

Internal Revenue Service

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Department of the Treasury
Washington, DC 20224

Third Party Communication: None
Date of Communication: Not Applicable

Person To Contact:
, ID No.

Telephone Number:

Refer Reply To:
CC:PSI:B07
PLR-147262-12

Date:
February 05, 2013

Legend:

Owner =

Manager =

Vessel =

Dear :

This letter responds to your October 31, 2012, request for a ruling whether, under the facts described below, Owner (1) must be registered by the Internal Revenue Service under § 4101 of the Internal Revenue Code (Code) and (2) whether Owner must file Form 720-CS, Carrier Summary Report.

The facts submitted state that Owner owns a vessel (Vessel) used to carry petroleum products within the bulk transfer/terminal system. Owner does not have employees and has never operated Vessel itself. Owner hired Manager, by entering into a management agreement, to operate Vessel. All of the seamen that work on Vessel are employed by Manager pursuant to labor agreements entered into between Manager and the applicable seafaring union. The wages are paid by a related payroll company at the direction of Manager. All pension benefits and reporting is conducted through Manager. Manager is the vessel operator under all labor union contracts. All marketing materials refer to Manager as the vessel operator.

Section 4101(a)(1) requires that every person required by the Secretary to register under § 4101 with respect to the tax imposed by §§ 4041(a) or 4081 must register with the Secretary at such time, in such form and manner, and subject to such terms and conditions, as the Secretary may by regulations prescribe.

Section 4101(d) allows the Secretary to require information reporting by any person registered under § 4101, and information reporting by such other persons as the Secretary deems necessary to carry out the taxes on taxable fuel.

Section 48.4101-2(a)(1) of the Manufacturers and Retailers Excise Taxes Regulations requires each information report under section 4101(d) to be made in the form required by the Commissioner.

Section 48.4101-1(c)(1)(vii) requires vessel operators to be registered by the IRS under § 4101.

Section 48.4101-1(b)(8) generally defines a “vessel operator” as any person that operates a vessel within the bulk transfer/terminal system.

Based on the facts submitted and representations made, we conclude that Owner is not a vessel operator as that term is defined in § 48.4101-1(b)(8) because Manager, and not Owner, operates Vessel. Accordingly, we further conclude that Owner is not required to be registered as a vessel operator under § 4101.

Form 720-CS requires bulk transport carriers (barges, ships, and pipelines) who receive or deliver reportable liquid products in or out of storage at a terminal, or any other location designated by a facility control number, to file the form. Because Owner is not a bulk transport carrier, Owner does not have to file a Form 720-CS.

Except as expressly provided herein, no opinion is expressed or implied concerning the tax consequences of any aspect of any transaction or item discussed or referenced in this letter.

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

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

The rulings contained in this letter are based upon information and representations submitted by the taxpayer and accompanied by a penalty of perjury statement executed by an appropriate party. While this office has not verified any of the material submitted in support of the request for rulings, it is subject to verification on examination.

Sincerely,

Frank K. Boland
Chief, Branch 7
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter
Copy for section 6110 purposes