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 reg-
istered 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 gen-
eral. 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 driv-
er). 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 prescrib
ed in section 4041 for diesel
fuel sold for use in a train (the train
rate).
(4) Cross reference. For the registra-
tion 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 sec-
tion do not apply to a delivery of any
liquid for—
(1) Use on a farm for farming pur-
poses 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 en-
gaged 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 de-
defined in section 6427(b)(2)(D)) while the
bus is engaged in furnishing (for com-
ensation) 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 re-
quired to be registered) for highway
use under the laws of any State or for-
eign country; and
(ii) Is used in the operator’s trade or
business or in an activity of the oper-
ator 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 ap-
licable after December 31, 1993, except
that references to kerosene are appli-
[t.D. 8659, 61 FR 10458, Mar. 14, 1996, as
amended by T.D. 8879, 65 FR 17157, Mar. 31,
2000]
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 requirements of paragraph (e) of this section;
(2) In the case of a removal from a terminal, the terminal is an approved terminal; and
(3) The owner of the diesel fuel or kerosene immediately after the removal or entry holds the fuel for its own use in a nontaxable use or is a qualified dealer.

(d) Sales after removals and entries—(1) In general. Paragraph (c) of this section does not apply with respect to diesel fuel or kerosene that is subsequently sold by a qualified dealer unless—
(i) The fuel is sold in an exempt area of Alaska;
(ii) The buyer purchases the fuel for its own use in a nontaxable use or is a qualified dealer; and
(iii) The seller satisfies the requirements of paragraph (e) of this section.
(2) Tax imposed at time of sale; liability for tax. Notwithstanding §§48.4081–2 and 48.4081–3, in any case in which paragraph (c) of this section does not apply with respect to diesel fuel or kerosene because of a subsequent sale by a qualified dealer, the tax with respect to that fuel is imposed at the time of the subsequent sale and the qualified dealer is liable for the tax.
(3) Rate of tax. For the rate of tax, see section 4081.

(e) Evidence of tax-free transactions. The requirements of section 4082(c)(2) (relating to certification) and this paragraph (e) are satisfied if the person otherwise liable for tax is able to show the district director satisfactory evidence of the exempt nature of the transaction and has no reason to believe that the evidence is false. Satisfactory evidence may include copies of qualified dealer licenses or exemption certificates obtained for state tax purposes.

(f) Registration. With respect to each person that has been registered as a qualified retailer by the district director, the rules of §48.4101–1(g), (h), and (i) apply.

(g) Cross reference. For the tax on previously untaxed diesel fuel or kerosene that is used for a taxable purpose, see §48.4082–4.

(h) Effective date. This section is applicable with respect to diesel fuel removed or entered after December 31, 1996, and with respect to kerosene removed or entered after June 30, 1998. A person registered by the district director as a qualified retailer before April 2, 1998 may be treated, to the extent the district director determines appropriate, as a qualified dealer for the period before that date.


§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)(ii), or 48.4081–3(c)(1)(i) 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