

Mr Chase
OFFICE OF CIVILIAN DEFENSE
WASHINGTON, D. C.

CIVIL AIR PATROL

GM-85

NATIONAL HEADQUARTERS
WASHINGTON, D. C.
MAY 31, 1943

SUBJECT: Tax Exemption Certificates.

TO: All Base Commanders.

1. Attached hereto is a copy of a letter from the Treasury Department which holds that certain articles enumerated therein are not subject to the Federal Excise Tax when sold by the manufacturers thereof to our Coastal Patrol Bases where the cost of such articles is paid from the Base funds.

2. Enclosed herewith is a supply of Standard Forms No. 1094 which, pursuant to the letter from the Commissioner of Internal Revenue, must be executed by the Base Commander in order to support the tax exempt sale.

3. You, as Base Commander, are made personally responsible for the supply of Tax Exemption Certificates which we are enclosing herewith. It is your responsibility to execute the required certification and to use such Certificates only in cases where such use is proper and comes within the terms of the letter from the Commissioner of Internal Revenue.

4. It is the responsibility of the Base Commander to fill out the stubs contained in the enclosed booklets, showing the required detail as to all purchases in connection with which the Tax Exemption Certificates were used.

5. When a booklet of Tax Exemption Certificates has been entirely used, the booklet itself, which will then contain the evidence of all purchases for which such Certificates were used, should then be returned to National Headquarters, Civil Air Patrol.

By direction of National Commander JOHNSON:

Henry A. Hawgood
HENRY A. HAWGOOD
Lt., Air Corps
Special Assistant

Enclosures

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TREASURY DEPARTMENT
WASHINGTON

Office of
Commissioner of
Internal Revenue

MT:ST:LSD

January 21, 1943

Office of Civilian Defense,

Washington, D. C.

Attention: H. A. Hawgood
Lt., Army Air Forces,
Special Officer.

Gentlemen:

Reference is made to your letter of December 11, 1942, requesting to be advised as to whether gasoline and lubricating oil, tires, inner tubes, automobiles, etc., components of radio receiving sets, etc., mechanical refrigerators, firearms, shells, cartridges, and other such items subject to Federal excise taxes are exempt from tax when purchased for the exclusive use of Civil Air Patrol at Coastal Patrol Bases and Southern Frontier Liaison Patrol Bases along the Mexican Border.

It is stated that these bases have been established by Civil Air Patrol at the request of the Army Air Forces, War Department, and that the cost of operating the bases is borne entirely by funds which the Army Air Forces has transferred for this express purpose. It is also stated that the Civil Air Patrol is a division of the Office of Civilian Defense which was created by Executive Order 8757 and as such is a Federal agency. Such patrol was created for the purpose of mobilizing civilian aviation personnel and equipment in order that it might be of effective use in the war effort.

It is also stated that the average base consists of 76 personnel and approximately 20 planes; that in charge of the base is the Base Commander, a Civil Air Patrol member who is appointed "an employee without compensation" of the Office of Civilian Defense, that the other personnel are likewise Civil Air Patrol members, most of whom have enlisted in the work for the duration and that none of these men receive compensation for their services but are paid per diem allowances in lieu of subsistence.

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Office of Civilian Defense.

The planes used in the operations have been private planes which likewise have been available exclusively for these purposes for indefinite periods of time, in most cases, for the duration. For the use of his plane, the aircraft owner receives an hourly allowance based on the number of flying hours during which his plane is engaged in patrol operations. This allowance is paid to the aircraft owner through the Base Commander. From the allowance which is paid to the owner, the Base Commander retains a sufficient amount to pay the cost of insurance which Civil Air Patrol requires. The Base Commander also retains an amount sufficient to cover the cost of operating and maintaining the plane (including the overhead costs of operating the Base). All that the owner actually receives is a depreciation allowance for the use of his plane. It is from the funds retained by the Base Commander for operation and maintenance that the Base Commander will make the purchases of the various items enumerated herein.

Under the provisions of section 3442 of the Internal Revenue Code no tax attaches to articles enumerated in Chapter 29 of the Internal Revenue Code, as amended, when sold by the manufacturer thereof direct to the United States for its exclusive use.

After consideration of the evidence submitted, it is the opinion of this office that the articles enumerated herein are sold to the United States for its exclusive use within the meaning of the above-mentioned section of the Code and that the Federal excise tax is not applicable to the articles mentioned herein when sold by the manufacturers thereof to the Civil Air Patrol for the purpose stated provided the sales are supported by Standard Forms 1094 or by the form of certificate enumerated in section 314.24 of Regulations 44 (1939 Edition) or section 316.24 of Regulations 46 (1940 Edition) in either case executed by duly authorized officers of the United States.

Respectfully,

/s/ D. S. Bliss

D. S. Bliss
Deputy Commissioner.

cc-Baltimore, Maryland.