

Internal Revenue Service
MEMORANDUM

CC:DOM:P&SI:8
FKBoland SPR-116024-98

date: **OCT 20 1998**

to: National Director
Excise Taxes

CP:EX:ST:E

from: Chief, Branch 8 ~~(Signed)~~ Richard A. Kocak
Office of Assistant Chief Counsel
(Passthroughs & Special Industries)

CC:DOM:PSI:8

subject: Registration of Heavy Vehicle Manufacturers and Retailers

[NOTE: The opinions expressed in this memorandum are advisory only and do not represent the views of this office with respect to any particular taxpayer. This memorandum is not to be furnished to taxpayers and is not to serve as the basis for closing a case.]

This responds to your August 7, 1998, memorandum in which you ask whether the registration requirement in § 145.4052-1(a)(2)(ii) was applicable with respect to sales of certain heavy vehicles after December 31, 1997, and before July 1, 1998.

Section 4051(a) imposes a tax on the first retail sale of several types of chassis, bodies, and tractors. The tax generally is not imposed if an article is sold for resale or for lease on a long-term basis. Before July 1, 1998, § 145.4052-1(a)(2) provided that this tax-free treatment applied only if, among other requirements, both the buyer and the seller are registered by the Service. The Taxpayer Relief Act of 1997 added § 4052(g) to the Code. That provision, which is effective January 1, 1998, directed Treasury to prescribe regulations so that those sales may be made tax free even if the parties have not been registered by the Service.

Temporary regulations (§ 145.4052-1(a)(2)(ii)(B)), which have been issued to implement § 4052(g), generally provide that a person, such as a vehicle manufacturer, may sell a vehicle tax free if it accepts from its buyer, such as a vehicle retailer, a prescribed statement, signed under penalties of perjury, stating that the buyer will resell the vehicle or lease it on a long-term basis. Neither party will be required to be registered. These

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regulations are effective for sales after June 30, 1998.

Section 4052(g), by itself, did not remove the registration requirement in § 145.4052-1(a)(2); § 4052(g) only directed the Treasury Department to do so. It was this instruction to Treasury that is effective January 1, 1998, and not the removal of the registration requirement. Registration was no longer required only after June 30, 1998, the effective date of § 145.4052-1(a)(2)(ii)(B).



If you have any questions about this, please contact Frank Boland at (202) 622-3130.