

**INTERNAL REVENUE SERVICE**

December 18, 2000

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Attention: [REDACTED]

Dear [REDACTED]

I am responding to your November 6, 2000, inquiry on behalf of your constituents, [REDACTED]. They are concerned the IRS is now of the opinion the vehicle they describe as a new medium duty truck used to pull a fifth wheel travel trailer is subject to a 12 percent federal excise tax. They have been told that the IRS recently changed its policy regarding the taxability of these vehicles.

I cannot determine whether or not the vehicle described by the [REDACTED] is subject to federal excise tax because I do not have enough information about the vehicle. However, I can assure you that the IRS has not changed its position that tow vehicles (tractors) are subject to a 12 percent excise tax.

Section 4051(a)(1)(E) of the Internal Revenue Code imposes a 12 percent excise tax on the first retail sale of tractors chiefly used for highway transportation in combination with a trailer or semitrailer. 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 helps you respond to the [REDACTED]. If you have any questions, please contact me at [REDACTED]

Sincerely,

Paul F. Kugler  
Associate Chief Counsel  
(Passthroughs and Special Industries)