subject: Fishing Spools and Broadhead Blades

This responds to your request for non-taxpayer specific legal advice regarding the application of the manufacturers excise tax imposed by § 4161 of the Internal Revenue Code. This advice may not be used or cited as precedent.

ISSUES

(1) Is a replacement fishing spool subject to the tax imposed by § 4161(a)(4)?

(2) Is a broadhead replacement blade subject to the tax imposed by § 4161(b)(1)(B)(ii)?

CONCLUSIONS

(1) A replacement fishing spool that is not sold on or in connection with a fishing reel is not subject to the tax imposed by § 4161(a)(4).

(2) A broadhead replacement blade is not subject to the tax imposed by § 4161(b)(1)(B)(ii).

LAW

Section 4161(a)(1) imposes a 10 percent tax on the sale price of any article of sport fishing equipment. Section 4161(a)(4) treats an article of sport fishing equipment as including any parts or accessories sold on or in connection with the sport fishing equipment. Section 4162(a)(2) provides that a fishing reel is an article of "sport fishing equipment."
Section 48.4161(a)-2(c) of the Manufacturers and Retailers Excise Taxes Regulations defines “fishing reels” as including all mechanical and electrical devices that contain a spool for dispensing and recovering fishing line, and are designed for use with fishing rods in casting and in reeling in hooked fish in the sport of fishing.

Section 4161(b)(1)(B)(ii) imposes an 11 percent tax on the sale price of a broadhead that is used with an arrow described in § 4161(b)(2). An arrow described in § 4161(b)(2) is an arrow, which after its assembly: (1) measures 18 inches overall or more in length; or (2) measures less than 18 inches overall but is suitable for use with a bow that has a peak draw weight of 30 pounds or more.

ANALYSIS

(1) A fishing spool is not an article of sport fishing equipment identified in § 4162(a), but it is part of a fishing reel. See § 48.4161(a)-2(c). When a fishing spool is sold on or in connection with a fishing reel, the fishing spool is taxed as part of the fishing reel. See § 4161(a)(4). When a fishing spool is sold as a replacement fishing spool separate from a fishing reel, the replacement fishing spool is not sold on or in connection with a fishing reel. Therefore, the tax imposed by § 4161(a) does not apply to a replacement fishing spool that is not sold on or in connection with a fishing reel.\(^1\)

(2) A broadhead is an arrowhead with three blades. Webster’s Third New International Dictionary (3rd edition). A replacement blade is only one component of a broadhead and not a broadhead itself. Therefore, the tax imposed by § 4161(b)(1)(B)(ii) on a broadhead does not apply to a replacement blade for a broadhead.

If you have any questions concerning this memorandum, please contact Celia Gabrysh at (202) 317-6855.

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\(^1\) This conclusion is consistent with the decision in Zebco Co. v. United States, 218 F. Supp. 441, 443 (N.D. Ok.1963), aff’d 336 F.2d 801 (10th Cir. 1964), that included a statement that it was conceded that spools sold separately were not taxable. This case was decided under prior law and preceded the applicable regulations.