

# Certain Manufacturers and Retailers Excise Taxes

▶ **Attach to Form 720.**

Name (as shown on Form 720)	Quarter ending	Employer identification number
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- A** Are you required to file **Form 2290**, Heavy Vehicle Use Tax Return? . . . . .  **Yes**  **No**
- B** Are you registered on **Form 637**, Application for Registration? . . . . .  **Yes**  **No**  
If "Yes," please enter your registration number here. . . . . ▶

## Part I Computation of Tax on All Items Except Passenger Vehicles

	(a) Truck, trailer, and semitrailer chassis and bodies, and tractors	(b) Sport fishing equipment	(c) Electric outboard motors and sonar devices	(d) Bows and arrows
	IRS No. 33	IRS No. 41	IRS No. 42	IRS No. 44
<b>1</b> Total sales . . . . .	\$	\$	\$	\$
<b>2</b> Sales included on line 1 from imports . . . . .				
<b>3</b> Subtractions from sales. Include tax-free sales, tax-exempt sales, tax-paid purchases, and exports . . . . .				
<b>4</b> Net taxable sales (line 1 less line 3) . . . . .				
<b>5</b> Credits or adjustments. Include delivery expenses, tire credits, tax-paid parts and accessories, and other credits or adjustments . . . . .				
<b>6</b> Taxable amount (line 4 less line 5) . . . . .				
<b>7</b> Tax rate . . . . .	.12	.1	.03	.11
<b>8</b> Amount of tax (multiply line 6 by line 7). Enter the amount of tax on Form 720 on the line for the IRS No. . . . .				

## Part II Computation of Luxury Tax on Passenger Vehicles

	Passenger vehicles IRS No. 92
<b>1</b> Taxable adjusted sales price of first retail sales of passenger vehicles, from line 7 of Worksheet I . . . . .	\$
<b>2</b> Taxable amount of subsequent additions to passenger vehicles, from line 7 of Worksheet II . . . . .	
<b>3</b> Taxable fair market value (FMV) on changes in use of passenger vehicles . . . . .	
<b>4</b> Taxable amount (add lines 1, 2, and 3) . . . . .	
<b>5</b> Tax rate . . . . .	.1
<b>6</b> Tax (multiply line 4 by line 5). Enter the tax on Form 720 on the line for IRS No. 92 . . . . .	

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

	8807 Part I	8807 Part II	Worksheet I	Worksheet II
<b>Recordkeeping</b> . . . . .	3 hr., 7 min.	2 hr., 38 min.	1 hr., 26 min.	1 hr., 40 min.
<b>Learning about the law or the form</b> . . . . .	.6 min.	6 min.		
<b>Preparing and sending the form to the IRS</b> . . . . .	.9 min.	9 min.	1 min.	2 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the IRS and the Office of Management and Budget at the addresses listed in the **Instructions for Form 720**, Quarterly Federal Excise Tax Return.

### Items To Note

- The base amount not subject to tax for passenger vehicles has increased to \$32,000 effective for sales or uses occurring after December 31, 1993.
- Taxpayers who claimed exemption in 1991 or 1992 from the aircraft luxury tax because the aircraft is used 80% or more in any trade or business must

attach a statement to their income tax returns for the 2 taxable years ending after the date the aircraft was placed in service documenting the 80% business use. If this statement is not attached, the luxury tax will apply. See the Instructions for Form 720 and **Form 4562**, Depreciation, for more information.

## General Instructions

*Section references are to the Internal Revenue Code unless otherwise noted.*

**Purpose of Form.**—Part I is used by retailers to figure and report excise tax on the sale of truck, trailer, and semitrailer chassis and bodies, and tractors. Part I is also used by manufacturers, producers, and importers to figure and report excise tax on the sale of fishing equipment and bows and arrows. Part II is used by retailers to compute the luxury tax on passenger vehicles. Attach this form to Form 720. See **Pub. 510**, Excise Taxes for 1994, for more information on each item reported on this form. See the separate instructions for Form 720 for information on when and where to file this form.

### Part I

**Truck, Trailer, and Semitrailer Chassis and Bodies, and Tractors (IRS No. 33).**—The tax on truck, trailer, and semitrailer chassis and bodies, and tractors is 12% (.12) of the sales price of

the first retail sale of the item. The sales price of a vehicle includes certain related parts and accessories sold on or in connection with the sale of the vehicle. It applies to vehicles designed for highway transportation that have a gross vehicle weight (GVW) over 33,000 pounds. It also applies to truck, trailer, and semitrailer chassis and bodies for use with a trailer or semitrailer with a GVW over 26,000 pounds. Tractors of the kind mainly used for highway transportation with a trailer or semitrailer are taxable.

**Fishing Equipment (IRS Nos. 41 and 42).**—The tax on sport fishing equipment (IRS No. 41) is 10% (.1) of the sales price. Taxable articles include fishing rods and poles (and component parts), reels, fly fishing lines (and other lines not over 130 pounds test), fishing spears, spear guns, spear tips, terminal tackle, fishing supplies and accessories, and any parts or accessories sold on or in connection with these articles.

The tax on electric outboard motors and sonar devices for finding fish (IRS No. 42) is 3% (.03) of the sales price. The tax is limited to \$30 for each sonar device.

A sonar device for finding fish does not include graph recorders, digital types, meter readouts, or combination graph recorders or combination meter readouts.

**Bows and Arrows (IRS No. 44).**—The tax on bows and arrows (IRS No. 44) is 11% (.11) of the sales price. It applies to bows having a draw weight of 10 pounds or more and to arrows 18 inches or more in overall length. Arrows less than 18 inches are taxable if they are suitable for use with a bow that has a draw weight of 10 pounds or more. The tax is also imposed on the sale of any part or accessory suitable for inclusion in or attachment to a taxable bow or arrow and any quiver suitable for use with taxable arrows. The tax on parts and accessories does not apply to an article on which the tax on bows and arrows has been imposed.

**Part II**

Use Part II of this form for the luxury tax on passenger vehicles. They are taxable if the adjusted sales price (see below) exceeds \$32,000. The tax is 10% of the amount by which the adjusted sales price exceeds the base amount.

**Taxable Transactions.**—There are three types of transactions that are taxable; first retail sale, subsequent additions, and change in use.

**1. First Retail Sale.**—The tax is imposed on the first retail sale of a taxable vehicle and must be paid by the seller of the vehicle. The first retail sale of a vehicle includes the use of a vehicle

or the lease of a vehicle. See the instructions for line 1 and Worksheet I for more information.

**2. Subsequent Additions.**—Parts or accessories that are installed within 6 months after a vehicle is placed in service may be taxable. Replacement parts and accessories are not taxable if they are of the same general style, quality, purpose, and appearance as the original part or accessory. Parts and accessories are not taxable if the aggregate price of all parts and accessories including installation is \$200 or less. The tax must be paid by the owner, operator, or lessee of a vehicle. If the part or accessory is installed by someone other than the owner, operator, or lessee, the installer must collect the tax and pay it to the IRS. See the instructions for line 2 and Worksheet II for more information.

**3. Change in Use.**—See the instructions for line 3 below.  
**Adjusted Sales Price.**—This is the price on which the first retail sale tax is based. Use Worksheet I to compute this amount.

**Export.**—The luxury tax does not apply to vehicles sold for export, provided proof of exportation is received by the seller within 6 months of the sale.

**Imported Vehicles.**—The luxury tax is imposed on the first retail sale or use of imported vehicles after importation.

**Passenger Vehicles (IRS No. 92).**—The tax is imposed on the first retail sale of any passenger vehicle of which the adjusted sales price exceeds \$32,000. The tax generally applies to passenger vehicles having an unloaded vehicle weight of 6,000 pounds or less. The tax also applies to trucks and vans having a gross vehicle weight (the weight of the vehicle plus its maximum load) of 6,000 pounds or less. Limousines are taxable regardless of weight. The tax does not apply to taxicabs and other passenger vehicles used by the purchaser exclusively in the business of transporting persons or property for compensation or hire.

**Line 1.**—Use Worksheet I to compute the taxable adjusted sales price on the first retail sale of each luxury passenger vehicle.

**Worksheet I—Adjusted Sales Price (keep for your records)**

- 1. Enter the retail price of the vehicle. Price includes cash, cash equivalents, goods, services, and the wholesale fair market value of any trade-in . . . . .
- 2. Additions to the retail price. Enter the amounts for the following items if they are stated separately and not included in the retail price on line 1: delivery charges, packaging, dealer preparation, parts and accessories sold on or in connection with the article, taxes (except the luxury tax), commissions, warranties, and any other charges not listed above . . . . .

- 3. Add lines 1 and 2 . . . . .
- 4. Subtractions from the sales price. Enter the amounts for the following items if they are stated separately and included in line 3: state and local sales taxes, title and registration charges, optional warranty charges, rebates and price adjustments paid, and the value of used components supplied by the purchaser . . . . .
- 5. Adjusted sales price. Subtract line 4 from line 3 . . . . .
- 6. Base amount . . . . . 32,000
- 7. Taxable adjusted sales price. Subtract line 6 from line 5. If line 6 is greater than line 5, make no entry; the luxury tax does not apply to the vehicle. Add the amounts on line 7 of all Worksheets I for each passenger vehicle. Enter the total in Part II, line 1, of Form 8807. . . . .

**Line 2.**—Use Worksheet II to compute the taxable amount of subsequent additions to passenger vehicles.

**Worksheet II—Subsequent Additions (keep for your records)**

- 1. The price (including installation) of a part or accessory . . . . .
- 2a. Aggregate price (including installation) of all other parts and accessories previously added . . . . .
- 2b. Add lines 1 and 2a. If \$200 or less, do not complete this worksheet . . . . .
- 3. Adjusted sales price of the taxable vehicle (from line 5 of Worksheet I). If you did not complete Worksheet I for the vehicle, complete it now . . . . .
- 4. Add lines 1, 2a, and 3 . . . . .
- 5. Base amount . . . . . 32,000
- 6. Subtract line 5 from line 4. If this amount is zero or less, there is no luxury tax on this vehicle and you do not have to complete line 7 . . . . .
- 7. Taxable amount of subsequent addition. Enter the smaller of line 1 or line 6. Add the amounts on line 7 of all Worksheets II for each passenger vehicle. Enter the total in Part II, line 2, of Form 8807. . . . .

**Line 3, Taxable FMV on the Change in Use of Passenger Vehicles.**—The vehicle is subject to the luxury tax if, within 2 years after the first retail sale of a vehicle that is exempt from tax, there is a nonexempt resale, nonexempt re-lease, or substantial nonexempt use of the vehicle. The tax is based on the FMV of the vehicle at the time of the nonexempt resale, nonexempt re-lease, or substantial nonexempt use. Enter on line 3 the FMV of a change-in-use vehicle that is in excess of \$30,000 (\$32,000 after December 31, 1993). In the case of a resale or re-lease, the tax is paid by the seller or lessor of the vehicle. In the case of a substantial nonexempt use, the tax is paid by the owner or lessee of the vehicle. Aircraft and boats purchased exempt from the luxury tax from January 1, 1991, to December 31, 1992, are not subject to the luxury tax for a change in use after December 31, 1992. However, see item 2 under **Items To Note** on page 1.