

**ART. 38. Boats taxable.**—The tax is imposed upon the use of "yachts, pleasure boats, power boats, and sailing boats, of over five net tons, and motor boats with fixed engines, not used exclusively for trade, fishing, or national defense, or not built according to plans and specifications approved by the Navy Department." Boats falling in the above classes and not specifically exempt are liable to tax regardless of size. Boats used in the United States are subject to the tax, although of foreign register. Boats navigating United States waters are subject to the tax, although owned by nonresident aliens. But boats owned by nonresident aliens and operating only occasionally in American waters are exempt from tax.

**ART. 39. Boats exempt from tax.**—Boats used "exclusively for trade, fishing, or national defense, or \* \* \* built according to plans and specifications approved by the Navy Department," are exempt from tax. Any boat which is used exclusively in connection with a person's business, occupation, or profession is exempt from tax. A boat used (1) by a physician in calling upon patients; or (2) by a farmer to take produce to market, farming constituting the means of livelihood of the owner of the boat; or (3) by an owner in the course of his employment to tend channel lights on a barge canal; or (4) regularly in service in the carriage of the public; or (5) by a marine engine manufacturer in transporting salesmen on their business trips or in taking out prospective customers purely for demonstrating purposes; or (6) in towing disabled boats and furnishing repair service to customers is exempt from the tax. A houseboat without means of propulsion is also exempt from tax. The term "fishing" as used in the statute has reference to commercial fishing and not to fishing for pleasure. Casual employment at irregular intervals for the convenience of the owner or his family, not exceeding such casual employment as is usual for boats maintained or employed in trade, will not cause the tax to attach to a boat which is entirely devoted to trade except for such limited casual use. A boat under 5 net tons, equipped with an "Evinrude" or any other type of "outboard" or "overboard" motor which can be attached or detached at will is exempt from tax.

**ART. 40. Purchase or use of secondhand boats.**—If a person purchases a secondhand boat on which special tax has already been paid, he is not liable to special tax upon the use of the boat during the balance of the fiscal year. The tax is on the use of the boat and the special tax stamp passes with it. The adjustment of the tax between the vendor and the vendee is a matter of individual contract in which the Government has no concern. If a person leases or charters a boat upon which the tax has been paid, the lessee or charterer is exempt from tax on the use of the boat during the remainder of the fiscal year.

**ART. 41. Rate and computation of tax.**—The boats enumerated in the act are divided into four classes with respect to tonnage and length, and a separate rate of tax is provided for each class, as follows:

- (1) Over 5 net tons, length 50 feet or less, \$1 for each foot.
- (2) Over 5 net tons, length over 50 feet but not over 100 feet, \$2 for each foot.
- (3) Over 5 net tons, length over 100 feet, \$4 for each foot.
- (4) Motor boats of not over 5 net tons with fixed engines, irrespective of length, \$10 flat rate.

To compute the amount of tax in any given instance multiply the rate of the class in which the boat is included by the number representing the length over all in full feet. For example: A boat 49.5 feet in length would be included in class 1 and would be taxed at the rate of \$1 for each foot, or \$49; a boat 50.5 feet in length would also be included in class 1 and would be taxed at the rate of \$1 for each foot, or \$50.

**ART. 42. Tonnage.**—To estimate the net tonnage of a vessel, the following rules may be used:

(a) By the word "ton" is meant 100 cubic feet of space.

(b) Multiply the extreme length of the vessel by the extreme breadth and that product by the depth from the underside of the deck to the frame in the hold taken amidships. The result obtained should be multiplied by six-tenths. To this result should be added the cubical contents of any closed-in structure above the upper deck. The sum should be divided by 100, which will give the approximate gross tonnage of the boat.

A closed-in superstructure is any space inclosed with wood or glass, whether stationary or removable, but does not include awnings or canvas shelters.

(c) From this gross tonnage may be deducted all spaces used exclusively in connection with the navigation of the boat or for machinery space, space for officers and crew but not for passengers (who include all persons not actual members of the crew), storage of sails, navigation instruments, boatswain's stores, etc. The result will be the approximate net tonnage of the boat.

(d) For the purpose of determining the tonnage of open boats the space within the boat level with the outer rails will be considered, and no deductions for machinery or crew will be made.

If the net tonnage thus estimated is more than 4 net tons, application should be made to the nearest customs officer for official admeasurement. If an official admeasurement is not completed before the date on which a return is required, a return should be rendered; and if the estimate of net tonnage, made as above directed, is over 5 net tons, the tax should be paid. If an official admeasurement is being made or has been requested but not completed on the date set for filing return, the taxpayer should file his return on the date set by the law and regulations, accompanied by a remittance in an amount which he has determined is due. The collector will, upon receipt of