

Internal Revenue Service, Treasury

§ 48.4061(b)-2

highway transportation in combination with a trailer or semitrailer.

§ 48.4061(a)-4 Parts or accessories sold on or in connection with chassis, bodies, etc.

(a) In general. The tax attaches in respect of parts or accessories for articles specified in section 4061(a) sold on or in connection therewith or with the sale thereof at the rate applicable to the sale of the basic article. The tax attaches in such case whether or not the parts or accessories are billed separately. For the tax applicable to parts or accessories which are not sold on or in connection with the sale of a taxable chassis, body, or tractor, see § 48.4061(b)-1.

(b) Essential equipment. If taxable chassis, bodies, or tractors are sold by the manufacturer, producer, or importer without parts or accessories which are considered equipment essential for the operation or appearance of such articles, the sale of such parts or accessories will be considered, in the absence of evidence to the contrary, to have been made in connection with the sale of the basic article even though they are shipped separately at the same time or on a different date. For example, if a manufacturer sells to any person a chassis and the bumpers for such chassis, or sells a taxable tractor and the fifth wheel and attachments, the tax applies to such parts or accessories at the same rate as on the chassis or tractor regardless of the method of billing or the time at which the shipments were made.

§ 48.4061(a)-5 Sale of automobile truck bodies and chassis.

(a) Sale of completed vehicle. An automobile truck (as defined by § 48.4061(a)-3(a)) for purposes of the tax imposed by section 4061(a) consists of two parts, namely, a body and a chassis. Generally, the tax applies to the sale by the manufacturer of each. Thus, if the purchaser of a tax-paid chassis attaches to it a taxable body manufactured by him and sells the completed vehicle, he is liable for tax based on the sale price of the body only. However, in such a case, the tax attaches to the selling price of the entire vehicle unless adequate records are available to

show the portion of the total selling price attributable to the body.

(b) Cross references. For special rules relating to the sale of a chassis or body to a purchaser who will use it in the manufacture or assembly of a non-highway vehicle, see § 48.4061(a)-1(e). With respect to bodies sold to a chassis manufacturer, see also section 4063(b) and the regulations thereunder.

[T.D. 7461, 42 FR 2675, Jan. 13, 1977]

§ 48.4061(b) [Reserved]

§ 48.4061(b)-1 Imposition of tax.

(a) In general. Section 4061(b) imposes a tax on the sale by the manufacturer, producer, or importer of parts or accessories (other than tires and inner tubes and other than automobile radio and television receiving sets) for any of the articles enumerated in section 4061 (a) (see paragraph (a) of § 48.4061 (a)-1).

(b) Rates of tax. Tax is imposed on the sale of parts or accessories for any of the articles enumerated in section 4061(a) at the rates specified below:

	Percent
(1) Parts or accessories sold during the period January 1, 1959, to June 30, 1965, inclusive	8
(2) Parts or accessories sold on or after July 1, 1965	5

The tax is computed by applying to the price for which the part or accessory is sold the rate in effect at the time of the sale. For definition of the term "price" see section 4216 and the regulations thereunder contained in Subpart M of this part.

(c) Liability for tax. The tax imposed by section 4061(b) is payable by the manufacturer, producer, or importer making the sale.

[T.D. 6648, 28 FR 3633, Apr. 13, 1963, as amended by T.D. 6753, 29 FR 12717, Sept. 9, 1964]

§ 48.4061(b)-2 Definition of parts or accessories.

(a) In general. The term "parts or accessories" includes (1) any article the primary use of which is to improve, repair, replace, or serve as a component part of an automobile truck or bus chassis or body, or other automobile chassis or body, or taxable tractor, (2) any article designed to be attached to

or used in connection with such chassis, body, or tractor to add to its utility or ornamentation, and (3) any article the primary use of which is in connection with such chassis, body, or tractor, whether or not essential to its operation or use. The term "parts or accessories" includes all articles which have reached such a stage of manufacture as to be commonly known as parts or accessories whether or not fitting operations are required in connection with their installation. An article shall not be deemed to be a taxable part or accessory even though it is designed to be attached to the vehicle or to be primarily used in connection therewith if the article is in effect the load being transported and the primary function of the article is to serve a purpose unrelated to the vehicle as such. For example, a construction derrick attached to a truck is not a taxable part or accessory inasmuch as the derrick is the load of the truck and its use is in connection with construction work at a construction site rather than in connection with the transportation or loading or unloading function of the truck. On the other hand, an article such as a towing cradle or loading or unloading equipment designed to be attached to or to be primarily used in connection with a truck is a taxable part or accessory inasmuch as the article contributes to the load-carrying function of the truck. The term "parts or accessories" does not include tires, inner tubes, or automobile radio or television receiving sets, since these articles are expressly exempted by section 4061(b) from the tax. However, the term "parts or accessories" includes tire valves designed for use on tires or tubes for articles taxable under section 4061(a).

(b) *Articles of a general use.* The term "parts or accessories" does not include articles which are not used primarily in the manufacture, repair, etc., of automobile trucks, other automobiles, or tractors, but have a general use in the manufacture, repair, etc., of various articles. For example, commodities such as ball and roller bearings, bolts, nuts, washers, screws, nails, tacks, rivets, pins, studs, cotters, pipe fittings such as plugs, tees, ells, and elbows, drain cocks, grease cups, oilers,

and similar articles are not of themselves parts or accessories unless so constructed as to be used primarily in the manufacture, repair, etc., of automobile trucks, other automobiles, or tractors. On the other hand, parts for automobile parts or accessories are in themselves taxable unless they are articles of a type not specifically designed for use primarily in the automobile field. For example, the tax applies to the sale of gears, flexible shafts and flexible housings designed as replacement parts for automotive speedometers; as well as replacement parts for automobile engines, transmissions, differentials, steering mechanisms, timers, windshield-wiper motors, and other automobile parts or accessories.

(c) *Materials of a general use—(1) General rule.* The term "parts or accessories" also does not include material such as glass, cloth, leather, matting linoleum, and other materials sold in rolls or by the foot, such as brake lining, tape, binding, wire, cable, metal and rubber tubing, packing, conduit, and similar material. However, except as provided in subparagraph (2) of this paragraph, when any such material is cut or otherwise transformed by any person into an automobile part or accessory, tax attaches at the time such part or accessory is sold by such person.

(2) *Articles made for immediate installation or repair.* If in connection with an immediate installation in an automobile truck, other automobile, or tractor an article is produced through the use of special machinery or as a result of specialized skills from lengths or rolls of material, the person producing such article is considered to have manufactured an automobile part or accessory and the tax applies to his sale of such part or accessory. For example, tax applies to the sale of automobile glass cut to size to replace broken glass, or automobile seat covers, automobile floor mats, or fitted truck top covers produced to replace worn seat covers, floor mats, or truck top covers. However, if an article of a minor nature is produced by simple operation from lengths or rolls of material for immediate use by a repairman in the repair of an automobile truck, other automobile, or tractor on which

he is then working, the person producing such article is not considered to have manufactured an automobile part or accessory and tax does not apply on his sale of such article. For example, tax does not apply where a wire, hose, or board is cut to size in order to replace a damaged wire, hose, or board of an automobile truck, other automobile, or tractor.

(d) *Examples of articles taxable as parts or accessories.* Examples of articles which are taxable as parts or accessories are: Automobile air conditioners; baby seats for automobiles; automobile beds; automobile hammocks; automobile clutches; bottle warmers and heating pads designed to operate from an automobile cigarette lighter; automobile radio antennae; automobile license plate frames; automobile clocks; automobile mirrors and mirror brackets; purses for carrying parking meter coins or cases for carrying registration cards when designed for attachment to an automobile; safes primarily designed for use in taxable motor vehicles; electric bulbs primarily designed and adapted for use on automobiles; automobile floor mats; jacks of the mechanical or hydraulic bumper, screw, ratchet, scissors, or other type primarily designed to be carried as accessories in automobiles as distinguished from jacks designed especially for use in garages and repair shops; dollies of the type commonly known as converter dollies which are used as connectors to convert semitrailers to full trailers; tool kits recommended for use with automobiles; automobile seat covers of any construction whether they are ready-made or custom fitted; fitted truck top covers; glass cut to size for installation in automobiles; and automobile bearings, such as automobile crankshaft or connecting rod bearings.

(e) *Effective date.* This section shall be effective with respect to sales made on or after January 1, 1964. For the definition of parts or accessories applicable to sales thereof prior to such date, see § 40.4061(b)-2 of this chapter (Manufacturers and Retailers Excise Tax Regulations).

(f) *Cross references.* For provisions relating to the tax imposed upon:

(1) Tires and inner tubes, see section 4071 and the regulations thereunder contained in Subpart H of this part;

(2) Automobile radio and television receiving sets, see section 4141 and the regulations thereunder contained in Subpart J of this part; and

(3) Fare registers and fare boxes for use on buses and automobiles, see section 4191 and the regulations thereunder contained in Subpart L of this part.

[T.D. 6648, 28 FR 3633, Apr. 13, 1963, as amended by T.D. 6655, 28 FR 5235, May 25, 1963]

§ 48.4061(b)-3 Rebuilt, reconditioned, or repaired parts or accessories.

(a) *Rebuilt parts or accessories.* Rebuilding of automobile parts or accessories, as distinguished from reconditioning or repairing, constitutes manufacturing, and the rebuilder of such parts or accessories is liable for the tax imposed by section 4061(b) with respect to his sales of such rebuilt parts or accessories. Reboring or other machining, rewinding, and comparable major operations constitute rebuilding. The person owning the part or accessory being rebuilt is the manufacturer of the article and is liable for the tax on his sale of the rebuilt part or accessory. The tax attaches whether the machining or other operation is performed by the rebuilder himself or by some other person in his behalf. For example, the tax attaches with respect to sales of (1) rebuilt batteries, (2) rebabbited or machined connecting rods, (3) reassembled clutches after operations such as the resurfacing of clutch plates, (4) rewound armatures, (5) reassembled generators with armatures rewound by or for the person reassembling the generator, (6) reground or remetalized crankshafts, and (7) engines in which blocks are machined (such as cylinders rebored or new sleeves inserted with or without cylinders being rebored) or new blocks installed. For provisions relating to the sale price of rebuilt parts or accessories, see § 48.4062(b)-1.

(b) *Reconditioned parts or accessories.* The mere disassembling, cleaning, and reassembling (with any necessary replacements of worn parts) of automobile parts or accessories, such as fuel pumps, water pumps, carburetors,