the Coast Guard will constitute satisfactory evidence of the right to an exemption.

(c) Small manufacturers, producers, and importers—(1) Exemption. Section 4182(c) of the Code provides that the tax imposed by section 4181 of the Code shall not attach to any pistol, revolver, or firearm manufactured, produced, or imported by a person who manufactures, produces, and imports less than an aggregate of 50 of those articles during the calendar year, regardless of when the articles are sold.

(2) Controlled groups. All persons treated as a single employer for purposes of subsection (a) or (b) of section 52 of the Code are treated as one person for purposes of paragraph (c)(1) of this section.

(3) Applicability. The exemption described in paragraph (c)(1) of this section applies to articles sold by the manufacturer, producer, or importer after September 30, 2005. Application of this exemption is based on the calendar year in which the manufacture, production, or importation of the articles in question took place and does not depend on when the sale occurs. In addition, each calendar year stands alone for purposes of applying the exemption.


§ 53.63 Other tax-free sales.

For provisions relating to tax-free sales of firearms and ammunition see:

(a) Section 4221 and 27 CFR 53.121, “Tax-free sales; general rule”.

(b) Section 4223 and 27 CFR 53.132, “Tax-free sale of articles to be used for, or resold for, further manufacture”.

(c) Section 4222 and 27 CFR 53.140, “Registration”.

Subparts H–I [Reserved]

Subpart J—Special Provisions Applicable to Manufacturers Taxes

§ 53.91 Charges to be included in sale price.

(a) In general. The “price” for which an article is sold includes the total consideration paid for the article, whether that consideration is in the form of money, services, or other things. However, for purposes of the taxes imposed under chapter 32 of the Code, certain collateral charges made in connection with the sale of a taxable article must be included in the taxable sale price, whereas others may be excluded. Any charge which is required by a manufacturer, producer, or importer to be paid as a condition of its sale of a taxable article and which is not attributable to an expense falling within one of the exclusions provided in section 4216 of the Code or the regulations thereunder is includable in the taxable sale price. It is immaterial for this purpose that the charge may be paid to a person other than the manufacturer, producer, or importer, or that it may be separately billed to the purchaser as a charge earmarked for expenses incurred or to be incurred in his behalf, such as charges for demonstration or display of the article, for sales promotion programs, or otherwise.

With respect to the rules relating to exclusion of charges for local advertising of a manufacturer’s products, see section 4216(e) of the Code and §53.100. In the case of sales on credit, a carrying, finance, or service charge is excludable from the sale price if it is reasonably related to the costs of carrying the deferred portion of the sale price (such as interest on the deferred portion of the sale price, expenses of bookkeeping necessary to keep the records of such sales, and expenses of correspondence and other communication in connection with collection).

(b) Tools and dies. Separate charges for tools and dies used in the manufacture or production of a taxable article are to be included, in whole or in part, in the sale price on which the tax is based. It is immaterial whether the charges for such items are billed in a lump sum or are amortized or allocated to each of the taxable articles. If, at the termination of a contract to manufacture taxable articles, the tools and dies used in production pass to the purchaser, only the amount of depreciation of the tools and dies incurred in production, computed on a “production output” basis, should be included in
§ 53.92 Exclusions from sale price.

(a) Tax—(1) Tax not part of taxable sale price. The tax imposed by chapter 32 of the Code on the sale of an article is not part of the taxable sale price of the article. Thus, if a manufacturer computes the tax on a sale price which is determined without regard to the tax, and it charges the proper tax as a separate item, the amount of tax so charged does not become a part of the taxable sale price and no tax is due on the tax so charged. Where no separate charge is made as tax, it will be presumed that the price charged to the purchaser for the article includes the proper tax, and the proper percentage of such price will be allocated to the tax.

(2) Computation of tax. If an article subject to tax at the rate of 10 percent is sold for $100 and an additional item of $10 is billed as tax, $100 is the taxable selling price and $10 is the amount...