

## INTERNAL REVENUE SERVICE

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CC:PSI:8/PLR-113965-00  
September 26, 2000

In re:

Legend:

Company=

Dear

This is in response to a letter ruling request that you submitted on behalf of Company concerning liability for the excise tax imposed on the installation of trailer and truck accessories.

Company's business is limited to the manufacture, sale, and installation of accessories for trailers and trucks. These accessories include fitted tarps for all types of trailers, tarping systems for dump trucks and trailers, side kits, tarping systems for flat bed trailers and trucks, cargo protection devices such as undermount storage boxes, flatbed bulkheads and cab guards, and refrigeration trailer air return bulkheads and air ducts. Company installs these accessories on trailers and trucks. In the past, Company has characterized its installation of its accessories as taxable under § 4051(b) of the Internal Revenue Code. Consistent with this characterization, Company files quarterly excise tax returns for the § 4051(b) excise tax that the Company includes in its sale price of the accessories to its customers. In this letter ruling request, Company asks if it can discontinue paying this excise tax and filing returns in connection with this tax.

Section 4051(a) imposes a 12 percent excise tax on the first retail sale of automobile truck chassis, automobile truck bodies, truck trailer and semitrailer chassis, truck trailer and semitrailer bodies, and tractors of the kind chiefly used for highway transportation in combination with a trailer or semitrailer. Trucks with gross vehicle weight ratings of 33,000 pounds or less and trailers with gross vehicle weight ratings of 26,000 pounds or less are not subject to this tax.

Section 4051(b)(1) imposes a 12 percent excise tax on the price of the

installation of a part or accessory installed, or caused to be installed, by the owner, lessee, or operator of any vehicle that contains an article described in § 4051(a). This tax only applies to installations made not later than 6 months after the date the vehicle was first placed in service.

Section 4051(b)(2) and § 145.4051-1(c)(3) of the Temporary Excise Tax Regulations Under the Highway Revenue Act of 1982 (Pub. L. 97-424) provide that the excise tax does not apply if (1) the part or accessory installed is a replacement part or accessory or (2) the aggregate price of the parts and accessories (and their installation) with respect to any vehicle does not exceed \$1,000.

Section 4051(b)(3) provides that the owners of the trade or business installing the parts or accessories shall be secondarily liable for this excise tax.

The § 4051(b) excise tax on the installation of parts or accessories is imposed on the owner, lessee, or operator of the vehicle on which parts or accessories are installed. Company is not the owner, lessee, or operator of the vehicles on which Company installs accessories. Therefore, Company is not required to pay this excise tax on account of an installation. However, if the owner, lessee, or operator of the vehicle on which Company installs an accessory does not file an excise tax return and pay the excise tax, Company is secondarily liable for this tax.

This ruling is directed only to the taxpayer who requested it. Section 6110(k)(3) provides that it may not be used or cited as precedent.

Sincerely,  
Associate Chief Counsel  
(Passthroughs and Special Industries)  
By: Richard A. Kocak  
Chief, Branch 8

Enclosures (2):

Copy of this letter  
Copy for § 6110 purposes