the substantial incidents of ownership) in goods to the buyer for a consideration called the price, which may consist of money, services, or other things.

(6) The term taxable article means any article taxable under section 4041 or Chapter 32, Subtitle D, of the Code.

(7) The term vendor includes a lessor except that, with respect to the manufacturers excise taxes, this rule applies only where the lessor is also the manufacturer of the article.

(8) The term purchaser includes a lessor except that, with respect to the manufacturers excise taxes, this rule applies only where the lessor is also the manufacturer of the article.

(9) The term exporter means the person named as shipper or consignor in the export bill of lading.

(10) The term exportation means the severance of an article from the mass of things belonging within the United States with the intention of uniting it with the mass of things belonging within some foreign country or within a possession of the United States.

(11) The term possession of the United States includes Guam, the Midway Islands, Palmyra, the Panama Canal Zone, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, and Wake Island.

(b) Attachment of tax. (1) For purposes of this part, the manufacturers excise tax generally attaches when the title to the article sold passes from the manufacturer to a purchaser, and the retailers excise tax generally attaches when the title to the article sold passes from the retailer to a purchaser.

(2) When title passes is dependent upon the intention of the parties as gathered from the contract of sale and the attendant circumstances. In the absence of expressed intention, the
(3) In the case of a sale on credit, the tax attaches whether or not the purchase price is actually collected.

(4) Where a consignor (such as a manufacturer) consigns articles to a consignee (such as a dealer), retaining ownership in them until they are disposed of by the consignee, title does not pass, and the tax does not attach, until sale by the consignee. Where the relationship between a manufacturer and a dealer is that of principal and agent, title does not pass, and the tax does not attach, until sale by the dealer.

(5) In the case of a lease, an installment sale, a conditional sale, or a chattel mortgage arrangement or similar arrangement creating a security interest, a proportionate part of the tax attaches to each payment. See section 4217 and the regulations thereunder for a limitation on the amount of tax payable on lease payments.

(6) In the case of use by the manufacturer, the tax attaches at the time the use begins.


§ 48.0–3 Exemption certificates.

Several sections of the regulations in this part, relating to sales exempt from retailers or manufacturers excise tax, require the retailer or manufacturer (as the case may be) to obtain an exemption certificate from the purchaser to substantiate the exempt character of the sale. Many of these sections also contain specimen forms of acceptable exemption certificates. However, any form of exemption certificate will be acceptable if it includes all the information required to be contained in such a certificate by the pertinent sections of the regulations in this part. If it contains all the required information, a form of exemption certificate that is processed by data processing equipment is acceptable.

as a fuel in a motor vehicle. Tax at the rates specified in that section applies regardless of whether the motor vehicle is a highway vehicle. However, a reduced rate of tax from that imposed by paragraphs (b)(2)(i)(A) of §48.4041–1 is allowed by paragraph (b)(2)(i)(C) of §48.4041–1 if special motor fuel is sold for use in a qualified business use. An exemption from the tax imposed by paragraph (b)(2)(i)(A) of §48.4041–1 is allowed by paragraph (b)(2)(ii)(A) of §48.4041–1 if the special motor fuel is sold for use in an off-highway business use.

(3) Special motor fuel sold for use as fuel in a motorboat. Tax at the rates specified in paragraphs (b)(2)(i)(A) and (ii)(A) of §48.4041–1 applies in the case of the sale of special motor fuel for use as fuel in a motorboat. The qualified business use reduced rate of tax set forth in paragraph (b)(2)(i)(C) of §48.4041–1 and the off-highway business use exemption set forth in paragraph (b)(2)(ii)(C) of §48.4041–1 are not applicable to motorboats unless the motorboat is a vessel employed in the fisheries or whaling business. See section 6421(d)(2)(B).

(d) Example. Application of the tax to the sale of special motor fuels may be illustrated by the following example.

Example. The N Company is engaged in the manufacture of ceramic products. It has a vehicle which is used to haul clay from a clay pit to its factory. This vehicle has not been registered for highway use and under the applicable State law is not required to be registered for highway use since none of the hauling of clay is done on public highways. The N Company also uses a ditch digging machine in the vicinity of the clay pit for the construction of drains. A fork lift truck is used to move cartons of merchandise from place to place inside the company’s warehouse and to assist in the loading of merchandise onto the company’s highway trucks for delivery to purchasers. The highway trucks are registered by the State for use on highways. Special motor fuel is used for the operation of all of these items of equipment. Before April 1, 1983, the special motor fuel sold for use as a fuel in the registered highway trucks is subject to tax at the rate specified in §48.4041–1(b)(2)(i)(A). On or after January 1, 1979, and before April 1, 1983, the special motor fuel sold for use as a fuel in the unregistered truck used to haul clay from the pit to the factory and in the fork lift truck, assuming both of these are used in qualified business uses, is subject to tax at the rate specified in §48.4041–1(b)(2)(i)(C). If the unregistered truck and forklift are not used in qualified business uses, then the special motor fuel sold for use in these vehicles is taxable at the rate specified in §48.4041–1(b)(2)(i)(A) since both are motor vehicles.

No tax is payable with respect to the special motor fuel sold for use in the ditch digging machine since that machine is not a motor vehicle. On and after April 1, 1983, and before October 1, 1988, special motor fuel sold for use in the registered trucks is taxable at the rate specified in §48.4041–1(b)(2)(i)(A) because the trucks are motor vehicles. On and after April 1, 1983, and before October 1, 1988, special motor fuel sold for use in the unregistered truck and the fork lift, assuming that both vehicles are used in off-highway business uses, is exempt from tax as specified in §48.4041–1(b)(2)(ii)(C). If the unregistered truck and forklift are not used in off-highway business uses, then the special motor fuel sold for use in these vehicles is taxable at the rate specified in §48.4041–1(b)(2)(i)(A) since both are motor vehicles. No tax is payable with respect to the special motor fuel sold for use in the ditch digging machine since that machine is not a motor vehicle.

(e) Cross reference. (1) For the tax applicable in certain cases based on the use of special motor fuel as a fuel in a motor vehicle or motorboat, see §48.4041–6.

(2) For the definition of the terms “highway”, “motor vehicle”, “special motor fuel”, and “registered”, see paragraphs (a), (c), (f), and (i) of §48.4041–8. For the definition of the term “off-highway business use”, see section 6421(d)(2).

(3) For the exemption from tax with respect to special motor fuel sold for use on a farm for farming purposes or as supplies for vessels, see §§48.4041–9 and 48.4041–10, respectively.

(4) For credit or refund of tax paid on special motor fuel resold or used otherwise than for the purpose for which purchased, see section 6427(a).

[TD. 8066, 51 FR 14, Jan. 2, 1986]

48.4041–4 Application of tax on sales of liquid for use as fuel in aircraft in noncommercial aviation.

(a) In general. The taxes imposed by subparagraphs (1)(A) and (2)(A) of section 4041(c) apply to the taxable sale of any liquid by any person to an owner, lessee, or other operator of an aircraft, for use as a fuel in the aircraft in non-commercial aviation.
(b) Liability of tax. The tax on the taxable sale of any liquid used as fuel in aircraft in noncommercial aviation is payable by the person who sells the liquid to the owner, lessee, or operator of an aircraft in noncommercial aviation.

(c) Rate of tax. Tax is imposed on the sale of liquids used as fuel in aircraft in noncommercial aviation at the rate applicable on the date on which the liquid is sold. See §48.4041-1(b)(3) for rates.

(d) Cross references. (1) For the tax applicable on the basis of the use of fuel in an aircraft in noncommercial aviation, see §48.4041-6.

(2) For the definition of the term “noncommercial aviation”, see paragraph (j) of §48.4041-8.

(3) For the exemption of tax with respect to liquids used as fuel in aircraft in noncommercial aviation sold for use on a farm for farming purposes or as supplies for vessels or aircraft, see §§48.4041-9 and 48.4041-10, respectively. For tax-free sales if sellers and purchasers are registered, see §48.4041-11.

(4) For credit or refund of tax paid on fuel used in noncommercial aviation that is resold or used otherwise than for the purpose for which purchased, see section 6227(a).

(e) Effective date. The provisions of this section shall apply to sales or uses occurring before October 1, 1980, and to sales or uses occurring on or after September 1, 1982, and ending before January 1, 1988.


§ 48.4041-5 Sales of diesel and special motor fuels and fuel for use in aircraft; rules of general application.

(a) Taxability of liquid fuel delivered into purchaser’s tanks—(1) Fuel supply tanks. (i) The sale of diesel fuel to an owner, lessee, or other operator of a diesel-powered highway vehicle, or of special motor fuel to an owner, lessee, or other operator of a motor vehicle or motorboat, or of fuel to an owner, lessee, or other operator of an aircraft used in noncommercial aviation is considered a taxable sale of the liquid fuel if the liquid fuel is delivered by the seller into the fuel supply tank of the vehicle, motorboat, or aircraft. For purpose of this paragraph (a), liquid fuel sold at a location unattended by the seller (such as under a cardlock or meter system) on or after January 2, 1986, is considered to be delivered into the fuel supply tank by the seller except as provided in paragraph (a)(1)(ii) of this section. In this regard, see section 6227(a) for credit or refund of tax if liquid fuel acquired in a transaction subject to tax is used in a nontaxable use.

(ii) If the seller maintains special devices at the unattended location to account accurately for sales of liquid fuel for nontaxable uses (such as assigning a separate “nontaxable” meter or, in a cardlock system, issuing a special “nontaxable” card to a customer who regularly purchases fuel for nontaxable uses), then such sales of liquid fuel shall be considered nontaxable. The seller must maintain sufficient records of such nontaxable sales and include in these records the name of the purchaser, the date of the purchase, and the quantity of fuel purchased in each sale.

(2) Bulk tanks. The sale of diesel fuel to an owner, lessee, or other operator of a diesel-powered highway vehicle, or of special motor fuel to an owner, lessee, or other operator of a motor vehicle or motorboat, or of fuel to an owner, lessee, or other operator of an aircraft used in noncommercial aviation is considered a taxable sale of the liquid fuel if—

(i) The liquid fuel is delivered by the seller into a bulk supply tank (or other container) that is not the fuel supply tank of a vehicle, motorboat, or aircraft; and

(ii) The purchaser furnishes a written statement to the seller before or at the time of the sale stating that the entire quantity of the liquid fuel covered by the sale is for a taxable purpose as a fuel in such a vehicle, motorboat, or aircraft.

If the purchaser fails to provide the written statement required by paragraph (a)(2)(ii) of this section, the purchaser is liable for the tax on the later taxable sale or use. If a purchaser acquires both fuel that is to be used for taxable purposes and fuel that is to be used for nontaxable purposes, and the fuel that is to be used for taxable purposes is stored in a different storage tank (or container) from the tank used
§ 48.4041–6 Application of tax on use of taxable liquid fuel.

(a) In general—(1) Diesel fuel. (i) If, before April 1, 1983, a person acquires any diesel fuel by any means other than through a transaction subject to tax under section 4041(a)(1) and uses it as a fuel in a diesel powered highway vehicle, the person is liable for a tax under section 4041(a)(2) on the quantity of diesel fuel so used at the appropriate rate set forth in § 48.4041–1(b)(1)(i). If a person acquired any diesel fuel through a transaction which is subject to tax at the rate set forth in paragraph (b)(1)(i)(C) or (D) of § 48.4041–1, and uses it for a use described in paragraph (b)(1)(i)(A) or (B) of § 48.4041–1 the person is liable for an additional tax under section 4041(a)(2) on the quantity of diesel fuel so used. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(i)(A) or (B) of § 48.4041–1 is used as described in paragraph (b)(1)(i) (C) or (D) of § 48.4041–1 or in a nontaxable use.

(ii) On or after April 1, 1983, and before August 1, 1984, if a person acquires any diesel fuel by any means other than through a transaction subject to tax under section 4041(a)(1)(A) and uses it as a fuel in a diesel-powered highway vehicle, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of diesel fuel so used at the appropriate rate set forth in paragraph (b)(1)(ii) of § 48.4041–1. If a person acquired any diesel fuel through a transaction for which no tax is imposed by reason of paragraph (b)(1)(ii)(C) of § 48.4041–1 and uses it in other than a taxable use, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of diesel fuel so used. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(ii)(A) of § 48.4041–1 is used as described in paragraph (b)(1)(ii)(C) of § 48.4041–1 or in another nontaxable use.

(iii) On or after August 1, 1984, and before October 1, 1988, if a person acquires any diesel fuel by any means

§ 48.4041–6 Application of tax on use of taxable liquid fuel.

(b) Sales for resale and to consignees. (1) A sale to a dealer for resale is not subject to tax even if it is known at the time of the sale that the liquid fuel will be resold by the dealer for use as a fuel in a diesel-powered highway vehicle, motor vehicle, motorboat, or aircraft.

(2) The tax is payable by the person who makes the taxable sale. If a taxable liquid fuel is consigned to a person for sale and the consignor retains ownership in the liquid fuel until it is disposed of by the consignee, the consignor is the person liable for the tax when a taxable sale of the liquid fuel is made by the consignee. If the consignor transfers ownership in the taxable liquid fuel to the consignee before sale of the liquid fuel by the consignee, the consignee is the person liable for the tax upon a subsequent taxable sale of the liquid. However, if ownership of the liquid fuel is transferred back to the consignor or to another person before a taxable sale is made, as described in paragraph (a) of this section, and thereafter a taxable sale of the liquid fuel is made by such person or by another person acting as the person’s agent, such person is liable for the tax. See paragraph (d) of § 48.4041–1 for definition of the term “taxable liquid fuel.”

other than through a transaction subject to tax under section 4041(a)(1)(A) and uses it as a fuel in a diesel-powered highway vehicle, the person is liable for a tax under section 4041(a)(1)(B) on the quantity of diesel fuel so used at the appropriate rate set forth in paragraph (b)(1) of §48.4041–1. If a person acquired any diesel fuel through a transaction for which no tax is imposed by reason of paragraph (b)(1)(iii)(C) of §48.4041–1 and uses it in other than a nontaxable use, the person is liable for a tax under section 4041(a)(2)(B) on the quantity of fuel so used. See paragraph (b)(1)(iii)(D) of §48.4041–1 for the applicable rate of tax. See section 6427(a) for credit or refund of tax where diesel fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(1)(iii)(A) of §48.4041–1 is used as described in paragraph (b)(1)(iii)(C) of §48.4041–1 or in another nontaxable use.

(2) Special motor fuel. (i) On or after January 1, 1979, and before April 1, 1983, if a person acquired any special motor fuel by any means other than through a transaction subject to tax under section 4041(b)(1) and uses it as a fuel in a motor vehicle or motorboat, the person is liable for a tax under section 4041(b)(2) on the quantity of special motor fuel so used at the appropriate rate set forth in §48.4041–1(b)(2)(i). If a person acquired any special motor fuel through a transaction with is subject to a tax at the rate set forth in paragraph (b)(2)(ii)(C) of §48.4041–1 and uses it in a use other than one for which the reduced rate applies, the person is liable for an additional tax under section 4041(b)(2) on the quantity of special motor fuel so used. See §48.4041–1(b)(2)(i)(D) or (E) for the applicable rate of tax. See section 6427(a) for credit or refund of tax where special motor fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(2)(i)(A) of §48.4041–1 is used for a purpose described in paragraph (b)(2)(i)(C) of §48.4041–1 or in another nontaxable use.

(ii) On or after April 1, 1983, and before October 1, 1988, if a person acquired any special motor fuel by any means other than through a transaction subject to tax under section 4041(b)(1)(A) and uses it as a fuel in a motor vehicle or motorboat, the person is liable for a tax under section 4041(a)(2)(B) on the quantity of special motor fuel so used at the appropriate rate set forth in paragraph (b)(2)(ii) of §48.4041–1. If a person acquired any special motor fuel through a transaction for which no tax is imposed by reason of paragraph (b)(2)(ii)(C) of §48.4041–1 and uses it in other than a nontaxable use, the person is liable for a tax under section 4041(a)(2)(B) on the quantity of fuel so used. See paragraph (b)(2)(ii)(D) of §48.4041–1 for the applicable rate of tax. See section 6427(a) for credit or refund of tax where special motor fuel acquired in a transaction subject to tax at the rate set forth in paragraph (b)(2)(ii)(A) of §48.4041–1 is used for a purpose described in paragraph (b)(2)(ii)(C) of §48.4041–1 or in another nontaxable use.

(3) Noncommercial aviation. If a person acquires any liquid fuel by any means other than through a transaction subject to tax under section 4041(c)(1)(A) or section 4041(c)(2)(A) and uses it as fuel in an aircraft in noncommercial aviation, the person is liable for a tax under section 4041(c)(1)(B) or section 4041(c)(2)(B) on the quantity of the liquid fuel so used at the appropriate rate set forth in §48.4041–1(b)(3).

(b) Bulk purchases by users. Taxpayers who purchase taxable liquid fuel in bulk delivered into storage tanks or other containers and use it for taxable or nontaxable purposes or in registered and nonregistered vehicles must maintain adequate records of all fuel used for each purpose to permit verification of the tax paid and of any credits, refunds, or exemptions claimed.


§48.4041–7 Dual use of taxable liquid fuel.

Tax applies to all taxable liquid fuel sold for use or used as a fuel in the motor which is used to propel a diesel-powered vehicle or in the motor used to propel a motor vehicle, motorboat, or aircraft, even though the motor is also used for a purpose other than the propulsion of the vehicle, motorboat, or aircraft. Thus, if the motor of a diesel-powered highway vehicle or a motorboat operates special equipment by means of a power take-off or power
§48.4041-8 Definitions.

For purposes of the regulations in this subpart, unless otherwise expressly indicated:

(a) Highway. The term “highway” includes any road (whether a Federal highway, State highway, city street, rural road, or otherwise) in the United States which is not a private roadway.

(b) Highway vehicle—(1) In general. The term “highway vehicle” means any self-propelled vehicle, or any trailer or semi-trailer, designed to perform a function of transporting a load over highways, whether or not also designed to perform other functions, but does not include a vehicle described in paragraph (b)(2) of this section. For purposes of this definition, a vehicle consists of a chassis, or a chassis and a body if the vehicle has a body, but does not include the vehicle’s load. Therefore, in determining whether a vehicle is a “highway vehicle”, it is immaterial that the vehicle is designed to perform a highway transportation function for only a particular kind of load, such as passengers, furnishings and personal effects (as in a house, office, or utility trailer), a special type of cargo, goods, supplies, or materials, or, except to the extent otherwise provided in paragraph (b)(2)(i) of this section, machinery or equipment specially designed to perform some off-highway task unrelated to highway transportation. In the case of specially designed machinery or equipment, it is also immaterial, except as provided in paragraph (b)(2)(i) of this section, that such machinery or equipment is permanently mounted on the vehicle. For purposes of paragraph (b) of this section, the term “transport” includes the term “tow”. A vehicle which is not a highway vehicle within the meaning of this paragraph shall be treated as a non-highway vehicle for purposes of section 4041. Examples of vehicles that are designed to perform a function of transporting a load over the public highways are passenger automobiles, motorcycles, buses, and highway-type trucks, truck tractors, trailers, and semi-trailers.

(2) Exceptions—(i) Certain specially designed mobile machinery for nontransportation functions. A self-propelled vehicle, or trailer or semi-trailer, is not a highway vehicle if it (A) consists of a chassis to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment to perform a construction, manufacturing, processing, farming, mining, drilling, timbering, or other operation similar to any one of the foregoing enumerated operations if the operation of the machinery or storage tanks. However, tax does not apply to liquid fuel sold for use or used in a separate motor to operate special equipment (whether or not the equipment is mounted on the vehicle). If the taxable liquid fuel used in a separate motor is drawn from the same tank as the one which supplies fuel for the propulsion of the vehicle, a reasonable determination of the quantity of taxable liquid fuel used in such separate motor or during such period is acceptable for purposes of application of the tax. This determination must be based, however, on the operating experience of the person using the taxable liquid fuel, and the taxpayer must maintain records which support the allocation used. Devices to measure the number of miles the vehicle has traveled, such as hubometers, may be used in making a preliminary determination of the number of gallons of fuel used to propel the vehicle. In order to make a final determination of the number of gallons of fuel used to propel the vehicle, there must be added to this preliminary determination the amount of fuel consumed while idling or warming up the motor preparatory to propelling the vehicle.

equipment is unrelated to transportation on or off the public highways, (B) the chassis has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and (C) by reason of such special design, such chassis could not, without substantial structural modification, be used as a component of a vehicle designed to transport any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

(ii) Certain vehicles specially designed for off-highway transportation. A self-propelled vehicle, or a trailer or semi-trailer, is not a highway vehicle if it is (A) specially designed for the primary function of transporting a particular type of load other than over the public highway in connection with a construction, manufacturing, processing, mining, drilling, farming, timbering, or other operation similar to any one of the foregoing enumerated operations, such as a trailer specially designed to serve as an office for such an operation.

(b)(2)(ii) Certain trailers and semi-trailers specially designed to perform nontransportation functions off the public highways. A trailer or semi-trailer is not a highway vehicle if it is specially designed to serve no purpose other than providing an enclosed stationary shelter for the carrying on of a function which is directly connected with and necessary to, and at the off-highway site of, a construction, manufacturing, processing, mining, drilling, farming, timbering, or other operation similar to any one of the foregoing enumerated operations, such as a trailer specially designed to serve as an office for such an operation.

(b)(3) Optional application. For purposes of section 4041, if any rules existing immediately prior to January 13, 1977, would, if applicable, unequivocally resolve an issue involving the definition of a highway vehicle with respect to a period prior to such date, at the option of the taxpayer, such rules existing prior to such date shall be applied to resolve the issue for all periods prior to such date, and the rules of paragraph (b)(1) and (2) of this section, which define the term “highway vehicle”, shall not apply with respect to such issue for all periods prior to such date.

(c) Motor vehicles. The term “motor vehicle” includes all types of vehicles propelled by motor that are designed for carrying or towing loads from one place to another, regardless of the type of load or material carried or towed and whether or not the vehicle is registered or required to be registered for highway use. Included are fork lift trucks used to carry loads at railroad stations, industrial plants, warehouses, etc. The term does not include farm tractors, trench diggers, power shovels, bulldozers, road graders or rollers, and similar equipment which does not carry or tow a load; nor does it include any vehicle which moves exclusively on rails. For periods prior to January 6, 1977, a vehicle which is designed for towing, but not carrying, loads shall not be considered to be a motor vehicle.
§48.4041-8  26 CFR Ch. I (4–1–02 Edition)

(d) Taxable liquid fuel. The term “taxable liquid fuel” (or “taxable liquid”) means any liquid which is either—

(1) Diesel fuel as defined in paragraph (e) of this section,

(2) Special motor fuel as defined in paragraph (f) of this section, or

(3) Any liquid fuel used in an aircraft in “noncommercial aviation”, as defined in paragraph (h) of this section.

(e) Diesel fuel. The term “diesel fuel” means any liquid (other than a product taxable as gasoline under the provisions of section 4081) which is sold for use or used as a fuel in a diesel-powered highway vehicle.

(f) Special motor fuel. (1) Except as provided in paragraph (f)(2) of this section, special motor fuel means any liquid fuel, including—

(i) Any liquefied petroleum gas (such as propane, butane, pentane, or mixtures of the same);

(ii) Liquefied natural gas; or

(iii) Benzol, benzene, naptha, or any other liquid, whether a refined, partly refined, or unrefined product, 10 percent of which has been recovered when the thermometer reads 347 °F. (175 °C.) or 95 percent of which has been recovered when the thermometer reads 464 °F. (240 °C.) when subjected to distillation in accordance with the “Standard Method of Test for Distillation of Gasoline, Naphtha, Kerosene, and Similar Petroleum Products” (A.S.T.M. designation: D86) of the American Society for Testing Materials, regardless of the trade name under which sold.

(2) The term “special motor fuel” does not include any product taxable under the provisions of section 4081, nor does it include “kerosene, gas, oil, or fuel oil”, as defined in paragraph (g) of this section.

(g) Kerosene, gas, oil, or fuel oil. (1) The term “kerosene, gas, oil, or fuel oil” means any product (i) 10 percent of which has not been recovered when the thermometer reads 347 °F. (175 °C.), and (ii) 95 percent of which has not been recovered when the thermometer reads 464 °F. (240 °C.), when subjected to distillation in accordance with the “Standard Method of Test for Distillation of Gasoline, Naphtha, Kerosene, and Similar Petroleum Products” (A.S.T.M. designation: D86) of the American Society for Testing Materials.

(2) Products designated as kerosene, gas, oil, or fuel oil which do not fall within the specifications of both paragraphs (g)(1) (i) and (ii) of this section are taxable as special motor fuel if sold or used as a fuel in a motor vehicle or motorboat.

(h) Fuel used in the aircraft in noncommercial aviation. The term “fuel used in an aircraft in noncommercial aviation” means any liquid (including any product taxable under section 4081) that is sold for use or used as a fuel in an aircraft in noncommercial aviation (as defined in paragraph (j) of this section).

(i) Registered. The term “registered”, when used with reference to a highway vehicle, means—

(1) Registered for highway use under the laws of any State, District of Columbia, or foreign country, or

(2) Required to be registered for highway use under the law of the State, District of Columbia, or foreign country in which it is operated or situated. Any highway vehicle which is operated under a dealer’s tag, license, or permit is considered to be registered. A highway vehicle is not considered to be “registered” solely because there has been issued a special permit for operation of the vehicle at particular times and under specified conditions. However, a highway vehicle which is required to be registered and which also has been issued a special permit for operation of the vehicle under specified conditions, such as carrying an oversized load, is still considered to be “registered”.

(j) Noncommercial aviation. The term “noncommercial aviation” means any use of an aircraft, other than in a business of transporting persons or property for compensation or hire by air. The term also includes any use of an aircraft, in a business described in the preceding sentence, which is properly allocable to any transportation exempt from taxes imposed by sections 4261 (transportation of persons) and 4271 (transportation of property) by reason of section 4231 (use of small aircraft on
§48.4041-9 Exemption for farm use.

(a) In general. The tax imposed by section 4041 does not apply to diesel fuel or special motor fuel, or fuel used in noncommercial aviation, sold for use or used on a farm in the United States for farming purposes. The tax applies in the case of diesel fuel delivered into the fuel supply tank of an aircraft in noncommercial aviation, sold for use or used in operating the farm, tax applies to that diesel fuel or special motor fuel which is sold for use or used in operating the truck on the highways, since the fuel was used off the farm.

(b) Evidence required to establish exemption. In order to establish exemption from tax in the case of a sale of fuels for use as supplies for vessels or aircraft, it is necessary that the seller furnish to the owner of the vessel or aircraft a certificate that the sale is exempt from tax as provided in this section.

§48.4041-10 Exemption for use as supplies for vessels or aircraft.

(a) Application of exemption. The tax imposed by section 4041 does not apply to any fuels which are sold for use or used as supplies for vessels or aircraft within the meaning of section 4221(a)(3) and (d)(3), and §48.4221-4. In the case of a liquid sold for use as fuel in an aircraft, a tax-free sale may be made only if the requirements of §48.4041-11 are met. For credit or refund of tax paid on fuels which have been sold or used as supplies for vessels or aircraft, see section 4221(b)(2)(B), section 4237, and paragraph (f) of this section.

(b) Evidence required to establish exemption. (1) In order to establish exemption from tax in the case of a sale of fuels for use as supplies for vessels or aircraft, it is necessary that the seller obtain from the owner, charterer, or authorized agent of the vessel or aircraft and retain in its possession a property executed exemption certificate in the form prescribed by paragraph (c) of this section. If fuel is sold tax free for use as supplies for civil aircraft employed in foreign trade or in trade between the United States and any of its possessions, the exemption certificate must show the name of the country in which the aircraft is registered.

(2) If only occasional sales of fuels are made to a purchaser for use which is exempt from tax as provided in this section, a separate exemption certificate must be furnished for each order. However, if sales are regularly or frequently made to a purchaser for such
exempt use, a certificate covering all orders for a specified period not to exceed 12 calendar quarters is acceptable. Such certificates and proper records of invoices, orders, etc., relative to tax-free sales must be kept for inspection by the district director as provided in section 6001. If a seller’s records with respect to any sale claimed to be tax free do not include a proper certificate, with supporting invoices and such other evidence as may be necessary to establish the exempt character of the sale, tax is payable by the seller on the sale.

(c) Acceptable form of exemption certificate. The following form of exemption certificate, which must be adhered to in substance, is acceptable for the purposes of this section.

EXEMPTION CERTIFICATE

(For use by purchasers of fuels for use as supplies for certain vessels or aircraft (section 4041(g) of the Internal Revenue Code of 1954).)

(Date), 19—

The undersigned purchaser hereby certifies that he/she is the

(owner, charterer, or authorized agent of owner or charterer)

of

(Name of company and vessel)

and that the fuel specified in the accompanying order, or as specified below or on the reverse side hereof, will be used only as fuel supplies for a vessel belonging to one of the following classes of vessels (including aircraft) to which section 4041(g) of the Internal Revenue Code applies: (Check class to which vessel belongs):

(1) Vessels (including aircraft) engaged in foreign trade.

(2) Vessels engaged in trade between the Atlantic and Pacific ports of the United States.

(3) Vessels (including aircraft) engaged in trade between the United States and any of its possessions.

(4) Vessels employed in the fisheries or whaling business.

(5) Vessels (including aircraft) of war of the United States or a foreign nation.

The undersigned understands that if the fuels are sold or used otherwise than as stated above and for a taxable purpose specified in section 4041 of the Internal Revenue Code, the undersigned will be liable for the tax upon such sale or use. It is also understood that this certificate may not be used in purchasing fuels, if such fuels are for use as fuels in pleasure vessels, or of any type of aircraft except (1) civil aircraft employed in foreign trade or trade between the United States and any of its possessions, and otherwise entitled to exemption, and (2) aircraft owned by the United States or any foreign country and constituting a part of the armed forces thereof.

The undersigned understands that the fraudulent use of this certificate to secure exemption will subject the undersigned and all others making fraudulent use to a penalty equivalent to the amount of tax due on the sale of the fuel and, upon conviction, to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with the costs of prosecution. The purchaser also understands that it must be prepared to establish by satisfactory evidence the purpose for which the fuel purchased under this certificate was used.

(Signature)

(Address)

Registration Number if fuel used as supplies for civil aircraft engaged in foreign trade or in trade between the United States and any of its possessions.

(d) Exemption certificate not obtained prior to filing of seller’s excise tax return. If the exemption certificate is not obtained prior to the time the seller files a return covering taxes due for the period during which the sale was made, the seller must include the tax on the sale in its return for that period. However, if the certificate is later obtained, a claim for refund of the tax paid on the sale may be filed on Form 6416(b), or a credit for the tax paid may be taken upon a subsequent return as provided by section 6416(b)(2)(B) and §48.6416(b)—2(c).

(e) Liability of purchaser. The person who purchases fuels tax free as provided in this section is liable for the tax imposed by section 4041 if the person sells or uses such fuel in a sale or use that is not exempt under any provision of law applicable to the taxes imposed by section 4041.

(f) Credit or refund. (1) If diesel fuel or special motor fuel upon which the tax imposed by section 4041(a) (1) or (2), has been paid, is sold or used as supplies for vessels, a credit or refund of the tax is available under section 6416(b)(2)(B) to the retail dealer who paid the tax. As an alternative, a credit or refund of tax is available under section 6427 to the operator of the vessel who used the
fuel. Where the retail dealer claims refund of the tax, the dealer, in accordance with section 6416(a), must reimburse the operator of the vessel for the amount of tax or obtain the written consent of the operator to the filing of such claim.

(2) If aviation fuel upon which the tax imposed by section 4041(c) has been paid is sold or used as supplies for aircraft, credit or refund of the tax is available only as a payment under section 6427 to the operator of the aircraft who uses the fuel or to the person who resells the fuel for such use.


§ 48.4041–11 Tax-free sales of fuel for use in noncommercial aviation only if sellers and certain purchasers are registered.

(a) In general. Any sale of liquid fuel for delivery into a fuel supply tank of an aircraft is presumed to be subject to tax under section 4041(c), unless both the seller and purchaser of the liquid fuel are registered as provided in paragraph (b) of this section or are within one of the exceptions provided in paragraph (c) of this section.

(b) Form of registration. Except as provided in paragraph (c) of this section (relating to exceptions for State and local governments, for fuel purchased from customs bonded warehouses or continuous customs custody, and for fuel purchased for use in certain aircraft of the United States or of any foreign nation), tax-free sales under section 4041(c) may be made only if both the seller and the purchaser have registered as required by section 4041(i) and this paragraph (b). If fuel is purchased tax paid for use in noncommercial aviation but is used for a non-taxable purpose, see section 6427(a) for provisions relating to refunds or credits of tax for tax-paid fuels not used for the purpose for which sold. Any person desiring to be registered in order to sell or purchase fuel free of the tax imposed by section 4041(c) must, before making any tax-free sale or purchase, file Form 637A, in duplicate. Form 637A must be filed with the District Director of Internal Revenue for the district in which the principal place of business of the applicant is located (or if the applicant has no principal place of business in the United States, with the Director of International Operations, Internal Revenue Service, Washington, DC 20224). The person who receives a validated Certificate of Registry (Validated Form 637A) is considered to be registered for purposes of selling or purchasing fuel tax free as provided in this section.

(c) Transactions excepted from registration. (1) A State or local government purchasing fuel delivered into a fuel supply tank of an aircraft it operates for its exclusive use may, but is not required to, register as provided in this section.

(2) Any purchaser of aircraft fuel who purchases fuel from any customs bonded warehouse or from continuous customs custody elsewhere than in a bonded warehouse is not required to register to purchase aircraft fuel from these sources tax free.

(3) Any purchaser of fuel for use in an aircraft which is owned by the United States or any foreign country and constitutes a part of the armed forces thereof is not required to register to purchase aircraft fuel tax free.

(4) The exceptions from registration in paragraphs (c) (1), (2), and (3) of this section do not relieve purchasers from the requirement of furnishing an exemption certificate as required by paragraph (d) of this section.

(d) Evidence of tax-free sale. (1) To establish the right of a purchaser to purchase fuel delivered into the fuel supply tank of an aircraft tax free, the seller must obtain from the purchaser and retain in its possession a certificate, properly executed and signed by or on behalf of the purchaser, containing the following information:

(i) Date of purchase,

(ii) The purchaser’s registration number (or the exception from registration which is relied upon), and

(iii) A brief statement of the intended tax-free use of the fuel (for example, by an airline in the business of transporting persons or property for hire).

(2) The following form of certificate, which must be adhered to in substance, is acceptable for the purposes of this paragraph.

(Date) ________, 19__
§ 48.4041–12

The undersigned signifies that he/she, or the

(Name of purchaser if other than undersigned)
of which the undersigned is

(Title)

holds Certificate of Registry No. __________ or has not registered because

(Brief statement of exception from registration relied upon)
delivered into a supply tank of the subject aircraft may be purchased free of tax because the fuel will be used

(Brief statement of tax-free use)
The undersigned understands that if the fuel is used otherwise than as stated above and for a purpose taxable under section 4041 of the Internal Revenue Code, the undersigned will be liable for the tax upon such use, and that the undersigned must be prepared to establish by satisfactory evidence the purpose for which the fuel purchased under this certificate was used.
The undersigned also understands that the fraudulent use of this certificate to secure exemption will subject the undersigned and all others making fraudulent use to a penalty equivalent to the amount of tax due on the sale of the fuel and, upon conviction, to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(Signature)

(Address)

(3) Except as provided in paragraph (d)(4) of this section, a separate exemption certificate must be furnished for each sale of fuel delivered into a fuel supply tank of an aircraft. If a portion of the fuel is intended to be used for a nontaxable purpose, the entire amount of the fuel may be sold tax free. Exemption certificates and proper supporting records such as invoices, orders, etc., relative to tax-free sales must be readily accessible for inspection by internal revenue officers and retained as provided in section 6001 of the Code and the regulations thereunder.

(4) If the purchaser of fuel to be used in an aircraft has reasonable grounds to believe that 90 percent or more of the total of the fuel to be purchased by it during a specified period not to exceed 12 calendar quarters will be used in a tax-free use, it may furnish each of its suppliers an exemption certificate covering all purchases for the specified period. The certificate shall be substantially in the same form as the certificate in paragraph (d)(2) of this section, except that in place of the date the purchaser shall specify the period covered by the certificate, and the purchaser shall give a brief explanation of its grounds for belief that 90 percent or more of its total fuel will be used in a tax-free use.

(5) The presumption under section 4041(i) that any liquid delivered into a fuel supply tank of an aircraft is taxable places the duty on the seller of the liquid fuel to use reasonable diligence to satisfy itself that a tax-free sale of fuel to the purchaser is allowed by law. In the absence of circumstances surrounding a sale that would raise a question as to whether a tax-free sale is allowable, the requirement of reasonable diligence is satisfied if the seller receives and retains the required certificate evidencing the right of the purchaser to buy the fuel tax free. However, if the circumstances are such as to indicate the seller has failed to use reasonable diligence, it is not relieved of liability for the tax imposed by section 4041(c). In addition, if the seller fails to obtain and retain the evidence of tax-free sales as required by this paragraph (d), it is not relieved of liability for the tax imposed by section 4041(c).


§ 48.4041–12 Sales by United States, etc.

The taxes imposed by section 4041 apply to the sale at retail of taxable liquid fuels by the United States or by any agency or instrumentality of the United States, unless by statute specifically exempted from these taxes. However, the exemptions from these taxes provided by section 4041(f), (g), and (h) and the regulations thereunder contained in this subpart F are available to the extent therein provided.

§ 48.4041–13 Other credits or refunds.

(a) In general. For provisions relating to credit or refund of tax paid on taxable liquid fuel resold by the purchaser, or used otherwise than for the purpose for which purchased, see section 6427 and the regulations thereunder contained in Subpart O of this part.

(b) Tax-paid liquid fuel used by local transit systems. For provisions relating to credit or refund in the case of tax-paid liquid fuel used in vehicles while engaged in furnishing scheduled common carrier public passenger land transportation service along regular routes, see section 6427(b) and the regulations thereunder contained in Subpart O of this part.

(c) Credit or refund of diesel fuel differential amount. For provisions relating to an income tax credit or refund of the increased diesel fuel tax for original purchasers of diesel-powered automobiles and light trucks, see section 6427(g) and the regulations thereunder contained in Subpart O of this part.


§ 48.4041–14 Exemption for sale to or use by certain aircraft museums.

(a) In general. (1) The tax imposed by section 4041 does not apply to liquids which are sold for use or used by an aircraft museum in an aircraft or vehicle owned by such museum and used exclusively for the procurement, care, and exhibition of aircraft of the type used for combat or transport in World War II.

(2) In the case of liquid sold for use in an aircraft owned by an aircraft museum and to be used for the purposes described in paragraph (a)(1) of this section, a tax-free sale may be made only if the requirements of § 48.4041–11 are met.

(b) Cross reference. For the definition of aircraft museum, see section 4041(b)(2).


§ 48.4041–15 Sales to States or political subdivisions thereof.

(a) Application of exemption. The taxes imposed by section 4041 do not apply in the case of a sale of any liquid by any person for the exclusive use of any State or any political subdivision thereof, the District of Columbia, or in the case of the use of any liquid by any State or any political subdivision thereof, the District of Columbia, as a fuel in a motor vehicle, motorboat, or aircraft.

(b) Evidence required to establish exemption. Any vendor claiming exemption under this section shall be prepared to produce evidence that will establish the right to exemption from the tax imposed by section 4041. Generally, orders or contracts of a State or a political subdivision thereof, or the District of Columbia, when signed by an authorized officer thereof will be accepted in support of the exemption. However, in the absence of such orders or contracts, a certificate signed by such an authorized officer that the liquid sold was purchased for the exclusive use of a State or political subdivision thereof, or the District of Columbia, will be acceptable. The certificate shall be in substantially the following form:

EXEMPTION CERTIFICATE

(For use by States and local governments. (section 4041(g)(2) of the Internal Revenue Code.)

Date ________, 19__

I hereby certify that I am _________ of _________ (State or local government) that I am authorized to execute this certificate; and that

(Check applicable type of certificate)

_____ the liquid or liquids specified in the accompanying order, or on the reverse side hereof, (or)

_____ all orders placed by the purchaser for the period commencing ___ (Date) and ending ____ (Date) (period not to exceed 12 calendar quarters) are, or will be, purchased from ________ (Name of vendor) for the exclusive use of ________ (Governmental unit) of _________ (State or local government).

I understand that the exemption from tax in the case of sales of liquids under this exemption certificate is limited to the sale of articles purchased for the exclusive use of a State, etc. I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

Signature __________________________
§ 48.4041–16 Sales for export.

(a) General rule. In order for a sale to be exempt from tax under section 4041 as a sale for export, it is necessary that the liquid be (1) identified as having been sold by the retailer for export and (2) exported in due course. To establish exemption from tax in the case of a taxable article for export, it is necessary that the retailer maintain adequate records and have in his possession documentary evidence showing that the article was so sold.

(b) Proof of exportation. Exportation may be evidenced by any one of (1) a copy of the export bill of lading issued by the delivering carrier, (2) a certificate by the agent or representative of the export carrier showing actual exportation of the liquid, (3) a certificate of landing signed by a customs officer of the foreign country to which the liquid is exported, or (4) a statement of the foreign consignee showing receipt of the liquid.

(c) Shipment to possessions of the United States. The same provisions as relate to sales for export and proof of exportation will apply to sales for shipment to a possession of the United States, within the meaning of § 48.0–2.

§ 48.4041–17 Tax-free retail sales to certain nonprofit educational organizations.

(a) In general. The taxes imposed by section 4041 do not apply in the case of a sale of any liquid by any person to a nonprofit educational organization (as defined in paragraph (b) of this section) for its exclusive use, or in the case of the use of any liquid by such an organization. In the case of a school operated as an activity of an organization described in section 501(c)(3), as referred to in paragraph (b) of this section, the liquid must be sold for the exclusive use of the school, or the liquid must be used exclusively by the school.

(b) Definition of nonprofit educational organization. For purposes of section 4041(g)(4) and this section, the term ‘‘nonprofit educational organization’’ means an organization described in section 170(b)(1)(A)(i)(II), that is exempt from income tax under section 501(a), whose primary function is the presentation of formal instruction and which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), provided such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

(c) Evidence required to establish tax-free sales to a nonprofit educational organization; general rule. To establish the right to exemption, the retailer must obtain from the purchaser and retain in its possession a properly executed certificate as set forth in paragraph (d) of this section.

(d) Forms of exemption certificates. The following forms of exemption certificates will be acceptable for the purpose of this section and must be adhered to in substance.

(1) Form of certificate for exemption from retailers excise taxes for use by a nonprofit educational organization, other than a school operated as an activity of a church or other exempt organization that in itself is not a nonprofit educational organization.

EXEMPTION CERTIFICATE

(For use by a nonprofit educational organization (other than a school operated as an activity of a church or other exempt organization that in itself is not a nonprofit educational organization) purchasing articles subject to retailers excise tax for its exclusive use) I hereby certify that I am (Title) of (Exempt organization); that I am authorized to execute this certificate; and that the articles specified in the accompanying order or on the reverse side hereof are purchased by such organization exclusively for use in its educational activities.

I understand that this exemption certificate is for use only by a nonprofit educational organization in the tax-free purchase for its exclusive use of articles subject...
§ 48.4041-17

Internal Revenue Service, Treasury

to the retailers excise tax; and it is agreed that if any article purchased tax free under this exemption certificate is used otherwise, such fact will be reported to the retailer from whom the tax-free purchase was made.

The organization claiming exemption 
under this certificate has received a determination letter (or a ruling) from the Internal Revenue Service holding the organization to be exempt from income tax as an organization described in 
section 501(c)(3) of the Internal Revenue Code or has received a determination letter (or ruling) under the corresponding provisions of prior revenue laws. The date of such determination letter (or ruling) is 

and such determination letter (or ruling) has not been withdrawn or revoked.

I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

I hereby certify that I am 

(Signature of authorized individual)

(Address)

(2) Form of certificate for exemption from retailers excise taxes for use by a school operated as an activity of a church or other organization described in section 501(c)(3) that in itself is not an educational organization described in section 170(b)(1)(A)(ii) of the Code:

EXEMPTION CERTIFICATE

(For use by or for a school operated as an activity of a church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1984, that is not, in itself, an educational organization described in section 170(b)(1)(A)(ii), purchasing articles subject to retailers excise tax for the exclusive use of the school) —

I hereby certify that I am 

(School, church, parish, etc.); that I am authorized to execute this certificate; and that the articles specified in the accompanying order or on the reverse side hereof are purchased by such institution exclusively for use in its educational activities.

I understand that this exemption certificate is for use only by a school operated as an activity of a church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1984, in the tax-free purchase for its exclusive use of articles subject to the retailers excise tax; or by a church, or other organization in the tax-free purchase of any such article for the exclusive use of its school which qualifies for the exemption; and it is agreed that if any article purchased tax free under this exemption certificate is used otherwise, such fact will be reported to the retailer from whom the tax-free purchase was made.

The school operated as an activity of the church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1984, normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

(Signature of authorized individual)

(Address)

(e) Frequency of certificates. Where only occasional sales are made by a retailer to a nonprofit educational organization, as defined in paragraph (b) of this section, a separate exemption certificate should be furnished for each order. However, where sales by the retailer to the educational organization are regularly or frequently made, a certificate covering all orders for a specified period not to exceed 12 calendar quarters will be acceptable. Such certificate and proper records of invoices, orders, etc., relative to tax-free sales must be readily accessible for inspection by internal revenue officers and retained as provided in section 6001 of the Code and the regulations thereunder.

(f) Prima facie evidence of exempt use. The exemption certificate procured by the retailer from the purchasing nonprofit educational organization will be acceptable as prima facie evidence that the article is purchased for the exclusive use of such organization.

(g) Exemption certificate not obtained prior to filing of retailer’s excise tax return. If the sale is otherwise exempt but the exemption certificate is not obtained prior to the time the retailer files a return covering taxes due for the period in which the sale was made, the retailer must include the tax on such
§ 48.4041-18 Fuels containing alcohol.

(a) In general—(1) Sale or use after December 31, 1984 and before January 1, 1993. Under section 4041(k) the rate of tax applicable to the sale or use after December 31, 1984 and before January 1, 1993, of any liquid fuel described in section 4041(a) (1) or (2) which consists of at least 10% alcohol by volume is:

(i) 9 cents for each gallon of alcohol mixture sold or used in the case of mixtures described in section 4041(a)(1); or

(ii) 3 cents for each gallon of alcohol mixture sold or used in the case of mixtures described in section 4041(a)(2).

The amount of tax is based upon the total volume of fuel and not merely upon the volume of the nonalcohol components of such fuel. However, see section 4041(b)(2) and § 48.4041-19 for rules relating to the complete exemption from taxes imposed by section 4041(a) where at least 85% of the fuel consists of alcohol produced from certain sources.

(2) Sale or use after March 31, 1983, and before January 1, 1985. For rules relating to the rate of tax imposed on the sale or use after March 31, 1983, and before January 1, 1985 of any liquid fuel described in section 4041(a) (1) or (2) which consists of at least 10% alcohol by volume, see section 4041(k) prior to the enactment of the Tax Reform Act of 1984 (Pub. L. 98-369, 98 Stat. 1007).

(3) Sale or use before April 1, 1983. No tax is imposed upon the sale or use of any liquid fuel described in section 4041 (a)(1) or (a)(2) which consists of at least 10% alcohol if the sale or use occurs after December 31, 1978 and before April 1, 1983.

(4) Rate of tax for mixtures which fail to qualify. If an alcohol mixture fuel fails to qualify under this section, the entire mixture is taxed at the rate of tax specified under section 4041(a)(1) if the mixture contains diesel fuel, or section 4041(a)(2) if the mixture contains special motor fuel.

(b) Alcohol mixture fuels qualifying for special tax treatment. In order to qualify for the reduced rates of tax described in paragraphs (a)(1) and (a)(2) of this section or the exemption from tax described in paragraph (a)(3) of this section, at least 10% of an alcohol mixture fuel must consist of alcohol as defined in section 4081(c) and § 48.4081—2(a)(4) of the regulations. The actual gallonage of each component of the mixture (without adjustment for temperature) shall be used in determining whether the 10 percent alcohol requirement has been met. Further, in determining whether a particular mixture containing less than 10 percent alcohol satisfies this percentage requirement, the District Director shall take into account the existence of any facts and circumstances that establish that but for the commercial and operational realities of the blending process, it may reasonably be concluded that the mixture would have contained at least 10 percent alcohol. A circumstance from which it might be concluded that the mixture would have contained 10 percent alcohol but for its existence is malfunctioning of the meter measuring the amount of a component pumped into a mixture. However, the necessary facts and circumstances will not be found to exist if over a period of time the mixtures blended by a blender show a consistent pattern of failing to contain 10 percent alcohol. In no case will any mixture containing less than 9.802 percent alcohol qualify for the reduced rates set forth in this section. See paragraph (f) of this section for rules relating to information required to be attached to the taxpayer’s return of the tax imposed by chapter 31 relating to the alcohol content of the mixture for which tax is paid.

(c) Later separation. If a person separates out the alcohol from a mixture which has been taxed under the rates of section 4041(k), such separation will be treated as a sale of the liquid on the date separated and is subject to tax at the rates set forth under section 4041(a) (1) or (2). The tax liability incurred upon the separation is reduced by the amount of any tax previously imposed under section 4041. Thus, if Y buys 1000
§48.4041–19 Exemption for qualified methanol and ethanol fuel.

(a) In general. Under section 4041(b)(2), the tax imposed upon the sale or use of motor fuels under section 4041(a) does not apply to the sale or use of qualified methanol or ethanol fuel.

(b) Qualified methanol or ethanol fuel defined. For purposes of section 4041(b)(2) and this section, qualified methanol or ethanol fuel is liquid motor fuel, 85% of the volume of which consists of alcohol, as defined in section 4081(c) and §48.4081–2(a)(4) of the regulations as modified by the following sentence. For purposes of section 4041(b)(2) and this section, the alcohol contained in a qualified methanol or ethanol fuel may be produced from coal. The actual gallonage of each

Internal Revenue Service, Treasury
§ 48.4041–20 Partially exempt methanol and ethanol fuel.

(a) In general. Under section 4041(m), the sale or use of partially exempt methanol or ethanol fuel is taxed at the rate of 41⁄2 cents per gallon of fuel sold or used. The amount of tax is based upon the total volume of fuel and not merely upon the nonalcohol portion of the fuel.

(b) Partially exempt methanol or ethanol fuel defined. For purposes of section 4041(m) and this section, partially exempt methanol or ethanol fuel is liquid motor fuel, 85% of which by volume consists of alcohol, as defined in section 4081 and § 48.4081–2(a)(4) of the regulations, as modified by the following sentence. For purposes of section 4041(m) and this section, the alcohol contained in partially exempt methanol or ethanol fuel must be produced from natural gas. The actual gallonage of each component of the mixture (without adjustment for temperature) shall be used in determining whether the 85 percent alcohol requirement has been met. Further, in determining whether a particular mixture containing less than 85 percent alcohol satisfies this percentage requirement, the District Director shall take into account the existence of any facts and circumstances that establish that but for the commercial and operational realities of the blending process, it may reasonably be concluded that the mixture would have contained at least 85 percent alcohol. The necessary facts and circumstances will not be found to exist if over a period of time the mixtures blended by a blender show a consistent pattern of failing to contain 85 percent alcohol.

(c) Mixtures which do not qualify as qualified methanol or ethanol fuel. If a methanol or ethanol fuel does not qualify as qualified methanol or ethanol fuel under this section, the entire mixture is taxed at the rate of tax applicable to sales of special motor fuels under section 4041(a)(2) of the Code.

(d) Refunds relating to fuels used to produce qualified fuels. See section 6427 for rules which relate to the allowance of a refund or credit to a person who uses tax-paid diesel, special motor or noncommercial aviation fuels to produce a qualified methanol or ethanol fuel and section 6416 for rules which relate to the allowance of a refund or credit to a person who uses tax-paid gasoline to produce a qualified methanol or ethanol fuel.

(e) Later blending. If a qualified methanol or ethanol fuel is blended with other motor fuel in a mixture less than 85 percent of which consists of alcohol, the subsequent sale or use of such alcohol mixture fuel is taxable under the provisions of section 4041 or section 4081 subject to the requirements, limitations and exemptions of those sections. Thus, if the alcohol mixture fuel is at least 10% alcohol by volume, sale or use of the fuel is taxed at the rates provided in section 4041(k) or section 4081(c), but if the fuel is less than 10% alcohol, sale or use of the fuel is taxed at the rates provided in section 4041(a) or section 4081(a).

(f) Effective date. Section 4041(b)(2) applies to sales or uses after March 31, 1983, and before October 1, 1988.

[T.D. 8152, 52 FR 31617, Aug. 21, 1987]

§ 48.4041–20 Component of the mixture (without adjustment for temperature) shall be used in determining whether the 85 percent alcohol has been met. Further, in determining whether a particular mixture containing less than 85 percent alcohol satisfies this percentage requirement, the District Director shall take into account the existence of any facts and circumstances, that establish that but for the commercial and operational realities of the blending process, it may reasonably be concluded that the mixture would have contained at least 85 percent alcohol. The necessary facts and circumstances will not be found to exist if over a period of time the mixtures blended by a blender show a consistent pattern of failing to contain 85 percent alcohol.

See paragraph (f) of this section for rules relating to information required to be attached to the taxpayer’s return of the tax imposed by chapter 31 relating to the alcohol content of the partially exempt methanol or ethanol fuel for which tax is paid.

(c) Mixtures which do not qualify as partially exempt methanol or ethanol fuel. If methanol or ethanol fuel does not qualify as partially exempt methanol
or ethanol fuel under this section, the entire mixture is taxed at the rate of tax applicable under section 4041(a)(2) of the Code.

(d) Refunds relating to fuels. See section 6427 for rules which relate to the allowance of a refund or credit to a person who uses tax-paid diesel, special motor or noncommercial aviation fuel to produce a partially exempt methanol or ethanol fuel and section 6416 for rules which relate to the allowance of a refund or credit to a person who uses tax-paid gasoline to produce a partially exempt methanol or ethanol fuel.

(e) Later blending. If a partially exempt methanol or ethanol fuel is blended with other motor fuel in a mixture less than 85 percent of which consists of alcohol, the subsequent sale or use of such blended motor fuel is taxable under the provisions of section 4041(a) or section 4081(a), subject to the requirements, limitations and exemptions of those sections.

(f) Records required to be furnished by the taxpayer. A taxpayer making a return of the tax imposed by chapter 31 indicating payment of the tax under section 4041(m) and §48.4041–20 at the reduced rate must attach a statement to the return indicating the total number of gallons of partially exempt methanol or ethanol fuel containing at least 85 percent alcohol and the total number of gallons of partially exempt methanol or ethanol fuel containing less than 85 percent alcohol, but qualifying for taxation at the reduced rate under the rules of paragraph (b) of this section. However, the taxpayer does not have to specify the precise mixture ratio of every mixture blended for which tax is being paid.

(g) Effective date. Section 4041(m) applies to sales and uses after July 31, 1984. If methanol or ethanol fuel meeting the requirements of paragraph (b) of this section was put into the tank of a vehicle prior to August 1, 1984, the fuel is considered used prior to that date and is subject to the tax described in paragraph (a) of section 4041.

[T.D. 8152, 52 FR 31617, Aug. 21, 1987]

§48.4041–21 Compressed natural gas (CNG).

(a) Delivery of CNG into the fuel supply tank of a motor vehicle or motorboat—(1) Imposition of tax. Tax is imposed on the delivery of compressed natural gas (CNG) into the fuel supply tank of the propulsion engine of a motor vehicle or motorboat unless tax was previously imposed on the CNG under paragraph (b) of this section.

(2) Liability for tax. If the delivery of the CNG is in connection with a sale, the seller of the CNG is liable for the tax imposed under paragraph (a)(1) of this section. If the delivery of the CNG is not in connection with a sale, the operator of the motor vehicle or motorboat, as the case may be, is liable for the tax imposed under paragraph (a)(1) of this section.

(b) Bulk sales of CNG—(1) In general. Tax is imposed on the sale of CNG that is not in connection with the delivery of the CNG into the fuel supply tank of the propulsion engine of a motor vehicle or motorboat if, by the time of the sale—

(i) The buyer has given the seller a written statement stating that the entire quantity of the CNG covered by the statement is for use as a fuel in a motor vehicle or motorboat; and

(ii) The seller has given the buyer a written acknowledgement of receipt of the statement described in paragraph (b)(1)(i) of this section.

(2) Liability for tax. The seller of the CNG is liable for the tax imposed under this paragraph (b).

(c) Exemptions—(1) In general. The taxes imposed under this section do not apply to a delivery or sale of CNG for a use described in section 4041(a)(3)(B), (b)(1), (f), (g), or (h). However, if the person otherwise liable for tax under this section is the seller of the CNG, the exemption under this section applies only if, by the time of sale, the seller receives an unexpired certificate (as described in this paragraph (c)) from the buyer and has no reason to believe any information in the certificate is false.

(2) Certificate; in general. The certificate to be provided by a buyer of CNG is to consist of a statement that is signed under penalties of perjury by a person with authority to bind the buyer, should be in substantially the
same form as the model certificate provided in paragraph (c)(4) of this section, and should contain all information necessary to complete the model certificate. A new certificate must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earliest of the following dates:

(i) The date one year after the effective date of the certificate (which may be no earlier than the date it is signed).
(ii) The date a new certificate is provided to the seller.
(iii) The date the seller is notified by the Internal Revenue Service or the buyer that the buyer’s right to provide a certificate has been withdrawn.

(3) Withdrawal of the right to provide a certificate. The Internal Revenue Service may withdraw the right of a buyer of CNG to provide a certificate under this paragraph (c) if the buyer uses CNG to which a certificate applies in a taxable use. The Internal Revenue Service may notify any seller to whom the buyer has provided a certificate that the buyer’s right to provide a certificate has been withdrawn.

(4) Model certificate.

CERTIFICATE OF PERSON BUYING COMPRESSED NATURAL GAS (CNG) FOR A NONTAXABLE USE
(To support tax-free sales of CNG under section 4041 of the Internal Revenue Code.)

<table>
<thead>
<tr>
<th>Name, address, and employer identification number of seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>(“Buyer”) certifies the following under penalties of perjury:</td>
</tr>
<tr>
<td>The CNG to which this certificate relates will be used in a nontaxable use.</td>
</tr>
<tr>
<td>This certificate applies to the following (complete as applicable):</td>
</tr>
<tr>
<td>If this is a single purchase certificate, check here and enter:</td>
</tr>
<tr>
<td>1. Invoice or delivery ticket number</td>
</tr>
<tr>
<td>2. (number of MCFs)</td>
</tr>
<tr>
<td>If this is a certificate covering all purchases under a specified account or order number, check here and enter:</td>
</tr>
<tr>
<td>1. Effective date</td>
</tr>
<tr>
<td>2. Expiration date (period not to exceed 1 year after the effective date)</td>
</tr>
<tr>
<td>3. Buyer account or order number</td>
</tr>
</tbody>
</table>

Buyer will not claim a credit or refund under section 6427 of the Internal Revenue Code for any CNG to which this certificate relates.

Buyer will provide a new certificate to the seller if any information in this certificate changes.

Buyer understands that if Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer has not been notified by the Internal Revenue Service that its right to provide a certificate has been withdrawn. In addition, the Internal Revenue Service has not notified Buyer that the right to provide a certificate has been withdrawn from a purchaser to which Buyer sells CNG tax free.

Buyer understands that the fraudulent use of this certificate may subject Buyer and all parties making any fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

<table>
<thead>
<tr>
<th>Printed or typed name of person signing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title of person signing</td>
</tr>
<tr>
<td>Employer identification number</td>
</tr>
<tr>
<td>Address of Buyer</td>
</tr>
<tr>
<td>Signature and date signed</td>
</tr>
</tbody>
</table>

(d) Rate of tax. The rate of the tax imposed under this section is the rate prescribed by section 4041(a)(3).

(e) Effective date. This section is effective October 1, 1995.

(b) **Amount of tax.** For the amount of tax, see section 4042(b).

(c) **Person liable for tax.** The person operating the vessel in which the propulsion fuel is consumed is the user of liquid fuel for purposes of section 4042(a). Thus, a person who operates (or whose employees operate) a vessel is responsible for filing returns and paying the tax. If a vessel owner (or lessee) contracts with an independent contractor to operate the vessel, the independent contractor is the user of liquid fuel for purposes of section 4042(a), regardless of who purchases the fuel.

(d) **Time of use.** Fuel is not taxed by section 4042(a) when put into a vessel’s tanks. For purposes of section 4042(a), fuel is used when it is actually consumed by a vessel’s engine.

(e) **Liquid fuel.** For purposes of the tax imposed under this section, liquid fuel means any liquid fuel including gasoline, diesel fuel, special motor fuel, or Bunker C residual fuel oil.

(f) **Commercial waterway transportation**—

(i) **In general.** For purposes of section 4042(a) and §48.4042–2(c)(1), the term “commercial waterway transportation” means the use of a vessel on the waterways specified in paragraphs (g)(1) through (27) of this section if:

(ii) Use of the vessel is in the business of transporting property for compensation or hire, or

(iii) Use of the vessel is in transporting property in the business of the owner, lessee, or operator of the vessel (whether or not a fee is charged).

Except for the operation of certain fishing vessels, the operation of all vessels satisfying the requirements of paragraph (f)(1)(i) or (1)(ii) of this section will be deemed “commercial waterway transportation,” regardless of whether the vessel is actually engaged in the transportation of property on a particular voyage. Thus, “commercial waterway transportation” includes the operation of vessels while moving empty of cargo, while awaiting passage through locks, while dislodging vessels grounded on a sandbar, while moving to or from a repair facility, while maneuvering around loading and unloading docks, and while fleeting barges into a single tow.

(2) **Fishing vessels exception.** A vessel does not transport property in the business of the owner, lessee, or operator, for purposes of paragraph (f)(1)(ii) of this section, by merely transporting fish or other aquatic animal life caught on the voyage. The tax imposed by section 4042(a) does not apply to fuel used by a fishing vessel while traveling to a fishing site, while engaged in fishing, or while returning from the fishing site with its catch. However, the tax applies to fuel used by a commercial vessel along the taxable waterways while traveling to pick up aquatic animal life caught by another vessel and while transporting the catch of such other vessel.

(g) **Specified waterways.** Only fuel used on those waterways specified in section 206 of the Inland Waterways Revenue Act of 1978 (specified waterways) is taxable. The specified waterways are as follows:

(1) Alabama-Coosa Rivers: From junction with the Tombigbee River at river mile (hereinafter referred to as RM) 0 to junction with the Coosa River at RM 314.

(2) Allegheny River: From confluence with the Monongahela River to form the Ohio River at RM 0 to the head of the existing project at East Brady, Pennsylvania, RM 72.

(3) Apalachicola-Chattahoochee and Flint Rivers: Apalachicola River from mouth at Apalachicola Bay (intersection with the Gulf Intracoastal Waterway) RM 0 to junction with Chattahoochee and Flint Rivers at RM 107.8. Chattahoochee River from junction with Apalachicola and Flint Rivers at RM 0 to Columbus, Georgia, at RM 155 and Flint River, from junction with Apalachicola and Chattahoochee Rivers at RM 0 to Bainbridge, Georgia, at RM 28.

(4) Arkansas River (McClellan-Kerr Arkansas River Navigation System): From junction with Mississippi River at RM 0 to port of Catoosa, Oklahoma, at RM 448.2.

(5) Atchafalaya River: From RM 0 at its intersection with the Gulf Intracoastal Waterway at Morgan City, Louisiana, upstream to junction with Red River at RM 116.8.

(6) Atlantic Intracoastal Waterway (A.I.W.W.): Two inland water routes approximately paralleling the Atlantic coast between Norfolk, Virginia, and...
Miami, Florida, for 1,192 miles via both the Albermarle and Chesapeake Canal and Great Dismal Swamp Canal routes. For vessels traveling along the A.I.W.W. no matter how short the distance, the A.I.W.W. includes the main channel, all alternate channels, and all adjoining bays and sounds, regardless of depth. However, vessels merely crossing the A.I.W.W. on route either to a coastal port or to a nonspecified waterway will not be treated as traveling on the A.I.W.W.

(7) Black Warrior-Tombigbee-Mobile Rivers: Black Warrior River System from RM 2.9, Mobile River (at Chickasaw Creek) to confluence with Tombigbee River at RM 45. Tombigbee River (to Demopolis at RM 215.4) to port of Birmingham, RM 374—411 and upstream to head of navigation on Mulberry Fork (RM 429.6), Locust Fork (RM 407.8), and sipsey Fork (RM 430.4).

(8) Columbia River (Columbia-Snake Rivers Inland Waterways): From The Dalles at RM 191.5 to Pasco, Washington (McNary Pool), at RM 330, Snake River from RM 0 at the mouth to RM 231.5 at Johnson Bar Landing, Idaho.

(9) Cumberland River: Junction with Ohio River at RM 0 to head of navigation, upstream to Carthage, Tennessee, at RM 313.5.

(10) Green and Barren Rivers: Green River from junction with the Ohio River at RM 0 to head of navigation at RM 149.1.

(11) Gulf Intracoastal Waterway (G.I.W.W.): From the mouth of St. Mark’s River, Florida, to Brownsville, Texas, 1,134.5 miles. For vessels traveling along the G.I.W.W. no matter how short the distance, the G.I.W.W. includes the main channel, all alternate channels, and all adjoining bays and sounds, regardless of depth. However, vessels merely crossing the G.I.W.W. on route either to a coastal port or to a nonspecified waterway will not be treated as traveling on the G.I.W.W.

(12) Illinois Waterway: Illinois River from junction with the Mississippi River at RM 0 to the Des Plaines River and along the Des Plaines River to Lockport Lock and Dam at RM 291. Chicago Sanitary and Ship Canal from Lockport Lock and Dam at RM 291 to the South Branch Chicago River and along the South Branch Chicago River to Lake Street, Chicago at RM 325.5 near Chicago Harbor. Calumet-Sag Channel from junction with the Chicago Sanitary and Ship Canal to the Little Calumet River and along the Little Calumet and Calumet Rivers to turning basin 5, near the entrance to Lake Calumet, an additional 23.8 RMS. Total waterway distance approximately 350 RMS.

(13) Kanawha River: From junction with Ohio River at RM 0 to RM 90.6 at Deepwater, West Virginia.

(14) Kaskaskia River: From junction with the Mississippi River at RM 0 to RM 36.2 at Fayetteville, Illinois.

(15) Kentucky River: From junction with Ohio River at RM 0 to confluence of Middle and North Forks at RM 238.6.

(16) Lower Mississippi River: From Baton Rouge, Louisiana, RM 239.9 to Cairo, Illinois, RM 953.8.

(17) Upper Mississippi River: From the Missouri River at RM 0 to Sioux City, Iowa, at RM 734.8.

(18) Missouri River: From junction with Mississippi River at RM 0 to St. Louis, Missouri, at RM 981.

(19) Monongahela River: From junction with Allegheny River to form the Ohio River at RM 0 to junction of the Tygart and West Fork Rivers, Fairmont, West Virginia, at RM 128.7.

(20) Ohio River: From junction with the Mississippi River at RM 0 to junction of the Allegheny and Monongahela Rivers at Pittsburgh, Pennsylvania, at RM 981.

(21) Ouachita-Black Rivers: From the mouth of the Black River at its junction with the Red River at RM 0 to RM 351 at Camden, Arkansas.

(22) Pearl River: From junction of West Pearl River with the Rigolets at RM 0 to Bogalusa, Louisiana, RM 58.

(23) Red River: From RM 0 to the mouth of Cypress Bayou at RM 236.

(24) Tennessee River: From junction with Ohio River at RM 0 to confluence with Holstein and French Rivers at RM 652.

(25) Tennessee-Tombigbee Waterway: From its confluence with the Tennessee River to the Warrior River at Demopolis, Alabama.

(26) White River: From RM 9.8 to RM 255 at Newport, Arkansas.
§ 48.4042–2 Special rules.

(a) Dual use of liquid fuels—(1) Dual use by the propulsion engine. The tax imposed by section 4042(a) applies to all taxable liquid used as a fuel in the propulsion system of the vessel, regardless of whether the engine (or other propulsion system) is used for a purpose other than propulsion of the vessel. For purposes of this section, any engines generating movement of a vessel (including bow thrusters used for steering) are part of the propulsion system. The tax does not apply to fuel consumed in engines which are not used to generate movement of a vessel. When the propulsion engine operates special equipment by means of a power take-off or power transfer, the tax applies to all liquid fuel consumed by that engine. For example, the tax applies to all fuel used in the engine operating an alternator, a generator, or pumps, if that engine is used to generate movement of a vessel.

(2) Common tank. If the liquid fuel consumed by a nonpropulsion engine is drawn from the same tank as fuel consumed by a propulsion engine, a reasonable determination of the quantity of fuel used in such a separate engine will be acceptable for purposes of excluding from taxation a portion of the fuel consumed by the vessel. The determination of the amount of fuel consumed by the nonpropulsion engine may be based primarily on the operating experience of the person using the fuel; however, in order to exclude fuel from taxation under the rule set out in this paragraph (a)(2), the taxpayer must maintain records which will support the allocation used.

(b) Voyages crossing boundaries of the specified waterways. Fuel consumed by a vessel traveling along the specified waterways is taxable only to the extent of fuel consumed for propulsion while on the specified waterways. Generally, the operator may calculate the amount of fuel consumed while on the specified waterways during a particular voyage by multiplying total fuel consumed in the propulsion engine by a fraction. The numerator of the fraction is the time spent operating on the specified waterways; the denominator is the total time spent operating on the specified and nonspecified waterways during the voyage. This calculation may not be used when it is unreasonable. It may be determined to be unreasonable by:

(1) Better evidence of fuel consumed (e.g., readings from an accurate fuel gauge or records from similar voyages); or

(2) The existence of factors causing a substantial discrepancy between the rate of fuel consumption on the specified and nonspecified waterways.

(c) Records required. (1) All operators of vessels used in commercial waterway transportation must maintain records sufficient to establish to the satisfaction of the district director the amount of fuel used for taxable purposes. Those records may include, when relevant to establish liability:

(i) Quantity of fuel and date of acquisition of all liquid fuels acquired for both taxable and nontaxable purposes, whether delivered to storage tanks or tanks on a vessel;

(ii) Date and quantity of fuel pumped into tanks on each vessel;

(iii) Identification number or name of each vessel using fuel; and

(iv) Departure time, departure point, route traveled, destination, and arrival time for each vessel.

(2) Vessel operators seeking a tax exemption provided by section 4042(c) must maintain records which will support any exemption claimed. Where applicable, the records shall contain:

(i) The draft of the vessel on each voyage (for exemption under section 4042(c)(1));

(ii) The type of vessel in which fuel is consumed and the type of vessel in which cargo is transported (for exemption under section 4042(c) (1), (2) or (4); and

(iii) The ultimate use of cargo transported (for exemption under section 4042(c)(3)).

§ 48.4042-3 Certain types of commercial waterway transportation excluded.

(a) Deep draft ocean-going vessels—(1) In general. Under section 4042(c)(1), there is no tax imposed by section 4042(a) if:
   (i) The vessel was designed primarily for use on the high seas; and
   (ii) The vessel has a draft of more than 12 feet on the voyage for which the fuel tax exclusion is sought (e.g., 12 feet 1 inch).

(2) Meaning of “designed primarily for use on the high seas.” Section 4042(c)(1) requires a determination of the primary of the design features rendering the vessel useful for service on the high seas, as opposed to the features which render the vessel useful for service on all less turbulent waters. Thus, whether a ship is “designed primarily for use on the high seas” must be determined from all the facts, including structural features and equipment. If the predominant use of a vessel is on the high seas, it shall be presumed to be “designed primarily for use on the high seas.” If the predominant use of a vessel is on waters other than the high seas, it shall be presumed not to be “designed primarily for use on the high seas.”

(3) Meaning of “high seas.” For purposes of this section, “high seas” shall mean waters other than the territorial waters of the United States or any other country. Thus, the high seas shall not include the internal waters of any country, the Great Lakes, harbors, or narrow coastal indentations.

(4) Twelve foot draft—(1) Definition. For purposes of section 4042(c)(1), “draft” shall mean the maximum vertical distance between the mean water line and the bottom of the keel. In cases where a vessel has a skeg or other appendage extending locally below the line of the keel, the draft shall be measured from the deepest appendage. A separate determination of draft must be made for each voyage when the vessel has its greatest load of cargo and fuel. For purposes of this determination, the term “voyage” means a round trip voyage. Therefore, if a vessel travels into the specified waterway system to pick up cargo and has a draft sufficient to qualify for the exclusion when loaded, then for purposes of section 4042(c)(1) the vessel satisfies the 12 foot draft requirement for the entire voyage. Similarly, if a vessel loaded with cargo travels into the specified waterway system with a draft sufficient to qualify for the exclusion provided by section 4042(c)(1), then the fuel consumed on the entire voyage may be excluded, regardless of the vessel’s draft after the cargo is unloaded.

(ii) Example. The following example illustrates the application of paragraph (a)(4)(1) of this section:

Example. A ship with a design draft of 20 feet (maximum certified draft when fully loaded) travels into a taxable waterway with only a partial load, such that the draft is 12 feet. The ship unloads and departs the waterway empty. The portion of the fuel consumed for propulsion of the vessel on the specified waterway is taxable because only vessels with a draft greater than 12 feet are eligible for the section 4042(c)(1) exemption from tax.

(b) Commercial passenger vessels. Under section 4042(c)(2), the tax imposed by section 4042(a) does not apply to fuel consumed by vessels used primarily for the transportation of persons. Thus, commercial passenger vessels while being operated as passenger vessels are not subject to tax, even if such vessels in fact transport property in addition to transporting passengers. Similarly, ferry boats carrying passengers are not subject to tax, even if such vessels carry the passengers’ automobiles.

(c) Exemption for State or local governments—(1) In general. Under section 4042(c)(3), there is no tax imposed by section 4042(a) if:
   (i) The vessel is being used by a State or local government; and
   (ii) The vessel is being used in transporting property in the State or local government’s business.

(2) State or local government. For purposes of paragraph (c)(1)(i) of this section a “vessel is being used by a State or local government” if it is operated by any State, the District of Columbia, or any political subdivision of a State. If a private party is contracted to haul for a State or local government, the vessel is not “being used by a State or
local government.” Similarly, if a person other than a State or local government is contracted to supply vessel operators, the fuel consumed by the vessel is not used “by a State or local government,” regardless of ownership of the vessel. However, when a local government leases barges and employees of the local government operate the barges, the vessel is being used by the local government.

(3) Government business. The test for whether a vessel is being used “in transporting in a State or local government’s business,” within the meaning of paragraph (c)(1)(ii) of this section, is whether the ultimate use of the cargo is for a function which is ordinarily carried out by governmental units. For example, when the cargo transported is salt to be spread on icy roads, the vessel is being used “in transporting in a State or local business” because the use to which the cargo will be put (road maintenance) is a function ordinarily performed by governmental units. Fuel consumed in a vessel transporting property for compensation or in furtherance of a business not ordinarily carried out by a governmental unit is not exempt from taxation by section 4042(c)(3).

(d) Ocean-going barges. Under section 4042(c)(4), the tax imposed by section 4042(a) does not apply to fuel consumed by tugs moving exclusively barges released by ocean-going carriers solely to pick up or deliver international cargos. The tax exemption provided by section 4042(c)(4) applies to LASH barges, SEABEE barges, and all other ocean-going barges carried aboard ocean-going vessels. There is no exemption under section 4042(c)(4) while:

(1) One or more of the barges in the tow is not a LASH barge, SEABEE barge, or other ocean-going barge carried aboard on ocean-going vessel; or

(2) One or more of the barges in the tow is not on an international voyage; or

(3) Part of the cargo in the tow is not being transported internationally.

[T.D. 7727, 45 FR 70862, Oct. 27, 1980]
(iii) Tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer. For purposes of this section, a sale of an automobile truck or bus, or a truck or bus trailer or semitrailer, shall be considered to be a sale of a chassis and of a body enumerated in this paragraph (a)(1).

(2) Special rule applicable to chassis and bodies. A chassis or body enumerated in paragraph (a)(1) of this section is taxable under section 4061(a)(1) only if such chassis or body is, within the meaning of paragraph (e) of this section, sold for use as a component part of a highway vehicle (as defined in paragraph (d) of this section), which is an automobile truck or bus, a truck or bus trailer or semitrailer, or a tractor of the kind chiefly used for highway transportation in combination with a trailer or semitrailer. Furthermore, a chassis or body which is not enumerated in paragraph (a)(1) of this section is not taxable under section 4061(a)(1) even though such chassis or body is used as a component part of a highway vehicle (e.g., a chassis or body of a passenger automobile).

(3) Equipment installed on chassis or bodies. (i) For purposes of the tax imposed by section 4061(a)(1), equipment or machinery installed on a taxable chassis or body is considered to be an integral part of the taxable chassis or body if the machinery or equipment contributes toward the highway transportation function of the chassis or body, regardless of whether separate sales of the machinery or equipment would be subject to the tax on automotive parts or accessories imposed by section 4061(b). Therefore, the amount of the sale price of a taxable chassis or body that is attributable to such machinery or equipment must be included in the tax base when computing the tax due on a manufacturer’s or importer’s sale or use of a taxable chassis or body. Examples of the type of machinery or equipment that contribute to the highway transportation function of a chassis or body are the following: Loading and unloading equipment; towing winches; and all other machinery or equipment contributing to either the maintenance or safety of the vehicle, the preservation of cargo (other than refrigeration units), or the comfort or convenience of the driver or passengers.

(ii) Amounts charged for machinery or equipment that is installed on a taxable chassis or body are not part of the taxable sale price of the chassis or body if (A) such machinery or equipment does not contribute toward the highway transportation function of the chassis or body and (B) the reasonableness of the charge for the machinery or equipment is supportable by adequate records. Examples of such machinery or equipment are the following: equipment designed to spread materials on the highway; machinery or equipment used solely in the operation of mobile amusement rides; television equipment mounted in a mobile television studio; machine shop equipment mounted in a mobile machine shop; and car crushing equipment mounted on the chassis of a mobile car crusher.

(4) Passenger automobile chassis and bodies, motorcycles, etc. No tax is imposed under section 4061(a) on the sale of a motorcycle or, in the case of a sale made after December 10, 1971, on the sale of automobile chassis and bodies not enumerated in paragraph (a)(1) of this section, or of trailer and semitrailer chassis and bodies suitable for use in combination with passenger automobiles. For tax on certain sales made after December 31, 1958, and before December 11, 1971, see paragraph (b)(4) of this section.

(5) Cross references. For additional rules relating to the sale of a chassis or body enumerated in this paragraph for use as a component part of a highway vehicle, see paragraph (e) of this section. For exclusion of certain light-duty highway vehicles, see paragraph (f) of this section. For provisions relating to the tax-free sale of bodies to certain manufacturers, see section 4063(b) and the regulations thereunder. For other exemptions from the tax imposed under section 4061(a), see sections 4063 and 4221 and the regulations thereunder. For special rules relating to the sale by a manufacturer of a vehicle consisting of a tax-paid chassis and a body manufactured by him, see §48.4061(a)–5.

(b) Rate and computation of tax—(1) In general. With respect to the articles enumerated in paragraph (a)(1) of this
For definition of the term "rate in effect at the time of the sale.

The tax is computed by applying to the price for which the article is sold the rate of tax imposed by section 4061(a)(1) is:

<table>
<thead>
<tr>
<th>Percent</th>
<th>(i) For articles sold during the period beginning on January 1, 1959, and ending on September 30, 1979</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(ii) For articles sold on or after October 1, 1979</td>
<td>5</td>
</tr>
</tbody>
</table>

(2) **Determination of price subject to tax.**
The tax is computed by applying to the price for which the article is sold the rate in effect at the time of the sale. For definition of the term "price" and for application of the tax to leases of articles, see sections 4216 and 4217, respectively, and the regulations thereunder. If an article subject to tax under section 4061(a) has equipment mounted thereon to perform functions other than in connection with the transportation of persons or property, no tax under section 4061(a) attaches to that part of the selling price of the completed unit which is reasonably attributable to such equipment provided such part of the selling price is billed separately on the invoice to the customer or can otherwise be established by adequate records. For other rules relating to the sale of parts or accessories in connection with the sale of a chassis, body, or completed unit, see §48.4061(a)-4. For special rules relating to the determination of selling price when equipment or machinery is permanently installed on a taxable chassis or body, see paragraph (a)(3) of this section.

(3) **Tax on trailers sold before December 11, 1971.** With respect to sales made after December 31, 1958, and before December 11, 1971, the rate of tax imposed under section 4061(a) on a trailer or semitrailer chassis or body that is a highway vehicle within the meaning of paragraph (d) of this section depends upon a classification of the article. The sale during this period of a trailer or semitrailer chassis or body (other than a house trailer) suitable for use in combination with passenger automobiles is subject to tax as set forth in paragraph (b)(4) of this section. A trailer suitable for use in combination with a passenger automobile which is designed for purposes other than living or sleeping, commonly referred to as a "utility trailer", is an example of a trailer taxable at the 7 percent rate set forth in paragraph (b)(4) of this section. The sale of a trailer or semitrailer chassis or body that is not suitable for use in combination with passenger automobiles is subject to tax as set forth in paragraph (b)(1) of this section.

(4) **Passenger automobile chassis and bodies and related articles sold before December 11, 1971.** With respect to the sale after December 31, 1958, and before December 11, 1971, of (i) automobile chassis and bodies not enumerated in paragraph (a)(1) of this section or (ii) trailer and semitrailer chassis and bodies suitable for use in combination with passenger automobiles, the tax imposed by section 4016(a) is computed in accordance with paragraph (b)(2) of this section at the rate of 10 percent for sales prior to June 22, 1965, and at the rate of 7 percent thereafter.

(c) **Liability for tax.** The tax imposed by section 4061(a) is payable by the manufacturer, producer, or importer making the sale.

(d) **Highway vehicle—(1) Definition.** For purposes of this subchapter, the term “highway vehicle” means any self-propelled vehicle, or any trailer or semitrailer, designed to perform a function of transporting a load over public highways, whether or not also designed to perform other functions, but does not include a vehicle described in paragraph (d)(2) of this section. For purposes of this definition, a vehicle consists of a chassis, or a chassis and a body if the vehicle has a body, but does not include the vehicle’s load. Therefore, in determining whether a vehicle is a “highway vehicle”, it is immaterial that the vehicle is designed to perform a highway transportation function for only a particular kind of load, such as passengers, furnishings and personal effects (as in a house, office, or utility trailer), a special type of cargo, goods, supplies, or materials, or, except to the extent otherwise provided in paragraph (d)(2)(i) of this section, machinery or equipment specially designed to perform some off-highway task unrelated to highway transportation. In the case of specially designed machinery or equipment, it is also immaterial, except as provided in paragraph (d)(2)(i) of this section, that such machinery or equipment is permanently mounted on the vehicle.
purposes of paragraph (d) of this section, the term “transport” includes the term “tow”, and the term “public highway” includes any road (whether a Federal highway, State highway, city street, or otherwise) in the United States which is not a private roadway. A vehicle which is not a highway vehicle within the meaning of this paragraph shall be treated as a nonhighway vehicle for purposes of this subchapter.

Examples of vehicles that are designed to perform a function of transporting a load over the public highways are passenger automobiles, motorcycles, buses, and highway-type trucks, truck tractors, trailers, and semi-trailers.

(2) Exceptions—(i) Certain specially designed mobile machinery for nontransportation functions. A self-propelled vehicle, or trailer or semi-trailer, is not a highway vehicle if it (A) consists of a chassis to which there has been permanently mounted (by welding, bolting, riveting, or other means) machinery or equipment, and (B) the chassis has been specially designed to serve only as a mobile carriage and mount (and a power source, where applicable) for the particular machinery or equipment involved, whether or not such machinery or equipment is in operation, and (C) by reason of such special design, such chassis could not, without substantial structural modification, be used as a component of a vehicle designed to perform a function of transporting any load other than that particular machinery or equipment or similar machinery or equipment requiring such a specially designed chassis.

(ii) Certain vehicles specially designed for offhighway transportation. A self-propelled vehicle, or a trailer or semitrailer, is not a highway vehicle if it is (A) specially designed for the primary function of transporting a particular type of load other than over the public highway in connection with a construction, manufacturing, processing, farming, mining, drilling, timbering, or operation similar to any one of the foregoing enumerated operations, and (B) if by reason of such special design, the use of such vehicle to transport such load over the public highways is substantially limited or substantially impaired. For purposes of applying the rule of (B) of this subdivision, account may be taken of whether the vehicle may travel at regular highway speeds, requires a special permit for highway use, is overweight, overheight or overwidth for regular use, and any other relevant considerations. Solely for purposes of determinations under this paragraph (d)(2)(ii), where there is affixed to the vehicle equipment used for loading, unloading, storing, vending, handling, processing, preserving, or otherwise caring for a load transported by the vehicle over the public highways, the functions are related to the transportation of a load over the public highways even though such functions may be performed off the public highways.

(iii) Certain trailers and semi-trailers specially designed to perform non-transportation functions off the public highways. A trailer or semi-trailer is not a highway vehicle if it is specially designed to serve no purpose other than providing an enclosed stationary shelter for the carrying on of a function which is directly connected with and necessary to, and at the off-highway site of, a construction, manufacturing, processing, mining, drilling, farming, timbering, or operation similar to any one of the foregoing enumerated operations such as a trailer specially designed to serve as an office for such an operation.

(3) Optional application. For purposes of this subchapter, if any rules existing immediately prior to January 13, 1977 would, if applicable, unequivocally resolve an issue involving the definition of a highway vehicle with respect to a period prior to such date, at the option of the taxpayer, such rules existing prior to such date shall be applied to resolve the issue for all periods prior to such date, and the rules of paragraphs (d) (1) and (2) of this section, which define the term “highway vehicle”, shall not apply with respect to such issue for all periods prior to such date.
(4) Highway vehicles not subject to section 4061 tax. Although for purposes of this paragraph (d) passenger automobiles, automobile trailers and semitrailers, motor homes, motorcycles, light-duty trucks, etc., will be considered to be highway vehicles because they are designed to perform a function of transporting a load over public highways, the tax imposed under section 4061(a) does not apply to the sale of such vehicles because they either are not articles subject to tax under such section or are excluded from tax under section 4061(a)(2). See also paragraphs (a)(4) and (f) of this section. Despite the fact that passenger automobiles, passenger automobile trailers and semi-trailers, motor homes, motorcycles, light-duty trucks, etc., are not subject to the manufacturers excise tax on highway vehicles imposed by section 4061(a), the fact that they are nevertheless considered highway vehicles for purposes of this subchapter can be of material significance in determining the applicability of such excise taxes as the tax imposed by section 4041 (relating to diesel and special motor fuels), the tax imposed by section 4071(a)(1) (relating to tires of the type used on highway vehicles), or the tax imposed by section 4481 (relating to highway use tax on highway motor vehicles). In addition, the definition of the term “highway vehicle” is material in determining the credits or refunds provided by section 6416(b) (relating to highway use tax on highway motor vehicles). In addition, the definition of the term “highway vehicle” is material in determining the credits or refunds provided by section 6416(b)(2) (relating to diesel fuel used in certain highway vehicles), section 6421(a) (relating to gasoline used for a non-highway purpose), section 6424 (relating to lubricating oil used otherwise than in a highway motor vehicle), and section 6427 (relating to diesel or special motor fuel not used for a taxable purpose).

(e) Sale of a chassis or body for use as a component of a vehicle other than a highway vehicle—(1) In general. Except as otherwise provided in paragraphs (a)(4), (e)(2), or (f) of this section, the sale of a chassis or body shall be deemed to be a sale of a chassis or body enumerated in paragraph (a)(1) of this section if such chassis or body is, in any sense, reasonably suitable for use as a component part of a highway vehicle that is either an automobile truck or bus, a truck or bus trailer or semitrailer, or a tractor of the kind chiefly used for highway transportation in combination with a trailer or semitrailer.

(2) Exceptions based on unitary concept—(i) Completed vehicles not qualifying as highway vehicles. With respect to the sale of a vehicle after January 13, 1977 which would otherwise be treated as a sale of a chassis or body enumerated in paragraph (a)(1) of this section, the tax imposed under section 4061(a) shall not apply to such sale if the vehicle (considered as a completed unit) is not considered to be a highway vehicle within the meaning of paragraph (d) of this section.

(ii) Tax-free sales of chassis and bodies. With respect to the sale after January 13, 1977 of a chassis or body (not including the sale of a completed vehicle described in paragraph (e)(2)(i) of this section) which would otherwise be treated under paragraph (e)(1) of this section as a sale of a chassis or body enumerated in paragraph (a)(1) of this section, the tax imposed under section 4061(a) shall not apply to such sale if the chassis or body is actually sold for use, or for resale for use, as a component part of a vehicle that is not a highway vehicle within the meaning of paragraph (d) of this section. For purposes of determining the liability of the manufacturer or reseller for the tax imposed under section 4061(a), the test of the preceding sentence will be considered to be met if (A) the purchaser furnishes the statement set forth in paragraph (e)(2)(iv) of this section to the manufacturer or reseller for the period in which the sale was made, and (B) the manufacturer or reseller complies with the requirements set forth in paragraph (e)(2)(iii) of this section. However, even though the purchaser and manufacturer (or reseller) have complied with the foregoing, the tax imposed under section 4061(a), shall apply to such sale if the manufacturer or reseller has received a written notification (applicable with respect to such sale) from the Internal Revenue Service that sales of a specified type or types of chassis or bodies may not be made tax free pursuant to
§ 48.4061(a)–1  26 CFR Ch. I (4–1–02 Edition)

this paragraph (e)(2)(ii) until further notification. Any such notification issued by the Internal Revenue Service shall be effective only with respect to sales after the manufacturer has received such notification.

(iii) Requirements to be met. In order for a manufacturer or reseller to sell free of tax under paragraph (e)(2)(ii) of this section an otherwise taxable chassis or body, the manufacturer or reseller must:

(A) Retain in his possession the statement required to be furnished by the purchaser and such other evidence as may be furnished by the purchaser to support the tax-free sale. Such evidence shall be retained for at least 3 years from the due date of the tax that would be due if the transaction in question had been a taxable sale; and

(B) Indicate on the invoice with respect to the sale of the chassis or body that the sale of such article is made free of tax under paragraph (e)(2)(ii) of this section.

(iv) Form of statement. In order for an otherwise taxable chassis or body to be sold free of tax under paragraph (e)(2)(ii) of this section, the manufacturer must execute and furnish to the manufacturer or reseller a statement that substantially complies with the following form:

[Blank form]

Under the penalty of perjury, the undersigned certifies that he, or the person on whose behalf the undersigned is acting, (Name of purchaser if other than the undersigned) of which he is ____________________ (Title), is in the business of ____________________ (Nature of business), and that the chassis and/or bodies covered by the accompanying order or contract for purchase from ____________________ (Name and address of seller) are purchased for use, or for resale for use, as components of the following type or types of nonhighway vehicles:

1. ____________________
2. ____________________
3. ____________________

The undersigned understands that he must be prepared to establish by satisfactory evidence the actual use or disposition of such chassis or bodies and that, upon their use or disposition other than as components of a nonhighway vehicle, he consents to be treated as the manufacturer of any such chassis or body purchased by him free of the tax imposed by section 4061(a).

The undersigned also understands that he and all guilty parties will, for use of this statement to willfully attempt to evade or defeat the tax imposed under section 4061, be subject, under section 7201, to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

The undersigned agrees to retain in his possession a copy of this statement for at least 3 years from its date.

(Signature) ____________________

(Address) ____________________

(v) Refund or credit of overpayment. If a purchaser furnished the manufacturer with the statement described in paragraph (e)(2)(iv) of this section after the time the manufacturer has filed a return covering excise taxes for the period in which the sale was made, the manufacturer must include the tax on the sale in his return for the period. However, in such case, if the conditions prescribed in paragraph (e)(2)(iii) of this section are met, a claim for refund of the tax paid on such sale may be filed by the manufacturer on Form 843, or a credit taken on a subsequent return, in accordance with the provisions of sections 6402(a) and 6416(a) and § 48.6416(a)–1.

(vi) Cross reference. For special rules relating to the sale by a manufacturer of a vehicle consisting of a tax-paid chassis and a body manufactured by him, see § 48.4061(a)–5.

(f) Exclusion of light-duty trucks, buses, and related articles from tax—(1) In general. (i) No tax is imposed by section 4061(a)(1) on the sale after December 10, 1971, of the following articles, if suitable for use with a vehicle having a gross vehicle weight of 10,000 pounds or less (as determined under paragraph (f)(3) of this section):

(A) Automobile truck and bus chassis and bodies, and

(B) Truck trailer and bus chassis and bodies, suitable for use with a trailer or semitrailer having a gross vehicle weight of 10,000 pounds or less (as so determined).

(ii) For purposes of this part, a chassis or body is suitable for use with a vehicle having a gross vehicle weight of 10,000 pounds or less (hereafter referred to in this paragraph (f) as a “light-duty vehicle”) if such chassis or body is
commonly used with such a vehicle or possesses actual, practical, and commercial fitness for such use. A truck or bus chassis, sold after December 10, 1971, which is suitable for use with a light-duty vehicle, is not subject to the tax imposed by section 4061(a)(1) regardless of the body actually mounted thereon. Similarly, a truck trailer or semitrailer chassis sold after such date, suitable for use with a trailer or semitrailer having a gross vehicle weight of 10,000 pounds or less, which trailer or semitrailer is suitable for use in connection with a light-duty towing vehicle, is not subject to such tax regardless of the body actually mounted thereon. A truck or bus body, sold after such date, which is suitable for use with a light-duty vehicle, is not subject to such tax even though it may also be suitable for use with (and is actually a component of) a vehicle having a gross vehicle weight in excess of 10,000 pounds. Similarly, a truck trailer or semitrailer body sold after such date, suitable for use with a trailer or semitrailer having a gross vehicle weight of 10,000 pounds or less, which trailer or semitrailer is suitable for use with a light-duty towing vehicle, is not subject to such tax even though it may also be suitable for use with (and is actually a component of) a vehicle having a gross vehicle weight in excess of 10,000 pounds.

(iii) Where an exempt body is mounted on a taxable chassis, or a taxable body is mounted on an exempt chassis, the taxable chassis or taxable body, as the case may be, nevertheless remains subject to such tax, if the resulting vehicle is a highway vehicle as defined in paragraph (d) of this section.

(iv) Where the modification of an article, exempt from tax when sold by the original manufacturer, constitutes further manufacture after the original manufacturer’s sale, a tax may be imposed on the subsequent manufacturer’s sale or use of the modified article.

(2) Parts and accessories. (i) The sale of a part or accessory which, if sold on December 10, 1971, would be subject to the tax imposed by section 4061(a)(1) as in effect after such date if:

(A) It is sold by the manufacturer on or in connection therewith, or with the sale of, a vehicle enumerated in paragraph (f)(1)(i) of this section which is not subject to such tax, and

(B) It is not a replacement part (as defined in paragraph (f)(2)(ii) of this section).

(ii) For purposes of this paragraph (f)(2), a part or accessory is considered sold with a vehicle if, as of the time the article is sold by the manufacturer, the part or accessory has been ordered from such manufacturer for use with the vehicle. Thus, for example, original equipment sold after December 10, 1971, with a light-duty vehicle, consisting of parts and accessories which are ordered from the manufacturer of the vehicle not later than the time at which such vehicle is sold by him (whether or not installed as of such time) are not subject to such tax. For purposes of this paragraph (f)(2), a part is a replacement part, regardless of when ordered, if its use with a vehicle is as a replacement for a part of such vehicle. Therefore, spare parts or accessories sold separately or ordered with a light-duty truck are subject to the tax imposed on sales of parts or accessories by section 4061(b)(1), unless they are excluded from tax as articles used interchangeably between truck and passenger vehicles under the provisions of section 4061(b)(2).

(3) Gross vehicle weight. (i) For purposes of paragraph (f)(1) of this section gross vehicle weight means the maximum total weight of a loaded vehicle. Except as otherwise provided in this paragraph (f)(3), such maximum total weight shall be the gross vehicle weight rating of the article (as manufactured) as specified or established by the manufacturer of the completed article, unless such rating is unreasonable in light of the facts and circumstances in a particular case.

(ii) A manufacturer must specify or establish a weight rating for each chassis, body, or vehicle sold by him after September 22, 1971, if such article requires no additional manufacture other
than (A) the addition of readily attachable articles, such as tire or rim assemblies or minor accessories (B) the performance of minor finishing operations, such as painting, or (C) in the case of a chassis, the addition of a body. If an article is specially manufactured to the purchaser’s specifications, such specifications may be used to establish the gross vehicle weight of the article.

(ii) A manufacturer shall maintain a record of the gross vehicle weight rating of each truck, bus, trailer, and semitrailer sold by him and excluded from the tax imposed by section 4061(a)(1) by reason of section 4061(a)(2) and this paragraph (f). For this purpose, a record of the serial number of each such article shall be treated as a record of the gross vehicle weight rating of the article if such rating is indicated by the serial number.

(iii) A manufacturer’s rating indicated in a label or identifying device affixed to an article, (B) the rating set forth in his sales invoice or warranty agreement, and (C) his advertised rating for that article (or two or more identical articles) are inconsistent, the highest of such ratings will be considered to be the manufacturer’s gross vehicle weight rating specified or established for purposes of the tax imposed by section 4061(a)(1).

(v) With respect to articles sold after January 31, 1972, the manufacturer’s gross vehicle weight rating must take into account the strength of the chassis frame, the axle capacity and placement, and the spring, brake, rim, and tire capacities. The component with the lowest weight rating ordinarily shall be considered determinative of the gross vehicle weight. If the capacity of any of the readily attachable components (springs, brakes, rims, or tires) would otherwise be determinative of a gross vehicle weight rating of 10,000 pounds or less, no readily attachable component will be taken into account in determining such rating unless the rating determined solely on the basis of the chassis frame or the total of the axle ratings is 12,000 pounds or less.

(vi) For purposes of paragraph (f)(3)(v) of this section, the term “total of the axle ratings” means the sum of the maximum load carrying capability (capacity and placement) of the axles (without regard to springs, brakes, rims, and tires) and, in the case of a trailer or semitrailer, the weight, if any, that is to be borne by a vehicle used in combination with the trailer or semitrailer for which gross vehicle weight is determined.


§ 48.4061(a)–2 Bonding of importers.

(a) Authority for requiring bond. Section 623 of the Tariff Act of 1930, as amended (19 U.S.C. 1623), provides as follows:

Sec. 623. Bonds and other security. (a) In any case in which bond or other security is not specifically required by law, the Secretary of the Treasury may by regulation or specific instruction require, or authorize collectors of customs to require, such bonds or other security as he, or they, may deem necessary for the protection of the revenue or to assure compliance with any provision of law, regulation, or instruction which the Secretary of the Treasury or the Customs Service may be authorized to enforce.

(b) Whenever a bond is required or authorized by a law, regulation, or instruction which the Secretary of the Treasury or the Customs Service is authorized to enforce, the Secretary of the Treasury may—

(1) Except as otherwise specifically provided by law, prescribe the conditions and form of such bond, and fix the amount of penalty thereof, whether for the payment of liquidated damages or of a penal sum: Provided, That when a consolidated bond authorized by paragraph 4 of this subsection is taken, the Secretary of the Treasury may fix the penalty of such bond without regard to any other provision of law, regulation, or instruction. (2) Provide for the approval of the sureties on such bond, without regard to any general provision of law.

(3) Authorize the execution of a term bond the conditions of which shall extend to and cover similar cases of importations over such period of time, not to exceed one year, or such longer period as he may fix when in his opinion special circumstances existing in a particular instance require such longer period.

(4) Authorize, to the extent that he may deem necessary, the taking of a consolidated bond (single entry on term), in lieu of separate bonds to assure compliance with two or more provisions of law, regulations, or instructions which the Secretary of the Treasury or the Customs Service is authorized to
enforce. A consolidated bond taken pursuant to the authority contained in this subsection shall have the same force and effect in respect of every provision of law, regulation, or instruction for the purposes for which it is required as though separate bonds had been taken to assure compliance with each such provision.

(a) The name of the person making the application shall include the following information:

(i) Incidentally imported by an individual for his personal use.

(ii) Brought into the United States for export to a foreign country or possession of the United States.

(iii) Admitted to the United States free of duty as an instrument of international traffic.

(iv) Admitted to the United States free of duty as a temporary importation under bond.

(v) Returned to the United States after having been sold in the United States and exported.

(c) The kind and approximate number of automobiles, trucks, buses, etc., which the importer may be expected to import during an average calendar quarter and the approximate amount of tax under section 4061(a) for which the importer may be expected to incur liability in respect of such articles.

(d) Whether the importer has filed returns of tax under chapter 31 or chapter 32 within the 2-year period immediately preceding the date on which the application is filed, and, if so, the internal revenue district in which such returns were filed.

(e) Facts pertaining to the importer's assets and liabilities which will aid the district director in determining whether a bond shall be required.

(2) Exceptions. The provisions of subparagraph (1) of this paragraph shall have no application in any case where an article taxable under section 4061(a) is:

(i) Incidentally imported by an individual for his personal use.

(ii) Brought into the United States for export to a foreign country or possession of the United States.

(iii) Admitted to the United States free of duty as an instrument of international traffic.

(iv) Admitted to the United States free of duty as a temporary importation under bond.

(v) Returned to the United States after having been sold in the United States and exported.

(c) Requirement of bond—(1) In general. If the district director determines that a bond is necessary in order to insure payment of the tax under section 4061(a), and to assure compliance with all provisions of the Code and regulations thereunder, with respect to articles imported by any importer required to make application for a determination under paragraph (b) of this section, such bond shall be given by such importer. Such bond shall be submitted, in duplicate, to the district director for the district in which the importer will file returns of any tax under
section 4061(a) for which he may incur liability.

(2) Execution of bond—(i) In general. The bond required under this paragraph shall be executed with satisfactory surety. (For provisions as to what will be considered ‘‘satisfactory surety’’, see subparagraph (3) of this paragraph.) Such bond shall be conditioned that the principal shall not engage in any attempt, by himself or by collusion with others, to defraud the United States of any tax under section 4061(a); that he shall render truly and completely all returns, statements, and other documents required of him by law or regulations in respect of such tax; that he shall timely pay all such tax for which he is liable; and, in the case of any such tax in respect of an article released from customs custody by reason of such bond that he shall pay such tax whether the liability therefor is incurred by him or by some other person as the importer of the articles covered by the bond, unless such other person makes payment of such tax on or before the due date. The bond shall be in an amount which the district director believes to be sufficient to protect the interests of the United States with respect to all articles taxable under section 4061(a) which are released from customs custody by reason of such bond, but in no event shall the bond be in an amount less than the approximate amount of tax under section 4061(a) for which the principal may be expected to incur liability during an average calendar quarter. Such bond shall be signed by the individual, if the principal is an individual; the president, vice president, or other principal officer, if the principal is a corporation; a responsible and duly authorized member or officer having knowledge of its affairs, if the principal is a partnership or other unincorporated organization; or the fiduciary, if the principal is a trust or estate.

(ii) Cancellation clause. The bond required under this paragraph may be accepted with a cancellation clause incorporated therein. Such cancellation clause shall provide that:

(a) Any surety on the bond may at any time give notice to the principal and the district director that he desires to be relieved of liability under said bond after a date named, which shall be at least 60 days after the receipt of notice by the district director.

(b) If the notice is not withdrawn in writing prior to the date named in the notice, the rights of the principal as supported by said bond shall be terminated on such date (unless supported by another bond or bonds). The surety shall, however, remain liable with respect to any tax under section 4061(a) (plus penalties and interest) the liability for which is incurred in respect of articles released from customs custody by reason of the bond.

(c) Said notice may not be given by an agent of the surety, unless it is accompanied by power of attorney duly executed by the surety authorizing the agent to give such notice or by a verified statement that such power of attorney is on file with the Treasury Department.

(iii) Changes in bond. After filing of the bond required under this paragraph, no change may be made in the terms thereof except with the consent of the surety or sureties and subject to the approval of the district director.

(3) Satisfactory surety—(i) Approved surety company or bonds or notes of the United States. For purposes of subparagraph (2) of this paragraph, a bond shall be considered executed with satisfactory surety if:

(a) It is executed by a surety company holding a certificate of authority from the Secretary as an acceptable surety on Federal bonds; or

(b) It is secured by bonds or notes of the United States as provided in 6 U.S.C. 15 (see 31 CFR Part 225).

(ii) Other surety acceptable in discretion of district director. For purposes of subparagraph (2) of this paragraph, a bond may in the discretion of the district director, be considered executed with satisfactory surety if, in lieu of being executed or secured as provided in subdivision (i) of this subparagraph, it is:

(a) Executed by a corporate surety (other than a surety company), provided such corporate surety establishes that it is within its corporate powers to act as surety for another corporation or an individual;
(b) Executed by two or more individual sureties, provided such individual sureties meet the conditions contained in subdivision (iii) of this subparagraph;

(c) Secured by a mortgage on real or personal property;

(d) Secured by a certified, cashier's, or treasurer's check drawn on any bank or trust company incorporated under the laws of the United States or any State, Territory, or possession of the United States, or by a United States postal, bank, express, or telegraph money order;

(e) Secured by corporate bonds or stocks, or by bonds issued by a State or political subdivision thereof, of recognized stability; or

(f) Secured by any other acceptable collateral. Collateral shall be deposited with the district director or, in his discretion, with a responsible financial institution acting as escrow agent.

(iii) Conditions to be met by individual sureties. If a bond is executed by two or more individual sureties, the following conditions must be met by each such individual surety:

(a) He must reside within the State in which the principal place of business or legal residence of the primary obligor is located;

(b) He must have property subject to execution of a current market value, above all encumbrances, equal to at least the penalty of the bond;

(c) All real property which he offers as security must be located in the State in which the principal place of business or legal residence of the primary obligor is located;

(d) He must agree not to mortgage, or otherwise encumber, any property offered as security while the bond continues in effect without first securing the permission of the district director; and

(e) He must file with the bond, and annually thereafter so long as the bond continues in effect, an affidavit as to the adequacy of his security, executed on the appropriate form furnished by the district director.

Partners may not act as sureties upon bonds of their partnership. Stockholders of a corporate principal may be accepted as sureties provided their qualifications as such are independent of their holdings of the stock of the corporation.

(iv) Adequacy of surety. No surety or security shall be accepted if it does not adequately protect the interest of the United States.

(4) New or additional bond. The district director may require a new or additional bond under this section in any case where he deems it necessary or desirable in order to protect the interests of the United States.

(d) Termination of requirement—(1) Application for relief from requirement. Any importer who has given bond as required under paragraph (c) of this section may make application for relief from such requirement at any time after the last day of the first month following the close of the calendar quarter in which the bond was given. Any such application shall be submitted to the district director to whom the bond was furnished and shall set forth such facts as will be of assistance to the district director in determining whether the relief shall be granted.

(2) Relief from requirement. In any case where the district director determines that the bond required under paragraph (c) of this section to be given by an importer is no longer necessary to insure payment of any tax under section 4061(a) for which liability may be incurred by such importer, such importer shall no longer be required to give such bond.

(e) Evidence required for release of imported articles from customs custody—(1) In general. Each article taxable under section 4061(a) which arrives in the United States from any foreign country or possession of the United States on or after the first day of the first calendar quarter beginning more than 60 days after the date of publication of this Treasury decision in the Federal Register, and which is imported by any person required under paragraph (b) of this section to make application for a determination whether bond shall be given, shall not, if subject to customs examination and release, be released from customs custody until the evidence prescribed in subparagraph (2) (i) or (ii) of this paragraph has been furnished by such person to the collector of customs.


(2) Form of evidence. The evidence required under subparagraph (1) of this paragraph shall be in the form of a statement, executed, signed, and dated by the district director. Such statement shall show the following:

(i) Bond required. If the importer is required to give bond under this section the statement shall show:

(a) The total number of articles in respect of which the statement is given.

(b) The model number of each such article.

(c) The name and address of the importer of such articles.

(d) If the articles are to be released from customs custody to a person other than the importer, the name and address of such other person.

(e) That the importer has given a bond which the district director finds sufficient to protect the interests of the United States with respect to any tax under section 4061(a) for which liability may be incurred in respect of such articles.

A statement under this subdivision shall be furnished to the importer by the district director, upon request of the importer, in every case where such importer furnishes the district director with information which establishes to the satisfaction of the district director that the importer has given bond in an amount sufficient to protect the interests of the United States with respect to any tax under section 4061(a) for which liability may be incurred in respect of such articles.

A separate request shall be made in respect of each shipment. Each statement given under this subdivision shall be executed in duplicate. The original of such statement shall be furnished to the importer and the copy shall be retained by the district director.

(ii) No bond required. If the importer is not required to give bond under this section, the statement shall show:

(a) The name and address of the importer.

(b) That bond under this section is not required of such importer.

A statement under this subdivision shall be furnished to the importer by the district director on the date on which the district director determines that the importer is not required to give a bond under this section. Such statement shall be executed in triplicate. The original of such statement and one signed copy shall be furnished by the district director to the importer, and one copy shall be retained by the district director. Additional signed copies of such statement will be furnished by the district director to the importer upon request of the importer. However, once such statement, or a signed copy thereof, has been furnished by the importer to a collector of customs, the requirements imposed by subparagraph (1) of this paragraph are deemed to be satisfied in respect of all articles taxable under section 4061(a) which thereafter arrive in the United States for release to or for the importer in a port under the jurisdiction of such collector of customs, until such time, if any, as such collector of customs receives written notification from the district director or the Commissioner of Customs that such statement has been withdrawn.

(46 Stat. 759; 19 U.S.C. 1623)


§ 48.4061(a)–3 Definitions.

For purposes of the tax imposed by section 4061, unless otherwise expressly indicated:

(a) Automobile truck. The term “automobile truck” includes automobile buses, and truck and bus trailers and semitrailers.

(b) Other automobile. The term “other automobile” means all automobiles other than automobile trucks, and includes trailers and semitrailers suitable for use in connection with passenger automobiles, but does not include house trailers.

(c) Tractor. The term “tractor” means any tractor chiefly used for...
§ 48.4061(a)–4 Parts or accessories sold on or in connection with chassis, bodies, etc.

(a) In general. The tax attaches in respect of parts or accessories for articles specified in section 4061(a) sold on or in connection therewith or with the sale thereof at the rate applicable to the sale of the basic article. The tax attaches in such case whether or not the parts or accessories are billed separately. For the tax applicable to parts or accessories which are not sold on or in connection with the sale of a taxable chassis, body, or tractor, see § 48.4061(b)–1.

(b) Essential equipment. If taxable chassis, bodies, or tractors are sold by the manufacturer, producer, or importer without parts or accessories which are considered equipment essential for the operation or appearance of such articles, the sale of such parts or accessories will be considered, in the absence of evidence to the contrary, to have been made in connection with the sale of the basic article even though they are shipped separately at the same time or on a different date. For example, if a manufacturer sells to any person a chassis and the bumpers for such chassis, or sells a taxable tractor and the fifth wheel and attachments, the tax applies to such parts or accessories at the same rate as on the chassis or tractor regardless of the method of billing or the time at which the shipments were made.

§ 48.4061(a)–5 Sale of automobile truck bodies and chassis.

(a) Sale of completed vehicle. An automobile truck (as defined by § 48.4061(a)–3(a)) for purposes of the tax imposed by section 4061(a) consists of two parts, namely, a body and a chassis. Generally, the tax applies to the sale by the manufacturer of each. Thus, if the purchaser of a tax-paid chassis attaches to it a taxable body manufactured by him and sells the completed vehicle, he is liable for tax based on the sale price of the body only. However, in such a case, the tax attaches to the selling price of the entire vehicle unless adequate records are available to show the portion of the total selling price attributable to the body.

(b) Cross references. For special rules relating to the sale of a chassis or body to a purchaser who will use it in the manufacture or assembly of a non-highway vehicle, see § 48.4061(a)–1(e). With respect to bodies sold to a chassis manufacturer, see also section 4063(b) and the regulations thereunder.

[T.D. 7461, 42 FR 2675, Jan. 13, 1977]

§ 48.4061(b) [Reserved]

§ 48.4061(b)–1 Imposition of tax.

(a) In general. Section 4061(b) imposes a tax on the sale by the manufacturer, producer, or importer of parts or accessories (other than tires and inner tubes and other than automobile radio and television receiving sets) for any of the articles enumerated in section 4061(a) (see paragraph (a) of § 48.4061(a)–1).

(b) Rates of tax. Tax is imposed on the sale of parts or accessories for any of the articles enumerated in section 4061(a) at the rates specified below:

<table>
<thead>
<tr>
<th>Percent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>(1) Parts or accessories sold during the period January 1, 1959, to June 30, 1965, inclusive.</td>
</tr>
<tr>
<td>5</td>
<td>(2) Parts or accessories sold on or after July 1, 1965.</td>
</tr>
</tbody>
</table>

The tax is computed by applying to the price for which the part or accessory is sold the rate in effect at the time of the sale. For definition of the term "price" see section 4216 and the regulations thereunder contained in Subpart M of this part.

(c) Liability for tax. The tax imposed by section 4061(b) is payable by the manufacturer, producer, or importer making the sale.


§ 48.4061(b)–2 Definition of parts or accessories.

(a) In general. The term "parts or accessories" includes (1) any article the primary use of which is to improve, repair, replace, or serve as a component part of an automobile truck or bus chassis or body, or other automobile chassis or body, or taxable tractor; (2) any article designed to be attached to
or used in connection with such chassis, body, or tractor to add to its utility or ornamentation, and (3) any article the primary use of which is in connection with such chassis, body, or tractor, whether or not essential to its operation or use. The term “parts or accessories” includes all articles which have reached such a stage of manufacture as to be commonly known as parts or accessories whether or not fitting operations are required in connection with their installation. An article shall not be deemed to be a taxable part or accessory even though it is designed to be attached to the vehicle or to be primarily used in connection therewith if the article is in effect the load being transported and the primary function of the article is to serve a purpose unrelated to the vehicle as such. For example, a construction derrick attached to a truck is not a taxable part or accessory inasmuch as the derrick is the load of the truck and its use is in connection with construction work at a construction site rather than in connection with the transportation or loading or unloading function of the truck. On the other hand, an article such as a towing cradle or loading or unloading equipment designed to be attached to or to be primarily used in connection with a truck is a taxable part or accessory inasmuch as the articles contributes to the load-carrying function of the truck. The term “parts or accessories” does not include tires, inner tubes, or automobile radio or television receiving sets, since these articles are expressly exempted by section 4061(b) from the tax. However, the term “parts or accessories” includes tire valves designed for use on tires or tubes for articles taxable under section 4061(a).

(b) Articles of a general use. The term “parts or accessories” does not include articles which are not used primarily in the manufacture, repair, etc., of automobile trucks, other automobiles, or tractors, but have a general use in the manufacture, repair, etc., of various articles. For example, commodities such as ball and roller bearings, bolts, nuts, washers, screws, nails, tacks, rivets, pins, studs, cotters, pipe fittings such as plugs, tees, elbows, and drain cocks, grease cups, oilers, and similar articles are not of themselves parts or accessories unless so constructed as to be used primarily in the manufacture, repair, etc., of automobile trucks, other automobiles, or tractors. On the other hand, parts for automobile parts or accessories are in themselves taxable unless they are articles of a type not specifically designed for use primarily in the automobile field. For example, the tax applies to the sale of gears, flexible shafts and flexible housings designed as replacement parts for automotive speedometers; as well as replacement parts for automobile engines, transmissions, differentials, steering mechanisms, timers, windshield-wiper motors, and other automobile parts or accessories.

(c) Materials of a general use—(1) General rule. The term “parts or accessories” also does not include material such as glass, cloth, leather, matting linoleum, and other materials sold in rolls or by the foot, such as brake lining, tape, binding, wire, cable, metal and rubber tubing, packing, conduit, and similar material. However, except as provided in subparagraph (2) of this paragraph, when any such material is cut or otherwise transformed by any person into an automobile part or accessory, tax attaches at the time such part or accessory is sold by such person.

(2) Articles made for immediate installation or repair. If in connection with an immediate installation in an automobile truck, other automobile, or tractor an article is produced through the use of special machinery or as a result of specialized skills from lengths or rolls of material, the person producing such article is considered to have manufactured an automobile part or accessory and the tax applies to his sale of such part or accessory. For example, tax applies to the sale of automobile glass cut to size to replace broken glass, or automobile seat covers, automobile floor mats, or fitted truck top covers produced to replace worn seat covers, floor mats, or truck top covers. However, if an article of a minor nature is produced by simple operation from lengths or rolls of material for immediate use by a repairman in the repair of an automobile truck, other automobile, or tractor on which
Internal Revenue Service, Treasury

§ 48.4061(b)–3

Rebuilt, reconditioned, or repaired parts or accessories.

(a) Rebuilt parts or accessories. Rebuilding of automobile parts or accessories, as distinguished from reconditioning or repairing, constitutes manufacturing, and the rebuilder of such parts or accessories is liable for the tax imposed by section 4061(b) with respect to his sales of such rebuilt parts or accessories. Reboring or other machining, rewinding, and comparable major operations constitute rebuilding. The person owning the part or accessory being rebuilt is the manufacturer of the article and is liable for the tax on his sale of the rebuilt part or accessory. The tax attaches whether the machining or other operation is performed by the rebuilder himself or by some other person in his behalf. For example, the tax attaches with respect to sales of (1) rebuilt batteries, (2) rebabbited or machined connecting rods, (3) reassembled clutches after operations such as the resurfacing of clutch plates, (4) rewound armatures, (5) reassembled generators with armatures rewound by or for the person reassembling the generator, (6) reground or remetalized crankshafts, and (7) engines in which blocks are machined (such as cylinders rebored or new sleeves inserted with or without cylinders being rebored) or new blocks installed. For provisions relating to the sale price of rebuilt parts or accessories, see § 48.4062(b)–1.

(b) Reconditioned parts or accessories. The mere disassembling, cleaning, and reassembling (with any necessary replacements of worn parts) of automobile parts or accessories, such as fuel pumps, water pumps, carburetors,
§48.4061-1

Temporary regulations with respect to floor stock refunds or credits on cement mixers.

(a) In general—(1) Refund or credit. Pub. L. 91–678 (84 Stat. 2062, Jan. 12, 1971) provides that if:

(i) A manufacturer, producer, or importer paid the tax imposed by section 4061 (relating to imposition of tax on motor vehicles) on the sale of a cement mixer after June 30, 1968, and before January 1, 1970, and

(ii) Such cement mixer was held by a dealer on January 1, 1970, for purposes of resale and was not used,

the manufacturer, producer, or importer is entitled to a credit or refund (without interest) of the amount of tax he paid on his sale of such cement mixer.

(2) Time for filing claim. The manufacturer, producer, or importer entitled to a credit or refund under subparagraph (1) of this paragraph shall file his claim for credit or refund on or before October 31, 1971, based upon a request submitted to the manufacturer, producer, or importer on or before July 31, 1971, by the dealer who held the cement mixer in respect of which the credit or refund is claimed. Before he files his claim for credit or refund, the manufacturer, producer, or importer shall either reimburse the dealer for the amount of tax he is claiming with respect to the cement mixer or obtain written consent from the dealer to claim such tax.

(c) Definitions. For purposes of this section:

(1) Cement mixer. The term “cement mixer” means:

(i) Any article designed to be placed or mounted on an automobile truck chassis or truck trailer or semitrailer chassis and to be used to process or prepare concrete, and

(ii) Parts or accessories designed primarily for use on or in connection with an article described in subdivision (i) of this subparagraph.

(2) Dealer. The term “dealer” includes a wholesaler, jobber, distributor, or retailer.

(3) Held by a dealer. A cement mixer shall be considered as “held by a dealer” if title thereto has passed to the dealer (whether or not delivery to him has been made), and if for purposes of consumption title to the cement mixer or possession thereof had not at any time prior to January 1, 1970, been transferred to any person other than a dealer. For purposes of this section and notwithstanding the preceding sentence, a cement mixer shall be considered as “held by a dealer” and not to have been used, although possession of such cement mixer has been transferred to another person, if such cement mixer is returned to the dealer in a transaction.
under which any amount paid or deposited by the transferee for such cement mixer is refunded to him (other than amounts retained by the dealer to cover damage to the cement mixer). Moreover, such a cement mixer shall be considered as held by a dealer on January 1, 1970, even though it was in the possession of the transferee on such day, if it was returned to the dealer (in a transaction described in the preceding sentence) before January 31, 1970. The determination as to the time title passes or possession is obtained for purposes of consumption shall be made under applicable local law. (See subdivisions (iii), (iv), and (v) of paragraph (b)(4) of §145.2–1 of this subchapter for examples illustrating the provisions of this subparagraph.)

(c) Other requirements. All the requirements of paragraph (c) (relating to participation of dealers), paragraph (d) (relating to claim for credit or refund), paragraph (e) (relating to evidence to be retained), and paragraph (f) (relating to effect on other claims for refund or credit) of §48.6412–1 are applicable (to the extent they are not inconsistent with section 4061 and Pub. L. 91–678) with respect to a claim for credit or refund under this section. With respect to claims for credit or refund under this section, the term “dealer request limitation date” and “claim limitation date” used in paragraphs (c) and (d) of §48.6412–1 means July 31, 1971, and October 31, 1971, respectively.

[T.D. 7000, 36 FR 3893, Mar. 2, 1971]

§ 48.4062(a) [Reserved]

§ 48.4062(a)–1 Specific parts or accessories.

Spark plugs, storage batteries, leaf springs, coils, timers, and tire chains, which are suitable for use on or in connection with, or as component parts of, automobile trucks, other automobiles, tractors, or other vehicles enumerated in section 4061(a), are considered parts of, or accessories for, such articles whether or not primarily designed or adapted for such use.

§ 48.4062(b) [Reserved]

§ 48.4062(b)–1 Rebuilt parts or accessories sold on an exchange basis.

The sale price of a rebuilt part or accessory on which the tax is to be computed shall not include the value of a like part or accessory accepted in exchange. The total amount charged in excess of the amount allowed for a like article accepted in an exchange will be the basis for tax. For example, if a rebuilt automobile engine is sold for $100, plus another automobile engine, the tax on the rebuilt engine will be computed on the basis of $100.

§ 48.4063–1 Tax-free sales of bodies to chassis manufacturers.

Under the provisions of section 4063(b), the tax imposed by section 4061(a) shall not apply to bodies sold by the manufacturer thereof to a manufacturer (but not an importer) of automobile trucks (as defined by §48.4061(a)–3(a)) to be sold by the purchaser. Thus, a manufacturer of automobile truck bodies is permitted to sell such bodies tax free to manufacturers of automobile truck chassis. This section does not apply with respect to the sale of an automobile truck chassis to manufacturers of automobile truck bodies. However, see §48.4061(a)–1(e) with respect to the sale of an automobile truck chassis for use in the manufacture or assembly of a non-highway vehicle (within the meaning of §48.4061(a)–1(d)). In order to effect a tax-free sale of a body as provided in this section, both the seller and purchaser must comply with the registration and other requirements of section 4222 and the regulations thereunder. A chassis manufacturer who purchases a body tax free as provided in this section shall, for purposes of application of the tax imposed by section 4061(a), be considered the manufacturer of such body.

[T.D. 7461, 42 FR 2675, Jan. 13, 1977]
§ 48.4063-2 Tax-free sales of parts or accessories sold for resale on or in connection with the first retail sale of a light-duty truck.

(a) In general. Under section 4063(e), the 8-percent manufacturers excise tax imposed by section 4061(b) on the sale of truck parts or accessories does not apply to the sale by the manufacturer, producer, or importer of any parts which are to be resold by the purchaser on or in connection with the first retail sale of a light-duty truck as defined in section 4061(a)(2), or which are to be resold by the purchaser to a second purchaser for resale by the second purchaser on or in connection with the first retail sale of a light-duty truck. A tax-free sale is also allowed under section 4063(e) if an ultimate purchaser makes a direct purchase from a manufacturer of a part or accessory for use on or in connection with a substantially contemporaneous purchase of a new light-duty truck.

(b) Evidence required for tax-free sales of light-duty truck parts and accessories—

(1) In general. The provisions of section 4063(e) do not apply with respect to any sale unless the manufacturer, the first purchaser, and the second purchaser, if any, are all registered as required under section 4222, and unless they comply with all the requirements under that section relating to tax-free sales. To facilitate a tax-free sale directly from the manufacturer, first or second purchaser to an ultimate purchaser, the ultimate purchaser must, in every case, satisfy the provisions of paragraphs (b)(3)(i), (ii) and (iii) of this section. Persons not required to be registered under section 4222(b) may purchase articles tax free by following the same procedures that apply to them in the case of other tax-free sales. See § 48.4222(b)—1.

(2) Revocation or suspension of registration or right to use exemption certificate. A person’s registration and right to sell or purchase articles tax free through the use of an exemption certificate may be revoked or suspended. See § 48.4222(c)—1. Such a revocation or suspension shall be in addition to any other penalties that may apply. Any person who purchases articles tax free and who sells or uses them for a non-exempt purpose shall notify its vendor of the taxable sale or use.

(3) Exemption certificate. (i) To establish exemption from tax under section 4061(b) in those instances where a sale is made directly to an ultimate purchaser, the manufacturer, first, or second purchaser must obtain (prior to or at the time of sale) from the ultimate purchaser and retain in its possession a properly executed exemption certificate in the form prescribed in paragraph (b)(3)(iii) of this section.

(ii) Where only occasional sales are made, a separate exemption certificate shall be furnished for each order. However, where sales are regularly or frequently made to a purchaser for such exempt use, a certificate covering all sales for a specified period not to exceed 12 calendar quarters will be acceptable. Such certificates and proper records of invoices, orders, etc. relative to tax-free sales must be kept for inspection by the district director as provided in section 6001 and the regulations thereunder.

(iii) The following form of exemption certificate will be acceptable for purposes of this section and must be adhered to in substance.

EXEMPTION CERTIFICATE

(For use by ultimate purchaser who purchases parts or accessories from a manufacturer, producer, importer, first or second purchaser for use on or in connection with the first retail sale of a light-duty truck. (Section 4063 of the Internal Revenue Code.))

(Date) 19

1. I, the undersigned, certify that I am, or the (Name of company of which I am (Position held), is purchasing from the manufacturer, producer, importer, first or second purchaser the parts or accessories specified in Section 2 below (or in the purchase order or invoice attached hereto) for use on or in connection with a substantially contemporaneous purchase of a new light-duty truck specified in Section 3 below. I also certify that (check applicable type of certificate). The article or articles specified in the accompanying order, as described below, or all orders placed by the purchaser for the period commencing (Date) and ending (Date) (period not to exceed 12 calendar quarters), will be used only for the above stated tax-exempt purposes and will not be used as a replacement part.

I understand that the willful use of this exemption certificate to evade or defeat the
Internal Revenue Service, Treasury

Section 48.4064–1 Gas guzzler tax.

(a) General rule—(1) In general. Section 4064 imposes a tax on the sale by the manufacturer of an automobile a tax determined in accordance with the tables in section 4064(a) (1) through (7), and in paragraph (a)(2) of this section. The tax is applicable to model types of 1980 and later model year automobiles that have a fuel economy level below the applicable tax-free fuel economy

<table>
<thead>
<tr>
<th>Type</th>
<th>Quantity</th>
<th>Price</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Description of parts and accessories

3. Description of new light-duty truck

(a) Type; (b) Quantity; (c) Serial Number.

(d) GVWR; (e) Date of Sale; (f) Invoice Number.

(g) Name and Address of Vendor of Vehicle.

(c) Information; records—(1) Information to be furnished to vendee. A vendor (including the manufacturer) selling light-duty truck parts and accessories tax free under section 4063(e) shall indicate to its vendee that the vendee is obtaining the parts or accessories tax free for the purpose of resale (or use) on or in connection with the first retail sale of a light-duty truck. This information may be transmitted by any convenient means, such as coding of sales invoices, provided that the information is presented with sufficient particularity so that the purchaser is informed that the purchaser has obtained the light-duty truck parts or accessories tax free.

(2) Records of vendor. A manufacturer or vendor selling light-duty truck parts or accessories tax free under section 4063(e) shall maintain in its records the identity of the purchaser, a signed statement of the exempt purpose for purchasing the light-duty truck parts or accessories sold tax free to each purchaser.

(3) Records of vendee. A person purchasing light-duty truck parts or accessories tax free under section 4063(e) must maintain sufficient records to establish that the parts or accessories purchased tax free have actually been resold (or used) on or in connection with the first retail sale of a light-duty truck or have been resold to a second purchaser for such a resale by the second purchaser.

(d) Duty of selling manufacturer to ascertain validity of tax-free sale. The selling manufacturer of light-duty truck parts is not relieved of liability under the provisions of section 4063(e) by reason of section 4221(c) for the tax imposed by section 4061(b) if at the time of sale the selling manufacturer has knowledge or reason to believe that the light-duty truck parts or accessories sold by it to the purchaser are not intended for resale (or use) on or in connection with the first retail sale of a light-duty truck. The selling manufacturer is also not relieved of liability if it has knowledge or reason to believe that the purchaser has failed to register, refused to execute an exemption certificate, or that its registration or its right to purchase tax free through the use of an exemption certificate has been revoked or suspended.

(e) Cross reference. For credit or refund, see section 6416(b)(2).

(f) Effective date. Section 4063(e) (relating to light-duty truck parts and accessories) applies to sales on or after December 1, 1978. Light-duty truck parts or accessories sold prior to that date are not exempt from tax under section 4061(b) by reason of section 4063(e).

[T.D. 7834, 47 FR 42344, Sept. 27, 1982]

§ 48.4063–3 Other tax-free sales.

For provisions relating to tax-free sales of articles referred to in section 4061, see:

(a) Section 4221, relating to certain tax-free sales;

(b) Section 4222, relating to registration; and

(c) Section 4223, relating to special rules pertaining to further manufacture;

and the regulations thereunder contained in Subpart N of this part.


§ 48.4064–1 Gas guzzler tax.

(a) General rule—(1) In general. Section 4064 imposes the sale by the manufacturer of an automobile a tax determined in accordance with the tables in section 4064(a) (1) through (7), and in paragraph (a)(2) of this section. The tax is applicable to model types of 1980 and later model year automobiles that have a fuel economy level below the applicable tax-free fuel economy
§ 48.4064–1

26 CFR Ch. I (4–1–02 Edition)

level. Paragraph (b) of this section defines the following terms: sale, manufacturer, automobile, model year, model type, fuel economy, and fuel. Paragraph (c) of this section contains rules relating to the determination of fuel economy. Paragraph (d) of this section contains a special rule for certain small manufacturers. Paragraph (e) of this section contains rules relating to the tax-free sales of emergency vehicles.

(2) Tables. (i) In the case of a 1980 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 15</td>
<td>0</td>
</tr>
<tr>
<td>At least 14 but less than 15</td>
<td>$200</td>
</tr>
<tr>
<td>At least 13 but less than 14</td>
<td>300</td>
</tr>
<tr>
<td>Less than 13</td>
<td>500</td>
</tr>
</tbody>
</table>

(ii) In the case of a 1981 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 17</td>
<td>0</td>
</tr>
<tr>
<td>At least 16 but less than 17</td>
<td>$200</td>
</tr>
<tr>
<td>At least 15 but less than 16</td>
<td>350</td>
</tr>
<tr>
<td>At least 14 but less than 15</td>
<td>450</td>
</tr>
<tr>
<td>At least 13 but less than 14</td>
<td>550</td>
</tr>
<tr>
<td>Less than 13</td>
<td>650</td>
</tr>
</tbody>
</table>

(iii) In the case of a 1982 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 18.5</td>
<td>0</td>
</tr>
<tr>
<td>At least 17.5 but less than 18.5</td>
<td>$200</td>
</tr>
<tr>
<td>At least 16.5 but less than 17.5</td>
<td>350</td>
</tr>
<tr>
<td>At least 15.5 but less than 16.5</td>
<td>450</td>
</tr>
<tr>
<td>At least 14.5 but less than 15.5</td>
<td>600</td>
</tr>
<tr>
<td>At least 13.5 but less than 14.5</td>
<td>750</td>
</tr>
<tr>
<td>At least 12.5 but less than 13.5</td>
<td>950</td>
</tr>
<tr>
<td>Less than 12.5</td>
<td>1,200</td>
</tr>
</tbody>
</table>

(iv) In the case of a 1983 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 19</td>
<td>0</td>
</tr>
<tr>
<td>At least 18 but less than 19</td>
<td>$250</td>
</tr>
<tr>
<td>At least 17 but less than 18</td>
<td>500</td>
</tr>
<tr>
<td>At least 16 but less than 17</td>
<td>650</td>
</tr>
<tr>
<td>At least 15 but less than 16</td>
<td>800</td>
</tr>
<tr>
<td>At least 14 but less than 15</td>
<td>1,000</td>
</tr>
<tr>
<td>At least 13 but less than 14</td>
<td>1,250</td>
</tr>
<tr>
<td>Less than 13</td>
<td>1,550</td>
</tr>
</tbody>
</table>

(v) In the case of a 1984 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 19.5</td>
<td>0</td>
</tr>
<tr>
<td>At least 18.5 but less than 19.5</td>
<td>$350</td>
</tr>
<tr>
<td>At least 17.5 but less than 18.5</td>
<td>500</td>
</tr>
<tr>
<td>At least 16.5 but less than 17.5</td>
<td>750</td>
</tr>
<tr>
<td>At least 15.5 but less than 16.5</td>
<td>950</td>
</tr>
<tr>
<td>At least 14.5 but less than 15.5</td>
<td>1,150</td>
</tr>
<tr>
<td>At least 13.5 but less than 14.5</td>
<td>1,450</td>
</tr>
<tr>
<td>At least 12.5 but less than 13.5</td>
<td>1,750</td>
</tr>
<tr>
<td>Less than 12.5</td>
<td>2,150</td>
</tr>
</tbody>
</table>

(vi) In the case of a 1985 model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 21</td>
<td>0</td>
</tr>
<tr>
<td>At least 20 but less than 21</td>
<td>$350</td>
</tr>
<tr>
<td>At least 19 but less than 20</td>
<td>500</td>
</tr>
<tr>
<td>At least 18 but less than 19</td>
<td>650</td>
</tr>
<tr>
<td>At least 17 but less than 18</td>
<td>850</td>
</tr>
<tr>
<td>At least 16 but less than 17</td>
<td>1,000</td>
</tr>
<tr>
<td>At least 15 but less than 16</td>
<td>1,250</td>
</tr>
<tr>
<td>At least 14 but less than 15</td>
<td>1,500</td>
</tr>
<tr>
<td>At least 13 but less than 14</td>
<td>1,800</td>
</tr>
<tr>
<td>Less than 13</td>
<td>2,200</td>
</tr>
</tbody>
</table>

(vii) In the case of a 1986 or later model year automobile:

If the fuel economy of the model type in which the automobile falls is:

<table>
<thead>
<tr>
<th>Miles per gallon</th>
<th>The tax is</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 22.5</td>
<td>0</td>
</tr>
<tr>
<td>At least 21.5 but less than 22.5</td>
<td>$500</td>
</tr>
<tr>
<td>At least 20.5 but less than 21.5</td>
<td>650</td>
</tr>
<tr>
<td>At least 19.5 but less than 20.5</td>
<td>850</td>
</tr>
<tr>
<td>At least 18.5 but less than 19.5</td>
<td>1,050</td>
</tr>
<tr>
<td>At least 17.5 but less than 18.5</td>
<td>1,300</td>
</tr>
<tr>
<td>At least 16.5 but less than 17.5</td>
<td>1,500</td>
</tr>
<tr>
<td>At least 15.5 but less than 16.5</td>
<td>1,800</td>
</tr>
</tbody>
</table>
(3) Liability for tax. The tax imposed by section 4064 is payable by the manufacturer making the sale. An automobile sold before the time a determination of fuel economy is made for the model type (as defined in paragraph (a)(1) of this section) is subject to tax if it is subsequently determined that the fuel economy level of that model type of automobile is within the taxable range (see paragraph (a)(1) of this section).

(b) Definitions—(1) Sale. Sale includes the use (within the meaning of section 4218) or the first lease (within the meaning of section 4217(e)) of an automobile by the manufacturer.

(2) Manufacturer. The term “manufacturer” has the same meaning as defined in regulations in effect on November 9, 1978 (40 CFR 600.002–79(a)(19) (1978)), which were prescribed by the Administrator of the Environmental Protection Agency.

(3) Automobile. The term “automobile” means any four-wheeled vehicle—

(i) Propelled by an engine powered by fuel;

(ii) Manufactured primarily for use on public streets, roads, and highways (except any vehicle operated exclusively on a rail or rails);

(iii) Rated at 6,000 pounds gross vehicle weight or less; and

(iv) Requiring no further manufacturing operations to perform its intended function, other than the addition of readily attachable components, such as mirrors or tire and rim assemblies, or minor finishing operations, such as painting. For this purpose, gross vehicle weight means the value specified by the manufacturer as the maximum design loaded weight of a single vehicle. An automobile does not include a nonpassenger automobile as defined in regulations in effect on November 9, 1978 (49 CFR 523.5 (1978)), which were prescribed by the Secretary of Transportation for section 501 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2001). In addition, an automobile does not include the following: any vehicle sold for use and used primarily as an ambulance or combination ambulance-hearse; any vehicle sold for use and used by the United States or by a State or local government primarily for police or other law enforcement purposes; or any vehicle sold for use and used primarily for firefighting purposes.

(4) Model year. The term “model year” means the manufacturer’s annual production period (as determined by the Administrator of the Environmental Protection Agency) which includes January 1 of any particular calendar year. If the manufacturer has no annual production year, the model year is the calendar year.

(5) Model type. The term “model type” means a particular class of automobile, as determined by regulations in effect on November 9, 1978 (40 CFR 600.002–79(a)(19) (1978)), which were prescribed by the Administrator of the Environmental Protection Agency.

(6) Fuel economy. The term “fuel economy” means the average number of miles traveled by an automobile per gallon of fuel consumed, rounded to the nearest .1 mile per gallon. The fuel economy for any model type is determined by the Environmental Protection Agency (as determined in accordance with the procedures provided in paragraph (c) of this section). For this purpose, the fuel economy is a combined (urban-highway weighted average) mileage figure estimated in connection with the determination (or redetermination) of general label value (fuel economy information displayed on a sticker that is affixed to new automobiles) mandated under section 506 of the Motor Vehicle Information and Cost Savings Act (15 U.S.C. 2006) and regulations thereunder (40 CFR Part 600).

(7) Fuel. The term “fuel” means gasoline and diesel fuel.

(c) Determination of fuel economy. For purposes of this section, the fuel economy for any model type is determined (or redetermined) in accordance with the testing and calculation procedures utilized by the Environmental Protection Agency Administrator for model

<table>
<thead>
<tr>
<th>Fuel Economy</th>
<th>Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 14.5 but less than 14.5</td>
<td>2,250</td>
</tr>
<tr>
<td>At least 15.5 but less than 16.5</td>
<td>2,700</td>
</tr>
<tr>
<td>At least 16.5 but less than 17.5</td>
<td>3,200</td>
</tr>
<tr>
<td>Less than 13.5</td>
<td>3,850</td>
</tr>
</tbody>
</table>
year 1975 (weighted 55 percent urban cycle and 45 percent highway cycle), or any other procedures (yielding comparable results) established by the Administrator. The Environmental Protection Agency’s determination (or redetermination) of a model type’s fuel economy is made at the time the general label fuel economy value is calculated (or recalculated). This determination (or redetermination) is conclusive for purposes of this section. A redetermination of a model type’s fuel economy value shall be effective only with respect to those automobiles for which the manufacturer is required (or is permitted and chooses) under Environmental Protection Agency regulations to affix labels with the recalculated general label fuel economy value.

(d) Special rule for small manufacturers—(1) In general. A small manufacturer (as defined in subparagraph (2)(i) of this paragraph) may apply for a determination that it is not feasible for that manufacturer to meet the statutory tax-free fuel economy level for the model year, with respect to all automobiles produced by that manufacturer, or with respect to a particular model type. For this purpose, the Commissioner (or his delegate) will make a determination of maximum feasible fuel economy level with respect to the automobiles that are the subject of the determination, but only after consultation with the Secretary of Energy, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency (or their delegates) to obtain their views. A finding that it is not feasible for the manufacturer to meet the statutory tax-free fuel economy level will be made by the Internal Revenue Service if the maximum feasible fuel economy level (as defined in subparagraph (3)(i) of this paragraph) of the automobiles that are the subject of the determination is lower than the statutory tax-free fuel economy level for those automobiles. If it is determined that it is not feasible for a small manufacturer to meet the statutory tax-free fuel economy level, the Secretary (or his delegate) has the discretion to grant to the manufacturer the alternate rate schedule prescribed in paragraph (d)(3)(iii) of this section in lieu of the applicable statutory tax table prescribed in section 4064(a). The decision whether to grant the alternate rate schedule shall be based on the consideration set forth in paragraph (d)(3)(ii) of this section. If a small manufacturer for which an alternate rate schedule under this paragraph (d) is applicable sells an automobile to an importer, the alternate rate schedule applies to the sale by the importer of such automobile if such automobile is of the model year and type to which such alternate schedule applies.

(2) Definitions—(i) Small manufacturer. A small manufacturer is any manufacturer who produced (whether or not in the United States) fewer than 10,000 automobiles in the second model year preceding the affected model year (the model year for which the determination under this paragraph is being made), and who can reasonably be expected to produce (whether or not in the United States) fewer than 10,000 automobiles in the affected model year.

(ii) Manufacturer. For purposes of this paragraph, the term “manufacturer” does not include a person who is only an importer, but does include a producer of automobiles outside the United States who is also an importer.

(iii) Members of a controlled group. For purposes of this paragraph, persons who are members of a controlled group of corporations (as defined in section 1563(a) of the Internal Revenue Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears in section 1563(a)) are treated as one manufacturer.

(3) Basis for determination—(i) Maximum feasible fuel economy level. For purposes of this paragraph, the maximum feasible fuel economy level is determined by taking into account the same factors used in determining the maximum feasible fuel economy level under section 502(e) of the Motor Vehicle Information and Cost Savings Act (as amended) and the regulations thereunder in effect on November 9, 1978. (Those regulations for small manufacturers are prescribed in 49 CFR Part 525 (1978).) In making this determination, the Commissioner (or his
Internal Revenue Service, Treasury § 48.4064–1

delegate) will consult with the National Highway Traffic Safety Administration of the Department of Transportation.

(ii) Decision to grant alternate rate schedule. In deciding whether to grant an alternate rate schedule, the Secretary (or his delegate) will consider whether the use (in the United States) of the automobile serves an important public policy (e.g., providing public transportation or transportation for the handicapped) that overrides the United States’ need to conserve energy. The manufacturer has the burden of demonstrating that the public policy consideration involved overrides the United States’ need to conserve energy. The Commissioner (or his delegate), after consultation with the Secretary of Energy, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency (or their delegates), will review the information submitted by the manufacturer and report findings and recommendations to the Secretary (or his delegate).

(iii) Alternate rate schedule and tax. If an alternate rate schedule is granted, the maximum feasible fuel economy level shall be deemed to be the statutory tax-free fuel economy level. Accordingly, a tax is imposed only on automobiles sold that fail to meet the deemed tax-free fuel economy level. The alternate rate schedule shall be determined by substituting the maximum feasible fuel economy level for the tax-free fuel economy level in the applicable statutory tax table set forth in section 4064(a), and by substituting for the miles per gallon amount prescribed in that applicable table an amount that is the tax-free level decreased by one mile per gallon increments, while keeping the same corresponding tax amount prescribed in the applicable table. The rule for determining an alternate rate schedule may be illustrated by the following example:

Example. Manufacturer X, a small manufacturer of automobiles specifically designed to accommodate disabled passengers, applied for a determination that it is not feasible for X to meet the statutory tax-free fuel economy level for a particular model type of X’s 1982 model year automobiles. It was determined that the maximum feasible fuel economy level for that model type was 15 miles per gallon. The Secretary decided to grant X an alternate rate schedule. The alternate rate schedule for the model type would be as follows:

If the fuel economy of the automobile is:

\[
\begin{array}{c|c}
\text{Miles per gallon:} & \text{Tax} \\
\hline
\text{At least 15} & 0 \\
\text{At least 14 but less than 15} & $200 \\
\text{At least 13 but less than 14} & $300 \\
\text{At least 12 but less than 13} & $450 \\
\text{At least 11 but less than 12} & $600 \\
\text{At least 10 but less than 11} & 750 \\
\text{At least 9 but less than 10} & 950 \\
\text{Less than 9} & 1,200 \\
\end{array}
\]

Thus, if X’s 1982 automobiles of that model year and type attain only 12 miles per gallon (because X fails to modify them to reach the maximum feasible fuel economy level before they are sold), the tax imposed upon the sale of each automobile is $450 (instead of the $1,200 tax (see the applicable statutory tax table set forth in section 4064(a)(3)), which would have been imposed had no alternate rate schedule been prescribed).

(4) Duration of determination. A determination under this paragraph does not apply to more than three model years.

(5) Requirements for application. Each application for a determination under this section must—

(i) Identify the model year or years, and particular model type or types for which a determination is requested;

(ii) (A) In the case of an application for model year 1980, be submitted not later than May 8, 1980;

(B) In case of an application for model year 1981, be submitted not later than 9 months before the beginning of that model year or March 10, 1980, whichever is later;

(C) In the case of an application for model year 1982 or any subsequent model year, be submitted not later than 9 months before the beginning of that model year or March 10, 1980, whichever is later;

(B) In case of an application for model year 1980, be submitted not later than the model year or March 10, 1980, whichever is later;

(C) In the case of an application for model year 1982 or any subsequent model year, be submitted not later than 9 months before the beginning of that model year;

(iii) Be submitted in three copies to: Commissioner of Internal Revenue, Attention: Associate Chief Counsel (Technical), 1111 Constitution Avenue, NW., Washington, DC 20224;

(iv) Be written in the English language;

(v) Set forth the full name, address, and title of the official responsible for preparing the application;
(vi) State whether the applicant is a member of a controlled group of corporations (as defined in paragraph (d) (2) (iii) of this section);

(vii) State the total number of automobiles manufactured (whether or not in the United States) by the applicant (or the controlled group of corporations in the case where the applicant is a member of the group) in the second model year immediately preceding each affected model year and the total number of automobiles likely to be manufactured in the affected model year;

(viii) Set forth the same information required by an application pursuant to section 502 (c) of the Motor Vehicle Information and Cost Savings Act (as amended) and the regulations thereunder (see 49 CFR Part 525 (1978)) and state whether or not the applicant under this paragraph has also made an application pursuant to such Act; and

(ix) Set forth the reasons why an alternate rate schedule should be granted under paragraph (d) (3) (ii) of this section.

(6) Update of application. A manufacturer making an application under this section must update the application when a material change of circumstances occurs or material information not available at the time of applying becomes available. The manufacturer must also furnish any further information that may be required by the Internal Revenue Service.

(7) Processing of applications. If a manufacturer’s application is found not to contain the information required by this paragraph, the applicant will be informed of the areas of insufficiency. The application will not receive further consideration until the required information is submitted. Each applicant will be informed in writing whether an application has been granted or denied.

(e) Tax-free sales of emergency vehicles—(1) In general. The tax imposed by section 4071 (a) shall not apply to vehicles sold by a manufacturer for use and used (i) primarily as an ambulance or combination ambulance-hearse, (ii) by the United States or by a State or local government primarily for police or other law enforcement purposes, or (iii) primarily for fire-fighting purposes. A vehicle may be sold tax-free by the manufacturer under this paragraph only in those cases where the sale is made directly to a purchaser for an emergency use prescribed in this subparagraph. In order to effect a tax-free sale, the requirements of section 4222 and the regulations thereunder must be met.

(2) Credit or refund. Where tax is paid on the sale of a vehicle, but the vehicle is used or resold for an emergency use prescribed in subparagraph (1) of this paragraph, a claim for refund of the tax paid on such sale may be filed by the manufacturer on Form 8849 (or on such other form as the Commissioner may designate), or a credit may be taken on a subsequent return, in accordance with the provisions of sections 6402 (a) and 6416 (a) and §48.6416 (a)-1.


TIRES, TUBES, AND TREAD RUBBER

§48.4071–1 Imposition and rates of tax.

(a) Imposition of tax—(1) Imposition of tax before January 1, 1984. Section 4071 imposes a tax at the rates set forth in paragraph (b)(1) of this section on tires made wholly or in part of rubber, inner tubes (for tires) made wholly or in part of rubber and tread rubber which are sold by the manufacturer thereof before January 1, 1984.

(2) Imposition of tax after December 31, 1983. Section 4071 imposes a tax at the rates set forth in paragraph (b)(2) of this section on tires of the type used on highway vehicles and made wholly or in part of rubber which are sold by the manufacturer thereof after December 31, 1983.

(3) Definitions. For definitions of the terms “tires,” “inner tubes,” “tread rubber,” “rubber” and “manufacturer,” see §48.4072–1 of the regulations.

(b) Rates and computation of tax—(1) Rates of tax before January 1, 1984. (i) Tires:

(A) Of the type used on highway vehicles:

(1) For the period July 1, 1965 to December 31, 1980, inclusive—10 cents per pound.
(2) For the period January 1, 1981 to December 31, 1983, inclusive—9.75 cents per pound.

(B) Of the type used on other than highway vehicles:
   (1) For the period July 1, 1965, to December 31, 1980, inclusive—5 cents per pound.
   (2) For the period January 1, 1981 to December 31, 1983, inclusive—4.875 cents per pound.

(C) Laminated tires for the period July 1, 1965 to December 31, 1983, inclusive—1 cent per pound.

(ii) Inner tubes:
   For the period July 1, 1965 to December 31, 1983, inclusive—10 cents per pound.

(iii) Tread Rubber:
   For the period July 1, 1965 to December 31, 1983, inclusive—5 cents per pound.

(2) Rates of tax on or after January 1, 1984. Tires of the type used on highway vehicles:
   (i) Tires weighing not more than 40 pounds—0 cents.
   (ii) Tires weighing more than 40 pounds but not more than 70 pounds—15 cents for each pound in excess of 40 pounds.
   (iii) Tires weighing more than 70 pounds but not more than 90 pounds—$4.50 plus 30 cents for each pound in excess of 70 pounds.
   (iv) Tires weighing more than 90 pounds—$10.50 plus 50 cents for each pound in excess of 90 pounds.

(3) Computation of tax. The tax on tires, inner tubes, and tread rubber is computed by applying to the total weight (including a fractional part of a pound) of the article the rate in effect at the time the article is sold. See §48.4071–2, relating to determination of weight.

(c) Liability for tax. The tax imposed by section 4071 is payable by the manufacturer when the manufacturer makes a sale of a taxable article, or as provided in section 4071 (b) and §48.4071–3 for a manufacturer who sells at retail, when the manufacturer delivers a taxable article to a retail store, or to a retail outlet, of the manufacturer.

(d) Recapped or retreaded tires. The recapping or retreading of a tire, whether from shoulder-to-shoulder or bead-to-bead, does not constitute manufacture of a taxable tire. The tax on tires imposed by section 4071 does not apply to the sale of a recapped or retreaded tire, except that a used tire or carcass not previously sold in the United States that is recapped or retreaded from shoulder-to-shoulder or bead-to-bead in a foreign country and imported into the United States is subject to the tax imposed by section 4071 when such tire is sold or used by the importer. This paragraph (d) is effective for recapped and retreaded tires sold on or after January 1, 1984.

(3) Computation of tax. The tax on tires imposed by section 4071 does not apply to the sale of a recapped or retreaded tire, except that a used tire or carcass not previously sold in the United States that is recapped or retreaded from shoulder-to-shoulder or bead-to-bead in a foreign country and imported into the United States is subject to the tax imposed by section 4071 when such tire is sold or used by the importer. This paragraph (d) is effective for recapped and retreaded tires sold on or after January 1, 1984.

(2) Rates of tax on or after January 1, 1984. Tires of the type used on highway vehicles:
   (i) Tires weighing not more than 40 pounds—0 cents.
   (ii) Tires weighing more than 40 pounds but not more than 70 pounds—15 cents for each pound in excess of 40 pounds.
   (iii) Tires weighing more than 70 pounds but not more than 90 pounds—$4.50 plus 30 cents for each pound in excess of 70 pounds.
   (iv) Tires weighing more than 90 pounds—$10.50 plus 50 cents for each pound in excess of 90 pounds.

(3) Computation of tax. The tax on tires, inner tubes, and tread rubber is computed by applying to the total weight (including a fractional part of a pound) of the article the rate in effect at the time the article is sold. See §48.4071–2, relating to determination of weight.

(a) In general—(1) Tires. (i) Metal rims or rim bases are not to be included in determining the total weight of a tire. However, the wire, staples, darts, clips, and other material or fastening devices which form a part of the tire or are required for its use must be included in determining the total weight of the tire. Studs are considered to be part of a tire and are to be included when determining the weight of a tire. In the case of a tubeless tire, the total weight includes the weight of the air valve and stem or any other mechanism that functions as a part of the tire and is used in connection with inflating the tire or maintaining its air pressure.
   (ii) When tires are sold with metal rims or rim bases attached, the manufacturer must maintain records that will establish what portion of the total weight of the finished product represents the tire exclusive of the metal rim or rim base.

(2) Inner tubes. The total weight of an inner tube includes the weight of the air valve and stem or any other mechanism attached to the inner tube that is used in connection with inflating the tube or maintaining its air pressure.

(b) Alternative method of determining weight of tires after December 31, 1983. A
§48.4071-3 26 CFR Ch. I (4–1–02 Edition)

manufacturer who has received permission from the Commissioner may, subject to such conditions as the Commissioner may prescribe, determine total weight of tires manufactured and sold by the manufacturer on the basis of the average weight for each type, size, grade, and classification. The average weights must be established in accordance with the method approved by the Commissioner and apply for such periods as the Commissioner may prescribe. The Commissioner may terminate the approval granted any manufacturer. In the case of the termination of the approval granted any manufacturer, the termination becomes effective 10 days from the date of the receipt by the manufacturer of the notice of termination. A manufacturer may effect termination, as of a specified date, of the privilege to determine total weight in accordance with provisions of this paragraph by giving no less than 10 days written notice of such intention to the Commissioner. The termination of the approval given a manufacturer does not affect a manufacturer’s tax liability for tires sold prior to the effective date of the notice of termination.

(Secs. 4071(b), 4071(c), 4073(c), and 7805, Internal Revenue Code of 1954, (80 Stat. 331, 26 U.S.C. 4071(b); 68A Stat. 482, 26 U.S.C. 4071(c); 70 Stat. 389, 26 U.S.C. 4073(c); 68A Stat. 917, 26 U.S.C. 7805)


§48.4071-3 Imposition of tax on tires and tubes delivered to manufacturer’s retail outlet.

(a) General rule. If, on or after October 1, 1966, a tire or inner tube is delivered by the manufacturer thereof to a retail outlet of the manufacturer, the manufacturer is liable for tax in respect of the tire or tube at the rate set forth in section 4071 in the same manner as if the tire or tube had been sold at the time it was delivered to the retail outlet. The amount of tax payable shall be computed in accordance with the provisions of paragraph (b)(2) of §48.4071–1, and of §48.4071–2.

(b) Definition of retail outlet. For purposes of this section, the term “retail outlet” includes the term “retail store.” A retail outlet is a facility maintained by a manufacturer for selling tires or tubes at retail. A facility may be a retail outlet even though some sales are made at wholesale at such facility; see paragraph (d)(1) of this section. A facility may also be considered to a retail outlet for the purposes of this section notwithstanding that its main activity is in another area than selling tires or inner tubes. For example, if a manufacturer operates a facility for both automotive repair and the selling of tires at retail, the facility is considered a retail outlet for the purposes of this section even if the primary activity of the facility is automotive repair. No facility is considered a retail outlet for the purposes of this section if it is determined that less than 15 percent of the taxable tires and inner tubes removed from such facility are sold at retail by such facility. The determination described in the preceding sentence is made on the basis of the experience of a representative period, of at least 12 consecutive calendar months during the 2-year period immediately preceding the first day included in the return period for which tax under section 4071(b) is reported. If a facility has not been in existence during such a 12-month period, the determination is made on the basis of the available experience of the manufacturer. See also paragraph (c)(3) of this section, relating to imposition of tax where a retail outlet is maintained as an adjunct to a production facility or distribution center.

(c) Delivery—(1) In general. A manufacturer of tires or inner tubes may, at its option, treat either of the following events as constituting delivery to a retail outlet:

(i) Delivery of tires or inner tubes to a common carrier (or, where the tires or tubes are transported by the manufacturer, the placing of the tires or tubes into the manufacturer’s over-the-road vehicle) for shipment from the plant in which the tires or tubes are manufactured, or from a regional distribution center of tires and inner tubes, to a retail outlet or to a location in the immediate vicinity of a retail outlet primarily for future delivery to the retail outlet.
(ii) Arrival of the tires or tubes at the retail outlet, or, where shipment is to a location in the immediate vicinity of a retail outlet primarily for future delivery to the retail outlet, the arrival of the tires or tubes at such location.

In its excise tax return for the first return period beginning after September 30, 1966, a manufacturer of tires or inner tubes must elect to determine the date of delivery to retail outlets in accordance with one of the two subdivisions of this paragraph (c)(1) and must determine the dates of all deliveries made to all retail outlets in accordance with the subdivision which the manufacturer has elected to apply. The election may be made in a statement attached to the return for such period. Having elected to treat one of the events listed in subdivision (i) or (ii) of this paragraph (c)(1) as constituting delivery to a retail outlet for purposes of its return for the first return period after September 30, 1966, the manufacturer may not use a different criterion for a subsequent return period unless permission of the district director is obtained in advance.

(2) Deliveries made in the immediate vicinity of a retail outlet primarily for future delivery to the retail outlet. (i) For purposes of this section, any delivery which is made in the immediate vicinity of a retail outlet primarily for future delivery to the retail outlet is deemed to be a delivery to the retail outlet. For the purpose of the preceding sentence, a location is considered to be in the immediate vicinity of a retail outlet if the distance between the location and the retail outlet is sufficiently small so that it is feasible to transport tires and inner tubes between the location and the retail outlet by means of dollies, fork lift trucks, pushcarts, and similar vehicles of the type normally used around the premises of factories and similar establishments, as opposed to highway motor vehicles. For the purpose of the preceding sentence, it is immaterial that a public thoroughfare must be used in order to transport tires or inner tubes to a retail outlet from another location. Tires and inner tubes delivered to a location in the immediate vicinity of a retail outlet are considered to be delivered to the location “primarily for future delivery” to the retail outlet if it is determined that a majority (by number) of the tires and tubes removed from the location are delivered to the retail outlet. The determination described in the preceding sentence is made on the basis of the experience of a representative period of at least 12 consecutive calendar months during the 2-year period immediately preceding the first day included in the return period for which tax under section 4071(b) is reported. If a facility has not been in existence during such a 12-month period, the determination is made on the basis of the available experience of the manufacturer. If it is determined that the majority of all tires and inner tubes removed from a given location are delivered to a retail outlet of the manufacturer in the immediate vicinity of the location, tax is imposed upon all tires and tubes delivered by the manufacturer to the location, even though all or part of the tires or tubes comprising a particular shipment to the location may be intended for further transportation to a location other than the retail outlet. If it is determined that a majority of all tires and inner tubes removed from a given location are not delivered to a retail outlet of the manufacturer in the immediate vicinity of the location, tax is imposed upon the removal of a tire or inner tube from the location to the premises of the retail outlet. See also paragraph (d)(2) of this section, relating to sales by the manufacturer at facilities other than retail outlets.

(ii) The provisions of this paragraph (c)(2) may be illustrated by the following examples.

Example. A manufacturer of tires and tubes whose plant is located in City X operates two facilities in City Y; Warehouse A and Store Q. Store Q is a retail outlet within the meaning of paragraph (b) of this section, and Warehouse A is in the immediate vicinity of Store Q. During the 12-month period ending September 30, 1966, 60 percent of the tires and inner tubes removed from Warehouse A were delivered to Store Q. All tires or inner tubes delivered by the manufacturer to Warehouse A are subject to a tax under section 4071(b) and this section (unless, before such delivery, tax was imposed on the same tires and tubes).
§ 48.4071–4

(3) Retail outlet maintained as adjunct of production or distribution facility. If a retail outlet is maintained as an adjunct to and in the immediate vicinity of a facility which is not a retail outlet (as, for example, a production plant or a regional distribution center), delivery to the retail outlet is deemed to occur at the earlier of:

(i) The date when a tire or inner tube is removed from the general storage facilities in the facility which is not a retail outlet for transfer to the premises of the retail outlet, or

(ii) The date when a tire or inner tube is designated to be sold by or at the retail outlet.

(d) Special rules—(1) Retail outlets which also sell at wholesale. Tax applies to all shipments of tires and inner tubes delivered to a retail outlet as defined in paragraph (b)(2) of this section. Thus, for the purposes of section 4071(b) and this section, it is immaterial that all or part of the tires or inner tubes of a particular delivery to a retail outlet are intended for sale at wholesale. See also paragraph (d)(3) of this section.

(2) Sales by manufacturer at facilities other than retail outlets. Sales by the manufacturer of tires and inner tubes at facilities other than retail outlets are subject to tax under section 4071(a).

(3) Deliveries of tires or tubes on which tax has been previously imposed. (i) Tax is not imposed under section 4071(b) and this section on any tire or inner tube in respect of which there was previously imposed a tax under section 4071(a). Similarly, a tire or inner tube is taxed only once under section 4071(b) and this section.

(ii) The provisions of this paragraph (d)(3) may be illustrated by the following example:

Example. A manufacturer has two selling facilities, Store No. 1 and Store No. 2. Only retail sales are made at Store No. 2, which obtains its merchandise from Store No. 1. Assume that, although wholesaling and distribution activities are conducted at Store No. 1, the sale of tires and tubes at retail is conducted at Store No. 1 to the extent that Store No. 1 is a retail outlet within the meaning of paragraph (b) of this section, with the result that tax is imposed on deliveries by the manufacturer of tires and tubes to Store No. 1. Tax is not imposed on a delivery of tires or inner tubes from Store No. 1 to Store No. 2.

§ 48.4071–4 Original equipment tires on imported articles.

The tax imposed by section 4071(a) applies with respect to tires and inner tubes (other than bicycle tires and inner tubes) that are original equipment for an imported article upon which no tax is imposed under section 4061 if the article is sold on or after December 11, 1971. In such a case, the importer of the article is treated as the manufacturer and vendor of the tires and inner tubes with which the article is equipped. However, the tax imposed by section 4071(a) is not imposed with respect to tires and inner tubes if the imported article is an automobile bus chassis or an automobile bus body. Solely for purposes of this section, the provisions of section 4218 (relating to use by a manufacturer or importer considered a sale) do not apply in cases where an individual imports an article having original equipment tires and tubes and on which article no tax is imposed under section 4061 if the article is imported solely for the individual’s personal use and is so used.

§ 48.4072–1 Definitions.

For purposes of the regulations in this part, unless otherwise expressly indicated:

(a) Rubber. The term “rubber” includes synthetic and substitute rubber.

(b) Tread rubber. The term “tread rubber” means any material (1) which is commonly or commercially known as tread rubber or camelback, or (2) which is a substitute for any material commonly or commercially known as tread rubber or camelback and is of a type used in recapping or retreading.
§ 48.4072–1

The term includes, for example, strips of material, wholly or partially of rubber, natural or synthetic, intended to be vulcanized or otherwise affixed to a tire casing to form the outside perimeter of the tire, smooth or treaded. It also includes treading material produced by reprocessing scrap, salvage, or junk rubber and a continuous rubber ribbon produced through an extrusion process for direct application in recapping or retreading a tire casing. The term does not include rubber in various forms such as strip, slab, pellet, etc. which is used as raw material for the extrusion process. Tread rubber loses its identity as such when it has been used in the recapping or retreading of a tire. In the case of such deterioration, see paragraph (c)(1)(ii) of this section, and has deteriorated in quality to the point where it is no longer suitable for use in recapping or retreading of a tire. (In the case of such deterioration, see section 4616(b)(2) and §48.6416(b)–2 to secure a refund or credit of the tax paid.)

(c) Tires of the type used on highway vehicles. (1) The term “tires of the type used on highway vehicles”, for purposes of §§48.4071–1 through 48.4073–3 means tires of the type used on:

(i) Motor vehicles that are highway vehicles (within the meaning of §48.4061(a)–1(d)), or

(ii) Vehicles of the type used in connection with motor vehicles that are highway vehicles (within the meaning of §48.4061(a)–1(d)).

The term “tires of the type used on highway vehicles” does not include bicycle tires. Bicycle tires, however, are included in the term “other tires” as used in section 4071(a)(2).

(2) For purposes of paragraph (c)(1)(i) of this section, tires of the type used on motor vehicles that are highway vehicles include tires used on motor trucks, buses, passenger automobiles, motor homes, highway tractors, trolley buses or coaches, and motorcycles.

(3) For purposes of paragraph (c)(1)(ii) of this section, tires of the type used on vehicles of the type used in connection with motor vehicles that are highway vehicles include tires used on truck or bus trailers, truck semitrailers, mobile homes, house-trailers, or utility trailers.

(d) Inner tubes. The term “inner tubes” includes air containers of all types made wholly or in part of rubber and designed and manufactured for use in pneumatic tires.

(e) Tires. The term “tires” includes rubber casings, hoops, and strips or bands of all kinds designed and shaped or built to form the tread of or to fit a vehicle wheel. Tires of either the pneumatic or solid type which fit or form the tread for wheels of any article which is capable of use as a means of transporting a person or burden are taxable as tires. Examples of articles which may be equipped with taxable tires are motor scooters, minibikes, industrial trucks, farm tractors, wheelbarrows, and similar articles. See section 4073(a) and §48.4073–1 with respect to the exemption of tires of certain sizes, and section 4073(b) and §48.4073–2 with respect to the exemption for tires with internal wire fastening.

(f) Laminated tires. For purposes of the tax imposed by section 4071, the term “laminated tires” means tires (1) which are not “tires of the type used on highway vehicles” within the meaning of paragraph (c) of this section, and (2) which consist wholly of scrap rubber from used tire casings with an internal metal fastening agent.

(g) Manufacturer. The term “manufacturer” means manufacturer, producer, or importer. A person who converts, by any process, a new tire taxable under section 4071 at one rate of tax into a tire taxable under section 4071 at a different rate (as for example, an off highway-type tire converted into a highway-type tire) is considered to be a manufacturer of the converted tire. If a conversion results in a reduced rate of tax for the converted tire, see section 6416(b)(2) and §48.6416(b)–2 to secure a credit or refund of part of the tax paid. The term “manufactured” includes “produced” and “imported”.

(h) Cross references. For other definitions, see §48.0–2.

(Secs. 4071(b), 4071(c), 4073(c), and 7805, Internal Revenue Code of 1954. (60 Stat. 331, 26 U.S.C. 4071(b); 68A Stat. 482, 26 U.S.C. 4071(c); 70 Stat. 389, 26 U.S.C. 4073(c); 68A Stat. 917, 26 U.S.C. 7805))

[T.D. 7809, 47 FR 6007, Feb. 10, 1982]
§ 48.4073 [Reserved]

§ 48.4073–1 Exemption of tires of certain sizes.

The tax does not apply to sales of tires of all-rubber construction (whether hollow center or solid) if they have no fabric or metal reinforcement and do not exceed either of these measurements: (a) 20 inches in diameter measured to the outside circumferences, and (b) 1 3⁄4 inches in cross-section. The exemption provided by section 4073(a) is to be determined solely on the measurements of the tire and not on the purpose for which it is designed or used.

(Secs. 4071(b), 4071(c), 4073(c), and 7805, Internal Revenue Code of 1954. (80 Stat. 331, 26 U.S.C. 4071(b); 68A Stat. 482, 26 U.S.C. 4071(c); 70 Stat. 389, 26 U.S.C. 4073(c); 68A Stat. 917, 26 U.S.C. 7805))

[T.D. 7809, 47 FR 6007, Feb. 10, 1982]

§ 48.4073–2 Exemption of tires with internal wire fastening.

The tax does not apply to sales of tires of any size or dimension manufactured from extruded tiring that is fastened or held together by means of internal wire or other metallic material.

(Secs. 4071(b), 4071(c), 4073(c), and 7805, Internal Revenue Code of 1954. (80 Stat. 331, 26 U.S.C. 4071(b); 68A Stat. 482, 26 U.S.C. 4071(c); 70 Stat. 389, 26 U.S.C. 4073(c); 68A Stat. 917, 26 U.S.C. 7805))

[T.D. 7809, 47 FR 6007, Feb. 10, 1982]

§ 48.4073–3 Exemption of tread rubber used for recapping nonhighway tires.

(a) Sold direct by manufacturer for nontaxable use. The tax does not apply to the sale of tread rubber by the manufacturer to any person for use by that person otherwise than in the recapping or retreading of tires of the type used on highway vehicles. In determining whether tread rubber is sold for a taxable or nontaxable use, the type of vehicle on which the recapped or retreaded tire is to be used, or the actual or intended use of the recapped or retreaded tire, is immaterial. The controlling factor is whether the tire resulting from the recapping or retreading is of a type that is used otherwise than on a highway vehicle. For definition of “tires of the type used on highway vehicles”, see paragraph (c) of §48.4072–1.

(b) Sales for resale for nontaxable use. No sale of tread rubber may be made tax free for resale even though it is known at the time of the sale that the tread rubber will be resold for use otherwise than in the recapping or retreading of tires of the type used on highway vehicles. However, where the tread rubber is resold for such use, the manufacturer who paid the tax on a sale of the tread rubber may secure a refund or credit in accordance with the provisions of section 6416(b)(2) and §48.6416(b)–2.

(c) Evidence required to establish exemption. (1) To establish the right to sell tread rubber tax free under section 4073(c), the manufacturer must obtain from the purchaser and retain in its possession a properly executed exemption certificate.

(2) Where only occasional sales of tread rubber for exempt use are made to a purchaser, a separate exemption certificate should be furnished for each order. However, where sales are regularly and frequently made to a purchaser for exempt use, a certificate covering all purchases during the period not to exceed 12 calendar quarters is acceptable. The certificates and proper records of invoices, orders, etc., relative to tax-free sales must be kept for inspection by the district director as provided in section 6001 and the regulations in Subpart Q.

(d) Acceptable form of exemption certificate. The following form of exemption certificate is acceptable for the purposes of this section and must be adhered to in substance:

EXEMPTION CERTIFICATE

(For use by persons who purchase tread rubber from the manufacturer, producer, or importer thereof for use otherwise than in recapping or retreading tires of the type used on highway vehicles (section 4073(c) of the Internal Revenue Code.).)

(Date) , 19

I, the undersigned, certify that I am the purchaser, or the (Title) of (Name of purchaser if other than the undersigned) who is the purchaser of: The tread rubber specified in the accompanying order or contract, or ___. All tread rubber
§ 48.4081–1

Internal Revenue Service, Treasury

The undersigned understands that if the tread rubber is used for the recapping or retreading of tires of the type used on highway vehicles, or is sold or otherwise disposed of, such fact must be promptly reported to the manufacturer. The undersigned also understands that the fraudulent use of this certificate for the purpose of securing this exemption will subject the undersigned or any other party making such fraudulent use to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution. The purchaser also understands that the purchaser must be prepared to establish by satisfactory evidence the purpose for which the tread rubber was used.

(Signature)

(Address)

(e) Exemption certificate not obtained prior to filing of manufacturer’s excise tax return. If the sale is otherwise exempt but the exemption certificate is not obtained prior to the time the manufacturer files a return covering taxes due for the period during which the sale was made, the manufacturer must include the tax on the sale in its return for that period. However, if the certificate is later obtained, a claim for refund of the tax paid on the sale may be filed, or a credit for the amount may be taken upon a subsequent return, as provided by section 6416(b)(2) and §48.6416(b)-2.

(3) Section 4223, relating to special terminal system. Taxable fuel imposed by section 4081.

Bus means automobile bus.

SOURCE: T.D. 8421, 57 FR 32424, July 22, 1992, unless otherwise noted.

§ 48.4081–1 Taxable fuel; definitions.

(a) Overview. This section provides definitions for purposes of the tax on taxable fuel imposed by section 4081.

(b) Definitions.

Approved terminal or refinery means a terminal or refinery that is operated, respectively, by a taxable fuel registrant that is a terminal operator, or by a taxable fuel registrant that is a refiner.

Aviation gasoline means all special grades of gasoline that are suitable for use in aviation reciprocating engines and covered by ASTM specification D 910 or military specification MIL-G-5572. For availability of ASTM and military specifications, see paragraph (d) of this section.

Blender means any person that produces blended taxable fuel.

Bulk transfer means any transfer of taxable fuel by pipeline or vessel.

Bulk transfer/terminal system means the taxable fuel distribution system consisting of refineries, pipelines, vessels, and terminals. Thus, taxable fuel in a refinery, pipeline, vessel, or terminal is in the bulk transfer/terminal system. Taxable fuel in the fuel supply tank of any engine, or in any tank car, rail car, trailer, truck, or other equipment suitable for ground transportation is not in the bulk transfer/terminal system.

Bus means automobile bus.
§ 48.4081–1 26 CFR Ch. I (4–1–02 Edition)

Diesel-powered bus means any bus that is propelled by a diesel-powered engine.

Diesel-powered highway vehicle means a highway vehicle, as defined in §48.4041–8(b), that is propelled by a diesel-powered engine.

Diesel-powered train means any diesel-powered equipment or machinery that rides on rails. Thus, for example, the term includes a locomotive, work train, switching engine, and track maintenance machine.

Enterer generally means the importer of record (under customs law) with respect to the taxable fuel. However, if the importer of record is acting as an agent (for example, the importer of record is a customs broker engaged by the owner of the taxable fuel), the person for whom the agent is acting is the enterer. If there is no importer of record for taxable fuel entered into the United States, the owner of the taxable fuel at the time it is brought into the United States is the enterer.

Entry of taxable fuel into the United States occurs when—

(1) The taxable fuel is brought into the United States and applicable customs law requires that the taxable fuel be entered into the United States for consumption, use, or warehousing; or

(2) The taxable fuel is brought into the United States from Puerto Rico and applicable customs law would require that the taxable fuel be entered into the United States for consumption, use, or warehousing if the taxable fuel were brought into the United States from somewhere other than Puerto Rico.

Excluded liquid means any liquid that—

(1) Contains less than four percent normal paraffins; or

(2) Has a—

(i) Distillation range of 125° F. or less;

(ii) Sulfur content of 10 ppm or less; and

(iii) Minimum color of +27 Saybolt.

Finished gasoline means all products (including gasohol (as defined in §48.4081–6(b)(2))) that are commonly or commercially known or sold as gasoline and are suitable for use as a motor fuel, other than products that have an ASTM octane number of less than 75 as determined by the motor method.

Gasoline means finished gasoline and gasoline blendstocks.

Industrial user means any person that receives gasoline blendstocks by bulk transfer for its own use in the manufacture of any product other than finished gasoline.

Kerosene means any liquid that meets the specifications for kerosene or would meet those specifications but for the presence in the liquid of a dye of the type described in §48.4082–1(b). A liquid meets the specifications for kerosene if it is one of the two grades of kerosene (No. 1–K and No. 2–K) covered by ASTM specification D 3699, or kerosene-type jet fuel covered by ASTM specification D 1655 or military specification MIL–D–T–5624T (Grade JP–5) or MIL–D–T–83133E (Grade JP–8). For availability of ASTM and military specifications, see paragraph (d) of this section. However, the term does not include excluded liquid.

Position holder means, with respect to taxable fuel in a terminal, the person that holds the inventory position in the taxable fuel, as reflected on the records of the terminal operator. A person holds the inventory position in taxable fuel when that person has a contractual agreement with the terminal operator for the use of storage facilities and terminaling services at a terminal with respect to the taxable fuel. The term also includes a terminal operator that owns taxable fuel in its terminal.

Rack means a mechanism capable of delivering taxable fuel into a means of transport other than a pipeline or vessel.

Refiner means any person that owns, operates, or otherwise controls a refinery.

Refinery means a facility used to produce taxable fuel from crude oil, unfinished oils, natural gas liquids, or other hydrocarbons and from which taxable fuel may be removed by pipeline, by vessel, or at a rack. However, the term does not include a facility where only blended fuel or gasohol (as defined in §48.4081–6(b)(2)), and no other type of taxable fuel, is produced. For this purpose blended fuel is any mixture that, if produced outside the bulk
§ 48.4081–1

Transfer/terminal system, would be blended taxable fuel.

Removal means any physical transfer of taxable fuel, and any use of taxable fuel other than as a material in the production of taxable fuel or special fuels. However, taxable fuel is not removed when it evaporates or is otherwise lost or destroyed.

Sale means—

(1) The transfer of title to, or substantial incidents of ownership in, taxable fuel (other than taxable fuel in a terminal) to the buyer for a consideration, which may consist of money, services, or other property; or

(2) The transfer of the inventory position in the taxable fuel in a terminal if the transferee becomes the position holder with respect to the taxable fuel.

State includes any State, any political subdivision of a State, the District of Columbia, the American Red Cross, and, to the extent provided by section 7871, any Indian tribal government.

Taxable fuel registrant means gasoline, diesel fuel, and kerosene.

Taxable fuel means gasoline, diesel fuel, and kerosene.

Taxable fuel registrant means an enterer, industrial user, refiner, terminal operator, or throughputter that is registered as such under section 4101.

Terminal means a taxable fuel storage and distribution facility that is supplied by pipeline or vessel and from which taxable fuel may be removed at a rack. However, the term does not include any facility at which gasoline blendstocks are used in the manufacture of products other than finished gasoline and from which no gasoline is removed. Also, effective January 2, 1998, the term does not include any facility where finished gasoline, undyed diesel fuel, or undyed kerosene is stored if the facility is operated by a taxable fuel registrant and all such taxable fuel stored at the facility has been previously taxed under section 4081 upon removal from a refinery or terminal.

Terminal operator means any person that owns, operates, or otherwise controls a terminal.

Throughputter means any person that—

(1) Owns taxable fuel within the bulk transfer/terminal system (other than in a terminal); or

(2) Is a position holder.

Vessel means a waterborne taxable fuel transporting vessel.

(c) Blended taxable fuel, diesel fuel, and gasoline blendstocks; definitions—(1) Blended taxable fuel—(i) In general. Except as provided in paragraphs (c)(1)(ii) and (c)(1)(iii) of this section, blended taxable fuel means any taxable fuel that is produced outside the bulk transfer/terminal system by mixing—

(A) Taxable fuel with respect to which tax has been imposed under section 4081(a)(1) or 4081(a) (other than taxable fuel for which a credit or payment has been allowed); and

(B) Any other liquid on which tax has not been imposed under section 4081.

(ii) Exclusion; minor blending. A mixture described in paragraph (c)(1)(i) of this section is not blended taxable fuel if, during the calendar quarter in which the blender removes or sells the mixture, all such mixtures removed or sold by the blender contain, in the aggregate, less than 400 gallons of liquid described in paragraph (c)(1)(i)(B) of this section.

(iii) Exclusion; gasohol. Blended taxable fuel does not include any gasohol (as defined in §48.4081–6(b)(2)) if, disregarding the alcohol, the gasohol is not blended taxable fuel and contains, in addition to permitted amounts of liquids described in paragraph (c)(1)(i)(B) of this section, only gasoline with respect to which—

(A) Tax was imposed under section 4081(a) at a rate described in §48.4081–6(e) (relating to the gasohol production tax rate and the gasohol tax rate); or

(B) A valid claim is made under section 6277(f).

(2) Diesel fuel—(i) In general. Except as provided in paragraph (c)(2)(ii) of this section, diesel fuel means any liquid that, without further processing or blending, is suitable for use as a fuel in a diesel-powered highway vehicle or diesel-powered train.

(ii) Exclusion. Diesel fuel does not include gasoline, kerosene, excluded liquid, No. 5 and No. 6 fuel oils covered by ASTM specification D 396, or F–76 (Fuel Naval Distillate) covered by military specification MIL–F–16884. For availability of ASTM and military specifications, see paragraph (d) of this section.

(3) Gasoline blendstocks—(i) In general. Except as provided in paragraph
§ 48.4081–2 Taxable fuel; tax on removal at a terminal rack.

(a) Overview. This section provides the general rule that all removals of taxable fuel at a terminal rack are subject to tax and the position holder with respect to the fuel is liable for the tax.

(b) Imposition of tax. Tax is imposed on the removal of taxable fuel from a terminal if the taxable fuel is removed at the rack.

(c) Liability for tax—(1) In general. The position holder with respect to the taxable fuel is liable for the tax imposed under paragraph (b) of this section.

(2) Joint and several liability of terminal operator; unregistered position holder—(i) In general. The terminal operator is jointly and severally liable for the tax imposed under paragraph (b) of this section if—

(A) The position holder with respect to the taxable fuel is a person other than the terminal operator and is not a taxable fuel registrant; and

(B) The terminal operator has not met the conditions of paragraph (c)(2)(ii) of this section.

(ii) Conditions for avoidance of liability. A terminal operator is not liable for tax under this paragraph (c)(2) if, at the time of the removal, the terminal operator—

(A) Is a taxable fuel registrant;

(B) Has an unexpired notification certificate (as described in § 48.4081–5) from the position holder; and

(C) Has no reason to believe that any information in the notification certificate is false.

(3) Joint and several liability of terminal operator; incorrect information provided. The terminal operator is jointly and severally liable for the tax imposed under paragraph (b) of this section if,
in connection with the removal of diesel fuel or kerosene that is not dyed and marked in accordance with § 48.4082–1, the terminal operator provides any person (including the position holder with respect to the fuel) with any bill of lading, shipping paper, record, or similar document indicating that the diesel fuel or kerosene is dyed and marked in accordance with § 48.4082–1.

(4) Example. The following example illustrates this paragraph (c) and § 48.4082–1:

Example. (i) TO is a terminal operator and PH is the position holder with respect to, and owner of, 8,000 gallons of diesel fuel stored in TO’s terminal. TO and PH are taxable fuel registrants. When the fuel is removed from the terminal at the rack, the fuel is not dyed and marked in accordance with § 48.4082–1, and TO does not provide any person with any paperwork indicating that the fuel is dyed and marked. After the removal from the terminal, PH sells the fuel to individuals for use as heating oil, a nontaxable use.

(ii) Because PH is the position holder of the fuel at the time of the removal from the terminal, PH is liable for the tax imposed by section 4081. The removal is subject to tax because the fuel is not dyed and marked in accordance with § 48.4082–1, and later use of the fuel in a nontaxable use does not make the removal from the terminal exempt from tax.

(iii) Because PH is a taxable fuel registrant and TO did not provide any person with any paperwork indicating that the fuel is dyed and marked, TO is not jointly and severally liable for tax under paragraph (c) (2) or (3) of this section.

(d) Rate of tax. For the rate of tax generally, see section 4081(a). For the rate of tax on gasoline and on gasoline removed for gasohol production, see § 48.4081–6.

(e) Exemptions. For exemptions from the tax imposed under this section, see §§ 48.4081–4 (relating to gasoline blendstocks), 48.4082–1 (relating to dyed diesel fuel and dyed kerosene), 48.4082–5 (relating to diesel fuel and kerosene used in Alaska), 48.4082–6 (relating to aviation-grade kerosene), and 48.4082–7 (relating to kerosene used for a feedstock purpose).

(f) Effective date. This section is applicable after December 31, 1993.


§ 48.4081–3 Taxable fuel; taxable events other than removal at the terminal rack.

(a) Overview. Although tax is imposed when taxable fuel is removed from the terminal at the rack, tax also is imposed in certain other situations described in this section.

(b) Tax on removal from a refinery—(1) Imposition of tax. Tax is imposed on the following removals from a refinery:

(i) A removal of taxable fuel by bulk transfer if the refiner or the owner of the taxable fuel immediately before the removal is not a taxable fuel registrant.

(ii) A removal of taxable fuel at the rack.

(iii) After September 30, 1995, a removal of a batch of gasohol from an approved refinery by bulk transfer if the refiner treats itself with respect to the removal as a person that is not registered under section 4101. See § 48.4101–1(a). For the rule providing that no deposit is required in the case of the tax imposed under this paragraph (b)(1)(iii), see § 40.6302(c)–1(f)(4) of this chapter. For the rule allowing inspections of facilities where gasohol is produced, see section 4083.

(2) Exception for certain refineries. The tax imposed under paragraph (b)(1)(ii) of this section does not apply to a removal of taxable fuel if—

(i) The taxable fuel is removed from an approved refinery that is not served by pipeline (other than a pipeline for the receipt of crude oil) or vessel;

(ii) The taxable fuel is received at a facility that is operated by a taxable fuel registrant and is located within the bulk transfer/terminal system;

(iii) The removal from the refinery is by—

(A) Rail car; or

(B) In the case of diesel fuel, a trailer or semi-trailer that is used exclusively for the transport service described in paragraphs (b)(2)(i) and (b)(2)(ii) of this section;
§48.4081-3  26 CFR Ch. I (4–1–02 Edition)

(iv) In the case of taxable fuel removed by rail car, the facility at which the fuel is received is operated by the same person that operates the refinery from which the fuel was removed; and
(v) In the case of diesel fuel removed by a trailer or semi-trailer, the facility at which the fuel is received is less than 20 miles from the refinery from which the diesel fuel was removed.

(3) Liability for tax. The refiner is liable for the tax imposed under paragraph (b)(1) of this section.

(c) Tax on entry into the United States—(1) Imposition of tax. Tax is imposed on the entry of taxable fuel into the United States if—

(i) The entry is by bulk transfer and the enterer is not a taxable fuel registrant; or

(ii) The entry is not by bulk transfer.

(2) Liability for tax. The enterer is liable for the tax imposed under paragraph (c)(1) of this section.

(d) Tax on bulk transfers from a terminal by an unregistered position holder—(1) Imposition of tax. Tax is imposed on the removal by bulk transfer of taxable fuel from a terminal if the position holder with respect to the taxable fuel is not a taxable fuel registrant.

(2) Liability for tax—(i) In general. The position holder with respect to the taxable fuel is liable for the tax imposed under paragraph (d)(1) of this section.

(ii) Joint and several liability of terminal operator. The terminal operator is jointly and severally liable for the tax imposed under paragraph (d)(1) of this section if—

(A) The position holder with respect to the taxable fuel is a person other than the terminal operator; and

(B) The terminal operator has not met the conditions of paragraph (d)(2)(iii) of this section.

(iii) Conditions for avoidance of liability. A terminal operator is not liable for tax under this paragraph (d)(2) if, at the time of the bulk transfer, the terminal operator—

(A) Is a taxable fuel registrant;

(B) Has an unexpired notification certificate (described in §48.4081-5) from the position holder; and

(C) Has no reason to believe that any information in the notification certificate is false.

(e) Tax on bulk transfers not received at an approved terminal or refinery—(1) Imposition of tax. Tax on taxable fuel is imposed if—

(i) Taxable fuel is removed by bulk transfer from a refinery or terminal, or entered by bulk transfer into the United States;

(ii) No tax was imposed on such removal or entry under paragraph (b), (c), or (d) of this section; and

(iii) Upon removal from the pipeline or vessel, the taxable fuel is not received at an approved terminal or refinery (or at another pipeline or vessel).

(2) Liability for tax—(i) In general. The owner of the taxable fuel when it is removed from the pipeline or vessel is liable for the tax imposed under paragraph (e)(1) of this section if the owner has not met the conditions of paragraph (e)(2)(ii) of this section.

(ii) Conditions for avoidance of liability. An owner of taxable fuel is not liable for tax under paragraph (e)(2)(i) of this section if, at the time the taxable fuel is removed from the pipeline or vessel, the owner of the taxable fuel—

(A) Is a taxable fuel registrant;

(B) Has an unexpired notification certificate (described in §48.4081-5) from the operator of the terminal or refinery where the taxable fuel is received; and

(C) Has no reason to believe that any information in the notification certificate is false.

(iii) Liability of the operator of the facility where the taxable fuel is received. The operator of the facility where the taxable fuel is received is liable for the tax imposed under paragraph (e)(2)(i) of this section if the owner of the taxable fuel has met the conditions of paragraph (e)(2)(ii) of this section and is jointly and severally liable for the tax if the owner has not met such conditions.

(f) Tax on sales within the bulk transfer/terminal system—(1) Imposition of tax. Tax is imposed on the sale of taxable fuel located within the bulk transfer/terminal system if the sale is to a person that is not a taxable fuel registrant and tax has not been imposed on such taxable fuel under §48.4081-2, or paragraph (b), (c), (d), or (e) of this section.

(2) Exception for certain sales of taxable fuel for export. The tax imposed under
paragraph (f)(1) of this section does not apply to a sale of taxable fuel if—
(i) The buyer’s principal place of business is not within the United States;
(ii) the sale of the fuel occurs as the fuel is delivered into a transport vessel;
(iii) The vessel has a capacity of at least 20,000 barrels of fuel;
(iv) The seller is a taxable fuel registrant and the exporter of record of at least 20,000 barrels of fuel;
(v) The fuel was exported in due course.

(3) Liability for tax—(i) In general. The seller of the taxable fuel is liable for the tax imposed under paragraph (f)(1) of this section if the seller has not met the conditions of paragraph (f)(3)(i) of this section.
(ii) Conditions for avoidance of liability. A seller is not liable for tax under paragraph (f)(3)(i) of this section if, at the time of the sale, the seller—
(A) Is a taxable fuel registrant;
(B) Has an unexpired notification certificate (described in §48.4081-5) from the buyer; and
(C) Has no reason to believe that any information in the certificate is false.
(iii) Liability of the buyer. The buyer of the taxable fuel is liable for the tax imposed under paragraph (f)(1) of this section if the seller of the taxable fuel has met the conditions of paragraph (f)(3)(i) of this section and is jointly and severally liable for the tax if the seller has not met such conditions.

(4) Example. The following example illustrates this paragraph (f) and the definition of the term blended taxable fuel in §48.4081-1(c):

Example. (i) X, a gasoline wholesale distributor, buys 9,500 gallons of gasoline at a terminal rack. The gasoline is delivered into a tank trailer. The position holder is liable for tax under §48.4081-2 when the gasoline is removed at the rack. X then goes to another location where 500 gallons of alcohol (a substance not subject to tax under section 4081) are delivered into the tank trailer already containing the 9,500 gallons of gasoline. The gasoline and alcohol are splash blended as X drives to X’s retail service station where X pumps the blended gasoline into a storage tank for sale to consumers.
(ii) X is a blender within the meaning of §48.4081-1 because X has produced blended taxable fuel, as defined in §48.4081-1, by mixing the 9,500 gallons of gasoline on which tax has been imposed under §48.4081-2(b) with 500 gallons of alcohol, a substance not subject to tax under section 4081. The 10,000 gallon mixture is not gasohol because it does not satisfy the alcohol-content requirement described in §48.4081-6(b)(2). X, the blender, is liable for the tax imposed under this paragraph (g) on the blended gasoline. The tax is imposed when the blended gasoline is removed from the tank trailer at the retail station. Tax on the blended mixture is computed on 500 gallons, the number of gallons not previously subject to tax under section 4081.

(h) Rate of tax. For the rate of tax generally imposed under this section, see section 4081(a). For the rate of tax on gasohol and on gasoline removed or entered for gasohol production, see §48.4081-6.

(i) Exemptions. For exemptions from the taxes imposed under this section, see §§48.4081-4 (relating to gasoline blendstocks), 48.4082-1 (relating to diesel fuel and dyed kerosene), 48.4082-5 (relating to diesel fuel and kerosene used in Alaska), 48.4082-6 (relating to...
§ 48.4081-4 Gasoline; special rules for gasoline blendstocks.

(a) Overview. This section provides rules exempting from tax certain removals, entries, and sales of gasoline blendstocks. Generally, under prescribed conditions, tax is not imposed on gasoline blendstocks that are not used to produce finished gasoline or that are received at an approved terminal or refinery.

(b) Nonbulk removals and entries of gasoline blendstocks not used to produce gasoline—(1) Removals and entries not in connection with sales. Tax is not imposed under §48.4081-2(b), §48.4081-3(b)(1)(ii), or §48.4081-3(c)(1)(ii) on the removal or entry of gasoline blendstocks not in connection with a sale if—

(i) The person otherwise liable for tax under §48.4081-2(c)(1) (the position holder), §48.4081-3(b)(3) (the refiner), or §48.4081-3(c)(2) (the enterer) is a taxable fuel registrant; and

(ii) Such person does not use the gasoline blendstocks to produce finished gasoline.

(2) Removals and entries in connection with sales. Tax is not imposed under §48.4081-2(b), §48.4081-3(b)(1)(ii), or §48.4081-3(c)(1)(ii) on the removal or entry of gasoline blendstocks in connection with a sale if—

(i) The person otherwise liable for tax under §48.4081-2(c)(1) (the position holder), §48.4081-3(b)(3) (the refiner), or §48.4081-3(c)(2) (the enterer) is a taxable fuel registrant; and

(ii) At the time of the sale, such person has an unexpired certificate (described in paragraph (e) of this section) from the buyer and has no reason to believe any information in the certificate is false.

(3) Tax on sales after certain nonbulk removals or entries—(1) In general. If paragraph (b) (1) or (2) of this section applies to the removal or entry of gasoline blendstocks, tax is imposed on any sale of such blendstocks unless, at the time of the sale, the seller—

(A) Has an unexpired certificate (described in paragraph (e) of this section) from its buyer; and

(B) Has no reason to believe any information in the certificate is false.

(ii) Liability for tax. The seller is liable for the tax imposed under this paragraph (b)(3).

(iii) Rate of tax. For the rate of tax, see section 4081.

(c) Nonbulk removals and entries of gasoline blendstocks received at an approved terminal or refinery. Tax is not imposed under §48.4081-2(b), §48.4081-3(b)(1)(ii), or §48.4081-3(c)(1)(ii) on the removal or entry of gasoline blendstocks that are received at a terminal or refinery if the person otherwise liable for tax under §48.4081-2(c)(1) (the position holder), §48.4081-3(b)(3) (the refiner), or §48.4081-3(c)(2) (the enterer)—

(1) Is a taxable fuel registrant;

(2) Has an unexpired notification certificate (described in §48.4081-5) from the operator of the terminal or refinery where the gasoline blendstocks are received; and

(3) Has no reason to believe that any information in the certificate is false.

(d) Bulk transfer to a registered industrial user. Tax is not imposed under §48.4081-3(e)(1) if, upon the removal of gasoline blendstocks from a pipeline or vessel, the gasoline blendstocks are received by a taxable fuel registrant that is an industrial user.

(e) Certificate—(1) In general. The certificate to be provided by a buyer of gasoline blendstocks consists of a statement that is signed under penalties of perjury by a person with authority to bind the buyer, is in substantially the same form as the model certificate provided in paragraph (e)(3) of this section, and contains all information necessary to complete such model certificate. A new certificate must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earliest of the following dates:

(i) The date one year after the effective date of the certificate (which may be no earlier than the date it is signed),
Internal Revenue Service, Treasury

§ 48.4081–5

(i) The date a new certificate is provided to the seller.

(ii) The date the seller is notified by the Internal Revenue Service or the buyer that the buyer’s right to provide a certificate has been withdrawn.

(2) Withdrawal of right to provide certificate. The Internal Revenue Service may withdraw the right of a buyer of gasoline blendstocks to provide a certificate under this paragraph (e) if such buyer uses gasoline blendstocks to which a certificate applies in the production of finished gasoline or resells the gasoline blendstocks without obtaining a certificate from its buyer. The Internal Revenue Service may notify any seller to whom the buyer has provided a certificate that the buyer’s right to provide a certificate has been withdrawn.

(3) Model certificate.

CERTIFICATE OF PERSON BUYING GASOLINE BLENDSTOCKS FOR USE OTHER THAN IN THE PRODUCTION OF FINISHED GASOLINE

(To support tax-free sales under section 4081 of the Internal Revenue Code)

Name, address, and employer identification number of seller

The undersigned buyer (“Buyer”) hereby certifies the following under penalties of perjury:

1. Effective date
2. Expiration date

The gasoline blendstocks to which this certificate relates will not be used to produce finished gasoline.

This certificate applies to the following:

1. Invoice or delivery ticket number
2. Number of gallons

If this is a single purchase certificate, check here and enter:

1. Type (or types) of gasoline blendstocks
2. Number of gallons

If this is a certificate covering all purchases under a specified account or order number, check here and enter:

1. Effective date
2. Expiration date

If a certificate covering all purchases under a specified account or order number is withdrawn, the date the seller is notified by the Internal Revenue Service that its right to provide a certificate has been withdrawn.

The date a new certificate is provided to the seller.

If this is a single purchase certificate, the date a new certificate is provided to the seller.

The Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer understands that if Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer understands that if Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer understands that if Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer understands that if Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

The undersigned buyer (“Buyer”) hereby certifies the following under penalties of perjury:

1. Effective date
2. Expiration date
3. Type (or types) of gasoline blendstocks

Buyer will not claim a credit or refund under section 6227(h) of the Internal Revenue Code for any gasoline blendstocks covered by this certificate.

Buyer will provide a new certificate to the seller if any information in this certificate changes.

If Buyer resells the gasoline blendstocks to which this certificate relates, Buyer will be liable for tax unless Buyer obtains a certificate from the purchaser stating that the gasoline blendstocks will not be used to produce finished gasoline and otherwise complies with the conditions of §48.4081–4(b)(3) of the Manufacturers and Retailers Excise Tax Regulations.

Buyer has not been notified by the Internal Revenue Service that its right to provide a certificate has been withdrawn. In addition, the Internal Revenue Service has not notified Buyer that the right to provide a certificate has been withdrawn from a purchaser to which Buyer sells gasoline blendstocks tax free.

Buyer understands that the fraudulent use of this certificate may subject Buyer and all parties making such fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

Signature and date signed

Printed or typed name of person signing

Title of person signing

Name of Buyer

Employer identification number

Address of Buyer

§ 48.4081–5 Taxable fuel; notification certificate of taxable fuel registrant.

(a) Overview. This section sets forth requirements for the notification certificate used under §§48.4081–2(c)(3), 48.4081–3(d)(2)(iii), 48.4081–3(e)(2)(v)(i), 48.4081–3(e)(2)(v)(ii), and 48.4081–4(c) to notify another person of the taxable fuel registrant’s registration status.

(b) Certificate.—(1) In general. The certificate to be provided by a taxable fuel registrant consists of a statement that is signed under penalties of perjury by a person with authority to bind the registrant, is in substantially the same form as the model provided in paragraph (b)(2) of this section, and contains all information necessary to complete such model. A new certificate must be given if any information in the
most recently provided certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earlier of the following dates:

(i) The date the registrant provides a new certificate.

(ii) The date the recipient of the certificate is notified by either the Internal Revenue Service or the registrant that the registrant’s registration has been revoked or suspended.

(2) Model certificate.

**NOTIFICATION CERTIFICATE OF TAXABLE FUEL REGISTRANT**

Name, address, and employer identification number of person receiving certificate

The undersigned gasoline registrant (“Registrant”) hereby certifies under penalties of perjury that Registrant is registered by the Internal Revenue Service with registration number __________ and that Registrant’s registration has not been revoked or suspended by the Internal Revenue Service.

Registrant understands that the fraudulent use of this certificate may subject Registrant and all parties making such fraudulent use of this certificate to a fine or imprisonment, or both, together with the cost of prosecution.

Signature and date signed

Printed or typed name of person signing

Title of person signing

Name of registrant

Employer identification number

Address of registrant

(3) Use of Form 637 or letter of registration as a notification certificate prohibited. A copy of the certificate of registry (Form 637) or letter of registration issued to a registrant by the Internal Revenue Service is not a notification certificate described in paragraph (b)(2) of this section.

(c) Effective date. This section is effective January 1, 1994.

and are added to such alcohol under a formula approved by the Secretary.

(iii) Products derived from alcohol. If alcohol described in paragraphs (b)(1)(i) and (ii) of this section has been chemically transformed in producing another product (that is, the alcohol is no longer present as a separate chemical in the other product) and there is no significant loss in the energy content of the alcohol, any mixture containing the product includes the volume of alcohol used to produce the product. Thus, for example, a mixture of gasoline and ethyl tertiary butyl ether (ETBE), or of gasoline and methyl tertiary butyl ether (MTBE), includes any alcohol described in paragraphs (b)(1)(i) and (ii) of this section that is used to produce the ETBE or MTBE, respectively, in a chemical reaction in which there is no significant loss in the energy content of the alcohol.

(2) Gasohol—(i) In general—(A) Gasohol is a mixture of gasoline and alcohol that is 10 percent gasohol, 7.7 percent gasohol, or 5.7 percent gasohol. The determination of whether a particular mixture is 10 percent gasohol, 7.7 percent gasohol, or 5.7 percent gasohol is made on a batch-by-batch basis.

(B) If a particular mixture is produced within the bulk transfer/terminal system (for example, at a refinery), the determination of whether the mixture is gasohol is made at the time of the taxable removal or entry of the mixture.

(C) If a particular mixture is produced outside of the bulk transfer/terminal system (for example, by splash blending after the gasoline has been removed from the terminal at the rack), the determination of whether the mixture is gasohol is made immediately after the mixture is produced. In such a case, the contents of the batch typically correspond to a gasoline meter delivery ticket and an alcohol meter delivery ticket, each of which shows the number of gallons of liquid delivered into the mixture. The volume of each component in a batch (without adjustment for temperature) ordinarily is determined by the number of metered gallons shown on the delivery tickets for the gasoline and alcohol delivered. However, if metered gallons of gasoline and alcohol are added to a tank already containing more than a minor amount of liquid, the determination of whether a batch satisfies the alcohol-content requirement will be made by taking into account the amount of alcohol and non-alcohol fuel contained in the liquid already in the tank. Ordinarily, any amount in excess of 0.5 percent of the capacity of the tank will not be considered minor.

(ii) 10 percent gasohol—(A) In general. A batch of gasoline/alcohol mixture is 10 percent gasohol if it contains at least 9.8 percent alcohol by volume, without rounding.

(B) Batches containing less than 10 percent but at least 9.8 percent alcohol. If a batch of mixture contains less than 10 percent alcohol but at least 9.8 percent alcohol, without rounding, only a portion of the batch is considered to be 10 percent gasohol. That portion equals the number of gallons of alcohol in the batch multiplied by 10. Any remaining liquid in the mixture is excess liquid.

(iii) 7.7 percent gasohol—(A) In general. A batch of gasoline/alcohol mixture is 7.7 percent gasohol if it contains less than 9.8 percent alcohol but at least 7.55 percent alcohol by volume, without rounding.

(B) Batches containing less than 7.7 percent but at least 7.55 percent alcohol. If a batch of mixture contains less than 7.7 percent alcohol but at least 7.55 percent alcohol, without rounding, only a portion of the batch is considered to be 7.7 percent gasohol. That portion equals the number of gallons of alcohol in the batch multiplied by 12.987. Any remaining liquid in the mixture is excess liquid.

(iv) 5.7 percent gasohol—(A) In general. A batch of gasoline/alcohol mixture is 5.7 percent gasohol if it contains less than 7.55 percent alcohol but at least 5.59 percent alcohol by volume, without rounding.

(B) Batches containing less than 5.7 percent but at least 5.59 percent alcohol. If a batch of mixture contains less than 5.7 percent alcohol but at least 5.59 percent alcohol, without rounding, only a portion of the batch is considered to be 5.7 percent gasohol. That portion equals the number of gallons of alcohol in the batch multiplied by 17.544. Any
remaining liquid in the mixture is excess liquid.

(v) Tax on excess liquid. If tax was imposed on the excess liquid in any gasohol at the gasohol production tax rate (as defined in paragraph (e)(1) of this section), the excess liquid in the batch is considered to be gasoline with respect to which there is a failure to blend into gasohol for purposes of paragraph (f) of this section. If tax was imposed on the excess liquid at the rate of tax described in section 4081(a), a credit or refund under section 6427(f) is not allowed with respect to the excess liquid.

(vi) Examples. The following examples illustrate this paragraph (b)(2). In these examples, a gasohol blender creates a gasoline/alcohol mixture by pumping a specified amount of gasoline into an empty tank and then adding a specified amount of alcohol.

Example 1. Mixtures containing exactly 10 percent alcohol. The applicable delivery tickets show that the mixture is made with 7200 metered gallons of gasoline and 800 metered gallons of alcohol. Accordingly, the mixture contains 10 percent alcohol (as determined based on the delivery tickets provided to the blender) and qualifies as 10 percent gasohol.

Example 2. Mixtures containing less than 10 percent alcohol but at least 9.8 percent alcohol. The applicable delivery tickets show that the mixture is made with 7205 metered gallons of gasoline and 795 metered gallons of alcohol. Because the mixture contains less than 10 percent alcohol, but more than 9.8 percent alcohol (as determined based on the delivery tickets provided to the blender), 795 gallons of the mixture qualify as 10 percent gasohol. If tax was imposed on the gasoline in the mixture at the gasohol production rate applicable to 10 percent gasohol, the remaining 95 gallons of the mixture (the excess liquid) are treated as gasoline with respect to which there was a failure to blend into gasohol for purposes of paragraph (f) of this section. If tax was imposed on the gasoline in the mixture at the rate of tax described in section 4081(a), a credit or refund under section 6427(f) is allowed only with respect to 7155 gallons of gasoline.

Example 3. Mixtures containing less than 5.59 percent alcohol. The applicable delivery tickets show that the mixture is made with 7560 metered gallons of gasoline and 436 metered gallons of alcohol. Because the mixture contains only 5.45 percent alcohol (as determined based on the delivery tickets provided to the blender), the mixture does not qualify as gasohol.

(3) Gasohol blender. Gasohol blender means any person that regularly produces gasohol outside of the bulk transfer/terminal system for sale or use in its trade or business.

(4) Registered gasohol blender. Registered gasohol blender means a person that is registered under section 4101 as a gasohol blender.

(c) Rate of tax on gasoline removed or entered for gasohol production.—(1) In general. The rate of tax imposed on gasoline under §48.4081–2(b) (relating to tax imposed on the refinery), §48.4081–3(b)(1) (relating to tax imposed at the terminal rack), or §48.4081–3(c)(1) (relating to tax imposed on entries) is the gasohol production tax rate if—

(i) The person liable for tax under §48.4081–2(c)(1) (the position holder), §48.4081–3(b)(3) (the refiner), or §48.4081–3(c)(2) (the enterer) is a taxable fuel registrant and a registered gasohol blender, and such person produces gasohol with the gasoline within 24 hours after removing or entering the gasoline; or

(ii) The gasoline is sold in connection with the removal or entry, the person liable for tax under §48.4081–3(c)(1) (the position holder), §48.4081–3(b)(3) (the refiner), or §48.4081–3(c)(2) (the enterer) is a taxable fuel registrant and the person, at the time of the sale,—

(A) Has an unexpired certificate (as described in paragraph (c)(2) of this section) from the buyer; and

(B) Has no reason to believe that any information in the certificate is false.

(2) Certificate.—(i) In general. The certificate referred to in paragraph (c)(1)(ii)(A) of this section is a statement that is to be provided by a registered gasohol blender that is signed under penalties of perjury by a person with authority to bind the registered gasohol blender, is in substantially the same form as the model certificate provided in paragraph (c)(2)(ii) of this section, and contains all information necessary to complete such model certificate. A new certificate must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earliest of the following dates:
Internal Revenue Service, Treasury

§ 48.4081–6

(A) The date one year after the effective date of the certificate (which may be no earlier than the date it is signed).

(B) The date the registered gasohol blender provides a new certificate to the seller.

(C) The date the seller is notified by the Internal Revenue Service or the gasohol blender that the gasohol blender’s registration has been revoked or suspended.

(ii) Model certificate.

CERTIFICATE OF REGISTERED GASOHOL BLENDER

(To support sales of gasoline at the gasohol production tax rate under section 4081(c) of the Internal Revenue Code)

Name, address, and employer identification number of seller

(Buyer) certifies the following under penalties of perjury:

Buyer is registered as a gasohol blender with registration number . Buyer’s registration has not been suspended or revoked by the Internal Revenue Service.

The gasoline bought under this certificate will be used by Buyer to produce gasohol (as defined in § 48.4081–6(b) of the Manufacturers and Retailers Excise Tax Regulations) within 24 hours after buying the gasoline.

Type of gasohol Buyer will produce (check one only):

- 10% gasohol
- 7.7% gasohol
- 5.7% gasohol

If the gasohol the Buyer will produce will contain ethanol, check here: ___

This certificate applies to the following (complete as applicable):

1. Account number __________
2. Number of gallons __________
3. Type of gasohol Buyer will produce (check one only):
   - 10% gasohol
   - 7.7% gasohol
   - 5.7% gasohol

If this is a single purchase certificate, check here ___ and enter:

1. Account number __________
2. Number of gallons __________
3. Number of seller __________
4. Type of gasohol Buyer will produce (check one only):
   - 10% gasohol
   - 7.7% gasohol
   - 5.7% gasohol

If the gasohol the Buyer will produce will contain ethanol, check here: ___

This certificate applies to the following (complete as applicable):

1. Account number __________
2. Number of gallons __________
3. Type of gasohol Buyer will produce (check one only):
   - 10% gasohol
   - 7.7% gasohol
   - 5.7% gasohol

If this is a certificate covering all purchases under a specified account or order number, check here ___ and enter:

1. Effective date __________
2. Expiration date __________ (period not to exceed 1 year after the effective date)
3. Buyer account or order number __________

Buyer will not claim a credit or refund under section 6227(f) of the Internal Revenue Code for any gasoline covered by this certificate.

Buyer agrees to provide seller with a new certificate if any information on this certificate changes.

Buyer understands that Buyer’s registration may be revoked if the gasoline covered by this certificate is resold or is used other than in Buyer’s production of the type of gasohol identified above.

Buyer will reduce any alcohol mixture credit under section 40(b) by an amount equal to the benefit of the gasohol production tax rate under section 4081(c) for the gasohol to which this certificate relates.

Buyer understands that the fraudulent use of this certificate may subject Buyer and all parties making any fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

Printed or typed name of person signing

Title of person signing

Address of Buyer

Signature and date signed

(iii) Use of Form 637 or letter of registration as a gasohol blender’s certificate prohibited. A copy of the certificate of registry (Form 637) or letter of registration issued to a gasohol blender by the Internal Revenue Service is not a gasohol blender’s certificate described in paragraph (c)(2)(ii) of this section.

(d) Rate of tax on gasohol removed or entered. The rate of tax imposed on removals or entries of any gasohol under §§ 48.4081–2(b), 48.4081–3(b)(1), and 48.4081–3(c)(1) is the gasohol tax rate.

The rate of tax imposed on removals and entries of excess liquid described in paragraph (b)(2) of this section is the rate of tax applicable to gasoline under section 4081(a).

(e) Tax rates—(1) Gasohol production tax rate. The gasohol production tax rate is the applicable rate of tax determined under section 4081(c)(2)(A).

(2) Gasohol tax rate. The gasohol tax rate is the applicable alcohol mixture rate determined under section 4081(c)(4)(A).

(f) Later separation and failure to blend—(1) Later separation—(i) Imposition of tax. A tax is imposed on the removal or sale of gasoline separated from gasohol with respect to which tax was imposed at a rate described in paragraph (e) of this section or with respect to which a credit or payment was allowed or made by reason of section 6427(f)(1).
§ 48.4081–7

26 CFR Ch. I (4–1–02 Edition)

(i) Liability for tax. The person that owns the gasohol at the time gasoline is separated from the gasohol is liable for the tax imposed under paragraph (f)(1)(i) of this section.

(iii) Rate of tax. The rate of tax imposed under paragraph (f)(1)(i) of this section is the difference between the rate of tax applicable to gasoline not described in this section and the applicable gasohol production tax rate.

(2) Failure to blend—(i) Imposition of tax. Tax is imposed on the entry, removal, or sale of gasoline (including excess liquid described in paragraph (b)(2) of this section) with respect to which tax was imposed at a gasohol production tax rate if—

(A) The gasoline was not blended into gasohol; or

(B) The gasoline was blended into gasohol but the gasohol production tax rate applicable to the type of gasohol produced is greater than the rate of tax originally imposed on the gasoline.

(ii) Liability for tax. (A) In the case of gasoline with respect to which tax was imposed at the gasohol production tax rate under paragraph (c)(1)(i) of this section, the person liable for the tax imposed by paragraph (f)(2)(i) of this section is the person that was liable for tax on the entry or removal.

(B) In the case of gasoline with respect to which tax was imposed at the gasohol production tax rate under paragraph (c)(1)(i) of this section, the person that bought the gasoline in connection with the entry or removal is liable for the tax imposed under paragraph (f)(2)(i) of this section.

(iii) Rate of tax. The rate of tax imposed on gasoline described in paragraph (f)(2)(i)(A) of this section is the difference between the rate of tax applicable to gasoline not described in this section and the rate of tax previously imposed on the gasoline.

(iv) Example. The following example illustrates this paragraph (f)(2):

Example. (i) A registered gasohol blender bought gasoline in connection with a removal described in paragraph (c)(1)(i) of this section. Based on the blender’s certification (described in paragraph (c)(2) of this section) that the blender would produce 10 percent gasohol with the gasoline, tax at the gasohol production tax rate applicable to 10 percent gasohol was imposed on the removal.

(ii) The blender then produced a mixture by splash blending in a tank holding approximately 8000 gallons of mixture. The applicable delivery tickets show that the mixture was blended by first pumping 7220 metered gallons of gasoline into the empty tank, and then pumping 780 metered gallons of alcohol into the tank. Because the mixture contains 9.75 percent alcohol (as determined based on the delivery tickets provided to the blender) the entire mixture qualifies as 7.7 percent gasohol, rather than 10 percent gasohol.

(iii) Because the 7220 gallons of gasoline were taxed at the gasohol production tax rate applicable to 10 percent gasohol but the gasoline was blended into 7.7 percent gasohol, a failure to blend has occurred with respect to the gasoline. As the person that bought the gasoline in connection with the taxable removal, the blender is liable for the tax imposed under paragraph (f)(2)(i) of this section. The amount of tax imposed is the difference between—

(A) 7220 gallons times the gasohol production tax rate applicable to 7.7 percent gasohol; and

(B) 7220 gallons times the gasohol production tax rate applicable to 10 percent gasohol.

(iv) Because the gasohol does not contain exactly 7.7 percent alcohol, the benefit of the gasohol production tax rate with respect to the alcohol is less than the amount of the alcohol mixture credit under section 40(b) (determined before the application of section 40(c)). Accordingly, the blender may be entitled to claim an alcohol mixture credit for the alcohol used in the gasohol. Under section 40(c), however, the amount of the alcohol mixture credit must be reduced to take into account the benefit provided with respect to the alcohol by the gasohol production tax rate.

(g) Effective date. This section is effective August 7, 1995.


§ 48.4081–7 Taxable fuel; conditions for refunds of taxable fuel tax under section 4081(e).

(a) Overview. This section provides reporting requirements and other conditions that a person paying tax to the government under section 4081 must satisfy to receive a refund (but not a
credit) under section 4081(e) with respect to taxable fuel on which a prior tax was paid to the government under section 4081. No credit against any tax imposed under the Internal Revenue Code is allowed under this section.

(b) Conditions to allowance of refund.
A claim for refund of tax imposed by section 4081 with respect to taxable fuel is allowed under section 4081(e) and this section only if—

1. A tax imposed by section 4081 with respect to the taxable fuel was paid to the government and not credited or refunded (the “first tax”);

2. After imposition of the first tax, another tax was imposed by section 4081 with respect to the same taxable fuel and was also paid to the government (the “second tax”);

3. The person that paid the second tax to the government has filed a timely claim for refund that contains the information required under paragraph (d) of this section; and

4. The person that paid the first tax to the government has met the reporting requirements of paragraph (c) of this section.

(c) Reporting requirements—(1) Reporting by persons paying the first tax. Except as provided in paragraph (c)(3) of this section, the person that paid the first tax under §48.4081-3 (the first taxpayer) must file a report that is in substantially the same form as the model report provided in paragraph (c)(2) of this section (or such other model report as the Commissioner may prescribe) and contains all information necessary to complete such model report (the first taxpayer’s report). A first taxpayer’s report must be filed with the return to which the report relates (or at such other time, or in such other manner, as prescribed by the Commissioner).

(2) Model first taxpayer’s report.

**FIRST TAXPAYER’S REPORT**

1. __________________________

First Taxpayer’s name, address, and employer identification number

2. __________________________

Name, address, and employer identification number of the buyer of the taxable fuel subject to tax

3. __________________________

Date and location of removal, entry, or sale

4. __________________________

Volume and type of taxable fuel removed, entered, or sold

5. Check type of taxable event:

- [ ] Removal from refinery
- [ ] Entry into United States
- [ ] Bulk transfer from terminal by unregistered position holder
- [ ] Bulk transfer not received at an approved terminal
- [ ] Sale within the bulk transfer/terminal system
- [ ] Removal at the terminal rack
- [ ] Removal or sale by the blender

6. __________________________

Amount of Federal excise tax paid on account of the removal, entry, or sale

The undersigned taxpayer (the “Taxpayer”) has not received, and will not claim, a credit with respect to, or a refund of, the tax on the taxable fuel to which this form relates.

Under penalties of perjury, the Taxpayer declares that Taxpayer has examined this statement, including any accompanying schedules and statements, and, to the best of Taxpayer’s knowledge and belief, they are true, correct and complete.

Signature and date signed

Printed or typed name of person signing this report

(3) Optional reporting for certain taxable events. Paragraph (c)(1) of this section does not apply with respect to a tax imposed under §48.4081-2 (removal at a terminal rack), §48.4081-3(c)(1)(ii) (nonbulk entries into the United States), or §48.4081-3(g) (removals or sales by blenders). However, if the person liable for the tax expects that another tax will be imposed under section 4081 with respect to the taxable fuel, that person should (but is not required to) file a first taxpayer’s report.

(4) Information provided to subsequent owners, etc.—(1) By person required to file first taxpayer’s report. A first taxpayer required to file a first taxpayer’s report under paragraph (c)(1) of this section must give a copy of the report to—

(A) The person to whom the first taxpayer sells (within the meaning of §48.4081-1) the taxable fuel within the bulk transfer/terminal system; or
§ 48.4081-7

(B) The owner of the taxable fuel immediately before the imposition of the first tax, if the first taxpayer is not the owner at that time.

(ii) By person filing optional first taxpayer’s report. A first taxpayer filing a first taxpayer’s report under paragraph (c)(3) of this section should (but is not required to) give a copy of the report to—

(A) The person to whom the first taxpayer sells the taxable fuel; or

(B) The owner of the taxable fuel immediately before the imposition of the first tax, if the first taxpayer is not the owner at that time.

(iii) By person receiving first taxpayer’s report. A person that receives a copy of the first taxpayer’s report and subsequently sells the taxable fuel within the bulk transfer/terminal system must give the copy and a statement that satisfies the requirements of paragraph (c)(4)(iv) of this section to the buyer. A person that receives a copy of the first taxpayer’s report and subsequently sells the taxable fuel outside the bulk transfer/terminal system should (but is not required to) give the copy and a statement that satisfies the requirements of paragraph (c)(4)(iv) of this section to the buyer, if that person expects that another tax will be imposed under section 4081 with respect to the taxable fuel.

(iv) Form of statement—(A) In general. A statement satisfies the requirements of this paragraph (c)(4)(iv) if it is provided at the bottom or on the back of the copy of the first taxpayer’s report (or in an attached document). This statement must contain all information necessary to complete the model statement provided in paragraph (c)(4)(iv)(B) of this section (or such other model statement as the Commissioner may prescribe) but need not be in the same format.

(B) Model statement describing subsequent sale.

Statement of Subsequent Seller

1. Name, address, and employer identification number of buyer in subsequent sale

2. Date and location of subsequent sale

3. Name, address, and employer identification number of buyer in subsequent sale

4. Date and location of subsequent sale

5. Volume and type of taxable fuel sold

The undersigned seller (the “Seller”) has received the copy of the first taxpayer’s report provided with this statement in connection with Seller’s purchase of the taxable fuel described in this statement.

Under penalties of perjury, Seller declares that Seller has examined this statement, including any accompanying schedules and statements, and, to the best of Seller’s knowledge and belief, they are true, correct and complete.

6. Signature and date signed

7. Printed or typed name of person signing this statement

8. Title

(v) Sale to multiple buyers. If the first taxpayer’s report relates to taxable fuel divided among more than one buyer, multiple copies of the first taxpayer’s report must be made at the stage that the taxable fuel is divided and each buyer must be given a copy of the report.

(d) Form and content of claim—(1) In general. The following rules apply to claims for refund under section 4081(e):

(i) The claim must be made by the person that paid the second tax to the government and must include all the information described in paragraph (d)(2) of this section.

(ii) The claim must be made on Form 8849 (or such other form as the Commissioner may designate) in accordance with the instructions on the form. The form should be marked Section 4081(e) Claim at the top. Section 4081(e) claims must not be included with a claim for a refund under any other provision of the Internal Revenue Code.

(2) Information to be included in the claim. Each claim for a refund under section 4081(e) must contain the following information with respect to the taxable fuel covered by the claim:

(i) Volume and type of taxable fuel.

(ii) Date on which the claimant incurred the tax liability to which this claim relates (the second tax).
(iii) Amount of second tax that claimant paid to the government and a statement that claimant has not included the amount of this tax in the sales price of the taxable fuel to which this claim relates and has not collected that amount from the person that bought the taxable fuel from claimant.

(iv) Name, address, and employer identification number of the person that paid the first tax to the government.

(v) A copy of the first taxpayer's report that relates to the taxable fuel covered by the claim.

(vi) If the taxable fuel covered by the claim was bought other than from the first taxpayer, a copy of the statement of subsequent seller that the claimant received with respect to that taxable fuel.

(e) Time for filing claim. A claim for refund under section 4081(c) may be filed any time after the claimant has filed the return of the second tax and before the end of the period prescribed by section 6511 for the filing of a claim for a refund.

(f) Examples. The following examples illustrate the provisions of this section.

**Example 1.** (i) A is a taxable fuel registrant that owns 10,000 gallons of gasoline, and on April 5, 1996, is transporting the gasoline by barge on a waterway in the United States. That day, A sells the gasoline to B, a person that is not a taxable fuel registrant. A is liable for tax on the sale under § 48.4081–3(f). A pays this tax to the government and attaches to its return of the gasoline tax for the 2nd quarter of 1996 the first taxpayer’s report described in paragraph (c) of this section. A also gives a copy of this report to B.

(ii) On April 9, 1996, B sells the gasoline to C, a taxable fuel registrant. B also gives C a copy of the first taxpayer’s report and the statement of subsequent seller (required under paragraph (c)(4) of this section). On April 14, 1996, the gasoline is removed from a terminal at the rack. C is the position holder of the gasoline at the time of the removal and thus is liable for tax on the removal under § 48.4081–2(c)(1). C pays this tax to the government.

(iii) After C has filed a return of the second tax and before the end of the period prescribed by section 6511 for filing a claim for the second tax. The claim is in the form prescribed in paragraph (d)(2) of this section. C includes with its claim a copy of the first taxpayer’s report and statement of subsequent seller. Because the conditions to allowance of a refund under paragraph (b) of this section have been met, C is allowed a refund of the second tax.

**Example 2.** The facts are the same as in Example 1 except that A does not pay the tax to the government. Because the first tax was not paid to the government as required by paragraph (b)(1) of this section, the conditions to allowance of a refund under paragraph (b) of this section have not been met. Therefore, C is not allowed a refund of the second tax.

(g) Effective date. This section is effective in the case of taxable fuel with respect to which the first tax is imposed after September 30, 1995.


§ 48.4081–8 Taxable fuel; measurement.

(a) In general. Volumes of taxable fuel may be measured on the basis of actual volumetric gallons or gallons adjusted to 60 degrees Fahrenheit.

(b) Effective date. This section is applicable January 1, 1994.

[T.D. 8945, 66 FR 27997, May 18, 2001]

§ 48.4082–1 Diesel fuel and kerosene; exemption for dyed fuel.

(a) Exemption. Tax is not imposed by section 4081 on the removal, entry, or sale of any diesel fuel or kerosene if—

(1) The person otherwise liable for tax is a taxable fuel registrant;

(2) In the case of a removal from a terminal, the terminal is an approved terminal; and

(3) The diesel fuel or kerosene satisfies the dyeing and marking requirements of paragraphs (b), (c), and (d) of this section.

(b) Dyeing requirements. Diesel fuel or kerosene satisfies the dyeing requirement of this paragraph (b) only if the diesel fuel or kerosene contains—

(1) The dye Solvent Red 164 (and no other dye) at a concentration spectrally equivalent to at least 3.9 pounds of the solid dye standard Solvent Red 26 per thousand barrels of diesel fuel or kerosene; or

(2) Any dye of a type and in a concentration that has been approved by the Commissioner.

(c) Marking requirements. [Reserved]
§ 48.4082-2 Diesel fuel and kerosene; notice required for dyed fuel.

(a) In general. A legible and conspicuous notice stating ‘‘DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE’’ must be posted by a seller on any retail pump or other delivery facility where it sells dyed diesel fuel for use by its buyer. A legible and conspicuous notice stating ‘‘DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE’’ must be posted by a seller on any retail pump or other delivery facility where it sells dyed kerosene for use by its buyer. Any seller that fails to post the required notice on any retail pump or other delivery facility where it sells dyed fuel is, for purposes of the penalty imposed by section 6715, presumed to know that the fuel will not be used for a nontaxable use.

(b) Cross reference; terminal operators. For the requirement that terminal operators provide a notice with respect to dyed fuel, see § 48.4101-1(h)(3) (relating to terms and conditions of registration for terminal operators).

(c) Effective date. This section is applicable with respect to diesel fuel after December 31, 1993, and with respect to kerosene after June 30, 1998.

[T.D. 8879, 65 FR 17157, Mar. 31, 2000]

§ 48.4082-3 Diesel fuel and kerosene; visual inspection devices. [Reserved]

§ 48.4082-4 Diesel fuel and kerosene; back-up tax.

(a) Imposition of tax—(1) In general. Tax is imposed by section 4041 on the delivery into the fuel supply tank of the propulsion engine of a diesel-powered highway vehicle (other than a diesel-powered bus) of—

(i) Any diesel fuel or kerosene on which tax has not been imposed by section 4081; (ii) Any diesel fuel or kerosene for which a credit or payment has been allowed under section 6427; or (iii) Any liquid (other than taxable fuel) for use as fuel.

(2) Liability for tax—(i) In general. The operator of the highway vehicle into which the fuel is delivered is liable for the tax imposed under paragraph (a)(1) of this section.

(ii) Joint and several liability of the seller. The seller of the fuel is jointly and severally liable for the tax imposed under paragraph (a)(1) of this section if the seller knows or has reason to know that the fuel will not be used in a nontaxable use.

(3) Rate of tax. The rate of tax is the rate imposed on diesel fuel by section 4081(a).

(b) Tax on diesel fuel and kerosene; buses and trains—(1) In general. Tax is imposed by section 4041 on the delivery into the fuel supply tank of the propulsion engine of a diesel-powered bus or a diesel-powered train of—

(i) Any diesel fuel or kerosene on which tax has not been imposed by section 4081; (ii) Any diesel fuel or kerosene for which a credit or payment has been allowed under section 6427; or (iii) Any liquid (other than taxable fuel) for use as fuel.

(2) Liability for tax—(i) In general. Except as provided in paragraph (b)(2)(ii) of this section, the operator of the bus or train into which the fuel is delivered is liable for the tax imposed under paragraph (b)(1) of this section.

(ii) Special rule for certain train operators. The person that delivers the fuel into the fuel supply tank of a train, rather than the train operator, is liable for the tax imposed under paragraph (b)(1) of this section if, at the time of the delivery—

(A) The deliverer of the fuel and the operator of the train are both registered as train operators under §48.4101-1; and 

(B) A written agreement between the deliverer of the fuel and the operator requires the deliverer to pay the tax imposed under paragraph (b)(1) of this section.

(3) Rate of tax—(i) Buses—(A) In general. The rate of tax under paragraph (b)(1) of this section is the sum of the
rates described in sections 4041(a)(1)(C)(iii)(I) and 4041(d)(1) (the bus rate) if the bus is used to furnish (for compensation) passenger land transportation available to the general public and either such transportation is scheduled and along regular routes or the seating capacity of the bus is at least 20 adults (not including the driver). A bus is available to the general public if the bus is available for hire to more than a limited number of persons, groups, or organizations.

(B) Other uses. The rate of tax under paragraph (b)(1) of this section is the rate of tax imposed on diesel fuel by section 4081(a) if the bus is used for a purpose other than that described in paragraph (b)(3)(i)(A) of this section.

(ii) Trains. The rate of tax under paragraph (b)(1) of this section is the rate prescribed in section 4041 for diesel fuel sold for use in a train (the train rate).

(4) Cross reference. For the registration requirement relating to certain bus and train operators, see §48.4101–1(c)(2).

(c) Exemptions. The taxes imposed under paragraphs (a) and (b) of this section do not apply to a delivery of any liquid for—

(1) Use on a farm for farming purposes as that term and related terms are defined in §48.6420–4 (a) through (g);

(2) The exclusive use of a State;

(3) Use described in section 4041(h) (relating to use in a vehicle owned by an aircraft museum);

(4) Use in a bus while the bus is engaged in the transportation of students and employees of schools (as defined in the last sentence of section 4221(d)(7)(C));

(5) Use in a qualified local bus (as defined in section 6427(b)(2)(D)) while the bus is engaged in furnishing (for compensation) intracity passenger land transportation that is available to the general public and is scheduled and along regular routes;

(6) Use in a highway vehicle that—

(i) Is not registered (and is not required to be registered) for highway use under the laws of any State or foreign country; and

(ii) Is used in the operator’s trade or business or in an activity of the operator described in section 212 (relating to the production of income);

(7) The exclusive use of a nonprofit educational organization, as defined in §48.4221–6(b); or

(8) Use in a highway vehicle that is owned by the United States and is not used on the highway.

(d) Effective date. This section is applicable after December 31, 1993, except that references to kerosene are applicable after June 30, 1998.


§ 48.4082–5 Diesel fuel and kerosene; Alaska.

(a) Application. This section applies to diesel fuel or kerosene removed, entered, or sold in Alaska for ultimate sale or use in an exempt area of Alaska.

(b) Definitions.

Exempt area of Alaska means the area of Alaska in which the sulfur content requirements for diesel fuel (see section 211(i) of the Clean Air Act (42 U.S.C. 7545(i))) do not apply because the Administrator of the Environmental Protection Agency has granted an exemption under section 211(i)(4) of that Act.

Nontaxable use means a use described in section 4082(b).

Qualified dealer means any person that holds a qualified dealer license from the state of Alaska or has been registered by the district director as a qualified retailer. The district director will register a person as a qualified retailer only if the district director—

(1) Determines that the person, in the course of its trade or business, regularly sells diesel fuel or kerosene for use by its buyer in a nontaxable use; and

(2) Is satisfied with the filing, deposit, payment, and claim history for all federal taxes of the person and any related person.

(c) Tax-free removals and entries. Notwithstanding §48.4082–1, tax is not imposed by section 4081 on the removal or entry of any diesel fuel or kerosene in an exempt area of Alaska if—

(1) The person that would be liable for tax under §48.4081–2 or §48.4081–3 is a taxable fuel registrant and satisfies the
§ 48.4082-6  Kerosene; exemption for aviation-grade kerosene.

(a) Overview. This section prescribes the conditions under which tax does not apply to the removal or entry of aviation-grade kerosene that is destined for use as a fuel in an aircraft.

(b) Definition. For purposes of this section, "aviation-grade kerosene means kerosene-type jet fuel covered by ASTM specification D 1655 or military specification MIL-DTL-5624T (Grade JP-5) or MIL-DTL-83133E (Grade JP-8). For availability of ASTM and military specifications, see § 48.4081-1(d).

(c) Exemption for certain removals and entries. Tax is not imposed under § 48.4081-2(b), 48.4081-3(b)(1)(i), or 48.4081-3(c)(1)(ii) on the removal or entry of aviation-grade kerosene if—

(1) The person otherwise liable for tax is a taxable fuel registrant;

(2) In the case of a removal from a terminal, the terminal is an approved terminal; and

(3)(i) The person otherwise liable for tax delivers the kerosene into the fuel supply tank of an aircraft and this delivery is not in connection with a sale; or

(ii) The kerosene is sold for use as a fuel in an aircraft and, at the time of the sale, the person otherwise liable for tax has an unexpired certificate (described in paragraph (e) of this section) from the buyer and has no reason to believe any information in the certificate is false.

(d) Certain later sales—(1) In general. Paragraph (c) of this section does not apply with respect to kerosene that is sold as described in paragraph (c)(3)(ii) of this section if there is a later disqualifying sale of the kerosene. A later disqualifying sale is any later sale other than a later sale—
(i) By a person that, at the time of the sale, has an unexpired certificate (described in paragraph (e) of this section) from the buyer and has no reason to believe that any information in the certificate is false; or

(ii) In connection with the delivery of the kerosene into the fuel supply tank of an aircraft.

(2) Imposition of tax; liability for tax. Notwithstanding §§ 48.4081–2 and 48.4081–3, in any case in which paragraph (d)(1) of this section applies, tax is imposed with respect to that kerosene at the time of the first later disqualifying sale and the seller in that sale is liable for the tax.

(3) Rate of tax. For the rate of tax, see section 4081.

(e) Certificate—(1) In general. The certificate described in this paragraph (e) is a statement by a buyer that is signed with penalties of perjury by a person with authority to bind the buyer, is in substantially the same form as the model certificate provided in paragraph (e)(3) of this section, and contains all information necessary to complete the model certificate. A new certificate or notice that the current certificate is invalid must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earliest of the following dates:

(i) The date one year after the effective date of the certificate (which may be no earlier than the date it is signed).

(ii) The date the buyer provides the seller a new certificate or notice that the current certificate is invalid.

(iii) The date the Internal Revenue Service notifies the seller that the buyer’s right to provide a certificate has been withdrawn.

(2) Withdrawal of the right to provide a certificate. The Internal Revenue Service may withdraw the right of a buyer of aviation-grade kerosene to provide a certificate under this section if the buyer uses the aviation-grade kerosene to which a certificate relates other than as a fuel in an aircraft or sells the kerosene without first obtaining a certificate from its buyer. The Internal Revenue Service may notify any seller to whom the buyer has provided a certificate that the buyer’s right to provide a certificate has been withdrawn.

(3) Model certificate.

CERTIFICATE OF PERSON BUYING AVIATION-GRADE KEROSENE FOR USE AS A FUEL IN AN AIRCRAFT

(To support tax-free removals and entries of aviation-grade kerosene under section 4082 of the Internal Revenue Code.)

(Buyer) certifies the following

Name of Buyer

_______.

Under penalties of perjury:

The aviation-grade kerosene to which this certificate applies will be used by Buyer as a fuel in an aircraft or resold by Buyer for that use.

This certificate applies to ______ percent of Buyer’s purchases from ______ (name, address, and employer identification number of seller) as follows (complete as applicable):

1. A single purchase on invoice or delivery ticket number ______. If this certificate applies only to Buyer’s purchases for certain locations, check here ______ and list the locations.

2. All purchases between ______ (effective date) and ______ (expiration date) (period not to exceed one year after the effective date) under account or order numbers ______. If this certificate applies only to Buyer’s purchases for certain locations, check here ______ and list the locations.

Buyer is buying the kerosene for (check either or both as applicable): ______ Buyer’s use as a fuel in an aircraft. ______ Resale for use as a fuel in an aircraft.

Buyer will provide a new certificate to the seller if any information in this certificate changes.

If Buyer sells the aviation-grade kerosene to which this certificate relates and does not deliver it into the fuel supply tank of an aircraft, Buyer will be liable for tax unless Buyer obtains a certificate from its buyer stating that the aviation-grade kerosene will be used as a fuel in an aircraft.

If Buyer violates the terms of this certificate, the Internal Revenue Service may withdraw Buyer’s right to provide a certificate.

Buyer has not been notified by the Internal Revenue Service that its right to provide a certificate has been withdrawn.

The fraudulent use of this certificate may subject Buyer and all parties making any fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

Printed or typed name of person signing
§ 48.4082–7 Kerosene; exemption for feedstock purposes.

(a) Overview. This section prescribes the conditions under which tax does not apply to the removal or entry of kerosene for use for a feedstock purpose.

(b) Definitions. The following definitions apply to this section:

Feedstock purpose means the use of kerosene for nonfuel purposes in the manufacture or production of any substance other than gasoline, diesel fuel, or special fuels referred to in section 4041. Thus, for example, kerosene is used for a feedstock purpose when it is used as an ingredient in the production of paint and is not used for a feedstock purpose when it is used to power machinery at a factory where paint is produced.

Feedstock user means a person that uses kerosene for a feedstock purpose. Registered feedstock user means a feedstock user that is—

(1) Registered under section 4101 as a feedstock user; or

(2) With respect to removals and entries before October 1, 2000, a taxable fuel registrant.

(c) Exemption for removals and entries. Tax is not imposed on the removal or entry of kerosene if—

(1) The person otherwise liable for tax is a taxable fuel registrant;

(2) In the case of a removal from a terminal, the terminal is an approved terminal; and

(3)(i) The person otherwise liable for tax uses the kerosene for a feedstock purpose; or

(ii) The kerosene is sold for use by the buyer for a feedstock purpose and, at the time of the sale, the person otherwise liable for tax has an unexpired certificate (described in paragraph (e) of this section) from the buyer and has no reason to believe any information in the certificate is false.

(d) Later sale—(1) In general. Paragraph (c) of this section does not apply with respect to kerosene that is sold as described in paragraph (c)(3)(i) of this section if the buyer in that sale (the certifying buyer) sells the kerosene.

(2) Imposition of tax; liability for tax. Notwithstanding §§ 48.4081–2 and 48.4081–3, in any case in which paragraph (d)(1) of this section applies, tax with respect to that kerosene is imposed at the time of the sale by the certifying buyer and the certifying buyer is liable for the tax.

(3) Rate of tax. For the rate of tax, see section 4081.

(e) Certificate—(1) In general. The certificate described in this paragraph (e) is a statement by a buyer that is signed under penalties of perjury by a person with authority to bind the buyer, is in substantially the same form as the model certificate provided in paragraph (e)(2) of this section, and contains all information necessary to complete the model certificate. A new certificate or notice that the current certificate is invalid must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earliest of the following dates:

(i) The date one year after the effective date of the certificate (which may be no earlier than the date it is signed).

(ii) The date the buyer provides the seller a new certificate or notice that the current certificate is invalid.

(iii) The date the seller is notified by the Internal Revenue Service or the buyer that the buyer’s registration has been revoked or suspended.

(2) Model certificate.

CERTIFICATE OF REGISTERED FEEDSTOCK USER

(To support tax-free removals and entries of kerosene under section 4082 of the Internal Revenue Code.)

(Buyer) certifies the following

Name of Buyer

under penalties of perjury:

Buyer is a registered feedstock user with registration number. Buyer’s registration has not been revoked or suspended.
The kerosene to which this certificate applies will be used by Buyer for a feedstock purpose.

This certificate applies to _______ percent of Buyer’s purchases from _______ (name, address, and employer identification number of seller as follows (complete as applicable):

1. A single purchase on invoice or delivery ticket number _______.
2. All purchases between _______ (effective date) and _______ (expiration date) (period not to exceed one year after the effective date) under account or order number(s) _______. If this certificate applies only to Buyer’s purchases for certain locations, check here _______ and list the locations.

If Buyer sells the kerosene to which this certificate relates, Buyer will be liable for tax on that sale.

Buyer will provide a new certificate to the seller if any information in this certificate changes.

If Buyer violates the terms of this certificate, the Internal Revenue Service may revoke Buyer’s registration.

Buyer understands that the fraudulent use of this certificate may subject Buyer and all parties making any fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

(f) Effective date. This section is applicable after March 30, 2000, except that paragraph (d) of this section is applicable after June 30, 2000.

[T.D. 8879, 65 FR 17158, Mar. 31, 2000]

§ 48.4083–1 Taxable fuel; administrative authority.

(a) In general—(1) Authority to inspect. Officers or employees of the IRS designated by the Commissioner, upon presenting appropriate credentials and a written notice to the owner, operator, or agent in charge, are authorized to enter any place and to conduct inspections in accordance with paragraphs (a) through (c) of this section.

(2) Reasonableness. Inspections will be performed in a reasonable manner and at times that are reasonable under the circumstances, taking into consideration the normal business hours of the place to be entered.

(b) Place of inspection—(1) In general. Inspections may be at any place at which taxable fuel is (or may be) produced or stored or at any inspection site where evidence of activities described in section 6715(a) may be discovered. These places may include, but are not limited to—

(i) Any terminal;
(ii) Any fuel storage facility that is not a terminal;
(iii) Any retail fuel facility; or
(iv) Any designated inspection site.

(2) Designated inspection sites. A designated inspection site is any State highway inspection station, weigh station, agricultural inspection station, mobile station, or other location designated by the Commissioner to be used as a fuel inspection site. A designated inspection site will be identified as a fuel inspection site.

(c) Scope of inspection—(1) Inspection. Officers or employees may physically inspect, examine or otherwise search any tank, reservoir, or other container that can or may be used for the production, storage, or transportation of fuel, fuel dyes, or fuel markers. Inspection may also be made of any equipment used for, or in connection with, production, storage, or transportation of fuel, fuel dyes, or fuel markers. This includes any equipment used for the dyeing or marking of fuel. This also includes books and records, if any, that are maintained at the place of inspection and are kept to determine excise tax liability under section 4081.

(2) Detainment. Officers or employees may detain any vehicle or train for the purpose of inspecting its fuel tanks and storage tanks. Detainment will be either on the premises under inspection or at a designated inspection site. Detainment may continue for such reasonable period of time as is necessary to determine the amount and composition of the fuel.

(3) Removal of samples. Officers or employees may take and remove samples
§ 48.4091-3  Aviation fuel; conditions to allowance of refunds of aviation fuel tax under section 4091(d).

(a) Overview. This section provides the conditions under which a refund of tax imposed by section 4091 is allowable with respect to taxed aviation fuel that is held by a registered aviation fuel producer. No credit against any tax imposed by the Internal Revenue Code is allowed under section 4091(d).

(b) Conditions to allowance of refund. A claim for refund of tax imposed by section 4091 with respect to aviation fuel is allowed under section 4091(d) and this section only if—

(1) A tax imposed by section 4091 with respect to the aviation fuel was paid to the government by an importer or producer (the first producer) and the tax has not been otherwise credited or refunded;

(2) After imposition of the tax, the aviation fuel is acquired by a person that is a registered aviation fuel producer (the second producer);

(3) The second producer has filed a timely claim for refund that contains the information required under paragraph (d) of this section; and

(4) The first producer and any person that owns the fuel after its sale by the first producer and before its purchase by the second producer (a subsequent seller) have met the reporting requirements of paragraph (c) of this section.

(c) Reporting requirements—(1) In general. The reporting requirements of this paragraph (c)(3) are met if the first producer files a report (the first producer’s report) that—

(i) Is in substantially the same form as the model report provided in paragraph (c)(2) of this section (or such other model report as the Commissioner may prescribe);

(ii) Contains all information necessary to complete such model report; and

(iii) Is filed at the time and in the manner prescribed by the Commissioner.

(2) Model first producer’s report.

FIRST PRODUCER’S REPORT

First Producer’s name, address, and employer identification number

Buyer’s name, address, and employer identification number

Date and location of taxable sale

Volume and type of aviation fuel sold

Amount of federal excise tax paid on account of the sale

Under penalties of perjury, First Producer declares that First Producer has examined this statement, including any accompanying schedules and statements, and, to the best of First Producer’s knowledge and belief, it is true, correct and complete.

Printed or typed name of the person signing

Title of person signing

Signature and date signed

(3) Information provided to buyers. The reporting requirements of this paragraph (c)(3) are met if a first producer that filed a first producer’s report under paragraph (c)(1) of this section gives a copy of the report to the person to whom the first producer sells the aviation fuel.

(4) Statement of subsequent seller—(i) In general. The reporting requirements of this paragraph (c)(4) are met if—

(ii)(A) Each subsequent seller gives to its buyer a copy of a statement that provides all information (whether or not in the same format) necessary to complete the model statement prescribed in paragraph (c)(4)(ii) of this section (or such other model statement...
as the Commissioner may prescribe); and

(B) The statement is provided at the bottom or on the back of the copy of the first producer’s report (or in an attached document).

(iii) Model statement describing subsequent sale.

**STATEMENT OF SUBSEQUENT SELLER**

(AVIATION FUEL)

Name, address, and employer identification number of seller in subsequent sale

Name, address, and employer identification number of buyer in subsequent sale

Date and location of subsequent sale

Volume and type of aviation fuel sold

The undersigned seller (the Seller) has received the copy of the first producer’s report provided with this statement in connection with Seller’s purchase of the aviation fuel described in this statement.

Under penalties of perjury, Seller declares that Seller has examined this statement, including any accompanying schedules and statements, and, to the best of Seller’s knowledge and belief, it is true, correct and complete.

Printed or typed name of person signing

Title of person signing

Signature and date signed

(5) Sale to multiple buyers. If a first producer’s report relates to aviation fuel that is divided among more than one buyer, multiple copies of the first producer’s report should be made at the stage that the aviation fuel is divided and a copy given to each buyer. The reporting requirements of this paragraph (c) will be met only with respect to the fuel purchased by buyers that are given a copy of the report including any statement required under paragraph (c)(4) of this section.

(d) Form and content of claim—(1) In general. The following rules apply to claims for refund under section 4091(d):

(i) The claim must be made on Form 8849 (or such other form as the Commissioner may designate) in accordance with the instructions on the form. The form should be marked Section 4091(d) Claim at the top. Section 4091(d) claims must not be included with a claim for a refund under any other provision of the Internal Revenue Code.

(ii) Information to be included in the claim. Each claim for a refund under section 4091(d) must contain the following information with respect to the aviation fuel covered by the claim:

(i) Volume and type of aviation fuel.

(ii) Date on which the second producer acquired the aviation fuel to which the claim relates.

(iii) Amount of tax that the first producer paid to the government and a statement that the second producer has not included the amount of that tax in the sales price of the aviation fuel to which the claim relates and has not collected that amount from the person that bought the aviation fuel from the second producer, if any.

(iv) Name, address, and employer identification number of the first producer that paid the tax to the government.

(v) A copy of the first producer’s report that relates to the aviation fuel covered by the claim.

(vi) A copy of any statement of a subsequent seller that the second producer received with respect to that aviation fuel.

(e) Time for filing claim. A claim for refund under section 4091(d) may be filed any time after the first producer has filed the return of the tax to which the claim relates and before the end of the period prescribed by section 6511 for the filing of a claim for refund of that tax.

(f) Effective date. This section is applicable with respect to refunds of tax imposed by section 4091 after December 31, 1998.


§ 48.4101-1 Taxable fuel; registration.

(a) In general. (1) This section provides rules relating to registration under section 4101 for purposes of the federal excise tax on taxable fuel imposed by sections 4041(a)(1) and 4081 and
§48.4101–1

the credit or payment allowed to certain ultimate vendors of diesel fuel and kerosene under section 6427.

(2) A person is registered under section 4101 only if the district director has issued a registration letter to the person and the registration has not been revoked or suspended. However, the United States is treated as registered under section 4101.

(3) A refiner that is registered under section 4101 may, with respect to the bulk removal of any batch of gasohol from its refinery, treat itself as a person that is not registered. See §48.4081–3(b)(1)(iii).

(4) Each business unit that has, or is required to have, a separate employer identification number is treated as a separate person. Thus, two business units (for example, a parent corporation and a subsidiary corporation, or a proprietorship and a related partnership), each of which has a different employer identification number, are two persons.

(5) A registration in effect on December 31, 1993, with respect to the tax on gasoline or diesel fuel is subject to the district director’s review, and to revocation or suspension, under the standards set forth in this section, but remains in effect until the earlier of—

(i) The effective date of a registration issued under paragraph (g)(3) of this section; or

(ii) The effective date of the revocation or suspension of registration under paragraph (i) of this section.

(6)(i) A person is treated as a taxable fuel registrant if on June 30, 1998, the person—

(A) Is an enterer, refiner, terminal operator, or throughputter with respect to kerosene and is registered under section 4101 as a producer or importer of aviation fuel;

(B) Operates one or more terminals that store kerosene (and no other type of taxable fuel); or

(C) Is a commercial airline, an operator of aircraft in noncommercial aviation, or a fixed base operator and is also a position holder with respect to kerosene.

(ii) A person treated as registered under paragraph (a)(6)(i) of this section is treated as registered from July 1, 1998, until the earlier of—

(A) The date of a subsequent denial of an application for registration under paragraph (g)(2) of this section;

(B) The effective date of a subsequent registration issued under paragraph (g)(3) of this section;

(C) The effective date of a subsequent revocation or suspension of registration under paragraph (i) of this section; or

(D) July 1, 1999.

(b) Definitions—(1) Applicant. An applicant is a person that has applied for registration under paragraph (e) of this section.

(2) Bonded registrant. A bonded registrant is a person that has given a bond to the district director under paragraph (j) of this section as a condition of registration.

(3) Gasohol bonding amount. The gasohol bonding amount is the product of—

(i) The rate of tax applicable to later separation, as described in §48.4081–6(f)(1)(iii); and

(ii) The total number of gallons of gasoline expected to be bought at the gasohol production tax rate by the gasohol blender during a representative 6-month period (as determined by the district director).

(4) Penalized for a wrongful act. A person has been penalized for a wrongful act if the person has—

(i) Been assessed any penalty under chapter 68 of the Internal Revenue Code (or similar provision of the law of any State) for fraudulently failing to file any return or pay any tax, and the penalty has not been wholly abated, refunded, or credited;

(ii) Been assessed any penalty under chapter 68 of the Internal Revenue Code, such penalty has not been wholly abated, refunded, or credited, and the district director determines that the conduct resulting in the penalty is part of a consistent pattern of failing to deposit, pay, or pay over a substantial amount of tax;

(iii) Been convicted of a crime under chapter 75 of the Internal Revenue Code (or similar provision of the law of any State), or of conspiracy to commit such a crime, and the conviction has not been wholly reversed by a court of competent jurisdiction;

(iv) Been convicted, under the laws of the United States or any State, of a
Persons that may, but are not required to, be registered. A person may,
but is not required to, be registered under section 4101 if the person is—

(1) A feedstock user;
(2) A gasohol blender;
(3) An industrial user;
(4) A throughputter that is not a position holder;
(5) An ultimate vendor; or
(6) An ultimate vendor (blocked pump).

(e) Application instructions. Application for registration under section 4101 must be made in accordance with the instructions for Form 637 (or such other form as the Commissioner may designate).

(f) Registration tests—(1) In general—(i) Persons other than ultimate vendors, pipeline operators, and vessel operators. Except as provided in paragraph (f)(1)(ii) of this section, the district director will register an applicant only if the district director determines that the applicant meets the following three tests (collectively, the registration tests):

(A) The activity test of paragraph (f)(2) of this section.
(B) The acceptable risk test of paragraph (f)(3) of this section.
(C) The adequate security test of paragraph (f)(4) of this section.

(ii) Ultimate vendors, pipeline operators, and vessel operators. The district director will register an applicant as an ultimate vendor, ultimate vendor (blocked pump), pipeline operator, or
vessel operator only if the district director—

(A) Determines that the applicant meets the activity test of paragraph (f)(2) of this section; and

(B) Is satisfied with the filing, deposit, payment, and claim history for all federal taxes of the applicant and any related person.

(2) The activity test. An applicant meets the activity test of this paragraph (f)(2) only if the district director determines that the applicant—

(i) Is, in the course of its trade or business, regularly engaged as an operator of a bus or train or in the characteristic activity of a person described in paragraph (c)(1) or (d) of this section; or

(ii) Is likely to be (because of such factors as the applicant’s business experience, financial standing, or trade connections), in the course of its trade or business, regularly engaged as an operator of a bus or train or in the characteristic activity of a person described in paragraph (c)(1) or (d) of this section within a reasonable time after becoming registered under section 4101.

(3) Acceptable risk test—(i) In general. An applicant meets the acceptable risk test of this paragraph (f)(3) only if—

(A) Neither the applicant nor a related person has been penalized for a wrongful act; or

(B) Even though the applicant or a related person has been penalized for a wrongful act, the district director determines, after review of evidence offered by the applicant, that the registration of the applicant does not create a significant risk of nonpayment or late payment of the tax imposed by sections 4041(a)(1) and 4081.

(ii) Significant risk of nonpayment or late payment of tax. In making the determination described in paragraph (f)(3)(i)(B) of this section, the district director may consider factors such as the following:

(A) The time elapsed since the applicant or related person was penalized for a wrongful act.

(B) The present relationship between the applicant and any related person that was penalized for any wrongful act.

(C) The degree of rehabilitation of the person penalized for any wrongful act.

(D) The amount of bond given by the applicant. In this regard, the district director may accept a bond under paragraph (j) of this section, without regard to the limits on the amount of the bond set by paragraph (j)(2) of this section.

(4) Adequate security test—(i) In general. An applicant meets the adequate security test of this paragraph (f)(4) only if the district director determines that the applicant has both adequate financial resources and a satisfactory tax history, or the applicant gives the district director a bond (under the provisions of paragraph (j) of this section).

(ii) Adequate financial resources—(A) In general. An applicant has adequate financial resources only if the district director determines that the applicant is financially capable of paying—

(I) Its expected tax liability under sections 4041(a)(1) and 4081 for a representative 6-month period (as determined by the district director);

(2) In the case of a terminal operator, the expected tax liability under section 4081 of persons other than the terminal operator with respect to taxable fuel removed at the racks of its terminals during a representative 1-month period (as determined by the district director); and

(3) In the case of a gasohol blender, the gasohol bonding amount.

(B) Basis for determination. The determination under this paragraph (f)(4)(ii) must be based on financial information such as the applicant’s income statement, balance sheet or bond ratings, or other information related to the applicant’s financial status.

(iii) Satisfactory tax history. An applicant has a satisfactory tax history only if the district director is satisfied with the filing, deposit, and payment history for all federal taxes of the applicant and any related person.

(g) Action on the application by the district director—(1) Review of application. The district director may investigate the accuracy and completeness of any representations made by an applicant, request any additional relevant information from the applicant, and inspect
the applicant’s premises during normal business hours without advance notice.

(2) Denial. If the district director determines that an applicant does not meet all of the applicable registration tests described in paragraph (f) of this section, the district director must notify the applicant, in writing, that its application for registration is denied and state the basis for the denial.

(3) Approval. If the district director determines that an applicant meets all of the applicable registration tests described in paragraph (f) of this section, the district director must register the applicant under section 4101 and issue the applicant a letter of registration containing the effective date of the registration. The effective date of the registration must be no earlier than the date on which the district director signs the letter of registration. A copy of an application for registration (Form 637) is not a letter of registration.

(h) Terms and conditions of registration—(1) Affirmative duties. Each registrant must—

(i) Make deposits, file returns, and pay taxes required by the Internal Revenue Code and the regulations;

(ii) Keep records sufficient to show the registrant’s tax liability under sections 4041(a)(1) and 4081 and payments or deposits of such liability;

(iii) Make all information reports required under section 4101(d);

(iv) Make available for inspection on demand by the Internal Revenue Service during normal business hours records relevant to a determination of tax liability under sections 4041(a)(1) and 4081; and

(v) Notify the district director of any change (such as a change in ownership) in the information the registrant submitted in connection with its application for registration, or previously submitted under this paragraph (h)(1)(v), within 10 days after the change occurs.

(2) Prohibited actions. A registrant may not—

(i) Sell, lease or otherwise allow another person to use its registration;

(ii) Make any false statement to the district director in connection with a submission under paragraph (h)(1) or (h)(3) of this section;

(iii) Make any false statement on, or violate the terms of, any certificate given to another person to support an exemption from, or a reduced rate of, the tax imposed by section 4081; or

(iv) In the case of an ultimate vendor (blocked pump), deliver kerosene (or allow kerosene to be delivered) into the fuel supply tank of a diesel-powered highway vehicle or diesel-powered train from a blocked pump.

(3) Additional terms and conditions for terminal operators—(1) Notice required with respect to dyed diesel fuel and dyed kerosene. A legible and conspicuous notice stating “DYED DIESEL FUEL, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE” must be provided by each terminal operator to any person that receives dyed diesel fuel at a terminal rack of that operator. A legible and conspicuous notice stating “DYED KEROSENE, NONTAXABLE USE ONLY, PENALTY FOR TAXABLE USE” must be provided by each terminal operator to any person that receives dyed kerosene at a terminal rack of that operator. These notices must be provided by the time of the removal and must appear on all shipping papers, bills of lading, and similar documents that are provided by the terminal operator to accompany the removal of the fuel.

(ii) Records to be maintained relating to removals of diesel fuel or kerosene. Each terminal operator must keep the following information with respect to each rack removal of diesel fuel or kerosene at each terminal it operates:

(A) The bill of lading or other shipping document.

(B) The record of whether the fuel was dyed and marked in accordance with §48.4082–1.

(C) The volume and date of the removal.

(D) The identity of the person, such as a common carrier, that physically received the fuel.

(E) Any other information required by the Commissioner.

(iii) Records to be maintained relating to dye. With respect to each of its terminals, a terminal operator must keep records relating to dye inventories and usage.

(iv) Retention of information. In addition to any other requirement relating
to the retention of records, the terminal operator must—

(A) Maintain the information described in paragraph (h)(3)(ii) of this section at the terminal from which the removal occurred for at least 3 months after the removal to which it relates; and

(B) Maintain the information described in paragraph (h)(3)(iii) of this section at the terminal where the dye was received for at least 3 months after the receipt.

(v) Prohibition on providing incorrect information. In connection with the removal of diesel fuel or kerosene that is not dyed and marked in accordance with §48.4082–1, a terminal operator may not provide any person (including the position holder with respect to the fuel) with any bill of lading, shipping paper, or similar document indicating that the diesel fuel or kerosene is dyed and marked in accordance with §48.4082–1.

(1) Adverse actions by the district director against a registrant—(1) Mandatory revocation or suspension. The district director must revoke or suspend the registration of any registrant if the district director determines that the registrant, at any time—

(i) Does not meet one or more of the applicable registration tests under paragraph (f) of this section and has not corrected the deficiency within a reasonable period of time after notification by the district director;

(ii) Has used its registration to evade, or attempt to evade, the payment of any tax imposed by section 4041(a)(1) or 4081, or to postpone or in any manner to interfere with the collection of any such tax, or to make a fraudulent claim for a credit or payment;

(iii) Has aided or abetted another person in evading, or attempting to evade, payment of any tax imposed by section 4041(a)(1) or 4081, or in making a fraudulent claim for a credit or payment; or

(iv) Has sold, leased, or otherwise allowed another person to use its registration.

(2) Remedial action permitted in other cases. If the district director determines that a registrant has, at any time, failed to comply with the terms and conditions of registration under paragraph (h) of this section, made a false statement to the district director in connection with its application for registration or retention of registration, or otherwise used its registration in a manner that creates a significant risk of nonpayment or late payment of tax, then the district director may—

(i) Revoke or suspend the registrant’s registration;

(ii) In the case of a registrant other than an ultimate vendor or an ultimate vendor (blocked pump), require the registrant to give a bond under the provisions of paragraph (j) of this section as a condition of retaining its registration; and

(iii) In the case of a registrant other than an ultimate vendor or an ultimate vendor (blocked pump), require the registrant to file monthly or semimonthly returns under §40.6011(a–1)(b) of this chapter as a condition of retaining its registration.

(3) Action by the district director to revoke or suspend a registration. If the district director revokes or suspends a registration, the district director must notify the registrant in writing and state the basis for the revocation or suspension. The effective date of the revocation or suspension may not be earlier than the date on which the district director notifies the registrant.

(1) Form. Each bond given to the district director as a condition of registration under paragraph (f)(4)(i) or (i)(2)(ii) of this section must be executed in the form prescribed by the district director. Each bond must be—

(i) A public debt obligation of the United States Government;

(ii) An obligation the principal and interest of which are unconditionally guaranteed by the United States Government;

(iii) A bond executed by a surety company listed in Department of the Treasury Circular 570 as an acceptable surety or reinsurer of federal bonds (a surety bond); or

(iv) Any other bond with security (including liens under section 4101(b)(1)(B)) considered acceptable by the district director.

(2) Amount of bond. A bond given under this paragraph (j) must be in an amount that the district director determines will ensure timely collection
§ 48.4101–1

of the taxes imposed by sections 4041(a)(1) and 4081, taking into account the applicant’s financial capabilities, tax history, and expected liability under sections 4041(a)(1) and 4081. The district director may increase or decrease the amount of the required bond to take into account changes in the applicant’s financial capabilities, tax history, and expected liability under sections 4041(a)(1) and 4081. However, in no case may the amount of the bond be greater than the amount that the district director determines is equal to—

(i) The applicant’s expected tax liability under sections 4041(a)(1) and 4081 for a representative 6-month period (as determined by the district director);

(ii) In the case of a terminal operator, the expected tax liability of persons other than the terminal operator under section 4081 with respect to taxable fuel removed at the racks of its terminals (determined as if all removals of taxable fuel were taxable) during a representative 1-month period (as determined by the district director); and

(iii) In the case of a gasohol blender, the gasohol bonding amount.

(3) Collection of taxes from a bond. If a bonded registrant does not pay the amount of tax it incurs under section 4041(a)(1) or 4081 by the time prescribed in section 6151 for paying that tax, the district director may collect the amount of the unpaid tax (including penalties and interest with respect to that tax) from the bonded registrant’s bond.

(4) Termination of bonds—(i) Surety bonds. A surety on a bond may give written notice to the district director and the bonded registrant that the surety desires to be relieved of liability under the bond after a certain date, which date must be at least 60 days after the receipt of the notice by the district director. The surety will be relieved of any liability that the bonded registrant incurs after the date named in the notice. However, the surety remains liable for the amount of tax that the bonded registrant incurred under sections 4041(a)(1) and 4081 during the term of the bond and for penalties and interest with respect to that tax.

(ii) Other bonds. A bond (other than a surety bond) given to the district director may be returned to the bonded registrant only after the earlier of—

(A) The district director’s determination that the bonded registrant has paid all taxes that the bonded registrant incurred under sections 4041(a)(1) and 4081 during the period covered by the bond and any penalties and interest with respect to the taxes;

(B) The expiration of the period for assessment of the taxes that the bonded registrant incurred under sections 4041(a)(1) and 4081 during the period covered by the bond, as determined under the provisions of subchapter A of chapter 66 of the Internal Revenue Code; or

(C) The date that the district director receives from the registrant a substitute bond given under this paragraph (j).

(5) Determination that bond is no longer required. If the district director determines that the bonded registrant meets the adequate security test of paragraph (f)(4) of this section without a bond, the registrant is to be released from the obligation to give a bond as a condition of registration under section 4101.

(k) Cross references. For a rule relating to the filing of monthly and semi-monthly returns by certain persons that are registered under section 4101, see § 40.6011(a)–1(b)(2) of this chapter. For rules relating to the tax on taxable fuel, see §§ 48.4081–1 through 48.4083–1. For rules relating to claims by registered ultimate vendors, see § 48.6427–9. For rules relating to claims by registered ultimate vendors (blocked pump), see § 48.6427–10.

(1) Effective dates. (1) Except as otherwise provided in this paragraph (l), this section is applicable as of January 1, 1994.

(2) Paragraph (c)(1) of this section (relating to persons required to be registered) is applicable as of January 1, 1995, except that paragraphs (c)(1)(iii) and (c)(1)(vii) of this section are applicable after March 31, 2001.

(3) Paragraph (h)(3)(iii) of this section (relating to certain recordkeeping requirements) is applicable as of July 1, 1996.
§ 48.4101–2 Information reporting.

(a) In general. Each information report under section 4101(d) must be—
(1) Made in the form required by the Commissioner;
(2) Made for a period of one calendar month; and
(3) Filed by the last day of the first month following the month for which the report is made, except that a report relating to any month during 2000 must be filed by February 28, 2001.

(b) Effective date. This section is applicable after March 30, 2000.

[T.D. 8879, 65 FR 17160, Mar. 31, 2000]

§ 48.4102–1 Inspection of records by State or local tax officers.

(a) Inspection of records maintained by taxpayer. The records that a taxpayer is required to keep with respect to the taxes imposed by section 4081 or 4091 must be open to inspection by any officer of any State or political subdivision thereof, or of the District of Columbia, who is charged with the enforcement or collection of any tax on taxable fuel or aviation fuel.

(b) Inspection of records maintained by Internal Revenue Service—(1) In general. The records maintained by the Internal Revenue Service with respect to the taxes imposed by sections 4081 and 4091 shall, upon the request of an officer (described in paragraph (b)(2) of this section) of a State or political subdivision thereof, or of the District of Columbia, who is charged with the enforcement or collection of any tax on taxable fuel or aviation fuel imposed by the State, political subdivision, or the District of Columbia, be open to inspection by the officer for purposes of collection or enforcement.

(2) Requests for inspection. Requests for inspection under this paragraph shall be made in writing, signed by any officer of a State, political subdivision, or the District of Columbia, who is charged with the enforcement or collection of any tax on taxable fuel or aviation fuel imposed by the State, political subdivision, or the District of Columbia, and shall be addressed to the director of the Internal Revenue Service Center having custody of the records which it is desired to inspect. Each such request shall state (i) the kind of records (whether pertaining to taxable fuel or aviation fuel) it is desired to inspect, (ii) the period or periods covered by the records involved, (iii) the name of the officer by whom the inspection is to be made, (iv) the name of the representative of the officer who has been designated to make the inspection, (v) by specific reference, the law of the State, political subdivision, or the District of Columbia imposing the tax which the officer is charged with collecting or enforcing, and the law under which the officer is so charged, and (vi) the purpose for which the inspection is to be made. The service center director will notify the person making the request upon approval or disapproval of the request.

(3) Time and place for inspection. In any case where a request for inspection under this paragraph (b) is approved, the inspection shall be made in the office of the service center director having custody of the records which it is desired to inspect, but only in the presence of an internal revenue officer or employee and during the regular hours of business of the office.


Subpart I—Coal

§ 48.4121–1 Imposition and rate of tax on coal.

(a) Imposition of tax—(1) In general. Section 4121(a) imposes a tax on coal mined at any time in this country if the coal is sold or used by the producer after March 31, 1978 (see section 4218 and the regulations under that section for rules relating to the use of coal being treated as a sale of coal). For purposes of this section, the term “producer” means the person in whom is vested ownership of the coal under state law immediately after the coal is severed from the ground, without regard to the existence of any contractual arrangement for the sale or other disposition of the coal or the payment of any royalties between the producer and third parties. The term includes any person who extracts coal from coal waste refuse piles or from the silt...
waste product which results from the wet washing (or similarly processing) of coal. However, the excise tax does not apply to a producer who sells the silt waste product without extracting the coal from it, or to the producer who uses the silt waste product without extracting the coal from it. Furthermore, the excise tax does not apply to the sale or use of the silt waste product after any coal has been extracted from it.

(2) Examples. Paragraph (a)(1) of this section may be illustrated by the following examples:

Example (1). A, a limited partnership, is the owner of land on which a coal mine is located. A contracts with XYZ Company to extract the coal for a set price per ton. XYZ Company is an independent contractor and has no ownership interest in the coal mined. Under state law, A is the owner of the coal immediately after severance. After XYZ extracts the coal from the mine, A sells the coal. A is the producer of the coal and is responsible for the payment of the excise tax.

Example (2). A, a limited partnership, is the owner of land on which a coal mine is located. A leases the land to XYZ Company, and XYZ Company extracts coal from the mine and sells it. Under state law, XYZ is the owner of the coal immediately after the coal is severed from the ground. XYZ Company is the producer and must pay the excise tax. This is true even though the lease agreement requires XYZ to pay a royalty to A.

Example (3). XYZ Company purchases a coal waste refuse pile from B and extracts the coal from the waste refuse pile and sells the coal. XYZ is the producer and must pay the excise tax.

Example (4). XYZ Company is a producer of coal and operates its own cleaning plant. After wet washing the coal, it sells the coal and the silt waste product. The sale of the coal is subject to the excise tax whereas the sale of the silt is not.

Example (5). Assume the same facts as in example (4) except that before selling the silt waste product XYZ Company extracts a small quantity of finely sized coal from the silt waste product and then sells both the finely sized coal and the silt waste product. The sale of the finely sized coal is subject to the excise tax whereas the sale of the silt is not.

(b) Rate of tax—(1) Underground mines; surface mines. The rate of tax imposed on coal from underground mines located in the United States is the lower of 25 cents per ton (2,000 pounds) or 2 percent of the sale price. If a sale or use includes a portion of a ton, the tax is applied proportionately. Thus, if 1,200 pounds of coal from an underground mine are sold for $35.00, the tax is 30 cents.

(2) Combination. If a single mine yields coal from both surface and underground mining, the producer must determine the rate (50 cents or 25 cents per ton) for each ton of coal mined: It is presumed that coal is mined from underground mines (50 cents per ton) unless the producer keeps sufficient records to establish the satisfaction of the Secretary that the coal was mined from a surface mine.

(c) Exemptions—(1) Lignite or imported coal. The excise tax of coal does not apply to lignite or imported coal. Lignite is defined in accordance with the standard specification for classification of coals by rank of the American Society for Testing and Materials (Annual Book of ASTM Standards Part 26, D 388). The procedures specified in D 388 must be followed. If a producer extracts both taxable coal and lignite, then the producer must maintain adequate records to establish the portion of the mineral mined that is exempt from the tax. In determining whether all or a portion of the mineral extracted is lignite, the Service will consider all the facts and circumstances. For example, if a producer sells lignite and coal, the Service will examine all the facts and circumstances, including the contract price, contract specifications, and the amount of lignite extracted as it compares to the amount of lignite sold.

(2) Other exemptions not applicable. There are no exemptions for sales for further manufacture, for export, for use as supplies for vessels or aircraft, for the use of a State or local government, or for the use of a nonprofit educational organization. Furthermore, the Secretary does not have discretion to exempt sales of coal for use of the United States from the tax. There is also no exemption from the coal excise tax when the coal is used in further manufacture of another article that is subject to manufacturers excise tax.
§48.4161(a) 26 CFR Ch. I (4–1–02 Edition)

For example, if a producer of coal converts coal into gasoline which the producer then sells, the producer is liable for the coal excise tax when the coal is converted into gasoline and also liable for the manufacturers excise tax on gasoline when the gasoline is sold.

(d) Definitions and special rules—(1) Coal produced from surface mine. Coal is treated as produced from a surface mine if all of the geological matter (e.g., trees, earth, rock) above the coal is removed before the coal is mined. In addition, both coal mined by auger and coal that is reclaimed from coal waste refuse piles are treated as produced from a surface mine.

(2) Coal produced from underground mine. Coal is treated as produced from an underground mine if it is not produced from a surface mine.

(3) Coal used by the producer. For purposes of this section, the term “coal used by the producer” means use by the producer in other than a mining process. A mining process is determined the same way it is determined for percentage depletion purposes. For example, a producer who mines coal does not “use” the coal and thereby becomes liable for the tax merely because, before selling the coal, the producer breaks it, cleans it, sizes it, or applies one of the other processes listed in section 613(c)(4)(A) of the Code. In such a case, the producer will be liable for the tax only when he sells the coal. On the other hand, a producer who mines coal does become liable for the tax when he uses the coal as fuel, as an ingredient in making coke, or in another process not treated as “mining” under section 613(c).

(4) Tonnage sold and sales price. For purposes of determining both the amount of coal sold by a producer and the sales price of the coal, the point of sale is f.o.b. mine, or f.o.b. cleaning point if the producer cleans the coal before selling it. This is true even if the producer sells the coal on the basis of a delivered price. Accordingly, f.o.b. mine or cleaning point is the point at which the number of tons sold is to be determined for purposes of applying the applicable tonnage rate, and the point at which the sales price is to be determined for purposes of the tax under the 2 percent rate.

(5) Constructive sale price. If a producer uses coal mined by the producer in other than a mining process, a constructive sale price must be used in determining the tax under the 2 percent rate. This constructive price is determined under sections 613(c) and 4218(e) of the Code, and is based on sales of like kind and grade of coal by the producer or other producers made f.o.b. mine (if the coal is used without first being cleaned) or f.o.b. cleaning plant (if the coal is cleaned before it is used). Normally, this constructive price will be the same as the constructive price used in determining the producer’s percentage depletion deduction.


Subpart J [Reserved]

Subpart K—Sporting Goods


§48.4161(a) [Reserved]

§48.4161(a)–1 Imposition and rate of tax; fishing equipment.

(a) Imposition of tax. Section 4161(a) imposes a tax on the sale of the following articles of fishing equipment (including in each case parts or accessories of such articles sold on or in connection therewith or with the sale thereof) by the manufacturer, producer, or importer thereof:

(1) Fishing rods;
(2) Fishing creels;
(3) Fishing reels; and
(4) Artificial lures, baits, and flies.

The tax applies only to those items of fishing equipment specified in section 4161(a) and this paragraph. Therefore, other items of fishing equipment, such as fishing nets, lines, hooks, sinkers, gaffs, etc., are not subject to the tax. Furthermore, the tax applies only to those specified articles of fishing equipment that are designed or constructed for use in the sport of fishing. Accordingly, the tax does not apply to
§ 48.4161(a)--3

Meaning of terms.

(a) Fishing rods. The term “fishing rods” includes all articles, however, designated, that are designed or constructed for use in conjunction with a fishing reel for casting a line and hook in the sport of fishing. The term does not include any article that is neither essential to the operation of the specified article, or to improve its appearance. For example, a carrying case billed separately. To be considered a part or accessory for a fishing rod is not considered to be a part or accessory for a fishing rod, despite the fact that it is designed for use with the rod, because it is neither essential to the use of the rod, nor does it in any way improve its performance or appearance. A sale of a part or accessory which would otherwise be considered a sale “on or in connection with” the sale of an article taxable under section 4161(a), is not subject to tax if the part or accessory is sold as a replacement for an identical part or accessory being sold with the taxable article.

(b) Fishing creels. The term “fishing creels” includes all portable containers, of whatever material made, that are designed for storing and carrying fish from the time they are caught until such time as they are removed from the container for consumption or preservation. The term does not include any article primarily designed for use in the commercial fishing industry, or an article such as a collapsible wire basket designed to be hung over the side of a boat to keep fish captive and alive in the water.

(c) Fishing reels. The term “fishing reels” includes all mechanical and electrical devices that contain a spool for dispensing and recovering fishing line, and are designed for use with fishing rods in casting and in reeling in hooked fish in the sport of fishing. The term also includes reels designed for use with bows, in the sport of bowfishing.

(d) Artificial lures, baits, and flies. The term “artificial lures, baits, and flies” includes all artifacts, of whatever materials made, that simulate an article considered edible by fish and are designed to be attached to a line or hook to attract fish so that they may be captured. Thus, the term includes such artifacts as imitation flies, blades, spoons, and spinners, and edible materials that have been processed so as to resemble a different edible article considered more attractive to fish, such as bread crumbs treated so as to simulate salmon eggs, and pork rind cut and dyed to resemble frogs, eels, or tadpoles.

§ 48.4161(a)--3 Parts and accessories.

(a) In general. The tax attaches with respect to parts and accessories for articles specified in section 4161(a) and § 48.4161(a)--1 that are sold on or in connection with such articles, or with the sale thereof, at the same rate applicable to the sale of the basic articles. The tax attaches in such cases whether or not charges for the parts or accessories are billed separately. To be considered a part or accessory for an article specified in section 4161(a), an item must be either essential to the operation of the specified article, or be designed to directly improve the performance of the specified article, or to improve its appearance. For example, a carrying case for a fishing rod is not considered to be a part or accessory for a fishing rod, despite the fact that it is designed for use with the rod, because it is neither essential to the use of the rod, nor does it in any way improve its performance or appearance. A sale of a part or accessory which would otherwise be considered a sale “on or in connection with” the sale of an article taxable under section 4161(a), is not subject to tax if the part or accessory is sold as a replacement for an identical part or accessory being sold with the taxable article.
§ 48.4161(a)–4 Use considered sale.

For provisions relating to the tax on use of taxable articles by the manufacturer, producer, or importer thereof, see section 4161 relating to use by a manufacturer being considered a sale, and the regulations thereunder.

§ 48.4161(a)–5 Tax-free sales.

For provisions relating to the tax-free sales of articles referred to in section 4161(b) see:
(a) Section 4221, relating to certain tax-free sales;
(b) Section 4222, relating to registration;
(c) Section 4223, pertaining to special rules relating to further manufacture; and
(d) Section 4225, relating to exemption of articles manufactured or produced by Indians.

§ 48.4161(b) [Reserved]

§ 48.4161(b)–1 Imposition and rates of tax; bows and arrows.

(a) Imposition of tax. Section 4161(b) imposes a tax on the sale of the following articles by the manufacturer, producer, or importer thereof:
(1) Any bow that has a draw weight of 10 pounds or more;
(2) Any arrow that measures 18 inches overall or more in length;
(3) Any part or accessory (other than a fishing reel) suitable for inclusion in or attachment to a bow or arrow described in subparagraph (1) or (2) of this paragraph; and
(4) Any quiver suitable for use with arrows described in subparagraph (2) of this paragraph.

(b) Rate of tax. The tax is imposed on the sale of articles enumerated in section 4161(b) and paragraph (a) of this section at the rate of 11 percent of the price for which such articles are sold. For the definition of the term "price", see section 4216 and the regulations thereunder.

(c) Liability for tax. (1) The tax imposed by section 4161(b) is payable by the manufacturer, producer, or importer making the sale. For determining who is the manufacturer, producer, or importer, see § 48.0–2(a)(4).

§ 48.4161(b)–2 Meaning of terms.

(a) For purposes of the tax imposed by section 4161(b), and unless otherwise expressly indicated:
(1) Bows. The term "bows" includes all articles made of flexible materials, that are designed to be equipped with a string and used for the propelling of arrows in the sport of archery (target shooting), or in hunting or fishing.
(2) Arrows. The term "arrows" includes all articles designed or constructed to be propelled by a bow in the sport of archery (target shooting), or in hunting or fishing. The overall length of an arrow is to be measured from the point of the tip or arrow-head to the end of the arrow nock. In the case of arrows sold by the manufacturer without heads, tips, or nocks, the overall length is to include the length of the shaft plus the length of the nock and head or tip that is normally used with the particular type of arrow shaft.

(b) Parts and accessories—(1) In general. "Parts and accessories" for bows and arrows include all articles (other than fishing reels) suitable for inclusion in or attachment to a bow or arrow.
brush buttons, camouflaged bow covers, and all other articles designed to be attached to or included in a bow to assist in aiming or propelling an arrow, or to protect the bow while in use. Examples of parts and accessories for arrows are arrow shafts, nocks, tips, heads, head adapters, and feathers.

(2) General purpose materials and articles. General purpose materials and articles that are not specifically designed to directly improve the performance or appearance of bows or arrows, or to protect them while in use, are not considered to be “parts and accessories” for bows or arrows, even though such materials may be intended, after further processing, to be included in or attached to bows or arrows. An example of a nontaxable article that is designed for use with a bow, but is neither attached to a bow, nor serves a purpose directly related to the efficient use of a bow, is a carrying case for a bow. Examples of nontaxable general purpose materials or articles are glues and cements, feathers before they are prepared for use with arrows, and bowstring thread before it is processed into bowstrings. Arrow-shaft material is considered to be a taxable part for an arrow, unless the manufacturer, producer, or importer can establish that the particular material is unsuitable for use in the manufacture of arrows that are subject to the tax imposed by section 4161(b)(1)(B). In addition, the term “parts and accessories” does not include articles in the nature of expendable supplies, even though such articles are designed to be applied to, or used with, bows or arrows. Examples of such supply materials are bowstring wax, and archery powder.

(a) Quivers. The term “quivers” includes all articles, of whatever material made, that are designed to contain, and to provide ready access to, taxable arrows during the time an archer is engaged in target shooting, hunting, or fishing. The term does not include any article designed solely for storing or transporting arrows during times when the arrows are not in use.

§ 48.4216(a)–1 Charges to be included in sale price.

(a) In general. The “price” for which an article is sold includes the total consideration paid for the article, whether that consideration is in the form of money, services, or other things. See §48.0–2 (a) (5). However, for purposes of the taxes imposed under Chapter 32 certain collateral charges made in connection with the sale of a taxable article must be included in the taxable sale price, whereas others may be excluded. Any charge which is required by a manufacturer, producer, or importer to be paid as a condition of its sale of a taxable article and which is not attributable to an expense falling within one of the exclusions provided in section 4216 or the regulations thereunder is includible in the taxable sale price. It is immaterial for this purpose that the charge may be paid to a person other than the manufacturer, producer, or importer, or that it may be separately billed to the purchaser as

§ 48.4216(b)–3 Use considered sale.

For provisions relating to the tax on use of taxable articles by the manufacturer, producer, or importer thereof, see section 4218 relating to use by a manufacturer considered a sale, and the regulations thereunder.

§ 48.4161(b)–4 Tax-free sales.

For provisions relating to tax-free sales of articles referred to in section 4161(b) see:

(a) Section 4221, relating to certain tax-free sales;
(b) Section 4222, relating to registration;
(c) Section 4223, pertaining to special rules relating to further manufacture; and
(d) Section 4225, relating to exemption of articles manufactured or produced by Indians; and the regulations thereunder.

§ 48.4161(b)–5 Effective date.

The taxes imposed by section 4161(b) are effective with respect to sales made on and after January 1, 1975.
a charge earmarked for expenses incurred or to be incurred in his behalf, such as charges for demonstration or display of the article, for sales promotion programs, or otherwise. With respect to the rules relating to exclusion (in the case of sales after December 31, 1960) of charges for local advertising of a manufacturer’s products, see section 4216(e) and §48.4216(e)-1. In the case of sales on credit, a carrying, finance, or service charge is excludable from the sale price if it is reasonably related to the costs of carrying the deferred portion of the sale price (such as interest on the deferred portion of the sale price, expenses of bookkeeping necessary to keep the records of such sales, and expenses of correspondence and other communication in connection with collection).

(b) Tools and dies. Separate charges for tools and dies used in the manufacture or production of a taxable article are to be included, in whole or in part, in the sale price on which the tax is based. It is immaterial whether the charges for such items are billed in a lump sum or are amortized or allocated to each of the taxable articles. If, at the termination of a contract to manufacture taxable articles, the tools and dies used in production pass to the purchaser, only the amount of depreciation of the tools and dies incurred in production, computed on a “production output” basis, should be included in the sale price. If the purchaser furnishes the tools and dies, the amount of the cost thereof, to the extent that such cost has been depreciated in the production of the taxable articles (computed on a “production output” basis), shall be included in determining the sale price of the articles for purposes of computing the tax. This paragraph applies to sales by manufacturers after May 5, 1974.

(c) Charges for warranty. A charge for a warranty of an article which the manufacturer, producer, or importer requires the purchaser to pay in order to obtain the article shall be included in the sale price of the article on which the tax is computed. On the other hand, a charge for a warranty of a taxable article paid at the purchaser’s option shall not be included in the sale price for purposes of computing tax thereon.

(d) Charges for coverings, containers, and packing. Any charge by the manufacturer, producer, or importer for coverings and containers of whatever nature used to pack an article for shipment shall be included as part of the sale price for the purpose of computing the tax, whether or not the charges are identified as such on the invoice or are billed separately. Even though there is an agreement that the manufacturer, producer, or importer will repay all or a portion of the charge for the coverings or containers upon the return thereof, the full charge nevertheless shall be included in the sale price. It is immaterial whether the charge made at the time of sale is more or less than the actual value of the covering or container. See paragraph (b)(4) of §48.6416(b)-1 for provisions relating to the claiming of a credit or refund in the case of a price readjustment due to the return or repossession of a covering or container. Packing charges are to be included in the sale price whether the charges cover normal packing or special packing services, such as for extra protection of the article or for odd-lot quantities. This rule shall apply whether the packing services are initiated by the manufacturer, producer, or importer or are furnished at the request of the purchaser and whether the packing is performed by the manufacturer, producer, or importer or by another person at his request. If the purchaser supplies packing materials, the fair market value of such materials must be included in the tax base when computing tax liability on the sale of the article.

(e) Taxable and nontaxable articles sold as a unit. Where a taxable article and a nontaxable article are sold by the manufacturer as a unit, the tax attaches to that portion of the manufacturer’s sale price of the unit which is properly allocable to the taxable article. For example, where a fishing reel (an article subject to tax under section 4161(a)) is equipped with a fishing line (a nontaxable article) and the reel and line are sold as a unit, the tax imposed by section 4161(a) applies only to that portion of the manufacturer’s sale price of the unit which is properly allocable to
the fishing reel. Normally, the taxable portion of such a unit may be determined by applying to the manufacturer's sale price of the unit the ratio which the manufacturer's separate sale price of the taxable article bears to the sum of the sale prices of both the taxable and nontaxable articles, if such articles are sold separately by the manufacturer. Where the articles (or either one of them) are not sold separately by the manufacturer and do not have established sale prices, the taxable portion is to be determined from a comparison of the actual costs of the articles to the manufacturer. Thus, if the cost of the taxable article represents four-fifths of the total cost of the complete unit, the tax applies to four-fifths of the price charged by the manufacturer for the unit.

[T.D. 7356, 43 FR 13517, Mar. 31, 1978]

§ 48.4216(a)–2 Exclusions from sale price.

(a) Tax—(1) Tax not part of taxable sale price. The tax imposed by Chapter 32 of the Code on the sale of an article is not part of the taxable sale price of the article. Thus, if a manufacturer computes the tax on a sale price which is determined without regard to the tax, and it charges the proper tax as a separate item, the amount of tax so charged does not become a part of the taxable sale price and no tax is due on the tax so charged. Where no separate charge is made as tax, it will be presumed that the price charged to the purchaser for the article includes the proper tax, and the proper percentage of such price will be allocated to the tax.

(2) Computation of tax. If an article subject to tax at the rate of 10 percent is sold for $100 and an additional item of $10 is billed as tax, $100 is the taxable selling price and $10 is the amount of tax due thereon. However, if the article is sold for $100 with no separate billing or indication of the amount of the tax, it will be presumed that the tax is included in the $100, and a computation will be necessary to determine what portion of the total amount represents the sale price of the article and what portion represents the tax. The computation is as follows:

\[
\text{Taxable sale price} = \frac{\text{sale price including tax}}{1 + \text{rate of tax}}
\]

Thus, if the tax rate is 10 percent and the sale price including tax is $100, the taxable sale price is $90.91 (that is, $100 divided by (100+10)), and the tax is 10 percent of $90.91, or $9.09.

(b) Transportation, delivery, insurance, or installation charges—(1) Charges incurred pursuant to sale. Charges for transportation, delivery, insurance, installation, and other expenses actually incurred in connection with the delivery of an article to a purchaser pursuant to a bona fide sale shall be excluded from the sale price in computing the tax. Such charges include all items of transportation, delivery, insurance, installation, and similar expense incurred after shipment to a customer begins, in response to the customer’s order, pursuant to a bona fide sale. However, costs of such nature incurred by a manufacturer, producer, or importer in transporting, in the normal course of business and for its benefit and convenience, articles from a factory or port of entry to a warehouse or other facility (regardless of the location of such warehouse or facility) are not considered as being incurred in connection with the delivery of an article to a purchaser pursuant to a bona fide sale, and charges therefor cannot be excluded from the sale price in computing tax liability. Similarly, an allowance granted by a manufacturer as reimbursement for expenses incurred by the purchaser in shipping used articles to the manufacturer for credit against the purchase price of taxable articles shall not be excluded from the sale price when computing tax due on the sale of the taxable articles. In any event, no charge may be excluded from the sale price unless the conditions set forth in subparagraph (2) of this paragraph are complied with. Said conditions are prescribed under the authority granted the Secretary or his delegate in section 4216(a).

(2) Only actual expenses to be excluded. Where a separate charge is made for transportation or other expenses incurred in connection with the delivery of an article to the purchaser pursuant to a bona fide sale, there shall be excluded in arriving at the sale price subject to tax only that portion of the
§ 48.4216(a)–2 26 CFR Ch. I (4–1–02 Edition)

charge which represents the actual expenses incurred for the transportation or other excludible expenses. Where a separate charge is less than the actual expense, the difference is presumed to be included in the billed price. Such difference, together with the separate charge, shall be excluded in arriving at the sale price on which the tax is computed. Similarly, where no separate charge is made but the manufacturer, producer, or importer incurs an expense of the type to which this paragraph has application, the amount of such expense actually incurred shall be excluded from the sale price on which the tax is computed. Where transportation expense is incurred in conjunction with a shipment composed of both taxable and nontaxable articles, only the portion of the expense allocable to the taxable articles shall be excludible. In general, unless the taxpayer establishes to the satisfaction of the district director that another method reasonably apportions such freight expense between taxable and nontaxable articles, such expense should be apportioned on the basis of the relative weights (or, if available, the relative published tariff rates applicable to) the taxable and nontaxable articles. Where it is not feasible to apportion such expense on the basis of relative weights or tariff rates, the expense shall be apportioned on another reasonable basis; for example, in the case of a shipment including both taxable and nontaxable automotive parts which are subject to the same tariff rate, it may be appropriate to apportion the transportation expense on the basis of the relative sale prices. A charge for insurance in connection with the delivery of an article to a purchaser is considered to represent an expense actually incurred only to the extent that an amount equivalent to such charge is paid or payable by the manufacturer to a person authorized to assume such insurance risk.

(3) Transportation, delivery, or installation services performed by manufacturer. For purposes of computing the taxable sale price of articles, it is immaterial whether the transportation, delivery, or other services of the type to which this paragraph has application are performed by a common carrier or independent agency for or on behalf of the manufacturer, producer, or importer, or are performed by the manufacturer, producer, or importer with the use of its own vehicles or other facilities. Thus, where a manufacturer, producer, or importer performs the transportation, delivery, or other services with its equipment, tools, employees, etc., the cost of such services allocable to the sale of the taxable article shall be excluded. In determining whether an expense is an excludible transportation or delivery expense, only those expenses incurred in placing an article packed, ready for shipment on the loading dock at the manufacturer’s factory are not excludible transportation or delivery expenses. All expenses incurred in placing an article packed, ready for shipment on the loading dock at the manufacturer's factory are not excludible transportation or delivery expenses. An allowance granted by the manufacturer, producer, or importer to the purchaser for transportation, delivery, or other expenses incurred or to be incurred by the purchaser in connection with the sale shall be excluded in computing the taxable sale price, if charges for similar expenses would be excludible if incurred by the manufacturer.

(4) Records in support of exclusion. Every manufacturer, producer, or importer making sales of taxable articles shall keep records which will disclose the amount of transportation, delivery, insurance, installation or other expense actually incurred by it in connection with the delivery of a taxable article to a purchaser pursuant to a bona fide sale.

(c) Other charges. A charge or expense not within the scope of paragraph (a) or (b) of this section, whether or not separately stated, may not be excluded in computing the taxable sale price unless it can be shown by adequate records that the charge or expense properly is not to be included as a manufacturing or selling expense or is in no way incidental to placing the article in condition packed ready for shipment. Commissions to manufacturers’ agents, or allowances, payments, or adjustments made to, and for the benefit of, persons other than the purchaser may
§ 48.4216(b)-1 Constructive sale price; scope and application.

(a) In general. Section 4216(b) pertains to those taxes imposed under Chapter 32 that are based on the price for which an article is sold, and contains the provisions for constructing a tax base other than the actual sale price of the article, under certain defined conditions.

(b) Specific applications. (1) Section 4216(b)(1) applies to:

(i) Arm’s-length sales at retail or on consignment, other than those sales at retail and to retailers to which section 4216(b)(2) and §48.4216(b)-3 apply; and

(ii) Sales otherwise than at arm’s length, and at less than fair market price.

(2) Section 4216(b)(2) applies generally to arm’s-length sales of an article at retail or to retailers, or both, where the manufacturer also sells the same article to wholesale distributors.

(3) Section 4216(b)(3) provides a formula for determining a constructive sale price for sales of taxable articles between members of an affiliated group of corporations (as “affiliated group” is defined in section 1504(a)) in those instances where the purchasing corporation regularly resells to retailers but does not regularly resell to wholesale distributors, and except for situations where section 4216(b) (4) or (5) applies.

(4) Section 4216(b)(4) provides a special method for computing a constructive sale price for sales of taxable articles between affiliated corporations where the purchasing corporation sells only to retailers, and the normal method of selling within the industry is for manufacturers to sell to wholesale distributors.

(5) Section 4216(b)(5) provides a special method for computing a constructive sale price for sales of articles subject to a tax imposed by section 4061(a) (trucks, buses, tractors, etc.) between affiliated corporations, where the purchasing corporation regularly sells such articles in arm’s-length transactions to independent retailers.

(c) Definitions. For purposes of section 4216(b) and the regulations thereunder and unless otherwise indicated:

(1) Sale at retail. A “sale at retail,” or a “retail sale,” is a sale of an article to a purchaser who intends to use or lease...
the article rather than resell it. The fact that articles are sold in wholesale lots, or at wholesale prices, will not change the character of such sales as “sales at retail” if the purchaser is not engaged in the business of reselling such articles, and acquires them for the purpose of using them rather than reselling them.

(2) Retail dealers. A “retail dealer”, or “retailer”, is a person engaged in the business of selling articles at retail.

(3) Wholesale distributor. The term “wholesale distributor” means a person engaged in the business of selling articles to persons engaged in the business of reselling such articles.

[T.D. 7613, 44 FR 23824, Apr. 23, 1979]

§ 48.4216(b)–2 Constructive sale price; basic rules.

(a) In general. Section 4216(b)(1) sets forth the conditions that require the Secretary to construct a sale price on which to compute a tax imposed under Chapter 32 on the price for which an article is sold. The section requires a constructive sale price to be established where a taxable article is (1) sold at retail, (2) sold while on consignment, or (3) sold otherwise than through an arm’s-length transaction at less than fair market price. See § 48.4216 (b)–2 (c) for the treatment of articles taxable under section 4061(a).

(b) Sales at retail. Section 4216(b)(1)(A) relates to the determination of a constructive sale price for sales of taxable articles sold at arm’s length and at retail. In the case of such sales, the constructive sale price is the highest price for which such articles are sold to wholesale distributors, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Secretary. If the constructive sale price is less than the actual sale price, the constructive sale price shall be used as the tax base. If the constructive sale price is not less than the actual sale price, the actual sale price shall be considered as not less than fair market, and shall be used as the tax base. In determining the highest price for which articles are sold by manufacturers to wholesale distributors, there must be taken into consideration the normal industry practices with respect to section 4216 (a) and (f) inclusions and exclusions. However, once a constructive sale price has been determined by the Secretary or his delegate, no further adjustment of such price shall be made. The provisions of section 4216(b)(1)(A) and this paragraph shall not apply in those instances where the provisions of section 4216(b)(2) and § 48.4216(b)–3 apply.

(c) Sales of articles taxable under section 4061(a). With respect to sales made after December 31, 1978, in the case of an article the sale of which is taxable under section 4061(a) and which is sold at retail, the tax under this chapter shall be computed on a percentage (as determined by the Secretary but not greater than 100 percent) of the actual selling price based on the highest price for which such articles are sold by manufacturers and producers in the ordinary course of trade. The constructive sale price under this section shall be determined without regard to any individual manufacturer’s or producer’s cost.

(d) Sales on consignment. As in the case of sales at retail, the constructive sale price for sales on consignment shall be the price for which such articles are sold, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Secretary or his delegate. For purposes of section 4216(b)(1)(B) and this paragraph, an article is considered to be sold on consignment if it is sold while it is on consignment to a person which has the right to sell, and does sell, such article in its own name, but never receives title to the article from the manufacturer. Ordinarily, the constructive sale price of an article sold on consignment is the net price received by the manufacturer from the consignee. The provisions of section 4216(b)(1)(B) and this paragraph shall not apply if the provisions of section 4216(b)(2) and § 48.4216(b)–3 apply.

(e) Sales not at arm’s length. For purposes of section 4216(b)(1)(C) and this paragraph, a sale is considered to be made under circumstances otherwise than at “arm’s length” if:

(1) One of the parties is controlled (in law or in fact) by the other, or there is common control, whether or not such control is actually exercised to influence the sale price, or
§ 48.4216(b)-3 Constructive sale price; special rule for arm’s-length sales.

(a) In general. Section 4216(b)(2) provides a special rule under which a manufacturer shall determine a constructive sale price for his sales of taxable articles at retail, and to retail dealers, under certain conditions. The rule is applicable where:

(1) The manufacturer regularly sells such articles at retail, or to retailers, or both, as the case may be;

(2) The manufacturer also regularly sells such articles to one or more wholesale distributors in arm’s-length transactions, and the manufacturer establishes that its prices in such cases are determined without regard to any benefit to be derived under section 4216(b)(2);

(3) The transactions are arm’s-length transactions, and

(4) With respect to articles to which the tax imposed by section 4061(a) applies (relating to trucks, buses, tractors, etc.), the normal method of sales for such articles within the industry is not to sell such articles at retail or to retailers, or combinations thereof.

A manufacturer meeting the foregoing requirements shall base its tax liability for sales at retail and sales to retailers on the lower of its actual sale price or the highest price for which it sells the same articles under the same conditions to wholesale distributors.

(b) Definitions. For purposes of section 4216(b)(2) and this section:

(1) Actual sale price. “Actual sale price” means the actual selling price of an article determined in the same manner as sale price is determined for a taxable sale. Accordingly, such price must reflect the inclusions and exclusions set forth in sections 4216(a) and (f), and any price adjustments described in section 6416(b)(1).

(2) Highest price to wholesale distributors. The “highest price” charged wholesale distributors for an article by a manufacturer, producer, or importer thereof, is the highest price at which the manufacturer, producer, or importer sells the article to wholesale distributors, determined without regard to quantity. Such price shall be determined in the same manner as sale price is determined for a taxable sale with respect to sections 4216(a) and (f) inclusions and exclusions; however, since the price is to be a “highest” price, no further adjustment may be made for price readjustments under section 6416(b)(1).

(3) Regular sales. An article is considered to sold “regularly” at retail or to retailers if sales are made at retail or to retailers periodically and recurrently as a regular part of the seller’s business. If a seller makes only isolated or casual sales of an article at retail or to retailers, it is not considered to be selling “regularly” at retail or to retailers. Similarly, a manufacturer is considered to be making regular sales for an article to one or more distributors if it sells the article to at least one distributor periodically and recurrently as a regular part of its business.

(4) Normal method of sales in industry. In the absence of a showing to the Commissioner of Internal Revenue of a more appropriate manner of determining the normal method of sales within an industry which is practical in application, the normal method of sales within an industry shall be regarded as not being at retail or to retailers, or both, if the industry dollar volume of sales which are at retail or to retailers, or both, is less than half the total industry dollar volume of sales at all levels of distribution by manufacturers, producers, or importers, including sales to other manufacturers, producers, or importers.
(5) Industry. Each of the following categories of articles upon which tax is imposed by section 4061(a) constitutes a separate "industry":

(i) Taxable automobile trucks (consisting of automobile truck bodies and chassis);

(ii) Taxable automobile buses (consisting of automobile bus bodies and chassis);

(iii) Taxable truck and bus trailers and semitrailers (consisting of chassis and bodies of such trailers and semitrailers); and

(iv) Taxable tractors of the kind chiefly used for highway transportation in combination with a trailer or semi-trailer.

(6) Application of section 4216(b)(2) to certain sales before June 22, 1965. In the case of sales before June 22, 1965, of articles then taxable under section 4121 (relating to electric, gas, and oil appliances), section 4216(b)(2) also applied in the case of a sale of such an article to a special dealer. The applicability of section 4216(b)(2) to such a sale may be determined by inserting "or to a special dealer" following "or to a retailer" in so much of section 4216(b)(2) as precedes subparagraph (A); by inserting "or to special dealers" following in section 4216(b)(2)(A); and by inserting "(other than special dealers)" after "wholesale distributors" in section 4216(b)(2)(B) and so much of section 4216(b)(2) as follows section 4216(b)(2)(D). A "special dealer" was a distributor of articles taxable under section 4121 who did not maintain a sales force to resell the article whose constructive sale price was established under section 4216(b)(2) but relied on salesmen of the manufacturer, producer, or importer of the article. In the case of sales before June 22, 1965, of articles taxable under section 4191 (relating to business machines) or section 4211 (relating to matches), section 4216(b)(2)(C) was applicable in the same manner as in the case of articles taxable under section 4061(a). With respect to sales after September 30, 1972, section 4216(b)(2)(C) applied only to articles taxable under section 4061(a), 4191, or 4211. Section 4216(b)(2)(C) was applicable to sales before October 1, 1962, of all articles subject to tax under Chapter 32.

[T.D. 7613, 44 FR 23825, Apr. 23, 1979]
wholesale distributor which is a member of the same affiliated group as the manufacturer, producer, or importer.

(2) The distributor regularly sells (except for tax-free sales) such article only to retail dealers, and

(3) The normal method of sales for such articles within the industry is to sell such articles in arm’s-length transactions to wholesale distributors.

Section 4216(b)(4) applies with respect to articles taxable under section 4061(a) (relating to trucks, buses, etc.) only as to sales after December 31, 1969, and before January 1, 1971. Under section 4216(b)(4), the constructive sale price of such article shall be the median price at which the distributor, at the time of the sale by the manufacturer, resells the article to retail dealers, reduced by a percentage of such price equal to the percentage which:

(i) The difference between the median price for which comparable articles are sold to wholesale distributors, in the ordinary course of trade, by manufacturers of producers thereof, and the median price at which such wholesale distributors in arm’s-length transactions sell such comparable articles to retailers, is of

(ii) The median price at which such wholesale distributors in arm’s-length transactions sell such comparable articles to retailers.

For purposes of this paragraph, the “median price” for which an article is sold at a particular level of distribution is the price midway between the highest and lowest prices charged vendees at the particular level of distribution. Where only one price is charged at a level of distribution, “median price” is equivalent to “actual price”. All sale prices referred to in paragraphs (b), (c), (d), and (e) of this section are prices that must reflect the inclusions and exclusions set forth in sections 4216(a) and (f). However, once a constructive sale price has been determined under these paragraphs, no further adjustment of such price is allowed.

(d) Application of section 4216(b)(4).

The application of section 4216(b)(4) and paragraph (c) of this section may be illustrated by the following example:

Example. M, a corporation engaged in the manufacture of article X, sold 100 of such articles at $10.00 per article to a wholesale distributor N, a corporation engaged in the business of selling X articles to independent retail dealers. N is a member of the same affiliated group of corporations as M. M sells X articles only to N. The normal method of manufacturers’ sales of X articles in the industry is to sell to independent wholesale distributors. N corporation sells X articles to retailers for $15.00 each. The price for which comparable X articles are sold to wholesale distributors in the ordinary course of trade by manufacturers thereof is $12.00 per article. Wholesale distributors sell X articles to retailers in the ordinary course of trade for $16.00 per article. Under the foregoing facts the constructive sale price determined under section 4216(b)(4) and this paragraph is $11.25, computed as follows:

\[
\text{constructive sale price} = 15.00 - \left( 15.00 \times \frac{16.00 - 12.00}{16.00} \right) = 11.25
\]

\[(e)\] Sales to which section 4216(b)(5) applies. Section 4216(b)(5), which applies to articles sold after December 31, 1970, provides a procedure for determining a constructive sale price under section 4216(b)(1)(C) in those circumstances where:

(1) A manufacturer, producer, or importer of an article subject to a tax imposed by section 4061(a) (trucks, buses, etc.) regularly sells such article to a wholesale distributor that is a member of the same affiliated group of corporations as the manufacturer, producer, or importer, and

(2) Such distributor regularly sells such articles to independent retail dealers.

Under such circumstances the constructive sale price of such articles shall be 98% percent of the lowest price for which such distributor regularly...
§ 48.4216(c)–1  Computation of tax on leases and installment sales.

(a) Leases. When a taxable article is leased by a manufacturer, producer, or importer, liability for tax is incurred, except as provided by section 4217(b) and §48.4217–2, on each payment made with respect to such lease. Tax is payable on each lease payment as long as the article is leased by the manufacturer, producer, or importer. The tax payable with respect to each lease payment is a percentage of each payment based on the rate of tax, if any, in effect on the date the lease payment is due. If the article is subsequently sold by the manufacturer, producer, or importer, the tax applies also to such sale, without regard to the tax paid when the article was leased. For definition of the term “lease”, see paragraph (a) of §48.4217–1(a).

(b) Installment sales. When a taxable article is sold under an installment payment contract with title reserved in the seller, or under a conditional sale contract, chattel mortgage arrangement or other arrangement creating a security interest with payments to be made in installments, tax shall be computed and paid on each payment made by the purchaser. The tax payable with each payment is a percentage of each payment based on the rate of tax, if any, in effect on the date the payment is due. The part of each payment that is subject to tax is that portion of the payment equal to the percentage of the total charge for the article that is subject to tax. For example, if the total charge for the article is $1,000, and of the total amount charged only 90 percent thereof, or $900, is subject to tax by reason of exclusions, then only 90 percent of the installment payment is subject to tax. If the tax base is a constructive sale price computed under section 4216(b) that is less than the actual sale price of the article, the portion of each payment subject to tax is the percentage of such payment equal to the percentage that the constructive sale price bears to the actual sale price. For example, if an article is sold at retail for $100, and the constructive sale price for such an article computed under the provisions of section 4216(b)(1)(A) is $75, the percentage which the constructive sale price bears to the actual sale price is 75 percent. Accordingly, only 75 percent of each installment payment is subject to tax.

(c) Sales on credit. Where articles are sold on credit under conditions other than those specified in paragraph (b) of
this section, the entire tax shall be reported and paid with the return covering the period in which the sale is made, even though the price may not be paid to the manufacturer, producer, or importer until a later date, or not paid at all.

(d) Effective dates of paragraphs (a) and (b) of this section. The rules set forth in paragraphs (a) and (b) of this section are effective as of June 22, 1965. As in effect before June 22, 1965, section 4216(c) required, in the case of a transaction described in section 4216(c) (1), (2), (3), or (4), that there be paid upon each payment with respect to an article that portion of the total tax which was proportionate to the portion of the total amount to be paid represented by such payment.

[T.D. 7536, 43 FR 13519, Mar. 31, 1978]

§ 48.4216(d)–1 Sales of installment accounts.

(a) In general. Except as provided in paragraph (d) of this section, in case of a sale or other disposition by a manufacturer, producer, or importer of an installment account of the type specified in section 4216(c), the tax shall not apply to subsequent installment payments on such account. Instead, there shall be paid an amount equal to the difference between the tax previously paid on such installment account and the total tax computed by applying:

1. To each installment due before the sale of the installment account, the rate of tax applicable at the time payment thereof was due, and

2. To each installment, the time for payment of which has not arrived, the rate of tax which, under the provisions of chapter 32 as in effect on the date of the sale of the installment account, is (or is to be) in effect on the date such payment is due.

(b) Sale in bankruptcy or insolvency proceeding. In the case of a sale of an installment account of a manufacturer, producer, or importer pursuant to the order of, or subject to the approval of, a court of competent jurisdiction in a bankruptcy or insolvency proceeding, the amount of tax due shall be computed and paid as provided in paragraph (a) of this section but shall not exceed the amount of tax computed by multiplying (1) the proportionate share of the amount for which such accounts are sold which is allocable to each unpaid installment payment, by (2) the rate of tax which, under the provisions of chapter 32 as in effect on the date of the sale of the installment account, is (or is to be) in effect on the date such payment is due.

(c) Collection of installment accounts on behalf of the manufacturer. Where a manufacturer, producer, or importer retains title to an installment account but turns it over to another person for collection on a fee basis, no sale of such account (or other disposition as contemplated in section 4216(d)) has been made. The tax shall continue to be paid as provided by section 4216(c).

(d) Returned installment accounts. Where an installment account which has been sold or otherwise disposed of is returned to the manufacturer, producer, or importer who sold it under an agreement under which the account was sold, and credit or refund has been allowed under section 6416(b)(5) and the regulations thereunder, the manufacturer, producer, or importer shall pay tax as provided by section 4216(c) and § 48.4216(c)–1 on any subsequent payments made on such returned installment account until such time as there shall have been paid the total tax liability with respect to the account as computed under paragraph (a) of this section.

(e) Limitation. The sum of the amounts payable under this section and § 48.4216(c)–1 on an installment account shall not exceed the total amount of tax which would be payable if such installment account had not been sold or otherwise disposed of (computed as provided in subsection (c)).

(f) Applicability of paragraphs (a) and (b) of this section. The rules set forth in paragraphs (a) and (b) of this section apply in the case of installment accounts sold after June 21, 1965. In the case of installment accounts sold before June 22, 1965, paragraph (b) of this
§ 48.4216(e)–1 Exclusion of local advertising charges from sale price.

(a) In general. Section 4216(e) deals with the treatment to be accorded charges made by a manufacturer for, and reimbursements by a manufacturer of expenditures in connection with, the advertising of certain articles subject to excise tax under chapter 32 of the Code. Section 4216(e) provides an exclusion (which is in addition to the exclusions provided by section 4216(a) and the regulations thereunder) in respect of charges for local advertising, as defined in paragraph (b) of this section, for purposes of determining the price for which an article is sold. See paragraph (c) of this section. The exclusion provided by section 4216(e) and paragraph (c) of this section has application only if:

(1) In the case of articles sold during the period January 1, 1961, through December 31, 1962, the advertising is broadcast over a radio or television station, or appears in a newspaper; and
(2) In the case of articles sold on or after January 1, 1963, the advertising is broadcast over a radio station or television station, appears in a newspaper or magazine, or is displayed by means of an outdoor advertising sign or poster.

Section 4216(e) also provides an overall limitation in respect of the sum of the amount of the exclusions from price as charges for local advertising and the amount of the readjustments authorized under section 6416(b)(1) (relating to credits or refunds for price readjustments) in respect of reimbursements by a manufacturer of expenditures for local advertising. See § 48.4216(e)–2. For provisions prohibiting exclusion from price or readjustment of price in respect of charges for, and reimbursements of expenditures for, advertising other than local advertising, see § 48.4216(e)–3.

(b) Definition of local advertising—(1) In general. For purposes of the regulations under sections 4216(e) and 6416(b)(1), the term “local advertising” means advertising which relates to an article with respect to which tax is imposed under chapter 32 of the Code on the price for which sold and which:

(i) Is initiated or obtained by the purchaser or any subsequent vendee,
(ii) Names the article for which the price is determinable under section 4216 and states the location at which such article may be purchased at retail, and
(iii)(a) In the case of articles sold on or after January 1, 1961, and before January 1, 1963, is broadcast over a radio station or television station, or
(b) In the case of articles sold on or after January 1, 1963, is broadcast over a radio station or television station, appears in a newspaper or magazine, or
is displayed by means of an outdoor advertising sign or poster.

(2) Initiating or obtaining advertising. For purposes of subparagraph (1) of this paragraph, the advertising must be initiated or obtained by one or more of the persons in the chain of distribution of the article (wholesale distributor, jobber, dealer, etc.) who purchased the article for resale. For purposes of this subparagraph, the manufacturer is not considered to be one of the persons in the chain of distribution of the article. In general, advertising of an article is considered to be initiated or obtained by one or more persons in the chain of distribution of the article if any such person:

(i) Takes an active part in the actual planning and development, or in the arrangements or negotiations leading to the development, of the form and content of the advertising, or
(ii) Contracts for the placement of the advertising.

The participation by the manufacturer of the article in the planning, development, or placement of the advertising is in fact initiated or obtained by one or more persons in the chain of distribution of the article. Furthermore, it is immaterial whether or not the advertising is subject to the approval of the manufacturer of the article. However, if no person in the chain of distribution of the article takes an active

[T.D. 7536, 43 FR 13520, Mar. 31, 1978]
Internal Revenue Service, Treasury § 48.4216(e)–1

part in the actual planning and development, or in the arrangements or negotiations leading to the development, of the form and content of the advertising, but, rather, all such planning, development, arrangements, and negotiations are accomplished by the manufacturer of the article, then such manufacturer is considered to have initiated the advertising, and if he also contracts for the placement of the advertising, such advertising does not qualify as “local advertising.”

(3) Identification of article and sales location. To meet the requirements of subparagraph (1) of this paragraph, the advertising must identify the article for which the price is determinable under section 4216 and give the location or locations at which the article may be purchased at retail. All products taxable at the same rate under the same section of chapter 32 of the Code shall be considered to be an “article” for purposes of the preceding sentence. No specific method or means of identification is prescribed. The identification of the article may be made through the use of the name of the manufacturer or the use of an established trade-mark, such as a seal, picture, letter or letters, etc., or a combination thereof. The advertising must identify the particular retail establishment or establishments at which the article may be purchased at retail but need not specify the location of any such establishment in terms of the number by which the premises are designated or the name of the street on which the retail premises are situated. However, the location of the retail premises must be described sufficiently, as, for example, by reference to a particular named shopping area or shopping center, to enable consumers to find the retail establishment.

(4) Determination of costs of local advertising. Where an advertisement identifies more than one article, and all such articles are not taxable, or are not taxable at the same rate under the same section of chapter 32 of the Code, a reasonable allocation of the cost of the advertisement must be made among (i) articles taxable at the same rate under the same section of the Code and (ii) articles which are not taxable under chapter 32 of the Code. For example, in the case of a single page newspaper or magazine advertisement, an allocation of costs reflecting the lineage or space devoted to the specified categories will be considered to reflect a reasonable allocation of the cost of advertising the different articles. As a general rule, only the cost of the “spot” portion identifying the retail establishment is considered “local advertising” in the case of national television or radio programs.

(5) Meaning of “newspaper”. The term “newspaper”, as used in subparagraph (1) of this paragraph, is limited to those publications which are commonly understood to be newspapers and which are printed and distributed periodically at daily, weekly, or other short intervals for the dissemination of news of a general character and of a general interest. The term does not include handbills, circulars, flyers, or the like, unless printed and distributed as a part of a publication which constitutes a newspaper within the meaning of this subparagraph. Neither does the term include any publication which is issued to supply information on certain subjects of interest to particular groups unless such publication otherwise qualifies as a newspaper within the meaning of this subparagraph. For purposes of this subparagraph, advertising is not considered to be news of a general character and of a general interest.

(6) Meaning of “magazine”. The term “magazine”, as used in subparagraph (1) of this paragraph, is limited to those publications which are (i) commonly understood to be magazines, (ii) printed and distributed periodically at least twice a year, and (iii) published for the dissemination of information of a general nature or of special interest to particular groups. The term does not include handbills, circulars, flyers or the like, unless printed and distributed as a part of a publication which constitutes a magazine within the meaning of this subparagraph. For purposes of this subparagraph, advertising is not considered to be information of a general nature or information of special interest to particular groups within the contemplation of subdivision (iii) of this subparagraph.
§ 48.4216(e)–1

(7) Meaning of “outdoor advertising sign or poster”. The term “outdoor advertising sign or poster”, as used in subparagraph (1) of this paragraph, means a sign or poster displaying advertising matter, which is located outside of a roofed enclosure. This term includes both signs or posters on billboards, whether placed on or affixed to land, buildings, or other structures, and those which are displayed on or attached to moving objects, provided the signs or posters are located outside of a roofed enclosure. The term “roofed enclosure” means a roof structure which is enclosed on more than one-half of its sides by walls, fences, or other barriers.

(c) Exclusion—(1) Conditions and limitations. A charge for local advertising which is required by a manufacturer to be paid as a condition to his sale of an article is not a part of the taxable price of the article, to the extent that such charge meets each of the following conditions and limitations:

(i) Such charge does not exceed 5 percent of the difference between (a) an amount which would constitute to taxable price of the article (computed at the time of the sale of the article) if no part of any charge for local advertising were excludable in computing taxable price and (b) the amount of any separate charge for local advertising, whatever the amount of such charge may be.

(ii) Such charge is specifically shown as a separate charge for local advertising on the invoice or statement covering the sale of the article.

(iii) Such charge is billed by the manufacturer with the intention on his part of repaying the amount of the charge to the person purchasing the article from him, or to any person who subsequently purchases the article for resale, in reimbursement of costs incurred for local advertising of such article or some other article or articles taxable at the same rate under the same section of the Code. If, before such May 1, any part of the charge so excluded has not been so repaid, the manufacturer becomes liable for tax on such May 1 in the same manner as if an article taxable under such section of the Code had been sold by him on such May 1 at a taxable price equivalent to that part of the charge not so repaid. However, see paragraph (c)(2) of § 48.6416(b)–1, relating to price readjustments in cases where local advertising charges are not repaid before such May 1 but are subsequently paid over by the manufacturer to his vendees in reimbursement of costs for local advertising. For provisions relating to the method of determining whether a payment by a manufacturer is or is not attributable to an excluded local advertising charge, see paragraph (b)(3) of § 48.4216(e)–2. In any case where the payment is determined to be attributable to such a charge, the date of the sale in connection with which the charge was made shall be determined on a first-in-first-out basis in respect of the vendee to whom the charge was billed by the manufacturer.

(d) Examples. The application of this section may be illustrated by the following examples:

Example (1). During the first calendar quarter of 1961, a manufacturer sold refrigerators to one of his distributors at a total charge of $10,500, exclusive of tax, transportation charges, delivery charges, or other charges.
which are excludable in computing taxable price pursuant to section 4216(a). This total charge of $10,500 was billed as follows:

<table>
<thead>
<tr>
<th>Refrigerators</th>
<th>$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local advertising charge</td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Total charge</strong></td>
<td><strong>11,000</strong></td>
</tr>
</tbody>
</table>

At the time of the manufacturer’s sales of the refrigerators, it was his intention, in accordance with the agreement between him and the distributor, to make repayment to the distributor of the local advertising charge, to the extent of expenditures by the distributor for radio, television, or newspaper advertising specifically naming refrigerators or other articles taxable at the same rate under section 4111 which were manufactured by the manufacturer, and giving the location of various retail stores within the distributor’s territory where such articles may be purchased. Pursuant to such agreement, the selection of the advertising medium to be employed is to be made by the distributor, who is to plan the advertising subject to approval by the manufacturer, and contract for its placement. In this example, the advertising for which the charge is made qualifies as local advertising, the charge is billed to the manufacturer’s vendee as a separate charge, the manufacturer intends to repay the charge to his vendee in reimbursement of costs incurred by the vendee for local advertising, and the charge does not exceed 5 percent of $10,000. Accordingly, the manufacturer’s charge of $500 for local advertising is not includible in the taxable price of the refrigerators for purposes of computing and paying the tax imposed by section 4111.

Example (2). Assume the same facts as those stated in Example (1), and assume further that prior to May 1, 1962, the manufacturer has repaid to the distributor, in reimbursement of local advertising expenses incurred by the distributor in connection with refrigerators or other articles taxable at the same rate under section 4111 sold to him by the manufacturer, $400 of the $500 billed as a local advertising charge by the manufacturer in connection with his sale of refrigerators to the distributor in the first quarter of 1961. The manufacturer is liable, as of May 1, 1962, for tax in respect of the $100 which has not been repaid to the distributor. The amount of the tax is determinable at the rate in effect under section 4111 on May 1, 1962, in respect of refrigerators and is includible in the manufacturer’s return of tax under such section for the second quarter of 1962.

Example (3). During the first calendar quarter of 1961, a manufacturer sold refrigerators to one of his distributors at a total charge of $11,000, exclusive of tax, transportation charges, delivery charges, or other charges which are excludable in computing taxable price under section 4216(a). This total charge of $11,000 was billed as follows:

<table>
<thead>
<tr>
<th>Refrigerators</th>
<th>$10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local advertising charge</td>
<td>$1,000</td>
</tr>
<tr>
<td><strong>Total charge</strong></td>
<td><strong>11,000</strong></td>
</tr>
</tbody>
</table>

At the time of the manufacturer’s sales of the refrigerators, it was his intention, in accordance with the terms of a cooperative advertising plan to which the manufacturer and the distributor were parties, to make repayment to the distributor of the local advertising charge. Pursuant to the plan, the repayment would be made to the extent of expenditures by the distributor for radio, television, or newspaper advertising, initiated or obtained by him, specifically naming refrigerators or other articles taxable at the same rate under section 4111 which were manufactured by the manufacturer, and giving the location of various retail stores within the distributor’s territory where such articles may be purchased. In this example, only $500 of the manufacturer’s charge of $1,000 for local advertising may be excluded in determining the taxable price of the refrigerators for purposes of reporting and paying the tax imposed by section 4111. The remaining $500 may not be excluded in computing the taxable price of the refrigerators since this is the amount by which the $1,000 local advertising charge exceeds 5 percent of $10,000. Thus, the taxable price of the refrigerators in this example is $10,500.

Example (4). Assume the same facts as those stated in Example (1), except that, pursuant to the agreement between the manufacturer and the distributor, the manufacturer is to contract for the placement of the local advertising. Payment of the $500 local advertising charge is to be made by the manufacturer to the person with whom the advertising is placed in satisfaction of the manufacturer’s contractual liability to such person. Under these circumstances, the manufacturer’s payment of the $500 charge to the person with whom the advertising is placed does not constitute a refund to the purchaser in reimbursement of costs incurred for local advertising.


§ 48.4216(e)–2 Limitation on aggregate of exclusions and price readjustments.

(a) In general. The sum of the amount excluded from taxable price in respect of charges for local advertising, as provided in section 4216(e)(1) and § 48.4216(e)–1, plus the amount of the readjustments for which credits or refunds may be claimed in respect of
local advertising, as provided in section 6416(b)(1) and paragraph (c) of § 48.6416(b)–1, is subject to an over-all 5 percent limitation. This limitation applies to each manufacturer, as of the close of each calendar quarter, in respect of all articles taxable under the same section of Chapter 32 which were sold by such manufacturer in such quarter (and the preceding quarter of quarters, if any, in the calendar year). For example, a manufacturer selling articles taxable under section 4061 (relating to automobiles, trucks, buses, etc.), and also selling articles taxable under section 4111 (relating to refrigerators, quick-freeze units, etc.), who makes separate charges for local advertising in connection with his sales, or who makes reimbursement of local advertising expenses to his vendees out of moneys previously included in taxable price, in respect of any one or more articles in each of the two groups must apply the limitation separately in relation to the articles taxable under section 4061 and in relation to the articles taxable under section 4111. However, in such case, no breakdown of the separate articles taxable under section 4061, or of the separate articles taxable under section 4111, is required.

(b) Computation of over-all 5 percent limitation—(1) In general. The limitation prescribed by section 4216(e)(2) (the “over-all 5 percent limitation” referred to in paragraph (a) of this section) as to the total of the exclusions from price and readjustments of price which may be claimed for local advertising in respect of all articles taxable under the same section of Chapter 32 of the Code shall be computed as of the close of each calendar quarter of the calendar year. The over-all 5 percent limitation is 5 percent of the difference between (i) the amount which would constitute the total taxable price (computed at the time of sale) of all articles taxable under the same section of Chapter 32 of the Code sold by the manufacturer during the elapsed calendar quarters of the calendar year, if no part of any charge for local advertising were excludable in computing taxable price, and (ii) the total of all amounts billed as separate charges for local advertising of such articles (whatever the amount of any single charge of the total of all charges).

In making the computations under subdivisions (i) and (ii) of this subparagraph, credits or refunds under section 6416(b) of tax paid on the sale of any such articles are to be disregarded and articles sold tax-free by the manufacturer are to be excluded. The amount by which the over-all 5 percent limitation computed as of the close of a particular calendar quarter in respect of articles taxable under the same section of the Code exceeds the sum of the charges for local advertising excluded in computing the taxable price and the amount of reimbursements for local advertising of such articles made during the elapsed calendar quarters of the calendar year, in respect of which credit or refund has been claimed, represents the unused portion of the over-all 5 percent limitation. Such unused portion is the maximum amount of reimbursements for local advertising in respect of which credit or refund may be claimed at the close of the particular calendar quarter, subject to the applicable conditions and limitations governing the right to claim a credit or refund in respect of local advertising (see §48.6416(b)–1). The unused portion of the over-all 5 percent limitation as of the close of the fourth calendar quarter of a calendar year in respect of which credit or refund may not be claimed as of the close of such quarter must be disregarded in computing the over-all 5 percent limitation for any subsequent calendar quarter. Moreover, the amount of any reimbursements for local advertising made by a manufacturer in a calendar year which is in excess of the amount of such reimbursements in respect of which credit or refund may be claimed, within the overall limitation, as of the close of the calendar year, may not subsequently serve as the basis for a credit or refund.

(2) Alternative method of computation in certain cases. If during the portion of the calendar year ending with the date as of which the over-all 5 percent limitation is being computed the amount of the local advertising charge separately billed by the manufacturer has not, in respect of any sale of any articles taxable under the same section of Chapter 32 of the Code, exceeded the amount excludable pursuant to paragraph (c) of §48.4216(e)–1 in computing taxable price.
price, the over-all 5 percent limitation as of the close of a particular calendar quarter in respect of articles taxable under such section is 5 percent of the total taxable price (computed at the time of the sale) of all such articles sold taxpaid during the calendar year.

(3) *Allocation of amounts paid in reimbursement of expenditures for local advertising.* If a manufacturer makes contributions to a local advertising program in connection with which he makes excludable local advertising charges, it is necessary that reimbursements by the manufacturer for local advertising be attributed to the charges for local advertising, to the manufacturer’s contributions, or allocated between them. Whether an amount paid by a manufacturer in reimbursement of expenses for local advertising is or is not a repayment of a local advertising charge which was excluded from taxable price under section 4216(a) of this title and § 48.4216(e)–1, shall be determined on the basis of an allocation made under the agreement between the manufacturer and his vendee (or any subsequent vendee).

(c) *Examples.* The application of paragraphs (a) and (b) of this section may be illustrated by the following examples:

**Example (1).** During the first and second calendar quarters of 1961, a manufacturer makes sales of articles taxable under section 4111 to his distributors. The total charges for such sales, exclusive of the tax, transportation charges, delivery charges, or other charges which are excludable, pursuant to section 4216(a), in computing taxable price, are as follows:

<table>
<thead>
<tr>
<th>First Quarter</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles taxable under section 4111</td>
<td>$100,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local advertising charges</td>
<td></td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Total charge</td>
<td>$103,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Quarter</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Articles taxable under section 4111</td>
<td>$150,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local advertising charges</td>
<td></td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>Total charge</td>
<td>$154,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Assume further that the manufacturer contributes to the advertising plan and that the manufacturer pays $5,500 and $1,000 during the first and second calendar quarters of 1961, respectively, to his distributors in reimbursement of expenses incurred by them for local advertising of the articles purchased from the manufacturer.

Compute as of close of first calendar quarter

1. Amount which would constitute total taxable price (computed at time of sale) if not part of any charge for local advertising was excludable in computing taxable price.................. $103,000
2. Amounts billed as separate charges for local advertising.............................................. 3,000
3. Difference ........................................................................................................ $100,000
4. Over-all 5 percent limitation (5 percent of item 3) .......................................................... $5,000
5. Amount excluded in computing taxable price ......................................................... 3,000
6. Unused portion of limitation ............................................................................... $2,000
7. Allocation, pursuant to agreement, or $5,500 paid to distributors:
   Charges for local advertising .......................................................... 3,000
   Contributions by manufacturer .................................................................................. 2,500

Readjustment may be claimed in respect of that portion of the total amount repaid to the distributors which is allocated to the manufacturer’s contribution ($2,500) to the extent that such portion does not exceed the unused portion of the over-all 5 percent limitation ($2,000). Accordingly, as of the close of the first calendar quarter the manufacturer may claim credit or refund in respect of a readjustment or price in the amount of $2,000.

Compute as of close of second calendar quarter

1. Amount which would constitute total taxable price (computed at time of sale) if not part of any charge for local advertising was excludable in computing taxable price $103,000 (for total charge $154,000) ......................................................... $257,000
2. Amounts billed as separate charges for local advertising ($3,000+$4,000) .................. 7,000
3. Difference ........................................................................................................ $250,000
4. Over-all 5 percent limitation (5 percent of item 3) .......................................................... $12,500
5. Amount excluded in computing taxable price ($3,000+$4,000) plus readjustment claimed at end of first calendar quarter ($2,000) ......................................................... 9,000
6. Unused portion of limitation ............................................................................... $3,500
7. Allocation, pursuant to agreement, of $6,500 ($5,500+$1,000) paid to distributors:
   Charges for local advertising .......................................................... 3,000
   Contributions by manufacturer .................................................................................. 3,500

Although the total reimbursements for local advertising expenses attributable to contributions by the manufacturer ($3,000) does not exceed the unused portion of the over-all 5 percent limitation ($3,500), the manufacturer having taken, at the close of the first calendar quarter, a price readjustment in the amount of $2,000 in respect of his contributions is entitled at the close of the second calendar quarter to claim credit or refund in respect of a price readjustment in the amount of $1,000 ($3,000–$2,000).

**Example (2).** During the first calendar quarter of 1961, a manufacturer sold articles taxable under section 4111 to his distributors at a total charge of $106,000, exclusive of the tax, transportation charges, delivery charges, or other charges which are excludable, pursuant to section 4216(a), in computing taxable price. This total charge of $106,000 was billed as follows:

<table>
<thead>
<tr>
<th>Amounts billed as separate charges for local advertising</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000 ...........................................................................</td>
<td></td>
</tr>
<tr>
<td>$2,500 ...........................................................................</td>
<td></td>
</tr>
<tr>
<td>$4,000 ...........................................................................</td>
<td></td>
</tr>
<tr>
<td>$1,000 ...........................................................................</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contributions by manufacturer</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000 ...........................................................................</td>
<td></td>
</tr>
<tr>
<td>$2,500 ...........................................................................</td>
<td></td>
</tr>
</tbody>
</table>

159
§ 48.4216(e)–3

| Articles taxable under section 4111       | $100,000 |
| Local advertising charges                | 6,000    |
| **Total charge**                         | **$106,000** |

Assume further that the manufacturer contributes to the advertising plan and that the manufacturer pays $3,000 during the first calendar quarter of 1961 to his distributors in reimbursement of expenses incurred by them for local advertising of the articles purchased from the manufacturer.

Computation as of close of first calendar quarter:
1. Amount which would constitute total taxable price (computed at time of sale) if not part of any charge for local advertising were excluded in computing taxable price ................. $106,000
2. Amounts billed as separate charges for local advertising .................................. 6,000
3. Difference ........................................................................................................ $100,000
4. Over all 5 percent limitation (5 percent of item 3) .................................................. $5,000
5. Amount excluded in computing taxable price (see paragraph (c) of §48.4216(e)–1) .......... 5,000
6. Unused portion of limitation .................................................................................. $0
7. Allocation, pursuant to agreement, of $3,000 paid to distributors:
   Charges for local advertising ............................................................ $2,000
   Contributions by manufacturer .......................................................... 1,000

Credit or refund may not be claimed in respect of any portion of the total amount repaid to the distributors ($3,000) which is allocated to the manufacturer’s contribution ($1,000) since the amount excluded in computing taxable price is equal to the over-all 5 percent limitation.


§ 48.4216(e)–3 No exclusion or readjustment for other advertising charges or reimbursements.

(a) Exclusions from price. No exclusion in computing the taxable price of any article sold by the manufacturer may be allowed in respect of any charge for advertising if, and to the extent that, such charge:

(1) Is for advertising which does not qualify as local advertising within the meaning of section 4216(e)(4) and paragraph (b) of §48.4216(e)–1, or

(2) Does not satisfy all of the conditions and limitations stated in section 4216(e)(1) and paragraph (c) of §48.4216(e)–1.

(b) Readjustments of price. No credit or refund under section 6416(b)(1) may be allowed in respect of any amount which was included in the taxable price of an article sold by the manufacturer and which was later paid by him to his vendee in reimbursement of costs incurred for advertising, if, and to the extent that, the amount so paid:

(1) Is for advertising which does not qualify as local advertising within the meaning of section 4216(e)(4) and paragraph (b) of §48.4216(e)–1, or

(2) Is not within the limitation provided in section 4216(e)(2), as computed in accordance with §48.4216(e)–2, as of the close of the calendar quarter in which the amount is so paid over, or as of the close of any subsequent calendar quarter in the same calendar year. See, however, paragraph (c)(2)(i) of §48.4216(e)–2, relating to readetermination of price readjustments in cases where local advertising charges excluded from taxable price in one calendar year become taxable as of May 1 of the following calendar year.


§ 48.4216(f)–1 Value of used components excluded from price of certain trucks.

For purposes of the tax imposed by section 4061(a)(1) (relating to trucks, buses, etc.), in determining the price for which an article is sold, the value of any previously used component of such article shall be excluded from the price if the person furnishing the component is the first user of the finished article. For example, where a manufacturer builds a truck for a customer who intends to use, rather than resell the truck, incorporating used parts furnished by the customer, the value of the previously used parts shall not be included in the price for which the truck is considered sold by the manufacturer.

[T.D. 7536, 43 FR 13521, Mar. 31, 1978]

§ 48.4217–1 Lease considered as sale.

For purposes of Chapter 32 of the Code, the lease of an article by a manufacturer, producer, or importer shall be considered a sale of the article. The term “lease” means a contract or agreement, written or verbal, which gives the lessee an exclusive, continuous right to the possession or use of a particular article for a period of time.
The term includes any renewal or extension of a lease or any subsequent lease of the article. However, in the case of the lease of an automobile the sale of which by the manufacturer would be taxable under section 4064, the term includes only the first lease (excluding any renewal or extension of the lease) of such automobile by the manufacturer.


§ 48.4217–2 Limitation on amount of tax applicable to certain leases.

(a) Conditions for eligibility. Section 4217(b) provides for a limitation on the amount of tax that shall apply to the lease, any renewal, or further lease, of an article which, if sold, would be subject to tax on the basis of sale price. Such limitation on the amount of the tax applies with respect to the lease of an article only if, at the time of making the lease, the lessor is engaged in the business of selling in arm’s length transactions the same type and model of article. In case of a lease to which section 4217(b) does not apply, tax shall be computed and paid as provided in section 4216(c) and paragraph (a) of §48.3216(c)–1.

(b) Lessor engaged in business of selling. The lessor will be regarded as being engaged in the business of selling in arm’s length transactions the same type and model of an article as the one being leased if it periodically and recurring makes bona fide offers for sale of such articles in the regular course of operation of its business, which offers if accepted would constitute sales at arm’s length. Whether the offers are bona fide shall be determined on the basis of the facts in each case, such as sales actually made, the nature of the advertising, sales literature, and other means used to effectuate sales. It is not necessary that the offers for sale be made to the same class of purchasers as those to whom the article is being leased.

(c) Same type and model of article. To qualify as the “same type and model of article”, the article offered for sale must be an unused article essentially the same in size, design, and function as the article being leased. For example, a van-type truck trailer would not be the same type and model as a stake-body of flat-bed truck trailer. Neither would a 25-foot van-type trailer be the same type and model as a 35-foot van-type trailer. Slight differences in appearance or accessories will not render articles dissimilar which are identical in all other respects.

(d) Basis for tax—(1) Tax payable until total tax is paid. In case of a lease of an article to which section 4217(b) applies, tax shall be paid on each lease payment in an amount computed by applying to such lease payment a percentage equal to the rate of tax in effect on the date of the lease payment. Such tax payments shall continue to be made under such lease, or any subsequent lease of the article, until the cumulative total of the tax payments equals the total tax. Lease payments made thereafter with respect to that article shall not be subject to tax. For definition of the term “total tax”, see paragraph (e) of this section.

(2) Changes in tax rates. Except as provided in:

(i) Section 701(a)(3) of the Excise Tax Reduction Act of 1965 (79 Stat. 155) in the case of certain reductions in tax rates effective June 22, 1965, or January 1, 1966, and

(ii) Section 401(h)(3) of the Revenue Act of 1971 (85 Stat. 534) in the case of certain reductions in tax rates effective December 11, 1971, if the rate of tax is increased or decreased during a lease period, the new rate shall apply to the lease payments made on and after the date of the change, but the amount of the total tax shall remain the same.

(e) Total tax. For purposes of this section, the term “total tax” means the amount of tax, computed at the rate in effect on the date of the first lease of the article to which section 4217(b) applies, which would be due on the constructive sale price of the article as determined under section 4216(b) and §48.4216(b)–2, as if the article had been sold by a manufacturer at retail on such date.

(f) Sale of article before total tax becomes payable. If the lessor sells the article before the total tax has become payable, the tax payable on the sale
§ 48.4218–1

Tax on use by manufacturer, producer, or importer.

(a) In general. Section 4218 imposes tax in respect of certain uses of articles by the actual manufacturer, producer, or importer thereof. This section also applies in respect of the use of articles by any other person who, pursuant to a provision of Chapter 32 of the Code, is considered to be, or is treated as, the manufacturer or producer of the articles. See, for example, section 4223 relating to articles purchased tax free for use in further manufacture.

(b) Taxable articles in general—(1) Application of tax. If the manufacturer, producer, or importer of an article taxable under Chapter 32 of the Code (other than an article referred to in paragraph (a), (d), or (e) of this section) uses the article for any purpose other than that indicated in subparagraph (3) or (4) of this paragraph, he shall be liable for tax with respect to the use of such article in the same manner as if the article were sold by him.

(2) Taxable use in manufacture of nontaxable articles—(i) In general. In the case of an article to which subparagraph (1) of this paragraph applies, tax attaches when the manufacturer, producer, or importer of the article uses it as material in the manufacture or production of, or as a component part of, another article which is not taxable under Chapter 32 of the Code, regardless of the disposition made of such other article. (See paragraph (c) of § 48.4218–5 for computation of tax on such use.)

(ii) Types of use in manufacture of nontaxable articles. Taxable use may consist of the incorporation of a taxable article, such as an electric light bulb, into a nontaxable article, such as a flashlight. Taxable use may also result from the combining of a taxable article (or the components thereof) with a nontaxable article (or the components of a nontaxable article) resulting in a combination end article which itself is not taxable. Although the taxable article may not be a completely separable unit, within the contemplation of the law a taxable article has been produced and incorporated in the combination end article. The following are examples of taxable articles so used:

(a) Household type electric or gas clothes drier incorporated in a combination washer-drier.

(2) Household type electric, gas, or oil cooking range combined either with...
Internal Revenue Service, Treasury § 48.4218–1

(a) Range using other means of heating or with a nontaxable space heater.

(c) Taxable radio receiving set incorporated in a combination radio receiver-transmitter or in a combination radio receiver-intercommunication system.

If an automobile part or accessory, radio or television component, or camera lens is used as material in the manufacture or production of, or as a component part of, a taxable article to which subparagraph (1) of this paragraph has application and such article in turn is used in the manufacture or production of, or as a component part of, a nontaxable article, the part or accessory, component, or lens is considered to have been used in the manufacture of the taxable article. For example, the use of taxable radio components in the production of a taxable radio receiving set is exempt from tax (see paragraph (d) of this section), but the use of the radio receiving set in the production of a nontaxable combination radio receiver-transmitter is subject to tax. See section 6416(b)(2) or 6416(b)(3) and the regulations thereunder contained in Subpart O for credit or refund of tax paid in respect of such radio receiver if the combination radio receiver-transmitter is by any person exported, sold to a State or local government for its exclusive use, sold to a nonprofit educational organization for its exclusive use, or used or sold for use as supplies for vessels or aircraft.

(3) Nontaxable use in manufacture of taxable articles. The tax on the use of an article to which subparagraph (1) of this paragraph has application shall not apply if the article is used by the manufacturer, producer, or importer thereof as material in the manufacture or production of, or as a component part of, another article taxable under Chapter 32 to be manufactured or produced by him. It is immaterial what disposition is made of such other article.

(4) Gasoline. The tax on the use of an article shall not apply in the case of gasoline used on or after October 1, 1961, by any person, for nonfuel purposes, as a material in the manufacture or production of another article to be manufactured or produced by him. See section 4221 and the regulations thereunder contained in Subpart N. For provisions applicable to use of gasoline by a producer or importer otherwise than in the production of other gasoline, or special motor fuel taxable under section 4041(b), see section 4062(c) and paragraph (c) of § 48.4082–1 contained in subpart H.

(c) Tires, inner tubes, and automobile radio or television receiving sets. If the manufacturer, producer, or importer of a tire or inner tube taxable under section 4071 (other than a bicycle tire or inner tube referred to in paragraph (e) of this section), or an automobile radio or television receiving set taxable under section 4141, sells such article on or in connection with the sale of any other article or uses it for any purpose, he shall be liable for tax with respect to such tire, inner tube, or radio or television receiving set in the same manner as if it were sold by him as a separate article. However, tax does not apply where the manufacturer, producer, or importer of the tire, inner tube, or automobile radio or television receiving set sells such article on or in connection with the sale of another article manufactured by him for any of the exempt purposes specified in paragraphs (2) to (5), inclusive, of section 4221(a) and the regulations thereunder contained in Subpart N.

(d) Automobile parts or accessories, radio or television components, and camera lenses.—(1) Application of tax. If the manufacturer, producer, or importer of an automobile part or accessory taxable under section 4061(b), a radio or television component taxable under section 4141, or a camera lens taxable under section 4171, uses the article for any purpose other than that indicated in subparagraph (2) of this paragraph, he shall be liable for tax with respect to the use of the article in the same manner as if the article were sold by him. For example, tax applies if the manufacturer, producer, or importer uses the article referred to in this subparagraph for repair or replacement purposes in connection with equipment used by him in the operation of his business.

(2) Nontaxable use in manufacture of other articles. The tax on the use of an article referred to in subparagraph (1)
of this paragraph shall not apply if the article is used by the manufacturer, producer, or importer thereof as material in the manufacture or production of, or as a component part of, any other article (whether or not taxable under Chapter 32) to be manufactured or produced by him. It is immaterial what disposition is made of such other article.

(e) Bicycle tires and inner tubes—(1) Application of tax. If the manufacturer, producer, or importer of a bicycle tire as defined in section 4221(e)(4)(B) or an inner tube for such a tire uses the tire or inner tube for any purpose other than as indicated in subparagraph (2) of this paragraph, he shall be liable for tax with respect to the use of the tire or inner tube in the same manner as if the article were sold by him.

(2) Nontaxable use in manufacture of other articles. The tax on the use of a bicycle tire or inner tube referred to in subparagraph (1) of this paragraph shall not apply if the tire or inner tube is used by the manufacturer, producer, or importer thereof as material in the manufacture or production of, or as a component part of, a new bicycle to be manufactured or produced by him. It is immaterial what disposition is made of the new bicycle. Tax, however, applies in the case of the use of a bicycle tire or inner tube by the manufacturer, producer, or importer thereof in the rebuilding or reconditioning of a used bicycle.

(3) Effective date. The provisions of this paragraph shall apply to the use on or after May 1, 1960, of a bicycle tire or inner tube by the manufacturer, producer, or importer thereof. Liability for tax on the use prior to that date of a bicycle tire or inner tube by the manufacturer, producer, or importer thereof shall be based on the provisions of paragraph (c) of this section which apply to tires and inner tubes in general.

(f) Use after lease. If the manufacturer, producer, or importer of a taxable article leases such article and thereafter uses the article, he incurs liability for tax on such use as provided in these regulations to the same extent as if the article were sold after being leased. See section 4217 and the regulations thereunder in this subpart for application and computation of tax in case of leased articles.

(g) Time of application of tax. In the case of a taxable use of an article by the manufacturer, producer, or importer thereof, the tax attaches at the time such use begins. If tax applies by reason of the sale of an article by the manufacturer, producer, or importer thereof on or in connection with his sale of another article, the tax attaches at the time of the sale of such other article.

(h) Exemptions because of other statutory provisions. Tax does not apply on the use of an article by the manufacturer, producer, or importer thereof if under the applicable provisions of the Code the sale of the article for a similar use would not be subject to tax. For example, the use of gasoline by the producer thereof to propel tankers engaged in foreign trade which are owned or leased by the producer would not be subject to tax under section 4218 since a sale for such use would be exempt from tax as provided in section 4221(a)(3). Also, tax need not be paid with respect to the use of an article by the manufacturer, producer, or importer thereof if such use would qualify, under the provisions of section 6416(b), for credit or refund of the tax paid.

[T.D. 6687, 28 FR 11780, Nov. 5, 1963]

§ 48.4218-2 Business or personal use of articles.

(a) Business use. Section 4218 applies to the use by a person, in the operation of any business in which he is engaged, of a taxable article which has been manufactured, produced, or imported by him or his agent. For example, a person engaged in the operation of a dairy business incurs liability for tax with respect to a truck body manufactured by him and used in the operation of his dairy business.

(b) Personal use. The tax on use of a taxable article does not attach in cases where an individual incidentally manufactures, produces, or imports a taxable article for his personal use or causes a taxable article to be manufactured, produced, or imported for his personal use.

[T.D. 6687, 28 FR 11781, Nov. 5, 1963]
§ 48.4218-3 Events subsequent to taxable use of article.

Liability for tax incurred on the use of an article is not extinguished or reduced because of any subsequent sale or lease of the article even if such sale or lease would have been exempt if the article had been so sold or leased prior to use. If a manufacturer, producer, or importer of an article incurs liability for tax on his use thereof, and thereafter sells or leases the article in a transaction which otherwise would be subject to tax, liability for tax is not incurred on such sale or lease.

[T.D. 6687, 28 FR 11781, Nov. 5, 1963]

§ 48.4218-4 Use in further manufacture.

For purposes of section 4218 and § 48.4218-1, an article is used as material in the manufacture or production of, or as a component part of, another article, if it is incorporated in, or is a part or accessory of, the other article. Lubricating oil in the crankcase of a new truck is an example of a taxable article use as material in the manufacture or production of, or as a component part of, another article. In addition, an article (other than gasoline used as a fuel) is considered to be used as material in the manufacture of another article if it is partly or entirely consumed in testing such other article; for example, shells or cartridges used in testing new firearms, similarly, if an article is partly or wholly consumed in quality testing a production run of like articles (as, for example, an automotive part destroyed in stress testing) such article is also considered to have been used as material in the manufacture of another article. However, if a taxable article that has been used tax free and only partly consumed in testing is later sold, or put to a taxable use, by the manufacturer, tax attaches to such sale or use. An article that is consumed in the manufacturing process other than in testing, so that it is not a physical part of the manufactured article, is not used as material in the manufacture or production of, or as a component part of, such other article. Thus, lubricating oil consumed in operating plant machinery in the course of the manufacture of automobile truck chassis is not used as material in the manufacture or production of, or as a component part of, the truck chassis.


§ 48.4218-5 Computation of tax.

(a) Tax based on price. Except as provided in paragraph (d) of this section, tax liability incurred on the use of an article shall be computed on the price at which such or similar articles are sold in the ordinary course of trade by manufacturers, producers, or importers thereof and in the absence of special arrangements. For additional provisions applicable in computing the tax in the case of the use of an article by a manufacturer and producer who purchased the article free of tax under section 4221(a)(1) for use by him in further manufacture, see section 423(b) and the regulations thereunder.

(b) Articles regularly sold by manufacturer. If the manufacturer, producer, or importer of an article regularly sells such articles at wholesale in arm’s length transactions, tax liability on his use of any such article shall be computed on his lowest established wholesale price for such articles in effect at the time of the taxable use. In establishing such price, there shall be included and excluded, as applicable, the charges and readjustments specified in sections 4216(a), 4216(f), and 6416(b)(1), as in effect at the time tax liability on the use of the article is incurred, and the regulations thereunder contained in this subpart and Subpart O. If the manufacturer, producer, or importer of an article does not regularly sell such articles at wholesale in arm’s length transactions, a constructive price on which the use tax shall be computed will be determined by the Commissioner. This price will be established after considering the selling practices and price structures of manufacturers, producers, and importers of similar articles.

(c) Articles governed by section 4218(a) used in manufacture of nontaxable combination articles. If the manufacturer, producer, or importer of an article to which section 4218(a) applies does not regularly sell such article separately
§ 48.4219–1 Sales of taxable articles by a person other than the manufacturer, producer, or importer.

(a) General rule. If the title to, or ownership of, an article taxable under Chapter 32 of the Code is transferred from the manufacturer, producer, or importer thereof, and, under the law, no tax attaches to such transfer, the subsequent sale, lease, or use of such article by the transferee is subject to

(b) Tax based on sales price, weight, or volume.

Where liability for tax is incurred on the sale of an article subject, if sold, to a tax based on:

(1) The weight of the article (such as a tire), or
(2) The volume of the article (such as gasoline or lubricating oil),

the tax due shall be computed on the basis which would be applicable if such article were sold.

[T.D. 6687, 28 FR 11781, Nov. 5, 1963]

Application of tax in case of sales by other than manufacturer or importer.

§ 48.4219–1 Sales of taxable articles by a person other than the manufacturer, producer, or importer.

(a) General rule. If the title to, or ownership of, an article taxable under Chapter 32 of the Code is transferred from the manufacturer, producer, or importer thereof, and, under the law, no tax attaches to such transfer, the subsequent sale, lease, or use of such article by the transferee is subject to

(b) Tax based on sales price, weight, or volume.

Where liability for tax is incurred on the sale of an article subject, if sold, to a tax based on:

(1) The weight of the article (such as a tire), or
(2) The volume of the article (such as gasoline or lubricating oil),

the tax due shall be computed on the basis which would be applicable if such article were sold.

[T.D. 6687, 28 FR 11781, Nov. 5, 1963]
tax to the same extent and in the same manner as if such transferee were the manufacturer, producer, or importer of the article. The following examples illustrate this rule:

1. The surviving spouse, child or children, executors or administrators, or other legal representatives, as the case may be, of a deceased manufacturer, producer, or importer of taxable articles, incur liability for tax on all such articles sold by them.

2. A receiver or trustee in bankruptcy who under a court order conducts or liquidates the business of a manufacturer, producer, or importer of taxable articles, incurs liability for tax on all taxable articles sold by him, regardless of whether the articles were manufactured, produced, or imported before or after he took charge of the business.

3. An assignee for the benefit of creditors of a manufacturer, producer, or importer incurs liability for tax with respect to all taxable articles sold by him as such assignee.

4. If one or more members of a partnership withdraw, or if new partners are admitted, the new partnership so constituted incurs liability for tax on all taxable articles sold by it regardless of when such articles were manufactured, produced, or imported.

5. A person who acquires title to taxable articles as a result of default of the manufacturer, producer, or importer pursuant to an agreement under the terms of which the articles were pledged as collateral incurs liability for tax with respect to his sale of the articles so acquired.

6. A person who succeeds to the business of a manufacturer, producer, or importer of taxable articles, such as:
   (i) A corporation which results from a consolidation, merger, or reorganization;
   (ii) A corporation which acquires the business of an individual or partnership;
   (iii) A stockholder in a corporation who, after its dissolution, continues the business;
incurs liability for tax on all taxable articles sold by such person. However, where a manufacturer, producer, or importer sells only his assets, rather than ownership of his business, he incurs liability for tax on the sale of any taxable articles included in such assets.

(b) Transfer of title to damaged articles. If title to a damaged taxable article is transferred by the manufacturer, producer, or importer thereof to a carrier or insurance company in adjustment of a damage claim, such transfer is not considered a taxable sale of the article. If the article is usable, even though damaged, the carrier or insurance company incurs liability for tax on its sale, lease, or use of the article. Where the article has been damaged to the extent that its only value is as scrap, and it is not restored to usable condition, sale thereof by the carrier or insurance company is not subject to tax.

[T.D. 6687, 28 FR 11782, Nov. 5, 1963]

Subpart N—Exemptions, Registration, Etc.

Source: T.D. 7536, 43 FR 13522, Mar. 31, 1978, unless otherwise noted.

§ 48.4221–1 Tax-free sales; general rule.

(a) Application of regulations under section 4221—(1) In general. The regulations under section 4221 provide rules under which the manufacturer, producer, or importer of an article subject to tax under chapter 32 (or the retailer of an article subject to tax under subchapter A or C of chapter 31) may sell the article tax free under section 4221.

2. Limitations. The following restrictions must be taken into account in applying the regulations under section 4221:
   (i) The exemptions under section 4221 (a)(4) and (a)(5) do not apply to the tax imposed by section 4064 (gas guzzler tax).
   (ii) The exemptions under section 4221 do not apply to the tax imposed by section 4081 (taxable fuel tax).
   (iii) The exemptions under section 4221 do not apply to the tax imposed by section 4091 (aviation fuel tax). For rules relating to tax-free sales of aviation fuel, see section 4092 and the regulations thereunder.
   (iv) The exemptions under section 4221 do not apply to the tax imposed by section 4121 (coal tax).
   (v) The exemptions under section 4221 (a)(3) through (a)(5) do not apply to the
§48.4221-1 26 CFR Ch. I (4–1–02 Edition)

therefore, the exemption under section 4221(a)(2) applies to the vaccine tax only to the extent provided in §48.4221–3(e) (relating to tax-free sales of vaccine for export).

(vi) The exemptions under section 4221(a) apply only in those cases where the exportation or use referred to is to occur before any other use.

(b) Manufacturer relieved of liability in certain cases—(1) General rule. Under the provisions of section 4221(c), if an article subject to tax under Chapter 32 of the Code is sold free of tax by the manufacturer of the article for an exempt purpose referred to in section 4221(c) and paragraph (b)(2) of this section, the manufacturer shall be relieved of any tax liability under Chapter 32 with respect to such sale if the manufacturer in good faith accepts a proper certification by the purchaser that the article or articles will be used by the purchaser in the stated exempt manner. See paragraph (b)(2) of this section for a list of the exempt purposes referred to in section 4221(c).

(2) The following are situations wherein section 4221(c) is applicable with respect to sales made tax free on the assumption that one of the following sections of the Code provides exemption for such sales:

(i) Section 4221(a)(1), to the extent that it relates to sales for further manufacture by a first purchaser (see §48.4221–2).

(ii) Section 4221(a)(3), relating to supplies for vessels and aircraft (see §48.4221–4).

(iii) Section 4221(a)(4), relating to sales to State or local governments (see §48.4221–5).

(iv) Section 4221(a)(5), relating to sales to nonprofit educational organizations (see §48.4221–6), and

(v) Section 4221(e)(3) relating to the sale of tires used on intercity, local, or school buses (see §48.4221–8).

(c) Evidence required in support of tax-free sales—(1) Purchasers required to be registered. Every purchaser who is required to be registered (see §48.4222(a)–1) shall furnish to the seller, as evidence in support of each tax-free sale made by the seller to such purchaser, the exempt purpose for which the article or articles are being purchased and the registration number of the purchaser. Such information must be in writing and may be noted on the purchase order or other document furnished by the purchaser to the seller in connection with each sale.

(2) Purchasers not required to be registered. For the evidence which purchasers not required to register must furnish to the seller in support of each tax-free sale made by the seller to such purchasers, see paragraph (b) of
§ 48.4221-3 for sales or resales to a foreign purchaser for export, paragraph (d) of § 48.4221-4 for sales of supplies to vessels or aircraft, paragraph (c) of § 48.4221-5 for sales to State and local governments, and paragraph (c) of § 48.4222(b)-1 for sales and purchases by the United States.


§ 48.4221-2 Tax-free sale of articles to be used for, or resold for, further manufacture.

(a) Further manufacture—(1) In general. Under prescribed conditions, an article subject to tax under Chapter 32 (other than a tire taxable under section 4071, which is given special treatment under section 4221(e)(2) and § 48.4221-7) may be sold tax free by the manufacturer, pursuant to section 4221(a)(1), for use by the purchaser in further manufacture, or for resale by the purchaser to a second purchaser for use by the second purchaser in further manufacture. See section 4221(d)(6) and paragraph (b) of this section for the circumstances under which an article is considered to have been sold for use in further manufacture. See section 6416(b)(3) and § 48.6416(b)-3 for the circumstances under which credit or refund is available when tax-paid articles are used in further manufacture.

(2) Proof of resale for use in further manufacture. See section 4221(b)(1) and paragraph (c) of this section for provisions under which the exemption provided in section 4221(a)(1) shall cease to apply in the case of an article sold by the manufacturer to a purchaser for resale to a second purchaser for use in further manufacture unless the manufacturer receives timely proof of resale for further manufacture.

(b) Circumstances under which an article is considered to have been sold for use in further manufacture. (1) An article shall be treated as sold for use in further manufacture if the article is sold for use by the buyer as material in the manufacture or production of, or as a component part of, another article taxable under chapter 32 of the Internal Revenue Code.

(2) An article is used as material in the manufacture or production of, or as a component of, another article if it is incorporated in, or is a part or accessory of, the other article when the other article is sold by the manufacturer. In addition, an article is considered to be used as material in the manufacture of another article if it is consumed in whole or in part in testing such other article. However, an article that is consumed in the manufacturing process other than in testing, so that it is not a physical part of the manufactured article, is not considered to have been used as material in the manufacture of, or as a component part of, another article.

(c) Proof of resale for further manufacture—(1) Cessation of exemption. The exemption provided in section 4221(a)(1) and described in paragraph (a) of this section in respect of an article sold by the manufacturer to a purchaser for resale to a second purchaser for use by the second purchaser in further manufacture shall cease to apply on the first day following the close of the 6-month period which begins on the date of the sale of such article by the manufacturer, or the date of shipment of the article by the manufacturer, whichever is earlier, unless, within such 6-month period, the manufacturer receives proof, in the form prescribed by paragraph (c) (2) of this section, that the article was actually resold by the purchaser to a second purchaser for such use. If, on the first day following the close of the 6-month period, such proof has not been received, the manufacturer shall become liable for tax at that time at the rate in effect when the sale was made but otherwise in the same manner as if the article had been sold by it on such first day at a taxable price equivalent to that at which the article was actually sold. If the manufacturer later obtains such proof, it may file a claim for refund or credit of this tax. The payment of this tax by the manufacturer is not considered an overpayment by the subsequent manufacturer or producer for which the subsequent manufacturer or producer is entitled to a credit or refund under section 6416(b)(3). See section 4221(d)(6) and paragraph (b) of this section for

169
§ 48.4221-3

26 CFR Ch. I (4–1–02 Edition)

the circumstances under which an article is considered to have been sold for use in further manufacture.

(2) Proof of resale—(i) Certificate of purchaser. The proof of resale to be received by the manufacturer, as required under section 4221(b)(1), may consist of either a copy of the invoice of the manufacturer’s vendee directed to his purchaser which discloses the certificate of registry number held by each party or a statement described below. In the case of an invoice of manufacturer’s vendee, it must appear from such invoice (or by statement attached thereto) that the article was in fact resold for use in further manufacture. In lieu of such an invoice, proof of resale may consist of a statement, executed and signed by the manufacturer’s vendee. Such statement shall be in substantially the following form:

STATEMENT OF MANUFACTURER’S VENDEE

(To support tax-free sales of taxable articles to a purchaser for resale to a second purchaser for use in further manufacture (section 4221(a)(1) of the Internal Revenue Code).)

(Date) ____________, 19__.

The undersigned, or the (Name of manufacturer’s vendee if other than undersigned), of which I am _____ (Title), holds certificate of registry No. _____, issued by the District Director of Internal Revenue at _____.

The article or articles specified below or on the reverse side hereof were purchased tax free by me, or by (Name of manufacturer’s vendee if other than undersigned), on _____ (Date) and were thereafter resold to a purchaser who holds certificate of registry No. _____, issued by the District Director of Internal Revenue at _____, for use by it as material in the manufacture or production of, or as a component part or parts of, an article or articles taxable under chapter 32 of the Internal Revenue Code, or, if the article or articles are automobile parts or accessories (to which section 4061(b) applies) or gasoline, for use by it as material (for nonfuel uses in the case of gasoline) in the manufacture or production of, or as a component part or parts of, any article or articles.

The undersigned, or (Name of manufacturer’s vendee if other than undersigned), has in my/its possession proof of tax-free resale of such article or articles in the form of related purchase orders and sales invoices, and proof of tax-free resale will be retained by me or (Name of manufacturer’s vendee if other than undersigned), for at least 3 years from the date of this statement, and will be made readily available for inspection by Government officers during such 3-year period.

I have not previously executed a statement in respect of such certificate of resale, and I understand that the fraudulent use of this statement may subject me and all parties making such fraudulent use of this statement to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(Signature)

(Address)

(ii) Period covered. Any statement executed and signed by the manufacturer’s vendee, as provided in subdivision (i) of this paragraph (c)(2), may be executed with respect to any one or more articles purchased tax free from a manufacturer and resold for use in further manufacture within the 6-month period prescribed in section 4221(a)(1) and paragraph (c)(1) of this section. Such statement (or other prescribed proof of resale) must be retained for inspection by the district director as provided in section 6001.

§ 48.4221-3 Tax-free sale of articles for export, or for resale by the purchaser to a second purchaser for export.

(a) In general. (1) An article subject to tax under Chapter 32 of the Code may be sold tax free by the manufacturer, pursuant to section 4221(a)(2) and this section, for export, or for resale by the purchaser to a second purchaser for export. See paragraph (a)(10) of § 48.0-2 for the meaning of the term “export”.
An article may be sold tax free by the manufacturer under the provisions of this section only if the person to whom the manufacturer sells the article intends either to export the article or to resell it to a person who intends to export it. An article may not be sold tax free under the provisions of this section by a manufacturer to a purchaser for resale to a second purchaser which does not intend to export the article itself but plans to resell it to a third purchaser for export. See section 4416 (b)(2)(A) and paragraph (b)(1) of § 48.4616(b)-2 for the circumstances under which credit or refund of tax is available where tax-paid articles are exported from the United States.

(2) If an article, otherwise taxable under Chapter 32 of the Code:

(i) Is sold tax free by the manufacturer pursuant to section 4221(a)(2) and this section, and

(ii) Is returned subsequently to the United States in an unused and undamaged condition,

then the importer is liable for the tax imposed by Chapter 32 on the subsequent sale or use of the article in the United States. The provisions of this paragraph (a)(2) may be illustrated by the following examples:

Example (1). Q, a U.S. motor vehicle manufacturer, previously sold a truck chassis to R, a company in Canada. The sale was tax free under section 4221(a)(2). R mounted a truck body on the truck chassis and sold the completed vehicle to S. Thereafter S sold the completed new vehicle to T who imported the vehicle into the United States and sold it. The sale of the completed truck subjects T to an excise tax liability under section 4061(a)(1) with respect to both the body and the chassis.

Example (2). X, a U.S. manufacturer of trucks, sold a trash collection truck to Y, a company in France. The sale was tax free under section 4221(a)(2). The truck was sold by Y to the City of Nice, France. After initial use, the city determined that the truck was not suited for its needs and resold the truck to X. X returned the truck to the United States where it was resold. The resale of the truck by X does not subject X to an excise tax liability under section 4061(a)(1).

(b) Sales or resales to a foreign purchaser for export. In the case of sales or resales to a foreign purchaser for export, where the first purchaser or the second purchaser is located in a foreign country or possession of the United States, such purchaser is not required to register as provided in section 4222(a) and § 48.4222(a)-1. To establish the right to sell articles tax free for export to a purchaser who is not registered and who is located in a foreign country or a possession of the United States, the manufacturer must obtain from such purchaser at the time title to the article passes or at the time of shipment, whichever is earlier, either:

(i) A written order or contract of sale showing that the manufacturer is to ship the article to a foreign destination; or

(ii) That such article will be transported to its foreign destination in due course prior to use or further manufacture and prior to any resale except for export.

See section 4221(b) and paragraphs (c) and (d) of this section for requirements as to timely proof of exportation and cessation of the exemption for export unless the evidence to show actual exportation has been received by the manufacturer.

(c) Cessation of exemption. The exemption provided in section 4221(a)(2) and paragraph (a) of this section for an article sold by the manufacturer for export or for resale by the purchaser to a second purchaser for export shall cease to apply on the first day following the close of the 6-month period which begins on the date of the sale of the article by the manufacturer, or the date of shipment of the article by the manufacturer, whichever is earlier, unless within the 6-month period the manufacturer receives proof, in the form prescribed by paragraph (d) of this section, that the article was actually exported. If, on the first day following the close of the 6-month period, the proof has not been received, the manufacturer shall become liable for tax at that time at the rate in effect when the sale was made but otherwise in the
same manner as if the article had been sold by it on such first day at a taxable price equivalent to that at which the article was actually sold.

(d) Proof of exportation. (1) Exportation may be evidenced by:

(i) A copy of the export bill of lading issued by the delivering carrier.

(ii) A certificate by the agent or representative of the export carrier showing actual exportation of the article.

(iii) A certificate of landing signed by a customs officer of the foreign country to which the article is exported.

(iv) Where the foreign country has no customs administration, a statement of the foreign consignee showing receipt of the article, or

(v) Where a department or agency of the United States Government is unable to furnish any one of the foregoing fourth types of proof of exportation, a statement or certification on the department or agency stationery, executed by an authorized officer, that the listed or identified articles have, in fact, been exported.

(2) In any case where the manufacturer is not the exporter, the manufacturer must have in its possession a statement from the vendee to whom the manufacturer sold the article stating that the article was in fact exported in due course by the vendee or was sold to another person who in due course exported the article. The statement must state what evidence is available to establish that the article was in fact exported in due course prior to use or further manufacture and prior to resale in the United States other than for export. Such evidence must be that described in paragraph (d)(1) of this section, and the statement must show where such evidence is readily available for inspection by Government officers, and should be in substantially the following form:

STATEMENT OF MANUFACTURER'S VENDEE

(To support tax-free sales of taxable articles to a purchaser for export or for resale to a second purchaser for export (section 4221(a)(2) of the Internal Revenue Code):)

I, the undersigned, or the undersigned (Name of manufacturer's vendee if other than undersigned) of which I am (Title) holds certificate of registry No. ___, issued by the District Director of Internal Revenue at

The article or articles specified below or on the reverse side hereof were purchased tax free by me or by

(Name of manufacturer's vendee if other than undersigned) on __________ (Date), and

were thereafter exported.

The undersigned or

(Name of manufacturer's vendee if other than undersigned) has in my/its possession proof of exportation in respect of such article or articles. The evidence of export available is __________________________ and is located at __________________________ (If other than address below). Such proof of exportation will be retained by

(Name of manufacturer's vendee) for at least 3 years from the date of this statement and will be made readily available for inspection by Government officers.

I have not previously executed a statement in respect of the article or articles covered by this statement, and I understand that the fraudulent use of this statement will subject me and all parties making such fraudulent use of this statement to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

________________________
(Signature)

________________________
(Address)

________________________
(Date)

(3) The statement executed and signed by the manufacturer's vendee, as provided in paragraph (d)(2) of this section, may be executed with respect to any one or more articles purchased tax free from a manufacturer and exported within the 6-month period prescribed in section 4221(b)(2) and paragraph (c) of this section. Such statement shall be kept for inspection by the district director as provided in section 6001 and the regulations thereunder.

(e) Vaccines. The exemption provided by section 4221(a)(2) applies after August 10, 1993, to the tax imposed on vaccines by section 4131, but only if—

(1) The vaccine is sold by the manufacturer after August 10, 1993; and

(2) In the case of vaccine sold to, or sold for resale to, the United States or any of its agencies or instrumentalities, the United States or such agency or instrumentality notifies the manufacturer that the vaccine is intended
§ 48.4221–4 Tax-free sale of articles for use by the purchaser as supplies for vessels or aircraft.

(a) Supplies for vessels or aircraft—(1) In general. An article subject to tax under Chapter 32 may be sold tax free by the manufacturer, pursuant to section 4221(a)(3) and this section, for use by the purchaser as supplies for vessels or aircraft. See paragraph (b) of this section for the meaning of the term “supplies for vessels or aircraft.” An article may be sold tax free under the provisions of this section only in those cases where the sale of an article by the manufacturer is made directly to the owner, officer, charterer, or authorized agent of a vessel or aircraft for use as supplies for the vessel or aircraft. No sale may be made tax free to a dealer for resale for use as supplies for vessels or aircraft, even though it is known at the time of sale by the manufacturer that the article will be so resold. See section 6416(b)(2)(B) and paragraph (b)(2) of §48.6416 (b)–2 for circumstances under which credit or refund of tax is available where tax-paid articles are used, or sold for use, as supplies for vessels or aircraft. An article may not be sold tax free under the provisions of this section by the manufacturer to passengers or members of the crew of a vessel or aircraft.

(b) Meaning of terms—(1) Supplies for vessels or aircraft. The term “supplies for vessels or aircraft” means fuel supplies, ships’ stores, sea stores, or legitimate equipment on vessels of war of the United States or of any foreign nation, vessels employed in the fisheries or in the whaling business, or vessels actually engaged in foreign trade or trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions.

(2) Fuel supplies, ships’ stores, and legitimate equipment. The terms “fuel supplies”, “ships’ stores”, and “legitimate equipment” include all articles, materials, supplies, and equipment necessary for the navigation, propulsion, and upkeep of vessels of war of the United States or of any foreign nation, vessels employed in the fisheries or in the whaling business, or vessels actually engaged in foreign trade or in trade between the Atlantic and Pacific ports of the United States or between the United States and any of its possessions, even though such vessels may make intermediate stops in the United States. The term does not include supplies for vessels engaged in trade (i) between domestic ports in the Atlantic Ocean and the Gulf of Mexico, (ii) between domestic ports on the Pacific Ocean, (iii) between domestic ports on the Great Lakes, or (iv) on the inland waterways of the United States.

(3) Sea stores. The term “sea stores” includes any article purchased for use or consumption by the passengers or crew, or both, of a vessel during its voyage.

(4) Vessels. The term “vessel” includes (i) every description of watercraft or other contrivance used, or capable of being used, as a means of transportation on water, (ii) civil aircraft registered in the United States and employed in foreign trade or in trade between the United States and any of its possessions, and (iii) civil aircraft registered in a foreign country and employed in foreign trade or in trade between the United States and any of its possessions.

(5) Vessels of war of the United States or of any foreign nation. The term “vessels of war of the United States or of any foreign nation” includes (i) every description of watercraft or other contrivance used, or capable of being used, as a means of transportation on water and constituting equipment of the armed forces (including the U.S. Coast
§48.4221-4

26 CFR Ch. I (4–1–02 Edition)

Guard and U.S. National Guard) of the United States or of a foreign nation, and (ii) aircraft owned by the United States or by any foreign nation and constituting equipment of the armed forces thereof. For purposes of this section, vessels or aircraft owned by armed forces are not considered to be equipment of such armed forces while on lease or loan to an organization that is not part of the armed forces.

(6) Vessels used in fisheries or whaling business. The exemption provided by section 4221(a)(3) and paragraph (a) of this section in the case of articles sold for the prescribed use on vessels employed in the fisheries or whaling business is limited to articles sold by the manufacturer for such use on vessels while employed, and to the extent employed, exclusively in the fisheries or in the whaling business. For purposes of this section, vessels engaged in sport fishing are not considered to be employed in the fisheries.

(7) Civil aircraft. The exemption provided by section 4221(a)(3) and paragraph (a) of this section relating to supplies for vessels or aircraft, with respect to civil aircraft, extends only to civil aircraft when employed in foreign trade, or in trade between the United States and any of its possessions. Sales of supplies to civil aircraft when engaged in trade between the Atlantic and the Pacific ports of the United States are not exempt from the tax imposed under Chapter 32. See section 4221(e)(1) and paragraph (c) of this section for requirement of reciprocal exemption in the case of a civil aircraft registered in a foreign country.

(8) Trade. The term “trade” includes the transportation of persons or property for hire and the making of the necessary preparations for such transportation. The term “trade” also includes the transportation of property on a vessel or aircraft owned or chartered by the owner of the property in connection with the purchase, sale, or exchange of the property in a commercial business operation. However, a vessel owned or chartered by a company and used in the transportation of personnel or property of such company to or from its business properties located in a foreign country, or in a possession of the United States, is not engaged in “trade”.

(c) Reciprocity required in the case of civil aircraft. The exemption provided by section 4221(a)(3) and paragraph (a) of this section with respect to the sales of supplies for civil aircraft registered in a foreign country is further limited in that the privilege of exemption may be granted only if the Secretary of Commerce advises the Secretary of the Treasury that the foreign country allows, or will allow, substantially the same reciprocal privileges. If a foreign country discontinues the allowance of such substantially reciprocal exemption, the exemption allowed by the United States will not apply after the Secretary of the Treasury is notified by the Secretary of Commerce of the discontinuance of the exemption allowed by the foreign country.

(d) Evidence required to establish exemption—(1) In general. The exemption provided in section 4221(a)(3) and paragraph (a) of this section for articles sold for use by the purchaser as supplies for vessels or aircraft applies only (i) if both the manufacturer and purchaser are registered under the provisions of section 4222 or (ii) the purchaser are not registered but have satisfied the provisions of paragraph (d)(2) of this section. See paragraph (c) of §48.4221-1 for the evidence required to establish exemption where the purchaser is registered pursuant to section 4222 and §48.4222(a)-1.

(2) Exemption certificates for use in support of tax-free sales of supplies for vessels and aircraft. (i) In order to establish exemption from tax under section 4221(a)(3) in those instances where the purchaser or both the manufacturer and purchaser are not registered under section 4222, the manufacturer must obtain (prior to or at the time of the sale) from the owner, charterer, or authorized agent of the vessel or aircraft and retain in the manufacturer’s possession a properly executed exemption certificate in the form prescribed by subdivision (iii) of this paragraph (d)(2). If articles are sold tax free for use as supplies for civil aircraft employed in foreign trade or in trade between the United States and any of its possessions, the exemption certificate
must show the name of the country in which the aircraft is registered.

(ii) Where only occasional sales of articles are made to a purchaser for use as supplies for vessels or aircraft, a separate exemption certificate shall be furnished for each order. However, where sales are regularly or frequently made to a purchaser for such exempt use, a certificate covering all orders for a specified period not to exceed 12 calendar quarters will be acceptable. Such certificates and proper records of invoices, orders, etc., relative to tax-free sales must be kept for inspection by the district director as provided in section 6001 and the regulations thereunder.

(iii) Acceptable form of exemption certificate. The following form of exemption certificate will be acceptable for the purposes of this section and must by adhered to in substance:

EXEMPTION CERTIFICATE

(For use by purchasers of articles for use as fuel supplies, ships stores, sea stores, of legitimate equipment on certain vessels or aircraft (sections 4221 and 4222 of the Internal Revenue Code of 1954).)

(Date) _______________ , 19 __________

I, the undersigned purchaser, hereby certify that I am the __________ (Owner, charterer, or authorized agent) of

(Name of company and vessel) and that:

(Check applicable type of certificate)

the article or articles specified in the accompanying order, or on the reverse side hereof, (or)

all orders placed by the purchaser for the period commencing (Date) _______ and ending (Date) _______ (period not to exceed 12 calendar quarters), will be used only for fuel supplies, ships' stores, sea stores, or legitimate equipment on a vessel belonging to one of the following classes of vessels to which section 4221 of the Internal Revenue Code applies: (Check class to which vessel belongs.)

(1) Vessels engaged in foreign trade.
(2) Vessels engaged in trade between the Atlantic and Pacific ports of the United States.
(3) Vessels engaged in trade between the United States and any of its possessions.
(4) Vessels employed in the fisheries or whaling business.
(5) Vessels of war of the United States or a foreign nation.

I understand that if the articles are used for any purpose other than as stated in this certificate, or are resold or otherwise disposed of, I must report such fact to the manufacturer. I understand that this certificate may not be used in purchasing articles tax free for use as fuel supplies, etc., on pleasure vessels, or on any type of aircraft except that (i) civil aircraft employed in foreign trade or trade between the United States and any of its possessions, and (ii) aircraft owned by the United States or any foreign country and constituting a part of the armed forces thereof.

I understand that the fraudulent use of this certificate to secure exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution. I also understand that I must be prepared to establish by satisfactory evidence the purpose for which the article was used.

(Signature)

(Address)

§ 48.4221-5 Tax-free sale of articles to State and local governments for their exclusive use.

(a) In general. An article (excluding an automobile subject to tax under section 4064) subject to tax under Chapter 32 of the Code may be sold tax free by the manufacturer, pursuant to section 4221(a)(4) and this section, to a State or local government for the exclusive use of such State or local government. See paragraph (b) of this section for the meaning of the term “State or local government”. An article may be sold tax free by the manufacturer under this paragraph only in those cases where the sale is made directly to a State or local government for its exclusive use. Accordingly, no sale may be made tax free to a dealer for resale to a State or local government for its exclusive use. An article may be sold tax free to a State or local government for its exclusive use, even though it is known at the time of sale by the manufacturer that the article will be resold. A sale of an article to a State or local government for resale is not considered to be a sale for the “exclusive use” of the State or local government, within the meaning of section 4221(a)(4), and, therefore, such sales may not be made tax free. Such sales are not exempt regardless of whether the resales are
made to government employees, or the fact that the article is an item of equipment the employee is required to possess in carrying out his duties. For example, pistols or revolvers may not be sold tax free to a State or local government for sale to its police officers. See section 6416(b)(2)(C), and paragraph (b)(3) of § 48.6416(b)-2, for the circumstances under which credit or refund of tax is available where tax-paid articles are sold for the exclusive use of a State or local government.

(b) State or local government. The term “State or local government” includes any State, the District of Columbia, and any political subdivision of any of the foregoing.

(c) Evidence required in support of tax-free sales to States or local governments.

(1) The evidence required in support of a tax-free sale to the State or local government shall, except as provided in paragraph (c)(2) of this section, consist of a certificate, executed and signed by an officer or employee authorized by the State or local government to execute and sign the certificate. If it is impracticable to furnish a separate certificate for each order or contract because of a frequency of purchases, a certificate covering all orders between given dates (such period not to exceed 12 calendar quarters) will be acceptable. The certificates and proper records of invoices, orders, etc., relative to tax-free sales must be retained by the manufacturer as provided in section 6001 and the regulations thereunder. The certificate shall be in substantially the following form:

EXEMPTION CERTIFICATE
(For use by States and local governments (section 4221(a)(4) of the Internal Revenue Code))

(Date) __________, 19__
I hereby certify that I am ________ (Title of Officer) of ________ (State or local government) that I am authorized to execute this certificate; and that:

(CHECK APPLICABLE TYPE OF CERTIFICATE)

________ the article or articles specified in the accompanying order, or on the reverse side hereto, (or)

________ all orders placed by the purchaser for the period commencing ________ (Date) and ending ________ (Date) (period not to exceed 12 calendar quarters), are, or will be, purchased from ________ (Name of manufacturer) for the exclusive use of ________ (Governmental unit) of ________ (State or local government).

I understand that the exemption from tax in the case of sales of articles under this exemption certificate to a State, etc., is limited to the sale of articles purchased for its exclusive use. I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than $10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

__________________________  ____________________________
(Signature)  (Address)

(2) A purchase order, provided that all of the information required by paragraph (c)(1) of this section is included therein, is acceptable in lieu of a separate exemption certificate.

(d) Resale of articles purchased tax free by a State or local government. If articles purchased tax free for the exclusive use of a State or local government are prior to use by the State or local government resold under circumstances that do not amount to an exclusive use by the State or local government (such as tires that are resold by a volunteer fire department to volunteer firemen), the parties responsible in the State or local government are required to inform the manufacturer, producer, or importer from whom the articles were purchased that they were disposed of in a manner that did not amount to an exclusive use by the State or local government. A willful failure to supply the manufacturer, producer, or importer with the information required by this subparagraph will subject responsible parties to the penalties provided by section 7203.

§ 48.4221–7

(5) This section, to a non-profit educational organization for its exclusive use. See paragraph (b) of this section for the meaning of the term "nonprofit educational organization". An article may be sold tax free by the manufacturer under this paragraph only in those cases where the sale of an article by the manufacturer is made directly to a nonprofit educational organization for its exclusive use. Accordingly, no sale may be made tax free to a dealer for resale to a nonprofit educational organization for its exclusive use even though it is known at the time of sale by the manufacturer that the article will be so resold. See section 6416(b)(2)(D), and paragraph (b)(4) of § 48.6416(b)-2, for the circumstances under which credit or refund of tax is available where tax-paid articles are sold for the exclusive use of a nonprofit educational organization.

(b) Nonprofit educational organization. The term "nonprofit educational organization" means an organization described in section 170(b)(1)(A)(ii) that is exempt from income tax under section 501(a). Section 170(b)(1)(A)(ii) describes an "educational organization" as one that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501(a), provided the primary function of such school is the presentation of formal instruction and provided such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

(c) Evidence required in support of tax-free sales to nonprofit educational organizations. Every nonprofit educational organization purchasing tax free under section 4221(a)(5) must furnish the following information to the seller:

(1) The exempt purpose for which the article or articles are being purchased, and

(2) Its registration number, and the district director's office that issued the registration number. Such information must be in writing and may be noted on the purchase order or other document furnished by the purchaser to the seller in connection with each sale "except that a single notification containing the information described in this paragraph may cover all sales by the seller to the purchaser made during a designated period not to exceed 12 successive calendar quarters." See paragraph (c) of § 48.4221-1 for the evidence required to establish exemption.

§ 48.4221-7 Tax-free sales of tires and tubes.

(a) In general. A manufacturer of tires or inner tubes that are taxable under section 4071 may sell such articles tax free if the sale meets the conditions prescribed in section 4221(e)(2) and paragraph (a)(1) and (2) of this section. The following are conditions under which articles taxable under section 4071 may be sold tax free:

(1) The tire or tube is sold for use by the purchaser for sale on or in connection with the sale of another article manufactured or produced by the purchaser; and

(2) The other article is to be sold in a tax-free sale by the purchaser for export, for use as supplies for vessels or aircraft, to a State or local government for its exclusive use, or to a nonprofit educational organization for its exclusive use, or the other article is to be sold by the purchaser for any of such purposes in a sale which would be tax-free but for the fact that the other article is not subject to tax under Chapter 32 of the Code.

See section 6416(b)(2)(F) and paragraph (b)(6) of § 48.6416(b)-2 for the circumstances under which credit or refund of tax is available for tax-paid tires or tubes that are resold for the purposes described in this paragraph (a).

(b) Registration requirements. In order to effect a tax-free sale under section 4221(e)(2)(A), both the manufacturer and purchaser (except for purchasers
who are exempt from the registration requirement under §48.4222(b)-(1) must be registered with the District Director of Internal Revenue as required in §48.4222(a)-(1). At the time of sale, the registration number assigned to the purchaser by the district director together with the purpose for which the article was purchased must be shown on (or attached to) the invoice, purchase order, or other document used for the sale.

(c) Proof required in support of tax-free sales of tires and tubes—(1) Cessation of exemption. The exemption allowed under section 4221(e)(2)(A) and this section on the sale of a tire or inner tube shall cease to apply unless, within the 6-month period which begins on the date of the tax-free sale by the manufacturer of such article (or, if earlier, on the date of shipment by such manufacturer), the manufacturer receives proof from the purchaser that such article has been used on or in connection with the sale of another article which has been sold for one of the tax-exempt purposes referred to in paragraph (a)(2) of this section. If the manufacturer has not received the required information within such 6-month period, the temporary suspension of the liability for the payment of the tax ceases, and the manufacturer shall include the tax on the sale of the tire or inner tube in his return for the period in which the 6-month period expires. If the required information is received after the expiration of the 6-month period, the manufacturer may file a claim for credit or refund of tax so paid on his sale of the tire or inner tube.

(2) Required information. The information which the manufacturer must receive within the 6-month period, referred to in paragraph (c)(1) of this section, shall be in substantially the following form:

STATEMENT OF MANUFACTURER’S VENDEE
(To support tax-free sales of tires or inner tubes by the manufacturer thereof for use on or in connection with the sale of another article (section 4221(e)(2) of the Internal Revenue Code))

(Date) _______ , 19 _______.

I certify that I, or the __________, (Name of purchaser if other than undersigned) of which I am the __________, (Title) am in the business of selling ______________ (Products handled) and hold(s) certificate of registry No. _______ issued by the District Director of Internal Revenue at _______; and that the tires or inner tubes which were purchased or shipped on _______ , 19 _______, as specified on the back hereof, have been used on or in connection with the sale of _______ (Products sold) by such undersigned.

Check one

_________ for export by _______ (Name of carrier) to _______ (Name of foreign country or U.S. possession) and was so exported on _______ , 19 _______. (A copy of the bill of lading or other proof of exportation is attached.)

_________ for use as supplies on _______ (Name of vessel or aircraft) which is registered in _______ (Name of country in which vessel or aircraft is registered).

_________ to _______ (Name of State or local government).

_________ to _______ (Name and address of the nonprofit educational organization).

I understand that the fraudulent use of this certificate for the purpose of substantiating the tax-free sale will subject me and all parties making such fraudulent use of this certificate to revocation of the privilege of purchasing articles tax free and to a fine of not more than $10,000 or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

__________________________________________

(Signature)

_________________________

(Address)

§48.4221-8 Tax-free sales of tires, tubes, and tread rubber used on intercity, local, and school buses.

(a) In general. Under section 4221(e)(5), the taxes imposed by section 4071(a)(1), (3) and (4) shall not apply to sales by a manufacturer, producer, or importer of tread rubber sold for use by the purchaser on or in connection with a qualified bus, or to the sales by a manufacturer, producer, or importer of tires of the type used on highway vehicles or inner tubes for tires sold for use by the purchaser on or in connection with a qualified bus, or to the sales by a manufacturer, producer, or importer of tread rubber sold for use by the purchaser in the recapping or retreading of any tire to be used by the purchaser on or in connection with a qualified bus if the requirements of this section are met.

(b) Meaning of terms—(1) Qualified bus. 'Qualified bus' means an intercity, local, or school bus.
(2) Intercity or local bus. “Intercity or local bus” means any automobile bus which is used predominantly (more than 50 percent) in furnishing (for compensation) passenger land transportation available to the general public if such transportation is scheduled and along regular routes, or if the seating capacity of the bus is at least 20 adults (not including the driver). In determining predominant use, mileage travelled with passengers as well as mileage travelled incidental to such passenger transportation, such as “deadheading”, is counted. Under the first alternative, the size of the bus is not relevant for purposes of determining whether or not the use of the bus qualifies for the exemption. Under the second alternative, for non-scheduled bus operations, such as that provided by charter buses, the exemption is available only if the bus has a passenger seating capacity of at least 20 adults and the transportation is available to the general public. For purposes of determining whether the bus has a seating capacity of at least 20 adults, the bus driver is not included. Service is available to the general public if bus service is used in a passenger transportation business in which service is offered to more than a limited number of persons, groups, or organizations.

(3) School bus. “School bus” means any automobile bus in which “substantially all” (85 percent or more) of the use involves transporting students and employees of a school. Incidental use (deadheading) of the school bus without passengers to or from a point to which students or employees of school are transported is considered to be a use which involves transporting students or employees of schools. A school is any educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are carried on. Tax-exempt schools, taxable schools, and a private contractor who operates a bus for tax-exempt or a taxable school may qualify for the tax exemption if all the requirements of this section are met.

(b) Registration requirements for tires, tubes, and tread rubber; vendees purchasing tax free. The provisions of section 4221(e)(5) do not apply with respect to any sale unless the manufacturer and the vendee are registered as required under section 4222, and unless they comply with all the requirements under that section relating to tax-free sales. See §48.4222(a)-1. Persons not required to be registered under section 4222(b) may purchase articles tax free by following the same procedures that apply to them in the case of other tax-free sales. See §48.4222(b)-1. A person’s registration and right to sell or purchase articles tax free may be revoked or suspended as provided in §48.4222(c).1. Such a revocation or suspension shall be in addition to any other penalties that may apply.

(c) Cross reference. For credit or refund, see section 6416(b)(2).

(d) Information; records—(1) Information to be furnished to purchaser. A manufacturer selling tires, tubes, or tread rubber tax free under section 4221(e)(5) shall indicate to the purchaser that the purchaser is obtaining the tires or tubes tax free for the purpose of use on or in connection with a qualified bus, and that the purchaser is obtaining the tread rubber tax free for use in the re-capping or retreading of tires to be used by the purchaser on or in connection with a qualified bus. The manufacturer may transmit this information by any convenient means, such as coding of sales invoices, provided that the information is presented with sufficient particularity so that the purchaser is informed that the purchaser has obtained the tires, tubes, and tread rubber tax free.

(2) Records of manufacturer. A manufacturer selling tires, tubes, or tread rubber tax free under section 4221(e)(5) shall maintain in its records the identity of the purchaser, a signed statement of the exempt purpose for purchasing the tires, tubes, or tread rubber, and the quantity of tires, tubes, or tread rubber sold tax free to each purchaser.

(3) Records of purchaser. A person purchasing tires, tubes, or tread rubber tax free under section 4221(e)(5) must maintain sufficient records to establish that the tires, tubes, or tread rubber purchased tax free has actually been used for that purpose.
§ 48.4222(a)–1  Registration.

(a) General rule. Except as provided in § 48.4222(b)–1, tax-free sales under section 4221 may be made only if the manufacturer, first purchaser, and second purchaser, as the case may be, have been registered by the Internal Revenue Service.

(b) Application instructions. Application for registration under section 4222 must be made in accordance with instructions for Form 637 (or such other form as the Commissioner may designate).

(c) Evidence required in support of tax-free sales. See subparagraph (1) of § 48.4221–1(c) for evidence required in support of tax-free sales to purchasers who are required to be registered.

(d) Failure to register. If either the seller or purchaser is not registered as required by this section of the regulations, tax-free sales may not be made, except as indicated in § 48.4222(b)–1.

(e) Cross references. 

(1) For exceptions to the requirement for registration, see section 4222(b) and § 48.4222(b)–1.

(2) For revocation or suspension of registration, see § 48.4222(c)–1.

(3) For applicability of section 4222 and these regulations to exemptions

provided by sections 4063(b), 4182(b), and 4293, see § 48.4222(d)–1.


§ 48.4222(b)–1 Exceptions to the requirement for registration.

(a) State and local governments. The Internal Revenue Service will not register State or local governments under section 4222. To establish the right to sell articles tax free to a State or local government, the manufacturer must obtain the information described in § 48.4221–5(c).

(b) Sales or resales to foreign purchasers for export. Persons whose principal place of business is not within the United States may, but are not required to, register in order to purchase articles tax free for export. To establish the right to sell articles tax free for export to a purchaser who is not registered and who is located in a foreign country or a possession of the United States, the manufacturer must obtain the evidence required by paragraph (b) of § 48.4221–3.

(c) United States. Except as provided in paragraph (b) of § 48.4222(d)–1 (relating to sales to the American Red Cross) the registration requirements of the regulations in this part do not apply to purchases and sales by the United States or any of its agencies or instrumentalities. The evidence required in support of such tax-free purchases and sales is a notation on the purchase order or other document furnished to the seller clearly indicating that the article or articles are being purchased tax free as authorized by Chapter 32 of the Code.

(d) Supplies for vessels and aircraft. An article subject to an excise tax imposed by Chapter 32 of the Code may be sold tax free by the manufacturer under the provisions of § 48.4221–4 for use by the purchaser as supplies for a vessel or aircraft if both the manufacturer and the purchaser are registered under the provisions of § 48.4222(a)–1. The article also may, on or after July 1, 1965, be sold tax free for such use even though neither the manufacturer nor the purchaser is so registered if the provisions
§ 48.4223–1 Special rules relating to further manufacture.

(a) Purchasing manufacturer to be treated as the manufacturer. For purposes of Chapter 32, a manufacturer or producer to whom an article is sold or resold tax free under section 4221(a)(1) of the Code for use by it in further manufacture shall be treated as the manufacturer or producer of such article. If a manufacturer who purchases an article tax free for further manufacture does not use the article for further manufacture, the sale of the article by it, or its use of the article other than in further manufacture, shall, for purposes of the taxes imposed by Chapter 32 of the Code, or to postpone or interfere in any manner with the collection of such tax; (4) such revocation or suspension is necessary to protect the revenue; or (5) the registrant failed to comply with the requirements of paragraph (c) of § 48.4222 (a)–1, relating to the evidence required to support a tax-free sale. The revocation or suspension of registration is in addition to any other penalty that may apply under the law for any act or failure to act.

(b) Computation of tax. Except as provided in paragraph (c) of this section, the tax liability referred to in paragraph (a) of this section shall be based on the price for which the article was sold by the purchasing manufacturer, or, where the manufacturer uses the article for a purpose other than which it was purchased, the tax shall be based on the price at which such or similar articles are sold, in the ordinary course of trade by manufacturers, producers, or importers thereof. See section 4218(e) and § 48.4218–5.

(c) Election. (1) Instead of computing the tax as described under paragraph (b) of this section, the purchasing manufacturer who has incurred liability for tax on its sale or use of an article as
§ 48.4225-1 Exemption of articles manufactured or produced by Indians.

The exemption provided under section 4225 applies to articles taxable under Chapter 32 of the Code that are of native Indian handicraft and are manufactured or produced by Indians on Indian reservations or in Indian schools, or manufactured or produced by Indians who are under the jurisdiction of the United States Government in Alaska. For purposes of this section, Indians who reside on allotments of land adjacent to an Indian reservation and are subject to the supervision, control, and jurisdiction of the Bureau of Indian Affairs are considered to be “Indians on Indian reservations”.

Subpart O—Refunds and Other Administrative Provisions of Special Application to Retailers and Manufacturers Taxes

§ 48.6412-1 Floor stocks credit or refund.

(a) In general. This section sets forth the procedures to be followed in claiming the credit or refund authorized by section 6412 for manufacturers excise taxes paid in respect of certain articles held by dealers as floor stocks on October 1, 1988. See § 48.6412-2 for definitions of the following terms when used in this section: “floor stocks”, “inventory date”, “dealer”, “held by a dealer”, “old rate”, “new rate”, “dealer request limitation date”, “claim limitation date”, and “tax paid”. See § 48.6412-3 for determining the amount of tax paid on articles that are held as floor stocks. The manufacturers excise taxes for which credit or refund may be claimed under this section are those imposed by section 4071, relating to tires of the type used on highway vehicles; and section 4081, relating to gasoline. For definition of the term “highway vehicle”, see § 48.4061(a)-(d).

(b) Computation of the amount of floor stocks credit or refund. The amount of floor stocks credit or refund which may be claimed by the manufacturer under section 6412(a)(1) may not exceed an amount equal to the difference between the tax paid by the manufacturer on the sale of the article and the amount of tax made applicable to the article on the inventory date. No interest is allowable with respect to any amount of tax credited or refunded under section 6412 and this section. In applying the floor stocks credit or refund provisions, the date on which the manufacturer paid the tax with respect to the article held as floor stocks is not relevant. Thus, the period of limitations provided in section 6611 with respect to claims for credit or refund does not apply; however, see paragraph (f) of this section. For definition of the term “manufacturer”, see § 48.0-2(a)(4).

(c) Limitation. Except as provided in § 48.6412-3, no credit or refund is allowable under this section for an amount paid as tax which may be credited or refunded under any provisions of law other than section 6412(a)(1), or which was allowable as a credit or refund under section 6412 with respect to an earlier inventory date.

(d) Relationship between credits or refunds for floor stocks and credits or refunds for price readjustments. The amount which may be credited or refunded for floor stocks and for price readjustments on an article may not in

§ 48.6412-2 Definitions.

(a) In this section, certain terms are defined as follows:

(1) The election under this paragraph shall be in the form of a statement attached to the return reporting the tax applicable to the sale or use of the article which gave rise to such tax liability. Such election, once made, may not be revoked.

(2) The election under this paragraph shall be in the form of a statement attached to the return reporting the tax applicable to the sale or use of the article which gave rise to such tax liability. Such election, once made, may not be revoked.

(b) Computation of the amount of floor stocks credit or refund. The amount of floor stocks credit or refund which may be claimed by the manufacturer under section 6412(a)(1) may not exceed an amount equal to the difference between the tax paid by the manufacturer on the sale of the article and the amount of tax made applicable to the article on the inventory date. No interest is allowable with respect to any amount of tax credited or refunded under section 6412 and this section. In applying the floor stocks credit or refund provisions, the date on which the manufacturer paid the tax with respect to the article held as floor stocks is not relevant. Thus, the period of limitations provided in section 6611 with respect to claims for credit or refund does not apply; however, see paragraph (f) of this section. For definition of the term “manufacturer”, see § 48.0-2(a)(4).

(c) Limitation. Except as provided in § 48.6412-3, no credit or refund is allowable under this section for an amount paid as tax which may be credited or refunded under any provisions of law other than section 6412(a)(1), or which was allowable as a credit or refund under section 6412 with respect to an earlier inventory date.

(d) Relationship between credits or refunds for floor stocks and credits or refunds for price readjustments. The amount which may be credited or refunded for floor stocks and for price readjustments on an article may not in
the aggregate exceed the tax paid in respect of the article. A credit or refund computed on the basis of the old tax rate will be allowed with respect to a price readjustment of an article on which a floor stock credit or refund was allowed, but only if the amount of the floor stock credit or refund otherwise allowable was reduced by taking into account such price readjustment, as determined under §48.6412-3(e). The manufacturer must keep readily available for inspection sufficient records to enable examining officers of the Internal Revenue Service to ascertain the correctness of any claim for credit or refund for a price readjustment of an article on which a floor stock refund was claimed.

(e) Participation of dealers—(1) Request by dealer. On or before the dealer request limitation date, a dealer may submit to a manufacturer a request with respect to articles held by the dealer as floor stocks. This request may be submitted directly to the manufacturer, or it may be submitted to him indirectly through another dealer in the distribution chain if the request is received by the manufacturer or an authorized agent of the manufacturer on or before the dealer request limitation date.

(2) Requirements for claim by manufacturer. No amount of credit or refund under this section may be claimed by a manufacturer with respect to articles held by the dealer as floor stocks. This request may be submitted directly to the manufacturer, or it may be submitted to him indirectly through another dealer in the distribution chain if the request is received by the manufacturer or an authorized agent of the manufacturer on or before the dealer request limitation date.

(i) The claim for the amount is based upon a request submitted by the dealer to the claimant on or before the dealer request limitation date;

(ii) The amount is paid by the claimant to the dealer, or the dealer’s written consent to allowance of the credit or refund has been received by the claimant, on or before the claim limitation date; and

(iii) The request by the dealer is supported by an inventory statement, made under the penalties of perjury and signed by the dealer or by the dealer’s authorized representative, setting forth the following information:

(A) The name and address of the dealer and of the applicable manufacturer;

(B) The identification number, if any, of the article, such as a serial, stock, model, type, or class number, or some other suitable means of identification;

(C) A brief description of the article, such as its common name or designation; and

(D) The quantity of articles held by the dealer as floor stocks on the inventory date.

(3) Actual manufacturer unknown. If a dealer addresses a request to the person, who from markings on the article the dealer presumes to be the manufacturer, the request may be treated as made to the actual manufacturer if the actual manufacturer accepts the dealer’s request.

(4) Payment to dealer by claimant. Payment may be made directly to the dealer or to the dealer’s authorized agent or representative by the claimant or by the claimant’s authorized agent or representative. If a claimant pays a dealer through the claimant’s agent or representative, the evidence must show that the dealer actually received the payment. If a dealer authorizes the claimant to pay the dealer through the dealer’s agent or representative, evidence showing receipt of the payment by the agent or representative will be accepted as proof of actual payment to the dealer. Payment shall be made, at the manufacturer’s option, in cash, by check, or by credit to the dealer’s account as maintained by the claimant. The amount of the payment which may be made by crediting the dealer’s account may not exceed the undisputed debit balance due at the time the credit is made. However, payment may be made in merchandise at the dealer’s option with the concurrence of the manufacturer.

(5) Date of performance. The date on which any act described in this paragraph (e) is performed by an agent or representative on behalf of a claimant or dealer is deemed to be the date on which the act is performed by the principal.
§48.6412–1

(6) Record of inventories. For provisions relating to the record of a dealer’s inventories to be kept by the claimant, see paragraph (g) of this section.

(7) Sample written consent. No particular form is prescribed or required for the written consent of the dealer described in paragraph (e)(2)(ii) of this section. However, the following is an example of an acceptable consent statement by a dealer:

CONSENT STATEMENT OF DEALER
(For use by dealer in requesting manufacturer, producer, or importer to obtain credit under section 6412 of the Internal Revenue Code of 1954 with respect to floor stocks.)

I hereby consent to the allowance to the manufacturer, producer, or importer of the floor stocks credit or refund of the excise tax imposed by the Internal Revenue Code of 1954 with respect to the articles in my inventory on .

(Name)
By
(Signature of Officer)
(Title)
(Date)

(f) Procedure for claiming credit or refund—(1) In general. Each claim for credit or refund under this section shall be filed on or before the applicable claim limitation date, in the manner and subject to the conditions stated in this section and in §301.6402–2 of this chapter (Regulations on Procedure and Administration). Either credit or refund, or a combination thereof, may be claimed, but the amount which may be claimed as a credit on a return shall not exceed the total tax liability shown on the return, reduced by the amount of any deposits made under §48.6302(c)–1 with respect to the return and by any amount of credit claimed on the return pursuant to any provision of law other than section 6412. If the total amount which may be claimed exceeds the amount that may be claimed as credit on a return, the excess amount may be claimed on or before the applicable claim limitation date either as a refund or as a credit on a subsequent return. If credit is claimed the amount of the credit shall be entered as a credit on a timely-filed return of tax. The statement described in paragraph (f)(2) of this section must show the amount and date of each previous and concurrent claim for credit or refund under this section and indicate whether any future claims are expected to be filed.

(2) Supporting evidence to be submitted by the manufacturer. No credit or refund shall be allowed under this section unless there is submitted, in support of the claim for credit or refund, a statement signed by the person making the claim, that describes in general terms the articles covered by the claim, sets forth the method of computing the amount claimed (including a description of any procedures used pursuant to §48.6412–3), and states that—

(i) The claimant paid to the district director or the director of the internal revenue service center the tax for which credit or refund is claimed;

(ii) The total amount claimed represents payments requested by dealers before the dealer request limitation date;

(iii) The total amount claimed either was paid by the claimant to the dealers, or the claimant received the written consent of the dealers to the allowance of the amount claimed;

(iv) The claimant has in his possession, and available for inspection by internal revenue officers, the evidence with respect to inventories required by paragraph (g)(2) of this section, and any written consents referred to in paragraph (f)(2)(iii) of this section; and

(v) No other claim for credit or refund under this section has been or will be made by the claimant with respect to any amount covered by the claim.

(g) Evidence to be retained in the manufacturer’s records. Every person filing a claim for credit or refund pursuant to this section shall support the claim by keeping as part of the claimant’s records—

(1) The dealer’s inventory statements required by paragraph (e)(2)(iii) of this section, to the extent that the articles are covered by the claim;

(2) Records, in respect of the articles held by each dealer, showing—

(i) The name and address of the dealer;

(ii) The quantities of each article held by the dealer as floor stocks by
taxable category, for example, by model or type number.

(iii) The amount of tax considered to be paid by the manufacturer with respect to each article held by the dealer, as determined under §48.6412-3.

(iv) The amount of tax, if any, which the claimant would pay on the sale of each article held by the dealer if the tax were computed at the new rate.

(v) The total amount of reimbursement due the dealer.

(vi) The date on which the claimant received from the dealer the request described in paragraph (e)(1) of this section, but only if payment was not made to the dealer before the dealer request limitation date, and

(vii) The date and amount of each payment to a dealer, or the date of receipt by the claimant from the dealer of a written consent, as set forth in paragraph (e)(2)(ii) of this section; and

(3) Any such written consent received from a dealer.

(b) Special rules where the presumed manufacturer is the agent of the actual manufacturer. For purposes of this section, if a manufacturer sells articles tax-paid to a second manufacturer for resale by the second manufacturer under its own brand name, the second manufacturer may perform any acts and keep any records which are a prerequisite to the first manufacturer’s filing a claim for floor stocks credit or refund with respect to the articles. If such a procedure is followed, the claim filed by the second manufacturer shall include a statement indicating the name and address of the second manufacturer and the amount of its claim which relates to articles sold to the second manufacturer.

(i) Effect on other claims for credit or refund. If a claim for credit or refund is made pursuant to section 6416 and the regulations thereunder, relating in part to returned sales, sales for export or for exempt use, sales to States, etc., with respect to a tax imposed by section 4071 or section 4081, and if the claim is made with respect to articles sold by the claimant before the date on which the tax is reduced in rate or terminated, the claim shall be based on the new rate of tax unless the claimant can establish that the tax was imposed at the old rate and that no refund or credit under this section was allowed with respect to the articles. See, however, paragraph (d) of this section.

(j) Other applicable provisions. All provisions of law, including penalties, applicable in respect of the taxes imposed by sections 4071 and 4081 shall, insofar as applicable and not inconsistent with section 6412, apply in respect to the credits and refunds provided for in section 6412 to the same extent as if the credits or refunds constituted overpayments of the taxes. For provisions under which timely mailing is treated as timely filing, and for provisions applicable to the time for performance of acts when the last day falls on Saturday, Sunday, or a legal holiday, see §§301.7502-1 and 301.7503-1, respectively, of this chapter (Regulations on Procedure and Administration).

[T.D. 8043, 50 FR 32019, Aug. 8, 1985]

§48.6412-2 Definitions for purposes of floor stocks credit or refund.

For purposes of section 6412 and the regulations thereunder—

(a) Floor stocks. The term “floor stocks” means any article subject to the tax imposed by section 4071 or section 4081 which—

(1) Is sold by the manufacturer (otherwise than in a tax-free sale) before October 1, 1988.

(2) Is held by a dealer at the first moment on October 1, 1988, and has not been used, and

(3) Is intended for sale.

However, the term “floor stocks” does not include gasoline in retail stocks held at the place where intended to be sold at retail, nor with respect to gasoline held for sale by a producer or importer of gasoline.

(b) Inventory date. The term “inventory date” means the first moment on the date on which an article is treated as floor stocks within the meaning of paragraph (a) of this section.

(c) Dealer. The term “dealer” includes a wholesaler, jobber, distributor, or retailer.

(d) Held by a dealer—(1) In general. (i) An article is considered as “held by a dealer” if title to the article has passed to the dealer (whether or not delivery to the dealer has been made), and if, for purposes of consumption, title to or possession of the article has not at any
time been transferred to any person other than a dealer.

(ii) Floor samples, demonstrators, and articles undergoing repair (whether or not on the dealer’s premises) that are carried in stock to be sold as new articles, and articles purchased tax-paid by a manufacturer or a sales subsidiary and held by the person on the inventory date for resale as such, will be considered as unused and held by a dealer, if title to or possession of the article has not at any time been transferred to any person for purposes of consumption.

(iii) Articles sold by a dealer to a consumer before the inventory date and thereafter repossessed by the dealer, and articles purchased tax-paid by a manufacturer for use in further manufacture within the meaning of section 4221(d)(6), will not be considered as held by a dealer.

(iv) The determination as to the time title or possession passes for purposes of consumption shall be made under applicable local law.

(2) Examples. The application of this paragraph (d) may be illustrated by the following examples:

Example (1). If, under local law, title to an article sold by a dealer under a conditional sales contract is in the dealer on the inventory date, but the consumer has physical possession of the article on that date, the article is not considered as held by the dealer.

Example (2). If, under local law, title to an article is in the consumer on the inventory date because the article is specifically identified with a contract, but on that date the dealer still has physical possession of the article, for example, in his will-call department, the article is not considered as held by the dealer on that date because title to the article has passed to the consumer for purposes of consumption.

Example (3). If, under local law, title to an article is in the consumer on the inventory date because the dealer transferred the article to a common carrier for delivery to the consumer, the article in transit is not considered as held by the dealer on that date because title has passed to the consumer for purposes of consumption, even though neither the dealer nor the consumer has physical possession of the article.

Example (4). If, under local law, title to an article is in the dealer on the inventory date and does not pass to the consumer until delivery by a common carrier, the article in transit shall be considered as held by the dealer on that date because neither the title nor possession has passed to the consumer for purposes of consumption.

Example (5). If an article has been mortgaged or otherwise hypothecated by a dealer as security for a loan and, under local law, title to the article is in the creditor on the inventory date, and physical possession is in the dealer, the article shall be considered as held by the dealer on that date because neither title nor possession has passed to the consumer for purposes of consumption.

(e) Old rate. The term “old rate” means the rate of tax in effect with respect to the sale of an article before the date designated in paragraph (a) or (b) of this section on which the tax is reduced in rate or is terminated.

(f) New rate. The term “new rate” means the rate of tax, if any, in effect with respect to the sale of an article on the date designated in paragraph (a) or (b) of this section on which the tax is reduced in rate or is terminated.

(g) Dealer request limitation date. The term “dealer request limitation date” is the date prescribed by section 6412(a)(1) before which the request on which the manufacturer’s claim is based must be submitted to the manufacturer by the dealer who held the floor stocks on the inventory date. In the case of an article held by a dealer on October 1, 1988, the dealer request limitation date is January 1, 1989.

(h) Claim limitation date. The term “claim limitation date” means the last date prescribed by section 6412(a)(1) on which refund or credit with respect to floor stocks may be claimed by a manufacturer. In the case of an article held by a dealer on October 1, 1988, the claim limitation date is March 31, 1989.

(1) Tax paid. A tax is considered paid if it was paid or was offset by an allowable credit on the return on which it was reported.

[T.D. 8043, 50 FR 32021, Aug. 8, 1985]
§ 48.6412-3

(a) Also be used in determining the amount of tax, if any, made applicable to the article on the effective date of reduction or repeal of the tax involved. Prior approval of the Internal Revenue Service for the method of computation need not be obtained and should not be requested.

(b) Selling price. In determining the price of an article on which the tax paid is to be computed, the average of the gross selling prices of identical articles sold during a representative period may be used. For example, truck chassis of the same model that are sold by the manufacturer with the same equipment and accessories are identical articles whose selling prices may be computed on the basis of an average.

(c) Transportation charges. In determining the price of an article on which the tax paid is to be computed, the average of the exclusions authorized by section 4216(a) for transportation, delivery, insurance, installation, etc., for a reasonable category of articles during a representative period may be used.

(d) Credits for tax paid on inner tubes. The average of the credits authorized by section 6416(c) for tax paid on tires or inner tubes may be averaged for a reasonable category of articles during a representative period. The credits shall be subtracted from the gross excise tax to arrive at the net excise tax paid.

(e) Price readjustments. (1) In determining the price on which the tax paid is to be computed, there must be taken into account any price readjustments with respect to which the manufacturer has filed a claim for credit or refund under section 6416(b). Other price readjustments which have been, or are reasonably expected to be, made with respect to the article may, at the option of the manufacturer, be taken into account in computing the price of the article.

(2) Price readjustments which cannot be attributed to specific articles as of the inventory date (as, for example, a price readjustment of a flat dollar amount which is made to dealers who meet a sales quota) may be taken into account on the basis of an average of the adjustments which is computed for a reasonable category of articles over a representative period.

(3) Price readjustments related to specific items (as, for example, an automatic rebate of a specific percentage of the price of each unit sold to a dealer) may not be averaged, and in such a case only the actual price readjustment attributable to a particular article may be taken into account in computing the tax on that article.

(4) If, because of the facts in a case, a price readjustment can be attributed to specific articles for purposes of consumer refunds but cannot be attributed to specific articles for purposes of floor stocks credits or refunds, the price adjustment may be averaged for purposes of both consumer refunds and floor stocks credits and refunds.

(f) Representative period. A period will be considered a representative period if—

(1) It covers (i) at least four consecutive calendar quarters, the last of which ends with a period of six calendar months immediately preceding the effective date of the tax reduction or repeal involved or (ii) any other period of time which the taxpayer can demonstrate constitutes a representative period for the particular category, and

(2) The number of articles in the category involved sold by the manufacturer during the period either (i) equals or exceeds the number of articles in the category to which the average amount is to be applied or (ii) can be demonstrated by the taxpayer to be a representative quantity.

(g) Reasonable category. Examples of a reasonable category of articles are articles that are identified by a common stock or class number or which are of the same model, class, or line. For the purpose of averaging exclusions, another example of a reasonable category of articles is a grouping of articles that are shipped in the same container. If a manufacturer sells articles bearing his own trademark and also sells articles as private brands, separate computations of the two brands must be made under this section.

[T.D. 8043, 50 FR 32022, Aug. 8, 1985]
§ 48.6416(a)–1 Claims for credit or refund of overpayments of taxes on special fuels and manufacturers taxes.

Any claims for credit or refund of an overpayment of a tax imposed by chapter 31 or chapter 32 shall be made in accordance with the applicable provisions of this subpart and the applicable provisions of §301.6402–2 of this chapter (Regulations on Procedure and Administration). A claim on Form 843 is not required in the case of a claim for credit, but the amount of the credit shall be claimed by entering that amount as a credit on a return of tax under this subpart filed by the person making the claim. In this regard, see §48.6416(f)–1.

[T.D. 8043, 50 FR 32022, Aug. 8, 1985]

§ 48.6416(a)–2 Credit or refund of tax on special fuels.

(a) Overpayments not described in section 6416(b)(2)—(1) Claims included. This paragraph applies only to claims for credit or refund of an overpayment of tax imposed by section 4041(a)(1)(A) (relating to tax on the sale of diesel fuel), section 4041(a)(2)(A) (relating to tax on the sale of special motor fuels), section 4041(c)(1)(A) (relating to tax on the sale of fuel for use in noncommercial aviation), or section 4041(c)(2)(A) (relating to tax on the sale of special motor fuels) that are determined to be overpayments by reason of section 6416(b)(2) (relating to tax payments in respect of certain uses, sales, or resales of a taxable article).

(2) Supporting evidence required. No credit or refund of any overpayment to which this paragraph (b) applies shall be allowed unless the person who paid the tax submits with the claim a statement, supported by sufficient available evidence, asserting that—

(i) The person has neither included the tax in the price of the fuel with respect to which it was imposed nor collected the amount of the tax from a vendee, and identifying the nature of the evidence available to establish these facts, or

(ii) The person has repaid the amount of the tax to the ultimate purchaser of the fuel.

(3) Ultimate purchaser. The term “ultimate purchaser”, as used in paragraph (a)(2) of this section, means the vendee to whom the fuel was sold tax-paid by the person claiming credit or refund.

(b) Overpayments determined under section 6416(b)(2)—(1) Claims included. This paragraph applies only to claims for credit or refund of amounts paid as tax under section 4041(a)(1)(A) (relating to tax on the sale of diesel fuel) or section 4041(a)(2)(A) (relating to tax on the sale of special motor fuels) that are determined to be overpayments by reason of section 6416(b)(2) (relating to tax payments in respect of certain uses, sales, or resales of a taxable article).

(2) Supporting evidence required. No credit or refund of an overpayment to which this paragraph (b) applies shall be allowed unless the person who paid the tax submits with the claim a statement, supported by sufficient available evidence, asserting that—

(i) The person has neither included the tax in the price of the fuel with respect to which it was imposed nor collected the amount of the tax from a vendee, and identifying the nature of the evidence available to establish these facts, or

(ii) The person has repaid, or agreed to repay, the amount of the tax to the ultimate vendor of the fuel, or

(iii) The person has secured, and will submit upon request of the Service, the written consent of the ultimate vendor to the allowance of the credit or refund.

(3) Ultimate vendor. The term “ultimate vendor”, as used in paragraph (b)(2) of this section, means the seller making the sale which gives rise to the overpayment or which last precedes the exportation or use which gives rise to the overpayment.

(c) Nonapplication to tax on use of special fuels. This section shall not have any effect on overpayments of tax under section 4041(a)(1)(B) (relating to tax on the use of diesel fuel), section 4041(a)(2)(B) (relating to tax on the use of special motor fuels), section 4041(c)(1)(B) (relating to tax on the use of special motor fuels).
§ 48.6416(c)-3 Credit or refund of manufacturers tax under chapter 32.

(a) Overpayment not described in section 6416(b)(3)(C) or (4) (prior to April 1, 1983) and section 6416(b)(2)—(1) Claims included. This paragraph applies only to claims for credit or refund of an overpayment of manufacturers tax imposed by chapter 32. It does not apply, however, to a claim for credit or refund on any overpayment described in paragraph (b) of this section which arises by reason of the application of section 6416(b)(2), (3)(C), or (4).

(2) Supporting evidence required. No credit or refund of any overpayment to which this paragraph (a) applies shall be allowed unless the person who paid the tax submits with the claim a written consent of the ultimate purchaser to the allowance of the credit or refund, or submits with the claim a statement, supported by sufficient available evidence, asserting that—

(i) The person has neither included the tax in the price of the article with respect to which it was imposed nor collected the amount of the tax from a vendee, and identifying the nature of these facts, or

(ii) The person has repaid the amount of the tax to the ultimate purchaser of the article.

(3) Ultimate purchaser—(i) General rule. The term “ultimate purchaser”, as used in paragraph (a)(2) of this section, means the person who purchased the article for consumption, or for use in the manufacture of other articles and not for resale in the form in which purchased.

(ii) Special rule under section 6416(a)(3)—(A) Conditions to be met. If tax under chapter 32 is paid in respect of an article and the Commissioner determines that the article is not subject to tax under chapter 32, the term “ultimate purchaser”, as used in paragraph (a)(2) of this section, includes any wholesaler, jobber, distributor, or retailer who, on the 15th day after the date of the determination, holds for sale any such article with respect to which tax has been paid, if the claim for credit or refund of the overpayment in respect of the articles held for sale by the wholesaler, jobber, distributor, or retailer is filled on or before the date on which the person who paid the tax is required to file a return for the period ending with the first calendar quarter which begins more than 60 days after the date of the determination by the Commissioner.

(B) Supporting statement. A claim for credit or refund of an overpayment of tax in respect of an article as to which a wholesaler, jobber, distributor, or retailer is the ultimate purchaser, as provided in this paragraph (a)(3)(i), must be supported by a statement that the person filing the claim has a statement, by each wholesaler, jobber, distributor, or retailer whose articles are covered by the claim, showing total inventory, by model number and quantity, of all such articles purchased tax-paid and held for sale as of 12:01 a.m. of the 15th day after the date of the determination by the Commissioner that the article is not subject to tax under chapter 32.

(C) Inventory requirement. The inventory shall not include any such article, title to which, or possession of which, has previously been transferred to any person for purposes of consumption unless the entire purchase price was re-paid to the person or credited to the person’s account and the sale was rescinded or any such article purchased by the wholesaler, jobber, distributor, or retailer as a component part of, or on or in connection with, another article. An article in transit at the first moment of the 15th day after the date of the determination is regarded as being held by the person to whom it was shipped, except that if title to the article does not pass until delivered to the person the article is deemed to be held by the shipper.

(b) Overpayments described in section 6416(b) (3)(C) or (4) (prior to April 1, 1983) and section 6416(b)(2)—(1) Claims included. This paragraph applies only to claims for credit or refund of amounts paid as tax under chapter 32 that are...
§48.6416(b)(1)–1 26 CFR Ch. I (4–1–02 Edition)

determined to be overpayments by reason of section 6416(b)(2) (relating to tax payments in respect of certain uses, sales, or resales of a taxable article), section 6416(b)(3)(C) (relating to tax-paid tires or inner tubes used for further manufacture), or section 6416(b)(4) (relating to tires or inner tubes used by the manufacturer on another manufactured article).

(2) Supporting evidence required. No credit or refund of an overpayment to which this paragraph (b) applies shall be allowed unless the person who paid the tax submits with the claim a statement, supported by sufficient available evidence, asserting that—

(i) The person neither included the tax in the price of the article with respect to which it was imposed nor collected the amount of the tax from a vendee, and identifying the nature of the evidence available to establish these facts, or

(ii) The person repaid, or agreed to repay, the amount of the tax to the ultimate vendor of the article, or

(iii) The person has secured, and will submit upon request of the Service, the written consent of the ultimate vendor to the allowance of the credit or refund.

(3) Ultimate vendor—(i) General rule—
The term “ultimate vendor”, as used in paragraph (b)(2) of this section, means the seller making the sale which gives rise to the overpayment or which last precedes the exportation or use which has given rise to the overpayment.

(ii) Special rule under section 6416(a)(3)(B) prior to revision by the Highway Revenue Act of 1962. In the case of an overpayment determined under section 6416(b)(2)(F), (3)(C), or (4) in respect of tires or inner tubes, where the taxable article is used as a component part of, or sold on or in connection with or with the sale of, a second article which is exported, sold to a State or local government for the exclusive use of a State or local government or used or sold for use as supplies for vessels or aircraft, the term “ultimate vendor”, as used in paragraph (b)(2) of this section, means the ultimate vendor of the second article.

(c) Overpayments not included. This section does not apply to any overpayment determined under section 6416(b)(1) (relating to price readjustments), section 6416(b)(3)(A) (relating to certain cases in which refund or credit is allowable to the manufacturer who uses, in the further manufacture of a second article, a taxable article purchased by the manufacturer tax-paid), section 6416(b)(3)(B) prior to April 1, 1983 (relating to parts or accessories taxable under section 4061(b) and used by a subsequent manufacturer or producer as material or a component part of any other article manufactured or produced by him), section 6416(b)(4) after March 31, 1983 (relating to tires), section 6416(b)(5) (relating to the return to the seller of certain installment accounts which the seller had previously sold) or section 6416(b)(6) (relating to truck chassis, bodies, and semi-trailers used for further manufacture). In this regard, see §§48.6416(b)(1)–1, 48.6416(b)(3)–1, and 48.6416(b)(5)–1.


§48.6416(b)(1)–1 Price readjustments causing overpayments of manufacturers tax.

In the case of any payment of tax under chapter 32 that is determined to be an overpayment by reason of a price readjustment within the meaning of section 6416(b)(1) and §48.6416(b)(1)–1, the person who paid the tax may file a claim for refund of the overpayment or may claim credit for the overpayment on any return of tax under this subpart which the person subsequently files. Price readjustments may not be anticipated. However, if the readjustment has actually been made before the return is filed for the period in which the sale was made, the tax to be reported in respect of the sale may, at the election of the taxpayer, be based either (a) on the price as so readjusted or (b) on the original sale price and a credit or refund claimed in respect of the price readjustment. A price readjustment will be deemed to have been made at the time when the amount of the readjustment has been refunded to the vendor or the vendor has been informed that the vendor’s account has been credited with the
amount. No interest shall be paid on any credit or refund allowed under this section. For provisions relating to the evidence required in support of a claim for credit or refund, see §301.6402-2 of this chapter (Regulations on Procedure and Administration), §48.6416(a)-(a)(2), and §48.6416(b)(1)-4. For provisions authorizing the taking of a credit in lieu of filing a claim for refund, see section 6416(d) and §48.6416(f)-1.

[T.D. 8043, 50 FR 32024, Aug. 8, 1985]

§ 48.6416(b)(1)-2 Determination of price readjustments.

(a) In general—(1) Rules of usual application—(i) Amount treated as overpayment. If the tax imposed by chapter 32 has been paid and thereafter the price of the article on which the tax was based is readjusted, that part of the tax which is proportionate to the part of the price which is repaid or credited to the purchaser is considered to be an overpayment. A readjustment of price to the purchaser may occur by reason of—

(A) The return of the article,

(B) The repossession of the article,

(C) The return or repossession of the covering or container of the article, or

(D) A bona fide discount, rebate, or allowance against the price at which the article was sold.

(ii) Requirements of price readjustment. A price readjustment will not be deemed to have been made unless the person who paid the tax either—

(A) Repays part or all of the purchase price in cash to the vendee,

(B) Credits the vendee's account for part or all of the purchase price, or

(C) Directly or indirectly reimburses a third party for part or all of the purchase price for the direct benefit of the vendee.

In addition, to be deemed a price readjustment, the payment or credit must be contractually or economically related to the taxable sale that the payment or credit purports to adjust. Thus, commissions or bonuses paid to a manufacturer's own agents or salesperson for selling the manufacturer's taxable products are not price readjustments for purposes of this section, since those commissions or bonuses are not paid or credited either to the manufacturer's vendee or to a third party for the vendee's benefit. On the other hand, a bonus paid by the manufacturer to a dealer's salesperson for negotiating the sale of a taxable article previously sold to the dealer by the manufacturer is considered to be a readjustment of the price on the original sale of the taxable article, regardless of whether the payment to the salesperson is made directly by the manufacturer or to the salesperson through the dealer. In such a case, the payment is related to the sale of a taxable article and is made for the benefit of the dealer because it is made to the dealer's salesperson to encourage the sale of a product owned by the dealer. Similarly, payments or credits made by a manufacturer to a vendee as reimbursement of interest expense incurred by the vendee in connection with a so-called "free flooring" arrangement for the purchase of taxable articles is a price readjustment, regardless of whether the payment or credit is made directly to the vendee or to the vendee's creditor on behalf of the vendee.

(iii) Limitation on credit or refund. The credit or refund allowable by reason of a price readjustment in respect of the sale of a taxable article may not exceed an amount which bears the same ratio to the total tax originally due and payable on the article as the amount of the tax-included readjustment bears to the original tax-included sale price of the article.

Example. A manufacturer sells a taxable article for $100 plus $10 excise tax, and reports and pays tax liability accordingly. Thereafter, the manufacturer credits the customer's account for $11 (tax included) in readjustment of the original sale price. The overpayment of tax is $1, determined as follows:

\[
\text{Tax-included readjustment} \times \frac{\text{Tax-included sale price}}{\text{Original tax due}} = \text{Tax overpaid.}
\]

\[
\$11 \times \$10 = \$1 \text{ tax overpaid.}
\]

§ 48.6416(b)(1)-2 Determination of price readjustments.

(2) Rules of special application—(1) Constructive sale price. If, in the case of a taxable sale, the tax imposed by chapter 32 is based on a constructive sale price determined under any paragraph of section 4216(b) and the regulations thereunder, as determined without reference to section 4218, then any
price readjustment made with respect to the sale may be taken into account under this section only to the extent that the price readjustment reduces the actual sale price of the article below the constructive sale price.

Example. (A) A manufacturer sells a taxable article at retail for $110 tax included. Under section 4216(b)(1) the constructive sale price (tax included) of the article is determined to be $93. Thereafter, the manufacturer grants an allowance of $10 to the purchaser, which reduces the actual selling price (tax included) to $100. Since the readjustment price still exceeds the amounts of the constructive sale price, this readjustment is not recognized as a price readjustment under this section.

(B) Subsequently, the manufacturer extends to the purchaser an additional price allowance of $10, thereby reducing the actual sale price to $90. Since the actual sale price is now $3 less than the constructive sale price of $93, the manufacturer has overpaid by the amount of tax attributable to the $3. Assuming the tax rate involved is 10 percent, and the prices involved are tax-included, the overpayment of tax would be $0.27, determined as follows:

\[
\text{Percentage tax rate} \times \text{tax-included readjustment} = \text{tax overpayment} = \frac{10}{100} \times 3 = 0.27
\]

(ii) Price determined under section 4223(b)(2). If a manufacturer (within the meaning of section 4223(a)) to whom an article is sold or resold free of tax in accordance with the provisions of section 4223(a)(1) for use in further manufacture diverts the article to a taxable use or sells it in a taxable sale, and pursuant to the provisions of section 4223(b)(2) computes the tax liability in respect of the use or sale on the price for which the article was sold to the manufacturer or on the price at which the article was sold by the actual manufacturer, a reduction of the price on which the tax was based does not result in an overpayment within the meaning of section 6416(b)(1) of this section. Moreover, if a manufacturer purchases an article tax free and computes the tax in respect of a subsequent sale of the article pursuant to the provisions of section 4223(b)(2), an overpayment does not arise by reason of readjustment of the price for which the article was sold by the manufacturer except where the readjustment results from the return or repossession of the article by the manufacturer, and all of the purchase price is refunded by the manufacturer. See, however, paragraph (b)(4) of this section as to repurchased articles.

(b) Return of an article—(1) Price readjustment. If a taxable article is returned to the manufacturer who paid the tax imposed by chapter 32 on the sale of the article, a price readjustment giving rise to an overpayment results—

(i) If the article is returned before use, and all of the purchase price is repaid to the vendee or credited to the vendee's account, or

(ii) If the article is returned under an express or implied warranty as to quality or service, and all or a part of the purchase price is repaid to the vendee or credited to the vendee's account, or

(iii) If title is still in the seller, as, for example, in the case of certain installment sales contracts, and all or a part of the purchase price is repaid to the vendee or credited to the vendee's account.

(2) Return of purchase price. For purposes of paragraph (b)(1) of this section, if all of the purchase price of an article has been returned to the vendee, except for an amount retained by the manufacturer pursuant to contract as reimbursement of expense incurred in connection with the sale (such as a handling or restocking charge), all of the purchase price is considered to have been returned to the vendee.

(3) Taxability of subsequent sale or use. If, under any of the conditions described in paragraph (b)(1) of this section, an article is returned to the manufacturer who paid the tax and all of the purchase price is returned to the vendee, the sale is considered to have been rescinded. Any subsequent sale or use of the article by the manufacturer will be considered to be an original sale
or use of the article by the manufacturer which is subject to tax under chapter 32 unless otherwise exempt. If under any such condition an article is returned to the manufacturer who paid the tax and only part of the purchase price is returned to the vendee, a subsequent sale of the article by the manufacturer will be subject to tax to the extent that the sale price exceeds the adjusted sale price of the first taxable sale.

(4) Treatment of other transactions as repurchases. Except as provided in paragraph (b)(1) of this section, a price readjustment will not result when a taxable article is returned to the manufacturer who paid the tax on the sale of the article, even though all or a part of the purchase price is repaid to the vendee or credited to the vendee’s account, since such a transaction will be considered to be a repurchase of the article by the manufacturer.

(c) Repossession of an article. If a taxable article is repossessed by the manufacturer who paid the tax imposed by chapter 32 on the sale of the article, and all or a part of the purchase price is repaid to the vendee or credited to the vendee’s account, a price readjustment giving rise to an overpayment will result. However, if the manufacturer later resells the repossessed article for a price in excess of the original adjusted sale price, the manufacturer will be liable for tax under chapter 32 to the extent that the resale price exceeds the original adjusted sale price.

(d) Return or repossession of covering or container. If the covering or container of a taxable article is returned, or repossession by the manufacturer who paid the tax imposed by chapter 32 on the sale of the article, and all or a portion of the purchase price is repaid to the vendee or credited to the vendee’s account by reason of the return or repossession of the covering or container, a price adjustment giving rise to an overpayment will result. If a taxable article is considered to have been repurchased, as provided in paragraph (b)(4) of this section, and the covering or container accompanies the taxable article as part of the transaction, the covering or container will also be considered to have been repurchased.

(e) Bona fide discounts, rebates, or allowances—(1) In general. Except as provided in §48.6416(b)(1)-3 (relating to re-adjustments in respect of local advertising), the basic consideration in determining, for purposes of this section, whether a bona fide discount, rebate, or allowance has been made is whether the price actually paid by, or charged against, the purchaser has in fact been reduced by subsequent transactions between the parties. Generally, the price will be considered to have been readjusted by reason of a bona fide discount, rebate, or allowance, only if the manufacturer who made the taxable sale repays a part of the purchase price in cash to the vendee, or credits the vendee’s account, or directly or indirectly reimburses a third party for part or all of the purchase price for the direct benefit of the vendee, in consideration of factors which, if taken into account at the time of the original transaction, would have resulted at that time in a lower sale price. For example, a price readjustment will be considered to have been made when a bona fide discount, rebate, or allowance is given in consideration of such factors as prompt payment, quantity buying over a specified period, the vendee’s inventory of an article when new models are introduced, or a general price reduction affecting articles held in stock by the vendee as of a certain date. On the other hand, repayments made to the vendee do not effectuate price readjustments if given in consideration of circumstances under which the vendee has incurred, or is required to incur, an expense which, if treated as a separate item in the original transaction, would have been includible in the price of the article for purposes of computing the tax.

Examples. The provisions of paragraph (e)(1) of this section may be illustrated by the following examples:

Example (1). B, a manufacturer of fishing rods, bills its distributors in a specified amount per fishing rod purchased by them. Thereafter, B issues to each distributor a credit memorandum in the amount of X dollars for each demonstration by the distributor of the fishing rods at a sporting goods exhibition. The credit which B allows the distributor for demonstration of B’s product does not effect a readjustment of price.
Example (2). C, a manufacturer of automobiles, bills its dealers in a specified amount per automobile purchased by them. Thereafter, C remits to the dealer X dollars of the original sale price for each automobile sold by the dealer in the last month of the model year. An additional amount of Y dollars is paid to the dealer upon a showing by the dealer that the dealer has paid Y dollars to the salesperson who made the sale. In this case, the X dollars paid to the dealer by C constitutes a bona fide discount, rebate, or allowance since payment of such amount is in the nature of a price reduction by reason of the dealer's inventory when new models are introduced. In addition, the Y dollars paid to the dealer in reimbursement for the amount paid by the dealer to the salesperson who made the sale, also constitutes a bona fide discount, rebate, or allowance.

(2) Inability to collect price. A charge-off of an amount outstanding in an open account, due to inability to collect, is not a bona fide discount, rebate, or allowance and does not, in and of itself, give rise to a price readjustment within the meaning of this section.

(3) Loss or damage in transit. If title to an article has passed to the vendee, the subsequent loss, damage, or destruction of the article while in the possession of a carrier for delivery to the vendee does not, in and of itself, affect the price at which the article was sold. However, if the article was sold under a contract providing that, if the article was lost, damaged, or destroyed in transit, title would revert to the vendor and the vendor would reimburse the vendee in full for the sale price, then the original sale is considered to have been rescinded. The vendor is entitled to credit or refund of the tax paid upon reimbursement of the full tax-included sale price to the vendee.


§ 48.6416(b)(1)–3 Readjustment for local advertising charges.

(a) In general. If a manufacturer has paid the tax imposed by chapter 32 on the price of any article sold by the manufacturer and thereafter has repaid a portion of the price to the purchaser or any subsequent vendee in reimbursement of expenses for local advertising of the article or any other article sold by the manufacturer which is taxable at the same rate under the same section of chapter 32, the reimbursement will be considered a price readjustment constituting an overpayment which the manufacturer may claim as a credit or refund. The amount of the reimbursement may not, however, exceed the limitation provided by section 4216(e)(2) and § 48.4216(e)–2, determined as of the close of the calendar quarter in which the reimbursement is made or as of the close of any subsequent calendar quarter of the same calendar year in which it is made. The term “local advertising”, as used in this section, has the same meaning as prescribed by section 4216(e)(4) and includes generally, advertising which is broadcast over a radio station or television station, or appears in a newspaper or magazine, or is displayed by means of an outdoor advertising sign or poster.

(b) Local advertising charges excluded from taxable price in one year but repaid in following year—(1) Determination of price readjustments for year in which charge is repaid. If the tax imposed by chapter 32 was paid with respect to local advertising charges that were excluded in computing the taxable price of an article sold in any calendar year but are not repaid to the manufacturer’s purchaser or any subsequent vendee before May 1 of the following calendar year, the subsequent repayment of those charges by the manufacturer in reimbursement of expenses for local advertising will be considered a price readjustment constituting an overpayment which the manufacturer may claim as a credit or refund. The amount of the reimbursement may not, however, exceed the limitation provided by section 4216(e)(2) and § 48.4216(e)–(2), determined as of the close of the calendar quarter in which the reimbursement is made or as of the close of any subsequent calendar quarter of the same calendar year in which it is made.

(2) Redetermination of price readjustments for year in which charge was made. If the tax imposed by chapter 32 was paid with respect to local advertising charges that were excluded in computing the taxable price of an article sold in any calendar year but are not repaid to the manufacturer’s purchaser or any subsequent vendor before May 1 of the following calendar year, the
manufacturer may make a redetermination, in respect of the calendar year in which the charge was made, of the price readjustments constituting an overpayment which the manufacturer may claim as a credit or refund. This redetermination may be made by excluding the local advertising charges made in the calendar year that became taxable as of May 1 of the following calendar year.

(T.D. 8043, 50 FR 32026, Aug. 8, 1985)

§ 48.6416(b)(1)-4 Supporting evidence required in case of price readjustments.

No credit or refund of an overpayment arising by reason of a price readjustment described in § 48.6416(b)(1)-2 or § 48.6416(b)(1)-3 shall be allowed unless the manufacturer who paid the tax submits a statement, supported by sufficient available evidence—

(a) Describing the circumstances which gave rise to the price readjustment,

(b) Identifying the article in respect of which the price readjustment was allowed,

(c) Showing the price at which the article was sold, the amount of tax paid in respect of the article, and the date on which the tax was paid,

(d) Giving the name and address of the purchaser to whom the article was sold, and

(e) Showing the amount repaid to the purchaser or credited to the purchaser’s account.

(T.D. 8043, 50 FR 32026, Aug. 8, 1985)

§ 48.6416(b)(2)-1 Certain exportations, uses, sales, or resales causing overpayments of tax.

In the case of any payment of tax under section 4041(a)(1) or (a)(2) (diesel fuel and special fuels tax) or under chapter 32 (manufacturers tax) that is determined to be an overpayment by reason of certain exportations, uses, sales, or resales described in section 6416(b)(2) and § 48.6416(b)(2)-2, the person who paid the tax may file a claim for refund of the overpayment or, in the case of overpayments under chapter 32, may claim credit for the overpayment on any return of tax under this chapter which the person subsequently files. However, under the circumstances described in section 6416(c) and § 48.6416(e)-1, the overpayments under chapter 32 may be refunded to an exporter or shipper. No interest shall be paid on any credit or refund allowed under this section. For provisions relating to the evidence required in support of a claim for credit or refund under this section, see § 301.6402-2 of this chapter (Regulations on Procedure and Administration) and §§ 48.6416(b)(2)-3 and 48.6416(b)(2)-4. For provisions authorizing the taking of a credit in lieu of filing a claim for refund, see section 6416(d) and § 48.6416(f)-1.


§ 48.6416(b)(2)-2 Exportations, uses, sales, and resales included.

(a) In general. The tax paid under chapter 32 (or under section 4041(a) or (d) in respect of sales or under section 4051) with respect to any article is considered to be an overpayment in the case of any exportation, use, sale, or resale described in this section. This section applies only in those cases in which the exportation, use, sale, or resale (or any combination thereof) referred to in this section occurs before any other use. In addition, the following restrictions must be taken into account in applying the regulations under section 6416(b)(2):

(1) Sections 6416(b)(2)(C) and (D) do not apply to any tax paid under section 4061 (gas guzzler tax).

(2) Sections 6416(b)(2)(B), (C), and (D) do not apply to any tax paid under section 4131 (vaccine tax) and section 6416(b)(2)(A) applies only to the extent prescribed in paragraph (b)(2) of this section.

(3) Section 6416(b)(2) does not apply to any tax paid under section 4041(a)(1) or 4081 on diesel fuel or kerosene, section 4091 (aviation fuel tax), or section 4121 (coal tax).

(b) Exportation of tax-paid articles—(1) In general. Subject to the limitations of section 6416(b)(2) and paragraph (b)(2) of this section, tax paid under chapter 31 or 32 on the sale of any article will be considered to be an overpayment under section 6416(b)(2)(A) if the article is exported by any person. Except in the case of articles subject to the tax imposed by section 4061(a), prior to
April 1, 1983, it is immaterial for purposes of this paragraph (b), whether the person who made the taxable sale had knowledge at the time of the sale that the article or fuel was being purchased for export to a foreign country or shipment to a possession of the United States. See §48.6416(a)-1 for the circumstances under which a claim for refund by reason of the exportation of an article may be claimed by the exporter or shipper, rather than by the person who paid the tax. For definition of the term “possession of the United States”, see §48.6-2(a)(11).

(2) Rule for exportation of vaccines. Paragraph (b)(1) of this section applies to tax paid under section 4331 on the sale of a vaccine, but only if the sale by the manufacturer occurs after August 10, 1993, and, in the case of vaccine sold to the United States or any of its agencies or instrumentalities, the condition of §48.4221–3(e)(2) is satisfied.

(c) Supplies for vessels or aircraft. A payment of tax under chapter 32 on the sale of any article, or under section 4041 (a)(1) or (a)(2) on the sale of diesel fuel or special motor fuel, will be considered to be an overpayment under section 6416(b)(2)(B) if the article or fuel is used by any person, or is sold by any person for use by the purchaser, as supplies for vessels or aircraft.

The term “supplies for vessels or aircraft”, as used in this paragraph, has the same meaning as when used in sections 4041(g), 4221(a)(3), 4221(d)(3), and 4221(e)(1), and the regulations thereunder.

(d) Use by State or local government. A payment of tax under chapter 32 on the sale of any article, or under section 4041 (a)(1) or (a)(2) on the sale of diesel fuel or special motor fuel, will be considered to be an overpayment under section 6416(b)(2)(C) if the article or fuel is sold by any person to a State, any political subdivision thereof, or the District of Columbia. For provisions relating to tax-free sales to a State, any political subdivision thereof, or the District of Columbia, see section 4221(a)(4) and the regulations thereunder.

(e) Use by nonprofit educational organization. A payment of tax under chapter 32 on the sale of any article, or under section 4041 (a)(1) or (a)(2) on the sale of diesel fuel or special motor fuel, will be considered to be an overpayment under section 6416(b)(2)(D) if the article or fuel is sold by any person to a nonprofit educational organization for its exclusive use. The term “nonprofit educational organization”, as used in this paragraph (e), has the same meaning as when used in section 4221 (a)(5) or (d)(5), whichever applies, and the regulations thereunder.

(1) Tax-paid tires or inner tubes resold for use in further manufacture. A payment of tax under section 4071 on the sale of a tire or, prior to January 1, 1984, on the sale of an inner tube will be considered to be an overpayment under section 6416(b)(2)(E) if—

(i) The tire or inner tube is, after the original sale of the article by the manufacturer, resold by any person to another manufacturer;

(ii) The other manufacturer sells the tire or inner tube on or in connection with, or with the sale of, any other article manufactured or produced by the other manufacturer; and

(iii) That other article is by any person either—

(A) Exported to a foreign country or to a possession of the United States,

(B) Sold to a State, any political subdivision thereof, or the District of Columbia for the exclusive use of a State, any political subdivision thereof, or the District of Columbia,

(C) Sold to a nonprofit educational organization for its exclusive use, or

(D) Used or sold for use as supplies for vessels or aircraft.

The overpayment described in this paragraph (f) is to be distinguished from the overpayment described in section 6416(b)(3)(C) prior to amendment by the Highway Revenue Act of 1982 and section 6416(b)(3) as amended by the Highway Revenue Act of 1982, and §48.6416(b)(3)–2 (d) in that the overpayment here described arises from a “resale” for the use described in this paragraph, while the section 6416(b)(3)(C) overpayment arises from the “use” of tires or inner tubes in the manufacture of other articles by a subsequent manufacturer who purchases tax-paid tires.
or tubes and disposes of finished articles on the basis of one of the exemptions set forth in section 6416(b)(3)(C). A manufacturer claiming a credit or refund under this paragraph (f) must have substantially the same information available in support of the claim as is required under §48.4221-7(c)(2) in support of exempt sales of tires or inner tubes under the provisions of section 4221(e)(2), except that none of the parties involved need be registered under section 4222.


§ 48.6416(b)(2)–3 Supporting evidence required in case of manufacturers tax involving exportations, uses, sales, or resales.

(a) Evidence to be submitted by claimant. No claim for credit or refund of an overpayment, within the meaning of section 6416(b)(2) and §48.6416(b)(2)–3, of tax under chapter 32 shall be allowed unless the person who paid the tax submits with the claim the evidence required by paragraph (b)(2) of §48.6416(a)–3 and a statement, supported by sufficient available evidence—

(1) Showing the amount claimed in respect of each category of exportations, uses, sales, or resales on which the claim is based and which give rise to a right of credit or refund under section 6416(b)(2) and §48.6416(b)(2)–3, and (ii) a statement, supported by sufficient available evidence—

(2) Identifying the article, both as to nature and quantity, in respect of which credit or refund is claimed,

(3) Showing the amount of tax paid in respect of the article or articles and the dates of payment,

(4) In the case of an overpayment determined under section 6416(b)(2)(A) and paragraph (b) of §48.6416(b)(2)–2 in respect of an article which was taxable prior to April 1, 1983 under section 4061(a), indicating that, pursuant to section 4061(e), the person claiming a credit or refund possessed at the time that person shipped the article or at the time title to the article passed to the vendee, whichever is earlier, evidence that the article was to be exported to a foreign country or shipped to a possession of the United States, or (5) In the case of any overpayment other than an overpayment determined under section 6416(b)(2)(E) and paragraph (f) of §48.6416(b)(2)–2, indicating that the person claiming a credit or refund possesses evidence (as set forth in paragraph (b)(1) of this section) that the article has been exported, or has been used, sold, or resold in a manner or for a purpose which gives rise to an overpayment within the meaning of section 6416(b)(2) and §48.6416(b)(2)–2, or

(b) Evidence required to be in possession of claimant—(1) Evidence required under paragraph (a)(5)—(i) In general. The evidence required to be retained by the person who paid the tax, as provided in paragraph (a)(5) of this section, must, in the case of an article exported, consist of proof of exportation in the form prescribed in the regulations under section 4221 or must, in the case of other articles sold tax-paid by that person, consist of a certificate, executed and signed by the ultimate purchaser of the article, in the form prescribed in paragraph (b)(1)(ii) of this section. However, if the article to which the claim relates has passed through a chain of sales from the person who paid the tax to the ultimate purchaser, the evidence required to be retained by the person who paid the tax may consist of a certificate, executed and signed by the ultimate vendor of the article, in the form provided in paragraph (b)(1)(iii) of this section, rather than the proof of exportation itself or the certificate of the ultimate purchaser.

(ii) Certificate of ultimate purchaser.
§48.6416(b)(2)–3  26 CFR Ch. I (4–1–02 Edition)

(A) The certificate executed and signed by the ultimate purchaser of the article to which the claim relates must identify the article, both as to nature and quantity; show the address of the ultimate purchaser of the article, and the name and address of the ultimate vendor of the article; and describe the use actually made of the article in sufficient detail to establish that credit or refund is due, except that the use to be made of the article must be described in lieu of actual use if the claim is made by reason of the sale or resale of an article for a specified use which gives rise to the overpayment.

(B) If the certificate sets forth the use to be made of any article, rather than its actual use, it must show that the ultimate purchaser has agreed to notify the claimant if the article is not in fact used as specified in the certificate.

(C) The certificate must also contain a statement that the ultimate purchaser understands that the ultimate purchaser and any other party may, for fraudulent use of the certificate, be subject under section 7201 to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(D) A purchase order will be acceptable in lieu of a separate certificate of the ultimate purchaser if it contains all the information required by this paragraph (b)(1)(ii).

(iii) Certificate of ultimate vendor. Any certificate executed and signed by an ultimate vendor as evidence to be retained by the person who paid the tax, as provided in paragraph (a)(5) of this section, may be executed with respect to any one or more overpayments by the person which arose under section 6416(b)(2) and §§ 48.6416(b)(2)–2 by reason of exports, uses, sales or resales, occurring within any period of not more than 12 consecutive calendar quarters, the beginning and ending dates of which are specified in the certificate.

The certificate must be in substantially the following form:

**STATEMENT OF ULTIMATE VENDOR**

(For use in claiming credit or refund of overpayment determined under section 6416(b)(2) (other than section 6416(b)(2)(E)) of the Internal Revenue Code.)

The undersigned or the

(Name of ultimate vendor if other than undersigned) of which the undersigned is (Title), is the ultimate vendor of the article specified below or on the reverse side hereof.

The article was purchased by the ultimate vendor tax-paid and was thereafter exported, used, sold, or resold (as indicated below or on the reverse side hereof).

The ultimate vendor possesses

(Proof of exportation in respect of the article, or a certificate as to use executed by the ultimate purchaser of the article)

The

(Proof of exportation or certificate)

(1) is retained by the ultimate vendor, (2) will, upon request, be forwarded to

(Name or person who paid the tax)

at any time within 3 years from the date of this statement for use by that person to establish that credit or refund is due in respect of the article, and (3) will otherwise be held by the ultimate vendor for the required 3-year period.

According to the best knowledge and belief of the undersigned, no statement in respect of the

(Proof of exportation or certificate)

has previously been executed, and the undersigned understands that the fraudulent use of this statement may, under section 7201, subject the undersigned or any other party making such fraudulent use to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(Signature)

(Address)

(Date)

<table>
<thead>
<tr>
<th>Vendor’s invoice</th>
<th>Articles</th>
<th>Date of resale</th>
<th>Quantity</th>
<th>Exported or use made or to be made (specify)</th>
</tr>
</thead>
</table>

(2) **Evidence required under paragraph (a)(6)—(1) In general—** The evidence required to be retained by the person who paid the tax, as provided in paragraph (a)(6) of this section, must, in the case of an exportation of the second article,
Consist of proof of exportation of the second article in the form prescribed in the regulations under section 4221 or must, in other cases, consist of a certificate, executed and signed by the ultimate purchaser of the second article, in the form prescribed in paragraph (b)(2)(ii) of this section. However, the evidence required to be retained by the person who paid the tax may consist of a certificate, executed and signed by the ultimate vendor of the second article, in the form provided in paragraph (b)(2)(iii) of this section, rather than the proof of exportation itself or the certificate of the ultimate purchaser.

(ii) Certificate of ultimate purchaser—The certificate of the ultimate purchaser of the second article must contain the same information as that required in paragraph (b)(1)(ii) of this section, except that the information must be furnished in respect of the second article, rather than the article to which the claims relates.

(iii) Certificate of ultimate vendor—Any certificate executed and signed by an ultimate vendor as evidence to be retained by the person who paid the tax, as provided in paragraph (a)(6) of this section, may be executed with respect to any one of more overpayments by that person which arose under section 6416(b)(2)(E) and § 48.6416(b)(2)–2 (f) by reason of exportations, uses, sales, or resales of a second article occurring within any period of not more than 12 consecutive calendar quarters, the beginning and ending dates of which are specified in the certificate. The certificate must be in substantially the following form:

STATEMENT OF ULTIMATE VENDOR

(For use in claiming credit or refund of overpayment determined under section 6416 (b)(2)(E), Internal Revenue Code, involving tires or inner tubes sold on or with another article.)

<table>
<thead>
<tr>
<th>Tires or inner tubes (specify and state quantity)</th>
<th>Vendor's invoice on second article</th>
<th>Second article (specify and state quantity)</th>
<th>Date of sale of second article</th>
<th>Exported or use made of or to be made (specify in respect of second article)</th>
</tr>
</thead>
</table>

The undersigned or the (Name of ultimate vendor of second article if other than undersigned) of which the undersigned is (Title), is the ultimate vendor of an article, specified below or on the reverse side hereof, on which or with which a tax-paid tire or inner tube was sold.

The ultimate vendor possesses

(Proof of exportation in respect of the article on which or with which the tire or inner tube was sold, or a certificate as to use of the article executed by the ultimate purchaser of the article)

The

(Proof of exportation or certificate) (1) is retained by the ultimate vendor, (2) will, upon request, be forwarded to

(Name of person who paid the tax on the tire or inner tube)
at any time within 3 years from the date of this statement for use in establishing that credit or refund is due in respect of the tire or inner tube, and (3) will otherwise be held by the ultimate vendor for the required 3-year period.

According to the best knowledge and belief of the undersigned, no statement in respect of the

(Proof of exportation or certificate) has previously been executed, and the undersigned understands that the fraudulent use of this statement may, under section 7201, subject the undersigned or any other party making such fraudulent use to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

(Signature)

(Address)

(Date)
§ 48.6416(b)(2)–4 Supporting evidence required in case of special fuels tax involving exportations, uses, sales, or resales of special fuels.

(a) Evidence to be submitted by claimant. No claim for credit or refund of an overpayment, within the meaning of section 6416(b)(2) and § 48.6416(b)(2)–2 of tax under section 4041 (a)(1) or (b)(2) shall be allowed unless the person who paid the tax submits with the claim the evidence required by paragraph (b)(2) of § 48.6416(a)–2 and a statement, supported by sufficient available evidence—

(1) Showing the amount claimed in respect of each category of exportations, uses, sales, or resales on which the claim is based and which give rise to right of credit or refund under section 6416(b)(2) and § 48.6416(b)(2)–1,

(2) Identifying the fuel, both as to nature and quantity, in respect of which credit or refund is claimed,

(3) Showing the amount of tax paid in respect of the fuel and the dates of payment, and

(4) Indicating that the fuel has been exported, or has been used, sold, or resold in a manner or for a purpose which gives rise to an overpayment within the meaning of section 6416(b)(2) and § 48.6416(b)(2)–2.

(b) Evidence required to be in possession of claimant. (1) The evidence required to be retained by the person who paid the tax, as provided in paragraph (a)(4) of this section, must, in the case of fuel exported, consist of proof of exportation or must, in the case of other fuel sold tax-paid by that person, consist of a certificate, executed and signed by the person who purchased the fuel in a resale or for the use which gave rise to the overpayment.

(2) The certificate must identify the fuel, both as to nature and quantity, in respect of which credit or refund is claimed; show the address of the purchaser; show the name and address of the person from whom the fuel was purchased and the date or dates on which the fuel was purchased; and show that the fuel was resold and the date of the resale.

(3) If the claim is not based on resale of the fuel, the certificate must describe the use actually made of the fuel in sufficient detail to establish that credit or refund is due. However, the use to be made of the fuel must be described in lieu of actual use if the claim is made by reason of the sale of the fuel for a specified use which gives rise to an overpayment under § 48.6416(b)(2)–2.

(4) If the certificate sets forth the use to be made of the fuel, rather than its actual use, it must show that the purchaser has agreed to notify the claimant if the fuel is not in fact used as specified in the certificate.

(5) The certificate must also contain a statement that the purchaser has not previously executed a certificate in respect of the fuel and understands that any party may, for fraudulent use of the certificate, be subject under section 7201 to a fine of not more than $10,000, or imprisonment for not more than 5 years, or both, together with the costs of prosecution.

[T.D. 8043, 50 FR 32030, Aug. 8, 1985]

§ 48.6416(b)(3)–1 Tax-paid articles used for further manufacture and causing overpayments of tax.

In the case of any payment of tax under chapter 32 that is determined to be an overpayment under section 6416(b)(3) and § 48.6416(b)(3)–2 by reason of the sale of an article (other than coal taxable under section 4121), directly or indirectly, by the manufacturer of the article to a subsequent manufacturer who uses the article in further manufacture of a second article or who sells the article with, or as a part of, the second article manufactured or produced by the subsequent manufacturer, the subsequent manufacturer may file claim for refund of
the overpayment or may claim credit for the overpayment on any return of tax under this subpart subsequently filed. No interest shall be paid on any credit or refund allowed under this section. For provisions relating to the evidence required in support of a claim for credit or refund, see § 301.6402–2 of this chapter (Regulations on Procedure and Administration) and §§ 48.6416(a)–3 and 48.6416(b)(3)–3. For provisions authorizing the taking of a credit in lieu of filing a claim for refund, see section 6416(d) and § 48.6416(f)–1. [T.D. 8043, 50 FR 32030, Aug. 8, 1985]

§ 48.6416(b)(3)–2 Further manufacture included.

(a) In general. The payment of tax imposed by chapter 32 on the sale of any article (other than coal taxable under section 4121) by a manufacturer of the article will be considered to be an overpayment by reason of any use in further manufacture, or sale as part of a second manufactured article, described in any one of paragraphs (b) through (f) of this section. This section applies in those cases where the exportation, use, or sale (or any combination of those activities) referred to in any one or more of those paragraphs occurs before any other use. For provisions relating to overpayments arising by reason of resales of tax-paid articles for use in further manufacture as provided in this section, see section 6416(b)(2)(E) and paragraph (f) of § 48.6416(b)(2)–2.

(b) Use of tax-paid articles in further manufacture described in section 6416(b)(3)(A). A payment of tax under chapter 32 on the sale of any article (other than coal taxable under section 4121), directly or indirectly, by the manufacturer of the article to a subsequent manufacturer will be considered to be an overpayment under section 6416(b)(3)(A) if the article is used by the subsequent manufacturer as material in the manufacture or production of, or as a component part of, a second article manufactured or produced by the subsequent manufacturer which is—

(1) Taxable under chapter 32, or

(2) An automobile bus chassis or an automobile bus body.

For this purpose it is immaterial whether the second article is sold or otherwise disposed of, or if sold, whether the sale is a taxable sale. Any article to which this paragraph (b) applies which would have been used in the manufacture or production of a second article, except for the fact that it was broken or rendered useless in the process of manufacturing or producing the second article, will be considered to have been used as a component part of the second article. This paragraph (b) does not apply to articles sold and used as provided in any of paragraphs (c) through (f) of this section.

(c) Use of truck, bus, etc., parts or accessories. A payment of tax under section 4061 (b) on the sale prior to January 7, 1983, of any truck, bus, etc., part or accessory, directly or indirectly, by the manufacturer of the article to a subsequent manufacturer will be considered to be an overpayment under section 6416(b)(3)(B) if the part or accessory is used by the subsequent manufacturer as material in the manufacture or production of, or as a component part of, a second article manufactured or produced by the subsequent manufacturer. For this purpose it is immaterial whether the second article is or is not taxable under chapter 32. Any article to which this paragraph (c) applies which would have been used in the manufacture or production of a second article, except for the fact that it was broken or rendered useless in the process of manufacturing or producing the second article, will be considered to have been used as a component part of the second article.

(d) Tax-paid tires or inner tubes used in further manufacture. (1) A payment of tax under section 4071 on the sale prior to January 1, 1984, of a tire or inner tube, directly or indirectly, by the manufacturer of the article to a subsequent manufacturer will be considered to be an overpayment under section 6416(b)(3)(C) if the subsequent manufacturer sells the tire or inner tube on or in connection with, or with the sale of, any other article manufactured or produced by the subsequent manufacturer and if the other article is—

(i) An automobile bus chassis or automobile bus body, or

(ii) By any person (A) exported to a foreign country or to a possession of the United States, (B) sold to a State, any political subdivision thereof, or
§ 48.6416(b)(3)–3 26 CFR Ch. I (4–1–02 Edition)

the District of Columbia for the exclusive use of a State, any political subdivision thereof, or the District of Columbia, (C) sold to a nonprofit educational organization for its exclusive use, or (D) used or sold for use as supplies to vessels or aircraft.

For tax-paid tires used in further manufacture after December 31, 1983, see section 6416(b)(3)(A) and the regulations thereunder.

(2) The overpayment in this paragraph (d) is to be distinguished from that overpayment described in section 6416(b)(2)(E) and §48.6416(b)(2)(f) in that this overpayment arises from the “use” described in this paragraph, whereas the overpayment under section 6416(b)(2)(E) arises from the “re-sale” of tax-paid tires or inner tubes by any person to a subsequent manufacturer who disposes of the articles on or in connection with, or with the sale of, a second article manufactured or produced by the subsequent manufacturer which is disposed of on the basis of one of the exemptions set forth in section 6416(b)(3)(C).

(3) If the second article is exported or shipped as provided in this paragraph (d), it is immaterial whether the subsequent manufacturer sold the article with the knowledge that it would be exported or shipped.

(4) An overpayment arises under paragraph (d)(1) of this section only if the tire or inner tube constitutes a part of, or is associated with, the second article at the time the second article is exported, shipped, sold, used, or sold for use, as prescribed in this paragraph.

(5) For definition of certain terms used in this paragraph, see section 4221 and the regulations thereunder.

(6) For provisions relating to overpayments arising by reason of tires or inner tubes sold tax-paid by the manufacturer of the same, on or in connection with, or with the sale of, any article manufactured or produced by that manufacturer and exported, sold, or used or sold for use, as provided in this paragraph (d), see section 6416(b)(4).

(7) For provisions relating to credit allowable in respect of tires and inner tubes sold or in connection with, or with the sale of, another article taxable under chapter 32, prior to January 1, 1984, see section 6416(c) and §48.6416(c)–1.

(8) If a second article referred to in paragraph (d)(1) of this section is sold for a use described in that paragraph and is not so used, this paragraph (d) is in all respects inapplicable.

(e) Use of bicycle tires or tubes in further manufacture. A payment of tax under section 4071 on the sale, prior to January 1, 1984, of a bicycle or tricycle tire or inner tube, directly or indirectly, by the manufacturer of the same to a subsequent manufacturer will be considered to be an overpayment under section 6416(b)(3)(E) if the tire or tube is used by the subsequent manufacturer as material in the manufacture or production of, or as a component part of, a bicycle or tricycle manufactured or produced by the subsequent manufacturer which is not a rebuilt or reconditioned bicycle or tricycle. For definition of the term “bicycle tire”, see section 4221(e)(4)(B) and the regulations thereunder.

(f) Use of gasoline in further manufacture. A payment of tax under section 4081 on the sale of gasoline, directly or indirectly, by the manufacturer of the same to a subsequent manufacturer will be considered an overpayment under section 6416(b)(3)(B) if the gasoline is used for nonfuel purposes by the subsequent manufacturer as material in the manufacture or production of any other article manufactured or produced by the subsequent manufacturer. For this purpose it is immaterial whether the other article is or is not taxable under chapter 32. For provisions relating to the use of gasoline for nonfuel purposes, see section 4221 and the regulations thereunder.


§ 48.6416(b)(3)–3 Supporting evidence required in case of tax-paid articles used for further manufacture.

(a) Evidence to be submitted by claimant. No claim for credit or refund of an overpayment, within the meaning of section 6416(b)(3) and §48.6416(b)(3)–2 shall be allowed unless the subsequent manufacturer submits with the claim the evidence required by §48.6416(a)–3 and a statement, supported by sufficient available evidence—
(1) Showing the amount claimed in respect of each category of exportations, uses, or sales on which the claim is based and which give rise to a right of credit or refund under section 6416(b)(3) and §48.6416(b)(3)-1.

(2) Showing the name and address of the manufacturer, producer, or importer of the article in respect of which credit or refund is claimed.

(3) Identifying the article, both as to nature and quantity, in respect of which credit or refund is claimed.

(4) Showing the amount of tax paid in respect of the article by the manufacturer or producer of the article and the date of payment.

(5) Indicating that the article was used by the claimant as material in the manufacture or production of, or as a component part of, a second article manufactured or produced by the manufacturer or was sold on or in connection with, or with the sale of, a second article manufactured or produced by the manufacturer.

(6) Identifying the second article, both as to nature and quantity, and

(7) In the case of an overpayment determined under section 6416(b)(3)(C) as it existed prior to January 1, 1984, and paragraph (d)(1) of §48.6416(b)(3)-2 in respect of a tire or inner tube taxable under section 4071, indicating that the manufacturer has evidence available (as set forth in paragraph (b) of this section) that the second article is an automobile bus chassis or automobile bus body, or has been exported, used, or sold as provided in section 6416(b)(3)(C)(ii) and §48.6416(b)(3)-2(d)(1)(ii).

(b) Evidence required to be in possession of claimant—(1) In general. The evidence required to be retained by the person claiming credit or refund, as provided in paragraph (a)(7) of this section, must, in the case of an exportation of the second article, consist of proof of exportation of the second article in the form prescribed in the regulations under section 4221, or must, in other cases (except when the second article is an automobile bus chassis or automobile bus body), consist of a certificate, executed and signed by the ultimate purchaser of the second article, in the form prescribed in paragraph (b)(2) of this section. However, if the second article has passed through a chain of sales from the manufacturer of the second article to the ultimate purchaser of the second article, the evidence may consist of a certificate, executed and signed by the ultimate vendor of the second article, in the form provided in paragraph (b)(3) of this section, rather than the proof of exportation itself of the second article or the certificate of the ultimate purchaser of the second article.

(2) Certificate of ultimate purchaser of second article. The certificate executed and signed by the ultimate purchaser of the second article must contain the same information as that required in paragraph (b)(1)(ii) of §48.6416(b)(2)-3, except that the information must be furnished in respect of the second article, rather than the article to which the claim relates.

(3) Certificate of ultimate vendor of second article. Any certificate executed and signed by an ultimate vendor as evidence to be retained by the person claiming credit or refund must be executed in the same form and manner as that provided in paragraph (b)(2)(iii) and §48.6416(b)(2)-3.

(4) Repayment or consent of ultimate vendor. If the person claiming credit or refund of an overpayment to which this section applies has repaid, or agreed to repay, the amount of the overpayment to the ultimate vendor or if the ultimate vendor consents to the allowance of the credit or refund, a statement to that effect, signed by the ultimate vendor, must be shown on, or made a part of, the evidence required to be retained by the person claiming the credit or refund. In this regard, see §48.6416(a)-3(b)(2).

[T.D. 8943, 50 FR 32032, Aug. 8, 1985]

§48.6416(b)(5)–1 Return of installment accounts causing overpayments of tax.

(a) In general. In the case of any payment of tax under section 4216(d)(1) in respect of the sale of any installment account that is determined to be an overpayment under section 6416(b)(5) and paragraph (b) of this section upon return of the installment account, the person who paid the tax may file a claim for refund of the overpayment or may claim credit for the overpayment
§ 48.6416(c)–1  Credit for tax paid on tires or, prior to January 1, 1984, inner tubes.

(a) Allowance of credit against tax on sale of taxable article. If tax has been paid under section 4071 on the sale, or under section 4218 on the use, of a tire or inner tube, and the manufacturer of another article taxable under chapter 32 sells the tire or inner tube on or in connection with the sale of that other article, a credit in respect of the tire or inner tube is allowable under section 6416(c) against the tax imposed on the sale of that other article. The amount of the credit is to be determined as provided in paragraph (b) or (c) of this section.

(b) Tires or tubes purchased by manufacturer of the other article. If the manufacturer of the other article purchased the tire or inner tube tax-paid, the amount of the credit shall be determined by applying to the purchase price of the tire or inner tube the percentage rate of tax applicable to the sale of the other article. For this purpose, the purchase price shall be determined by applying to the purchase price of the tire or inner tube the percentage rate of tax applicable to the sale of the other article. For this purpose, the purchase price shall be determined by including any tax passed on to the manufacturer and, in the case of a tire, by excluding any part of the price attributable to the metal rim or rim base. For example, if the selling price of an automobile truck is $24,000, tax equivalent to 10 percent of the price (i.e., $2,400) is imposed under section 4601(a) on the sale (before April 1, 1983) of the automobile truck. If the tires or inner tubes sold on or in connection with the automobile truck are
Internal Revenue Service, Treasury § 48.6416(e)–1

§ 48.6416(e)–1 Refund to exporter or shipper.

(a) In general. Any payment of tax imposed by sections 4041, 4051 or chapter 32 that is determined to be an overpayment within the meaning of section 6416(b)(2) (A) or (E), section 6416(b)(3)(C) (prior to January 7, 1983), or section 6416(b)(4), and the regulations thereunder, by reason of the exportation of any article may be refunded to the exporter or shipper of the article pursuant to section 6416(c) of this section, if—

(1) The exporter or shipper files a claim for refund of the overpayment, and

(2) The person who paid the tax waives the right to claim credit or refund of the tax.

No interest shall be paid on any refund allowed under this section. For provisions relating to the evidence required in support of a claim under this paragraph (a), see §301.6402 of this chapter (Regulations on Procedure and Administration) and paragraph (b) of this section.

(b) Supporting evidence required. No claim for refund of any overpayment of tax to which this section applies shall be allowed unless the exporter or shipper submits with that claim proof of exportation in the form prescribed by the regulations under section 4221, and a statement, signed by the person who paid the tax, showing—

(1) That the person who paid the tax waives the right to claim credit or refund of the tax,

(2) In the case of an overpayment determined under section 6416(b)(2)(A) and paragraph (b) of §48.6416(b)(2)–2 in respect of a truck, bus, tractor, etc., taxable under section 4061(a), that, pursuant to section 6416(g), the person who paid the tax possessed at the time that person shipped the article or at the time title to the article passed to that person’s vendee, whichever is earlier, evidence that the article was to be exported to a foreign country or shipped to a possession of the United States,

(3) The amount of tax paid on the sale of the article and the date of payment, and

purchased by the manufacturer of the automobile truck for $1,500 (computed as provided in this paragraph) a credit of $150 (10 percent of $1,500) is allowable against the tax imposed on the sale of the automobile truck.

(c) Tires or tubes manufactured by manufacturer or other articles. If the manufacturer of the other article is also the manufacturer of the tire or inner tube and incurs tax liability under section 4218 on the use by that manufacturer of the tire or inner tube, the amount of the credit shall be determined by applying to the fair market price of the tire or inner tube, the percentage rate of tax applicable to the sale of the other article. For this purpose, the fair market price of the tire or inner tube shall be the price at which the same or similar tires or inner tubes are sold by manufacturers of tires or inner tubes in the ordinary course of trade, as determined by the Commissioner, and by excluding, in the case of a tire, any part of the price attributable to the metal rim or rim base. The determination of the Commissioner shall be made in the same manner as determinations made under section 4218.

(d) Other applicable rules. (1) For purposes of this section, the term “manufacturer” includes the original manufacturer of the other article and any succeeding purchaser of the article who further manufactures the article so as to become liable as a manufacturer of an article taxable under chapter 32. Therefore, the credit provided by section 6416(c) and this section is available both to the original manufacturer of the other article and also to every succeeding purchaser of that article who sells that article on or in connection with, or with the sale of, another article taxable under chapter 32.

(2) No interest shall be paid on any credit allowed under this section.

(3) If credit is not claimed under this section against the tax applicable to the sale of the other article, the manufacturer of the other article may claim refund of an amount equivalent to the credit or may claim credit on any return of tax under this subpart subsequently filed.

[T.D. 8043, 50 FR 32034, Aug. 8, 1985]
§ 48.6416(f)–1 Credit on returns.

Any person entitled to claim refund of any overpayment of tax imposed by section 4041, 4042, 4051 or chapter 32 may, in lieu of claiming refund of the overpayment, claim credit for the overpayment on any return of tax under this subpart subsequently filed. Any such credit claimed on a return must be supported by the evidence prescribed in the applicable regulations in this subpart and §301.6402 of this chapter (Regulations on Procedure and Administration).

[T.D. 8043, 50 FR 32034, Aug. 8, 1985]

§ 48.6416(h)–1 Accounting procedures for like articles.

(a) Identification of manufacturer. In applying section 6416 and the regulations thereunder, a person who has purchased like articles from various manufacturers may determine the particular manufacturer from whom that person purchased any one of those articles by a first-in-first-out (FIFO) method, by a last-in-first-out (LIFO) method, or by any other consistent method approved by the district director. For the first year for which a person makes a determination under this section, the person may adopt any one of the following methods without securing prior approval by the district director.

(1) FIFO method.

(2) LIFO method.

(3) Any method by which the actual manufacturer of the article is in fact identified.

Any other method of determining the manufacturer of a particular article must be approved by the district director before its adoption. After any method for identifying the manufacturer has been properly adopted, it may not be changed without first securing the consent of the district director.

(b) Determining amount of tax paid. In applying section 6416 and the regulations thereunder, if the identity of the manufacturer of any article has been determined by a person pursuant to a method prescribed in paragraph (a) of this section, that manufacturer of the article must determine the tax paid under chapter 32 with respect to that article consistently with the method used in identifying the manufacturer.

[T.D. 8043, 50 FR 32035, Aug. 8, 1985]

§ 48.6420–1 Credits or payments to ultimate purchaser of gasoline used on a farm.

(a) In general. If gasoline is used on a farm for farming purposes after June 30, 1965, a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) of this section) in respect of the gasoline shall be allowed or made to the ultimate purchaser of the gasoline in an amount determined by multiplying (1) the number of gallons of gasoline so used by (2) the rate of tax on gasoline under section 4081 that applied on the date the gasoline was purchased by the ultimate purchaser. No interest shall be paid on any payment, allowed under paragraph (c) of this section. However, interest may be paid on any overpayment (as defined by section 6401) arising from a credit allowed under paragraph (b) of this section. See section 34(a)(1). See § 48.6420–2 for the time within which a claim for credit or payment must be made. See section 4081 and the regulations thereunder for the rates of tax on gasoline. See § 48.6420–2 for meaning of the terms “Used on a farm for farming purposes,” “farm,” “gasoline,” “ultimate purchaser,” and “taxable year.”

(b) Allowance of income tax credit in lieu of payment. With respect to persons subject to income tax, repayment of the tax paid under section 4081 on gasoline used on a farm for farming purposes may be obtained only by claiming a credit for the amount of this tax against the income tax imposed by subtitle A of the Code. The amount of the credit shall be an amount equal to the payment which would be made under section 6420 with respect to gasoline used during the taxable year on a farm for farming purposes if section 6420(g)(1) and paragraph (c) of this section did not apply. See section 34(a)(1).
(c) Allowance of payment. Payments in respect of gasoline upon which tax was paid under section 4081 that is used on a farm for farming purposes shall be made only to—

(1) The United States or agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions of a State, or the District of Columbia, or

(2) An organization which is exempt from tax under section 501(a) and is not required to make a return of the income tax imposed under subtitle A for its taxable year.

(d) Use of gasoline. (1) The credit or payment described in paragraph (a) of this section is allowable only in respect of gasoline used on a farm in the United States for farming purposes. The credit or payment is not allowable with respect to gasoline used for non-farming purposes, or gasoline used off a farm, regardless of the nature of the use. If a vehicle or other equipment is used both on a farm and off the farm, or if it is used on a farm both for farming and nonfarming purposes, the credit or payment is allowable only with respect to that portion of the gasoline which was "used on a farm for farming purposes" as defined in paragraph (a) of §48.6420-4. In determining if this requirement is met, neither the type of equipment or vehicle used nor its registration for highway use is material. However, the actual use of the equipment or vehicle and the place where it is used are material. For example, if a truck used on a farm for farming purposes is also used on the highways, gasoline used in connection with operating the truck on the highways is not taken into account in computing the credit or payment.

(2) For purposes of determining the allowable credit or payment in respect of gasoline used on a farm for farming purposes, gasoline on hand shall be considered used in the order in which it was purchased. Thus, if the owner, tenant, or operator of a farm has on hand gasoline acquired in two purchases made at different times and subject to different rates of tax, in determining credit or payment for gasoline used on a farm for farming purposes, it will be assumed that the gasoline purchased first was the first gasoline used, and the rate applicable to that purchase will apply in determining the credit or payment, until all that gasoline is accounted for.

[T.D. 8043, 50 FR 32035, Aug. 8, 1985]

§48.6420-2 Time for filing claim for credit or payment.

(a) In general. A claim for credit or payment described in §48.6420-1 with respect to gasoline used after June 30, 1965, on a farm for farming purposes, shall cover only gasoline used during the taxable year on a farm for farming purposes. Therefore, gasoline on hand at the end of a taxable year as, for example, in fuel supply tanks of farm machinery or in storage tanks or drums, must be excluded from a claim filed for that taxable year (but may be included in a claim filed for a later taxable year if used during that later year on a farm for farming purposes). Gasoline used during a taxable year may be covered by a claim filed for that taxable year although the gasoline was not paid for at the time the claim is filed. For purposes of applying this section, a governmental unit or exempt organization described in §48.6420-1(c) is considered to have as its taxable year, the calendar year or fiscal year on the basis of which it regularly keeps its books; see paragraph (h) of this section.

(b) Time for filing. (1) A claim for credit with respect to gasoline used on a farm for farming purposes shall not be allowed unless it is filed no later than the time prescribed by section 6511 and the regulations thereunder for filing a claim for credit or refund of income tax for the particular taxable year.

(2) A claim for payment of a governmental unit or exempt organization described in §48.6420-1(c) must be filed no later than 3 years following the close of its taxable year. (See paragraph (h) of this section.)

(3) See §301.7502-1 of this chapter (Regulations on Procedure and Administration) for provisions treating timely mailing as timely filing and §301.7502-1 of this chapter for time for performance of an act where the last day falls on Saturday, Sunday, or a legal holiday.
§ 48.6420-3 Exempt sales; other payments or refunds available.

(a) Exempt sales. Credits or payments are allowable only for gasoline that was sold by the producer or importer in a transaction that was subject to tax under section 4081. No credit or payment shall be allowed or made under § 48.6420–1 with respect to gasoline which was exempt from the tax imposed by section 4081. For example, a State or local government may not file a claim with respect to any gasoline which it purchased tax free from the producer, even though the State or local government used the gasoline on a farm for farming purposes. Similarly, payment may not be made with respect to gasoline purchased by a State tax free for its exclusive use, as provided in section 4221, which is used on a State prison farm for farming purposes.

(b) Other payments or refunds available. Any amount which, without regard to the second sentence of section 6420(d) and this paragraph (b), would be allowable as a credit or payable to any person under § 48.6420–1 with respect to any gasoline is reduced by any other amount which is allowable as a credit or payable under section 6420, or is refundable under any other provision of the Code, to any person with respect to the same gasoline. Thus, a person who is the ultimate purchaser of gasoline may not file a claim for credit or payment with respect to that gasoline if another person is entitled to claim a payment, credit, or refund with respect to the same gasoline. For example, a State or local government may not file a claim for payment if it has executed, or intends to execute, a written consent to enable the producer to claim a credit or refund for the tax that was paid. See, for example, §§ 48.6416(a)–3(b)(2), 48.6416(b)(2)–2(d), and 48.6416(b)(2)–3(b)(1).

[T.D. 8043, 50 FR 32036, Aug. 8, 1985]

§ 48.6420–4 Meaning of terms.

For purposes of the regulations under section 6420, unless otherwise expressly indicated—

(a) Used on a farm for farming purposes. The term “used on a farm for farming purposes” applies only to gasoline which is used (1) in carrying on a trade or business of farming, (2) on a farm in the United States, and (3) for farming purposes. Gasoline used in an aircraft will qualify if its use otherwise satisfies these requirements. For the meaning of the term “trade or business of farming,” see paragraph (b) of this section. For the definition of the term “farm,” see paragraph (c) of this section. For the definition of the term “farming purposes,” see paragraphs (d) through (g) of this section. The term
“United States” has the meaning assigned to it by section 7701(a)(9).

(b) Trade or business of farming. A person will be considered to be engaged in the trade or business of farming if the person cultivates, operates, or manages a farm for gain or profit, either as an owner or a tenant. A person engaged in forestry or the growing of timber is not thereby engaged in the trade or business of farming. A person who operates a garden plot, orchard, or farm for the primary purpose of growing produce for the person’s own use is not considered to be engaged in the trade or business of farming. Generally, the operation of a farm does not constitute the carrying on of a trade or business if the farm is occupied by a person primarily for residential purposes or is used primarily for pleasure, such as for the entertainment of guests or as a hobby.

(c) Farm. The term “farm” is used in its ordinary and accepted sense, and generally means land used for the production of crops, fruits, or other agricultural products or for the sustenance of livestock or poultry. The term “livestock” includes cattle, hogs, horses, mules, donkeys, sheep, goats, and captive fur-bearing animals. The term “poultry” includes chickens, turkeys, geese, ducks, and pigeons. Thus, a farm includes livestock, dairy, poultry, fish, fruit, fur-bearing animals, and truck farms, plantations, ranches, nurseries, ranges, orchards, feed yards for fattening cattle, and greenhouses and other similar structures used primarily for the raising of agricultural or horticultural commodities. Greenhouses and other similar structures that are used primarily for purposes other than the raising of agricultural or horticultural commodities do not constitute farms, as, for example, structures that are used primarily for the display, storage, fabrication, or sale of wreaths, corsages, and bouquets. A fish farm is an area where fish are grown or raised, as opposed to merely caught or harvested.

(d) Gasoline used in cultivating, raising, or harvesting. Gasoline is used for “farming purposes” when it is used on a farm by the owner, tenant, or operator of the farm in connection with cultivating the soil, raising or harvesting any agricultural or horticultural commodity, or raising, shearing, feeding, caring for, training, or managing livestock, poultry, bees, or wildlife. Examples of operations which are considered to be operations for “farming purposes” within the meaning of this paragraph include plowing, seeding, fertilizing, weed killing, corn or cotton picking, threshing, combining, baling, silo filling, and chopping silage.

(e) Gasoline used in handling, packing, or storing. (1) Gasoline is used for “farming purposes” when it is used by the owner, tenant, or operator of the farm in handling, drying, packing, grading, or storing any agricultural or horticultural commodity in its unmanufactured state, but only if the owner, tenant, or operator produced more than one-half of the commodity which was so treated during the taxable year for which claim for credit or payment is filed.

(2) Gasoline used in connection with canning, freezing, packaging, or processing operations will not be considered to be used for farming purposes, even though these operations are performed on a farm. Thus, for example, although gasoline used on a farm in connection with the production or harvesting of maple sap or oleoresin from a living tree is considered to be used for farming purposes under paragraph (d) of this section, gasoline used in the processing of maple sap into maple syrup or maple sugar or used in the processing of oleoresin into gum spirits of turpentine or gum resin is not used for farming purposes, even though these processing operations are conducted on a farm.

(3) Gasoline used in connection with processing operations which change a commodity from its raw or natural state, or operations performed with respect to a commodity after its character has been changed from its raw or natural state by a processing operation, will not be considered to be used for farming purposes. For example, gasoline used for the extraction of juices from fruits or vegetables is used in a processing operation which changes the character of the fruits or vegetables from their raw or natural state and will not be considered to be used for “farming purposes.”
(4) The term “commodity,” as used in this paragraph (e), refers to a single agricultural or horticultural product. For example, all apples are treated as a single commodity while apples and peaches are treated as two separate commodities. Operations with respect to each commodity are to be considered separately in applying the “one-half” production test described in paragraph (e)(1) of this section.

(f) Gasoline used in planting, cultivating, or caring for trees. Gasoline is used “for farming purposes” when it is used by the owner, tenant, or operator of the farm in connection with the planting, cultivating, caring for, or cutting of trees that is incidental to the farming operations of the farm on which it is performed or incidental to the farming operations of the owner, tenant, or operator of the farm, or in connection with the preparation (other than milling) of trees for market that is incidental to these farming operations. These operations include the felling of trees and cutting them into logs or firewood but do not include sawing logs into lumber, chipping, or other milling operations. Operations of the prescribed character will be considered incidental to farming operations only if they are of a minor nature in comparison with the total farming operations involved. Therefore, a tree farmer or timber grower may not claim credit or payment under §48.6420-1 with respect to gasoline used in connection with the trade or business of tree farming or timber growing.

(g) Gasoline used in the maintenance of a farm or farm equipment. Gasoline is used “for farming purposes” when it is used by the owner, tenant, or operator of a farm in connection with the operation, management, conservation, improvement, or maintenance of the farm and its tools and equipment. The activities included are those which contribute in any way to the conduct of the farm as such, as distinguished from any other enterprise in which the owner, tenant, or operator may be engaged. Examples of included operations are clearing land, repairing fences and farm buildings, building terraces or irrigation ditches, cleaning tools or farm machinery, and painting farm buildings. Since the gasoline must be used by the owner, tenant, or operator of the farm to which the operations relate, gasoline used by an organization which contracts with a farmer to renovate his farm properties is not used for farming purposes. Gasoline used in a gasoline-powered lawn mower for maintaining a lawn is not used for farming purposes.

(h) Taxable year. The “taxable year” of a governmental unit or tax-exempt organization described in §48.6420-1(c) is the calendar or fiscal year on the basis of which it regularly keeps its books. The “taxable year” of persons subject to income tax shall have the meaning as it has under section 7701(a)(23).

(i) Gasoline. The term “gasoline” has the same meaning given to this term by section 4082(b) and the regulations thereunder.

(j) Ultimate purchaser. The term “ultimate purchaser” includes only a person who is an owner, tenant, or operator of a farm. A person who is an owner, tenant, or operator of a farm is an ultimate purchaser of gasoline only with respect to such gasoline as is purchased by the person and used for farming purposes on a farm of which the person is the owner, tenant, or operator. Thus the owner of a farm who purchases gasoline which is used on the farm by its owner, tenant, or operator for farming purposes is generally the ultimate purchaser of the gasoline. If, however, the cost of gasoline supplied by an owner, tenant, or operator of a farm, is by agreement or other arrangement borne by a second person who is an owner, tenant, or operator of the farm, the second person who bore the cost of the gasoline is considered to be the ultimate purchaser of the gasoline.

(k) Certain farming use by persons other than the owner, tenant or operator—(1) In general. Except as provided in paragraph (l) of this section, the owner, tenant, or operator of a farm on which gasoline is used by any other person for the purposes described in section 6420(c)(3)(A) and paragraph (d) of this section (relating to gasoline used in cultivating, raising, or harvesting) will be treated, for the purposes of §48.6420-1(a), as the ultimate purchaser who used the gasoline on the farm for farming purposes.
Example. Farmer A hired custom operator B to cultivate the soil on A's farm. B used 200 gallons of gasoline which B had purchased in performing the work on A's farm. In addition, A hired Farmer C to do some plowing on A's farm, using C's own tractor and 90 gallons of gasoline which C had purchased. A is deemed to be the ultimate purchaser and user of the gasoline used on A's farm by B and C, and A is entitled to take a credit in respect of the gasoline. Accordingly, no credit in respect to the gasoline may be taken by either B or C.

(2) Example. The rule of paragraph (k)(1) of this section may be illustrated by the following example.

Example. Farmer A hired custom operator B to cultivate the soil on A's farm. B used 200 gallons of gasoline which B had purchased in performing the work on A's farm. In addition, A hired Farmer C to do some plowing on A's farm, using C's own tractor and 90 gallons of gasoline which C had purchased. A is deemed to be the ultimate purchaser and user of the gasoline used on A's farm by B and C, and A is entitled to take a credit in respect of the gasoline. Accordingly, no credit in respect to the gasoline may be taken by either B or C.

(1) Aerial applicators treated as ultimate purchasers—(1) General rule. Section 6420(c)(3)(A) provides that only the owner, tenant, or operator of a farm is entitled to be treated as a user and ultimate purchaser. Section 6420(c)(4) provides that, under section 6420(c)(3)(A), an aerial applicator or other applicator is entitled to be treated as the user and ultimate purchaser of gasoline used by it on a farm for the purposes described in section 6420(c)(3)(A), but only if the owner, tenant, or operator who is otherwise entitled to treatment as user and ultimate purchaser waives the right to credit or payment. See paragraph (l)(2) of this section.

(2) Form and manner of waiver. To waive the right to be treated as user and ultimate purchaser of gasoline which is used on a farm by an aerial applicator or other applicator, the owner, tenant, or operator of a farm who is otherwise entitled to treatment as user and ultimate purchaser must execute an irrevocable written agreement (as here described) no later than the date on which the aerial applicator or other applicator claiming the credit or payment files its return for the taxable year in which the gasoline is used. The agreement must identify the period for which the owner, tenant, or operator waives the right to credit or payment. The effective period of the waiver cannot extend beyond the last day of the taxable year of the owner, tenant, or operator of the farm on which the gasoline was used. If the owner, tenant, or operator's taxable year extends beyond the taxable year of the applicator, the applicator can only claim a credit or payment for periods included in the applicator's taxable year. Periods after the last day of the applicator's taxable year which are included under the agreement must be claimed on the applicator's return for the next succeeding taxable year. The waiver may be in the form shown under paragraph (l)(6) of this section or in any other form that meets the requirements of this paragraph and clearly states that the owner, tenant, or operator of the farm knowingly waives the right to receive the credit or payment.

(3) Agreement included on aerial applicator's invoice. The agreement waiving a right to receive a credit or payment under section 6420 may be a separate document or may appear on the invoice for aerial application services or other unrelated document from the aerial applicator or other applicator to the owner, tenant, or operator of the farm. If the waiver agreement appears on an invoice or other unrelated document, however, it must be printed in a section of the invoice or other document clearly set off from all other material contained in the invoice or other document, and it must be printed in type sufficiently large to put the owner, tenant, or operator of the farm on notice that the person has waived the right to receive a credit or payment under section 6420. Additionally, if the waiver agreement appears as part of any invoice or other unrelated document, it must be executed separately from any other item included in the invoice or other document which requires the owner, tenant, or operator's signature.

(4) Copies of agreement waiving right to credit or payment. No copies of any agreement waiving a right to credits or payments under section 6420 are to be submitted to the Internal Revenue Service unless a request is made by the Service to the taxpayer for the waivers. Aerial applicators must, however, retain copies of all waivers, and a copy of each waiver must be supplied by the aerial applicator to the owner, tenant, or operator of the farm who waives the right to receive a credit or payment. See regulations §48.6420-6 for general requirements for records to be kept.

(5) Waiver on behalf of owner, tenant, or operator of farm. An agent of the owner, tenant, or operator of a farm
who is expressly authorized to act on behalf of and to bind the owner, tenant, or operator may waive that person’s rights to a credit or payment under section 6420 by signing the waiver on the person’s behalf.

(6) Sample form of agreement. While no specific form is required for an effective waiver, an acceptable form waiving the right to receive a credit or payment under section 6420 follows:

I hereby waive my right as owner/tenant/operator of a farm located at (address) to receive credit or payment from the United States for gasoline used by (aerial applicator) on the farm in connection with cultivating the soil, or the raising or harvesting of any agricultural or horticultural commodity. This waiver applies to gasoline used during the period , both dates inclusive. I understand that by signing this waiver, I give up my right to claim any credit or payment for gasoline used by the aerial applicator during the period indicated, and I acknowledge that I have not previously claimed any credit for that gasoline.

(Signature of Owner/Tenant/Operator)

[T.D. 8043, 50 FR 32038, Aug. 8, 1985]

§ 48.6420–5 Applicable laws.

(a) Penalties, excessive claims, etc. All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, to the extent applicable and consistent with section 6420, apply in respect of the payments provided for in section 6420 to the same extent as if these payments were refunds of overpayments of the tax imposed on the sale of gasoline under section 4081. For special rules applicable to the assessment and collection of amounts constituting excessive payments under section 6420, see section 6206 and the regulations thereunder. For the civil penalty assessable in the case of excessive claims under section 6420, see section 6675 and the regulations thereunder. For the treatment as an overpayment of an amount allowable as an excessive credit under section 39 with respect to amounts payable under section 6420, see section 6401(b).

(b) Examination of books and witnesses. For the purpose of ascertaining (1) the correctness of any claim made under section 6420 or (2) the correctness of any credit or payment made in respect of the claim, the Commissioner shall have the same authority granted by paragraphs (1), (2), and (3) of section 7602, relating to examination of books and witnesses, as if the person claiming credit or payment under section 6420 were the person liable for tax.

(c) Fractional part of a dollar. Section 6420(e)(3) provides that section 7504, relating to fractional parts of a dollar, shall not apply with respect to the allowance of any amount as a credit or payment under section 6420. Accordingly, credits or payments authorized by section 6420 shall be made in the exact amount to which the claimant is entitled and shall not be rounded to the nearest whole dollar amount.

[T.D. 8043, 50 FR 32038, Aug. 8, 1985]

§ 48.6420–6 Records to be kept in substantiation of credits or payments.

(a) In general. Every person making a claim for credit or payment under section 6420 must keep records sufficient to enable the district director to determine whether the person is entitled to credit or payment under section 6420 and, if so, the amount of the credit or payment. No particular form is prescribed for keeping the records, but the records must include a copy of the income tax return or claim and a copy of any statement or document submitted with the return or claim. The records must also show with respect to the taxable year covered by the claim—

(1) The number of gallons of gasoline purchased and the dates of purchase,

(2) The name and address of each vendor from whom gasoline was purchased and the total number of gallons purchased from each,

(3) The number of gallons of gasoline purchased by the claimant and used during the taxable year for farming purposes on a farm of which the claimant is the owner, tenant, or operator,

(4) The number of gallons of gasoline used during the taxable year for the purposes described in section 6420(c)(3)(A) and § 48.6420–4(d) (relating to cultivating, raising, or harvesting) by a person other than the owner, tenant, or operator on a farm of which the claimant is the owner, tenant, or operator, and
(5) Other information as necessary to establish the correctness of the claim.

(b) Acceptable records. (1) Evidence of purchases of gasoline, and the purposes for which it was used, to substantiate claims may include paid duplicate sales invoices or tickets from the gasoline dealer or other vendor, and detailed records of all fuel used which show the amount consumed on a farm for farming purposes and the amount used for other purposes.

(2) Records maintained for Federal or State income tax purposes, or to support claims for refund of a State tax on gasoline, may be used to the extent that they contain the information necessary to substantiate the accuracy of the claim for credit under section 6420. However, the records must show separately the number of gallons of gasoline used on a farm for farming purposes.

(3) If trucks or other vehicles are used both on and off the farm, an allocation of gasoline used in the vehicle will be required to show separately the number of gallons of gasoline used on a farm for farming purposes in respect of which the claim is made.

(4) If the owner, tenant, or operator is entitled under section 6420(c)(4)(A) to claim credit or payment in respect of gasoline used on the person's farm by another person other than an owner, tenant, or operator of the farm for a purpose described in section 6420(c)(3)(A) and §48.6420-4(d), the claimant must have records showing (i) the name and address of the person who performed the farming operation, (ii) a description of the type of work (such as plowing, threshing, combining, etc.) and the type of equipment used, (iii) the date or dates on which the work was done, and (iv) the number of gallons of gasoline so used on the claimant’s farm.

(c) Place and period for keeping records. (1) All records required by this section must be kept by the claimant at a convenient and safe location within the United States which is accessible to internal revenue officers and shall during normal business hours be available for inspection by internal revenue officers. If the claimant has a principal place of business in the United States, the records must be kept at that place of business.

(2) Records required to substantiate a claim under section 6420 must be maintained for a period of at least 3 years from the last date prescribed for the filing of the claim for credit or payment.

[T.D. 8043, 50 FR 32038, Aug. 8, 1985]

§ 48.6420(a)-2 Gasoline includible in claim.

Payment may be claimed under section 6420 only in respect of gasoline used on a farm in the United States for farming purposes. No payment is allowable under section 6420 with respect to gasoline used for nonfarming purposes, or gasoline used off a farm, regardless of the nature of such use. If a vehicle or other equipment is used both on a farm and off the farm, or if it is used on a farm both for farming and nonfarming purposes, payment is allowable only with respect to that portion of the gasoline which was "used on a farm for farming purposes" as defined in paragraph (a) of §48.6420(c)-1. The type of equipment or vehicle and whether or not it is registered for highway use is immaterial. However, the actual use of the equipment or vehicle and place where it is used are material. For example, if a truck used on a farm for farming purposes is also used on the highways (even though in connection with operating the farm), the gasoline used in operating the truck on the highways is not to be taken into account in computing the payment for which a claim is filed, since such gasoline was used off the farm.


§ 48.6421-0 Off-highway business use.

For purposes of the regulations under section 6421, after March 31, 1983, the term "off-highway business use" is used in lieu of the term "qualified business use" and has the same meaning as "qualified business use" under §48.6421-4(b).

[T.D. 8043, 50 FR 32039, Aug. 8, 1985]
Credits or payments to ultimate purchaser of gasoline used for certain nonhighway purposes.

(a) In general. (1) If gasoline is used in a qualified business use or as fuel in an aircraft (other than aircraft in noncommercial aviation), a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) of this section) in respect of the gasoline shall be allowed or made to the ultimate purchaser of the gasoline. For gasoline used in a qualified business use prior to April 1, 1983, the credit or payment under this section shall be an amount equal to 1 cent for each gallon of gasoline so used on which the tax was paid at the rate of 3 cents a gallon, and 2 cents for each gallon of gasoline so used on which the tax was paid at the rate of 4 cents a gallon. For gasoline used in an offhighway business use after March 31, 1983, the credit or payment under this section shall be an amount equal to the amount determined by multiplying the number of gallons so used by the rate at which tax was imposed on such gasoline under section 4081. For gasoline used as a fuel in an aircraft (other than aircraft in noncommercial aviation) the credit or payment under this section shall be an amount equal to the amount determined by multiplying the number of gallons so used by the rate at which tax was imposed on the gasoline under section 4081. No interest shall be paid on any payment allowed under paragraph (c) of this section. However, interest may be paid on any overpayment (as defined by section 6401) arising from a credit allowed under paragraph (b) of this section. See section 34(a), relating to credit for certain uses of gasoline and special fuels (and lubricating oil used prior to January 7, 1983). See §48.6421-3 for the time within which a claim for credit or payment must be made under this section. See §48.6421-4 for the meaning of the terms “gasoline,” “qualified business use,” “noncommercial aviation,” and “taxable year.”

(2) For purposes of determining the allowable credit or payment in respect of gasoline used in a qualified business use or as fuel in an aircraft (other than aircraft in noncommercial aviation), gasoline on hand shall be considered used in the order in which it was purchased. Thus, if the ultimate purchaser has on hand gasoline acquired in two purchases made at different times and subject to different rates of tax, in determining credit or payment for the gasoline used in a qualified business use or as fuel in an aircraft (other than aircraft in noncommercial aviation), it will be assumed that the gasoline first purchased was the first gasoline used, and the rate applicable to that purchase will apply in determining the credit or payment, until all that gasoline is accounted for.

(b) Allowance of income tax credit in lieu of payment. Except as provided in paragraph (c) of this section, repayment under this section of the tax paid under section 4081 on gasoline used in a qualified business use or as a fuel in an aircraft (other than aircraft in noncommercial aviation) by a person subject to income tax may be obtained only by claiming a credit for the amount of this tax against the tax imposed by subtitle A of the Code. The amount of the credit shall be an amount equal to the payment which would be made under section 6421 with respect to gasoline used during the taxable year in a qualified business use or as a fuel in an aircraft (other than aircraft in noncommercial aviation) if section 6421(i) and paragraph (c) of this section did not apply. See section 34(a)(2).

(c) Allowance of payment. Payments in respect of gasoline upon which tax was paid under section 4081 that is used in a qualified business use or as a fuel in an aircraft (other than aircraft in noncommercial aviation) shall be made only to—

(1) The United States or any agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more State political subdivisions of a State, or the District of Columbia,

(2) An organization which is exempt from tax under section 501(a) and is not required to make a return of the income tax imposed under subtitle A for its taxable year, or

(3) A person described in section 6421(c)(2) to whom $1,000 or more is payable (without regard to paragraph
Internal Revenue Service, Treasury

§ 48.6421–2

(b) of this section) under this section with respect to gasoline used during any of the first three quarters of the person’s taxable year.

(d) Dual use of gasoline. (1) No credit or payment may be claimed in respect of gasoline used in a highway vehicle used in a trade or business or for the production of income solely by reason of the fact that the propulsion motor in the vehicle is also used for a purpose other than the propulsion of the vehicle. Thus, if the propulsion motor of a highway vehicle (used in a trade or business or for the production of income) also operates special equipment, such as a mixing unit on a concrete mixer truck or a pump for discharging fuel from a tank truck, by means of a power takeoff or power transfer, no credit or payment may be claimed in respect of the gasoline used to operate the special equipment, even though the special equipment is mounted on the highway vehicle.

(2) If a highway vehicle is equipped with a separate motor to operate the special equipment used in a trade or business or for the production of income, such as a refrigeration unit, pump, generator, or mixing unit, credit or payment may be claimed in respect of the gasoline used in the separate motor.

(3) If gasoline used in a separate motor is drawn from the same tank as the one which supplies gasoline for the propulsion of the highway vehicle, the determination as to the quantity of gasoline used in the separate motor operating the special equipment must be based on operating experience and supported by records.

(4) Devices to measure the number of miles the highway vehicle has traveled, such as hubometers, may be used in making a preliminary determination of the number of gallons of gasoline used to propel the vehicle. In order to make a final determination of the number of gallons of gasoline used to propel the vehicle, there must be added to this preliminary determination the number of gallons of gasoline consumed while idling or warming up the motor preparatory to propelling the vehicle.

(e) Gasoline lost or destroyed. Gasoline lost or destroyed through spillage, fire, or other casualty is not considered to have been “used” in a qualified business use or as fuel in an aircraft (other than aircraft in noncommercial aviation) and, accordingly, credit or payment in respect of the gasoline may not be claimed.

(f) Supporting evidence required. Each claim under this section for credit or payment must include a statement showing—

(1) The total number of gallons of gasoline purchased and used during the period covered by the claim in a qualified business use multiplied by the rate of payment allowable in respect of the gasoline. (For the rate of payment allowable, see paragraph (a)(1) of this section.)

(2) The total number of gallons of gasoline purchased and used during the period covered by the claim for use as fuel in an aircraft (other than aircraft in noncommercial aviation) multiplied by the rate of payment allowable in respect of the gasoline.

(3) The purpose or purposes for which the gasoline was used, determined by reference to general categories, and the amount used for each purpose; and

(4) If a claim on Form 843 is being filed, the internal revenue district or service center with which the claimant last filed an income tax return (if any).

[T.D. 8043, 50 FR 32039, Aug. 8, 1985]

§ 48.6421–2 Credits or payments to ultimate purchasers of gasoline used in intercity, local, or school buses.

(a) In general. If gasoline is used in an intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public or in a school bus engaged in the transportation of students or employees of schools, a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) of this section) in respect to the gasoline shall be allowed or made to the ultimate purchaser of the gasoline. The credit or payment under this section shall be an amount equal to the product of the number of gallons of gasoline so used multiplied by the rate at which tax was imposed on the gasoline by section 4081. No interest shall be paid on any payment allowed under paragraph (c)
§48.6421–3 26 CFR Ch. I (4–1–02 Edition)

of this section. However, interest may be paid on an overpayment (as defined by section 6401) arising from a credit allowed under paragraph (b) of this section. See section 34(a) relating to credit for certain uses of gasoline and special fuels, (and lubricating oil used prior to January 7, 1983). See §48.6421–3 for the time within which a claim for credit or payment must be made under this section. See §48.6421–4 for the meaning of “gasoline.”

(b) Allowance of income tax credit. Except as provided in paragraph (c) of this section, repayment under this section of the tax paid under section 4081 of gasoline used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations by a person subject to income tax may be obtained only by claiming a credit for the amount of this tax against the tax imposed by subtitle A of the Code. The amount of the credit shall be an amount equal to the payment which would be made under section 4081 with respect to gasoline used during the taxable year for this passenger land transportation or school bus operations if section 6421(i) and paragraph (c) of this section did not apply. See section 34(a)(2).

(c) Allowance of payment. Payments in respect of gasoline upon which tax was paid under section 4081 that is used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations shall be made only to—

(1) The United States or any agency or instrumentality thereof, a State, or political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions of a State, or the District of Columbia.

(2) An organization which is exempt from tax under section 501(a) and is not required to make a return of the income tax imposed under subtitle A for its taxable year, or

(3) A person described in section 6421(c)(2) to whom $1,000 or more is payable (without regard to paragraph (b) of this section) under this section with respect to gasoline used during any of the first three quarters of the person’s taxable year.

(d) Supporting evidence required. Each claim under this section for credit or payment must include a statement showing—

(1) The total number of gallons of gasoline purchased and used during the period covered by the claim for each intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public multiplied by the rate at which tax was imposed on the gasoline by section 4081.

(2) The total number of gallons of gasoline purchased and used in each bus while engaged in school bus transportation operations multiplied by the rate at which tax was imposed on the gasoline by section 4081, and

(3) If a claim on Form 843 is being filed, the internal revenue district or service center with which the claimant last filed an income tax return (if any).


§48.6421–3 Time for filing claim for credit or payment.

(a) In general. A claim for credit or payment described in §48.6421–1 with respect to gasoline used in a qualified business use or as a fuel in an aircraft (other than aircraft in noncommercial aviation) or in §48.6421–2 with respect to gasoline used either in an intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations, shall cover only gasoline used during the taxable year, or when paragraph (b)(2) of this section applies, gasoline used during the calendar quarter. Therefore, gasoline on hand at the end of a taxable year, or, if applicable, a calendar quarter, such as gasoline in fuel supply tanks of vehicles or in storage tanks or drums, must be excluded from a claim filed for the taxable year or calendar quarter, as the case may be. However, this gasoline may be included in a claim filed for a later taxable year or a later calendar quarter if it is used during that later year or quarter in a qualified business use, as fuel in an aircraft (other than aircraft in noncommercial
Internal Revenue Service, Treasury § 48.6421-3

aviation), or in intercity, local, or school buses. Gasoline used during the taxable year or calendar quarter may be covered by the claim for that period although the gasoline was not paid for at the time the claim is filed. For purposes of applying this section, a governmental unit or exempt organization described in § 48.6421-1(c) or § 48.6421-2(c) is considered to have as its taxable year, the calendar year or fiscal year on the basis of which it regularly keeps its books; see § 48.6421-4(g).

(b) Time for filing.—(1) Annual claims.

(i) A claim under this section for credit or payment with respect to gasoline shall not be allowed unless it is filed no later than the time prescribed by section 6511 and the regulations thereunder for filing a claim for credit or refund of income tax for the particular taxable year.

(ii) A claim for payment of a governmental unit or exempt organization described in § 48.6421-1(c) or § 48.6421-2(c) must be filed no later than 3 years following the close of its taxable year (see § 48.6421-4).

(2) Quarterly claims. A claim for payment of $1,000 or more in respect of gasoline used during any of the first three quarters of the taxable year, filed either under § 48.6421-1(c)(3) in respect of gasoline used in a qualified business use or as a fuel in an aircraft (other than aircraft used in noncommercial aviation) or under § 48.6421-2(c)(3) in respect of gasoline used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus operations, shall not be allowed unless the claim is filed on or before the last day of the first calendar quarter following the calendar quarter for which the claim is filed. No quarterly claim may be filed for the last calendar quarter of the taxable year. Amounts for which payment is disallowed under this paragraph (b)(2) merely because the claim was not filed on time may be included in an annual claim filed under paragraph (b)(1) of this section, but other amounts for which a claim for payment has been filed under this paragraph (b)(2) may not be included in an annual claim filed under paragraph (b)(1) of this section.

(c) Limit on claims per taxable year. Not more than one claim may be filed under § 48.6421-1 or § 48.6421-2 by any person with respect to gasoline used during any taxable year, except to the extent that quarterly claims may be filed under paragraph (b)(2) of this section with respect to any calendar quarter (other than the last calendar quarter) of the taxable year.

(d) Form and content of claim.—(1) Claim for credit. The claim for credit to which this section applies must be made by attaching a Form 4136 to the income tax return of an individual or a corporation. Form 4136 must be executed in accordance with the instructions prescribed for the preparation of the form. A partnership may not file Form 4136. When a partnership files Form 1065, U.S. Partnership Return of Income, it must include a statement showing how many gallons of gasoline are allocated to each partner and the use made of the gasoline.

(2) Claim for payment. The claim for payment to which this section applies must be made on Form 8849 (or on such other form as the Commissioner may designate) in accordance with the instructions prescribed for the preparation of the form. Each form must designate the taxable year, or calendar quarter, for which it is filed.

(3) Death or termination. (i) If an individual dies, or if a sole proprietorship, partnership, or corporation is terminated or liquidated, during the taxable year, the claim for credit or payment may be filed in respect of gasoline used during the short taxable year in the same manner as is provided for gasoline used in a full taxable year. Those months which constitute a quarter of a full taxable year will constitute the same quarter of the short taxable year. For example, if a corporation using the calendar year is liquidated on September 30, 1982, and is entitled to $900 under § 48.6421-1 in respect of gasoline used in a qualified business use for the,

217
calendar quarters ending June 30 and September 30. It may file a claim for payment in respect of the gasoline used during the calendar quarters ending June 30, and September 30, 1981, and take a credit of $900 on its income tax return for the short taxable year in respect of the gasoline used during the calendar quarter ending March 31, 1982.

(ii) A claim for payment on behalf of a decedent may be filed by the decedent’s executor, administrator, or any other person charged with responsibility for the decedent’s affairs. Such a claim must be accompanied by copies of the letters testamentary, letters of administration, or, in the case of a claim filed by other than the executor or administrator, the information called for in Form 1310 (Statement of Person Claiming Refund Due a Deceased Taxpayer). The claim may cover only gasoline in respect of which the decedent would have been entitled to claim payment. For example, if an individual dies on July 15, 1982, prior to the date of death.

For purposes of the regulations under section 621, unless otherwise expressly indicated—

(a) Gasoline. The term “gasoline” has the same meaning given to such term by section 4082(b) and regulations thereunder.

(b) Qualified business use. (1) The term “qualified business use” means any use by a person in a trade or business of the person or in an activity of the person described in section 212 (relating to production of income) otherwise than as a fuel in a highway vehicle—

(i) That at the time of the use is registered, or is required to be registered, for highway use under the laws of any state, the District of Columbia, or a foreign country, or

(ii) That, in the case of a highway vehicles owned by the United States, is used on the highway.

The term “qualified business use” does not include any use in a motorboat, other than a vessel used in the fisheries or whaling business. See paragraph (c) of this section for the definition of “highway vehicle.” See paragraph (d) of this section for the definition of “highway.”

(2) Any highway vehicle operated under a dealer’s tag, license, or permit will be considered to be registered. A highway vehicle is not considered to be “registered” solely because there has been issued a special permit for operation of the vehicle at particular times and under specified conditions. However, a highway vehicle that is required to be registered and that is also issued a special permit for operation of the vehicle under specified conditions, such as carrying an oversize load, is still considered to be “registered.”
§ 48.6421–5

(3) Nonbusiness, off-highway use of gasoline by such vehicles and equipment as minibikes, snowmobiles, power lawn mowers, chain saws, and other yard equipment does not qualify as gasoline used a qualified business use.

(4) Examples of gasoline used in a qualified business use include:

(i) Gasoline used (in a trade or business or for the production of income) in stationary engines to operate pumps, generators, compressors, and power saws;

(ii) Gasoline used (in a trade or business or for the production of income) for cleaning purposes;

(iii) Gasoline used (in a trade or business or for the production of income) in forklift trucks, bulldozers, and earthmovers; and

(iv) Gasoline used by a nonhighway vehicle in connection with the trade or business of construction, mining or logging.

(5) Illustration. The application of this paragraph (b) may be illustrated by the following example:

Example. M Corporation, a logging company, files its income tax return on the basis of the calendar year. During 1982, the company used 20,000 gallons of gasoline in its logging business. Of this amount, 12,000 gallons were used as fuel in registered highway vehicles which were operated both on the public highways and on the company's private roads. Of the remaining 8,000 gallons, 6,000 were used in nonhighway vehicles, such as tractors and bulldozers, and 2,000 gallons were used in highway vehicles, such as heavy trucks which, at the time of use, were not registered or required to be registered under state law for highway use by reason of being operated entirely on the company's property. As the ultimate purchaser, M may take a credit on its income tax return for 1982 under this section in respect of the 6,000 gallons used in the nonhighway vehicles and the 2,000 gallons used in the unregistered highway vehicles. However, no credit may be allowed with respect to the 12,000 gallons used in the registered highway vehicles even though a portion of this gasoline was used in operating the vehicles on the company's own property.

(c) Highway vehicle. The term “highway vehicle” has the same meaning ascribed to this term under §48.4061(a)–1(d).

(d) Highway. The term “highway” includes any road, whether a Federal highway, State highway, city street, or otherwise, in the United States which is not a private roadway.

(e) Noncommercial aviation. The term “non-commercial aviation” has the same meaning given to such term by section 4041(c)(4).

(f) Calendar quarter. The term “calendar quarter” means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

(g) Taxable year. The “taxable year” of a governmental unit or tax-exempt organization described in §48.6421–1(c) or §48.6421–2(c) is the calendar or fiscal year on the basis of which it regularly keeps its books. The “taxable year” of persons subject to income tax shall have the meaning it has under section 7701(a)(23).

[T.D. 8043, 50 FR 32042, Aug. 8, 1985]

§ 48.6421–5 Exempt sales; other payments or refunds available.

(a) Exempt sales. No credit or payment shall be allowed or made under §48.6421–1 or §48.6421–2 with respect to gasoline which was exempt from the tax imposed by section 4081. For example, credit or payment may not be allowed or made with respect to gasoline purchased tax free for use as supplies for certain vessels and airplanes, or with respect to gasoline purchased by a State tax free for its exclusive use, as provided in section 4221.

(b) Other payments or refunds available. Any amount which, without regard to the second sentence of section 4221(e)(1) and this paragraph (b), would be allowable as a credit or payable to any person under §48.6421–1 or §48.6421–2 is reduced by any other amount which is allowable as a credit or payable under section 4221, or is refundable under any other provision of the Code, to any person with respect to the same gasoline.

(c) Gasoline used on farms. Payments with respect to gasoline used on a farm for farming purposes shall be claimed under section 4620 and §48.6420–1, and no claim in respect of that gasoline may be made under section 4621 and the regulations thereunder.

[T.D. 8043, 50 FR 32042, Aug. 8, 1985]
§ 48.6421–6 Applicable laws.

(a) Penalties, excessive claims, etc. All provisions of law, including penalties, applicable in respect of the tax imposed by section 4081 shall, to the extent applicable and consistent with section 6421, apply in respect of the payments provided for in section 6421 to the same extent as if these payments were refunds of overpayments of the tax imposed on the sale of gasoline by section 4081. For special rules applicable to the assessment and collection of amounts constituting excessive payments under section 6421, see section 6206 and the regulations thereunder. For the civil penalty assessable in the case of excessive claims under section 6421, see section 6675 and the regulations thereunder. For the treatment as an overpayment of an amount allowable as an excessive credit under section 34 (section 39 of the Internal Revenue Code of 1954 prior to its revision by the Tax Reform Act of 1984) with respect to amounts payable under section 6421, see section 6401(b).

(b) Examination of books and witnesses. For the purpose of ascertaining (1) the correctness of any claim made under section 6421 or (2) the correctness of any credit or payment made in respect of the claim, the Commissioner shall have the same authority granted by paragraphs (1), (2), and (3) of section 7602, relating to examination of books and witnesses, as if the person claiming credits or payment under section 6421 were the person liable for tax.

[T.D. 8043, 50 FR 32042, Aug. 8, 1985]

§ 48.6421–7 Records to be kept in substantiation of credits or payments.

(a) In general. Every person making a claim for credit or payment under section 6421 must keep records sufficient to enable the district director to determine whether the person is entitled to credit or payment under section 6421 and, if so, the amount of the credit or payment. No particular form is prescribed for keeping the records, but the records must include a copy of any statement or document submitted with the return or claim. The records must also show with respect to the period covered by the claim—

1. The number of gallons of gasoline purchased and the dates of purchase,
2. The name and address of each vendor from whom gasoline was purchased and the total number of gallons purchased from each,
3. The number of gallons of gasoline purchased by the claimant and used during the period covered by the claim for nonhighway purposes or in intercity, local or school buses,
4. Other information as necessary to establish the correctness of the claim.

(b) Acceptable records. (1) Evidence of purchases of gasoline, and the purposes for which it was used, to substantiate claims may include paid duplicate sales invoices or tickets from the gasoline dealer or other vendor, and detailed records of all fuel used which show the amount used for the prescribed purpose and the amount used for other purposes.

(2) Records maintained for Federal or State income tax purposes, or to support claims for refund of a State tax on gasoline, may be used to the extent that they contain the information necessary to substantiate the accuracy of the claim for credit under section 6421. However, the records must show separately the number of gallons of gasoline used for nonhighway purposes or in intercity, local, or school buses during the period covered by the claim.

(c) Place and period for keeping records. (1) All records required by this section must be kept by the claimant at a convenient and safe location within the United States which is accessible to internal revenue officers and shall during normal business hours be available for inspection by internal revenue officers. If the claimant has a principal place of business in the United States, the records must be kept at that place of business.

[T.D. 8043, 50 FR 32043, Aug. 8, 1985]

§ 48.6427–0 Off-highway business use.

For purposes of the regulations under section 6427, after March 31, 1983, the term “off-highway business use” is
§ 48.6427-1 Credit or payments to purchaser of special fuels resold or used for nontaxable, farming, or other purposes.

(a) Amount of repayment—(1) Nontaxable or other uses. (i) If tax has been paid under section 4041(a)(1) on the sale of diesel fuel for use as a fuel in a diesel-powered highway vehicle or under section 4041(a)(2) on the sale of special motor fuel for use as a fuel in a motor vehicle or a motorboat and the fuel is used by the purchaser for a nontaxable purpose or for a purpose taxable at a lower rate than the purposes for which sold, a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) of this section) in respect of the fuel shall be allowed or made to the purchaser of the fuel in an amount equal to—

(A) The amount of the tax imposed on the sale of the fuel to the purchaser if the purchaser resells the fuel, or

(B) If the purchaser uses the fuel, the amount of tax imposed on the sale of the fuel to the purchaser, less the amount of tax, if any, that would have been imposed on the purchaser’s use of the fuel if no tax had been imposed on the sale of the fuel to the purchaser.

(ii) For purposes of paragraph (a)(1)(i) of this section, and for the regulations under section 6427 applying such paragraph, tax imposed on the sale of fuel will be treated as an overpayment by the purchaser if the person resells the fuel or uses it for a nontaxable purpose or for a purpose taxable at a lower rate than that for which sold to the purchaser. Thus, for example, special motor fuel which was sold tax paid to the purchaser for use otherwise than in a qualified business use in a motor vehicle will qualify for the payment under section 6427 if the purchaser uses it as a fuel in a qualified business use.

(2) Used for farming purposes. (i) If tax has been paid under section 4041(a)(1) on the sale of diesel fuel for use as a fuel in a diesel-powered highway vehicle, or under section 4041(a)(2) on the sale of special motor fuel for use as a fuel in a motor vehicle or a motor boat and the fuel is used on a farm for farming purposes, a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) (1) or (2) of this section) in respect of the fuel shall be allowed or made to the purchaser of the fuel in an amount equal to the amount of tax that was imposed under section 4041 on the sale of the fuel. The provisions of section 6420(c) (1), (2), and (3) and § 48.6420–4 shall apply under this paragraph (a)(2) in determining whether the fuel is used on a farm for farming purposes.

(ii) The term “purchaser,” as used in paragraph (a)(2)(i) of this section, includes only a person who is an owner, tenant, or operator of a farm. A person who is owner, tenant, or operator of a farm is a purchaser of fuel only with respect to such fuel as is purchased by the person and used for farming purposes on a farm of which the person is the owner, tenant, or operator. Thus, the owner of a farm who purchases fuel which is used on the farm by its owner, tenant, or operator for farming purposes is generally the purchaser of the fuel. If, however, the cost of fuel supplied by an owner, tenant, or operator of a farm, is by agreement or other arrangement borne by a second person who is an owner, tenant, or operator of the farm, the second person who bore the cost of the fuel is considered to be the purchaser of the fuel.

(iii) Except as provided in paragraph (a)(2)(iv) of this section, if fuel is used on a farm by any person other than the owner, tenant, or operator for the purposes described in section 6420(c)(3)(A) and § 48.6420–4(d) (relating to gasoline used in cultivating, raising, or harvesting), the owner, tenant, or operator (as the case may be) will be treated for the purposes of § 48.6427–1(a)(2)(i) as the purchaser who used the fuel on the farm for farming purposes.

(iv) Section 6427(c) provides that an aerial applicator or other applicator is entitled to be treated as the user and ultimate purchaser of fuel that the applicator uses on a farm for the purposes described in section 6420(c)(3)(A), but
only if the owner, tenant, or operator of the farm who is otherwise entitled to be treated as the ultimate purchaser waives the right to credit or payment. The rules contained in section 6420 and the regulations under the section regarding waivers by owners, tenants, and operators of farms of their rights to payments under section 6420 for gasoline used by aerial applicators on a farm for farming purposes apply to waivers under this section.

(3) Definitions, uses, and other rules. (i) No interest shall be paid on any payment allowed under paragraph (c) of this section. However, interest may be paid on any overpayment (as defined by section 6401) arising from a credit. See section 34(a), relating to credit for certain uses of gasoline and special fuels. See section 39(a) of the Internal Revenue Code of 1954 prior to its revision by the Highway Revenue Act of 1982, relating to credit for certain uses of lubricating oil. See section 6611, relating to interest on overpayments.

(ii) See §48.6427-3 for the time within which a claim for credit or payment must be made under this section.

(iii) See §48.6420-4 for the meaning of the terms “used on a farm for farming purposes” and “farm.” The term “gasoline” has the same meaning given to this term by section 4082(b) and the regulations thereunder. For the meaning of the terms “diesel fuel,” “special motor fuel,” “motor vehicle,” “highway vehicle,” and “registered” see section 4041 and the regulations thereunder. The term “fuel” means diesel fuel, special motor fuel, or gasoline, as the context requires. Where appropriate, the term “use” includes a resale. See §48.6221-4 for the meaning of “calendar quarter” and “taxable year.”

(iv) For purposes of determining the allowable credit or payment in respect of fuel used for nontaxable purposes, on a farm for farming purposes, or for purposes taxable at a lower rate, shall be made only to—

(1) The United States or any agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions of a State, or the District of Columbia,

(2) An organization which is exempt from tax under section 501(a) and is not required to make a return of the income tax imposed under subtitle A for its taxable year, or

(3) In the case of fuel used for nontaxable purposes to which section 6427(a) applies, to a person described in section 6427(g)(2) to whom $1,000 or more is payable (without regard to paragraph (b) of this section) under this section with respect to fuel used during any of the first three quarters of his taxable year.

(d) Dual use of fuel. The principles set forth in §48.4041-7, relating to dual use of fuel, for determining whether liability is incurred under section 4041 at the
time of sale of the fuel, are equally applicable in determining whether a credit or payment is to be allowed under this section. Thus, if diesel fuel or special motor fuel used in a separate motor is drawn from the same tank as the one which supplies fuel for the propulsion of the vehicle, a reasonable determination of the quantity of the fuel used in the separate motor will be acceptable for purposes of computing the payment or credit under this section. The determination must be based, however, on the operating experience of the person using the fuel, and a statement, signed by the person, evidencing the operating experience must be maintained as a part of the records of the person claiming the payment or credit.

(e) Supporting evidence required. Each claim under this section for credit or payment must include a statement showing—

1. The total number of gallons of fuel purchased and used for nontaxable or farming purposes during the period covered by the claim, multiplied by the rate of payment allowable under this section with respect to such fuel;

2. The purpose or purposes for which the fuel was used, determined by reference to general categories, and the amount used for each of the purposes; and

3. If a claim on Form 843 is being filed, the internal revenue district or service center with which the claimant last filed an income tax return, (if any).

(f) Illustrations. The application of this section may be illustrated by the following example:

Example. Special motor fuel was sold for use as fuel in a highway vehicle that was registered for highway use. Tax was imposed on the sale at the rate of 9 cents a gallon under section 4041(a)(2). The special motor fuel was eventually used by the purchaser in a qualified business use. The credit or payment of tax is to be computed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate per Gallon</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate at which tax was paid</td>
<td>9</td>
</tr>
<tr>
<td>Less: Rate at which tax would have been</td>
<td>0</td>
</tr>
<tr>
<td>imposed on a qualified business use under sec. 4041(b)</td>
<td></td>
</tr>
<tr>
<td>Net credit or payment under sec. 6427(a)</td>
<td>9</td>
</tr>
</tbody>
</table>

§ 48.6427–2 Credits or payments to purchaser of diesel or special motor fuels used in intercity, local, or school buses.

(a) In general. (1) If tax has been paid under section 4041(a)(1) on the sale of diesel fuel for use as a fuel in a diesel-powered highway vehicle or under section 4041(a)(2) on the sale of special motor fuel for use as a fuel in a motor vehicle or a motorboat and the fuel is used by the purchaser in an intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public or in a school bus in the transportation of students and employees of schools, a credit (under the circumstances described in paragraph (b) of this section) or a payment (under the circumstances described in paragraph (c) of this section) in respect of the fuel so used shall be allowed or made to the purchaser of the fuel. The credit or payment under this section shall be an amount equal to the product of the number of gallons of fuel so used multiplied by the rate at which tax was imposed on the fuel by section 4041(a)(1) or section 4041(a)(2), reduced as limited by section 6427(b)(2). No interest shall be paid on any payment allowed under paragraph (c) of this section. However, interest may be paid on any overpayment (as defined by section 6401) arising from a credit. See section 34(a), relating to credit for certain uses of gasoline and special fuels, (and lubricating oil prior to January 7, 1983). See section 6611, relating to interest on overpayments. See §48.6427–3 for the time within which a claim for credit or payment must be made under this section.

2. The terms “diesel fuel” and “special motor fuel” have the same meaning as in section 4041 and the regulations thereunder. The term “fuel” means diesel fuel and special motor fuel. See §48.6421–4 for the meaning of “calendar quarter” and “taxable year.”

(b) Allowance of income tax credit. Except as provided in paragraph (c) of this section, repayment under this section of the tax paid under section 4041(a)(1) or section 4041(a)(2) on diesel
or special motor fuel used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations by a person subject to income tax may be obtained only by claiming a credit for the amount of this tax against the tax imposed by subtitle A of the Code. The amount of the credit shall be an amount equal to the payment which would be made under section 6427 with respect to fuel used during the taxable year for passenger land transportation or school bus operations if section 6427(i) and paragraph (c) of this section did not apply. See section 34(a)(3).

(c) Allowance of payment. Payments in respect of diesel or special motor fuel upon which tax was paid under section 4041(a)(1) or section 4041(a)(2) that is used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations shall be made only to—

(1) The United States or any agency or instrumentality thereof, a State, a political subdivision of a State, or an agency or instrumentality of one or more States or political subdivisions of a State, or the District of Columbia,

(2) An organization which is exempt from tax under section 501(a) and is not required to make a return of the income tax imposed under subtitle A for its taxable year, or

(3) A person described in section 6427(g)(2) to whom $1,000 or more is payable (without regard to paragraph (b) of this section) under this section with respect to fuel used during any of the first three quarters of the person’s taxable year.

(d) Supporting evidence required. Each claim under this section for credit or payment must include a statement showing—

(1) The total number of gallons of fuel purchased and used in each intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public multiplied by the rate at which tax was imposed on the fuel by section 4041(a)(1) or section 4041(a)(2). See, however, section 6427(b)(2) with respect to the limitation on the amount of credit for buses other than qualified local buses.

(2) The total number of gallons of fuel purchased and used in each bus while engaged in school bus transportation operations multiplied by the rate at which tax was imposed on the fuel by subsection (a)(1) or (a)(2) of section 4041. See, however, section 6427(b)(2) with respect to the limitation on the amount of credit for buses other than qualified local buses.

(3) If a claim on Form 843 is being filed, the internal revenue district or service center with which the purchaser last filed an income tax return (if any).

[T.D. 8043, 50 FR 32047, Aug. 8, 1985]

§ 48.6427–3 Time for filing claim for credit or payment.

(a) In general. A claim for credit or payment described in § 48.6427–1 with respect to fuel used for nontaxable, farming, or other purposes taxable at a lower rate or in § 48.6427–2 with respect to fuel used either in an intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations shall cover only fuel used during the taxable year, or when paragraph (b)(2) of this section applies, used during the calendar quarter. Therefore, fuel on hand at the end of a taxable year, or, if applicable, a calendar quarter, such as fuel in supply tanks of vehicles or in storage tanks or drums, must be excluded from a claim filed for the taxable year or calendar quarter, as the case may be. However, this fuel may be included in a claim filed for a later taxable year or a later calendar quarter if it is used during that later year or quarter for nontaxable or farming purposes, or in an intercity or local bus while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations. Fuel used during the taxable year or calendar quarter may be covered by the claim for that period although the fuel has not been paid for at the time the claim is filed. The purposes of applying this section, a governmental unit or exempt organization described in § 48.6427–1(c) or § 48.6427–
§ 48.6427–3

2(c) is considered to have as its taxable year the calendar year or fiscal year on the basis of which it regularly keeps its books; see §48.6421–4.

(b) Time for filing—(1) Annual claims.

(1) A claim under this section for credit or payment with respect to fuel used during a taxable year shall not be allowed unless it is filed no later than the time prescribed by section 6511 and the regulations thereunder for filing a claim for credit or refund of income tax for the particular taxable year.

(2) A claim for payment of a governmental unit or exempt organization described in §48.6427–1(c) or unit or exempt organization described in §48.6427–2(c), must be filed no later than 3 years following the close of its taxable year. See §48.6421–4.

(2) Quarterly claims. A claim for payment of $1,000 or more in respect of fuel used during any of the first three quarters of the taxable year, filed either under §48.6427–1(c)(3) in respect of fuel used for nontaxable purposes or for purposes taxable at a lower rate, or under §48.6427–2(c)(3) in respect of fuel used while engaged in furnishing (for compensation) passenger land transportation available to the general public or in school bus transportation operations, shall not be allowed unless the claim is filed on or before the last day of the first calendar quarter following the calendar quarter for which the claim is filed. No quarterly claim may be filed for the last calendar quarter of the taxable year. Amounts for which payment is disallowed under this paragraph (b)(2) merely because the claim was not filed on time may be included in an annual claim filed under paragraph (b)(1) of this section, but other amounts for which a claim for payment has been filed under this paragraph (b)(2) may not be included in an annual claim filed under paragraph (b)(1) of this section.

(c) Limit on claims per taxable year. Not more than one claim may be filed under §48.6427–1 or §48.6427–2 by any person with respect to fuel used during any taxable year, except to the extent that quarterly claims may be filed under paragraph (b)(2) of this section with respect to any calendar quarter (other than the last calendar quarter) of the taxable year.

(d) Form and content of claim—(1) Claim for credit. The claim for credit to which this section applies must be made by attaching a Form 4136, to the income tax return of an individual or a corporation. Form 4136 must be executed in accordance with the instructions prescribed for the preparation of the form. A partnership may not file Form 4136. When a partnership files Form 1065, U.S. Partnership Return of Income, it must include a statement showing how many gallons of fuel are allocated to each partner and the use made of the fuel.

(2) Claim for payment. The claim for payment to which this section applies must be made on Form 8849 (or on such other form as the Commissioner may designate) in accordance with the instructions prescribed for the preparation of the form. Each form must designate the taxable year, or calendar quarter, for which it is filed.

(3) Death or termination. (i) If an individual dies, or if a sole proprietorship, partnership, corporation is terminated or liquidated, during the taxable year, the claim for credit or payment may be filed in respect of fuel used during the short taxable year in the same manner as is provided for fuel used in a full taxable year. Those months which constitute a quarter of a full taxable year will constitute the same quarter of the short taxable year. For example, if a corporation using the calendar year is liquidated on September 30, 1982, and is entitled to $900 under §48.6427–1 in respect of fuel used for nontaxable purposes for the calendar quarter ending March 31 and is also entitled to payments of $1,500 for each of the calendar quarters ending June 30 and September 30, it may file a claim for payment in respect of the fuel used for nontaxable purposes during the calendar quarters ending June 30, and September 30, 1982, and take a credit of $900 on its income tax return for the short taxable year in respect of the fuel used
used during the calendar quarter ending March 31, 1982. (ii) A claim for payment on behalf of a decedent may be filed by the decedent’s executor, administrator, or any other person charged with responsibility for the decedent’s affairs. Such a claim must be accompanied by copies of the letters testamentary, letters of administration, or, in the case of a claim filed by other than the executor or administrator, the information called for in Form 1310 (Statement of Person Claiming Refund Due a Deceased Taxpayer).

The claim may cover only fuel in respect of which the decedent would have been entitled to claim payments. For example, if an individual dies on July 15, 1982, prior to claiming payment under §48.6427–1 of $1,000 or more applicable to fuel purchased and used for nontaxable purposes during the calendar quarter ending June 30, 1982, the decedent’s executor or other legal representative may file a claim for payment covering that calendar quarter, and take the credit provided by section 39(a)(3) against the decedent’s income tax on the income tax return for the short taxable year in respect of fuel purchased by the decedent and so used during the period from July 1, 1982, to July 15, 1982, the date of death.

(e) Restrictions on claims for credit or payment. Credits or payments are allowable only in respect of fuel that was sold by the producer or importer in a transaction that was subject to tax under section 4041. For example, a State or local government may not file a claim with respect to any fuel which it purchased tax free from the producer, even though the State or local government used the fuel for the purposes described in paragraph (a) of this section. Similarly, a State or local government may not file a claim with respect to the use of fuel if it is known that another person is entitled to claim a payment, credit, or refund with respect to the same fuel. For example, a State or local government may not file a claim in respect of tax-paid fuel that has been resold by the purchaser to the State or local government.

§48.6427–4 Applicable laws.

(a) Penalties, excessive claims, etc. All provisions of law, including penalties, applicable in respect of the tax imposed by section 4041 shall, to the extent applicable and consistent with section 6427, apply in respect of the payments provided for in section 6427 to the same extent as if these payments constituted refunds of overpayments of the tax imposed on the sale of fuels by section 4041. For special rules applicable to the assessment and collection of amounts constituting excessive payments under section 6427, see section 6206 and the regulations thereunder. For the civil penalty assessable in the case of excessive claims under section 6427, see section 6675 and the regulations thereunder. For the treatment as an overpayment of an amount allowable as an excessive credit under section 34 with respect to amounts payable under section 6427, see section 6401(b).

(b) Examination of books and witnesses. For the purpose of ascertaining (1) the correctness of any claim made under section 6427 or (2) the correctness of any credit or payment made in respect of the claim, the Commissioner shall have the same authority granted by paragraphs (1), (2), and (3) of section 7602, relating to examination of books and witnesses, as if the person claiming credit or payment under section 6427 were the person liable for tax.

§48.6427–5 Records to be kept in substantiation of credits or payments.

(a) In general. Every person making a claim for credit or payment under section 6427 must keep records sufficient to enable the district director to determine whether the person is entitled to credit or payment under such section and, if so, the amount of the credit or payment. No particular form is prescribed for keeping the records, but the records must include a copy of the income tax return or claim and a copy of any statement or document submitted with the return or claim. The records must also show with respect to the period covered by the claim—

(1) The number of gallons of fuel purchased and the dates of purchase,
§ 48.6427-6  Limitation on credit or refund of tax paid on fuel used in intercity, local or school buses after July 31, 1984.
(a) Limitation on amount of credit or refund—(1) In general. In the case of fuel sold or used after July 31, 1984, on which tax was imposed under section 4041(a), the amount of credit or refund under section 6427(b)(1) shall not exceed 12 cents per gallon except where fuel is used in a bus while such bus is being operated as a “qualified local bus” in which case the credit or refund shall be the full amount of tax paid under section 4041(a) on such fuel.

(2) Qualified local bus. A bus is considered to be operated as a “qualified local bus” if such bus—
(i) Is engaged in furnishing (for compensation) intracity passenger land transportation that is available to the general public and is scheduled and along regular routes,
(ii) Has a seating capacity of at least 20 adults (not including the driver), and
(iii) Is under contract with (or is receiving more than a nominal subsidy from) any State or local government (as defined in section 4221(d)(4)) to furnish such transportation.
A company that operates qualified local buses is eligible for a full refund or credit only with respect to fuel used while such buses are operating as qualified local buses. For example, a company that operates its buses along subsidized intracity routes and also on intercity or unsubsidized intracity routes may obtain a full refund or credit it only with respect to fuel used while operating the subsidized intracity routes.

(b) Meaning of terms—(1) Contract with a State or local government. A bus is under contract with a State or local government only if the contract imposes a bona fide obligation on the operator of the bus to furnish the transportation to which the contract relates.

(2) More than a nominal subsidy. A subsidy is more than nominal if the subsidy is reasonably expected to exceed an amount equal to 3 cents multiplied by the number of gallons of fuel used while operating on subsidized routes.

§ 48.6427-6 Limitation on credit or refund of tax paid on fuel used in intercity, local or school buses after July 31, 1984.
(a) Limitation on amount of credit or refund—(1) In general. In the case of fuel sold or used after July 31, 1984, on which tax was imposed under section 4041(a), the amount of credit or refund under section 6427(b)(1) shall not exceed 12 cents per gallon except where fuel is used in a bus while such bus is being operated as a “qualified local bus” in which case the credit or refund shall be the full amount of tax paid under section 4041(a) on such fuel.

(2) Qualified local bus. A bus is considered to be operated as a “qualified local bus” if such bus—
(i) Is engaged in furnishing (for compensation) intracity passenger land transportation that is available to the general public and is scheduled and along regular routes,
(ii) Has a seating capacity of at least 20 adults (not including the driver), and
(iii) Is under contract with (or is receiving more than a nominal subsidy from) any State or local government (as defined in section 4221(d)(4)) to furnish such transportation.
A company that operates qualified local buses is eligible for a full refund or credit only with respect to fuel used while such buses are operating as qualified local buses. For example, a company that operates its buses along subsidized intracity routes and also on intercity or unsubsidized intracity routes may obtain a full refund or credit it only with respect to fuel used while operating the subsidized intracity routes.

(b) Meaning of terms—(1) Contract with a State or local government. A bus is under contract with a State or local government only if the contract imposes a bona fide obligation on the operator of the bus to furnish the transportation to which the contract relates.

(2) More than a nominal subsidy. A subsidy is more than nominal if the subsidy is reasonably expected to exceed an amount equal to 3 cents multiplied by the number of gallons of fuel used while operating on subsidized routes.

[T.D. 8043, 50 FR 32049, Aug. 8, 1985]
§ 48.6427–8 Diesel fuel and kerosene; claims by ultimate purchasers.

(a) Overview. This section provides rules under which ultimate purchasers of taxed diesel fuel and kerosene may claim the income tax credits or payments allowed by section 6427(1). Generally, these claims relate to diesel fuel and kerosene used in nontaxable uses. Claims relating to diesel fuel and kerosene sold for use on a farm for farming purposes and by a State are made by registered ultimate vendors under § 48.6427–9; claims relating to kerosene sold from a blocked pump are made by registered ultimate vendors (blocked pump) under § 48.6427–10; and claims relating to kerosene sold during certain periods of extreme cold for blending with diesel fuel to be used for heating purposes are made by registered ultimate vendors (blending) under § 48.6427–11.

(b) Conditions to allowance of credit or payment. (1) In general. Except as provided in section 6427(1)(5), a claim for an income tax credit or payment with respect to diesel fuel or kerosene is allowed under section 6427(1) only if—

(i) Tax was imposed by section 4081 on the diesel fuel or kerosene to which the claim relates;

(ii) The claimant produced or bought the diesel fuel or kerosene and did not sell it in the United States;

(iii) The claimant has filed a timely claim for a credit or payment that contains the information required under paragraph (d) of this section;

(iv) The diesel fuel or kerosene was not bought under a certificate described in § 48.6427–9(e)(2) (relating to Certificate of Farming Use or State Use);

(v) The diesel fuel or kerosene was not used on a farm for farming purposes (as defined in § 48.6420–4) or by a State;

(vi) With respect to kerosene, the kerosene was not sold from a blocked pump or sold for blending with diesel fuel under the conditions described in § 48.6427–11; and

(vii) The diesel fuel or kerosene was either—

(A) Used in a use described in § 48.6428–4(c)(3) through (c)(8);

(B) Exported;

(C) Used other than as a fuel in a propulsion engine of a diesel-powered highway vehicle; or

(D) Used as a fuel in the propulsion engine of a diesel-powered bus if the bus was engaged in a use described in section 6427(b)(1) (after the application of section 6427(b)(3)).

(2) Examples. The following examples illustrate this paragraph (b).

Example 1. (i) In September 2000, F bought 250 gallons of undyed diesel fuel. In October 2000, F used 200 gallons of the fuel in a farm tractor. This use qualifies as a use on a farm for farming purposes (as defined in § 48.6420–4). The farm tractor is not a diesel-powered highway vehicle; or

(ii) A credit or payment is not allowable to F with respect to the 200 gallons of diesel fuel used in the farm tractor. Even though this fuel was used was used other than as a fuel in a propulsion engine of a diesel-powered highway vehicle (thus meeting the condition in paragraph (b)(1)(v) of this section), the condition in paragraph (b)(1)(v) of this section is not satisfied because the fuel was used on a farm for farming purposes.

Example 2. (i) In September 2000, W, a wholesale distributor, sold 3,500 gallons of diesel fuel on which tax has been imposed to C, a construction company located in the United States. W’s selling price to C did not include an amount equal to the federal excise tax on the fuel. C used the fuel other than as a fuel in a propulsion engine of a diesel-powered highway vehicle. Both W and C file a complete and timely claim for a credit relating to the fuel.

(ii) Because W resold the fuel in the United States, the condition of paragraph (b)(1)(i)
of this section is not met. Thus, W is not allowed a credit or payment with respect to the fuel.

(iii) C is eligible for a credit or payment with respect to the fuel because the conditions to allowance in paragraph (b)(1) of this section have been met. The conditions to allowance do not include a requirement that C buy the fuel at a price that includes the amount of the tax.

(c) Form of claim. Each claim for an income tax credit under this section must be made on Form 4136 (or on such other form as the Commissioner may designate) in accordance with the instructions for that form. Each claim for a payment under this section must be made on Form 8849 (or on such other form as the Commissioner may designate) in accordance with the instructions for that form.

(d) Content of claim. Each claim for a credit or payment under this section must contain the following information with respect to all the diesel fuel covered by the claim:

(1) The total number of gallons.

(2) A statement by the claimant that—

(i) The diesel fuel or kerosene did not contain visible evidence of dye; or

(ii) In the case of diesel fuel or kerosene that contains visible evidence of dye, explains the circumstances under which tax was imposed on that fuel.

(3) The use made of the diesel fuel or kerosene covered by the claim described by reference to specific categories listed in paragraph (b)(1)(vii) of this section (such as use in a qualified local bus or the exclusive use of a non-profit educational organization).

(4) If the diesel fuel or kerosene covered by the claim was exported, a declaration that the claimant has proof of exportation (as described in §48.4221–3(d)(1)).

(5) A declaration that the claimant has in its possession the name and address of the person(s) that sold the diesel fuel or kerosene to the claimant and the date(s) of the purchase(s).

(e) Time and place for filing claim. For rules relating to the time for filing a claim under section 6427, see section 6427(i). A claim under this section is not filed unless it contains all the information required by paragraph (d) of this section and is filed at the place required by the form.

(f) Effective date. This section is applicable with respect to diesel fuel after December 31, 1993, except for paragraph (b)(1)(iv) of this section, which is applicable to diesel fuel bought by ultimate purchasers after June 30, 1994. This section is applicable with respect to kerosene after June 30, 1998.


§48.6427–9 Diesel fuel and kerosene; claims by registered ultimate vendors (farming and State use).

(a) Overview. This section provides rules under which certain registered ultimate vendors of taxed diesel fuel and kerosene may claim the income tax credits or payments allowed by section 6427(l)(5)(A). These claims relate to diesel fuel and kerosene sold for use on a farm for farming purposes and by a State. Claims relating to diesel fuel and kerosene used for other nontaxable purposes are made by ultimate purchasers under §48.6427–8; claims relating to kerosene sold from a blocked pump are made by registered ultimate vendors (blocked pump) under §48.6427–10; and claims relating to kerosene sold during certain periods of extreme cold for blending with diesel fuel to be used for heating purposes are made by registered ultimate vendors (blending) under §48.6427–11.

(b) Definitions. (1) An ultimate vendor, as used in this section, is a person that sells undyed diesel fuel or undyed kerosene to—

(i) The owner, tenant, or operator of a farm for use by such person on a farm for farming purposes (as defined in §48.6420–4);

(ii) A person other than the owner, tenant, or operator of a farm for use by such person for any of the purposes described in §48.6420–4 (relating to cultivating, raising, or harvesting); or

(iii) Any State for its exclusive use.

(2) A registered ultimate vendor is an ultimate vendor that is registered under section 4101 as an ultimate vendor.

(c) Conditions to allowance of credit or payment. A claim for an income tax
credit or payment with respect to diesel fuel or kerosene is allowed by section 6427(1)(5)(A) only if—

(1) Tax was imposed by section 4081 on the diesel fuel or kerosene to which the claim relates;

(2) The claimant sold the diesel fuel or kerosene to—
   (i) The owner, tenant, or operator of a farm for use by such person on a farm for farming purposes (as defined in §48.6420–4);
   (ii) A person other than the owner, tenant, or operator of a farm for use by such person for any of the purposes described in §48.6420–4(d) (relating to cultivating, raising, or harvesting); or
   (iii) Any State for its exclusive use;

(3) The claimant is a registered ultimate vendor; and

(4) The claimant has filed a timely claim for a credit or payment that contains the information required under paragraph (e) of this section.

(d) Form of claim. Each claim for an income tax credit under this section must be made on Form 4136 (or on such other form as the Commissioner may designate) in accordance with the instructions for that form. Each claim for a payment under this section must be made on Form 8849 (or on such other form as the Commissioner may designate) in accordance with the instructions for that form.

(e) Content of claim—(1) In general. Each claim for credit or payment under this section must contain the following information with respect to all the diesel fuel or kerosene covered by the claim:
   (i) The total number of gallons.
   (ii) A statement by the claimant that—
      (A) The diesel fuel or kerosene did not contain visible evidence of dye; or
      (B) In the case of diesel fuel or kerosene that contains visible evidence of dye, explains the circumstances under which tax was imposed on that fuel.
   (iii) The claimant’s registration number.
   (iv) The name and taxpayer identification number of each person that bought diesel fuel or kerosene from the claimant in a transaction described in paragraph (c)(2) of this section and the number of gallons that the claimant sold to that person.
   (v) A statement that the claimant—
      (A) Has not included the amount of the tax in its sales price of the diesel fuel or kerosene and has not collected the amount of tax from its buyer;
      (B) Has repaid the amount of the tax to the ultimate purchaser of the fuel; or
      (C) Has obtained the written consent of its buyer to the allowance of the claim.
   (vi) A statement that the claimant has in its possession an unexpired certificate described in paragraph (e)(2) of this section and the claimant has no reason to believe any information in the certificate is false.

(2) Certificate—(i) In general. The certificate to be provided to the ultimate vendor consists of a statement that is signed under penalties of perjury by a person with authority to bind the buyer, is in substantially the same form as the model certificate provided in paragraph (e)(2)(ii) of this section, and contains all information necessary to complete such model certificate. A new certificate must be given if any information in the current certificate changes. The certificate may be included as part of any business records normally used to document a sale. The certificate expires on the earlier of the following dates:
   (A) The date one year after the effective date of the certificate.
   (B) The date a new certificate is provided to the seller.

(ii) Model certificate.

Certificate of Farming Use or State Use
(To support vendor’s claim for a credit or payment under section 627 of the Internal Revenue Code.)

Name, address, and employer identification number of vendor

The undersigned buyer (“Buyer”) hereby certifies the following under penalties of perjury:

Buyer will use the diesel fuel or kerosene to which this certificate relates—(check one)

On a farm for farming purposes (as defined in §48.6420–4(c) of the Manufacturers and Retailers Excise Tax Regulations) and Buyer is the owner, tenant, or operator of the farm on which the fuel will be used;
On a farm (as defined in §48.6420–4(c)) for any of the purposes described in paragraph (d) of that section (relating to cultivating, raising, or harvesting) and Buyer is a person that is not the owner, tenant, or operator of the farm on which the fuel will be used; or

For the exclusive use of a State or local government, or the District of Columbia.

This certificate applies to the following (complete as applicable):

If this is a single purchase certificate, check here and enter:

1. Invoice or delivery ticket number
2. (number of gallons)

If this is a certificate covering all purchases under a specified account or order number, check here and enter:

1. Effective date
2. Expiration date (period not to exceed 1 year after the effective date)
3. Buyer account or order number

Buyer will provide a new certificate to the vendor if any information in this certificate changes.

Buyer understands that the fraudulent use of this certificate may subject Buyer and all parties making such fraudulent use of this certificate to a fine or imprisonment, or both, together with the costs of prosecution.

Printed or typed name of person signing

Title of person signing

Name of Buyer

Employer identification number

Address of Buyer

Signature and date signed

(f) Time and place for filing claim. For rules relating to the time for filing a claim under section 6427, see section 6427(1). A claim under this section is not filed unless it contains all the information required by paragraph (e) of this section and is filed at the place required by the form.

(g) Effective date. This section is applicable with respect to diesel fuel after December 31, 1993, and with respect to kerosene after June 30, 1998.

(a) Overview. This section provides rules under which certain registered ultimate vendors of taxed kerosene may claim the income tax credits or payments allowed by section 6427(1)(5)(B)(i). These claims relate to kerosene sold from a blocked pump. Claims relating to kerosene sold for use on a farm for farming purposes and by a State are made by registered ultimate vendors under §48.6427–9; claims relating to kerosene sold during certain periods of extreme cold for blending with diesel fuel to be used for heating purposes are made by registered ultimate vendors (blending) under §48.6427–11; and claims relating to kerosene used for nontaxable purposes are made by ultimate purchasers under §48.6427–8.

(b) Definitions. The following definitions apply to this section:

(1) A blocked pump is a fuel pump that—

(i) Is used to dispense undyed kerosene that is sold at retail for use by the buyer in any nontaxable use;

(ii) Is at a fixed location;

(iii) Is identified with a legible and conspicuous notice stating “UNDYED UNTAXED KEROSENE, NON-TAXABLE USE ONLY”; and

(iv)(A) Cannot reasonably be used to dispense fuel directly into the fuel supply tank of a diesel-powered highway vehicle or diesel-powered train (because, for example, of its distance from a road surface or train track or the length of its delivery hose); or

(B) Is locked by the vendor after each sale and unlocked by the vendor only in response to a request by a buyer for undyed kerosene for use other than as a fuel in a diesel-powered highway vehicle or diesel-powered train.

(2) A registered ultimate vendor (blocked pump) is a person that is registered under section 4101 as an ultimate vendor (blocked pump).
§48.6427–11  Kerosene; claims by registered ultimate vendors (blending).

(a) Overview. This section provides rules under which certain registered ultimate vendors of taxed kerosene may claim the income tax credits or payments allowed by section 6427(1)(5)(B)(ii). These claims relate to kerosene sold during certain periods of extreme cold for blending with diesel fuel to be used for heating purposes. Claims relating to kerosene sold for use on a farm for farming purposes and by a State are made by registered ultimate vendors under §48.6427–9; claims relating to kerosene sold from a blocked pump for nontaxable uses are made by registered ultimate vendors (blocked pump) under §48.6427–10; and other claims relating to kerosene used

(3) An ultimate vendor (blocked pump) is a person that sells undyed kerosene from a blocked pump.

(c) Conditions to allowance of credit or payment. A claim for an income tax credit or payment with respect to undyed kerosene is allowed by section 6427(1)(5)(B)(i) only if—

(1) Tax was imposed by section 4081 on the kerosene to which the claim relates;

(2) The claimant sold the kerosene from a blocked pump for its buyer’s use other than as a fuel in a diesel-powered highway vehicle or diesel-powered train and the claimant has no reason to believe that the kerosene will not be so used;

(3) The claimant is a registered ultimate vendor (blocked pump);

(4) With respect to each sale of more than five gallons of kerosene from a blocked pump that does not meet the conditions of paragraph (b)(1)(iv)(A) of this section, a statement by the claimant that it—

(i) Has not included the amount of the tax in its sales price of the kerosene and has not collected the amount of the tax from its buyer;

(ii) Has repaid the amount of the tax to its buyer; or

(iii) Has obtained the written consent of its buyer to the allowance of the claim.

(f) Time and place for filing claim. For rules relating to the time for filing a claim under section 6427, see section 6427(i). A claim under this section is not filed unless it contains all the information required by paragraph (e) of this section and is filed at the place required by the form.

(g) Cross reference. For a rule prohibiting a registered ultimate vendor (blocked pump) from delivering kerosene from a blocked pump into the fuel supply tank of a diesel-powered highway vehicle or diesel-powered train, see §48.4101–1(h)(2)(iv).

(h) Effective date. This section is applicable after March 30, 2000.

[T.D. 8879, 65 FR 17162, Mar. 31, 2000]
for nontaxable purposes are made by ultimate purchasers under § 48.6427–8.

(b) Definitions. The following definitions apply to this section:

1. A declaration of extreme cold is a declaration by the Commissioner that a specific geographic area (such as a state or a county within a state) is affected by extremely or unseasonably cold weather conditions. A declaration will be in effect during the period determined by the Commissioner.

2. A cold weather blend is a blend of kerosene and diesel fuel that is produced in an area described in a declaration of extreme cold and that is sold for use or used for heating purposes.

3. A registered ultimate vendor (blending) is a taxable fuel registrant, a registered ultimate vendor, or a registered ultimate vendor (blocked pump).

(c) Conditions to allowance of credit or payment. A claim for an income tax credit or payment with respect to kerosene is allowed by section 6427(l)(5)(B)(ii) only if:

1. Tax was imposed by section 4081 on the kerosene to which the claim relates;

2. The claimant sold the kerosene in an area described in a declaration of extreme cold for the production of a cold weather blend;

3. The claimant is a registered ultimate vendor (blending); and

4. The claimant has filed a timely claim for an income tax credit or payment that contains the information required under paragraph (e) of this section.

(d) Form of claim. Each claim for an income tax credit under this section must be made on Form 4136 (or such other form as the Commissioner may designate) in accordance with the instructions for that form. Each claim for a payment under this section must be made on Form 8849 (or such other form as the Commissioner may designate) in accordance with the instructions for that form.

(e) Content of claim—(1) In general. Each claim for credit or payment under this section must contain the following information with respect to all of the kerosene covered by the claim:

i. The claimant’s registration number.

ii. The total number of gallons. (iii) A statement by the claimant that—

(A) The kerosene did not contain visible evidence of dye; or

(B) In the case of kerosene that contains visible evidence of dye, explains the circumstances under which tax was imposed on that kerosene.

(iv) A statement by the claimant that it—

(A) Has not included the amount of the tax in its sales price of the kerosene and has not collected the amount of the tax from its buyer;

(B) Has repaid the amount of the tax to its buyer; or

(C) Has obtained the written consent of its buyer to the allowance of the claim.

(v) A statement that the claimant has in its possession an unexpired certificate described in paragraph (e)(2) of this section and the claimant has no reason to believe any information in the certificate is false.

(2) Certificate—(i) In general. The certificate described in this paragraph (e) is a statement by a buyer that is signed under penalties of perjury by a person with authority to bind the buyer, is in substantially the same form as the model certificate provided in paragraph (e)(2)(iii) of this section, and contains all information necessary to complete the model certificate. A certificate must be given for each purchase of kerosene. The certificate may be included as part of any business records normally used to document a sale.

(ii) Withdrawal of the right to provide a certificate. The Internal Revenue Service may withdraw the right of a buyer of kerosene to provide a certificate under this section if the buyer uses the kerosene to which a certificate relates other than for producing a cold weather blend. The Internal Revenue Service may notify any seller to whom the buyer has provided a certificate that the buyer’s right to provide a certificate has been withdrawn.

(iii) Model certificate.

CERTIFICATE OF BUYER FOR PRODUCTION OF A COLD WEATHER BLEND (To support vendor’s claim for a credit or payment under section 6427 of the Internal Revenue Code.)

(Buyer) certifies the following under penalties of perjury:
§ 48.6715-1  Penalty for misuse of dyed fuel.

(a) In general. If any person willfully alters, or attempts to alter, the strength or composition of any dye or marking done pursuant to § 48.4082–1 in any dyed fuel, then section 6715(a)(3) provides that such person shall pay a penalty in addition to any tax. The penalty imposed by section 6715(a)(3) will not apply in the following cases:

(1) Diesel fuel or kerosene that satisfies the dyeing and marking requirements of § 48.4082–1 (b) and (c) is blended with any undyed liquid and the resulting product satisfies the dyeing and marking requirements of § 48.4082–1 (b) and (c).

(2) Diesel fuel or kerosene that satisfies the dyeing and marking requirements of § 48.4082–1 (b) and (c) is blended with any other liquid (other than diesel fuel or kerosene) that contains the type and amount of dye and marking required for diesel fuel or kerosene dyed and marked in accordance with § 48.4082–1 (b) and (c).

(3) The alteration or attempted alteration occurs in an exempt area of Alaska after September 30, 1996.

(4) Diesel fuel or kerosene that does not satisfy the dyeing and marking requirements of § 48.4082–1 (b) and (c) is blended with diesel fuel or kerosene that satisfies the dyeing and marking requirements of § 48.4082–1 (b) and (c) and the blending occurs as part of a use described in § 48.4082–4(c) or § 48.6427–8(b)(1)(vii)(C) or (D).

(b) Effective date. This section is effective January 1, 1994.


PART 49—FACILITIES AND SERVICES

EXCISE TAXES

Subpart A—Introduction

Sec. 49.0–1 Introduction.
49.0–2 General definitions and use of terms.

Subpart B [Reserved]

Subpart C—Communications

49.4251–1 Imposition of tax.
49.4251–2 Rate and application of tax.
49.4251–3 Applicability of sections 4251 to 4254, inclusive.
49.4251–4 Prepaid telephone cards.
49.4252–1 General telephone service.
49.4252–2 Toll telephone service.
49.4252–3 Telegraph service.
49.4252–4 Provisions common to telephone and telegraph services.
49.4252–5 Teletypewriter exchange service.
49.4252–6 Wire mileage service.
49.4252–7 Wire and equipment service.
49.4253–1 Exemption for certain coin-operated service.
49.4253–2 Exemption for news services.
§ 49.0–2 Subpart E—Transportation of Property

49.4271–1 Tax on transportation of property by air.

Subpart F—Collection of Tax by Persons Receiving Payment

49.4291–1 Persons receiving payment must collect tax.

Section 49.4251–4 also issued under 26 U.S.C. 4251(d).

Subpart A—Introduction

SOURCE: T.D. 6430, 24 FR 9664, Dec. 3, 1959, unless otherwise noted.

§ 49.0–2 General definitions and use of terms.

As used in the regulations in this part, unless otherwise expressly indicated:
(a) The terms defined in the provisions of law contained in the regulations in this part shall have the meanings so assigned to them.
(c) District director means district director of internal revenue. The term also includes the Director of International Operations in all cases where the authority to perform the functions which may be performed by a district director has been delegated to the Director of International Operations.
(d) Calendar quarter means a period of 3 calendar months ending on March 31, June 30, September 30, or December 31.
§ 49.4251–1

Imposition of tax.

(a) In general. Section 4251 imposes a tax on amounts paid for general telephone service; toll telephone service; telegraph service; teletypewriter exchange service; wire mileage service; and wire and equipment service. See §49.4251–2 for rate and application of tax.

(b) Termination of tax on general telephone service. (1) Except as otherwise provided in subparagraph (2) of this paragraph, no tax is imposed on amounts paid on or after July 1, 1965, for general telephone service rendered on or after such date.

(2) In the case of amounts paid pursuant to bills rendered on or after July 1, 1965, for general telephone service for which no previous bill was rendered, no tax is imposed on that portion of the amount paid pursuant to such bill or bills as is attributable to general telephone service rendered subsequent to April 30, 1965. However, the tax applies to that portion of the amount paid pursuant to any such bill or bills as is attributable to general telephone service rendered prior to May 1, 1965. The tax also applies to amounts paid for general telephone service pursuant to bills rendered before July 1, 1965, without regard to when the payment is made or the service is rendered.


§ 49.4251–2

Rate and application of tax.

(a) Rate of tax. Tax is imposed on amounts paid for each of the following services rendered at the rate specified below:

<table>
<thead>
<tr>
<th>Taxable service</th>
<th>Rate of tax (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General telephone service</td>
<td>10</td>
</tr>
<tr>
<td>Toll telephone service</td>
<td>10</td>
</tr>
<tr>
<td>Teletypewriter exchange service</td>
<td>10</td>
</tr>
<tr>
<td>Wire mileage service</td>
<td>10</td>
</tr>
<tr>
<td>Wire and equipment service</td>
<td>8</td>
</tr>
</tbody>
</table>

(b) Amounts paid. The term “amounts paid” means the amounts collected for the communication services specified in paragraph (a) of this section, without regard to whether the charge therefor is paid or satisfied in money, service, or other valuable consideration. For additional provisions relating to the term “amounts paid” see the section of the regulations relating to the particular taxable service listed in paragraph (a) of this section.

(c) Liability for, and return of, tax. The taxes imposed by section 4251 are payable by the person paying for the services rendered, and must be paid to the person rendering the services who is required to collect the tax and return and pay over the tax.


§ 49.4251–3

Applicability of sections 4251 to 4254, inclusive.

Except as otherwise provided in this section, the applicability of sections 4251 to 4254, inclusive, as amended and in effect on January 1, 1959, and the regulations in this subpart extends only to amounts paid on or after January 1, 1959, for services rendered on or after such date. In the case of amounts paid pursuant to bills rendered on or after January 1, 1959, for services for which no previous bill was rendered, the sections of law and regulations referred to in the preceding sentence are applicable in respect of that portion of the amount paid pursuant to such bill or bills as is attributable to services rendered subsequent to October 31, 1958. For regulations applicable with respect to amounts paid for services rendered prior to November 1, 1958, and amounts paid for services rendered after October 31, 1958, for which a bill was rendered prior to January 1, 1959, see Part 42 of this chapter. See also §§49.0–3 and 49.0–4, relating to the scope of the regulations and the extent to which prior regulations are superseded.

§ 49.4251–4

Prepaid telephone cards.

(a) In general. In the case of communications services acquired by means of a prepaid telephone card (PTC), the face amount of the PTC is treated as an amount paid for communications services and that amount is treated as
§ 49.4251–4

Internal Revenue Service, Treasury

paid when the PTC is transferred by any carrier to any person that is not a carrier. This section provides rules for the application of the section 4251 tax to PTCs.

(b) Definitions. The following definitions apply to this section:

Carrier means a telecommunications carrier as defined in 47 U.S.C. 153.

Comparable PTC means a currently available dollar card or tariffed unit card (other than a PTC transferred in bulk or under special circumstances, such as for promotional purposes) that provides the same type and amount of communications services as the PTC to which it is being compared.

Dollar card means a PTC the value of which is designated by the carrier in dollars (even if also designated in units of service), provided that the designated value is not less than the amount for which the PTC is expected to be sold to a holder.

Holder means a person that purchases other than for resale.

Prepaid telephone card (PTC) means a card or similar arrangement that permits its holder to obtain a fixed amount of communications services by means of a code (such as a personal identification number (PIN)) or other access device provided by the carrier and to pay for those services in advance.

Tariff means a schedule of rates and regulations filed by a carrier with the Federal Communications Commission.

Tariffed unit card means a unit card that is transferred by a carrier—

(1) To a holder at a price that does not exceed the designated number of units on the PTC multiplied by the carrier’s tariffed price per unit; or

(2) To a transferee reseller subject to a contractual or other arrangement under which the price at which the PTC is sold to a holder will not exceed the designated number of units on the PTC multiplied by the carrier’s tariffed price per unit.

Transferee means the first person that is not a carrier to whom a PTC is transferred by a carrier.

Transferee reseller means a transferee that purchases a PTC for resale.

Unit card means a PTC other than a dollar card.

Untariffed unit card means a unit card other than a tariffed unit card.

(c) Determination of face amount—(1)

Dollar card. The face amount of a dollar card is the designated dollar value.

(2) Tariffed unit card. The face amount of a tariffed unit card is the designated number of units on the PTC multiplied by the tariffed price per unit.

(3) Untariffed unit card—(i) Transfer to holder. The face amount of an untariffed unit card transferred by a carrier to a holder is the amount for which the carrier sells the PTC to the holder.

(ii) Transfer to transferee reseller—(A)

In general. The face amount of an untariffed unit card transferred by a carrier to a transferee reseller is at the option of the carrier—

(1) The highest amount for which the carrier sells a PTC that provides the same type and amount of communications services to a holder that ordinarily would not be expected to buy more than one such PTC at a time (if the carrier makes such sales on a regular and arm’s-length basis) or the face amount of a comparable PTC (if the carrier does not make such sales on a regular and arm’s-length basis); or

(2) 135 percent of the amount for which the carrier sells the PTC to the transferee reseller (including in that amount, in addition to any sum certain fixed at the time of the sale, any contingent amount per unit multiplied by the designated number of units on the PTC); or

(3) If the PTC is of a type that ordinarily is used entirely for domestic communications service, the maximum number of minutes of domestic communications service on the PTC multiplied by the applicable rate.

(B) Applicable rate. The applicable rate under paragraph (c)(3)(i)(A)(3) of this section with respect to a PTC is $0.30 reduced (but not below $0.20) by $0.01 for each full 20 minutes by which the maximum number of minutes of domestic communications service on the PTC exceeds 40 minutes.

(C) Sales not at arm’s length. In the case of a transfer of an untariffed unit card by a carrier to a transferee reseller otherwise than through an
arm’s-length transaction, the fair market retail value of the PTC shall be substituted for the amount determined in paragraph (c)(3)(ii)(A)(2) of this section.

(4) Exclusion. The amount of any state or local tax imposed on the furnishing or sale of communications services that is separately stated in the bill or on the face of the PTC and the amount of any section 4251 tax separately stated in the bill or on the face of the PTC are disregarded in determining, for purposes of this paragraph (c), the amount for which a PTC is sold.

(d) Liability for tax—(1) In general. Under section 4251(d), the section 4251(a) tax is imposed on the transfer of a PTC by a carrier to a transferee. The person liable for the tax is the transferee. Except as provided in paragraph (d)(2) of this section, the person responsible for collecting the tax is the carrier transferring the PTC to the transferee. If a holder purchases a PTC from a transferee reseller, the amount the holder pays for the PTC is not treated as an amount paid for communications services and thus tax is not imposed on that payment.

(2) Effect of statement that purchaser is a carrier—(i) On transferor. A carrier that transfers a PTC to a purchaser is not responsible for collecting the tax if, at the time of transfer, the transferor carrier has received written notification from the purchaser that the purchaser is a carrier (as defined in paragraph (b) of this section). The statement is not required to take any particular form.

(ii) On purchaser. If a purchaser that is not a carrier provides the notification described in paragraph (d)(2)(i) of this section to the carrier that transfers a PTC, the purchaser remains liable for the tax imposed on the transfer of the PTC.

(3) Exemptions. Any exemptions available under section 4253 apply to the transfer of a PTC from a carrier to a holder. Section 4253 does not apply to the transfer of a PTC from a carrier to a transferee reseller.

(e) Examples. The following examples illustrate the provisions of this section:

Example 1. Unit card; sold to individual. (1) On May 1, 2000, A, a carrier, sells a card it calls a prepaid telephone card at A’s retail store to P, an individual, for P’s use in making telephone calls. A provides P with a PIN. The value of the card is not denominated in dollars, but the face of the card is marked 30 minutes. The sales price is $9. A tariff has not been filed for the minutes on the card. The toll telephone service acquired by purchasing the card will be obtained by entering the PIN and the telephone number to be called.

(ii) Because P purchased from a carrier other than for resale, P is a holder. The card provides its holder, P, with a fixed amount of communications services (30 minutes of toll telephone service) to be obtained by means of a PIN, for which P pays in advance of obtaining service; therefore, the card is a PTC. Because the value of the PTC is not designated in dollars and a tariff has not been filed for the minutes on the PTC, the PTC is an untariffed unit card. Because it is transferred by the carrier to the holder, the face amount is the sales price ($9).

(iii) The card is a PTC; thus, under section 4251(d), the face amount is treated as an amount paid for communications services and that amount is treated as paid when the PTC is transferred from A to P. Accordingly, at the time of transfer, P is liable for the 3 percent tax imposed by section 4251(a). The amount of the tax is $0.27 (3% × the $9 face amount). Thus, the total paid by P is $9.27, the $9 sales price plus $0.27 tax. A is responsible for collecting the tax from P.

Example 2. Unit card; given to individual. (i) The facts are the same as in Example 1, except that instead of selling a card, A gives a 30 minute card to P.

(ii) Although the card provides P with a fixed amount of communications services (30 minutes of toll telephone service) to be obtained by means of a PIN, P does not pay for the service. Therefore, the card is not a PTC, even though it is called a prepaid telephone card by A.

(iii) Because the card is not a PTC, section 4251(d) does not apply. Furthermore, no tax is imposed by section 4251(a) because no amount is paid for the communications services.

Example 3. Unit card; adding value. (i) After using the card described in Example 2, P arranges with A by telephone to have 30 minutes of toll telephone service added to the card. The sales price is $9. P is told to continue using the PIN provided with the card.
§ 49.4251-4

(ii) Because P purchased from a carrier other than for resale, P is a holder. The arrangement provides its holder, P, with a fixed amount of communications services (30 minutes of toll telephone service) to be obtained by means of a PIN, for which P pays in advance of obtaining service; therefore, the arrangement is a PTC. Because the value of the PTC is not designated in dollars and a tariff has not been filed for the minutes on the PTC, the PTC is an untariffed unit card. Because it is transferred by the carrier to the holder, the face amount is the sales price ($9).

(iii) The arrangement is a PTC; thus, under section 4251(d), the face amount is treated as an amount paid for communications services and that amount is treated as paid when the PTC is transferred from A to P. Accordingly, at the time of transfer, P is liable for the 3 percent tax imposed by section 4251(a). The amount of the tax is $0.27 (3% × the $9 face amount). Thus, the total paid by P is $9.27, the $9 sales price plus $0.27 tax. A is responsible for collecting the tax from P.

Example 4. Dollar card; sold other than for resale. (i) On May 1, 2000, B, a carrier, sells 100,000 cards it calls prepaid telephone cards to Q, an auto dealer, for $50,000. Q will give away a card to each person that visits Q’s dealership. B provides Q with a PIN for each card. The face of each card is marked $3. The toll telephone service acquired by purchasing the card will be obtained by entering the PIN and the telephone number to be called.

(ii) Because Q purchased from a carrier other than for resale, Q is a holder. Each card provides its holder, Q, with a fixed amount of communications services ($3 of toll telephone service) to be obtained by means of a PIN, for which Q pays in advance of obtaining service; therefore, each card is a PTC even though Q’s visitors do not pay for the cards. The value of each PTC is designated in dollars; therefore, each PTC is a dollar card. Because the PTC is a dollar card, the face amount is the designated dollar value ($3).

(iii) The cards are PTCs; thus, under section 4251(d), the face amount is treated as an amount paid for communications services and that amount is treated as paid when the PTCs are transferred from B to Q. Accordingly, at the time of transfer, Q is liable for the 3 percent tax imposed by section 4251(a). The amount of the tax is $9,000 (3% × the $3 face amount × 100,000 PTCs). Thus, the total paid by Q is $9,000, the $50,000 sales price plus $9,000 tax. B is responsible for collecting the tax from Q.

Example 5. Tariffed unit card; sold to transferee reseller. (i) On May 1, 2000, C, a carrier, sells 1,000 cards it calls prepaid telephone cards to R, a convenience store owner, for $7,000. C provides R with a PIN for each card. The value of the cards is not denominated in dollars, but the face of each card is marked 30 minutes and a tariff of $0.33 per minute has been filed for the minutes on each card. R agrees that it will sell the cards to individuals for their own use and at a price that does not exceed $0.33 per minute. R actually sells the cards for $9 each (that is, at a price equivalent to $0.30 per minute). The toll telephone service acquired by purchasing the card will be obtained by entering the PIN and the telephone number to be called.

(ii) Because R purchased from a carrier for resale, R is a transferee reseller. Because R’s customers will purchase other than for resale, they will be holders. Each card sold by R provides its holder, R’s customer, with a fixed amount of communications services (30 minutes of toll telephone service) to be obtained by means of a PIN provided by the carrier, for which R’s customer pays in advance of obtaining service; therefore, each card is a PTC. Because the value of each PTC is not designated in dollars and C sells the PTCs to R subject to an arrangement under which the price at which the PTCs are sold to holders will not exceed the designated number of minutes on the PTC multiplied by C’s tariffed price per minute, each PTC is a tariffed unit card. Because the PTCs are tariffed unit cards, the face amount of each PTC is $9.90, the designated number of minutes on the PTC multiplied by the tariffed price per minute (30 × $0.33), even though the retail sale price of each card is $9.

(iii) The cards are PTCs; thus, under section 4251(d), the face amount is treated as an amount paid for communications services and that amount is treated as paid when the PTCs are transferred from C to R. Accordingly, at the time of transfer, R is liable for the 3 percent tax imposed by section 4251(a). The amount of the tax is $297 (3% × the $9.90 face amount × 1,000 PTCs). Thus, the total paid by R is $7,297, the $7,000 sales price plus $297 tax. C is responsible for collecting the tax from R.

Example 6. Unit card; sold to transferee reseller. (i) On May 1, 2000, D, a carrier, sells 10,000 cards it calls prepaid telephone cards to S, a convenience store owner, for $60,000. D provides S with a PIN for each card. The value of the cards is not denominated in dollars, but the face of each card is marked 30 minutes. A tariff has not been filed for the minutes on each card. S will sell the cards to individuals for their own use for $9 each. D also sells a card that provides 30 minutes of the same type of communications service at its retail stores for $9. The toll telephone service acquired by purchasing the card will be obtained by entering the PIN and the telephone number to be called.

(ii) Because S purchased from a carrier for resale, S is a transferee reseller. Because S’s customers will purchase other than for resale, they will be holders. Each card sold by S provides its holder, S’s customer, with a...
fixed amount of communications services (30 minutes of toll telephone service) to be obtained by means of a PIN provided by the carrier, for which S’s customer pays in advance of obtaining service; therefore, each card is a PTC. Because the value of each PTC is not designated in dollars and a tariff has not been filed for the minutes on the PTC, each PTC is an untariffed unit card.

(iii) The PTCs are untariffed unit cards transferred by the carrier to a transferee reseller. Thus, the face amount is determined under paragraph (c)(3)(ii) of this section, which permits D to choose from three alternative methods. Under paragraph (c)(3)(ii)(A) of this section, the face amount of each PTC would be $9, the highest amount for which D sells to holders purchasing a single PTC. Alternatively, under paragraph (c)(3)(ii)(B) of this section, the face amount of each PTC would be $8.10, computed as follows: $60.000 sales price $0.30 × 10,000 PTCs. Thus, the total paid by S is $62,430, the $60,000 sales price plus $2,430 tax.

(iv) The cards are PTCs; thus, under section 4251(d), the face amount is treated as an amount paid for communications services and that amount is treated as paid when the PTCs are transferred from D to S. Accordingly, at the time of transfer, S is liable for the 3 percent tax imposed by section 4251(a). Assuming that D chooses to determine the face amount as provided in paragraph (c)(3)(ii)(A) of this section, the amount of the tax is $2,430 (3% x $8.10 face amount × 10,000 PTCs). Thus, the total paid by S is $62,430, the $60,000 sales price plus $2,430 tax. S is responsible for collecting the tax from D.

Example 7. Transfer of card that is not a PTC.

(i) On May 1, 2000, E, a carrier, provides a telephone card to T, an individual, for T’s use in making telephone calls. E provides T with a PIN. The card provides access to an unlimited amount of communications services. E charges T $0.25 per minute of service, and bills T monthly for services used. The communications services acquired by using the card will be obtained by entering the PIN and the telephone number to be called.

(ii) Although the communications services will be obtained by means of a PIN, T does not receive a fixed amount of communications services. Also, T cannot pay in advance since the amount of T’s payment obligation depends upon the number of minutes used. Therefore, the card is not a PTC.

(iii) Because the card is not a PTC, section 4251(d) does not apply. However, the 3 percent tax imposed by section 4251(a) applies to the amounts paid by T to E for the communications services. Accordingly, at the time an amount is paid for communications services, T is liable for tax. E is responsible for collecting the tax from T.

(f) Effective date. This section is applicable with respect to PTCs transferred by a carrier on or after the first day of the first calendar quarter beginning after January 7, 2000.


§ 49.4252–1 General telephone service.

(a) In general. The term “general telephone service” means any telephone or radio telephone service furnished in connection with any fixed or mobile telephone or radio telephone station which may be connected, directly or indirectly, to an exchange operated by a person engaged in the business of furnishing communication service, if by means of such connection communication may be established with any other fixed or mobile telephone or radio telephone station. Such term includes generally the ordinary residential and business or commercial telephone service within a local service area, and includes all types of such service, such as individual line and party line telephones, and extension telephones. Where, in addition to the basic periodic charge for such telephone service within the local service area, there are additional charges, for example, for calls in excess of a certain number or for calls between certain points within the same local service area, the telephone service for which such additional charges are made is included within the term “general telephone service”. These additional charges for services within a local service area, generally referred to as “message units”, are not considered to be “toll charges.” General telephone service, however, is not limited to service furnished within a local service area. Except as otherwise provided in this paragraph, the term includes any service furnished which is telephonic in nature, regardless of the commercial or other name or term by which such service may be known or designated, if the fixed or mobile telephone or radio telephone station used in conjunction with such service may be connected (directly or indirectly) to an exchange whether located within or without the local service area operated by a person.
engaged in the business of furnishing communication service, and if by means of such connection communication may be established with any other fixed or mobile telephone or radio telephone station. If the described facilities may be connected to such an exchange, the service constitutes general telephone service whether or not it is the practice of the subscriber to the service to make such connection, and whether or not the person engaged in the business of furnishing communication service permits the subscriber to make such connection. General telephone service also includes the use of any private branch exchange (and any fixed or mobile telephone or radio telephone station connected, directly or indirectly, with a private branch exchange), and any tie line or extension line (including an off-premise extension line), which may be connected, directly or indirectly, to an exchange operated by a person engaged in the business of furnishing communication service, if by means of such connection communication may be established with any other fixed or mobile telephone or radio telephone station. However, the term does not include any service which is toll telephone service or wire and equipment service. For the definition of the term “toll charge”, see paragraph (a) of §49.4252-2. For provisions relating to coin-operated telephones, see section 4253(a) and §49.4253-1.

(b) Amounts paid. For purposes of the tax in respect of general telephone service, the term “amounts paid” means the amounts collected for the service, whether the charge is made on a monthly or other periodic basis, or based on the number of calls made, or is in the form of an assessment as in the case of a mutual telephone system. Where a basic periodic charge is made for the service, with additional charges for all calls or additional calls above a certain number, the additional charges are also subject to the tax. Other rules relating to amounts paid are as follows:

(1) Where the charge for telephone service includes an additional charge for not making payment within a specified time, the total amount paid including the additional charge is the basis for computing the amount of tax due. Similarly, where a discount is allowed for the payment within a specified time of a charge for service rendered, the tax is to be computed on the amount actually paid.

(2) Assessments or charges paid by members or subscribers of a mutual or cooperative telephone company, association, or system for switching services, or for the repair or replacement of instruments, poles, wires, equipment, etc., incidental to ordinary maintenance, are subject to the tax.

(3) All amounts paid by subscribers for private branch exchange service, for the use of switchboard, switching, and other telephone equipment, for the use of trunk line facilities, for tie lines connecting private branch exchanges, and for any extension line, are subject to the tax on general telephone service.

(4) The tax attaches to the total charge made to a hotel or similar subscriber for general telephone service furnished to the hotel or its guests, but no tax attaches to any charge made by the hotel for service rendered in placing the calls for its guests.

(5) In cases where a person leases lines or channels, equipment, and other facilities used in conjunction with general telephone service, the amounts paid by such person for such lines or channels, equipment, and other facilities constitute amounts paid for general telephone service, notwithstanding the fact that the lines or channels, equipment, and other facilities used in conjunction with such service are supplied by different persons or in part by the user of such service.

(c) Cross reference. For other provisions relating to general telephone service, see §49.4252-4.

§ 49.4252-2 Toll telephone service.

(a) In general. The term “toll telephone service” means any telephone or radio telephone message or conversation for which there is a toll charge, and the charge is paid within the United States. A toll charge is a charge made for such a message or conversation to a place beyond the local service area. For the meaning of the term “United States”, see paragraph (d) of §49.4252-4.
§ 49.4252-3

(b) Amounts paid. (1) The tax in respect of toll telephone service is imposed on the total amount paid for the service, including any charge, in addition to the basic toll charge, made for "overtime" in connection with a telephone or radio telephone message or conversation.

(2) The tax attaches to the total charge made to a hotel or similar subscriber for toll telephone service furnished to the hotel or its guests, but no tax attaches to any charge made by the hotel for service rendered in placing the calls for its guests.

(c) Cross reference. For provisions relating to toll telephone messages communicated through the use of coin-operated telephones, see section 4253(a) and §49.4253-1. For other provisions relating to toll telephone service, see §49.4252-4.

§ 49.4252-3 Telegraph service.

(a) In general. The term "telegraph service" means a telegraph, cable, or radio dispatch or message for which the charge is paid within the United States. For the meaning of the term "United States", see paragraph (d) of §49.4252-4.

(b) Amounts paid. A charge made for a telephone toll call used by a telegraph company in effecting delivery of a telegraph message shall be added to the basic charge for the transmission of the telegraph message for the purpose of determining the amount subject to tax. In such case, the telegraph company is not liable for tax on the amount paid by it to the telephone company for the toll call. A charge made for a telephone call which is used to reach a telegraph office for the purpose of sending a telegraph message should not be added to the basic charge for the transmission of the telegraph message, as the telegraph message is considered to begin at the telegraph office.

(c) Cross reference. For provisions relating to telegraph messages communicated through the use of coin-operated telephones, see section 4253(a) and §49.4253-1. For other provisions relating to telegraph service, see §49.4252-4.

§ 49.4252-4 Provisions common to telephone and telegraph services.

(a) In general. The tax applies to all amounts paid for services rendered which are incidental to the transmission of a message or conversation. Where dispatches, messages, or conversations are transmitted by telephone, radio telephone, telegraph, cable, or radio free of any charge whatsoever, no tax attaches, but where the carrier in fact makes some charge for the transmission, either in money, service, or other valuable consideration, such charge is subject to the tax upon the basis of the amount of the charge computed in money or money's worth. The tax is payable by the person paying the transmission charge and is to be collected by the person receiving the payment. If a message, dispatch, or conversation is transmitted "collect", the person who pays the charge therefore is liable for the tax. All telephone and telegraph transmission services when rendered for hire are subject to tax whether or not the agency furnishing such services is a common carrier. For provisions relating to the computation of tax with respect to charges for telephone and telegraph services, see section 4254 and §§49.4254-1 and 49.4254-2.

(b) When transmission begins and ends. Transmission begins when the message is delivered by the sender to the carrier, or its agent, and continues until receipt by the addressee or his agent. Thus, an amount paid to a telephone, telegraph, radio, or cable company for messenger service in bringing the recipient of a message to the telephone, or in delivering a dispatch or message, must be included in determining the total amount subject to tax. However, an amount paid for messenger service rendered by a hotel or similar establishment is not to be included in the total charge on which the tax is computed.

(c) Services rendered under contract. (1) Except as an exemption may otherwise be specifically provided for in this part, where, under the provisions of a contract, dispatches, messages, or conversations are transmitted by telephone, radio telephone, telegraph, cable, or radio in consideration of the payment of a lump sum of money or
the performance of services, the amounts paid for such transmissions are subject to tax regardless of whether such dispatches, messages, or conversations relate to the operation of the business of a common carrier and whether they are “on line” or “off line.”

(2) Where a telegraph company agrees to transmit over its wires dispatches or messages relating to the business of a carrier free or at reduced rates in consideration of services to be performed by the carrier in transporting men or materials of the telegraph company, all such dispatches or messages are subject to tax.

(d) Meaning of the term “United States.” For purpose of section 4252 (b) and (c), the term “United States” includes the States and the District of Columbia. Such term also includes inland waters (such as rivers, lakes, bays, etc.) lying wholly within the United States, and, where an international boundary line divides inland waters, such parts of such inland waters as lie within the boundary of the United States, and also the waters known as a marine league from low tide on the coast line. Ships within these limits whether of foreign or domestic registry are considered to be within the United States.

(e) Exemptions. For exemptions from the taxes imposed on amounts paid for telephone and telegraph services, see sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.

§ 49.4252–5 Teletypewriter exchange service.

(a) In general. The term “teletypewriter exchange service” means any service where a teletypewriter (or similar device) may be connected, directly or indirectly, to an exchange operated by a person engaged in the business of furnishing communication service, if by means of such connection communication may be established with any other teletypewriter (or similar device). If the teletypewriter or similar device used in conjunction with such service may be connected to such an exchange, the service constitutes teletypewriter exchange service whether or not it is the practice of the subscriber to the service to make such connection, and whether or not the person engaged in the business of furnishing communication service permits the subscriber to make such connection.

(b) Amounts paid. In determining the amount of tax due, the amount paid for the service shall include all charges made in connection with the furnishing of any teletypewriter exchange service, such as salaries of operators, if in the employ of the person furnishing such service, charges for equipment, instruments, and other apparatus. In cases where a person leases lines or channels, equipment, and other facilities used in conjunction with teletypewriter exchange service, the amounts paid by such person for such lines or channels, equipment, and other facilities constitute amounts paid for teletypewriter exchange service, notwithstanding the fact that the lines or channels, equipment, and other facilities used in conjunction with such service are supplied by different persons or in part by the user of such service.

(c) Exemptions. For exemptions from the tax imposed on amounts paid for teletypewriter exchange service, see sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.

§ 49.4252–6 Wire mileage service.

(a) In general. The meaning of the term “wire mileage service” differs depending upon the date on which the service is furnished. For services furnished on or after January 1, 1963, the term means any telephone or radiotelephone service not used in the conduct of a trade or business, and any other wire or radio circuit service not used in the conduct of a trade or business, which is not included in §§ 49.4252–1 through 49.4252–3, 49.4252–5, and 49.4252–7. The term “trade or business” as used in this section includes activities of organizations which are conducted with no purpose of gain or profit. For services furnished before January 1, 1963, the term means any telephone or radiotelephone service, and any other wire or radio circuit service, which is not included in §§ 49.4252–1 through 49.4252–3, 49.4252–5, and 49.4252–7. However, regardless of the date on which the service is furnished, any
service which is exempt from tax for any reason specified in section 4253 is not included in wire mileage service. In general, the term means (except as qualified by the preceding sentences of this paragraph) any telephone or radio telephone service, and any other wire or radio circuit service, which may not be connected, directly or indirectly, to an exchange operated by a person engaged in the business of furnishing communication service. Wire mileage service ordinarily relates to private line or private channel service where lines or channels, equipment, and other facilities are furnished (usually but not necessarily, on a contractual basis) to enable users to communicate between specified locations continuously or for specified periods, as distinguished from the sending of single dispatches, messages, and conversations by telephone, radiotelephone, telegraph, cable, or radio, for which tolls are charged by the carrier. The communications may be telephonic or in code, or may be reproduced at the terminating end in the form of a typewritten page or tape, or picture facsimile. The term “wire mileage service” does not include any service which is used exclusively in furnishing wire and equipment service.

(b) Examples. The following are examples of wire mileage service (except that in the case of services furnished on or after January 1, 1963, wire mileage service does not include any such services used in the conduct of a trade or business):

(1) Channels and equipment for private telephone service,
(2) Channels and equipment for private code service,
(3) Channels and equipment for private teletypewriter or teleprinter service.
(4) Channels and equipment for program transmission, and
(5) Channels and equipment for photographs, picture or facsimile transmission, etc.

(c) Amounts paid. In determining the amount of tax due, the amount paid for the service shall include all charges made in connection with the furnishing of any wire mileage service, such as salaries of operators, if in the employ of the person furnishing such service, charges for equipment, instruments, and other apparatus other than station terminal equipment. In cases where a person leases lines or channels, equipment, and other facilities used in conjunction with wire mileage service, the amounts paid by such person for such lines or channels, equipment, and other facilities constitute amounts paid for wire mileage service, notwithstanding the fact that the lines or channels, equipment, and other facilities used in conjunction with such service are supplied by different persons or in part by the user of such service.

(d) Exemptions. For exemptions from the tax imposed on amounts paid for wire mileage service, see sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.

§ 49.4252–7 Wire and equipment service.

(a) In general. The term “wire and equipment service” includes stock quotation and information services, burglar alarm or fire alarm service, and all other similar services (whether or not oral transmission is involved). In general, the term relates to wire lines or channels and equipment by means of which information or services are furnished to the subscriber. The phrase “all other similar services” includes innovations in the wire and equipment field. The term does not include teletypewriter exchange service or any service furnished by any means other than wire communication. Tax is imposed on the amounts paid for such wire lines or channels, equipment, and information or services.

(b) Examples. The following are examples of wire and equipment service:

(1) Burglar, fire, or other alarm service where the service consists of wire lines or channels furnished between a remote point and the subscriber’s premises, or a police or fire station, or a central station, and over which a signal is transmitted in the case of illegal entry, fire, leakage, etc.
(2) Wire lines or channels furnished between a point of origin and the subscriber’s premises over which are given stock and bond market quotations and reports, racing results, baseball scores, and other sporting results, news items, musical programs, weather reports, the time, etc.
(3) Metering services, including wire lines or channels and equipment, furnished between a remote point and the subscriber’s premises, over which signals are transmitted so that the subscriber may obtain information as to a given condition at the remote point, such as water level, water pressure, gas pressure, etc.

(4) Remote control wire lines or channels furnished between a remote point and the subscriber’s premises over which signals are transmitted which will actuate an instrument at the remote point.

(c) Amounts paid. In determining the amount of tax due, the amount paid for the service shall include all charges made in connection with the furnishing of any wire and equipment services, such as salaries of operators, if in the employ of the person furnishing such service, charges for equipment, instruments, and other apparatus. Where the service rendered includes the furnishing of information or programs such as stock market quotations, baseball scores, racing results, weather reports, or musical programs, etc., any amounts charged for information or programs furnished shall also be included, whether or not individual items are charged or billed separately. In cases where a person leases lines or channels, equipment, and other facilities used in conjunction with wire and equipment service, the amounts paid by such person for such lines or channels, equipment, and other facilities constitute amounts paid for wire and equipment service, notwithstanding the fact that the lines or channels, equipment, and other facilities used in conjunction with such service are supplied by different persons or in part by the user of such service.

(d) Relationship to wire mileage service. The tax on wire mileage service does not apply in respect of any service which is used exclusively in furnishing wire and equipment service. See §49.4252-6.

(e) Exemptions. For exemptions from the tax imposed on amounts paid for wire and equipment service, see sections 4253, 4292, 4293, and 4294, and the regulations thereunder contained in this part.

§ 49.4253-1 Exemption for certain coin-operated service.

(a) In general. Except as provided in paragraph (b) of this section, the tax imposed on amounts paid for general telephone service is not applicable to a single telephone conversation paid for by inserting coins in a public coin-operated telephone. The tax imposed on amounts paid for toll telephone service or telegraph service is not applicable to a single telephone conversation for which a toll charge is made (see paragraph (a) of §49.4252-2), or to a telegraph message, if the charge for such toll telephone service (including any additional charge for overtime) or telegraph service is less than 25 cents and is paid for by inserting coins in a public coin-operated telephone.

(b) Exception where service furnished for a guaranteed amount. Where a coin-operated telephone service is furnished for a guaranteed amount, the amount paid under such guarantee plus any fixed monthly or other periodic charge is subject to the tax imposed on amounts paid for general telephone service. The tax applies to the full amount of the guarantee whether such amount is paid out of receipts from the coin-box of the telephone or from funds of the subscriber.

§ 49.4253-2 Exemption for news services.

(a) In general. The exemption for news services provided by section 4253(b) is applicable to payments for services of the kind listed in section 4251, except general telephone service. The exemption will apply only with respect to payments for services which are utilized exclusively:

(1) In the collection of news for the public press or radio or television broadcasting or in the dissemination of news through the public press or by means of radio or television broadcasting; or

(2) In the collection or dissemination of news by a news ticker service furnishing a general news service similar to that of the public press.

For the exemption to apply, the charge for the services must be billed in writing to the person paying for the services and such person must certify in
§ 49.4253-3 Exemption for certain organizations.

(a) The American National Red Cross. The taxes imposed by section 4251 do not apply to amounts paid for services furnished to the American National Red Cross.

(b) International organizations. The taxes imposed by section 4251 do not apply to amounts paid for services furnished to an international organization. See section 7701(a)(18) for the definition of “international organization”. An international organization is designated as such by the President of the United States through an Executive order or orders. When an organization has been designated by the President as entitled to enjoy the privileges, exemptions, and immunities conferred by the International Organizations Immunities Act, or part thereof, including exemption from tax, the exemption applies to the taxes imposed by section 4251 on amounts paid for services unless the President otherwise provides. The exemptions is subject to withdrawal or revocation by the President. In case of withdrawal or revocation, unless otherwise provided by the President, the exemption is inapplicable to payments made on or after the date of issuance of the order of withdrawal or the date of revocation.

(c) Exemption certificate. (1) No exemption certificate is required under this section where the payment for the services furnished is made by the American National Red Cross direct to the person furnishing the services. In all other cases the right to exemption under section 4253(c) shall be evidenced by properly executed exemption certificates in substantially the following form:

EXEMPTION OF CERTIFICATE

(Date) 19
I certify that ____________________________
(Name of service)
have been furnished by ____________________________
(Telephone, telegraph company, etc.)
to ____________________________
(International Organization, etc.); that the charges of $ ____________
will be paid from ____________________________,
(International Organization, etc.) funds; and that the charges are exempt from tax under section 4253(c) of the Internal Revenue Code.

(Signature of officer or employee)
____________________
(Address)
____________________
(Title)

NOTE: Penalty for fraudulent use, $10,000 or imprisonment or both.

§ 49.4253-4 Exemption for servicemen in combat zone.

(a) In general. The exemption provided by section 4253(d) is applicable to any payment received for any telephone or radio telephone message or call which originates within a combat zone, as defined in section 112, from a member of the Armed Forces of the United States performing service in such combat zone, if a properly executed certificate of exemption substantially in the form shown in paragraph (c) of this section is furnished to the person receiving such payment.
(b) Service in combat zone. Service is performed in a combat zone only if it is performed in an area which the President of the United States has designated by Executive order, for the purpose of section 112, as an area in which Armed Forces of the United States are or have engaged in combat, and only if it is performed on or after the date designated by the President by Executive order as the date of the commencing of combatant activities in such zone and on or before the date designated by the President by Executive order as the date of the termination of combatant activities in such zone.

(c) Exemption certificate. (1) The exemption certificate shall be in substantially the following form:

EXEMPTION CERTIFICATE
(Overseas Telephone Calls)

(Date) ____________ 19

I certify that the toll charges of $________________ are for telephone or radio telephone messages originating at ________________ (Point of origin) within a combat zone from __________________________ (Name) a member of the Armed Forces of the United States performing service in such combat zone; that the transmission facilities were furnished by ______________________ (Name of carrier); and that the charges are exempt from tax under section 4253(d) of the Internal Revenue Code.

________________________________________________________ (Signature of subscriber)

________________________ (Address)

NOTE: Penalty for fraudulent use, $10,000 or imprisonment or both.

(2) See §49.4253-11 for further provisions relating to exemption certificates.

§ 49.4253-5 Exemption for items otherwise taxed.

A dispatch, message, or conversation transmitted by toll telephone, telegraph, or teletypewriter exchange over the combined facilities of several lines or stations of one or more persons is considered to be one dispatch, message, or conversation, and is subject to only one payment of tax under section 4251.

§ 49.4253-6 Exemption for common carriers and communications companies.

(a) In general. (1) The taxes imposed by section 4251 on amounts paid for wire mileage service and wire and equipment service do not apply to amounts paid for any such services to the extent that the amounts paid are for services utilized by a common carrier, telephone or telegraph company, or television or radio broadcasting station or network in the conduct of its business as such.

(2) The tax imposed by section 4251 on amounts paid for general telephone service does not apply to amounts paid for the use of a continuous telephone or radio telephone line or channel to the extent that the amounts paid are for use by a common carrier, telephone or telegraph company, or television or radio broadcasting station or network in the conduct of its business as such, if such line or channel connects stations between any two of which there would otherwise be a toll charge. A line or channel connects stations between which there would otherwise be a toll charge if the telephone company makes a toll charge for a single message transmitted between the two stations in the case of the ordinary residential and business or commercial telephone service. A line or channel connecting two stations is considered a continuous line or channel if such line or channel does not connect with any switchboard interposed between the two stations, which makes it possible to carry on two or more independent conversations simultaneously. Where a line or channel connects with such a switchboard, the exemption is inapplicable to so much of the amount paid as is attributable to the portion of the line or channel which extends from a station to a switchboard located in the same local service area.

(b) Exemption inapplicable. This particular exemption is not applicable in the case of the taxes imposed on amounts paid for other services by section 4251, even though such services are utilized by the companies described in the conduct of their business as such.
§ 49.4253–7 Exemption for installation charges.

(a) In general. The taxes imposed by section 4251 do not apply to any amount paid as is properly attributable to the installation of any instrument, wire, pole, switchboard, apparatus, or equipment.

(b) Maintenance charges subject to tax. The exemption provided by section 4253(g) and paragraph (a) of this section is applicable only to amounts paid for installation. Amounts paid for the repair or replacement of instruments, wires, poles, switchboards, apparatus, or equipment, incidental to ordinary maintenance, are subject to tax.

§ 49.4253–8 Exemption for terminal facilities in case of wire mileage service.

The taxes imposed by section 4251 do not apply to so much of any amount paid for wire mileage service as is paid for, and properly attributable to, the use of any sending or receiving set or device which is station terminal equipment. In general, the term “station terminal equipment” refers to any sending or receiving set or device which is located at the terminals of a line or channel, and does not refer to any such set or device which is otherwise a part of such line or channel.

§ 49.4253–9 Exemption for certain interior communication systems.

(a) In general. The taxes imposed by section 4251 do not apply to amounts paid for wire mileage service or wire and equipment service, if such service is rendered through the use of an interior communication system.

(b) Interior communication system. The term “interior communication system” means any system:

(1) No part of which is situated off the premises of the subscriber, and which may not be connected, directly or indirectly, with any communication system any part of which is situated off the premises of the subscriber; or

(2) Which is situated exclusively in a vehicle of the subscriber and which is not connected with a communications system.

(c) Examples. The following are examples of interior communication systems:

(1) Burglar, fire, or other alarm service, where the service consists of lines or channels and equipment which are contained solely in the building of the subscriber, and by means of which an alarm is sounded in the building in the case of illegal entry, fire, leakage, etc.

(2) Metering services, including lines or channels and equipment, furnished between two points which are located upon the subscriber’s property, and which are not separated by property not owned or leased by the subscriber, over which signals are transmitted so that the subscriber may obtain information as to a given condition at one of the points, such as water level, water pressure, gas pressure, etc.

§ 49.4253–10 Exemption for certain private communications services.

(a) In general. The tax imposed by section 4251 on amounts paid for general telephone service does not apply to amounts paid for any such service furnished on or after January 1, 1963, to the extent that the amounts paid are for use of any telephone or radio telephone line or channel (including equipment, instruments, and other apparatus furnished exclusively for use in connection with the line or channel) in the conduct of a trade or business when such line or channel is furnished between specified locations in different States or between specified locations in different counties, municipalities, or similar political subdivisions of a State. The term “trade or business” as used in this section includes activities of organizations which are conducted with no purpose of gain or profit. A line or channel is considered to be furnished between specified locations only when the line or channel connects preselected points without the use of switching functions performed by a communications company exchange. Where an amount is paid which includes a charge for such a line or channel and also a charge for the service provided by means of switching functions performed by a communications company exchange, the exemption is applicable only to that portion of the amount so paid as is attributable to such a line or channel. The preselected points must be located in different States or in different counties or municipalities of the same State. If the preselected points are located in a
State in which the political subdivisions are not denominated as counties or municipalities, then the preselected points must be in different political subdivisions of such State which correspond to counties or municipalities. For purposes of this paragraph the term “municipality” means the largest political subdivision of a State below the level of county or similar subdivision. For the exemption to apply, the charge for the service must be billed in writing to the person paying for the service and such person must certify in writing that the service is for use in the conduct of a trade or business.

(b) Exemption inapplicable. This particular exemption is not applicable in the case of taxes imposed on amounts paid for other services by section 4251, even though such services are utilized in the conduct of a trade or business.

§ 49.4253–11 Use and retention of exemption certificates. A separate exemption certificate (as required by §§ 49.4253–3 and 49.4253–4) shall be furnished for each message paid for as a separate item, but where periodic payments are made, a blanket certificate (for a period not to exceed four calendar quarters) may be accepted as evidence of the right to exemption. An agent of a telegraph, telephone, radio, or cable company should not accept an exemption certificate unless satisfied, on the basis of proper credentials or otherwise, that the person who signed it is the person whom he represents himself to be and that the exemption claimed is allowable under the law. Exemption certificates should be retained with the record of the services rendered for inspection by internal revenue officers as provided in section 6001 and the regulations in Subpart G of this part.

§ 49.4253–12 Cross reference. For exemptions applicable to amounts received as payment for services furnished to the government of any State or political subdivision of a State, to the District of Columbia, to the government of the United States, or to certain nonprofit educational organizations, see sections 4282, 4293, and 4294, and the regulations thereunder contained in Subpart F of this part.

§ 49.4254–1 Computation of tax. (a) General rule. Except as provided in paragraph (b) of this section, when a bill is rendered to the taxpayer covering charges for general telephone service, toll telephone service, or telegraph service, with respect to which a tax is imposed by section 4251, the amount upon which the tax with respect to such services shall be based shall be the sum of all such charges for such services included in the bill.

(b) Special rule in certain cases. When a bill is rendered to the taxpayer covering charges for general telephone service, toll telephone service, or telegraph service, with respect to which a tax is imposed by section 4251, by a person who groups individual items for purposes of rendering the bill and computing the tax, then the amount on which the tax with respect to each such group shall be based shall be the sum of all items within that group, and the tax on remaining items not included in any such group shall be based on the charge for each item separately.

§ 49.4254–2 Payment for toll telephone service or telegraph service in coin-operated telephones. Where the tax on a toll telephone or radio telephone message or conversation, or a telegraph, cable, or radio dispatch or message is paid by inserting coins in a coin-operated telephone, the tax shall be computed to the nearest multiple of 5 cents, and where the tax is midway between multiples of 5 cents, the next highest multiple shall apply. In other words, one-half or a greater fraction of 5 cents shall be treated as 5 cents and a smaller fraction shall be ignored.

Subpart D—Transportation of Persons

SOURCE: T.D. 6430, 24 FR 9665, Dec. 3, 1959, unless otherwise noted.

Note: For exemption from tax on transportation of persons by air of amounts paid by the Department of the Interior for fire prevention and control activities, see 32 FR 5457, April 1, 1967.
§ 49.4261–1 Imposition of tax; in general.

(a) Transportation beginning before November 16, 1962. Section 4261 imposes a tax equal to 10 percent of the amount paid for taxable transportation of persons by rail, motor vehicle, water, or air which begins before November 16, 1962. For the definition of the term “taxable transportation”, see section 4262 and §§ 49.4262(a)–1 and 49.4262(b)–1. The tax accrues at the time payment is made for the transportation, irrespective of when the transportation is furnished if the transportation actually begins before November 16, 1962.

(b) Transportation beginning after November 15, 1962. Section 4261 imposes a tax equal to 5 percent of the amount paid for the air portion of taxable transportation of persons which begins after November 15, 1962, and before July 1, 1965. For definition of the term “taxable transportation”, see section 4262 and §§ 49.4262(a)–1 and 49.4262(b)–1. The tax accrues at the time payment is made for the transportation, irrespective of when the transportation is furnished if the transportation actually begins after November 15, 1962, and before July 1, 1965.

(c) In general. The purpose of the transportation, whether business or pleasure, is immaterial. It is not necessary that the transportation be between two definite points. If not otherwise exempt, a payment for continuous transportation beginning and ending at the same point is subject to the tax. For the rate of tax with respect to amounts paid for seating and sleeping accommodations in connection with taxable transportation, see § 49.4261–9.


§ 49.4261–2 Application of tax.

(a) Tax on total amount paid. The tax is measured by the total amount paid, whether paid at one time or collected at intervals during the course of a continuous transportation, as in the case of a carrier operating under the zone system. For the application of the tax with respect to amount paid for seating or sleeping accommodations in connection with transportation of two or more persons, the taxability of the payment and the amount of the tax, if any, payable with respect thereto, must be determined on the basis of the portion of the total payment properly allocable to each person transported.

(b) Charges for nontransportation services. Where a payment covers charges for nontransportation services as well as for transportation of a person, such as charges for meals, hotel accommodations, etc., the charges for the nontransportation services may be excluded in computing the tax payable with respect to such payment, provided such charges are separable and are shown in the exact amounts thereof in the records pertaining to the transportation charge. If the charges for nontransportation services are not separable from the charge for transportation of the person, the tax must be computed upon the full amount of the payment.


§ 49.4261–3 Payments made within the United States.

(a) Transportation beginning and ending in the United States or the 225-mile zone. The tax imposed by section 4261(a) applies to payments made within the United States for transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone. For example, an amount paid within the United States for transportation between New York and Montreal, Canada; between Vancouver, Canada, and Windsor, Canada; or between Nogales, Mexico, and Hermosillo, Mexico, would be fully taxable. See section 4262(c) (2) and paragraph (b) of § 49.4262(c)–1 for the definition of the term “225-mile zone”.

(b) Other transportation—(1) Transportation beginning before November 16, 1962. In the case of transportation beginning before November 15, 1962, (other than
that described in paragraph (a) of this section, for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States. Transportation that (i) begins in the United States or in the 225-mile zone and ends outside such area, (ii) begins outside the United States or the 225-mile zone and ends inside such area, or (iii) begins outside the United States and ends outside such area is taxable only with respect to such portion of the transportation which is directly or indirectly from one port or station in the United States and ends outside such area is taxable only with respect to such portion of the transportation which is directly or indirectly from one port or station in the United States to another such port or station. Thus, on a trip from Chicago to London, England, with a stopover at New York, for which payment is made in the United States, if the portion from Chicago to New York is not a part of “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1, the tax would apply to the part of the payment which is applicable to the transportation from Chicago to New York. However, if the portion from Chicago to New York is a part of “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1, the tax would not apply.

(2) Transportation beginning after November 15, 1962. In the case of transportation beginning after November 15, 1962 (other than that described in paragraph (a) of this section), for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation by air which is directly or indirectly from one port or station in the United States to another port or station. Thus, on a trip by air from Chicago to London, England, with a stopover at New York, for which payment is made in the United States, if the portion from Chicago to New York is not a part of “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1, the tax would apply to the part of the payment which is applicable to the transportation from Chicago to New York. However, if the portion from Chicago to New York is a part of “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1, the tax would not apply.

(c) Method of computing tax on taxable portion. Where a payment is made for transportation which is partially taxable under paragraph (b) of this section:

(1) The tax may be computed on that proportion of the total amount paid which the mileage of the taxable portion of the transportation bears to the mileage of the entire trip, or

(2) The tax may be computed on the basis of the applicable local fare for transportation of a like class between the ports or stations referred to in paragraph (b) of this section. Where a uniform fare is charge for transportation between a station and any coastal gateway point of embarkation on a trip to the same international destination, the tax may be computed on the basis of such uniform fare. In the absence of a fare described in this subparagraph, the tax must be determined in accordance with subparagraph (1) of this paragraph. If an international trip includes a leg between coastal gateway points of embarkation for which no additional fare is charged, no tax shall be applicable to such leg of the transportation.

(d) Cross reference. See section 4262 (b) and §49.4262(b)–1 for a partial exclusion with respect to amounts paid for certain transportation.

§ 49.4261–4 Payments made within the United States; evidence of nontaxability.

(a) Presumption of taxability. The tax imposed by section 4261(a) shall apply to any amount paid within the United States for the transportation of any person, unless the taxpayer establishes in accordance with the provisions of this section that at the time of payment the transportation is not transportation in respect of which tax is imposed by section 4261(a) (see section 4264(d)).

(b) Through tickets. In the case of transportation which is wholly or in part not taxable transportation, the issuance of one ticket (commonly known as a “through ticket”) covering such transportation will be sufficient to establish that the amount paid for such transportation is wholly or in part not subject to tax. Thus, if A purchases a through ticket in the United States for transportation by air which begins before November 16, 1962, from Chicago to Edmonton, Canada, with a stopover in Minneapolis, no further evidence will be required to establish that no tax applies with respect to the amount paid for the portion of transportation between Minneapolis and Edmonton. A similar result will be reached if a through ticket is purchased for the same air transportation which begins after November 15, 1962, and the trip is not “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)-1. See paragraph (d) of this section for the information to be inscribed on all tickets issued for uninterrupted international air transportation.

(c) Separate tickets. Where a separate ticket or order is issued for taxable transportation as defined in section 4262 (a) (1) (referred to in this subpart as the “domestic ticket or order”), but the domestic ticket or order is to be used in conjunction with a ticket or order for additional transportation (referred to in this subpart as the “international ticket or order”) which changes the tax consequences, unless the domestic ticket or order and the international ticket or order are purchased from a single agency or carrier at the same time, the person making payment for the domestic ticket or order shall at the time of payment exhibit the international ticket or order to the agency or carrier receiving such payment. The agency or carrier which receives the payment for the domestic ticket or order shall inscribe the tickets or orders for the entire journey in the following manner:

(1) The international ticket or order shall be inscribed or stamped with an appropriate legend (for example, “Cannot be reused to obtain any tax exemption on a domestic ticket or order”) to show that a domestic ticket or order has been purchased wholly or partially tax free for use in conjunction therewith.

(2) The domestic ticket or order shall be inscribed to show (i) the identity of the agency or carrier which received payment therefor (unless otherwise shown on the ticket or order), (ii) the origin and destination of the additional transportation, (iii) the identity of the carrier furnishing the additional transportation, and (iv) the serial number of the ticket or order covering such additional transportation. If the domestic ticket or order is not large enough to accommodate the prescribed inscription, a statement setting forth the required information shall be attached to such ticket or order.

(d) Tickets issued for uninterrupted international air transportation. All tickets issued for “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)-1, whether through tickets or separate tickets, must have inscribed thereon, in addition to the other information required in the regulations in this subpart, sufficient information from which may be ascertained the scheduled arrival and departure time at each stopover to which the six-hour scheduled interval requirement of section 4262(c)(3) applies. It will be sufficient, for example, if the airline ticket or tickets show the trip number and the date and time of departure of the aircraft from each such stopover point, provided the published airline schedules show the scheduled time of arrival at each such stopover point.

§ 49.4261–5 Payments made outside the United States.

(a) In general. The tax imposed by section 4261(b) applies to amounts paid outside the United States for the taxable transportation of persons, but only if such transportation begins and ends in the United States. Thus, in addition to the exclusion provided for certain travel under section 4262(b), the tax imposed by section 4261(b), shall not apply unless the transportation both begins and ends within the United States. Accordingly, the tax does not apply to a payment made outside the United States for one-way or round-trip transportation between a point within the United States and a point outside the United States.

(b) Transportation between two or more points in the United States. (1) For purposes of this section, a payment made outside the United States for transportation between two or more points in the United States is a payment for transportation which begins and ends in the United States, even though additional transportation to or from a point outside the United States is involved in the entire journey, if at the time of making payment for the transportation between two or more points in the United States it is not definitely established, under the rules set forth in § 49.4261–6, that such transportation is purchased for use in making the journey from or to a point outside the United States. The fact that the entire journey includes transportation from or to a point outside the United States is not in itself determinative of the liability for tax.

(2) The following examples illustrate the application of this paragraph:

Example (1). W travels from Havana, Cuba to New York by way of Miami. He purchases in Havana a steamer ticket for his transportation from Havana to Miami and an exchange order for air transportation from Miami to New York. The ticket for the connecting transportation from Havana to Miami, and the order for the transportation from Miami to New York were not appropriately inscribed by the agency or carrier which received the payment for the air transportation involved at the time such payment was received so as to clearly show that the ticket and order were purchased for use in conjunction with each other. Therefore, the agency or carrier which accepts the exchange order and issues the ticket for the transportation from Miami to New York is required to collect the tax which applies to the amount paid outside the United States for such transportation.

Example (2). X travels on a round trip from Montreal, Canada, to Los Angeles by way of New York. He purchases in Montreal air transportation for the round trip between New York and Los Angeles, and uses a private automobile for transportation from Montreal to New York and return to Montreal. The amount paid in Montreal for the round-trip transportation between New York and Los Angeles is a payment for transportation which begins and ends in the United States and is therefore subject to tax.

(c) Cross reference. See section 4262(b) and § 49.4262(b)–1 for a partial exclusion with respect to amounts paid for certain transportation.

§ 49.4261–6 Payments made outside the United States; evidence of nontaxability.

(a) In general. The tax does not apply to a payment made outside the United States for transportation which begins or ends outside the United States. For purposes of the preceding sentence, a payment made outside the United States for transportation between two or more points within the United States (such transportation being referred to hereinafter in this section as “the United States portion”), which is part of transportation from or to a point outside the United States is a payment for transportation which begins or ends outside the United States, where it is definitely established at the time of making payment for the United States portion that such portion is purchased for use in making the journey from or to a point outside the United States. The nontaxable character of the payment made outside the United States for the United States portion shall be established under the rules set forth in paragraphs (b) through (e) of this section.

(b) Through tickets. Where one ticket (commonly known as a “through ticket”) is issued to cover all of the United States portion of a journey which begins or ends outside the United States, no further evidence of the nontaxable character of the
transportation covered by such ticket will be required.

(c) Separate tickets. Where separate tickets or orders are issued for the United States portion of a journey which begins or ends outside the United States, the agency or carrier which receives payment for such tickets or orders shall definitely determine at the time of receiving the payment that the United States portion is being purchased for use in conjunction with connecting transportation from or to a point outside the United States, and shall appropriately inscribe the tickets or orders issued outside the United States for the United States portion and for the connecting transportation from or to a point outside the United States to show clearly that such tickets or orders are purchased for use in conjunction with each other. Such tickets or orders shall be inscribed in the following manner:

(1) The ticket or order for the connecting transportation from or to a point outside the United States shall be inscribed or stamped with an appropriate legend (for example, “Not to be used again for purchase of tax-free United States transportation”) to show that the United States portion has been purchased tax free for use in conjunction therewith.

(2) Where the ticket for the United States portion is issued outside the United States, it shall be inscribed to show (i) the identity of the agency or carrier which received payment therefore (unless otherwise shown on the ticket), (ii) the origin and destination of the connecting transportation, (iii) the identity of the carrier furnishing the connecting transportation, and (iv) the serial number of the ticket or order covering such connecting transportation. If the ticket is not large enough to accommodate the prescribed inscription, a statement setting forth the required information shall be attached to such ticket.

(3) Where an order for the United States portion is issued outside the United States, it shall be inscribed to show (i) the origin and destination of the connecting transportation, (ii) the identity of the carrier furnishing the connecting transportation, and (iii) the serial number of the ticket or order covering such connecting transportation.

(d) Ticket issued pursuant to inscribed order. Where the ticket for the United States portion is issued in the United States pursuant to an order which was purchased and properly inscribed outside the United States under the rules set forth in paragraph (c)(3) of this section, liability for payment or collection of tax will not be incurred upon the issuance of the ticket provided the agency or carrier issuing such ticket stamps or inscribes thereon an appropriate legend, for example, “Tax not paid—furnished on order”; or “Exempt—order”.

(e) Maintenance of records. In any case where a payment for the United States portion is not subject to tax under the rules set forth in this section, the carrier furnishing transportation for the United States portion shall procure and maintain appropriate evidence which will clearly show that the tickets or orders for such transportation were purchased for use in conjunction with connecting transportation from or to a point outside the United States.

(f) Examples. The following are examples of nontaxable transportation:

Example (1). Y travels from London, England, to San Francisco by way of New York. He purchases from an agency or carrier in London all of the transportation involved in such journey, which includes air transportation from London to New York and from New York to San Francisco, for which separate tickets are issued. The agency or carrier which receives the payment for Y’s transportation from New York to San Francisco will not be required to collect tax with respect to the payment, provided it determines at the time such payment is received that the transportation in question is being purchased for use in conjunction with connecting transportation from London to New York and it appropriately inscribes both of the tickets for the journey.

Example (2). Z travels from Havana, Cuba, to New York by way of Miami. He purchases in Havana a ticket for his transportation by water from Havana to Miami, and later purchases from a travel agency in Havana air transportation from Miami to New York for which the travel agency issues an exchange order. To establish the nontaxable character of the payment for Z’s transportation from Miami to New York the travel agency shall determine at the time payment is received...
§ 49.4261–7 Examples of payments subject to tax.

The following are examples of payments for transportation which, unless otherwise exempt under section 4263, 4292, 4293, or 4294 are subject to tax:

(a) Cash fares. The tax applies to payments of so-called “cash fares” where no ticket or other evidence of the right to transportation is issued to the passenger.

(b) Script books. The tax applies to the amounts paid for scrip books. The tax shall be collected from the purchaser at the time the scrip book is sold, and not when and as the scrip is used for transportation.

(c) Additional charges. Amounts paid as additional charges for changing the class of accommodations, changing the destination or route, extending the time limit of a ticket, as “extra fare”, or for exclusive occupancy of a section, etc., are subject to the tax.

(d) Round-trip tickets. An amount of 61 cents or more paid for a round-trip ticket is taxable (1) if the one-way fare of like class is 61 cents or more, or (2) if there is no established one-way fare of like class.

(e) Commutation or season tickets. (1) Amounts paid for commutation or season tickets good for more than one month are subject to tax where the single trip is 30 miles or more. For this purpose the term “30 miles” means 30 constructive miles where the rate for transportation is fixed on the constructive mileage. The tax shall be collected from the purchaser at the time of payment for the commutation or season ticket, and not when and as the ticket is used for transportation.

(2) In the event that a partly used exempt commutation or season ticket is redeemed and the carrier, in determining the amount of the refund, makes a charge at regular rates for the used portion of the ticket, the tax applies to such charge, if the one-way fare is more than 60 cents.

(f) Prepaid orders, exchange orders, or similar orders. The tax applies to the amounts paid for prepaid orders, exchange orders, or similar orders for transportation. Additional amounts paid in procuring transportation in connection with the use of prepaid orders, exchange orders, or similar orders, are likewise subject to tax.

(g) Combinations of rail, motor vehicle, water, or air transportation. The tax applies to the total amount paid for any combination of rail, motor vehicle, water, or air transportation, such as rail-air line, air line-motor bus, or motor bus-steamship, etc. For transportation beginning after November 15, 1962, the tax will apply only to the amount paid for any portion of such transportation that is by air.

(h) Chartered conveyances (1) An amount paid for the charter.

(1) Of a special car, train, motor vehicle, aircraft, or boat for transportation which begins before November 16, 1962, or

(ii) Of an aircraft for transportation which begins after November 15, 1962, provided no charge is made by the charterer to the persons transported, is subject to tax if the amount paid for the charter represents a per capita charge of more than 60 cents for each person actually transported.

(ii) The charterer of a conveyance who sells transportation to other persons must collect and account for the tax with respect to all amounts paid to him for transportation which are in excess of 60 cents. In such case, no tax will be due on the amount paid for the charter of the conveyance but it shall be the duty of the owner of the conveyance to advise the charterer of his liability for collecting and accounting for the tax.

(i) All-expense tours. Amounts paid for all-expense tours are subject to tax with respect to that portion representing transportation which is subject to tax. See paragraph (c) of
§ 49.4261–8

(j) Payments remitted to foreign countries by persons in the United States. Payments for transportation tickets, prepaid orders, exchange orders, or similar orders are subject to the tax where the payment for such tickets or orders is accomplished by the purchaser either (1) by transmission from within the United States via telegraph or mail of cash, checks, postal or telegraphic money orders, and similar drafts to ticket offices or travel agencies, etc., located in any place without the United States, or (2) by the delivery of the funds to an agency located in the United States for transmission to ticket offices, or travel agencies, etc., without the United States. Such payments are considered to be payments made within the United States.


§ 49.4261–8 Examples of payments not subject to tax.

In addition to a payment specifically exempt under section 4263, 4292, 4293, or 4294 the following are examples of payments not subject to tax:

(a) Exchange of prepaid order, scrip, etc., for tickets. A ticket issued pursuant to an exchange order, prepaid order, airline pilot order, or scrip, is not subject to tax where the tax is paid at the time of payment for the order or scrip.

(b) Caretakers and messengers accompanying freight shipments. The tax on the transportation of persons does not apply to amounts paid for transportation of freight that includes also the transportation of caretakers or messengers for which no specific charge as such is made.

(c) Special baggage transportation equipment. An amount paid for special baggage transportation equipment is not subject to the tax on the transportation of persons if separable from the payment for transportation of persons and if shown in the exact amount of the charge on the records covering the taxable transportation payment.

(d) Circus or show conveyances. The amount paid pursuant to a contract for the movement of a circus or show conveyance where the amount covers only the transportation of the performers, laborers, animals, equipment, etc., by such conveyances is not subject to the tax on the transportation of persons imposed by section 4261. However, if the contract payment also covers the issuance to advance agents, bill posters, etc., of circus or show scrip books, or other evidence of the right to transportation, for use on regular passenger conveyances, that portion of the contract payment properly allocable to such scrip books or other evidence is subject to the tax on the transportation of persons.

(e) Corpses. The tax on the transportation of persons does not apply to the amount paid for the transportation of a corpse, but does apply to the amount paid for the transportation of any person accompanying the corpse.

(f) Miscellaneous charges. Where the charge is separable from the payment for the transportation of a person and is shown in the exact amount thereof on the records pertaining to the transportation payment, the tax on the transportation of persons does not apply to the following and similar charges:

(1) Charges for transportation of baggage, including incidental charges such as excess value, storage, transfer, parcel checking, special delivery, etc.

(2) Charges for transportation of an automobile in connection with the transportation of a person.

(3) Charges for bridge or road toll, or a ferry charge of 60 cents or less, made in connection with the transportation beginning before November 16, 1962, of a person by bus. Charges incurred by the carrier which are part of its costs of operation, such as bridge tolls, road tolls, or ferry charges, paid by the carrier on account of the bus and driver, cannot be deducted from the charge made to the passenger in determining the taxable charges for transportation.

(4) Charges for admissions, guides, meals, hotel accommodations, and other nontransportation services, for example, where such items are included in a lump sum payment for an all-expense tour.

(5) Charges in connection with the charter of a land, water, or air conveyance for the transportation of persons beginning before November 16, 1962, or
an air conveyance for transportation of persons which begins after November 15, 1962, such as for parking, icing, sanitation, "layover" or "waiting time", movement of equipment in deadhead service, dockage, or wharfage, etc.


§ 49.4261-9 Seats and berths; rate and application of tax.

(a) Imposition of tax. Section 4261 (c) imposes a tax at a prescribed rate upon payments of any amounts for seating or sleeping accommodations in connection with transportation with respect to which a tax is imposed by section 4261 (a) or (b).

(b) Rate of tax. The tax is imposed under section 4261(c) upon the amount paid for seating or sleeping accommodations at the following rates:

(1) 10 percent with respect to amounts paid in connection with taxable transportation by rail, motor vehicle, water, or air which begins before November 16, 1962.

(2) 5 percent with respect to amounts paid in connection with the air portion of any transportation which begins after November 15, 1962.

(c) Application of other rules to seats and berths. The rules and provisions of §§ 49.4261-1 to 49.4261-6, inclusive, with respect to the tax on payments for transportation imposed by section 4261 (a) or (b) are also applicable to the tax on payments for seating or sleeping accommodations.


§ 49.4261-10 By whom paid.

The tax imposed by section 4261 is payable by the person making the taxable payment for transportation or for seats, berths, etc., and is collectable by the person receiving such payments. See section 4264 (a) and (c) for special rules relating to payment and collection of tax.

§ 49.4262(a)–1 Taxable transportation.

(a) In general. Unless excluded under section 4262(b) (see §49.4262(b)–1), taxable transportation means:

(1) Transportation which begins in the United States or in that portion of Canada or Mexico which is not more than 225 miles from the nearest point in the continental United States (the "225-mile zone") and ends in the United States or in the 225-mile zone; and

(2) In the case of any other transportation, that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States, but, with respect to transportation which begins after November 15, 1962, only if such portion is not part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)–1. Transportation from one port or station in the United States to another port or station in the United States occurs whenever a carrier, after leaving any port or station in the United States, makes a regularly scheduled stop at another port or station in the United States irrespective of whether stopovers are permitted or whether passengers disembark.

The provisions of this paragraph are applicable whether the transportation is by rail, motor vehicle, water, or air, or any combination thereof, except that with respect to transportation which begins after November 15, 1962, the tax, if applicable, applies only to the amount paid for that portion of the transportation which is by air.

(b) Illustrations of taxable transportation under section 4262(a) (1). In each of the following examples the transportation is taxable transportation and the amount paid within the United States for such transportation is subject to the tax:

(1) New York to Seattle;

(2) New York to Vancouver, Canada, with a stop at Jasper, Canada;

(3) Chicago to Monterrey, Mexico;

(4) Montreal, Canada, to Toronto, Canada; and

(5) Miami to Los Angeles via Panama. If in the examples in subparagraphs (1) and (5) of this paragraph, payment for the transportation had been made outside the United States, such payment would nevertheless have been subject to tax since in each case
the transportation begins and ends in the United States.

(c) Illustrations of taxable transportation under section 4262(a) (2) beginning before November 16, 1962. The following examples will illustrate the application of section 4262(a) (2) with respect to transportation beginning before November 16, 1962:

Example (1). A purchases in New York a round-trip ticket for transportation by air from New York to Havana, Cuba, with a stop at Miami. The amount paid for that part of the transportation between New York and Miami on both going and return trips is subject to tax, since such transportation is from one station in the United States to another station in the United States.

Example (2). B purchases a ticket in San Francisco for combination rail and water transportation from San Francisco to New York to Halifax, Canada, to London, England. The amount paid for that part of the transportation between San Francisco and New York is subject to tax, since such transportation is from one station in the United States to another station in the United States. Although Halifax is in the 225-mile zone, the transportation between New York and Halifax is not taxable because it is not transportation from one port in the United States to another port in the United States.

Example (3). C purchases a ticket in Seattle for transportation from Seattle to Lisbon, Portugal, with stops at Vancouver, Edmonton, and Montreal, Canada, and New York. The amount paid for that part of the transportation from Seattle to New York is subject to tax, since it is indirectly from one station in the United States to another station in the United States. Although Halifax is in the 225-mile zone, the transportation between New York and Halifax is not taxable because it is not transportation from one port in the United States to another port in the United States.

Example (4). E purchases in Chicago a ticket for transportation by air from Chicago to New York to Gander, Newfoundland, to London, England. Only the amount paid for that part of the transportation between Chicago and New York is subject to tax. If, while on the New York-Gander leg of the journey the aircraft is forced to land at Boston, because of weather or other emergency, no tax is imposed by reason of such emergency stop.

Example (5). G charters a plane in New York for transportation to Bogota, Colombia, and pays the charter charges in New York. The plane stops at an airport in Miami for refueling in accordance with its flight plan. The tax attaches with respect to that part of the transportation which is between New York and Miami.

(d) Illustrations of taxable transportation under section 4262(a) (2) beginning after November 15, 1962. The following examples will illustrate the application of section 4262(a) (2) with respect to transportation beginning after November 15, 1962:

Example (1). A purchases in New York a round-trip ticket for transportation by air from New York to Nassau with a scheduled stopover of 10 hours in Miami on both the going and return trip. The amount paid for that part of the transportation from New York to Miami on the going trip is subject to tax, since such transportation is from one station in the United States to another station in the United States and the trip is not uninterrupted international air transportation because the scheduled stopover interval in Miami is greater than six hours. The amount paid for the return trip from Miami to New York is subject to tax for the same reason.

Example (2). A purchases a ticket in San Francisco for transportation to London with a stopover in New York. He is to travel by air from San Francisco to New York and from New York to London by water. He is scheduled to stopover in New York for 4 hours. That portion of the total amount paid by A for his transportation applicable to the air transportation between San Francisco and New York is subject to tax since such transportation is from one station in the United States to another station in the United States, and is not a part of uninterrupted international air transportation since the complete trip from San Francisco to London is not entirely by air.

Example (3). A purchases a through ticket for air transportation from San Francisco to London with stopovers at Denver, Chicago, Philadelphia, and New York. At each stopover the air carrier has scheduled his arrival and departure within 6 hours. After arriving in Philadelphia, A, for his own convenience, decides to stopover for more than 6 hours. The total amount paid by A for his transportation from San Francisco to New York is subject to tax since the scheduled interval between the beginning or end and the end or beginning of any two segments of the domestic portion of international air transportation exceeded 6 hours. If the stopover interval in Philadelphia is extended for more than 6 hours by the carrier solely for its own convenience such as making repairs to the aircraft, the domestic portion of A’s trip will not become taxable, provided A continues his international air transportation no later than on the first available flight offered by the carrier.

Example (4). A purchases a through ticket for transportation by air from Los Angeles to Barbados with stopovers at Houston, Mexico City, Mexico, and Miami. At each stopover, except Mexico City, A’s scheduled time of arrival and departure is within six hours. At Mexico City, A’s scheduled time of arrival and departure exceeds six hours. The total amount paid by A for his transportation
§49.4262(b)–1

Internal Revenue Service, Treasury

from Los Angeles to Miami, including that part of the transportation to and from Mexico City, is subject to tax since the transportation includes a portion which is indirectly from one port or station in the United States to another port or station in the United States (Houston to Miami via Mexico City) and the scheduled interval in Mexico City between two segments of such portion exceeds six hours. If A’s scheduled arrival and departure at each stopover of his transportation which is directly or indirectly between ports or stations in the United States, including that at Mexico City, had been within a six hour interval and A had arrived and departed at each such stopover within that period, the transportation would have qualified as uninterrupted international air transportation and no part of the amount paid for the transportation by air from Los Angeles to Barbados would be subject to tax.

(e) Illustrations of transportation which is not taxable transportation. The following examples will illustrate transportation which is not taxable transportation:

(1) New York to Trinidad with no intervening stops;
(2) Minneapolis to Edmonton, Canada, with a stop at Winnipeg, Canada;
(3) Los Angeles to Mexico City, Mexico, with stops at Tia Juana and Guadalajara, Mexico;
(4) New York to Whitehorse, Yukon Territory, Canada, after November 15, 1962, by air with a scheduled stopover in Chicago of five hours.

Amounts paid for the transportation referred to in examples set forth in subparagraphs (1), (2), and (3) of this paragraph are not subject to the tax regardless of where payment is made, since none of the trips (i) begin in the United States or in the 225-mile zone and end in the United States or in the 225-mile zone, nor (ii) contain a portion of transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States. The amount paid within the United States for the transportation referred to in the example set forth in subparagraph (4) of this paragraph is not subject to tax since the entire trip (including the domestic portion thereof) is “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1. In the event the transportation is paid for outside the United States, no tax is due since the transportation does not begin and end in the United States.


§49.4262(b)–1 Exclusion of certain travel.

(a) In general. Under section 4262(b) taxable transportation does not include that portion of any transportation which meets all four of the following requirements:

(1) Such portion is outside the United States;
(2) Neither such portion nor any segment thereof is directly or indirectly:
   (i) Between (a) a point where the route of the transportation leaves or enters the continental United States, or (b) a port or station in the 225-mile zone, and
   (ii) A port or station in the 225-mile zone;
(3) Such portion:
   (i) Begins at either (a) the point where the route of the transportation leaves the United States, or (b) a port or station in the 225-mile zone, and
   (ii) Ends at either (a) the point where the route of the transportation enters the United States, or (b) a port or station in the 225-mile zone; and
(4) A direct line from the point (or the port or station) specified in subparagraph (3) (i) of this paragraph to the point (or the port or station) specified in subparagraph (3) (ii) of this paragraph passes through or over a point which is not within 225 miles of the United States. For purposes of this section, the route of the transportation shall be deemed to leave or enter the United States when it passes over (i) the international boundary line between any part of the United States and a contiguous foreign country, or (ii) a point three nautical miles (3.45 statute miles) from low tide on the coast line.

(b) Transportation to or from Alaska or Hawaii. (1) Under the provisions of section 4262(b) transportation between the continental United States or the 225-mile zone and Alaska or Hawaii will be partially exempt from the tax. The portion of such transportation which (i) is outside the United States, (ii) is not
transportation between ports or stations within the continental United States or the 225-mile zone, and (iii) is not transportation between ports or stations within Alaska or Hawaii, meets all the requirements set forth in section 4262(b) and is excluded from taxable transportation.

(2) The provisions of subparagraph (1) of this paragraph may be illustrated by the following examples:

Example (1). A buys a ticket for transportation by air from Seattle to Fairbanks, Alaska, via Ketchikan and Juneau, Alaska, and Toronto, Ontario, via Vancouver, Yukon Territory, Canada. The portion of the transportation between the point where the route of the transportation leaves the continental United States and the point where it first enters Alaska (the three-mile limit or the international boundary) is not subject to tax.

Example (2). B purchased combination rail-water transportation beginning before November 16, 1962, from Chicago to Juneau, Alaska, by way of Vancouver, Canada. The portion of the transportation from Vancouver to the point where the route of the transportation enters the three-mile limit off the coast of Alaska is not subject to tax.

Example (3). C purchases a ticket in the continental United States for transportation by air from Vancouver, Canada, to Honolulu, Hawaii. No part of the route followed by the carrier passes through or over any part of the continental United States. The only part of the payment made by C for this transportation which is subject to tax is that applicable to the portion of the transportation between the three-mile limit off the coast of Hawai'i and the airport in Honolulu.

(c) Method of computing tax on travel not excluded. (1) Where a payment is made for transportation which includes transportation excluded under the provisions of section 4262(b):

(i) The tax may be computed on that proportion of the total amount paid which the mileage of the taxable portion of the transportation bears to the mileage of the entire trip, or

(ii) If the taxable portion of the transportation includes transportation from one port or station to another port or station for which an applicable local fare of a like class is available, the tax may be computed on the amount of such local fare, plus an amount equivalent to that proportion of the remainder of the total amount paid which the mileage of the remainder of the taxable portion of the transportation bears to the remainder of the mileage of the entire trip. If the taxable transportation includes a leg from a station to a coastal gateway point of embarkation for which a uniform fare is charged regardless of the gateway point actually used, the tax on such a leg may be computed on the basis of such uniform fare. In the absence of a fare described in this subparagraph, the tax must be determined in accordance with subdivision (i) of this subparagraph. If the taxable portion of the transportation includes a leg between coastal gateway points of embarkation for which no additional fare is charged no tax shall be applicable to such leg of the transportation.

(2) The basis for determining the proportions described in subdivisions (i) and (ii) of subparagraph (1) of this paragraph shall be the average mileage of the established route traveled by the carrier between given points under normal circumstances.

(d) Illustration. The application of paragraph (c) of this section may be illustrated by the following example:

Example. On October 10, 1959, A purchases in San Francisco a ticket for transportation by air to Honolulu, Hawai'i. The portion of the transportation which is outside the continental United States and is outside Hawai'i is excluded from taxable transportation. The tax applies to that part of the payment made by A which is applicable to the portion of the transportation between the airport in San Francisco and the three-mile limit off the coast of California (a distance of 15 miles) and between the three-mile limit off the coast of Hawai'i and the airport in Honolulu (a distance of 5 miles). The part of the payment made by A which is applicable to the taxable portion of his transportation and the tax due thereon are computed in accordance with paragraph (c)(1) as follows:

| Mileage of entire trip (San Francisco airport to Honolulu airport) (miles) | 2,400 |
| Mileage in continental United States (miles) | 15 |
| Mileage in Hawai'i (miles) | 5 |

Fare from San Francisco to Honolulu .......... $168.00
Payment for taxable portion (20/2400 x $168) .......... $1.40
Tax due (10% (rate in effect on date of payment) x $1.40) .................. $0.14

(All distances and fares assumed for purposes of this example. If transportation begins after November 15, 1962, the tax applies only to the amount paid for transportation by air.)
and should be computed at the rate of 5 percent.


§ 49.4262(c)–1 Definitions.

(a) The continental United States. For purposes of the regulations in this subpart, the term “continental United States” includes only the 48 States existing on July 25, 1956 (the date of the enactment of the Act of July 25, 1956 (Pub. L. 796, 84th Cong., 70 Stat. 644)) and the District of Columbia, including inland waters (such as rivers, lakes, bays, etc.) lying wholly therein, and, where an international boundary line divides inland waters, such parts of such inland waters as lie within the boundary of the United States, and also the waters 3 nautical miles (3.45 statute miles) from low tide on the coast line. For purposes of the regulations in this subpart, the term “continental United States” does not include Alaska or Hawaii for any period either prior or subsequent to their admission into the Union as States.

(b) The 225-mile zone. For purposes of the regulations in this subpart, the term “225-mile zone” means that portion of Canada and Mexico which is not more than 225 miles from the nearest point in the continental United States. Whether any point in Canada or Mexico is more than 225 miles from the continental United States is to be determined by measuring the distance from such point to the nearest point on the boundary of the continental United States.

(c) Uninterrupted International air transportation. (1) For the purpose of the regulations in this subpart, the term “uninterrupted international air transportation” means transportation entirely by air which does not begin in the United States or in the 225-mile zone and end in the United States or in the 225-mile zone provided that:

(i) Where the transportation within the United States involves one stop, the scheduled interval between the beginning or end of the United States portion of such air transportation and the end or beginning of the remainder of the air transportation, and

(ii) Where the United States portion of such transportation involves two or more stops, the scheduled interval between the beginning or end of one segment and the end or beginning of the continuing segment of such portion does not exceed six hours. The transportation is considered to be entirely by air even though the passenger may use other means of transportation between two airports provided the scheduled six-hour limitation for his continuing air transportation is complied with. Transportation which otherwise is uninterrupted international air transportation does not cease to be such because of the use of non-air transportation between ports or stations which are outside the United States, provided the non-air transportation is not part of transportation which is indirectly from one port or station in the United States to another port or station in the United States.

(2) Where the interval between arrival and departure time at any stopover point in the United States exceeds six hours, such transportation is not uninterrupted international air transportation even though the schedules of the air lines do not make possible a scheduling within the six-hour limit. Where any interval scheduled for six hours or less is increased to exceed six hours, the transportation will continue to be uninterrupted international air transportation if the increase in time is attributable to delays in the arrival or departure of the scheduled air transportation. In such case the transportation shall continue to be uninterrupted international air transportation if the passenger continues his transportation no later than on the first available flight offered by the continuing carrier which affords the passenger substantially the same accommodations as originally purchased. However, if for any other reason such interval at any stopover is increased to more than 6 hours, the transportation will lose its classification of uninterrupted international air transportation. The tax applicable in such case shall be paid as provided in paragraph (a) (2) of §49.4264(c)–1. The transportation from the point of origin in the United States to a port or station outside the United States and the 225-mile zone, with a stopover in the United States, must be scheduled before the time the initial
transportation commences in order for the United States portion of such transportation to qualify as uninterrupted international air transportation. For example, where transportation by air from Chicago to New York only is scheduled in Chicago and transportation by air from New York to London, England, is scheduled by the passenger after his arrival in New York, the Chicago to New York trip does not qualify as uninterrupted international air transportation even though the passenger may depart on the London flight within six hours after arrival in New York.


§ 49.4263–1 Commutation tickets.

(a) Tickets for single trips of less than 30 miles. Amounts paid for commutation or season tickets or books for single trips of less than 30 miles are exempt from the tax imposed by section 4261, regardless of the length of time for which such tickets or books are valid. The phrase “less than 30 miles” means less than 30 constructive miles in instances where the charge is based on constructive mileage.

(b) Tickets for one month or less. Amounts paid for commutation tickets or books for one month or less are exempt from the tax regardless of the distance of a single trip.


§ 49.4263–2 Charges not exceeding 60 cents.

(a) In general. The tax imposed by section 4261 does not apply to transportation payments of 60 cents or less.

(b) Round trips. The exemption is determined by the amount paid for a single one-way trip. Thus, an amount of more than 60 cents paid for round-trip transportation is exempt from the tax, if the regular one-way single fare of like class between the terminal points of the round trip does not exceed 60 cents.

(c) Charters. An amount paid for the charter of a car, train, motor vehicle, aircraft, or boat with respect to transportation beginning before November 16, 1962, or of an aircraft with respect to transportation beginning after November 15, 1962, is exempt from the tax, if the payment represents a per capita charge of sixty cents or less for each person actually transported.

(d) Seating or sleeping accommodations. Any amount paid for seating or sleeping accommodations is not subject to tax under section 4261(c) where the amount of the related payment for transportation is 60 cents or less. However, where the payment for transportation exceeds 60 cents, a payment for seating or sleeping accommodations in connection with such transportation is subject to the tax regardless of the amount thereof.


§ 49.4263–3 Transportation furnished to certain organizations.

(a) The American National Red Cross. The tax imposed by section 4261 does not apply to amounts paid for transportation or facilities furnished to any corporation created by act of Congress to act in matters of relief under the treaty of Geneva of August 22, 1864 (The American National Red Cross).

(b) International organizations. The tax imposed by section 4261 does not apply to amounts paid for transportation or facilities furnished to an international organization. See section 7701(a) (18) for the definition of “international organization”. An international organization is designated as such by the President through an Executive order or orders. When an organization has been designated by the President as entitled to enjoy the privileges, exemptions and immunities conferred by the International Organizations Immunities Act, or part thereof, including exemption from the tax, the exemption applies to amounts so paid unless the President otherwise provides. The exemption is subject to withdrawal or revocation by the President. In case of withdrawal or revocation, unless otherwise provided by the President, the exemption is inapplicable to payments on or after the date of issuance of the order of withdrawal or the date of revocation.

(c) Evidence of right to exemption. The right to exemption under section 4263(b) (and under former section
§ 49.4263–4 Members of the armed forces.

The tax imposed by section 4261 does not apply to amounts paid for transportation or for seating or sleeping accommodations furnished under special tariffs providing for fares of not more than 2.5 cents per mile applicable to round-trip tickets sold to personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard, including authorized cadets and midshipmen, traveling in uniform of the United States at their own expense when on official leave, furlough, or pass. A person claiming exemption under this section will be required to exhibit to the agent of the carrier a properly executed certificate to show that he is traveling on official leave, furlough, or pass, but the submission of an exemption certificate on Form 731 is not necessary in such case.


§ 49.4263–5 Small aircraft on nonestablished lines.

(a) In general. Amounts paid for the transportation of persons on a small aircraft of the type sometimes referred to as “air taxis” shall be exempt from the tax imposed under section 4261 provided the aircraft (1) has a gross take-off weight of less than 12,500 pounds determined as provided in paragraph (b) of this section and (2) has a passenger seating capacity of less than 10 adult passengers, including the pilot. The exemption does not apply, however, if the aircraft is operated on an established line.

(b) Determination of gross take-off weight. The term “gross take-off weight of less than 12,500 pounds” means a maximum certificated take-off weight shown in the aircraft operating record or aircraft flight manual which is part of the airworthiness certificate issued by the Federal Aviation Administration.

(c) Established line. The term “operated on an established line” means operated with some degree of regularity between definite points. It does not necessarily mean that strict regularity of schedule is maintained; that the full run is always made; that a particular route is followed; or that intermediate stops are restricted. The term implies that the person rendering the service maintains and exercises control over the direction, route, time, number of passengers carried, etc.


§ 49.4263–6 Exemptions applicable with respect to transportation beginning before November 16, 1962.

Section 5(b) of the Tax Rate Extension Act of 1962 repealed the exemptions contained in former section 4263(b) for motor vehicles with seating capacity of less than ten and in former section 4263(c) for fishing trips by boat effective with respect to transportation beginning after November 15, 1962. With respect to transportation which began before November 16, 1962, the tax imposed by section 4261 does not apply with respect to any amount paid for transportation.

(a) By a motor vehicle having a seating capacity of less than ten adult passengers, including the driver, unless such vehicle is operated on an established line, or

(b) By boat where the transportation is for the purpose of fishing from such boat.

In the case of the exemption with respect to a motor vehicle having a seating capacity of less than ten adult passengers, the terms “operated on an established line” means operated with some degree of regularity between definite points. It does not necessarily mean that strict regularity of schedule is maintained; that the full run is always made; that a particular route is followed; or that intermediate stops are restricted. The term implies that
§ 49.4264(a)–1 Duty to collect the tax; payments made outside the United States.

Where payment is made outside the United States for a prepaid order, exchange order, or similar order for transportation which begins and ends in the United States or for seating or sleeping accommodations in connection therewith, the person furnishing the initial transportation pursuant to such order shall collect all the tax applicable to such transportation or accommodations. See section 4291 and the regulation thereunder for cases where persons receiving payment must collect the tax.

§ 49.4264(b)–1 Duty to collect the tax in the case of certain refunds.

(a) Special rule for collection of tax. Section 4264(b) provides a special rule for the collection of the tax where an unused ticket or order (or portion thereof) purchased without payment of tax is presented for refund and, as a result of the use of only a portion of the transportation purchased in connection with such ticket or order, liability for payment of tax has been incurred. In such a case, the person making the refund shall deduct the amount of the tax due, to the extent available, from the amount which would otherwise be refundable. If the redemption value of the unused ticket or order (or portion thereof) is less than the amount of the tax due on the amount paid for the travel actually performed, the person redeeming the unused ticket or order (or portion thereof) shall make no refund but shall apply the entire amount against the tax due and shall include such amount in his regular return of taxes required to be collected under section 4291.

(b) Return of tax. Any person who has made a collection of tax in accordance with the preceding paragraph shall include such amount in his regular return of taxes required to be collected under section 4291.

(c) Illustration. A carrier receives for redemption a ticket purchased in the United States for transportation from Calgary, Canada, to Edmonton, Canada, which the purchaser bought for use in conjunction with a ticket for nonstop transportation from Seattle to Calgary. The person applying for the refund does not establish to the satisfaction of the carrier that the tax on the Seattle- Calgary ticket has been paid or that the Seattle- Calgary ticket has been redeemed. The carrier, before making any refund for the unused ticket, is required to deduct from the amount otherwise refundable the tax applicable to the amount paid by the purchaser for the transportation from Seattle to Calgary and to report the tax so collected in its quarterly return of Form 720. In the event that the redemption value of the unused Calgary to Edmonton ticket is less than the amount of the tax due on the amount paid for the transportation from Seattle to Calgary, the carrier should not make any refund but should apply against the outstanding tax the entire amount refundable and should either collect the balance of the tax due or make a report, within 90 days, to the office of the district director of internal revenue for the district in which the carrier is located, setting forth the name and address of the person seeking the refund and the amount of the tax remaining uncollected.

§ 49.4264(c)–1 Special rule for the payment of tax.

(a) Rule—(1) In general. Except as provided in subparagraph (2) of this paragraph, when any tax imposed by section 4261 is not paid at the time payment for the transportation is made, then to the extent that such tax is not collected under any other provision of law, such tax shall be paid by the person paying for the transportation or by the person using the transportation. The provisions of section 4264(c) apply...
where the amount paid for transportation is (i) subject to tax at the time such payment is made, but no tax is paid at that time, or (ii) not subject to tax at the time such payment is made, but because of some subsequent event the payment becomes subject to tax. The payment of tax shall be made to the district director of internal revenue for the district in which the taxpayer resides, or to the person from whom the transportation was purchased, within 30 days after whichever of the following first occurs: (a) The rights to the transportation expire, or (b) the transportation becomes subject to tax. Such payment shall be accompanied with an explanation that it is being made in accordance with section 4264(c).

(2) Transportation no longer qualifying as uninterrupted international air transportation. In the case of a payment for transportation beginning after November 15, 1962, which qualifies as “uninterrupted international air transportation” within the meaning of section 4262(c)(3) and paragraph (c) of §49.4262(c)–1 on the date such payment was made and which because of some subsequent event ceases to be uninterrupted international air transportation, to the extent that the tax due is not collected under any other provision of law, such tax shall be paid by the person paying for the transportation or by the person using the transportation. The payment of the tax shall be made to the air carrier which provides the next continuing portion of the transportation following the occurrence of the event which caused the transportation to cease to be uninterrupted international air transportation and such carrier shall collect the tax at the time the flight is rescheduled or before furnishing the continuing transportation to the passenger, whichever is earlier, unless the carrier has evidence, in writing, that the tax has already been paid to (i) a district director, or (ii) the person to whom the payment for the international air transportation was originally made, or (iii) any person furnishing any portion of such transportation. The provisions of this subparagraph with respect to the responsibility of the continuing carrier to collect the tax due are applicable only if the passenger uses his original ticket or is issued a substitute therefor for the purpose of continuing his transportation. Such provisions are not applicable if the passenger purchases a new ticket to continue his transportation.

(b) Relationship to other sections. Section 4264(c) and this section are not intended in any way to relieve the person receiving the payment for taxable transportation of persons from his duty under section 4291 of collecting the tax at the time such payment is received by him. The provisions of section 4264(c) and this section also do not apply in any case where the tax is collected in the manner provided in section 4264 (a) or (b) or in other provisions of law.

(c) Illustrations. The provisions of this section may be illustrated by the following examples:

Example (1). A purchases in New York a round-trip ticket for transportation between New York and London, England, with a stopover in Montreal, Canada. After arriving in Montreal A decides not to continue his trip to London and returns to New York. A is liable for tax with respect to the amount paid for his transportation from New York to Montreal and return. The amount paid for A’s transportation became subject to tax at the time he began his return trip to New York, and within 30 days thereafter A must pay the tax to either the person from whom he purchased the ticket or his district director of internal revenue.

Example (2). A purchases in Chicago a ticket for air transportation to begin after November 15, 1962, from Chicago to London with a stopover in New York. A is scheduled to arrive in New York at 4:30 p.m. and depart from New York on the international portion at 7:30 p.m. A arrives in New York on schedule but for his own convenience reschedules his departure on a flight departing at 11:00 p.m. Since A lengthened the interval between the end of the United States portion and the beginning of the international portion beyond the 6-hour limitation, that portion of his international air transportation between Chicago and New York became subject to tax. The carrier furnishing A’s transportation from New York to London shall, before furnishing him with any transportation or at the time he reschedules the remaining portion of his trip, whichever is earlier, collect the tax due on the Chicago to New York portion from A unless the carrier has written evidence that such tax has been paid to (i) a district director of internal revenue, or (ii) the person to whom the payment for the international air transportation was
§ 49.4264(d)–1

originally made, or (iii) any person furnishing any other portion of the international air transportation.


§ 49.4264(d)–1 Cross reference.

For the rules applicable under section 4264(d) see §49.4261–4 relating to payments made within the United States.

§ 49.4264(e)–1 Round trips.

(a) In general. For purposes of the regulations in this subpart, a round trip shall be considered to consist of two separate trips, i.e., one trip from the point of departure to the destination and a second trip in returning from the destination. A round trip includes certain journeys in which the same routing is not followed on the return trip from the destination to the point of departure as was taken on the going trip (sometimes referred to as “circle trips”). In the case of a cruise or tour (i.e., transportation to no set destination but with one or more intermediate stops en route) the point farthest from the point of departure will be regarded as the destination for purposes of applying the term “round trip”. If a cruise or tour ends at a point other than the one at which it began, the rules of “open jaw” transportation set forth in paragraph (b) of this section apply.

(b) Open jaw transportation. Transportation which qualifies under this paragraph as “open jaw” transportation will be treated in the same manner as a round trip. For purposes of the regulations in this subpart, “open jaw” transportation means (1) transportation from the point of departure to a specified destination and return from the specified destination to a point other than the original point of departure, or (2) transportation from the point of departure to a specified destination and return from a point other than the specified destination to the original point of departure, provided that where the points of the open jaw are within the continental United States or the 225-mile zone, the distance between the points of the open jaw does not exceed the distance of the shorter segment traveled. For example, a trip from New York to New Orleans via Panama would be considered as one trip from New York to Panama and separate trip from Panama to New Orleans, since the distance between the points of the open jaw (i.e., New York and New Orleans) is shorter than the distance between Panama and New Orleans (the shorter of the two segments traveled). Both trips would be nontaxable. On the other hand, transportation from New York to Miami via Bermuda does not qualify as “open jaw” transportation (since the points of the open jaw are in the United States and the distance between them is greater than the shorter segment traveled) and therefore would be considered a single trip from New York to Miami and would be taxable.

§ 49.4264(f)–1 Transportation outside the northern portion of the Western Hemisphere.

(a) Transportation which leaves and re-enters the northern portion of the Western Hemisphere. For purposes of the regulations in this subpart, transportation, any part of which is outside the northern portion of the Western Hemisphere (as defined in paragraph (c) of this section) shall, if the route of the transportation leaves and re-enters the northern portion of the Western Hemisphere, be considered to consist of transportation to the point outside such northern portion and of separate transportation thereafter. The amount paid for such transportation will be considered to be a payment made for two trips and the taxability of the payment will be determined accordingly. Thus, an amount paid for transportation from New York to San Francisco with a stop at Caracas, Venezuela, will be considered an amount paid for a trip from New York to Caracas and for a separate trip from Caracas to San Francisco, neither of which is taxable transportation.

(b) Transportation beginning before November 16, 1962, by water on a vessel—(1) Special rule. Section 4264(f)(2) prior to its amendment by section 5(b) of the Tax Rate Extension Act of 1962 provided a special rule in the case of transportation which begins before November 16, 1962, any part of which is outside the northern portion of the
Western Hemisphere, by water on a vessel which makes one or more intermediate stops at ports within the United States on a voyage which (i) begins or ends in the United States, and (ii) ends or begins outside the northern portion of the Western Hemisphere. In such a case, a stop at an intermediate port within the United States at which such vessel is not authorized both to discharge and to take on passengers shall not be considered to be a stop at a port within the United States. A vessel is considered to be authorized both to discharge and to take on passengers at an intermediate port unless there is a legal or other authoritative prohibition of such traffic. For purposes of the preceding sentence, an order issued by the owner or operator of a vessel prohibiting such vessel from either discharging or taking on passengers at the intermediate port is not a legal or other authoritative prohibition of such traffic.

(2) Illustrations. The provisions of this paragraph may be illustrated by the following examples:

Example (1). A purchases a steamship ticket in New York for transportation from New York to Southampton, England. The vessel on which A sails makes an intermediate stop during the course of such voyage at Boston to take on passengers. The vessel is not, however, authorized to discharge passengers at such port. No tax applies to the portion of the transportation between New York and Boston since under section 4264(f)(2) the vessel is not considered to have made a stop at Boston.

Example (2). B purchases a steamship ticket in San Francisco for a voyage from San Francisco to Tokyo, Japan. The vessel on which B travels makes a stop at Honolulu, Hawaii, to discharge passengers. The vessel is also permitted to take on passengers in Honolulu. Since the vessel is permitted both to discharge and take on passengers at the stop in Honolulu, the portion of the transportation between San Francisco and Hawaii not excluded under section 4262(b) (i.e., the portion of such transportation between the pier in San Francisco and the three-mile limit off the coast of Hawaii and the pier in Honolulu) is taxable under section 4262(a)(2) as transportation from one port in the United States to another port in the United States.

(c) Northern portion of the Western Hemisphere. For purposes of the regulations in this subpart, the term “northern portion of the Western Hemisphere” means the area lying west of the 30th meridian west of Greenwich, east of the International Date Line, and north of the equator, but not including any country of South America.


Subpart E—Transportation of Property

§ 49.4271–1 Tax on transportation of property by air.

(a) Purpose of this section. In general, section 4271 of the Internal Revenue Code of 1954, as added by the Airport and Airway Revenue Act of 1970, imposes a tax equal to 5 percent of the amount paid within or without the United States for the transportation of property by air which begins after June 30, 1970, if such transportation begins and ends in the United States. This section sets forth rules as to the general applicability of the tax. This section also sets forth rules as authorized by section 4272(b)(2) which exempt from tax payments for the transportation of property by air in the course of exportation (including shipment to a possession of the United States) by continuous movement, and in due course so exported.

(b) Imposition of tax. (1) The tax imposed by section 4271 applies only to amounts paid to persons engaged in the business of transporting property by air for hire.

(2) The tax imposed by section 4271 does not apply to amounts paid for the transportation of property by air if such transportation is furnished on an aircraft having a maximum certificated takeoff weight (as defined in section 4492(b)) of 6,000 pounds or less, unless such aircraft is operated on an established line. The tax imposed by section 4271 also does not apply to any payment made by one member of an affiliated group (as defined in section 4282(b)) to another member of such group for services furnished in connection with the use of an aircraft if such aircraft is owned or leased by a member of the affiliated group and is not available for hire by persons who are not members of such group.
(3) Since the tax imposed by section 4271 applies only to amounts paid to persons engaged in the business of transporting property by air for hire, the tax applies to amounts paid to an air carrier by a freight forwarder or express company for the transportation of property by air. The tax does not apply to amounts paid by a shipper to a freight forwarder or express company.

(c) Property exported or imported entirely by air. (1) The tax does not apply to amounts paid for transportation entirely by air which begins in the United States and ends outside the United States, or which begins outside the United States and ends in the United States. Transportation of property by air will be considered to begin and end at the points of origin and destination shown on a through airwaybill covering shipment of the property, even though there may be stopovers in the United States (such as, for example, to consolidate cargo at a "gateway" city). If a through airwaybill is issued by a person other than a person engaged in the business of transporting property by air for hire (for example, by a freight forwarder), the air carrier may accept an air freight manifest listing the article to be shipped by weight and destination as evidence of the existence of a through airwaybill.

(2) If a through airwaybill covering air transportation from its beginning in the United States to a foreign destination, or from its beginning abroad to a U.S. destination, has not been issued, then the export or import character of the shipment must be evidenced by a contract or other written evidence clearly showing the beginning point and ending point of the air transportation.

(3) If a through airwaybill has been issued covering air transportation to a foreign destination, but the transportation nevertheless ends in the United States (for example, because the foreign consignee cancels the order before the shipment leaves a gateway city), then the amount paid for air transportation is taxable. In such a case the air carrier must collect the tax from the shipper or other person who paid for the air transportation.

(4) Any transportation of property by air shipped by the Department of Defense through an aerial port of embarkation and debarkation on a U.S. Government bill of lading shall be considered to:

(i) Begin in the United States and end outside the United States if the bill of lading states that the shipment is “For Export”, or

(ii) Begin outside the United States and end in the United States if the bill of lading states that the shipment is “Imported by Air”. If a U.S. Government bill of lading stating that a shipment is “For Export” has been issued but the shipment nevertheless ends in the United States, then the amount paid for air transportation is taxable. In such a case the Department of Defense shall notify the air carrier that the shipment is taxable and shall pay the tax to such carrier.

(d) Exportation involving two or more modes of transportation. (1) Even though transportation of property by air begins and ends in the United States, the tax does not apply if the property is being transported in the course of exportation by continuous movement and in due course is so exported, provided the requirements of this paragraph are satisfied. For example, the tax does not apply to air transportation from Chicago to New York if the property is in the course of exportation, by continuous movement, by boat from New York to Europe and in due course is so exported. Delays caused by circumstances beyond the control of the shipper (such as labor disputes or natural disasters) will not interrupt continuous movement. Property arriving at a gateway city by air may be repacked or consolidated with other property without interrupting continuous movement.

(2)(i) Continuous movement in the course of exportation shall be evidenced by (a) the execution of the Export Exemption Certificate, Form 1363, and (b) proof that exportation has actually occurred.

(ii) Form 1363 may be used in connection with a separate payment otherwise subject to tax or it may be used, with the permission of the district director, as a blanket exemption certificate by a person who expects to make
payments for numerous export shipments over an indefinite period of time. If used in connection with a separate payment, the certificate shall be executed, in duplicate, by the shipper or other person making the payment subject to tax. Such person shall retain the duplicate with the shipping papers for at least 3 years from the last day of the month during which the shipment was made from the point of origin, and shall file the original with the carrier at the time of payment of the transportation charge. The carrier receiving the original certificate shall retain it along with the document showing payment of the transportation charge, for a period of at least 3 years from the last day of the month during which the shipment was made from the point of origin.

(iii) Form 1363 may be used as a blanket exemption certificate by a person who demonstrates to the satisfaction of the district director that it is impracticable to execute a separate Form 1363 for each payment. Permission to execute a blanket exemption certificate shall be requested, in writing, from the district director for the district in which is located the principal place of business or principal office or agency of the shipper or other person seeking permission. If permission is granted a separate certificate shall be executed in duplicate, by the shipper or other person making the payments, for each air carrier to be used in making export shipments. Such person shall retain the duplicate together with all shipping papers, and shall file the original with the air carrier with or before payment of the first transportation charge to be covered by the certificate. The air carrier shall retain the original certificate together with all documents showing payment of the transportation charges. Permission to execute a blanket exemption certificate if granted, shall remain in force until withdrawn by the person who requested such permission or until withdrawn by the district director who granted such permission. Each person shall retain the certificate for at least 3 years after the last day of the month during which the final shipment covered by the certificate was made from the point of origin. Each person shall retain the shipping and payment documents for at least 3 years after the last day of the month during which the shipment was made from the point of origin.

(3) The filing of a properly executed Form 1363 with the carrier suspends liability for the payment of the tax for a period of 6 months from the date of shipment from the point of origin. If the person who is liable for the tax has not provided evidence to the carrier of the actual exportation of a shipment within such period, then the temporary suspension of the liability for the payment of the tax ceases and the carrier shall collect the tax from the person who paid the carrier for the transportation charge. If, after collection of the tax by the carrier, proof of exportation is subsequently received by the carrier, credit or refund of the tax may be obtained under the terms set forth in section 6415 of the Internal Revenue Code of 1954.

(4) Documentary evidence of the exportation of the property may consist of a copy of export bill of lading, memorandum from the captain of the vessel, customs official, or a foreign consignee, shipper’s export declaration, or other evidence sufficient to establish that the property has actually been exported. The person making the payment subject to tax shall furnish the appropriate documentary evidence to the carrier, or a statement that he holds such documentary evidence. In the latter case, the statement must: (i) Certify that the property covered by the Export Exemption Certificate, Form 1363 was exported; (ii) Identify the evidence of exportation; (iii) Specify the foreign destination or the possession of the United States to which the property was shipped; and (iv) Show the place where such evidence will be available for inspection by internal revenue officers. Any documentary evidence or statement, as the case may be, shall be retained by the carrier and the person making the payment subject to tax for a period of three years from the last day of the month during which the shipment was made from the point of origin. If the person making the payment subject to tax is not the actual exporter and is unable to obtain documentary evidence of exportation,
such person shall obtain from the person having custody of the documentary evidence a statement containing the same facts as listed above for a statement furnished to the carrier by the person liable for the tax. The person making the payment subject to tax shall furnish the original of such statement to the carrier and shall retain a copy in his records. The statement shall be retained for the same three year period as the evidence of exportation is to be retained.

(e) Definitions—(1) Property. The term “property” does not include excess baggage accompanying a passenger traveling on an aircraft operated on an established line.

(2) Transportation. The term “transportation” includes layover or waiting time and movement of the aircraft in deadhead service.

(3) Taxable transportation. The term “taxable transportation” is defined in section 4272.

(f) Collection of tax. The tax imposed by section 4271 shall be paid by the person making the payment subject to tax and shall be collected by the person engaged in the business of transporting property by air for hire who receives such payment, except that in the case of amounts subject to tax which are paid by the U.S. Postal Service, the tax shall not be collected by the person engaged in the business of transporting property by air for hire who receives such payment, but instead shall be paid directly by such Service as if it were a collecting agent.

FINDING AIDS

A list of CFR titles, subtitles, chapters, subchapters and parts and an alphabetical list of agencies publishing in the CFR are included in the CFR Index and Finding Aids volume to the Code of Federal Regulations which is published separately and revised annually.

Table of CFR Titles and Chapters
Alphabetical List of Agencies Appearing in the CFR
Table of OMB Control Numbers
List of CFR Sections Affected
# Table of CFR Titles and Chapters
(Revised as of April 1, 2002)

## Title 1—General Provisions

| I | Administrative Committee of the Federal Register (Parts 1—49) |
| I | Office of the Federal Register (Parts 50—599) |
| IV | Miscellaneous Agencies (Parts 400—500) |

## Title 2 [Reserved]

## Title 3—The President

| I | Executive Office of the President (Parts 100—199) |

## Title 4—Accounts

| I | General Accounting Office (Parts 1—99) |

## Title 5—Administrative Personnel

| I | Office of Personnel Management (Parts 1—1199) |
| II | Merit Systems Protection Board (Parts 1200—1299) |
| III | Office of Management and Budget (Parts 1300—1399) |
| V | The International Organizations Employees Loyalty Board (Parts 1500—1599) |
| VI | Federal Retirement Thrift Investment Board (Parts 1600—1699) |
| VII | Advisory Commission on Intergovernmental Relations (Parts 1700—1799) |
| VIII | Office of Special Counsel (Parts 1800—1899) |
| IX | Appalachian Regional Commission (Parts 1900—1999) |
| XI | Armed Forces Retirement Home (Part 2100) |
| XIV | Federal Labor Relations Authority, General Counsel of the Federal Labor Relations Authority and Federal Service Impasses Panel (Parts 2400—2499) |
| XV | Office of Administration, Executive Office of the President (Parts 2500—2599) |
| XVI | Office of Government Ethics (Parts 2600—2699) |
| XXI | Department of the Treasury (Parts 3100—3199) |
| XXII | Federal Deposit Insurance Corporation (Part 3201) |
| XXIII | Department of Energy (Part 3301) |
| XXIV | Federal Energy Regulatory Commission (Part 3401) |
Title 5—Administrative Personnel—Continued

XXV Department of the Interior (Part 3501)
XXVI Department of Defense (Part 3601)
XXVIII Department of Justice (Part 3801)
XXIX Federal Communications Commission (Parts 3900—3999)
XXX Farm Credit System Insurance Corporation (Parts 4000—4099)
XXXI Farm Credit Administration (Parts 4100—4199)
XXXII Overseas Private Investment Corporation (Part 4301)
XXXV Office of Personnel Management (Part 4501)
XL Interstate Commerce Commission (Part 5001)
XLI Commodity Futures Trading Commission (Part 5101)
XLII Department of Labor (Part 5201)
XLIII National Science Foundation (Part 5301)
XLV Department of Health and Human Services (Part 5501)
XLVI Postal Rate Commission (Part 5601)
XLVII Federal Trade Commission (Part 5701)
XLVIII Nuclear Regulatory Commission (Part 5801)
L Department of Transportation (Part 6001)
LI Export-Import Bank of the United States (Part 6201)
LII Department of Education (Parts 6300—6399)
LIII Environmental Protection Agency (Part 6401)
LIV General Services Administration (Part 6701)
LV Board of Governors of the Federal Reserve System (Part 6801)
LVI National Aeronautics and Space Administration (Part 6901)
LVII United States Postal Service (Part 7001)
LVIII National Labor Relations Board (Part 7101)
LIX Equal Employment Opportunity Commission (Part 7201)
LX Inter-American Foundation (Part 7301)
LXI Department of Housing and Urban Development (Part 7501)
LXII National Archives and Records Administration (Part 7601)
LXIII Tennessee Valley Authority (Part 7901)
LXIV Consumer Product Safety Commission (Part 8101)
LXV Department of Agriculture (Part 8301)
LXVI Federal Mine Safety and Health Review Commission (Part 8401)
LXVII Federal Retirement Thrift Investment Board (Part 8601)
LXVIII Office of Management and Budget (Part 8701)

Title 6 [Reserved]

Title 7—Agriculture

SUBTITLE A—OFFICE OF THE SECRETARY OF AGRICULTURE (PARTS 0—26)
SUBTITLE B—REGULATIONS OF THE DEPARTMENT OF AGRICULTURE
Chap. 7—Agriculture—Continued

I Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture (Parts 27—209)

II Food and Nutrition Service, Department of Agriculture (Parts 210—299)

III Animal and Plant Health Inspection Service, Department of Agriculture (Parts 300—399)

IV Federal Crop Insurance Corporation, Department of Agriculture (Parts 400—499)

V Agricultural Research Service, Department of Agriculture (Parts 500—599)

VI Natural Resources Conservation Service, Department of Agriculture (Parts 600—699)

VII Farm Service Agency, Department of Agriculture (Parts 700—799)

VIII Grain Inspection, Packers and Stockyards Administration (Federal Grain Inspection Service), Department of Agriculture (Parts 800—899)

IX Agricultural Marketing Service (Marketing Agreements and Orders; Fruits, Vegetables, Nuts), Department of Agriculture (Parts 900—999)

X Agricultural Marketing Service (Marketing Agreements and Orders; Milk), Department of Agriculture (Parts 1000—1199)

XI Agricultural Marketing Service (Marketing Agreements and Orders; Miscellaneous Commodities), Department of Agriculture (Parts 1200—1299)

XIII Northeast Dairy Compact Commission (Parts 1300—1399)

XIV Commodity Credit Corporation, Department of Agriculture (Parts 1400—1499)

XV Foreign Agricultural Service, Department of Agriculture (Parts 1500—1599)

XVI Rural Telephone Bank, Department of Agriculture (Parts 1600—1699)

XVII Rural Utilities Service, Department of Agriculture (Parts 1700—1799)

XVIII Rural Housing Service, Rural Business-Cooperative Service, Rural Utilities Service, and Farm Service Agency, Department of Agriculture (Parts 1800—2099)

XXVI Office of Inspector General, Department of Agriculture (Parts 2600—2699)

XXVII Office of Information Resources Management, Department of Agriculture (Parts 2700—2799)

XXVIII Office of Operations, Department of Agriculture (Parts 2800—2899)

XXIX Office of Energy, Department of Agriculture (Parts 2900—2999)

XXX Office of the Chief Financial Officer, Department of Agriculture (Parts 3000—3099)

XXXI Office of Environmental Quality, Department of Agriculture (Parts 3100—3199)

XXXII Office of Procurement and Property Management, Department of Agriculture (Parts 3200—3299)
**Title 7—Agriculture—Continued**

XXXIII Office of Transportation, Department of Agriculture (Parts 3300—3399)

XXXIV Cooperative State Research, Education, and Extension Service, Department of Agriculture (Parts 3400—3499)

XXXV Rural Housing Service, Department of Agriculture (Parts 3500—3599)

XXXVI National Agricultural Statistics Service, Department of Agriculture (Parts 3600—3699)

XXXVII Economic Research Service, Department of Agriculture (Parts 3700—3799)

XXXVIII World Agricultural Outlook Board, Department of Agriculture (Parts 3800—3899)

XLI [Reserved]

XLII Rural Business-Cooperative Service and Rural Utilities Service, Department of Agriculture (Parts 4200—4299)

**Title 8—Aliens and Nationality**

I Immigration and Naturalization Service, Department of Justice (Parts 1—599)

**Title 9—Animals and Animal Products**

I Animal and Plant Health Inspection Service, Department of Agriculture (Parts 1—199)

II Grain Inspection, Packers and Stockyards Administration (Packers and Stockyards Programs), Department of Agriculture (Parts 200—299)

III Food Safety and Inspection Service, Department of Agriculture (Parts 300—599)

**Title 10—Energy**

I Nuclear Regulatory Commission (Parts 0—199)

II Department of Energy (Parts 200—699)

III Department of Energy (Parts 700—999)

X Department of Energy (General Provisions) (Parts 1000—1099)

XVII Defense Nuclear Facilities Safety Board (Parts 1700—1799)

XVIII Northeast Interstate Low-Level Radioactive Waste Commission (Part 1800)

**Title 11—Federal Elections**

I Federal Election Commission (Parts 1—9099)

**Title 12—Banks and Banking**

I Comptroller of the Currency, Department of the Treasury (Parts 1—199)
Title 12—Banks and Banking—Continued

II Federal Reserve System (Parts 200—299)
III Federal Deposit Insurance Corporation (Parts 300—399)
IV Export-Import Bank of the United States (Parts 400—499)
V Office of Thrift Supervision, Department of the Treasury (Parts 500—599)
VI Farm Credit Administration (Parts 600—699)
VII National Credit Union Administration (Parts 700—799)
VIII Federal Financing Bank (Parts 800—899)
IX Federal Housing Finance Board (Parts 900—999)
XI Federal Financial Institutions Examination Council (Parts 1100—1199)
XIV Farm Credit System Insurance Corporation (Parts 1400—1499)
XV Department of the Treasury (Parts 1500—1599)
XVII Office of Federal Housing Enterprise Oversight, Department of Housing and Urban Development (Parts 1700—1799)
XVIII Community Development Financial Institutions Fund, Department of the Treasury (Parts 1800—1899)

Title 13—Business Credit and Assistance

I Small Business Administration (Parts 1—199)
III Economic Development Administration, Department of Commerce (Parts 300—399)
IV Emergency Steel Guarantee Loan Board (Parts 400—499)
V Emergency Oil and Gas Guaranteed Loan Board (Parts 500—599)

Title 14—Aeronautics and Space

I Federal Aviation Administration, Department of Transportation (Parts 1—199)
II Office of the Secretary, Department of Transportation (Aviation Proceedings) (Parts 200—399)
III Commercial Space Transportation, Federal Aviation Administration, Department of Transportation (Parts 400—499)
V National Aeronautics and Space Administration (Parts 1200—1299)
VI Office of Management and Budget (Parts 1300—1399)

Title 15—Commerce and Foreign Trade

SUBTITLE A—Office of the Secretary of Commerce (Parts 0—29)
SUBTITLE B—Regulations Relating to Commerce and Foreign Trade
I Bureau of the Census, Department of Commerce (Parts 30—199)
II National Institute of Standards and Technology, Department of Commerce (Parts 200—299)
Title 15—Commerce and Foreign Trade—Continued

III International Trade Administration, Department of Commerce (Parts 300—399)
IV Foreign-Trade Zones Board, Department of Commerce (Parts 400—499)
VII Bureau of Export Administration, Department of Commerce (Parts 700—799)
VIII Bureau of Economic Analysis, Department of Commerce (Parts 800—899)
IX National Oceanic and Atmospheric Administration, Department of Commerce (Parts 900—999)
XI Technology Administration, Department of Commerce (Parts 1100—1199)
XIII East-West Foreign Trade Board (Parts 1300—1399)
XIV Minority Business Development Agency (Parts 1400—1499)

SUBTITLE C—REGULATIONS RELATING TO FOREIGN TRADE AGREEMENTS
XX Office of the United States Trade Representative (Parts 2000—2099)

SUBTITLE D—REGULATIONS RELATING TO TELECOMMUNICATIONS AND INFORMATION
XXIII National Telecommunications and Information Administration, Department of Commerce (Parts 2300—2399)

Title 16—Commercial Practices
I Federal Trade Commission (Parts 0—999)
II Consumer Product Safety Commission (Parts 1000—1799)

Title 17—Commodity and Securities Exchanges
I Commodity Futures Trading Commission (Parts 1—199)
II Securities and Exchange Commission (Parts 200—399)
IV Department of the Treasury (Parts 400—499)

Title 18—Conservation of Power and Water Resources
I Federal Energy Regulatory Commission, Department of Energy (Parts 1—399)
III Delaware River Basin Commission (Parts 400—499)
VI Water Resources Council (Parts 700—799)
VIII Susquehanna River Basin Commission (Parts 800—899)
XIII Tennessee Valley Authority (Parts 1300—1399)

Title 19—Customs Duties
I United States Customs Service, Department of the Treasury (Parts 1—199)
II United States International Trade Commission (Parts 200—299)
Title 19—Customs Duties—Continued

III International Trade Administration, Department of Commerce (Parts 300—399)

Title 20—Employees’ Benefits

I Office of Workers’ Compensation Programs, Department of Labor (Parts 1—199)
II Railroad Retirement Board (Parts 200—399)
III Social Security Administration (Parts 400—499)
IV Employees’ Compensation Appeals Board, Department of Labor (Parts 500—599)
V Employment and Training Administration, Department of Labor (Parts 600—699)
VI Employment Standards Administration, Department of Labor (Parts 700—799)
VII Benefits Review Board, Department of Labor (Parts 800—899)
VIII Joint Board for the Enrollment of Actuaries (Parts 900—999)
IX Office of the Assistant Secretary for Veterans’ Employment and Training, Department of Labor (Parts 1000—1099)

Title 21—Food and Drugs

I Food and Drug Administration, Department of Health and Human Services (Parts 1—1299)
II Drug Enforcement Administration, Department of Justice (Parts 1300—1399)
III Office of National Drug Control Policy (Parts 1400—1499)

Title 22—Foreign Relations

I Department of State (Parts 1—199)
II Agency for International Development (Parts 200—299)
III Peace Corps (Parts 300—399)
IV International Joint Commission, United States and Canada (Parts 400—499)
V Broadcasting Board of Governors (Parts 500—599)
VI Overseas Private Investment Corporation (Parts 700—799)
IX Foreign Service Grievance Board Regulations (Parts 900—999)
X Inter-American Foundation (Parts 1000—1099)
XI International Boundary and Water Commission, United States and Mexico, United States Section (Parts 1100—1199)
XII United States International Development Cooperation Agency (Parts 1200—1299)
XIV Foreign Service Labor Relations Board; Federal Labor Relations Authority; General Counsel of the Federal Labor Relations Authority; and the Foreign Service Impasse Disputes Panel (Parts 1400—1499)
XV African Development Foundation (Parts 1500—1599)
Title 22—Foreign Relations—Continued

XVI Japan-United States Friendship Commission (Parts 1600—1699)
XVII United States Institute of Peace (Parts 1700—1799)

Title 23—Highways

I Federal Highway Administration, Department of Transportation (Parts 1—999)

II National Highway Traffic Safety Administration and Federal Highway Administration, Department of Transportation (Parts 1200—1299)

III National Highway Traffic Safety Administration, Department of Transportation (Parts 1300—1399)

Title 24—Housing and Urban Development

SUBTITLE A—OFFICE OF THE SECRETARY, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (PARTS 0—99)

SUBTITLE B—REGULATIONS RELATING TO HOUSING AND URBAN DEVELOPMENT

I Office of Assistant Secretary for Equal Opportunity, Department of Housing and Urban Development (Parts 100—199)

II Office of Assistant Secretary for Housing-Federal Housing Commissioner, Department of Housing and Urban Development (Parts 200—299)

III Government National Mortgage Association, Department of Housing and Urban Development (Parts 300—399)

IV Office of Housing and Office of Multifamily Housing Assistance Restructuring, Department of Housing and Urban Development (Parts 400—499)

V Office of Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development (Parts 500—599)

VI Office of Assistant Secretary for Community Planning and Development, Department of Housing and Urban Development (Parts 600—699) [Reserved]

VII Office of the Secretary, Department of Housing and Urban Development (Housing Assistance Programs and Public and Indian Housing Programs) (Parts 700—799)

VIII Office of the Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (Section 8 Housing Assistance Programs, Section 202 Direct Loan Program, Section 202 Supportive Housing for the Elderly Program and Section 811 Supportive Housing for Persons With Disabilities Program) (Parts 800—899)

IX Office of Assistant Secretary for Public and Indian Housing, Department of Housing and Urban Development (Parts 900—999)

X Office of Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (Interstate Land Sales Registration Program) (Parts 1700—1799)
Title 24—Housing and Urban Development—Continued

XII Office of Inspector General, Department of Housing and Urban Development (Parts 2000—2099)
XX Office of Assistant Secretary for Housing—Federal Housing Commissioner, Department of Housing and Urban Development (Parts 3200—3899)
XXV Neighborhood Reinvestment Corporation (Parts 4100—4199)

Title 25—Indians

I Bureau of Indian Affairs, Department of the Interior (Parts 1—299)
II Indian Arts and Crafts Board, Department of the Interior (Parts 300—399)
III National Indian Gaming Commission, Department of the Interior (Parts 500—599)
IV Office of Navajo and Hopi Indian Relocation (Parts 700—799)
V Bureau of Indian Affairs, Department of the Interior, and Indian Health Service, Department of Health and Human Services (Part 900)
VI Office of the Assistant Secretary-Indian Affairs, Department of the Interior (Parts 1000—1199)
VII Office of the Special Trustee for American Indians, Department of the Interior (Part 1200)

Title 26—Internal Revenue

I Internal Revenue Service, Department of the Treasury (Parts 1—899)

Title 27—Alcohol, Tobacco Products and Firearms

I Bureau of Alcohol, Tobacco and Firearms, Department of the Treasury (Parts 1—299)

Title 28—Judicial Administration

I Department of Justice (Parts 0—199)
III Federal Prison Industries, Inc., Department of Justice (Parts 300—399)
V Bureau of Prisons, Department of Justice (Parts 500—599)
VI Offices of Independent Counsel, Department of Justice (Parts 600—699)
VII Office of Independent Counsel (Parts 700—799)
VIII Court Services and Offender Supervision Agency for the District of Columbia (Parts 800—899)
IX National Crime Prevention and Privacy Compact Council (Parts 900—999)
XI Department of Justice and Department of State (Parts 1100—1199)
Title 29—Labor

Subtitle A—Office of the Secretary of Labor (Parts 0—99)
Subtitle B—Regulations Relating to Labor

I National Labor Relations Board (Parts 100—199)

II Office of Labor-Management Standards, Department of Labor (Parts 200—299)

III National Railroad Adjustment Board (Parts 300—399)

IV Office of Labor-Management Standards, Department of Labor (Parts 400—499)

V Wage and Hour Division, Department of Labor (Parts 500—899)

IX Construction Industry Collective Bargaining Commission (Parts 900—999)

X National Mediation Board (Parts 1200—1299)

XII Federal Mediation and Conciliation Service (Parts 1400—1499)

XIV Equal Employment Opportunity Commission (Parts 1600—1699)

XVII Occupational Safety and Health Administration, Department of Labor (Parts 1900—1999)

XX Occupational Safety and Health Review Commission (Parts 2200—2499)

XXV Pension and Welfare Benefits Administration, Department of Labor (Parts 2500—2599)

XXVII Federal Mine Safety and Health Review Commission (Parts 2700—2799)

XL Pension Benefit Guaranty Corporation (Parts 4000—4999)

Title 30—Mineral Resources

I Mine Safety and Health Administration, Department of Labor (Parts 1—199)

II Minerals Management Service, Department of the Interior (Parts 200—299)

III Board of Surface Mining and Reclamation Appeals, Department of the Interior (Parts 300—399)

IV Geological Survey, Department of the Interior (Parts 400—499)

VI Bureau of Mines, Department of the Interior (Parts 600—699)

VII Office of Surface Mining Reclamation and Enforcement, Department of the Interior (Parts 700—999)

Title 31—Money and Finance: Treasury

Subtitle A—Office of the Secretary of the Treasury (Parts 0—50)

Subtitle B—Regulations Relating to Money and Finance

I Monetary Offices, Department of the Treasury (Parts 51—199)

II Fiscal Service, Department of the Treasury (Parts 200—399)

IV Secret Service, Department of the Treasury (Parts 400—499)

V Office of Foreign Assets Control, Department of the Treasury (Parts 500—599)
Title 31—Money and Finance: Treasury—Continued

VI Bureau of Engraving and Printing, Department of the Treasury (Parts 600—699)
VII Federal Law Enforcement Training Center, Department of the Treasury (Parts 700—799)
VIII Office of International Investment, Department of the Treasury (Parts 800—899)
IX Federal Claims Collection Standards (Department of the Treasury—Department of Justice) (Parts 900—999)

Title 32—National Defense

SUBTITLE A—DEPARTMENT OF DEFENSE
I Office of the Secretary of Defense (Parts 1—399)
V Department of the Army (Parts 400—699)
VI Department of the Navy (Parts 700—799)
VII Department of the Air Force (Parts 800—1099)

SUBTITLE B—OTHER REGULATIONS RELATING TO NATIONAL DEFENSE
XII Defense Logistics Agency (Parts 1200—1299)
XVI Selective Service System (Parts 1600—1699)
XVIII National Counterintelligence Center (Parts 1800—1899)
XIX Central Intelligence Agency (Parts 1900—1999)
XX Information Security Oversight Office, National Archives and Records Administration (Parts 2000—2099)
XXI National Security Council (Parts 2100—2199)
XXIV Office of Science and Technology Policy (Parts 2400—2499)
XXVII Office for Micronesian Status Negotiations (Parts 2700—2799)
XXVIII Office of the Vice President of the United States (Parts 2800—2899)

Title 33—Navigation and Navigable Waters

I Coast Guard, Department of Transportation (Parts 1—199)
II Corps of Engineers, Department of the Army (Parts 200—399)
IV Saint Lawrence Seaway Development Corporation, Department of Transportation (Parts 400—499)

Title 34—Education

SUBTITLE A—OFFICE OF THE SECRETARY, DEPARTMENT OF EDUCATION (PARTS 1—99)

SUBTITLE B—REGULATIONS OF THE OFFICES OF THE DEPARTMENT OF EDUCATION
I Office for Civil Rights, Department of Education (Parts 100—199)
II Office of Elementary and Secondary Education, Department of Education (Parts 200—299)
III Office of Special Education and Rehabilitative Services, Department of Education (Parts 300—399)
Title 34—Education—Continued

IV Office of Vocational and Adult Education, Department of Education (Parts 400—499)
V Office of Bilingual Education and Minority Languages Affairs, Department of Education (Parts 500—599)
VI Office of Postsecondary Education, Department of Education (Parts 600—699)
VII Office of Educational Research and Improvement, Department of Education (Parts 700—799)
XI National Institute for Literacy (Parts 1100—1199)

SUBTITLE C—REGULATIONS RELATING TO EDUCATION

XII National Council on Disability (Parts 1200—1299)

Title 35—Panama Canal

I Panama Canal Regulations (Parts 1—299)

Title 36—Parks, Forests, and Public Property

I National Park Service, Department of the Interior (Parts 1—199)
II Forest Service, Department of Agriculture (Parts 200—299)
III Corps of Engineers, Department of the Army (Parts 300—399)
IV American Battle Monuments Commission (Parts 400—499)
V Smithsonian Institution (Parts 500—599)
VII Library of Congress (Parts 700—799)
VIII Advisory Council on Historic Preservation (Parts 800—899)
IX Pennsylvania Avenue Development Corporation (Parts 900—999)
X Presidio Trust (Parts 1000—1099)
XI Architectural and Transportation Barriers Compliance Board (Parts 1100—1199)
XII National Archives and Records Administration (Parts 1200—1299)
XV Oklahoma City National Memorial Trust (Part 1501)
XVI Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation (Parts 1600—1699)

Title 37—Patents, Trademarks, and Copyrights

I United States Patent and Trademark Office, Department of Commerce (Parts 1—199)
II Copyright Office, Library of Congress (Parts 200—299)
IV Assistant Secretary for Technology Policy, Department of Commerce (Parts 400—499)
V Under Secretary for Technology, Department of Commerce (Parts 500—599)

Title 38—Pensions, Bonuses, and Veterans' Relief

I Department of Veterans Affairs (Parts 0—99)
Title 39—Postal Service

I United States Postal Service (Parts 1—999)

II Postal Rate Commission (Parts 3000—3099)

Title 40—Protection of Environment

I Environmental Protection Agency (Parts 1—799)

IV Environmental Protection Agency and Department of Justice (Parts 1400—1499)

V Council on Environmental Quality (Parts 1500—1599)

VI Chemical Safety and Hazard Investigation Board (Parts 1600—1699)

VII Environmental Protection Agency and Department of Defense; Uniform National Discharge Standards for Vessels of the Armed Forces (Parts 1700—1799)

Title 41—Public Contracts and Property Management

SUBTITLE B—OTHER PROVISIONS RELATING TO PUBLIC CONTRACTS

50 Public Contracts, Department of Labor (Parts 50–1—50–999)

51 Committee for Purchase From People Who Are Blind or Severely Disabled (Parts 51–1—51–99)

60 Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Parts 60–1—60–999)

61 Office of the Assistant Secretary for Veterans' Employment and Training Service, Department of Labor (Parts 61–1—61–999)

SUBTITLE C—FEDERAL PROPERTY MANAGEMENT REGULATIONS SYSTEM

101 Federal Property Management Regulations (Parts 101–1—101–99)

102 Federal Management Regulation (Parts 102–1—102–299)

105 General Services Administration (Parts 105–1—105–999)

109 Department of Energy Property Management Regulations (Parts 109–1—109–99)

114 Department of the Interior (Parts 114–1—114–99)

115 Environmental Protection Agency (Parts 115–1—115–99)

128 Department of Justice (Parts 128–1—128–99)

SUBTITLE D—OTHER PROVISIONS RELATING TO PROPERTY MANAGEMENT [RESERVED]

SUBTITLE E—FEDERAL INFORMATION RESOURCES MANAGEMENT REGULATIONS SYSTEM

201 Federal Information Resources Management Regulation (Parts 201–1—201–99) [Reserved]

SUBTITLE F—FEDERAL TRAVEL REGULATION SYSTEM

300 General (Parts 300–1—300–99)

301 Temporary Duty (TDY) Travel Allowances (Parts 301–1—301–99)

302 Relocation Allowances (Parts 302–1—302–99)

303 Payment of Expenses Connected with the Death of Certain Employees (Part 303–70)
Title 41—Public Contracts and Property Management—Continued

304 Payment from a Non-Federal Source for Travel Expenses (Parts 304–1—304–99)

Title 42—Public Health

I Public Health Service, Department of Health and Human Services (Parts 1—199)
IV Centers for Medicare & Medicaid Services, Department of Health and Human Services (Parts 400—499)
V Office of Inspector General-Health Care, Department of Health and Human Services (Parts 1000—1999)

Title 43—Public Lands: Interior

SUBTITLE A—Office of the Secretary of the Interior (Parts 1—199)
SUBTITLE B—Regulations Relating to Public Lands
I Bureau of Reclamation, Department of the Interior (Parts 200—499)
II Bureau of Land Management, Department of the Interior (Parts 1000—9999)
III Utah Reclamation Mitigation and Conservation Commission (Parts 10000—10005)

Title 44—Emergency Management and Assistance

I Federal Emergency Management Agency (Parts 0—399)
IV Department of Commerce and Department of Transportation (Parts 400—499)

Title 45—Public Welfare

SUBTITLE A—Department of Health and Human Services (Parts 1—199)
SUBTITLE B—Regulations Relating to Public Welfare
II Office of Family Assistance (Assistance Programs), Administration for Children and Families, Department of Health and Human Services (Parts 200—299)
III Office of Child Support Enforcement (Child Support Enforcement Program), Administration for Children and Families, Department of Health and Human Services (Parts 300—399)
IV Office of Refugee Resettlement, Administration for Children and Families Department of Health and Human Services (Parts 400—499)
V Foreign Claims Settlement Commission of the United States, Department of Justice (Parts 500—599)
VI National Science Foundation (Parts 600—699)
VII Commission on Civil Rights (Parts 700—799)
VIII Office of Personnel Management (Parts 800—899)
Title 45—Public Welfare—Continued

X Office of Community Services, Administration for Children and Families, Department of Health and Human Services (Parts 1000—1199)
XI National Foundation on the Arts and the Humanities (Parts 1100—1199)
XII Corporation for National and Community Service (Parts 1200—1299)
XIII Office of Human Development Services, Department of Health and Human Services (Parts 1300—1399)
XVI Legal Services Corporation (Parts 1600—1699)
XVII National Commission on Libraries and Information Science (Parts 1700—1799)
XVIII Harry S. Truman Scholarship Foundation (Parts 1800—1899)
XXI Commission on Fine Arts (Parts 2100—2199)
XXIII Arctic Research Commission (Part 2301)
XXIV James Madison Memorial Fellowship Foundation (Parts 2400—2499)
XXV Corporation for National and Community Service (Parts 2500—2599)

Title 46—Shipping

I Coast Guard, Department of Transportation (Parts 1—199)
II Maritime Administration, Department of Transportation (Parts 200—399)
III Coast Guard (Great Lakes Pilotage), Department of Transportation (Parts 400—499)
IV Federal Maritime Commission (Parts 500—599)

Title 47—Telecommunication

I Federal Communications Commission (Parts 0—199)
II Office of Science and Technology Policy and National Security Council (Parts 200—299)
III National Telecommunications and Information Administration, Department of Commerce (Parts 300—399)

Title 48—Federal Acquisition Regulations System

1 Federal Acquisition Regulation (Parts 1—99)
2 Department of Defense (Parts 200—299)
3 Department of Health and Human Services (Parts 300—399)
4 Department of Agriculture (Parts 400—499)
5 General Services Administration (Parts 500—599)
6 Department of State (Parts 600—699)
7 United States Agency for International Development (Parts 700—799)
8 Department of Veterans Affairs (Parts 800—899)
Title 48—Federal Acquisition Regulations System—Continued

9 Department of Energy (Parts 900—999)
10 Department of the Treasury (Parts 1000—1099)
12 Department of Transportation (Parts 1200—1299)
13 Department of Commerce (Parts 1300—1399)
14 Department of the Interior (Parts 1400—1499)
15 Environmental Protection Agency (Parts 1500—1599)
16 Office of Personnel Management Federal Employees Health Benefits Acquisition Regulation (Parts 1600—1699)
17 Office of Personnel Management (Parts 1700—1799)
18 National Aeronautics and Space Administration (Parts 1800—1899)
19 Broadcasting Board of Governors (Parts 1900—1999)
20 Nuclear Regulatory Commission (Parts 2000—2099)
21 Office of Personnel Management, Federal Employees Group Life Insurance Federal Acquisition Regulation (Parts 2100—2199)
23 Social Security Administration (Parts 2300—2399)
24 Department of Housing and Urban Development (Parts 2400—2499)
25 National Science Foundation (Parts 2500—2599)
28 Department of Justice (Parts 2800—2899)
29 Department of Labor (Parts 2900—2999)
34 Department of Education Acquisition Regulation (Parts 3400—3499)
35 Panama Canal Commission (Parts 3500—3599)
44 Federal Emergency Management Agency (Parts 4400—4499)
51 Department of the Army Acquisition Regulations (Parts 5100—5199)
52 Department of the Navy Acquisition Regulations (Parts 5200—5299)
53 Department of the Air Force Federal Acquisition Regulation Supplement (Parts 5300—5399)
54 Defense Logistics Agency, Department of Defense (Part 5452)
57 African Development Foundation (Parts 5700—5799)
61 General Services Administration Board of Contract Appeals (Parts 6100—6199)
63 Department of Transportation Board of Contract Appeals (Parts 6300—6399)
99 Cost Accounting Standards Board, Office of Federal Procurement Policy, Office of Management and Budget (Parts 9900—9999)

Title 49—Transportation

SUBTITLE A—OFFICE OF THE SECRETARY OF TRANSPORTATION (PARTS 1—99)
SUBTITLE B—OTHER REGULATIONS RELATING TO TRANSPORTATION

I Research and Special Programs Administration, Department of Transportation (Parts 100—199)
Title 49—Transportation—Continued

II Federal Railroad Administration, Department of Transportation (Parts 200—299)

III Federal Motor Carrier Safety Administration, Department of Transportation (Parts 300—399)

IV Coast Guard, Department of Transportation (Parts 400—499)

V National Highway Traffic Safety Administration, Department of Transportation (Parts 500—599)

VI Federal Transit Administration, Department of Transportation (Parts 600—699)

VII National Railroad Passenger Corporation (AMTRAK) (Parts 700—799)

VIII National Transportation Safety Board (Parts 800—999)

X Surface Transportation Board, Department of Transportation (Parts 1000—1399)

XI Bureau of Transportation Statistics, Department of Transportation (Parts 1400—1499)

XII Transportation Security Administration, Department of Transportation (Parts 1500—1599)

Title 50—Wildlife and Fisheries

I United States Fish and Wildlife Service, Department of the Interior (Parts 1—199)

II National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce (Parts 200—299)

III International Fishing and Related Activities (Parts 300—399)

IV Joint Regulations (United States Fish and Wildlife Service, Department of the Interior and National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce); Endangered Species Committee Regulations (Parts 400—499)

V Marine Mammal Commission (Parts 500—599)

VI Fishery Conservation and Management, National Oceanic and Atmospheric Administration, Department of Commerce (Parts 600—699)

CFR Index and Finding Aids

Subject/Agency Index
List of Agency Prepared Indexes
Parallel Tables of Statutory Authorities and Rules
List of CFR Titles, Chapters, Subchapters, and Parts
Alphabetical List of Agencies Appearing in the CFR
Alphabetical List of Agencies Appearing in the CFR
(Revised as of April 1, 2002)

<table>
<thead>
<tr>
<th>Agency</th>
<th>CFR Title, Subtitle or Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adminstrative Committee of the Federal Register</td>
<td>1, I</td>
</tr>
<tr>
<td>Advanced Research Projects Agency</td>
<td>32, VII</td>
</tr>
<tr>
<td>Advisory Commission on Intergovernmental Relations</td>
<td>5, VII</td>
</tr>
<tr>
<td>Advisory Council on Historic Preservation</td>
<td>36, VIII</td>
</tr>
<tr>
<td>African Development Foundation</td>
<td>22, XV</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 57</td>
</tr>
<tr>
<td>Agency for International Development, United States</td>
<td>22, II</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 7</td>
</tr>
<tr>
<td>Agricultural Marketing Service</td>
<td>7, I, IX, X, XI</td>
</tr>
<tr>
<td>Agricultural Research Service</td>
<td>7, V</td>
</tr>
<tr>
<td>Agriculture Department</td>
<td>5, LXXIII</td>
</tr>
<tr>
<td>Agricultural Marketing Service</td>
<td>7, I, IX, X, XI</td>
</tr>
<tr>
<td>Agricultural Research Service</td>
<td>7, V</td>
</tr>
<tr>
<td>Animal and Plant Health Inspection Service</td>
<td>7, III, 9, I</td>
</tr>
<tr>
<td>Chief Financial Officer, Office of</td>
<td>7, XXX</td>
</tr>
<tr>
<td>Commodity Credit Corporation</td>
<td>7, XIV</td>
</tr>
<tr>
<td>Cooperative State Research, Education, and Extension Service</td>
<td>7, XXXIV</td>
</tr>
<tr>
<td>Economic Research Service</td>
<td>7, XXXVII</td>
</tr>
<tr>
<td>Energy, Office of</td>
<td>7, XXIX</td>
</tr>
<tr>
<td>Environmental Quality, Office of</td>
<td>7, XXXI</td>
</tr>
<tr>
<td>Farm Service Agency</td>
<td>7, VII, XVIII</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 4</td>
</tr>
<tr>
<td>Federal Crop Insurance Corporation</td>
<td>7, IV</td>
</tr>
<tr>
<td>Food and Nutrition Service</td>
<td>7, II</td>
</tr>
<tr>
<td>Food Safety and Inspection Service</td>
<td>9, III</td>
</tr>
<tr>
<td>Foreign Agricultural Service</td>
<td>7, XV</td>
</tr>
<tr>
<td>Forest Service</td>
<td>36, II</td>
</tr>
<tr>
<td>Grain Inspection, Packers and Stockyards Administration</td>
<td>7, VIII, 9, II</td>
</tr>
<tr>
<td>Information Resources Management, Office of</td>
<td>7, XXVII</td>
</tr>
<tr>
<td>Inspector General, Office of</td>
<td>7, XXVI</td>
</tr>
<tr>
<td>National Agricultural Library</td>
<td>7, XLII</td>
</tr>
<tr>
<td>National Agricultural Statistics Service</td>
<td>7, XXXVI</td>
</tr>
<tr>
<td>Natural Resources Conservation Service</td>
<td>7, VI</td>
</tr>
<tr>
<td>Operations, Office of</td>
<td>7, XXXVII</td>
</tr>
<tr>
<td>Procurement and Property Management, Office of</td>
<td>7, XXXII</td>
</tr>
<tr>
<td>Rural Business-Cooperative Service</td>
<td>7, XVIII, XLII</td>
</tr>
<tr>
<td>Rural Development Administration</td>
<td>7, XLII</td>
</tr>
<tr>
<td>Rural Housing Service</td>
<td>7, XVIII, XXXV</td>
</tr>
<tr>
<td>Rural Telephone Bank</td>
<td>7, XVI</td>
</tr>
<tr>
<td>Rural Utilities Service</td>
<td>7, XVII, XVIII, XLII</td>
</tr>
<tr>
<td>Secretary of Agriculture, Office of</td>
<td>7, Subtitle A</td>
</tr>
<tr>
<td>Transportation, Office of</td>
<td>7, XXXIII</td>
</tr>
<tr>
<td>World Agricultural Outlook Board</td>
<td>7, XXXVIII</td>
</tr>
<tr>
<td>Air Force Department</td>
<td>32, VII</td>
</tr>
<tr>
<td>Federal Acquisition Regulation Supplement</td>
<td>48, 53</td>
</tr>
<tr>
<td>Alcohol, Tobacco and Firearms, Bureau of</td>
<td>27, I</td>
</tr>
<tr>
<td>AMTRAK</td>
<td>49, VII</td>
</tr>
<tr>
<td>American Battle Monuments Commission</td>
<td>36, IV</td>
</tr>
<tr>
<td>American Indians, Office of the Special Trustee</td>
<td>25, VII</td>
</tr>
<tr>
<td>Animal and Plant Health Inspection Service</td>
<td>7, III, 9, I</td>
</tr>
<tr>
<td>Appalachian Regional Commission</td>
<td>5, IX</td>
</tr>
<tr>
<td>Architectural and Transportation Barriers Compliance Board</td>
<td>36, XI</td>
</tr>
</tbody>
</table>
Agency

Arctic Research Commission 45, XXIII
Armed Forces Retirement Home 5, XI
Army Department 32, V
Engineers, Corps of 33, II; 36, III
Federal Acquisition Regulation 48, 51
Benefits Review Board 20, VII
Bilingual Education and Minority Languages Affairs, Office of 34, V
Blind or Severely Disabled, Committee for Purchase From People Who Are
Broadcasting Board of Governors 22, V
Federal Acquisition Regulation 48, 19
Census Bureau 15, I
Centers for Medicare & Medicaid Services 42, IV
Central Intelligence Agency 32, XIX
Chief Financial Officer, Office of 7, XXX
Child Support Enforcement, Office of 45, III
Children and Families, Administration for 45, II, III, IV, X
Civil Rights, Commission on 45, VII
Civil Rights, Office for 34, I
Coast Guard 33, I; 46, I; 49, IV
Coast Guard (Great Lakes Pilotage) 46, III
Commerce Department 44, IV
Census Bureau 15, I
Economic Affairs, Under Secretary 37, V
Economic Analysis, Bureau of 15, VIII
Economic Development Administration 13, III
Emergency Management and Assistance 44, IV
Export Administration, Bureau of 15, VII
Federal Acquisition Regulation 48, 13
Fishery Conservation and Management 50, VI
Foreign-Trade Zones Board 15, IV
International Trade Administration 15, III; 19, III
National Institute of Standards and Technology 15, II
National Marine Fisheries Service 50, II, IV, VI
National Oceanic and Atmospheric Administration 15, IX, 50, II, III, IV, VI
National Telecommunications and Information Administration 15, XXXIII; 47, III
National Weather Service 15, IX
Patent and Trademark Office, United States 37, I
Productivity, Technology and Innovation, Assistant Secretary for 37, IV
Secretary for
Secretary of Commerce, Office of Technology, Under Secretary for 15, Subtitle A
Technology Administration 15, XI
Technology Policy, Assistant Secretary for 37, IV
Commercial Space Transportation 14, III
Commodity Credit Corporation 7, XIV
Commodity Futures Trading Commission 5, XLI; 17, I
Community Planning and Development, Office of Assistant Secretary for 24, V, VI
Community Services, Office of 45, X
Controller of the Currency 12, I
Construction Industry Collective Bargaining Commission 29, IX
Consumer Product Safety Commission 5, LXXI; 16, II
Cooperative State Research, Education, and Extension Service 7, XXXIV
Copyright Office 37, II
Corporation for National and Community Service 45, XII, XXV
Cost Accounting Standards Board 48, 99
Council on Environmental Quality 40, V
Court Services and Offender Supervision Agency for the District of Columbia 28, VIII
Customs Service, United States 19, I
Defense Contract Audit Agency 32, I
Defense Department 5, XXVI; 32, Subtitle A; 40, VII
Advanced Research Projects Agency 32, I
<table>
<thead>
<tr>
<th>Agency</th>
<th>CFR Title, Subtitle or Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Force Department</td>
<td>32, VII</td>
</tr>
<tr>
<td>Army Department</td>
<td>32, V; 33, II; 36, III, 48,</td>
</tr>
<tr>
<td>51</td>
<td></td>
</tr>
<tr>
<td>Defense Intelligence Agency</td>
<td>32, I</td>
</tr>
<tr>
<td>Defense Logistics Agency</td>
<td>32, I, XII; 48, 54</td>
</tr>
<tr>
<td>Engineers, Corps of</td>
<td>33, II; 36, III</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 2</td>
</tr>
<tr>
<td>National Imagery and Mapping Agency</td>
<td>32, I</td>
</tr>
<tr>
<td>Navy Department</td>
<td>32, VI; 48, 52</td>
</tr>
<tr>
<td>Secretary of Defense, Office of</td>
<td>32, I</td>
</tr>
<tr>
<td>Defense Contract Audit Agency</td>
<td>32, I</td>
</tr>
<tr>
<td>Defense Intelligence Agency</td>
<td>32, I</td>
</tr>
<tr>
<td>Defense Logistics Agency</td>
<td>32, XII; 48, 54</td>
</tr>
<tr>
<td>Defense Nuclear Facilities Safety Board</td>
<td>10, XVII</td>
</tr>
<tr>
<td>Delaware River Basin Commission</td>
<td>18, III</td>
</tr>
<tr>
<td>District of Columbia, Court Services and Offender Supervision Agency for the Drug Enforcement Administration</td>
<td>21, II</td>
</tr>
<tr>
<td>East-West Foreign Trade Board</td>
<td>15, XIII</td>
</tr>
<tr>
<td>Economic Affairs, Under Secretary</td>
<td>37, V</td>
</tr>
<tr>
<td>Economic Analysis, Bureau of</td>
<td>15, VIII</td>
</tr>
<tr>
<td>Economic Development Administration</td>
<td>13, III</td>
</tr>
<tr>
<td>Economic Research Service</td>
<td>7, XXXVII</td>
</tr>
<tr>
<td>Education, Department of</td>
<td>5, I, III</td>
</tr>
<tr>
<td>Bilingual Education and Minority Languages Affairs, Office of</td>
<td>34, V</td>
</tr>
<tr>
<td>Civil Rights, Office for</td>
<td>34, I</td>
</tr>
<tr>
<td>Educational Research and Improvement, Office of</td>
<td>34, VII</td>
</tr>
<tr>
<td>Elementary and Secondary Education, Office of</td>
<td>34, II</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 34</td>
</tr>
<tr>
<td>Postsecondary Education, Office of</td>
<td>34, VI</td>
</tr>
<tr>
<td>Secretary of Education, Office of</td>
<td>34, Subtitle A</td>
</tr>
<tr>
<td>Special Education and Rehabilitative Services, Office of</td>
<td>34, III</td>
</tr>
<tr>
<td>Vocational and Adult Education, Office of</td>
<td>34, IV</td>
</tr>
<tr>
<td>Educational Research and Improvement, Office of</td>
<td>34, VII</td>
</tr>
<tr>
<td>Elementary and Secondary Education, Office of</td>
<td>34, II</td>
</tr>
<tr>
<td>Emergency Oil and Gas Guaranteed Loan Board</td>
<td>13, V</td>
</tr>
<tr>
<td>Emergency Steel Guarantee Loan Board</td>
<td>13, IV</td>
</tr>
<tr>
<td>Employees' Compensation Appeals Board</td>
<td>20, IV</td>
</tr>
<tr>
<td>Employees Loyalty Board</td>
<td>5, V</td>
</tr>
<tr>
<td>Employment and Training Administration</td>
<td>20, V</td>
</tr>
<tr>
<td>Employment Standards Administration</td>
<td>20, VI</td>
</tr>
<tr>
<td>Endangered Species Committee</td>
<td>50, IV</td>
</tr>
<tr>
<td>Energy, Department of</td>
<td>5, XXIII; 10, II, III, X</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 9</td>
</tr>
<tr>
<td>Federal Energy Regulatory Commission</td>
<td>5, XXIV; 18, I</td>
</tr>
<tr>
<td>Property Management Regulations</td>
<td>41, 109</td>
</tr>
<tr>
<td>Energy, Office of</td>
<td>7, XXIX</td>
</tr>
<tr>
<td>Engineers, Corps of</td>
<td>33, II; 36, III</td>
</tr>
<tr>
<td>Engraving and Printing, Bureau of</td>
<td>31, VI</td>
</tr>
<tr>
<td>Environmental Protection Agency</td>
<td>5, LIV; 40, I, IV, VII</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 15</td>
</tr>
<tr>
<td>Property Management Regulations</td>
<td>41, 115</td>
</tr>
<tr>
<td>Environmental Quality, Office of</td>
<td>7, XXXI</td>
</tr>
<tr>
<td>Equal Employment Opportunity Commission</td>
<td>5, LXII; 29, XIV</td>
</tr>
<tr>
<td>Equal Opportunity, Office of Assistant Secretary for</td>
<td>24, I</td>
</tr>
<tr>
<td>Executive Office of the President</td>
<td>3, 1</td>
</tr>
<tr>
<td>Administration, Office of</td>
<td>5, XV</td>
</tr>
<tr>
<td>Environmental Quality, Council on Management and Budget, Office of</td>
<td>40, V</td>
</tr>
<tr>
<td>National Drug Control Policy, Office of</td>
<td>5, III, LXXVII; 14, VI; 48, 99</td>
</tr>
<tr>
<td>National Security Council</td>
<td>32, XXI; 47, 2</td>
</tr>
<tr>
<td>Presidential Documents</td>
<td>3</td>
</tr>
<tr>
<td>Science and Technology Policy, Office of</td>
<td>32, XXIV; 47, II</td>
</tr>
<tr>
<td>Trade Representative, Office of the United States</td>
<td>15, XX</td>
</tr>
<tr>
<td>Export Administration, Bureau of</td>
<td>15, VII</td>
</tr>
<tr>
<td>Agency</td>
<td>CFR Title, Subtitle or Chapter</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Export-Import Bank of the United States</td>
<td>5, LI; 12, IV</td>
</tr>
<tr>
<td>Family Assistance, Office of</td>
<td>45, II</td>
</tr>
<tr>
<td>Farm Credit Administration</td>
<td>5, XXXI; 12, VI</td>
</tr>
<tr>
<td>Farm Credit System Insurance Corporation</td>
<td>5, XXX; 12, XIV</td>
</tr>
<tr>
<td>Farm Service Agency</td>
<td>7, VII, XVIII</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, I</td>
</tr>
<tr>
<td>Federal Aviation Administration</td>
<td>14, I</td>
</tr>
<tr>
<td>Commercial Space Transportation</td>
<td>14, III</td>
</tr>
<tr>
<td>Federal Claims Collection Standards</td>
<td>31, IX</td>
</tr>
<tr>
<td>Federal Communications Commission</td>
<td>5, XXIX; 47, I</td>
</tr>
<tr>
<td>Federal Contract Compliance Programs, Office of</td>
<td>41, 60</td>
</tr>
<tr>
<td>Federal Crop Insurance Corporation</td>
<td>7, IV</td>
</tr>
<tr>
<td>Federal Deposit Insurance Corporation</td>
<td>5, XXII; 12, III</td>
</tr>
<tr>
<td>Federal Election Commission</td>
<td>11, I</td>
</tr>
<tr>
<td>Federal Emergency Management Agency</td>
<td>44, I</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 44</td>
</tr>
<tr>
<td>Federal Employees Group Life Insurance Federal Acquisition Regulation</td>
<td>48, 21</td>
</tr>
<tr>
<td>Federal Employees Health Benefits Acquisition Regulation</td>
<td>48, 16</td>
</tr>
<tr>
<td>Federal Energy Regulatory Commission</td>
<td>5, XXXIV; 18, I</td>
</tr>
<tr>
<td>Federal Financial Institutions Examination Council</td>
<td>12, XI</td>
</tr>
<tr>
<td>Federal Financing Bank</td>
<td>12, VIII</td>
</tr>
<tr>
<td>Federal Highway Administration</td>
<td>23, I, II</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corporation</td>
<td>1, IV</td>
</tr>
<tr>
<td>Federal Housing Enterprise Oversight Office</td>
<td>12, XVII</td>
</tr>
<tr>
<td>Federal Housing Finance Board</td>
<td>12, IX</td>
</tr>
<tr>
<td>Federal Labor Relations Authority, and General Counsel of the Federal</td>
<td>5, XIV; 22, XIV</td>
</tr>
<tr>
<td>Labor Relations Authority</td>
<td></td>
</tr>
<tr>
<td>Federal Law Enforcement Training Center</td>
<td>31, VII</td>
</tr>
<tr>
<td>Federal Management Regulation</td>
<td>41, 102</td>
</tr>
<tr>
<td>Federal Maritime Commission</td>
<td>46, IV</td>
</tr>
<tr>
<td>Federal Mediation and Conciliation Service</td>
<td>29, XII</td>
</tr>
<tr>
<td>Federal Mine Safety and Health Review Commission</td>
<td>5, LXXIV; 29, XXVII</td>
</tr>
<tr>
<td>Federal Motor Carrier Safety Administration</td>
<td>49, III</td>
</tr>
<tr>
<td>Federal Prison Industries, Inc.</td>
<td>29, III</td>
</tr>
<tr>
<td>Federal Procurement Policy Office</td>
<td>48, 99</td>
</tr>
<tr>
<td>Federal Property Management Regulations</td>
<td>41, 101</td>
</tr>
<tr>
<td>Federal Railroad Administration</td>
<td>49, II</td>
</tr>
<tr>
<td>Federal Register, Administrative Committee of</td>
<td>1, I</td>
</tr>
<tr>
<td>the Federal Reserve System</td>
<td>12, II</td>
</tr>
<tr>
<td>Federal Reserve System</td>
<td></td>
</tr>
<tr>
<td>Board of Governors</td>
<td>5, LVII</td>
</tr>
<tr>
<td>Federal Retirement Thrift Investment Board</td>
<td>5, VI, LXXXVI</td>
</tr>
<tr>
<td>Federal Service Impasses Panel</td>
<td>5, XIV</td>
</tr>
<tr>
<td>Federal Trade Commission</td>
<td>5, XLVII; 16, I</td>
</tr>
<tr>
<td>Federal Transit Administration</td>
<td>49, VI</td>
</tr>
<tr>
<td>Federal Travel Regulation System</td>
<td>41, Subtitle F</td>
</tr>
<tr>
<td>Fine Arts, Commission on</td>
<td>45, XXI</td>
</tr>
<tr>
<td>Fiscal Service</td>
<td>31, II</td>
</tr>
<tr>
<td>Fish and Wildlife Service, United States</td>
<td>50, I, IV</td>
</tr>
<tr>
<td>Fishery Conservation and Management</td>
<td>50, VI</td>
</tr>
<tr>
<td>Food and Drug Administration</td>
<td>21, I</td>
</tr>
<tr>
<td>Food and Nutrition Service</td>
<td>7, II</td>
</tr>
<tr>
<td>Food Safety and Inspection Service</td>
<td>9, III</td>
</tr>
<tr>
<td>Foreign Agricultural Service</td>
<td>7, XV</td>
</tr>
<tr>
<td>Foreign Assets Control, Office of</td>
<td>31, V</td>
</tr>
<tr>
<td>Foreign Claims Settlement Commission of the United States</td>
<td>45, V</td>
</tr>
<tr>
<td>Foreign Service Grievance Board</td>
<td>22, IX</td>
</tr>
<tr>
<td>Foreign Service Impasses Disputes Panel</td>
<td>22, XIV</td>
</tr>
<tr>
<td>Foreign Service Labor Relations Board</td>
<td>22, XIV</td>
</tr>
<tr>
<td>Foreign-Trade Zones Board</td>
<td>15, IV</td>
</tr>
<tr>
<td>Forest Service</td>
<td>36, II</td>
</tr>
<tr>
<td>General Accounting Office</td>
<td>4, I</td>
</tr>
<tr>
<td>General Services Administration</td>
<td>12, Chapter 105</td>
</tr>
<tr>
<td>Contract Appeals, Board of</td>
<td>48, 61</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 5</td>
</tr>
<tr>
<td>Federal Management Regulation</td>
<td>41, 102</td>
</tr>
<tr>
<td>Agency</td>
<td>CFR Title, Subtitle or Chapter</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Geological Survey</td>
<td>30, IV</td>
</tr>
<tr>
<td>Indian Affairs, Bureau of</td>
<td>25, I, V</td>
</tr>
<tr>
<td>Indian Affairs, Office of the Assistant Secretary</td>
<td>25, VI</td>
</tr>
<tr>
<td>Indian Arts and Crafts Board</td>
<td>25, II</td>
</tr>
<tr>
<td>Land Management, Bureau of</td>
<td>43, II</td>
</tr>
<tr>
<td>Minerals Management Service</td>
<td>30, II</td>
</tr>
<tr>
<td>Mines, Bureau of</td>
<td>30, VI</td>
</tr>
<tr>
<td>National Indian Gaming Commission</td>
<td>25, III</td>
</tr>
<tr>
<td>National Park Service</td>
<td>36, I</td>
</tr>
<tr>
<td>Reclamation, Bureau of</td>
<td>43, I</td>
</tr>
<tr>
<td>Secretary of the Interior, Office of</td>
<td>43, Subtitle A</td>
</tr>
<tr>
<td>Surface Mining and Reclamation Appeals, Board of</td>
<td>30, III</td>
</tr>
<tr>
<td>Surface Mining Reclamation and Enforcement, Office of</td>
<td>30, VII</td>
</tr>
<tr>
<td>Internal Revenue Service</td>
<td>26, I</td>
</tr>
<tr>
<td>International Boundary and Water Commission, United States and Mexico, United States Section</td>
<td>22, XI</td>
</tr>
<tr>
<td>International Development, United States Agency for</td>
<td>22, II</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 7</td>
</tr>
<tr>
<td>International Development Cooperation Agency, United States States</td>
<td>22, XII</td>
</tr>
<tr>
<td>International Fishing and Related Activities</td>
<td>50, III</td>
</tr>
<tr>
<td>International Investment, Office of</td>
<td>31, VIII</td>
</tr>
<tr>
<td>International Joint Commission, United States and Canada</td>
<td>22, IV</td>
</tr>
<tr>
<td>International Organizations Employees Loyalty Board</td>
<td>5, V</td>
</tr>
<tr>
<td>International Trade Administration</td>
<td>15, III; 19, III</td>
</tr>
<tr>
<td>International Trade Commission, United States</td>
<td>19, II</td>
</tr>
<tr>
<td>Interstate Commerce Commission</td>
<td>5, XL</td>
</tr>
<tr>
<td>James Madison Memorial Fellowship Foundation</td>
<td>45, XXIV</td>
</tr>
<tr>
<td>Japan–United States Friendship Commission</td>
<td>22, XVI</td>
</tr>
<tr>
<td>Joint Board for the Enrollment of Actuaries</td>
<td>20, VIII</td>
</tr>
<tr>
<td>Justice Department</td>
<td>5, XXVIII; 28, I, XI; 40, IV</td>
</tr>
<tr>
<td>Drug Enforcement Administration</td>
<td>21, II</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 28</td>
</tr>
<tr>
<td>Federal Claims Collection Standards</td>
<td>31, IX</td>
</tr>
<tr>
<td>Federal Prison Industries, Inc.</td>
<td>28, III</td>
</tr>
<tr>
<td>Foreign Claims Settlement Commission of the United States</td>
<td>45, V</td>
</tr>
<tr>
<td>Immigration and Naturalization Service</td>
<td>8, I</td>
</tr>
<tr>
<td>Offices of Independent Counsel</td>
<td>28, VI</td>
</tr>
<tr>
<td>Prisons, Bureau of</td>
<td>28, V</td>
</tr>
<tr>
<td>Property Management Regulations</td>
<td>41, 128</td>
</tr>
<tr>
<td>Labor Department</td>
<td>5, XLII</td>
</tr>
<tr>
<td>Benefits Review Board</td>
<td>20, VII</td>
</tr>
<tr>
<td>Employees’ Compensation Appeals Board</td>
<td>20, IV</td>
</tr>
<tr>
<td>Employment and Training Administration</td>
<td>20, V</td>
</tr>
<tr>
<td>Employment Standards Administration</td>
<td>20, VI</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 29</td>
</tr>
<tr>
<td>Federal Contract Compliance Programs, Office of</td>
<td>41, 60</td>
</tr>
<tr>
<td>Federal Procurement Regulations System</td>
<td>41, 60</td>
</tr>
<tr>
<td>Labor-Management Standards, Office of</td>
<td>29, II, IV</td>
</tr>
<tr>
<td>Mine Safety and Health Administration</td>
<td>30, I</td>
</tr>
<tr>
<td>Occupational Safety and Health Administration</td>
<td>29, XVII</td>
</tr>
<tr>
<td>Pension and Welfare Benefits Administration</td>
<td>29, XXV</td>
</tr>
<tr>
<td>Public Contracts</td>
<td>41, 59</td>
</tr>
<tr>
<td>Secretary of Labor, Office of</td>
<td>29, Subtitle A</td>
</tr>
<tr>
<td>Veterans’ Employment and Training Service, Office of the Assistant Secretary for</td>
<td>41, 61; 20, IX</td>
</tr>
<tr>
<td>Wage and Hour Division</td>
<td>29, V</td>
</tr>
<tr>
<td>Workers’ Compensation Programs, Office of</td>
<td>20, I</td>
</tr>
<tr>
<td>Labor-Management Standards, Office of</td>
<td>29, II, IV</td>
</tr>
<tr>
<td>Land Management, Bureau of</td>
<td>43, II</td>
</tr>
<tr>
<td>Legal Services Corporation</td>
<td>45, XVI</td>
</tr>
<tr>
<td>Library of Congress</td>
<td>36, VII</td>
</tr>
<tr>
<td>Copyright Office</td>
<td>37, II</td>
</tr>
<tr>
<td>Management and Budget, Office of</td>
<td>5, III, LXXVII; 14, VI; 48, 99</td>
</tr>
<tr>
<td>Agency</td>
<td>CFR Title, Subtitle or Chapter</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Marine Mammal Commission</td>
<td>50, V</td>
</tr>
<tr>
<td>Maritime Administration</td>
<td>46, II</td>
</tr>
<tr>
<td>Merit Systems Protection Board</td>
<td>5, II</td>
</tr>
<tr>
<td>Micronesian Status Negotiations, Office for</td>
<td>32, XXVII</td>
</tr>
<tr>
<td>Mine Safety and Health Administration</td>
<td>30, I</td>
</tr>
<tr>
<td>Minerals Management Service</td>
<td>30, II</td>
</tr>
<tr>
<td>Mines, Bureau of</td>
<td>30, VI</td>
</tr>
<tr>
<td>Minority Business Development Agency</td>
<td>15, XIV</td>
</tr>
<tr>
<td>Miscellaneous Agencies</td>
<td>1, IV</td>
</tr>
<tr>
<td>Monetary Offices</td>
<td>31, I</td>
</tr>
<tr>
<td>Morris K. Udall Scholarship and Excellence in National Environmental Policy Foundation</td>
<td>36, XVI</td>
</tr>
<tr>
<td>National Aeronautics and Space Administration</td>
<td>5, LIX; 14, V</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 18</td>
</tr>
<tr>
<td>National Agricultural Library</td>
<td>7, XLI</td>
</tr>
<tr>
<td>National Agricultural Statistics Service</td>
<td>7, XXXVI</td>
</tr>
<tr>
<td>National and Community Service, Corporation for</td>
<td>45, XII, XXV</td>
</tr>
<tr>
<td>National Archives and Records Administration</td>
<td>5, LXVI; 36, XII</td>
</tr>
<tr>
<td>Information Security Oversight Office</td>
<td>32, XX</td>
</tr>
<tr>
<td>National Bureau of Standards</td>
<td>15, I</td>
</tr>
<tr>
<td>National Capital Planning Commission</td>
<td>1, IV</td>
</tr>
<tr>
<td>National Commission for Employment Policy</td>
<td>1, IV</td>
</tr>
<tr>
<td>National Commission on Libraries and Information Science</td>
<td>45, XVII</td>
</tr>
<tr>
<td>National Council on Disability</td>
<td>34, XII</td>
</tr>
<tr>
<td>National Counterintelligence Center</td>
<td>32, XVIII</td>
</tr>
<tr>
<td>National Credit Union Administration</td>
<td>12, VII</td>
</tr>
<tr>
<td>National Crime Prevention and Privacy Compact Council</td>
<td>29, IX</td>
</tr>
<tr>
<td>National Drug Control Policy, Office of</td>
<td>21, III</td>
</tr>
<tr>
<td>National Foundation on the Arts and the Humanities</td>
<td>45, XI</td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration</td>
<td>23, II, III; 49, V</td>
</tr>
<tr>
<td>National Imagery and Mapping Agency</td>
<td>32, I</td>
</tr>
<tr>
<td>National Indian Gaming Commission</td>
<td>25, III</td>
</tr>
<tr>
<td>National Institute for Literacy</td>
<td>34, XI</td>
</tr>
<tr>
<td>National Institute of Standards and Technology</td>
<td>15, I</td>
</tr>
<tr>
<td>National Labor Relations Board</td>
<td>5, LIX; 29, I</td>
</tr>
<tr>
<td>National Marine Fisheries Service</td>
<td>50, II, IV, VI</td>
</tr>
<tr>
<td>National Mediation Board</td>
<td>29, X</td>
</tr>
<tr>
<td>National Oceanic and Atmospheric Administration</td>
<td>15, IX; 50, II, III, IV, VI</td>
</tr>
<tr>
<td>National Park Service</td>
<td>36, I</td>
</tr>
<tr>
<td>National Railroad Adjustment Board</td>
<td>29, III</td>
</tr>
<tr>
<td>National Railroad Passenger Corporation (AMTRAK)</td>
<td>49, VII</td>
</tr>
<tr>
<td>National Science Foundation</td>
<td>5, XLIII; 45, VI</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 25</td>
</tr>
<tr>
<td>National Security Council</td>
<td>32, XXI</td>
</tr>
<tr>
<td>National Security Council and Office of Science and Technology Policy</td>
<td>47, II</td>
</tr>
<tr>
<td>National Telecommunications and Information Administration</td>
<td>15, XXIII; 47, III</td>
</tr>
<tr>
<td>National Transportation Safety Board</td>
<td>49, VIII</td>
</tr>
<tr>
<td>National Weather Service</td>
<td>15, IX</td>
</tr>
<tr>
<td>Natural Resources Conservation Service</td>
<td>7, VI</td>
</tr>
<tr>
<td>Navajo and Hopi Indian Relocation, Office of</td>
<td>25, IV</td>
</tr>
<tr>
<td>Navy Department</td>
<td>32, VI</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 52</td>
</tr>
<tr>
<td>Neighborhood Reinvestment Corporation</td>
<td>24, XXV</td>
</tr>
<tr>
<td>Northeast Dairy Compact Commission</td>
<td>7, XIII</td>
</tr>
<tr>
<td>Northeast Interstate Low-Level Radioactive Waste</td>
<td>10, XVIII</td>
</tr>
<tr>
<td>Commission</td>
<td>5, XLVIII; 10, I</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 20</td>
</tr>
<tr>
<td>Occupational Safety and Health Administration</td>
<td>29, XVII</td>
</tr>
<tr>
<td>Occupational Safety and Health Review Commission</td>
<td>29, XX</td>
</tr>
<tr>
<td>Offices of Independent Counsel</td>
<td>29, VI</td>
</tr>
<tr>
<td>Oklahoma City National Memorial Trust</td>
<td>36, XV</td>
</tr>
<tr>
<td>Operations Office</td>
<td>7, XXVIII</td>
</tr>
<tr>
<td>Overseas Private Investment Corporation</td>
<td>5, XXXIII; 22, VII</td>
</tr>
<tr>
<td>Panama Canal Commission</td>
<td>48, 35</td>
</tr>
<tr>
<td>Agency</td>
<td>CFR Title, Subtitle or Chapter</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Panama Canal Regulations</td>
<td>35, I</td>
</tr>
<tr>
<td>Patent and Trademark Office, United States</td>
<td>37, I</td>
</tr>
<tr>
<td>Payment From a Non-Federal Source for Travel Expenses</td>
<td>41, 304</td>
</tr>
<tr>
<td>Payment of Expenses Connected With the Death of Certain Employees</td>
<td>41, 303</td>
</tr>
<tr>
<td>Peace Corps</td>
<td>22, III</td>
</tr>
<tr>
<td>Pennsylvania Avenue Development Corporation</td>
<td>36, IX</td>
</tr>
<tr>
<td>Pension and Welfare Benefits Administration</td>
<td>29, XXV</td>
</tr>
<tr>
<td>Pension Benefit Guaranty Corporation</td>
<td>29, XL</td>
</tr>
<tr>
<td>Personnel Management, Office of</td>
<td>5, I, XXXV; 45, VIII</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 17</td>
</tr>
<tr>
<td>Federal Employees Group Life Insurance Federal Acquisition Regulation</td>
<td>48, 21</td>
</tr>
<tr>
<td>Federal Employees Health Benefits Acquisition Regulation</td>
<td>48, 16</td>
</tr>
<tr>
<td>Postal Rate Commission</td>
<td>5, XLVI; 39, III</td>
</tr>
<tr>
<td>Postal Service, United States</td>
<td>5, IX; 39, I</td>
</tr>
<tr>
<td>Postsecondary Education, Office of</td>
<td>34, VI</td>
</tr>
<tr>
<td>President’s Commission on White House Fellowships</td>
<td>1, IV</td>
</tr>
<tr>
<td>Presidential Documents</td>
<td>3</td>
</tr>
<tr>
<td>Presidio Trust</td>
<td>36, X</td>
</tr>
<tr>
<td>Prisons, Bureau of</td>
<td>28, V</td>
</tr>
<tr>
<td>Procurement and Property Management, Office of</td>
<td>7, XXXII</td>
</tr>
<tr>
<td>Productivity, Technology and Innovation, Assistant Secretary</td>
<td>37, IV</td>
</tr>
<tr>
<td>Secretary</td>
<td></td>
</tr>
<tr>
<td>Public Contracts, Department of Labor</td>
<td>41, 50</td>
</tr>
<tr>
<td>Public and Indian Housing, Office of Assistant Secretary for</td>
<td>24, IX</td>
</tr>
<tr>
<td>Public Health Service</td>
<td>42, I</td>
</tr>
<tr>
<td>Railroad Retirement Board</td>
<td>20, II</td>
</tr>
<tr>
<td>Reclamation, Bureau of</td>
<td>43, I</td>
</tr>
<tr>
<td>Refugee Resettlement, Office of</td>
<td>45, IV</td>
</tr>
<tr>
<td>Regional Action Planning Commissions</td>
<td>13, V</td>
</tr>
<tr>
<td>Relocation Allowances</td>
<td>41, 302</td>
</tr>
<tr>
<td>Research and Special Programs Administration</td>
<td>49, I</td>
</tr>
<tr>
<td>Rural Business-Cooperative Service</td>
<td>7, XVIII, XLII</td>
</tr>
<tr>
<td>Rural Development Administration</td>
<td>7, XII</td>
</tr>
<tr>
<td>Rural Housing Service</td>
<td>7, XVIII, XXXV</td>
</tr>
<tr>
<td>Rural Telephone Bank</td>
<td>7, XVI</td>
</tr>
<tr>
<td>Rural Utilities Service</td>
<td>7, XVII, XVIII, XLII</td>
</tr>
<tr>
<td>Saint Lawrence Seaway Development Corporation</td>
<td>33, IV</td>
</tr>
<tr>
<td>Science and Technology Policy, Office of</td>
<td>32, XXIV</td>
</tr>
<tr>
<td>Science and Technology Policy, Office of, and National Security Council</td>
<td>47, II</td>
</tr>
<tr>
<td>Secret Service</td>
<td>31, IV</td>
</tr>
<tr>
<td>Securities and Exchange Commission</td>
<td>17, II</td>
</tr>
<tr>
<td>Selective Service System</td>
<td>32, XVI</td>
</tr>
<tr>
<td>Small Business Administration</td>
<td>13, I</td>
</tr>
<tr>
<td>Smithsonian Institution</td>
<td>36, V</td>
</tr>
<tr>
<td>Social Security Administration</td>
<td>20, III; 48, 23</td>
</tr>
<tr>
<td>Soldiers’ and Airmen’s Home, United States</td>
<td>5, XI</td>
</tr>
<tr>
<td>Special Counsel, Office of</td>
<td>3, VIII</td>
</tr>
<tr>
<td>Special Education and Rehabilitative Services, Office of</td>
<td>34, III</td>
</tr>
<tr>
<td>State Department</td>
<td>22, 1; 28, XI</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 6</td>
</tr>
<tr>
<td>Surface Mining and Reclamation Appeals, Board of</td>
<td>30, III</td>
</tr>
<tr>
<td>Surface Mining Reclamation and Enforcement, Office of</td>
<td>30, VII</td>
</tr>
<tr>
<td>Surface Transportation Board</td>
<td>49, X</td>
</tr>
<tr>
<td>Susquehanna River Basin Commission</td>
<td>18, VIII</td>
</tr>
<tr>
<td>Technology Administration</td>
<td>15, XI</td>
</tr>
<tr>
<td>Technology Policy, Assistant Secretary for</td>
<td>37, IV</td>
</tr>
<tr>
<td>Technology, Under Secretary for</td>
<td>37, V</td>
</tr>
<tr>
<td>Tennessee Valley Authority</td>
<td>5, L</td>
</tr>
<tr>
<td>Thrift Supervision Office, Department of the Treasury</td>
<td>12, V</td>
</tr>
<tr>
<td>Trade Representative, United States, Office of</td>
<td>15, XX</td>
</tr>
<tr>
<td>Transportation, Department of</td>
<td>5, L</td>
</tr>
<tr>
<td>Coast Guard</td>
<td>33, I; 46, I; 49, IV</td>
</tr>
<tr>
<td>Coast Guard (Great Lakes Pilotage)</td>
<td>46, III</td>
</tr>
<tr>
<td>Commercial Space Transportation</td>
<td>14, III</td>
</tr>
<tr>
<td>Agency</td>
<td>CFR Title, Subtitle or Chapter</td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Contract Appeals, Board of</td>
<td>48, 63</td>
</tr>
<tr>
<td>Emergency Management and Assistance</td>
<td>44, IV</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 12</td>
</tr>
<tr>
<td>Federal Aviation Administration</td>
<td>14, I</td>
</tr>
<tr>
<td>Federal Highway Administration</td>
<td>23, I, II</td>
</tr>
<tr>
<td>Federal Motor Carrier Safety Administration</td>
<td>49, III</td>
</tr>
<tr>
<td>Federal Railroad Administration</td>
<td>49, II</td>
</tr>
<tr>
<td>Federal Transit Administration</td>
<td>49, VI</td>
</tr>
<tr>
<td>Maritime Administration</td>
<td>46, II</td>
</tr>
<tr>
<td>National Highway Traffic Safety Administration</td>
<td>23, II, III; 49, V</td>
</tr>
<tr>
<td>Research and Special Programs Administration</td>
<td>49, I</td>
</tr>
<tr>
<td>Saint Lawrence Seaway Development Corporation</td>
<td>33, IV</td>
</tr>
<tr>
<td>Secretary of Transportation, Office of</td>
<td>14, II; 49, Subtitle A</td>
</tr>
<tr>
<td>Surface Transportation Board</td>
<td>49, X</td>
</tr>
<tr>
<td>Transportation Security Administration</td>
<td>49, XII</td>
</tr>
<tr>
<td>Transportation Statistics Bureau</td>
<td>49, XI</td>
</tr>
<tr>
<td>Transportation, Office of</td>
<td>7, XXXIII</td>
</tr>
<tr>
<td>Transportation Security Administration</td>
<td>49, XII</td>
</tr>
<tr>
<td>Transportation Statistics Bureau</td>
<td>49, XI</td>
</tr>
<tr>
<td>Travel Allowances, Temporary Duty (TDY)</td>
<td>41, 301</td>
</tr>
<tr>
<td>Treasury Department</td>
<td>5, XXI; 12, XV; 17, IV;</td>
</tr>
<tr>
<td>Alcohol, Tobacco and Firearms, Bureau of</td>
<td>27, I</td>
</tr>
<tr>
<td>Community Development Financial Institutions Fund</td>
<td>12, XVIII</td>
</tr>
<tr>
<td>Comptroller of the Currency</td>
<td>12, I</td>
</tr>
<tr>
<td>Customs Service, United States</td>
<td>19, I</td>
</tr>
<tr>
<td>Engraving and Printing, Bureau of</td>
<td>31, VI</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 10</td>
</tr>
<tr>
<td>Federal Law Enforcement Training Center</td>
<td>31, VII</td>
</tr>
<tr>
<td>Fiscal Service</td>
<td>31, II</td>
</tr>
<tr>
<td>Foreign Assets Control, Office of</td>
<td>31, V</td>
</tr>
<tr>
<td>Internal Revenue Service</td>
<td>26, I</td>
</tr>
<tr>
<td>International Investment, Office of</td>
<td>31, VIII</td>
</tr>
<tr>
<td>Monetary Offices</td>
<td>31, I</td>
</tr>
<tr>
<td>Secret Service</td>
<td>31, IV</td>
</tr>
<tr>
<td>Secretary of the Treasury, Office of</td>
<td>31, Subtitle A</td>
</tr>
<tr>
<td>Thrift Supervision, Office of</td>
<td>12, V</td>
</tr>
<tr>
<td>Truman, Harry S. Scholarship Foundation</td>
<td>45, XVIII</td>
</tr>
<tr>
<td>United States and Canada, International Joint Commission</td>
<td>22, IV</td>
</tr>
<tr>
<td>United States and Mexico, International Boundary and Water Commission,</td>
<td>22, XI</td>
</tr>
<tr>
<td>United States Section</td>
<td></td>
</tr>
<tr>
<td>Utah Reclamation Mitigation and Conservation Commission</td>
<td>43, III</td>
</tr>
<tr>
<td>Veterans Affairs Department</td>
<td>38, I</td>
</tr>
<tr>
<td>Federal Acquisition Regulation</td>
<td>48, 8</td>
</tr>
<tr>
<td>Veterans' Employment and Training Service, Office of the Assistant</td>
<td>41, 61; 20, IX</td>
</tr>
<tr>
<td>Secretary for</td>
<td></td>
</tr>
<tr>
<td>Vice President of the United States, Office of</td>
<td>32, XXVIII</td>
</tr>
<tr>
<td>Vocational and Adult Education, Office of</td>
<td>34, IV</td>
</tr>
<tr>
<td>Wage and Hour Division</td>
<td>29, V</td>
</tr>
<tr>
<td>Water Resources Council</td>
<td>18, VI</td>
</tr>
<tr>
<td>Workers' Compensation Programs, Office of</td>
<td>20, I</td>
</tr>
<tr>
<td>World Agricultural Outlook Board</td>
<td>7, XXXVIII</td>
</tr>
</tbody>
</table>
Table of OMB Control Numbers

The OMB control numbers for chapter I of title 26 were consolidated into §§601.9000 and 602.101 at 50 FR 10221, Mar. 14, 1985. At 61 FR 58008, Nov. 12, 1996, §601.9000 was removed. Section 602.101 is reprinted below for the convenience of the user.

PART 602—OMB CONTROL NUMBERS UNDER THE PAPERWORK REDUCTION ACT

§ 602.101 OMB Control numbers.

(a) Purpose. This part collects and displays the control numbers assigned to collections of information in Internal Revenue Service regulations by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1980. The Internal Revenue Service intends that this part comply with the requirements of §§1320.7(c), 1320.12, 1320.13, and 1320.14 of 5 CFR part 1320 (OMB regulations implementing the Paperwork Reduction Act), for the display of control numbers assigned by OMB to collections of information in Internal Revenue Service regulations. This part does not display control numbers assigned by OMB to collections of information in Internal Revenue Service regulations.

(b) Display.

<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1(h)–1(e) ............................................... 1545–1654</td>
<td></td>
</tr>
<tr>
<td>1.23–5 ...................................................... 1545–0074</td>
<td></td>
</tr>
<tr>
<td>1.25–17 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–27 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–37 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–47 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–57 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–61 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–77 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.25–87 ..................................................... 1545–0922</td>
<td></td>
</tr>
<tr>
<td>1.26–1 ....................................................... 1545–0619</td>
<td></td>
</tr>
<tr>
<td>1.31–2 ....................................................... 1545–0074</td>
<td></td>
</tr>
<tr>
<td>1.32–3 ....................................................... 1545–1575</td>
<td></td>
</tr>
<tr>
<td>1.37–1 ....................................................... 1545–0074</td>
<td></td>
</tr>
<tr>
<td>1.41–2 ....................................................... 1545–0619</td>
<td></td>
</tr>
<tr>
<td>1.41–3 ....................................................... 1545–0619</td>
<td></td>
</tr>
</tbody>
</table>
§ 602.101

26 CFR (4–1–02 Edition)

CFR part or section where identified and described

Current
OMB control
No.

1.51–1 ................................................................

1.52–2 ................................................................
1.52–3 ................................................................
1.56–1 ................................................................
1.56(g)–1 ............................................................
1.56A–1 ..............................................................
1.56A–2 ..............................................................
1.56A–3 ..............................................................
1.56A–4 ..............................................................
1.56A–5 ..............................................................
1.57–5 ................................................................
1.58–1 ................................................................
1.58–9(c)(5)(iii)(B) ..............................................
1.58–9(e)(3) .......................................................
1.61–2 ................................................................
1.61–2T ..............................................................
1.61–4 ................................................................
1.61–15 ..............................................................
1.62–2 ................................................................
1.63–1 ................................................................
1.67–2T ..............................................................
1.67–3T ..............................................................
1.67–3 ................................................................
1.71–1T ..............................................................
1.72–4 ................................................................
1.72–6 ................................................................
1.72–9 ................................................................
1.72–17 ..............................................................
1.72–17A ............................................................
1.72–18 ..............................................................
1.74–1 ................................................................
1.79–2 ................................................................
1.79–3 ................................................................
1.83–2 ................................................................
1.83–5 ................................................................
1.83–6 ................................................................
1.103–10 ............................................................
1.103–15AT .......................................................
1.103–18 ............................................................
1.103(n)–2T .......................................................
1.103(n)–4T .......................................................
1.103A–2 ............................................................
1.105–4 ..............................................................
1.105–5 ..............................................................
1.105–6 ..............................................................
1.108–4 ..............................................................
1.108–5 ..............................................................
1.110–1 ..............................................................
1.117–5 ..............................................................
1.118–2 ..............................................................
1.119–1 ..............................................................
1.120–3 ..............................................................
1.121–1 ..............................................................
1.121–2 ..............................................................
1.121–3 ..............................................................
1.121–4 ..............................................................
1.121–5 ..............................................................
1.127–2 ..............................................................
1.132–1T ............................................................
1.132–2 ..............................................................
1.132–2T ............................................................
1.132–5 ..............................................................
1.132–5T ............................................................
1.132–9(b) ..........................................................
1.141–1 ..............................................................
1.141–12 ............................................................

1545–0219
1545–0241
1545–0244
1545–0797
1545–0219
1545–0219
1545–0123
1545–1233
1545–0227
1545–0227
1545–0227
1545–0227
1545–0227
1545–0227
1545–0175
1545–1093
1545–1093
1545–0771
1545–0771
1545–0187
1545–0074
1545–1148
1545–0074
1545–0110
1545–0118
1545–1018
1545–0074
1545–0074
1545–0074
1545–0074
1545–0074
1545–0074
1545–0074
1545–1100
1545–0074
1545–0074
1545–0074
1545–0074
1545–1448
1545–0123
1545–0940
1545–0720
1545–1226
1545–0874
1545–0874
1545–0720
1545–0074
1545–0074
1545–0074
1545–1539
1545–1421
1545–1661
1545–0869
1545–1639
1545–0067
1545–0057
1545–0072
1545–0072
1545–0072
1545–0072
1545–0091
1545–0072
1545–0768
1545–0771
1545–0771
1545–0771
1545–0771
1545–0771
1545–1098
1545–1676
1545–1451
1545–1451

CFR part or section where identified and described
1.142–2 ..............................................................
1.142(f)(4)–1 ......................................................
1.148–0 ..............................................................
1.148–1 ..............................................................
1.148–2 ..............................................................
1.148–3 ..............................................................
1.148–4 ..............................................................
1.148–5 ..............................................................
1.148–6 ..............................................................
1.148–7 ..............................................................
1.148–7 ..............................................................
1.148–8 ..............................................................
1.148–11 ............................................................
1.148–11 ............................................................
1.149(e)–1 ..........................................................
1.150–1 ..............................................................
1.151–1 ..............................................................
1.152–3 ..............................................................
1.152–4 ..............................................................
1.152–4T ............................................................
1.162–1 ..............................................................
1.162–2 ..............................................................
1.162–3 ..............................................................
1.162–4 ..............................................................
1.162–5 ..............................................................
1.162–6 ..............................................................
1.162–7 ..............................................................
1.162–8 ..............................................................
1.162–9 ..............................................................
1.162–10 ............................................................
1.162–11 ............................................................
1.162–12 ............................................................
1.162–13 ............................................................
1.162–14 ............................................................
1.162–15 ............................................................
1.162–16 ............................................................
1.162–17 ............................................................
1.162–18 ............................................................
1.162–19 ............................................................
1.162–20 ............................................................
1.162–27 ............................................................
1.163–5 ..............................................................
1.163–8T ............................................................
1.163–10T ..........................................................
1.163–13 ............................................................
1.163(d)–1 ..........................................................
1.165–1 ..............................................................
1.165–2 ..............................................................
1.165–3 ..............................................................
1.165–4 ..............................................................
1.165–5 ..............................................................
1.165–6 ..............................................................
1.165–7 ..............................................................
1.165–8 ..............................................................
1.165–9 ..............................................................
1.165–10 ............................................................
1.165–11 ............................................................

1.165–12 ............................................................
1.166–1 ..............................................................
1.166–2 ..............................................................
1.166–4 ..............................................................
1.166–10 ............................................................
1.167(a)–5T .......................................................
1.167(a)–7 ..........................................................

Current
OMB control
No.
1545–1451
1545–1730
1545–1098
1545–1098
1545–1098
1545–1347
1545–1098
1545–1347
1545–1098
1545–1347
1545–1098
1545–1490
1545–1098
1545–1451
1545–1098
1545–1347
1545–1098
1545–1098
1545–1347
1545–0720
1545–1347
1545–0074
1545–0071
1545–0074
1545–0074
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–0139
1545–1466
1545–0786
1545–1132
1545–0995
1545–0074
1545–1491
1545–1421
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0177
1545–0074
1545–0177
1545–0786
1545–0786
1545–0123
1545–1254
1545–0123
1545–0123
1545–1021
1545–0172

302

VerDate Apr<19>2002

10:58 Apr 26, 2002

Jkt 197094

PO 00000

Frm 00032

Fmt 8013

Sfmt 8010

Y:\SGML\197094B.XXX

pfrm13

PsN: 197094B


<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.167(a)–11</td>
<td>1545–0152</td>
<td>1.263A–9(f)(1)(i)</td>
<td>1545–1265</td>
</tr>
<tr>
<td>1.167(a)–12</td>
<td>1545–0172</td>
<td>1.263A–9(f)(1)(ii)</td>
<td>1545–1265</td>
</tr>
<tr>
<td>1.167(d)–1</td>
<td>1545–0172</td>
<td>1.263A–9(g)(2)(iv)(C)</td>
<td>1545–1265</td>
</tr>
<tr>
<td>1.167(e)–1</td>
<td>1545–0172</td>
<td>1.263A–9(g)(3)(iv)</td>
<td>1545–1265</td>
</tr>
<tr>
<td>1.167(f)–11</td>
<td>1545–0172</td>
<td>1.265–1</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.167(j)–1</td>
<td>1545–0172</td>
<td>1.265–2</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.168(d)–1</td>
<td>1545–1146</td>
<td>1.266–1</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.168(f)(8)–1T</td>
<td>1545–0923</td>
<td>1.267(f)–1</td>
<td>1545–0885</td>
</tr>
<tr>
<td>1.168(i)–1</td>
<td>1545–1331</td>
<td>1.268–1</td>
<td>1545–0184</td>
</tr>
<tr>
<td>1.169–4</td>
<td>1545–0172</td>
<td>1.274–1</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170–1</td>
<td>1545–0074</td>
<td>1.274–2</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170–2</td>
<td>1545–0074</td>
<td>1.274–3</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170–3</td>
<td>1545–0123</td>
<td>1.274–4</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170A–1</td>
<td>1545–0074</td>
<td>1.274–5</td>
<td>1545–0771</td>
</tr>
<tr>
<td>1.170A–2(A)(b)</td>
<td>1545–0123</td>
<td>1.274–5T</td>
<td>1545–0067</td>
</tr>
<tr>
<td>1.170A–8</td>
<td>1545–0074</td>
<td>1.274–6</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170A–9</td>
<td>1545–0052</td>
<td>1.274–6T</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.170A–11</td>
<td>1545–0074</td>
<td>1.274–7</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170A–12</td>
<td>1545–0020</td>
<td>1.274–8</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170A–13</td>
<td>1545–0074</td>
<td>1.279–6</td>
<td>1545–0139</td>
</tr>
<tr>
<td>1.170A–13(f)</td>
<td>1545–1464</td>
<td>1.280C–4</td>
<td>1545–1155</td>
</tr>
<tr>
<td>1.170A–14</td>
<td>1545–0763</td>
<td>1.280F–3T</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.171–4</td>
<td>1545–1491</td>
<td>1.281–4</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.171–5</td>
<td>1545–1491</td>
<td>1.302–4</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.172–1</td>
<td>1545–0863</td>
<td>1.305–3</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.172–13</td>
<td>1545–0172</td>
<td>1.305–5</td>
<td>1545–1483</td>
</tr>
<tr>
<td>1.173–1</td>
<td>1545–0152</td>
<td>1.307–2</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.174–3</td>
<td>1545–0152</td>
<td>1.312–5</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.174–4</td>
<td>1545–0152</td>
<td>1.316–1</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.175–3</td>
<td>1545–0152</td>
<td>1.331–1</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.175–6</td>
<td>1545–0152</td>
<td>1.332–4</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.177–1</td>
<td>1545–0172</td>
<td>1.332–6</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.179–2</td>
<td>1545–0120</td>
<td>1.337(d)–1</td>
<td>1545–1160</td>
</tr>
<tr>
<td>1.179–3</td>
<td>1545–0120</td>
<td>1.337(d)–2</td>
<td>1545–1160</td>
</tr>
<tr>
<td>1.179–5</td>
<td>1545–0172</td>
<td>1.337(d)–2T</td>
<td>1545–1774</td>
</tr>
<tr>
<td>1.180–2</td>
<td>1545–0074</td>
<td>1.337(d)–3</td>
<td>1545–1633</td>
</tr>
<tr>
<td>1.182–6</td>
<td>1545–0074</td>
<td>1.337(d)–5T</td>
<td>1545–1672</td>
</tr>
<tr>
<td>1.183–1</td>
<td>1545–0195</td>
<td>1.337(d)–6T</td>
<td>1545–1672</td>
</tr>
<tr>
<td>1.183–2</td>
<td>1545–0195</td>
<td>1.337(d)–7T</td>
<td>1545–1672</td>
</tr>
<tr>
<td>1.184–2</td>
<td>1545–0195</td>
<td>1.338–2</td>
<td>1545–1658</td>
</tr>
<tr>
<td>1.194–2</td>
<td>1545–0074</td>
<td>1.338–6</td>
<td>1545–1658</td>
</tr>
<tr>
<td>1.194–4</td>
<td>1545–0195</td>
<td>1.338(h)10–1</td>
<td>1545–1658</td>
</tr>
<tr>
<td>1.195–1</td>
<td>1545–0152</td>
<td>1.338(h)10–1</td>
<td>1545–1658</td>
</tr>
<tr>
<td>1.197–1T</td>
<td>1545–1425</td>
<td>1.341–7</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.197–2</td>
<td>1545–1671</td>
<td>1.351–3</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.213–1</td>
<td>1545–0074</td>
<td>1.355–5</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.215–1T</td>
<td>1545–0074</td>
<td>1.362–2</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.217–2</td>
<td>1545–0182</td>
<td>1.362–4</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.243–1</td>
<td>1545–0123</td>
<td>1.367(a)–1T</td>
<td>1545–0026</td>
</tr>
<tr>
<td>1.243–2</td>
<td>1545–0123</td>
<td>1.367(a)–2T</td>
<td>1545–0026</td>
</tr>
<tr>
<td>1.248–1</td>
<td>1545–0172</td>
<td>1.367(a)–3</td>
<td>1545–0026</td>
</tr>
<tr>
<td>1.261–1</td>
<td>1545–1041</td>
<td>1.367(a)–6T</td>
<td>1545–0026</td>
</tr>
<tr>
<td>1.263(e)–1</td>
<td>1545–0123</td>
<td>1.367(a)–8</td>
<td>1545–1271</td>
</tr>
<tr>
<td>1.263A–1</td>
<td>1545–0987</td>
<td>1.367(b)–1</td>
<td>1545–1271</td>
</tr>
<tr>
<td>1.263A–1T</td>
<td>1545–0187</td>
<td>1.367(b)–3T</td>
<td>1545–1666</td>
</tr>
<tr>
<td>1.263A–2</td>
<td>1545–0987</td>
<td>1.367(b)–1T</td>
<td>1545–0026</td>
</tr>
<tr>
<td>1.263A–3</td>
<td>1545–0987</td>
<td>1.367(e)–1</td>
<td>1545–1487</td>
</tr>
<tr>
<td>1.263A–8(b)(2)(iii)</td>
<td>1545–1265</td>
<td>1.367(e)–2</td>
<td>1545–1487</td>
</tr>
<tr>
<td>1.263A–9(d)(1)</td>
<td>1545–1265</td>
<td>1.368–1</td>
<td>1545–1691</td>
</tr>
</tbody>
</table>

303
<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.751–1</td>
<td>1545–0074</td>
<td>1545–1057</td>
</tr>
<tr>
<td>1.751–2</td>
<td>1545–0099</td>
<td>1545–1276</td>
</tr>
<tr>
<td>1.752–1</td>
<td>1545–0941</td>
<td>1545–1276</td>
</tr>
<tr>
<td>1.752–2</td>
<td>1545–1090</td>
<td>1545–1276</td>
</tr>
<tr>
<td>1.754–1</td>
<td>1545–0099</td>
<td>1545–1008</td>
</tr>
<tr>
<td>1.754–2</td>
<td>1545–0099</td>
<td>1545–1008</td>
</tr>
<tr>
<td>1.755–1</td>
<td>1545–0941</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.755–2T</td>
<td>1545–1021</td>
<td>1545–0126</td>
</tr>
<tr>
<td>1.761–2</td>
<td>1545–1338</td>
<td>1545–1224</td>
</tr>
<tr>
<td>1.801–1</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.801–3</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.801–5</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.801–6</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.804–7</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.811–2</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.812–2</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.815–6</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.818–4</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.819–8</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.819–9</td>
<td>1545–0128</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.821–1</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.821–3</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.821–4</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.822–5</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.822–6</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.823–2</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.823–3</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.823–4</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.823–5</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.823–6</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.825–1</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.825–2</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.825–4</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.825–6</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.826–5</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.826–6</td>
<td>1545–1027</td>
<td>1545–0089</td>
</tr>
<tr>
<td>1.831–3</td>
<td>1545–0123</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.831–4</td>
<td>1545–0123</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.832–4</td>
<td>1545–1227</td>
<td>1545–0083</td>
</tr>
<tr>
<td>1.832–5</td>
<td>1545–0123</td>
<td>1545–0083</td>
</tr>
<tr>
<td>1.848–3(1)(a)</td>
<td>1545–1287</td>
<td>1545–0062</td>
</tr>
<tr>
<td>1.848–3(1)(a)(6)</td>
<td>1545–1287</td>
<td>1545–0062</td>
</tr>
<tr>
<td>1.848–3(1)(a)(4)</td>
<td>1545–1287</td>
<td>1545–0062</td>
</tr>
<tr>
<td>1.851–2</td>
<td>1545–0101</td>
<td>1545–0082</td>
</tr>
<tr>
<td>1.851–4</td>
<td>1545–0123</td>
<td>1545–0082</td>
</tr>
<tr>
<td>1.852–1</td>
<td>1545–0123</td>
<td>1545–0082</td>
</tr>
<tr>
<td>1.852–4</td>
<td>1545–0123</td>
<td>1545–0082</td>
</tr>
<tr>
<td>1.852–6</td>
<td>1545–0123</td>
<td>1545–0082</td>
</tr>
<tr>
<td>1.852–7</td>
<td>1545–0144</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.852–9</td>
<td>1545–0074</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.852–11</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.853–3</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.853–4</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.855–1</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.856–6</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.856–7</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.857–8</td>
<td>1545–0123</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.857–9</td>
<td>1545–0074</td>
<td>1545–0121</td>
</tr>
<tr>
<td>1.860–2</td>
<td>1545–0045</td>
<td>1545–0067</td>
</tr>
<tr>
<td>1.860–4</td>
<td>1545–1054</td>
<td>1545–0067</td>
</tr>
<tr>
<td>CFR part or section where identified and described</td>
<td>Current OMB control No.</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------------------</td>
<td></td>
</tr>
<tr>
<td>1.911-3</td>
<td>1545-0070</td>
<td></td>
</tr>
<tr>
<td>1.911-4</td>
<td>1545-0067</td>
<td></td>
</tr>
<tr>
<td>1.911-5</td>
<td>1545-0067</td>
<td></td>
</tr>
<tr>
<td>1.911-6</td>
<td>1545-0067</td>
<td></td>
</tr>
<tr>
<td>1.911-7</td>
<td>1545-0067</td>
<td></td>
</tr>
<tr>
<td>1.913-13</td>
<td>1545-0067</td>
<td></td>
</tr>
<tr>
<td>1.921-1T</td>
<td>1545-0190</td>
<td></td>
</tr>
<tr>
<td>1.921-2</td>
<td>1545-0884</td>
<td></td>
</tr>
<tr>
<td>1.921-3T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.923-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.924(a)-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.925(a)-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.927(a)-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.927(b)-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.927(d)-1</td>
<td>1545-0884</td>
<td></td>
</tr>
<tr>
<td>1.927(d)-2T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.927(e)-1T</td>
<td>1545-0935</td>
<td></td>
</tr>
<tr>
<td>1.927(f)-1</td>
<td>1545-0884</td>
<td></td>
</tr>
<tr>
<td>1.931-1</td>
<td>1545-0074</td>
<td></td>
</tr>
<tr>
<td>1.931-2</td>
<td>1545-0123</td>
<td></td>
</tr>
<tr>
<td>1.934-1</td>
<td>1545-0782</td>
<td></td>
</tr>
<tr>
<td>1.935-1</td>
<td>1545-0887</td>
<td></td>
</tr>
<tr>
<td>1.936-1</td>
<td>1545-0215</td>
<td></td>
</tr>
<tr>
<td>1.936-4</td>
<td>1545-0215</td>
<td></td>
</tr>
<tr>
<td>1.936-9</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.936-10(c)</td>
<td>1545-0215</td>
<td></td>
</tr>
<tr>
<td>1.952-2</td>
<td>1545-0126</td>
<td></td>
</tr>
<tr>
<td>1.953-2</td>
<td>1545-0126</td>
<td></td>
</tr>
<tr>
<td>1.954-1</td>
<td>1545-1068</td>
<td></td>
</tr>
<tr>
<td>1.954-2</td>
<td>1545-0126</td>
<td></td>
</tr>
<tr>
<td>1.955-2</td>
<td>1545-0123</td>
<td></td>
</tr>
<tr>
<td>1.955-3</td>
<td>1545-0123</td>
<td></td>
</tr>
<tr>
<td>1.955A-2</td>
<td>1545-0755</td>
<td></td>
</tr>
<tr>
<td>1.955A-3</td>
<td>1545-0755</td>
<td></td>
</tr>
<tr>
<td>1.956-1</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.956-2</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.956-9</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.959-2</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.960-2</td>
<td>1545-0122</td>
<td></td>
</tr>
<tr>
<td>1.962-2</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.962-3</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.962-4</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.964-1</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.964-2</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.964-3</td>
<td>1545-0704</td>
<td></td>
</tr>
<tr>
<td>1.970-2</td>
<td>1545-0126</td>
<td></td>
</tr>
<tr>
<td>1.971-2</td>
<td>1545-0126</td>
<td></td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.101-4</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1033-1(d)-1T</td>
<td>1545-0211</td>
</tr>
<tr>
<td>1.1033(a)-2</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1033(g)-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1034-1</td>
<td>1545-0072</td>
</tr>
<tr>
<td>1.1039-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1041-1T</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1042-1T</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1044(a)-1</td>
<td>1545-1421</td>
</tr>
<tr>
<td>1.1060-1</td>
<td>1545-1658</td>
</tr>
<tr>
<td>1.1071-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1071-4</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1081-4</td>
<td>1545-0028</td>
</tr>
<tr>
<td>1.1081-11</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1082-1</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1082-2</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1082-3</td>
<td>1545-0046</td>
</tr>
<tr>
<td>1.1082-4</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1082-5</td>
<td>1545-0046</td>
</tr>
<tr>
<td>1.1082-6</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1082-7</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1092(b)-1T</td>
<td>1545-0644</td>
</tr>
<tr>
<td>1.1092(b)-2T</td>
<td>1545-0644</td>
</tr>
<tr>
<td>1.1092(b)-3T</td>
<td>1545-0644</td>
</tr>
<tr>
<td>1.1092(b)-4T</td>
<td>1545-0644</td>
</tr>
<tr>
<td>1.1092(b)-5T</td>
<td>1545-0644</td>
</tr>
<tr>
<td>1.1212-1</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1221-2</td>
<td>1545-1480</td>
</tr>
<tr>
<td>1.1231-2</td>
<td>1545-0177</td>
</tr>
<tr>
<td>1.1231-1</td>
<td>1545-0177</td>
</tr>
<tr>
<td>1.1232-3</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.1237-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1238-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1241-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1243-1</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1244(e)-1</td>
<td>1545-0123</td>
</tr>
<tr>
<td>1.1245-1</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1245-2</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1245-3</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1245-4</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1245-5</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1245-6</td>
<td>1545-0184</td>
</tr>
<tr>
<td>1.1247-1</td>
<td>1545-0122</td>
</tr>
<tr>
<td>1.1247-2</td>
<td>1545-0122</td>
</tr>
<tr>
<td>1.1247-4</td>
<td>1545-0122</td>
</tr>
</tbody>
</table>

---

OMB Control Numbers § 602.101
### OMB Control Numbers

<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6013-1</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.6013-2</td>
<td>1545-0091</td>
</tr>
<tr>
<td>1.6013-6</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.6013-7</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.6015(a)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(b)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(c)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(e)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(f)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(g)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(h)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6015(i)-1</td>
<td>1545-0087</td>
</tr>
<tr>
<td>1.6017-1</td>
<td>1545-0074</td>
</tr>
<tr>
<td>1.6031(a)-1</td>
<td>1545-1583</td>
</tr>
<tr>
<td>1.6031(b)-1T</td>
<td>1545-0099</td>
</tr>
<tr>
<td>1.6031(c)-1T</td>
<td>1545-0099</td>
</tr>
<tr>
<td>1.6032-1</td>
<td>1545-0099</td>
</tr>
<tr>
<td>1.6033-2</td>
<td>1545-0047</td>
</tr>
<tr>
<td>1.6038-1</td>
<td>1545-0108</td>
</tr>
<tr>
<td>1.6038-2</td>
<td>1545-1617</td>
</tr>
<tr>
<td>1.6038-3</td>
<td>1545-1617</td>
</tr>
<tr>
<td>1.6038A-2</td>
<td>1545-1191</td>
</tr>
<tr>
<td>1.6038A-3</td>
<td>1545-1191</td>
</tr>
<tr>
<td>1.6038B-1</td>
<td>1545-1617</td>
</tr>
<tr>
<td>1.6038B-1T</td>
<td>1545-0026</td>
</tr>
<tr>
<td>1.6038B-2</td>
<td>1545-1617</td>
</tr>
<tr>
<td>1.6039-2</td>
<td>1545-0020</td>
</tr>
<tr>
<td>1.6041-1</td>
<td>1545-0008</td>
</tr>
<tr>
<td>1.6041-2</td>
<td>1545-0008</td>
</tr>
<tr>
<td>1.6041-5</td>
<td>1545-0035</td>
</tr>
<tr>
<td>1.6041-6</td>
<td>1545-0008</td>
</tr>
<tr>
<td>1.6041-7</td>
<td>1545-0112</td>
</tr>
<tr>
<td>1.6041-8</td>
<td>1545-0037</td>
</tr>
<tr>
<td>CFR part or section where identified and described</td>
<td>Current OMB control No.</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>1.6042-1 ...............................................</td>
<td>1545-0350</td>
</tr>
<tr>
<td>1.6042-2 ...............................................</td>
<td>1545-0367</td>
</tr>
<tr>
<td>1.6042-3 ...............................................</td>
<td>1545-0387</td>
</tr>
<tr>
<td>1.6042-4 ...............................................</td>
<td>1545-0411</td>
</tr>
<tr>
<td>1.6043-1 ...............................................</td>
<td>1545-0441</td>
</tr>
<tr>
<td>1.6043-2 ...............................................</td>
<td>1545-0469</td>
</tr>
<tr>
<td>1.6043-3 ...............................................</td>
<td>1545-0511</td>
</tr>
<tr>
<td>1.6044-1 ...............................................</td>
<td>1545-0518</td>
</tr>
<tr>
<td>1.6044-2 ...............................................</td>
<td>1545-0525</td>
</tr>
<tr>
<td>1.6044-3 ...............................................</td>
<td>1545-0567</td>
</tr>
<tr>
<td>1.6044-4 ...............................................</td>
<td>1545-0597</td>
</tr>
<tr>
<td>1.6045 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6046-1 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6046-2 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6046-3 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6046-4 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6047-1 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-1 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-2 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-3 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-4 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-5 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-6 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6049-7 ...............................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050A ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050B ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050D ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050E ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050H ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050I ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050J ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050K ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050S ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6050T ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6051 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6052 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6053 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6054 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6055 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6056 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6057 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6058 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6059 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6060 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6061 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6062 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6063 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6064 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6065 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6066 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6067 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6068 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6069 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6070 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6071 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6072 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6073 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6074 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6075 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6076 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6077 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6078 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6079 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6080 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6081 ..................................................</td>
<td>1545-0715</td>
</tr>
<tr>
<td>1.6082 ..................................................</td>
<td>1545-0715</td>
</tr>
</tbody>
</table>

310
### OMB Control Numbers

#### § 602.101

<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6411–4 ........................................</td>
<td>1545–0582</td>
</tr>
<tr>
<td>1.6414–1 ........................................</td>
<td>1545–0582</td>
</tr>
<tr>
<td>1.6425–1 ........................................</td>
<td>1545–0170</td>
</tr>
<tr>
<td>1.6425–2 ........................................</td>
<td>1545–0170</td>
</tr>
<tr>
<td>1.6425–3 ........................................</td>
<td>1545–0170</td>
</tr>
<tr>
<td>1.6654–1 ........................................</td>
<td>1545–0087</td>
</tr>
<tr>
<td>1.6654–2 ........................................</td>
<td>1545–0140</td>
</tr>
<tr>
<td>1.6654–3 ........................................</td>
<td>1545–0087</td>
</tr>
<tr>
<td>1.6654–4 ........................................</td>
<td>1545–0087</td>
</tr>
<tr>
<td>1.6655–1 ........................................</td>
<td>1545–0142</td>
</tr>
<tr>
<td>1.6655–2 ........................................</td>
<td>1545–0142</td>
</tr>
<tr>
<td>1.6655–3 ........................................</td>
<td>1545–0142</td>
</tr>
<tr>
<td>1.6655–7 ........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>1.6655(e)–1 ....................................</td>
<td>1545–1421</td>
</tr>
<tr>
<td>1.6661–3 ........................................</td>
<td>1545–0888</td>
</tr>
<tr>
<td>1.6661–4 ........................................</td>
<td>1545–1031</td>
</tr>
<tr>
<td>1.6662–3(c) ....................................</td>
<td>1545–0889</td>
</tr>
<tr>
<td>1.6662–4(e) and (f) ................................</td>
<td>1545–0889</td>
</tr>
<tr>
<td>1.6662–6 ........................................</td>
<td>1545–1426</td>
</tr>
<tr>
<td>1.6694–1 ........................................</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.6694–2 ........................................</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.6694–2(c) ....................................</td>
<td>1545–1231</td>
</tr>
<tr>
<td>1.6694–3(e) ....................................</td>
<td>1545–1231</td>
</tr>
<tr>
<td>1.6695–1 ........................................</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.6695–2 ........................................</td>
<td>1545–1570</td>
</tr>
<tr>
<td>1.6696–1 ........................................</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.6851–1 ........................................</td>
<td>1545–0086</td>
</tr>
<tr>
<td>1.6851–2 ........................................</td>
<td>1545–0138</td>
</tr>
<tr>
<td>1.7476–1 ........................................</td>
<td>1545–0138</td>
</tr>
<tr>
<td>1.7476–2 ........................................</td>
<td>1545–0197</td>
</tr>
<tr>
<td>1.7519–27 .......................................</td>
<td>1545–0197</td>
</tr>
<tr>
<td>1.7520–1 ........................................</td>
<td>1545–1036</td>
</tr>
<tr>
<td>1.7520–2 ........................................</td>
<td>1545–1343</td>
</tr>
<tr>
<td>1.7520–3 ........................................</td>
<td>1545–0136</td>
</tr>
<tr>
<td>1.7520–4 ........................................</td>
<td>1545–1343</td>
</tr>
<tr>
<td>1.7701(h)–3 ....................................</td>
<td>1545–1642</td>
</tr>
<tr>
<td>1.9100–1 ........................................</td>
<td>1545–0074</td>
</tr>
<tr>
<td>1.9101–1 ........................................</td>
<td>1545–0008</td>
</tr>
<tr>
<td>2.1–4 ...........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–5 ...........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–6 ...........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–10 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–11 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–12 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–13 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–20 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–22 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>2.1–26 ..........................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>3.2 ..............................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>4.954–1 ........................................</td>
<td>1545–1068</td>
</tr>
<tr>
<td>4.954–2 ........................................</td>
<td>1545–1068</td>
</tr>
<tr>
<td>5.6411–1 .......................................</td>
<td>1545–0098</td>
</tr>
<tr>
<td>5c.44F–1 ........................................</td>
<td>1545–0582</td>
</tr>
<tr>
<td>5c.128–1 ........................................</td>
<td>1545–0582</td>
</tr>
<tr>
<td>5c.168(i)(6)–1 ...................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>5c.168(i)(6)–2 ...................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>5c.168(i)(6)–6 ...................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>5c.168(i)(6)–8 ...................................</td>
<td>1545–0123</td>
</tr>
<tr>
<td>5c.305–1 ........................................</td>
<td>1545–0110</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>5c.442–1 ..................</td>
</tr>
<tr>
<td>5c.128–1 ..................</td>
</tr>
<tr>
<td>5c.168(i)(6)–1 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–2 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–6 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–8 ............</td>
</tr>
<tr>
<td>5c.305–1 ..................</td>
</tr>
<tr>
<td>5c.168(i)(6)–1 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–2 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–6 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–8 ............</td>
</tr>
<tr>
<td>5c.305–1 ..................</td>
</tr>
<tr>
<td>5c.168(i)(6)–1 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–2 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–6 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–8 ............</td>
</tr>
<tr>
<td>5c.305–1 ..................</td>
</tr>
<tr>
<td>5c.168(i)(6)–1 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–2 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–6 ............</td>
</tr>
<tr>
<td>5c.168(i)(6)–8 ............</td>
</tr>
<tr>
<td>5c.305–1 ..................</td>
</tr>
</tbody>
</table>

311
<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>20.6018-3</td>
<td>1545-0015</td>
<td>26.2662-1</td>
<td>1545-0015</td>
</tr>
<tr>
<td>20.6018-4</td>
<td>1545-0015</td>
<td>26.2662-2</td>
<td>1545-0085</td>
</tr>
<tr>
<td>20.0036-2</td>
<td>1545-0015</td>
<td>31.3102-3</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.0681-1</td>
<td>1545-0015</td>
<td>31.3102-3</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.0685-1</td>
<td>1545-0015</td>
<td>31.3121(b)(4)-1</td>
<td>1545-0004</td>
</tr>
<tr>
<td>20.0675-1</td>
<td>1545-0015</td>
<td>31.3121(b)(4)-1</td>
<td>1545-0004</td>
</tr>
<tr>
<td>20.0691-1</td>
<td>1545-0181</td>
<td>31.3121(b)(5)-1</td>
<td>1545-0017</td>
</tr>
<tr>
<td>20.0691-2</td>
<td>1545-0015</td>
<td>31.3121(b)(5)-1</td>
<td>1545-0017</td>
</tr>
<tr>
<td>20.0691-3</td>
<td>1545-0015</td>
<td>31.3121(b)(6)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.0691-4</td>
<td>1545-0015</td>
<td>31.3121(c)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6161-1</td>
<td>1545-0015</td>
<td>31.3121(c)(1)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6161-2</td>
<td>1545-0015</td>
<td>31.3121(c)(1)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6163-1</td>
<td>1545-0015</td>
<td>31.3121(c)(2)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6166-1</td>
<td>1545-0181</td>
<td>31.3121(c)(2)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6166-3</td>
<td>1545-0015</td>
<td>31.3121(c)(3)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6166-4</td>
<td>1545-0015</td>
<td>31.3121(c)(4)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.6324-1</td>
<td>1545-0754</td>
<td>31.3121(c)(5)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.7520-1</td>
<td>1545-1343</td>
<td>31.3121(c)(6)-1</td>
<td>1545-1484</td>
</tr>
<tr>
<td>20.7520-2</td>
<td>1545-1343</td>
<td>31.3121(c)(6)-1</td>
<td>1545-1484</td>
</tr>
<tr>
<td>20.7520-3</td>
<td>1545-1343</td>
<td>31.3401(a)(7)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.7520-4</td>
<td>1545-1343</td>
<td>31.3401(a)(8)(A)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>20.7520-5</td>
<td>1545-0015</td>
<td>31.3401(a)(9)-1</td>
<td>1545-0066</td>
</tr>
<tr>
<td>25.2511-2</td>
<td>1545-0020</td>
<td>31.3401(a)(10)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2512-2</td>
<td>1545-0020</td>
<td>31.3401(a)(11)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2512-3</td>
<td>1545-0020</td>
<td>31.3401(a)(12)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2512-4</td>
<td>1545-0020</td>
<td>31.3401(a)(13)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2512-5</td>
<td>1545-0020</td>
<td>31.3401(a)(14)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2512-6</td>
<td>1545-0020</td>
<td>31.3401(a)(15)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2513-1</td>
<td>1545-0020</td>
<td>31.3401(a)(16)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2513-2</td>
<td>1545-0020</td>
<td>31.3401(a)(17)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2513-3</td>
<td>1545-0020</td>
<td>31.3401(a)(18)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2513-4</td>
<td>1545-0020</td>
<td>31.3401(a)(19)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2518-2</td>
<td>1545-0020</td>
<td>31.3401(a)(20)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2522(a)-1</td>
<td>1545-0196</td>
<td>31.3401(a)(21)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2522(a)-3</td>
<td>1545-0020</td>
<td>31.3401(a)(22)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2523(a)-1</td>
<td>1545-0020</td>
<td>31.3401(a)(23)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2523(f)-1</td>
<td>1545-0020</td>
<td>31.3401(a)(24)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2701-2</td>
<td>1545-1241</td>
<td>31.3401(a)(25)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2701-3</td>
<td>1545-1241</td>
<td>31.3401(a)(26)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2701-4</td>
<td>1545-1241</td>
<td>31.3401(a)(27)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2701-5</td>
<td>1545-1273</td>
<td>31.3401(a)(28)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2702-5</td>
<td>1545-1485</td>
<td>31.3401(a)(29)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.2703-6</td>
<td>1545-1273</td>
<td>31.3401(a)(30)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.6001-1</td>
<td>1545-0020</td>
<td>31.3401(a)(31)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>25.6011-1</td>
<td>1545-0020</td>
<td>31.3401(a)(32)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2632-1</td>
<td>1545-0085</td>
<td>31.3401(a)(33)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2632-2</td>
<td>1545-0085</td>
<td>31.3401(a)(34)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2632-3</td>
<td>1545-0085</td>
<td>31.3401(a)(35)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2642-1</td>
<td>1545-0085</td>
<td>31.3401(a)(36)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2642-2</td>
<td>1545-0085</td>
<td>31.3401(a)(37)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2642-3</td>
<td>1545-0085</td>
<td>31.3401(a)(38)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2642-4</td>
<td>1545-0085</td>
<td>31.3401(a)(39)-1</td>
<td>1545-0029</td>
</tr>
<tr>
<td>26.2652-2</td>
<td>1545-0085</td>
<td>31.3401(a)(40)-1</td>
<td>1545-0029</td>
</tr>
</tbody>
</table>

312
<table>
<thead>
<tr>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
<th>CFR part or section where identified and described</th>
<th>Current OMB control No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.3406(b)(3)–4</td>
<td>1545–0112</td>
<td>31.6071(a)–1A</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3406(b)(4)–1</td>
<td>1545–0112</td>
<td>31.6081(a)–1</td>
<td>1545–0008</td>
</tr>
<tr>
<td>31.3406(c)–1</td>
<td>1545–0112</td>
<td>31.6091–1</td>
<td>1545–0028</td>
</tr>
<tr>
<td>31.3406(d)–1</td>
<td>1545–0112</td>
<td>31.6157–1</td>
<td>1545–0065</td>
</tr>
<tr>
<td>31.3406(d)–2</td>
<td>1545–0112</td>
<td>31.6205–1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3406(d)–3</td>
<td>1545–0112</td>
<td>31.6301(c)–1A</td>
<td>1545–0035</td>
</tr>
<tr>
<td>31.3406(d)–4</td>
<td>1545–0112</td>
<td>31.6302–1</td>
<td>1545–1413</td>
</tr>
<tr>
<td>31.3406(d)–5</td>
<td>1545–0112</td>
<td>31.6302–2</td>
<td>1545–1413</td>
</tr>
<tr>
<td>31.3406(e)–1</td>
<td>1545–0112</td>
<td>31.6302–3</td>
<td>1545–1413</td>
</tr>
<tr>
<td>31.3406(f)–1</td>
<td>1545–0112</td>
<td>31.6303(c)–2</td>
<td>1545–0001</td>
</tr>
<tr>
<td>31.3406(g)–1</td>
<td>1545–0096</td>
<td>31.6303(c)–2–2</td>
<td>1545–0257</td>
</tr>
<tr>
<td>31.3406(g)–2</td>
<td>1545–0112</td>
<td>31.6303(c)–2–A</td>
<td>1545–0965</td>
</tr>
<tr>
<td>31.3406(g)–3</td>
<td>1545–0112</td>
<td>31.6303(c)–3</td>
<td>1545–0001</td>
</tr>
<tr>
<td>31.3406(h)–1</td>
<td>1545–0112</td>
<td>31.6402(a)–2</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3406(h)–2</td>
<td>1545–0112</td>
<td>31.6402(a)–2–2</td>
<td>1545–0256</td>
</tr>
<tr>
<td>31.3406(h)–3</td>
<td>1545–0112</td>
<td>31.6413(a)–1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3406(i)–1</td>
<td>1545–0798</td>
<td>31.6413(a)–2</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3503–1</td>
<td>1545–0024</td>
<td>31.6413(c)–1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.3504–1</td>
<td>1545–0029</td>
<td>31.6441–1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6001–3</td>
<td>1545–0798</td>
<td>32.1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6001–4</td>
<td>1545–0028</td>
<td>32.2</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6001–5</td>
<td>1545–0798</td>
<td>35a.3406–2</td>
<td>1545–0112</td>
</tr>
<tr>
<td>31.6001–6</td>
<td>1545–0029</td>
<td>35a.9999–5</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6011(a)–1</td>
<td>1545–0029</td>
<td>36.3121(l)(1)–1</td>
<td>1545–0137</td>
</tr>
<tr>
<td>31.6011(a)–2</td>
<td>1545–0001</td>
<td>36.3121(l)(1)–2</td>
<td>1545–0137</td>
</tr>
<tr>
<td>31.6011(a)–3</td>
<td>1545–0002</td>
<td>36.3121(l)(1)–3</td>
<td>1545–0123</td>
</tr>
<tr>
<td>31.6011(a)–3A</td>
<td>1545–0955</td>
<td>36.3121(l)(1)–7</td>
<td>1545–0123</td>
</tr>
<tr>
<td>31.6011(a)–4</td>
<td>1545–0034</td>
<td>36.3121(l)(10)–1</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6011(a)–5</td>
<td>1545–0035</td>
<td>36.3121(l)(10)–3</td>
<td>1545–0029</td>
</tr>
<tr>
<td>31.6011(a)–6</td>
<td>1545–0718</td>
<td>40.6302(c)–3(b)(2)(ii)</td>
<td>1545–0256</td>
</tr>
<tr>
<td>31.6011(a)–7</td>
<td>1545–0718</td>
<td>40.6302(c)–3(b)(2)(ii)</td>
<td>1545–1266</td>
</tr>
<tr>
<td>31.6011(a)–8</td>
<td>1545–0028</td>
<td>40.6302(c)–3(a)</td>
<td>1545–1296</td>
</tr>
<tr>
<td>31.6011(a)–9</td>
<td>1545–0028</td>
<td>41.4481–1</td>
<td>1545–0013</td>
</tr>
<tr>
<td>31.6011(a)–10</td>
<td>1545–0008</td>
<td>41.4481–2</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6011(b)–1</td>
<td>1545–0003</td>
<td>41.4483–3</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6011(b)–2</td>
<td>1545–0029</td>
<td>41.6001–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6011(b)–5</td>
<td>1545–0182</td>
<td>41.6001–2</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6011(c)–1</td>
<td>1545–0182</td>
<td>41.6017(a)–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6051–1</td>
<td>1545–0458</td>
<td>41.6081(a)–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6051–1T</td>
<td>1545–1729</td>
<td>41.6091–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6051–2</td>
<td>1545–0008</td>
<td>41.6091–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6051–3</td>
<td>1545–0008</td>
<td>41.6091–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6051–4</td>
<td>1545–0008</td>
<td>41.6109–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6053–2</td>
<td>1545–0008</td>
<td>41.6151(a)–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6053–3</td>
<td>1545–0008</td>
<td>41.6156–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6053–4</td>
<td>1545–0008</td>
<td>41.6161(a)(1)–1</td>
<td>1545–0143</td>
</tr>
<tr>
<td>31.6055–1T</td>
<td>1545–0008</td>
<td>44.4401–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6055–2</td>
<td>1545–0008</td>
<td>44.4412–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6055–3</td>
<td>1545–0008</td>
<td>44.4901–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6055–4</td>
<td>1545–0008</td>
<td>44.4905–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6065–2</td>
<td>1545–0008</td>
<td>44.4905–2</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6065–3</td>
<td>1545–0008</td>
<td>44.6001–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6065–4</td>
<td>1545–0008</td>
<td>44.6011(a)–1</td>
<td>1545–0235</td>
</tr>
<tr>
<td>31.6071(a)–1</td>
<td>1545–0001</td>
<td>46.4371–4</td>
<td>1545–0023</td>
</tr>
<tr>
<td>31.6071(a)–2</td>
<td>1545–0028</td>
<td>46.4374–1</td>
<td>1545–0023</td>
</tr>
<tr>
<td>CFR part or section where identified and described</td>
<td>Current OMB control No.</td>
<td></td>
<td>CFR part or section where identified and described</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>46.4701–1</td>
<td>1545–0023</td>
<td>48.6416(b)(2)–3</td>
<td>1545–1087</td>
</tr>
<tr>
<td>48.4041–4</td>
<td>1545–0023</td>
<td>48.6416(b)(1)–1</td>
<td>1545–0023</td>
</tr>
<tr>
<td>48.4041–5</td>
<td>1545–0023</td>
<td>48.6416(b)(1)–2</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–6</td>
<td>1545–0023</td>
<td>48.6416(b)(1)–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–7</td>
<td>1545–0023</td>
<td>48.6416(b)(1)–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–9</td>
<td>1545–0023</td>
<td>48.6416(b)(2)–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–10</td>
<td>1545–0023</td>
<td>48.6416(b)(2)–2</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–11</td>
<td>1545–0023</td>
<td>48.6416(b)(2)–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–12</td>
<td>1545–0023</td>
<td>46.4616(b)(2)–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–13</td>
<td>1545–0023</td>
<td>48.6416(b)(3)–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–18</td>
<td>1545–0023</td>
<td>48.6416(b)(3)–2</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–19</td>
<td>1545–0023</td>
<td>48.6416(b)(3)–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4041–20</td>
<td>1545–0023</td>
<td>46.4616(b)(4)–1</td>
<td>1545–0023</td>
</tr>
<tr>
<td>48.4041–21</td>
<td>1545–1270</td>
<td>46.4616(b)(5)–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4042–2</td>
<td>1545–0023</td>
<td>46.4616(c)–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4052–1</td>
<td>1545–1418</td>
<td>46.4616(c)–2</td>
<td>1545–0023</td>
</tr>
<tr>
<td>48.4061(a)–1</td>
<td>1545–0023</td>
<td>46.4616(c)–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4061(a)–2</td>
<td>1545–0023</td>
<td>46.4616(c)–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4061(b)–3</td>
<td>1545–0023</td>
<td>46.4616(c)–5</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4064–1</td>
<td>1545–0014</td>
<td>46.4616(c)–6</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4071–1</td>
<td>1545–0023</td>
<td>46.4616(c)–7</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4073–1</td>
<td>1545–0023</td>
<td>46.4616(c)–8</td>
<td>1545–0723</td>
</tr>
<tr>
<td>48.4073–3</td>
<td>1545–0023</td>
<td>46.4616(c)–9</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4616(c)–10</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>48.4620–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4620–2</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4620–3</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4620–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4620–5</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4620–6</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–0</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–2</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–4</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–5</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–6</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4621–7</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–0</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–2</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–5</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–6</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–7</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–8</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4622–9</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–0</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–1</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–2</td>
<td>1545–0162</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–3</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–4</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–5</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–6</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–7</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–8</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–9</td>
<td>1545–0723</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–10</td>
<td>1545–1418</td>
</tr>
<tr>
<td></td>
<td></td>
<td>46.4627–11</td>
<td>1545–1418</td>
</tr>
<tr>
<td>46.6302(c)–1</td>
<td>1545–0023</td>
<td>46.4627–12</td>
<td>1545–1418</td>
</tr>
<tr>
<td>CFR part or section where identified and described</td>
<td>Current OMB control No.</td>
<td>CFR part or section where identified and described</td>
<td>Current OMB control No.</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>------------------------</td>
<td>-------------------------------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>49.4251-1</td>
<td>1545-1075</td>
<td>55.6071-1</td>
<td>1545-0999</td>
</tr>
<tr>
<td>49.4251-2</td>
<td>1545-1075</td>
<td>56.4911-6</td>
<td>1545-0052</td>
</tr>
<tr>
<td>49.4251-4(d)(2)</td>
<td>1545-1628</td>
<td>56.4911-7</td>
<td>1545-0052</td>
</tr>
<tr>
<td>49.4253-3</td>
<td>1545-0023</td>
<td>56.4911-9</td>
<td>1545-0052</td>
</tr>
<tr>
<td>49.4253-4</td>
<td>1545-0023</td>
<td>56.4911-10</td>
<td>1545-0072</td>
</tr>
<tr>
<td>49.4264(b)-1</td>
<td>1545-0023</td>
<td>56.6001-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td></td>
<td>1545-0226</td>
<td>56.6001-11</td>
<td>1545-1049</td>
</tr>
<tr>
<td></td>
<td>1545-0226</td>
<td>56.6001-11</td>
<td>1545-1049</td>
</tr>
<tr>
<td></td>
<td>1545-0912</td>
<td>56.6001-11</td>
<td>1545-1049</td>
</tr>
<tr>
<td></td>
<td>1545-0912</td>
<td>56.6001-11</td>
<td>1545-1049</td>
</tr>
<tr>
<td></td>
<td>1545-0257</td>
<td>145.4051-1</td>
<td>1545-0745</td>
</tr>
<tr>
<td></td>
<td>1545-0230</td>
<td>145.4052-1</td>
<td>1545-0120</td>
</tr>
<tr>
<td></td>
<td>1545-0224</td>
<td></td>
<td>1545-0745</td>
</tr>
<tr>
<td></td>
<td>1545-0225</td>
<td></td>
<td>1545-1076</td>
</tr>
<tr>
<td></td>
<td>1545-0224</td>
<td></td>
<td>1545-0745</td>
</tr>
<tr>
<td>49.4271-1(d)</td>
<td>1545-0685</td>
<td></td>
<td>1545-0745</td>
</tr>
<tr>
<td>52.4682-1(b)(2)(ii)</td>
<td>1545-1153</td>
<td>156.6001-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td>52.4682-2(b)</td>
<td>1545-1153</td>
<td>156.6011-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td>52.4682-2(d)</td>
<td>1545-1153</td>
<td>156.6011-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td>52.4682-3(c)(2)</td>
<td>1545-1153</td>
<td>156.6011-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td>52.4682-3(g)</td>
<td>1545-1153</td>
<td>156.6161-1</td>
<td>1545-1049</td>
</tr>
<tr>
<td>52.4682-4(f)</td>
<td>1545-1153</td>
<td>301.6011-2</td>
<td>1545-0325</td>
</tr>
<tr>
<td></td>
<td>1545-0257</td>
<td></td>
<td>1545-0350</td>
</tr>
<tr>
<td></td>
<td>1545-1361</td>
<td></td>
<td>1545-0387</td>
</tr>
<tr>
<td>53.4940-1</td>
<td>1545-0052</td>
<td></td>
<td>1545-0411</td>
</tr>
<tr>
<td>53.4940(a)-1</td>
<td>1545-0196</td>
<td></td>
<td>1545-0957</td>
</tr>
<tr>
<td>53.4940(a)-2</td>
<td>1545-0052</td>
<td>301.6017-1</td>
<td>1545-0990</td>
</tr>
<tr>
<td>53.4940(a)-3</td>
<td>1545-0052</td>
<td>301.6034-1</td>
<td>1545-0992</td>
</tr>
<tr>
<td>53.4940(b)-1</td>
<td>1545-0052</td>
<td>301.6035-1</td>
<td>1545-0123</td>
</tr>
<tr>
<td>53.4945-1</td>
<td>1545-0052</td>
<td>301.6036-1</td>
<td>1545-0013</td>
</tr>
<tr>
<td>53.4945-4</td>
<td>1545-0052</td>
<td></td>
<td>1545-0773</td>
</tr>
<tr>
<td>53.4945-5</td>
<td>1545-0052</td>
<td>301.6047-1</td>
<td>1545-0367</td>
</tr>
<tr>
<td>53.4945-6</td>
<td>1545-0052</td>
<td>301.6057-1</td>
<td>1545-0957</td>
</tr>
<tr>
<td>53.4947-1</td>
<td>1545-0196</td>
<td>301.6057-2</td>
<td>1545-0710</td>
</tr>
<tr>
<td>53.4947-2</td>
<td>1545-0196</td>
<td>301.6058-1</td>
<td>1545-0710</td>
</tr>
<tr>
<td>53.4948-1</td>
<td>1545-0052</td>
<td>301.6059-1</td>
<td>1545-0710</td>
</tr>
<tr>
<td>53.4948-2</td>
<td>1545-0052</td>
<td>301.603(c)-1</td>
<td>1545-0280</td>
</tr>
<tr>
<td>53.4958-6</td>
<td>1545-1623</td>
<td>301.603(c)(2)(B)-1T</td>
<td>1545-1577</td>
</tr>
<tr>
<td>53.6001-1</td>
<td>1545-0052</td>
<td>301.6014(a)-5</td>
<td>1545-0056</td>
</tr>
<tr>
<td>53.6011-1</td>
<td>1545-0052</td>
<td>301.6014(a)-6</td>
<td>1545-0056</td>
</tr>
<tr>
<td></td>
<td>1545-0049</td>
<td>301.6014(b)-1</td>
<td>1545-0294</td>
</tr>
<tr>
<td></td>
<td>1545-0052</td>
<td>301.6014(d)-1</td>
<td>1545-1655</td>
</tr>
<tr>
<td></td>
<td>1545-0092</td>
<td>301.6014(d)-2</td>
<td>1545-1655</td>
</tr>
<tr>
<td></td>
<td>1545-0196</td>
<td>301.6014(d)-3</td>
<td>1545-1655</td>
</tr>
<tr>
<td></td>
<td>1545-0148</td>
<td>301.6014(d)-9</td>
<td>1545-0003</td>
</tr>
<tr>
<td></td>
<td>1545-0575</td>
<td></td>
<td>1545-0387</td>
</tr>
<tr>
<td>53.6161-1</td>
<td>1545-0197</td>
<td></td>
<td>1545-0957</td>
</tr>
<tr>
<td>54.4972-1</td>
<td>1545-0575</td>
<td></td>
<td>1545-1461</td>
</tr>
<tr>
<td>54.4975-7</td>
<td>1545-0771</td>
<td>301.6109-3</td>
<td>1545-1564</td>
</tr>
<tr>
<td>54.4980B-6</td>
<td>1545-1581</td>
<td>301.6110-3</td>
<td>1545-0074</td>
</tr>
<tr>
<td>54.4980B-7</td>
<td>1545-1581</td>
<td>301.6110-5</td>
<td>1545-0074</td>
</tr>
<tr>
<td>54.4980B-8</td>
<td>1545-1581</td>
<td>301.6111-1T</td>
<td>1545-0860</td>
</tr>
<tr>
<td>54.4981A-1T</td>
<td>1545-0203</td>
<td>301.6111-2T</td>
<td>1545-0865</td>
</tr>
<tr>
<td>54.6011-1</td>
<td>1545-0575</td>
<td>301.6111-1T</td>
<td>1545-0865</td>
</tr>
<tr>
<td>54.6011-1T</td>
<td>1545-0575</td>
<td></td>
<td>1545-1687</td>
</tr>
<tr>
<td>54.9801-3T</td>
<td>1545-1537</td>
<td>301.6222(a)-2</td>
<td>1545-0790</td>
</tr>
<tr>
<td>54.9801-4T</td>
<td>1545-1537</td>
<td>301.6222(b)-1</td>
<td>1545-0790</td>
</tr>
<tr>
<td>54.9801-3T</td>
<td>1545-1537</td>
<td>301.6222(b)-2</td>
<td>1545-0790</td>
</tr>
<tr>
<td>55.6001-1</td>
<td>1545-0123</td>
<td>301.6222(b)-3</td>
<td>1545-0790</td>
</tr>
<tr>
<td>55.6011-1</td>
<td>1545-0999</td>
<td></td>
<td>301.6223(b)-1</td>
</tr>
<tr>
<td>55.6011-1T</td>
<td>1545-0999</td>
<td></td>
<td>1545-0790</td>
</tr>
<tr>
<td>55.6016-1</td>
<td>1545-0999</td>
<td></td>
<td>1545-0790</td>
</tr>
</tbody>
</table>
List of CFR Sections Affected

All changes to Parts 40 to 169 of Title 26 of the Code of Federal Regulations which were made by documents published in the Federal Register since January 1, 1986, are enumerated in the following list. Entries indicate the nature of the changes effected. Page numbers refer to Federal Register pages. The user should consult the entries for chapters and parts as well as sections for revisions.


26 CFR 1986

Chapter I

46.0–1 (a)(3) and (4) redesignated as (a)(4) and (5); new (a)(3) added; (b) amended ............ 33594
46.4701–1 (Subpart C) Added................ 33594
(b)(6) (ii) corrected.......................... 36392
46.6011(a)–1 (a) amended.................. 33595
48.4041 Removed............................. 12
48.4041–1 Revised............................ 12
48.4041–3 Revised......................... 13
48.4041–4 Removed......................... 14
48.4041–5 Removed......................... 14
48.4041–6 Removed......................... 15
48.4041–7 Removed......................... 15
48.4041–8 Removed......................... 16
48.4041–9 Removed......................... 17
48.4041–10 Removed......................... 18
48.4041–11 Redesignated as 48.4041–15..................... 14
48.4041–12 Redesignated as 48.4041–16..................... 14
48.4041–13 Redesignated as 48.4041–17..................... 14
48.4041–14 Redesignated as 48.4041–18..................... 14
48.4041–15 Redesignated from 48.4041–11..................... 14
48.4041–16 Redesignated from 48.4041–12..................... 14
48.4041–17 Redesignated from 48.4041–13..................... 14
48.4041–18 Redesignated from 48.4041–14..................... 14
48.4041–19 Added ........................ 31617
48.4041–20 Added ........................ 31617

26 CFR—Continued 1987

Chapter I—Continued

41.4481–3 (a) introductory text and (1) revised; (a)(2) amended ..... 33584
41.4481–5 (a) redesignated as (a)(1)(i) and amended; (a)(1)(ii) added.......................... 33584
41.4482(c)–1 (b) nomenclature change.................. 33584
41.4483–7 Redesignated as 41.4483–7T Added (temporary)........ 33584
41.6001–3T Added (temporary)........ 33584
46.6011(a)–1 (a) corrected ................ 9656
48.4041–5 (a)(1) redesignated as (a)(1)(i) and amended; (a)(1)(ii) added.................. 33908
48.4041–18 Revised........................ 31616
48.4041–19 Added ........................ 31617
<table>
<thead>
<tr>
<th>CFR Section</th>
<th>1992</th>
<th>57 FR Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>26 CFR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapter I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Revised</td>
<td>48177</td>
</tr>
<tr>
<td>43</td>
<td>Authority citation revised</td>
<td>48185</td>
</tr>
<tr>
<td>43.0-1</td>
<td>Redesignated from 43.0-1; heading amended</td>
<td>33636</td>
</tr>
<tr>
<td></td>
<td>Revised</td>
<td>48185</td>
</tr>
<tr>
<td>43.0-1T</td>
<td>Redesignated as 43.0-1</td>
<td>33636</td>
</tr>
<tr>
<td>43.4471-1</td>
<td>Redesignated from 48.4471-1; heading amended</td>
<td>33636</td>
</tr>
<tr>
<td></td>
<td>Redesignated as 43.4471-1</td>
<td>33636</td>
</tr>
<tr>
<td>43.4472-1</td>
<td>Added</td>
<td>33636</td>
</tr>
<tr>
<td></td>
<td>(f)(2) corrected</td>
<td>45713</td>
</tr>
<tr>
<td>43.6011(a)-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6071(a)-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6091-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6101-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6109(a)-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6151(a)-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>43.6302(c)-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>44</td>
<td>Authority citation revised</td>
<td>48185</td>
</tr>
<tr>
<td>44.4402-1</td>
<td>Redesignated from 44.4402-1; heading amended</td>
<td>48185</td>
</tr>
<tr>
<td></td>
<td>Redesignated as 44.4402-1</td>
<td>48185</td>
</tr>
<tr>
<td>44.6091-1</td>
<td>Authority citation removed</td>
<td>48185</td>
</tr>
<tr>
<td>46</td>
<td>Authority citation revised</td>
<td>48185</td>
</tr>
<tr>
<td>46.0-1T</td>
<td>Removed</td>
<td>48185</td>
</tr>
<tr>
<td>46.371-1</td>
<td>46.374-1 (Subpart B) Authority citation removed</td>
<td>48186</td>
</tr>
<tr>
<td>46.371-4</td>
<td>Authority citation removed</td>
<td>48186</td>
</tr>
<tr>
<td>46.6061-1</td>
<td>46.7885-1 (Subpart E) Removed</td>
<td>48186</td>
</tr>
<tr>
<td>48</td>
<td>Authority citation amended</td>
<td>7654</td>
</tr>
<tr>
<td>48.0-1</td>
<td>Added</td>
<td>32429</td>
</tr>
<tr>
<td>48.0-1T</td>
<td>Removed</td>
<td>48186</td>
</tr>
<tr>
<td>48.4041-2T</td>
<td>Authority citation removed</td>
<td>48186</td>
</tr>
<tr>
<td>48.4051-1T</td>
<td>Removed</td>
<td>48186</td>
</tr>
<tr>
<td>48.4061(a)-1</td>
<td>48.4121-1 (Subpart H) Heading revised</td>
<td>48186</td>
</tr>
<tr>
<td>48.4081-1</td>
<td>Added</td>
<td>32429</td>
</tr>
<tr>
<td>48.4081-2</td>
<td>(a)(5) and (e)(3) revised</td>
<td>7654</td>
</tr>
<tr>
<td></td>
<td>48.4081-1</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4081-2</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4081-3</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4081-4</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>(b) introductory text and (e)(3) corrected</td>
<td>39421</td>
</tr>
<tr>
<td></td>
<td>(a) corrected</td>
<td>39422</td>
</tr>
<tr>
<td></td>
<td>48.4081-6</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>(b)(2)(1), (f)(4) Example 2, (g)(1)(ii) and (2)(iii) corrected</td>
<td>39422</td>
</tr>
<tr>
<td></td>
<td>48.4081-7</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4081-8</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4081-9</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4082-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4083-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4083-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4084-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4084-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091—48.4093</td>
<td>Undesignated center heading removed</td>
</tr>
<tr>
<td></td>
<td>48.4091</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-0</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-3</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-4</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-5</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-6</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4091-7</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4091-8</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4091-9</td>
<td>Added</td>
</tr>
<tr>
<td></td>
<td>48.4092-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4092-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4093-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4093-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4121</td>
<td>(e) removed; redesignated as Subpart I</td>
</tr>
<tr>
<td></td>
<td>48.4161(a)—48.4182-2</td>
<td>(Subpart K) Heading revised; undesignated center heading removed</td>
</tr>
<tr>
<td></td>
<td>48.4181-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4181-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4182-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.4182-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6011(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6011(a)-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.601(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.601(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6091-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6101-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6109-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6110-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6161(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6302(c)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6302(c)-2</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6402(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6404(a)-1</td>
<td>Removed</td>
</tr>
<tr>
<td></td>
<td>48.6900-0</td>
<td>Removed</td>
</tr>
<tr>
<td>49</td>
<td>Authority citation revised</td>
<td>48186</td>
</tr>
<tr>
<td>49.0-1</td>
<td>Added</td>
<td>48186</td>
</tr>
</tbody>
</table>
### 26 CFR—Continued

<table>
<thead>
<tr>
<th>Year</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>26 CFR</td>
</tr>
<tr>
<td>1994</td>
<td>26 CFR</td>
</tr>
<tr>
<td>1995</td>
<td>26 CFR</td>
</tr>
<tr>
<td>1996</td>
<td>26 CFR</td>
</tr>
</tbody>
</table>

#### 1993

<table>
<thead>
<tr>
<th>Chapter I</th>
<th>Authority citation amended</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>(b) and (e) corrected</td>
<td>63072</td>
</tr>
<tr>
<td>40.01</td>
<td>(b)(2) amended</td>
<td>63072</td>
</tr>
<tr>
<td>40.62</td>
<td>(b)(1) and (2)(i) revised</td>
<td>63072</td>
</tr>
<tr>
<td>40.4082</td>
<td>(b)(1) and (2)(i) revised</td>
<td>63072</td>
</tr>
<tr>
<td>40.4083</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4101</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4101</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4247</td>
<td>Added</td>
<td>63072</td>
</tr>
</tbody>
</table>

#### 1994

<table>
<thead>
<tr>
<th>Chapter I</th>
<th>Authority citation amended</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>(b)(2) amended</td>
<td>63072</td>
</tr>
<tr>
<td>40.62</td>
<td>(b)(1) and (2)(i) revised</td>
<td>63072</td>
</tr>
<tr>
<td>40.4082</td>
<td>(b)(1) and (2)(i) revised</td>
<td>63072</td>
</tr>
<tr>
<td>40.4083</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4101</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4101</td>
<td>Added</td>
<td>63072</td>
</tr>
<tr>
<td>40.4247</td>
<td>Added</td>
<td>63072</td>
</tr>
</tbody>
</table>

#### 1995

<table>
<thead>
<tr>
<th>Chapter I</th>
<th>Authority citation amended</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>(b) existing text redesignated as (b)(1); new (b)(1) heading and (b)(2) added</td>
<td>10452</td>
</tr>
<tr>
<td>48.4011-8</td>
<td>(c)(4) corrected</td>
<td>50245</td>
</tr>
<tr>
<td>48.4081-7</td>
<td>Heading, (b)(4), (c)(1), (3), (d) and (g) revised; (a), (b), (c)(2), (4)(1)(A), (B), (ii)(A), (B), (iii), (iv)(A), (B) and (f) Example 7 amended; (c)(5) removed</td>
<td>10452</td>
</tr>
</tbody>
</table>

#### 1996

<table>
<thead>
<tr>
<th>Chapter I</th>
<th>Authority citation amended</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>(b) existing text redesignated as (b)(1); new (b)(1) heading and (b)(2) added</td>
<td>10452</td>
</tr>
<tr>
<td>40.6011</td>
<td>(c) amended; (d) removed</td>
<td>50245</td>
</tr>
</tbody>
</table>

---

Note: The above table represents a simplified extract from the document. For full details, please refer to the original source.
List of CFR Sections Affected

26 CFR—Continued

Chapter I—Continued
40.601(a)–1T Removed ..........................17155
40.601(c)(2)–4 (a)(2)(v) added; (f)(1)
amended ..................................17155
40.603(c)–1T Removed ..........................17155
40.603(c)(1)–2(b)(2)(iii) added ..........17155
40.603(c)(2)–2T Removed .....................17155
41.0–1 Revised .................................17153
41.0–2 Removed .................................17153
41.0–3 Removed .................................17153
41.446–1 (a), (b) and (c)(2) intro-
ductive text, and (f) removed; (c)(1)
introductory text and (d)(1) and 
introductory text amended ..........17153
41.446–1T Removed .............................17153
41.446–2 (a)(1) revised ..........................17153
41.446(a)–1 (a)(2) amended; (a)
removed ........................................17153
41.446(b)–1 (b), (c), (d) and au-
thority citation removed; (e) and
(f) redesignated as (b) and
(c); (a) and new (b) heading re-
vised; new (b)(1) and (2) amend-
ed .............................................17153
41.446(b)–1T Removed .........................17154
41.446(b)–1T Revised .............................17154
41.446(b)–1 Heading, (a), (b) and
(c) revised .................................17154
41.446–1 Revised .................................17154
41.446–2 (a), (e) introductory 
text, (1), (2) and (f) Example 1 
amended ......................................17154
41.446–3 (a)(2), (b) and (f) amend-
ed .............................................17154
41.446–5 Removed .................................17154
41.446–4 Removed .................................17154
41.6001–1 (a)(6), (7) and (b) amend-
ed .............................................17154
41.6001–2 (a), (c)(1)(ii) intro-
ductive text, (iii), (d) Examples 1 
and 2 amended; (d) Example 4 
removed ......................................17154
41.601(a)–1 Revised .............................17154
41.601(a)(2)–1 (a) revised; (b), (d), (e) 
and (f) removed; (c) redesign-
ated as (b) and amended ..............17155
41.601(a)–1 Removed .............................17155
41.601(a)–1 Revised .............................17155
41.610–1 Revised .................................17155
41.610–1 Revised .................................17155
41.620–1 Revised .................................17155
41.620(b)–1 Removed .............................17155
41.786–5–1 Removed .............................17155
47 Removed .................................17155
48 Authority citation amended 
... .............................................17155

26 CFR—Continued

Chapter I—Continued
48.0–2 (a)(2) removed ..........................17155
48.401–21 (c)(1) amended ..........................17155
48.4052–1 Added .................................17155
48.4081–1 (b), (c)(1)(i) intro-
ductive text and (A) amended;
(c)(2) and (d) revised; (e) and
(f) added ......................................17155
48.4081–1T Removed .............................17156
48.4081–2 (b) and (c)(3) amended;
(e) revised; (f) added .....................17156
48.4081–3 (a), (b)(1) introductory 
text, (i), (ii), (iii), (c)(1) intro-
ductive text, (d)(1), (e)(1) intro-
ductive text and (f)(1) amended;
(i) revised; (j) added .....................17156
48.4081–6 (b)(3) revised ..........................17157
48.4081–7 (c)(2), (d)(v) and (f) Ex-
ample 1 amended .........................17157
48.4081–8 (a) revised .............................17157
48.4081–9 Removed .............................17157
48.4082–1 Heading and (b) intro-
ductive text revised; (a) intro-
ductive text, (3) and (b)(1)
amended ......................................17157
48.4082–2 Revised .............................17157
48.4082–4 Heading; (a)(1), (b) head-
ing, (1) and (d) revised; (c)(4)
and (10) removed; (c)(5)
through (9) redesignated as
(c)(4) through (8); (a)(2)(i), new
(c)(7) and new (8) amended ..........17157
48.4082–5 Heading revised; (a), (b),
(c) introductory text, (3), (d)(1)
introductory text, (2), (g) and
(h) amended .................................17157
48.4082–6 Added .................................17158
48.4082–7 Added .................................17158
48.4082–6T Removed .........................17159
48.4082–7T Removed .........................17159
48.4082–8T Removed .........................17159
48.4082–9T Removed .........................17159
48.4082–10T Removed .......................17159
48.4083–1 (c)(2) amended; (d) re-
vised .............................................17159
48.4091–3T Redesignated as
48.4091–3 .................................17159
48.4091–3 Redesignated from
48.4091–3T; heading amended 
... .............................................17159

323