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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.

[T.D. 7536, 43 FR 13522, Mar. 31, 1978, as amended by T.D. 8036, 50 FR 29963, July 23, 1985; T.D. 8659, 61 FR 10463, Mar. 14, 1996]

§ 48.4221–6 Tax-free sales of articles to nonprofit educational organizations.

(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)(5) and this section, to a nonprofit 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.

[T.D. 7536, 43 FR 13522, Mar. 31, 1978, as amended by T.D. 7686, 45 FR 17574, Mar. 19, 1980; T.D. 8036, 50 FR 29963, July 23, 1985]

§ 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