

INTERNAL REVENUE SERVICE

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Dear [REDACTED]

This letter responds to your inquiry dated March 8, 2000, directed to Mr. Floyd Williams, National Director of Legislative Affairs, Internal Revenue Service (IRS), on behalf of your constituent, [REDACTED] is concerned that his company, [REDACTED], is being treated unfairly by the IRS. The IRS concluded that the chassis his company sells do not qualify for the nonhighway vehicle exception to the 12 percent excise tax imposed on the first retail sale of chassis by section 4051 of the Internal Revenue Code. [REDACTED] states that his competitors who sell similar chassis have received favorable private letter rulings regarding this exception.

As explained to your constituent, the IRS is reconsidering the definition of highway vehicle. This reconsideration is part of a guidance project entitled "Guidance under section 4051 regarding the definition of highway vehicle in regulation sections 145.4051 and 48.4061(a)-1." This guidance project is the first item listed under "Excise Taxes" in the 2000 Priority Guidance Plan issued by the Department of the Treasury and the IRS on March 22, 2000. This reconsideration may affect the exception from tax for nonhighway vehicles under section 48.4061(a)-1(d)(2)(i) of the Temporary Excise Tax Regulations Under The Highway Revenue Act of 1982 (Pub. L. 97-424). The IRS is also reconsidering the private letter rulings issued under section 48.4061(a)-1(d)(2)(i). Although the IRS is currently working on these matters, we are unable to provide you with a date by which the IRS will finalize the definition of highway vehicle.

I hope this information is helpful to you in responding to your constituent. If you have any questions, please contact [REDACTED]

Sincerely,

Assistant Chief Counsel  
(Passthroughs and Special Industries)

By: Richard A. Kocak  
Chief, Branch 8