



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

July 18, 2002

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CONEX-137169-02  
CC:PSI:B8

[REDACTED]

Attention: [REDACTED]

Dear [REDACTED]:

I am responding to your June 28, 2002, inquiry on behalf of your constituent, [REDACTED]. He believes the IRS has recently taken the position that a medium heavy duty truck used to tow a recreational vehicle is subject to a 12 percent federal excise tax.

I cannot comment on whether the vehicle [REDACTED] described is subject to federal excise tax. However, I assure you the IRS has not changed its position that tow vehicles (tractors) are subject to a 12 percent excise tax.

The Internal Revenue Code (the Code) imposes a 12 percent excise tax on the first retail sale of tractors of the kind chiefly used for highway transportation with a trailer or semitrailer [Section 4051(a)(1)(E) of the Code]. If a vehicle is primarily designed to tow a vehicle, such as a trailer or semitrailer, it is a tractor [Section 145.4051-1(e)(1) of the Temporary Excise Tax Regulations Under the Highway Revenue Act of 1982]. A tractor is a taxable vehicle regardless of whether the trailer or semitrailer it tows is used for recreational or commercial purposes.

I hope this information is helpful. If you have any questions, please contact me at (202) 622-3000 or of my staff at (202) 622-3130.

Sincerely,  
William P. O'Shea  
Acting Associate Chief Counsel  
(Passthroughs and Special Industries)