

production of, or as a component part of, another article to be manufactured or produced by him.

**(C) Computation of tax**

In the case of any person made liable for tax by subparagraph (A), the tax shall be computed on the price at which similar articles are sold at retail in the ordinary course of trade, as determined by the Secretary.

**(b) Determination of price**

**(1) In general**

In determining price for purposes of this subchapter—

(A) there shall be included any charge incident to placing the article in condition ready for use,

(B) there shall be excluded—

(i) the amount of the tax imposed by this subchapter,

(ii) if stated as a separate charge, the amount of any retail sales tax imposed by any State or political subdivision thereof or the District of Columbia, whether the liability for such tax is imposed on the vendor or vendee, and

(iii) the value of any component of such article if—

(I) such component is furnished by the first user of such article, and

(II) such component has been used before such furnishing, and

(C) the price shall be determined without regard to any trade-in.

**(2) Sales not at arm's length**

In the case of any article sold (otherwise than through an arm's-length transaction) at less than the fair market price, the tax under this subchapter shall be computed on the price for which similar articles are sold at retail in the ordinary course of trade, as determined by the Secretary.

**(3) Long-term lease**

**(A) In general**

In the case of any long-term lease of an article which is treated as the first retail sale of such article, the tax under this subchapter shall be computed on a price equal to—

(i) the sum of—

(I) the price (determined under this subchapter but without regard to paragraph (4)) at which such article was sold to the lessor, and

(II) the cost of any parts and accessories installed by the lessor on such article before the first use by the lessee or leased in connection with such long-term lease, plus

(ii) an amount equal to the presumed markup percentage of the sum described in clause (i).

**(B) Presumed markup percentage**

For purposes of subparagraph (A), the term "presumed markup percentage" means the average markup percentage of retailers of articles of the type involved, as determined by the Secretary.

**(C) Exceptions under regulations**

To the extent provided in regulations prescribed by the Secretary, subparagraph (A) shall not apply to specified types of leases where its application is not necessary to carry out the purposes of this subsection.

**(4) Special rule where tax paid by manufacturer, producer, or importer**

**(A) In general**

In any case where the manufacturer, producer, or importer of any article (or a related person) is liable for tax imposed by this subchapter with respect to such article, the tax under this subchapter shall be computed on a price equal to the sum of—

(i) the price which would (but for this paragraph) be determined under this subchapter, plus

(ii) the product of the price referred to in clause (i) and the presumed markup percentage determined under paragraph (3)(B).

**(B) Related person**

For purposes of this paragraph—

**(i) In general**

Except as provided in clause (ii), the term "related person" means any person who is a member of the same controlled group (within the meaning of section 5061(e)(3)) as the manufacturer, producer, or importer.

**(ii) Exception for retail establishment**

To the extent provided in regulations prescribed by the Secretary, a person shall not be treated as a related person with respect to the sale of any article if such article is sold through a permanent retail establishment in the normal course of the trade or business of being a retailer.

**(c) Certain combinations not treated as manufacturer**

**(1) In general**

For purposes of this subchapter (other than subsection (a)(3)(B)), a person shall not be treated as engaged in the manufacture of any article by reason of merely combining such article with any item listed in paragraph (2).

**(2) Items**

The items listed in this paragraph are any coupling device (including any fifth wheel), wrecker crane, loading and unloading equipment (including any crane, hoist, winch, or power liftgate), aerial ladder or tower, snow and ice control equipment, earthmoving, excavation and construction equipment, spreader, sleeper cab, cab shield, or wood or metal floor.

**(d) Certain other rules made applicable**

Under regulations prescribed by the Secretary, rules similar to the rules of subsections (c) and (d) of section 4216 (relating to partial payments) shall apply for purposes of this subchapter.

**(e) Long-term lease**

For purposes of this section, the term "long-term lease" means any lease with a term of 1 year or more. In determining a lease term for