

INTERNAL REVENUE SERVICE

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August 10, 2001

Dear [REDACTED]

This is in response to your letter of July 5, 2001, concerning a refund of the luxury automobile tax imposed by § 4001 of the Internal Revenue Code. Your letter states that you returned a luxury automobile. It was suggested that you contact the IRS for a refund of this tax. We hope this general information is helpful.

The tax is imposed on the first retail sale of the luxury automobile. The person liable for this tax is the person that makes the first retail sale of the luxury automobile. This is the person eligible to claim any allowable refund relating to the return of an automobile. However, this person is not required to file any claim. A purchaser of a luxury automobile is not eligible to claim a refund of the tax.

Section 6416(a)(1) provides that no credit or refund of any overpayment may be allowed unless the person that paid the tax: (1) did not include the tax in the price of the luxury automobile and did not collect the amount of the tax from the purchaser; (2) repaid the amount of the tax to the purchaser; or (3) obtained the written consent of the purchaser to the allowance of the credit or the making of the refund. Section 6402 provides that the amount of any refund may be reduced by certain offsets, debts, and tax liabilities. Also, § 6511 requires that a claim must be made within the applicable period of limitation.

If the person liable for the luxury automobile tax chooses to file a claim and is required to file Form 720, Quarterly Federal Excise Tax Return, this person may claim a credit for the luxury automobile tax on that form. Alternatively, this person may claim a refund of the luxury automobile tax on Form 8849, Claim for Refund of Excise Taxes.

If you have any questions, please contact [REDACTED]

Sincerely,

Associate Chief Counsel
(Passthroughs and Special Industries)

By:

Ruth Hoffman
Senior Technician Reviewer, Branch 8