

component parts and assembles a taxable article from them will also be liable for tax as a further manufacturer of a taxable article will depend on the relative amount of labor, material, and overhead required to assemble the completed article and on whether the article is assembled for a business or personal use. See section 4218 and the regulations thereunder.

(5) The term *sale* means an agreement whereby the seller transfers the property (that is, the title or the substantial incidents of ownership) in goods to the buyer for a consideration called the price, which may consist of money, services, or other things.

(6) The term *taxable article* means any article taxable under section 4041 or Chapter 32, Subtitle D, of the Code.

(7) The term *vendor* includes a lessor except that, with respect to the manufacturers excise taxes, this rule applies only where the lessor is also the manufacturer of the article.

(8) The term *purchaser* includes a lessee except that, with respect to the manufacturers excise taxes, this rule applies only where the lessor is also the manufacturer of the article.

(9) The term *exporter* means the person named as shipper or consignee in the export bill of lading.

(10) The term *exportation* means the severance of an article from the mass of things belonging within the United States with the intention of uniting it with the mass of things belonging within some foreign country or within a possession of the United States.

(11) The term *possession of the United States* includes Guam, the Midway Islands, Palmyra, the Panama Canal Zone, the Commonwealth of Puerto Rico, American Samoa, the Virgin Islands, and Wake Island.

(b) *Attachment of tax.* (1) For purposes of this part, the manufacturers excise tax generally attaches when the title to the article sold passes from the manufacturer to a purchaser, and the retailers excise tax generally attaches when the title to the article sold passes from the retailer to a purchaser.

(2) When title passes is dependent upon the intention of the parties as gathered from the contract of sale and the attendant circumstances. In the absence of expressed intention, the

legal rules of presumption followed in the jurisdiction where the sale is made govern in determining when title passes.

(3) In the case of a sale on credit, the tax attaches whether or not the purchase price is actually collected.

(4) Where a consignor (such as a manufacturer) consigns articles to a consignee (such as a dealer), retaining ownership in them until they are disposed of by the consignee, title does not pass, and the tax does not attach, until sale by the consignee. Where the relationship between a manufacturer and a dealer is that of principal and agent, title does not pass, and the tax does not attach, until sale by the dealer.

(5) In the case of a lease, an installment sale, a conditional sale, or a chattel mortgage arrangement or similar arrangement creating a security interest, a proportionate part of the tax attaches to each payment. See section 4217 and the regulations thereunder for a limitation on the amount of tax payable on lease payments.

(6) In the case of use by the manufacturer, the tax attaches at the time the use begins.

[T.D. 7536, 43 FR 13515, Mar. 31, 1978, as amended by T.D. 8879, 65 FR 17155, Mar. 31, 2000]

§ 48.0-3 Exemption certificates.

Several sections of the regulations in this part, relating to sales exempt from retailers or manufacturers excise tax, require the retailer or manufacturer (as the case may be) to obtain an exemption certificate from the purchaser to substantiate the exempt character of the sale. Many of these sections also contain specimen forms of acceptable exemption certificates. However, any form of exemption certificate will be acceptable if it includes all the information required to be contained in such a certificate by the pertinent sections of the regulations in this part. If it contains all the required information, a form of exemption certificate that is processed by data processing equipment is acceptable.

[T.D. 7536, 43 FR 13516, Mar. 31, 1978. Redesignated by T.D. 8043, 50 FR 32014, Aug. 8, 1985]

Subparts B-E [Reserved]

Subpart F—Special Fuels

SOURCE: T.D. 6505, 25 FR 11217, Nov. 26, 1960, unless otherwise noted.

§ 48.4041-0 Applicability of regulations relating to diesel fuel after December 31, 1993.

Sections 48.4041-3 through 48.4041-17 do not apply to sales or uses of diesel fuel after December 31, 1993. For rules relating to the diesel fuel tax imposed by section 4041 after that date, see § 48.4082-4.

[T.D. 8659, 61 FR 10453, Mar. 14, 1996]

§ 48.4041-3 Application of tax on sales of special motor fuel for use in motor vehicles and motorboats.

(a) *In general.* The tax imposed by paragraph (2)(A) of section 4041 (a), (or before April 1, 1983, paragraph (1) of section 4041 (b)), applies to the taxable sale of special motor fuel by any person to an owner, lessee, or other operator of a motor vehicle or motorboat, for use as a fuel in the motor vehicle or motorboat. The tax does not apply to special motor fuel sold for use on or after April 1, 1983, and before October 1, 1988, in an off-highway business use.

(b) *Liability for tax.* The tax on the taxable sale of special motor fuel is payable by the person who sells the special motor fuel to the owner, lessee, or other operator of a motor vehicle or motorboat.

(c) *Rate of tax—(1) In general.* Tax is imposed on the sale of special motor fuel at the rate applicable on the date on which the special motor fuel is sold. See § 48.4041-1(b)(2) for rates. The test of taxability at the rates specified in § 48.4041-1(b)(2) (i)(A) and (ii)(A) is whether the fuel is to be used in a motor vehicle or motorboat. For purposes of paragraphs (c) (2) and (3) of this section, the term “qualified business use” has the same meaning as that given to the term “off-highway business use” by section 6421(d)(2).

(2) *Special motor fuel sold for use as a fuel in a motor vehicle.* Tax at the rates specified in paragraphs (b)(2) (i)(A) and (ii)(A) of § 48.4041-1 applies in the case of the sale of special motor fuel for use

as a fuel in a motor vehicle. Tax at the rates specified in that section applies regardless of whether the motor vehicle is a highway vehicle. However, a reduced rate of tax from that imposed by paragraphs (b)(2)(i)(A) of § 48.4041-1 is allowed by paragraph (b)(2)(i)(C) of § 48.4041-1 if special motor fuel is sold for use in a qualified business use. An exemption from the tax imposed by paragraph (b)(2)(ii)(A) of § 48.4041-1 is allowed by paragraph (b)(2)(ii)(C) of § 48.4041-1 if the special motor fuel is sold for use in an off-highway business use.

(3) *Special motor fuel sold for use as fuel in a motorboat.* Tax at the rates specified in paragraphs (b)(2)(i)(A) and (ii)(A) of § 48.4041-1 applies in the case of the sale of special motor fuel for use as fuel in a motorboat. The qualified business use reduced rate of tax set forth in paragraph (b)(2)(i)(C) of § 48.4041-1 and the off-highway business use exemption set forth in paragraph (b)(2)(ii)(C) of § 48.4041-1 are not applicable to motorboats unless the motorboat is a vessel employed in the fisheries or whaling business. See section 6421(d)(2)(B).

(d) *Example.* Application of the tax to the sale of special motor fuels may be illustrated by the following example.

Example. The N Company is engaged in the manufacture of ceramic products. It has a vehicle which is used to haul clay from a clay pit to its factory. This vehicle has not been registered for highway use and under the applicable State law is not required to be registered for highway use since none of the hauling of clay is done on public highways. The N Company also uses a ditch digging machine in the vicinity of the clay pit for the construction of drains. A fork lift truck is used to move cartons of merchandise from place to place inside the company's warehouse and to assist in the loading of merchandise onto the company's highway trucks for delivery to purchasers. The highway trucks are registered by the State for use on highways. Special motor fuel is used for the operation of all of these items of equipment. Before April 1, 1983, the special motor fuel sold for use as a fuel in the registered highway trucks is subject to tax at the rate specified in § 48.4041-1(b)(2)(i)(A). On or after January 1, 1979, and before April 1, 1983, the special motor fuel sold for use as a fuel in the unregistered truck used to haul clay from the pit to the factory and in the fork lift truck, assuming both of these are used in qualified business uses, is subject to tax at