

**Internal Revenue Service, Treasury**

**§ 48.4041-17**

thereof, the District of Columbia, or in the case of the use of any liquid by any State or any political subdivision thereof, or the District of Columbia, as a fuel in a motor vehicle, motorboat, or aircraft.

(b) *Evidence required to establish exemption.* Any vendor claiming exemption under this section shall be prepared to produce evidence that will establish the right to exemption from the tax imposed by section 4041. Generally, orders or contracts of a State or a political subdivision thereof, or the District of Columbia, when signed by an authorized officer thereof will be accepted in support of the exemption. However, in the absence of such orders or contracts, a certificate signed by such an authorized officer that the liquid sold was purchased for the exclusive use of a State or political subdivision thereof, or the District of Columbia, will be acceptable. The certificate shall be in substantially the following form:

**EXEMPTION CERTIFICATE**

(For use by States and local governments. (section 4041(g)(2) of the Internal Revenue Code).)

Date \_\_\_\_\_, 19 \_\_\_\_.

I hereby certify that I am \_\_\_\_\_ of \_\_\_\_\_ (State or local government) that I am authorized to execute this certificate; and that

(Check applicable type of certificate)

\_\_\_\_\_ the liquid or liquids specified in the accompanying order, or on the reverse side hereof, (or)

\_\_\_\_\_ all orders placed by the purchaser for the period commencing \_\_\_\_\_ (Date) and ending \_\_\_\_\_ (Date) (period not to exceed 12 calendar quarters) are, or will be, purchased from \_\_\_\_\_ (Name of vendor) for the exclusive use of \_\_\_\_\_ (Governmental unit) of \_\_\_\_\_ (State or local government).

I understand that the exemption from tax in the case of sales of liquids under this exemption certificate is limited to the sale of articles purchased for the exclusive use of a State, etc. I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than \$10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

Signature \_\_\_\_\_

Address \_\_\_\_\_

[T.D. 7536, 43 FR 13516, Mar. 31, 1978. Redesignated by T.D. 8066, 51 FR 14, Jan. 2, 1986]

**§ 48.4041-16 Sales for export.**

(a) *General rule.* In order for a sale to be exempt from tax under section 4041 as a sale for export, it is necessary that the liquid be (1) identified as having been sold by the retailer for export and (2) exported in due course. To establish exemption from tax in the case of a taxable article for export, it is necessary that the retailer maintain adequate records and have in his possession documentary evidence showing that the article was so sold.

(b) *Proof of exportation.* Exportation may be evidenced by any one of (1) a copy of the export bill of lading issued by the delivering carrier, (2) a certificate by the agent or representative of the export carrier showing actual exportation of the liquid, (3) a certificate of landing signed by a customs officer of the foreign country to which the liquid is exported, or (4) a statement of the foreign consignee showing receipt of the liquid.

(c) *Shipment to possessions of the United States.* The same provisions as relate to sales for export and proof of exportation will apply to sales for shipment to a possession of the United States, within the meaning of § 48.0-2.

[T.D. 7536, 43 FR 13516, Mar. 31, 1978. Redesignated by T.D. 8066, 51 FR 14, Jan. 2, 1986]

**§ 48.4041-17 Tax-free retail sales to certain nonprofit educational organizations.**

(a) *In general.* The taxes imposed by section 4041 do not apply in the case of a sale of any liquid by any person to a nonprofit educational organization (as defined in paragraph (b) of this section) for its exclusive use, or in the case of the use of any liquid by such an organization. In the case of a school operated as an activity of an organization described in section 501(c)(3), as referred to in paragraph (b) of this section, the liquid must be sold for the exclusive use of the school, or the liquid must be used exclusively by the school.

(b) *Definition of nonprofit educational organization.* For purposes of section 4041(g)(4) and this section, the term "nonprofit educational organization"

means an organization described in section 170(b)(1)(A)(ii), that is exempt from income tax under section 501(a), whose primary function is the presentation of formal instruction and which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. The term also includes a school operated as an activity of an organization described in section 501(c)(3) which is exempt from income tax under section 501 (a), provided such school normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

(c) *Evidence required to establish tax-free sales to a nonprofit educational organization; general rule.* To establish the right to exemption, the retailer must obtain from the purchaser and retain in its possession a properly executed certificate as set forth in paragraph (d) of this section.

(d) *Forms of exemption certificates.* The following forms of exemption certificates will be acceptable for the purpose of this section and must be adhered to in substance.

(1) Form of certificate for exemption from retailers excise taxes for use by a nonprofit educational organization, other than a school operated as an activity of a church or other exempt organization that in itself is not a nonprofit educational organization.

EXEMPTION CERTIFICATE

(For use by a nonprofit educational organization (other than a school operated as an activity of a church or other exempt organization that in itself is not a nonprofit educational organization) purchasing articles subject to retailers excise tax for its exclusive use) \_\_\_\_\_, 19\_\_\_\_ (Date) I hereby certify that I am \_\_\_\_\_ (Title) of \_\_\_\_\_ (Exempt organization); that I am authorized to execute this certificate; and that the articles specified in the accompanying order or on the reverse side hereof are purchased by such organization exclusively for use in its educational activities.

I understand that this exemption certificate is for use only by a nonprofit educational organization in the tax-free purchase for its exclusive use of articles subject

to the retailers excise tax; and it is agreed that if any article purchased tax free under this exemption certificate is used otherwise, such fact will be reported to the retailer from whom the tax-free purchase was made.

The organization claiming exemption under this certificate has received a determination letter (or a ruling) from the Internal Revenue Service holding the organization to be exempt from income tax as an organization described in section 170(b)(1)(A)(ii) that is exempt from income tax under section 501(a) of the Internal Revenue Code (or has received a determination letter (or ruling) under the corresponding provisions of prior revenue laws). The date of such determination letter (or ruling) is \_\_\_\_\_ and such determination letter (or ruling) has not been withdrawn or revoked.

I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than \$10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

\_\_\_\_\_  
(Signature of authorized individual)

\_\_\_\_\_  
(Address)

(2) Form of certificate for exemption from retailers excise taxes for use by a school operated as an activity of a church or other organization described in section 501(c)(3) that in itself is not an educational organization described in section 170(b)(1)(A)(ii) of the Code:

EXEMPTION CERTIFICATE

(For use by or for a school operated as an activity of a church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1954, that is not, in itself, an educational organization described in section 170(b)(1)(A)(ii), purchasing articles subject to retailers excise tax for the exclusive use of the school) — \_\_\_\_\_, 19\_\_\_\_ (Date) I hereby certify that I am \_\_\_\_\_ (Title) of \_\_\_\_\_ (School, church, parish, etc.); that I am authorized to execute this certificate; and that the articles specified in the accompanying order or on the reverse side hereof are purchased by such institution exclusively for use in its educational activities.

I understand that this exemption certificate is for use only by a school operated as an activity of a church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1954, in the tax-free purchase for its exclusive use of articles subject to the retailers excise tax; or by a church, or other organization in the tax-free purchase of any such article for the exclusive use of its school which qualifies for the exemption;

and it is agreed that if any article purchased tax free under this exemption certificate is used otherwise, such fact will be reported to the retailer from whom the tax-free purchase was made.

The school operated as an activity of the church or other organization described in section 501(c)(3) of the Internal Revenue Code of 1954, normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

I understand that the fraudulent use of this certificate for the purpose of securing this exemption will subject me and all parties making such fraudulent use of this certificate to a fine of not more than \$10,000, or to imprisonment for not more than 5 years, or both, together with costs of prosecution.

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(Signature of authorized individual)

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(Address)

(e) *Frequency of certificates.* Where only occasional sales are made by a retailer to a nonprofit educational organization, as defined in paragraph (b) of this section, a separate exemption certificate should be furnished for each order. However, where sales by the retailer to the educational organization are regularly or frequently made, a certificate covering all orders for a specified period not to exceed 12 calendar quarters will be acceptable. Such certificate and proper records of invoices, orders, etc., relative to tax-free sales must be readily accessible for inspection by internal revenue officers and retained as provided in section 6001 of the Code and the regulations thereunder.

(f) *Prima facie evidence of exempt use.* The exemption certificate procured by the retailer from the purchasing nonprofit educational organization will be acceptable as prima facie evidence that the article is purchased for the exclusive use of such organization.

(g) *Exemption certificate not obtained prior to filing of retailer's excise tax return.* If the sale is otherwise exempt but the exemption certificate is not obtained prior to the time the retailer files a return covering taxes due for the period in which the sale was made, the retailer must include the tax on such sale in its return for that period. How-

ever, if the certificate is later obtained, a credit may be taken on a subsequent return or a claim for refund of the tax paid on such sale may be filed, within the period of limitation prescribed by section 6511(b) of the Code and § 301.6511(b)-1 of this chapter.

[T.D. 7536, 43 FR 13516, Mar. 31, 1978. Redesignated by T.D. 8066, 51 FR 14, Jan. 2, 1986]

#### § 48.4041-18 Fuels containing alcohol.

(a) *In general*—(1) *Sale or use after December 31, 1984 and before January 1, 1993.* Under section 4041(k) the rate of tax applicable to the sale or use after December 31, 1984 and before January 1, 1993, of any liquid fuel described in section 4041(a) (1) or (2) which consists of at least 10% alcohol by volume is:

(i) 9 cents for each gallon of alcohol mixture sold or used in the case of mixtures described in section 4041(a)(1); or

(ii) 3 cents for each gallon of alcohol mixture sold or used in the case of mixtures described in section 4041(a)(2). The amount of tax is based upon the total volume of fuel and not merely upon the volume of the nonalcohol components of such fuel. However, see section 4041(b)(2) and § 48.4041-19 for rules relating to the complete exemption from taxes imposed by section 4041(a) where at least 85% of the fuel consists of alcohol produced from certain sources.

(2) *Sale or use after March 31, 1983, and before January 1, 1985.* For rules relating to the rate of tax imposed on the sale or use after March 31, 1983, and before January 1, 1985 of any liquid fuel described in section 4041(a) (1) or (2) which consists of at least 10% alcohol by volume, see section 4041(k) prior to the enactment of the Tax Reform Act of 1984 (Pub. L. 98-369, 98 Stat. 1007).

(3) *Sale or use before April 1, 1983.* No tax is imposed upon the sale or use of any liquid fuel described in section 4041(a)(1) or (a)(2) which consists of at least 10% alcohol if the sale or use occurs after December 31, 1978 and before April 1, 1983.

(4) *Rate of tax for mixtures which fail to qualify.* If an alcohol mixture fuel fails to qualify under this section, the entire mixture is taxed at the rate of tax specified under section 4041(a)(1) if the mixture contains diesel fuel, or section