

Part I

Section 4041.--Imposition of Tax

26 CFR 48.4041-3: Application of tax on sales of special motor fuel for use in motor vehicles and motorboats. (Also §§ 4071, 4081, 4091, 4161; 48.4071-1, 48.4081-2, 48.4161(a)-1, 48.4161(b)-1.)

Rev. Rul. 98-24

This revenue ruling modifies Rev. Rul. 73-198, 1973-1 C.B. 425, which discusses exemptions from certain federal excise taxes extended to foreign diplomatic, consular, and other officers, and agencies or commissions of foreign governments.

Rev. Rul. 73-198 provides that if ambassadors, ministers, other duly accredited diplomatic representatives of foreign governments, the members of their families living with them, members of their households (but not servants), attaches, secretaries, clerks, and also officers of missions to the United Nations and the Organization of American States serving in a representative capacity and family members living with such officers, purchase from the manufacturer thereof an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed. Rev. Rul. 73-198 does not extend this benefit to consular officers and employees of foreign governments and members of their families forming part of their households.

Under section 201(c) of the Foreign Missions Act, 22 U.S.C. § 4301 (1994), the Secretary of State is authorized to determine the treatment that should be accorded a foreign mission in the United States based on due consideration of the benefits, privileges, and immunities provided to missions of the United States in the country or territory represented by the foreign mission. The Secretary of State, after due consideration of the benefits, privileges, and immunities provided to missions of the United States under the Vienna Convention on Consular Relations and other governing treaties, has determined that if consular officers and employees (not including honorary consuls) and members of their families forming part of their households purchase from the manufacturer thereof an article otherwise subject to a federal excise tax on sales by manufacturers, or purchase from a retailer an article otherwise subject to a federal excise tax on sales by retailers, the transaction will not be taxed.

This benefit does not extend to U.S. nationals or permanent residents of the United States or to consular officers and employees (and their family members) of a consular mission representing a country or territory that does not provide benefits, privileges, and immunities to missions of the United States on a reciprocal basis as determined by the Secretary of State. "Consular officer" is defined as any person, including the head of a consular post, entrusted in that capacity with the exercise of consular functions, and "consular employee" is

defined as any person employed in the administrative or technical service of the consular post.

As a result of this revenue ruling, Rev. Rul. 68-352, 1968-2 C.B. 487, is no longer determinative of the exemption from federal retailers and manufacturers excise taxes with respect to consular officers and employees (not including honorary consuls) of the Government of France and members of their families forming part of their households. Accordingly, Rev. Rul. 68-352 is declared obsolete.

EFFECT ON OTHER REVENUE RULINGS

Rev. Rul. 73-198 is modified. Rev. Rul. 68-352 is obsoleted.

DRAFTING INFORMATION

The principal author of this revenue ruling is Susan Athy of the Office of Assistant Chief Counsel (Passthroughs and Special Industries). For further information regarding this revenue ruling contact Susan Athy on (202) 622-3130 (not a toll-free call).