

REGULATIONS 131, SECTION 315.40: General.
(Also Part I, Section 4181.)

Rev. Rul. 55 312

A dealer who engages in the business of assembling firearms from component parts in quantity lots for purposes of sale or distribution in interstate or foreign commerce must procure a license as a manufacturer of firearms, pursuant to the provisions of the Federal Firearms Act. Liability to the manufacturer's excise tax imposed under section 4181 of the Internal Revenue Code of 1954 would be incurred on the subsequent sale of the firearms so produced.

Advice has been requested whether it is necessary to obtain a manufacturer's license in order to assemble rifles.

Section 1 of the Federal Firearms Act, 52 Stat. 1250, 15 U. S. C. 901, provides in part that the term "manufacturer" includes a person engaged in the business of manufacturing firearms, etc., for purposes of sale or distribution. It also provides that a "dealer" may repair or fit special barrels, stocks, trigger mechanisms or breech mechanisms to firearms.

The latter provision permits a licensed dealer to engage in such activity on an individual item basis but, in effect, precludes a dealer from engaging in the business of assembling firearms from component parts in quantity lots for purposes of sale or distribution in interstate or foreign commerce. Accordingly, in order to assemble firearms for such purposes, a license as a manufacturer of firearms must first be procured in accordance with the Federal Firearms Act. Also, liability for the manufacturer's excise tax, imposed under section 4181 of the Internal Revenue Code of 1954, is incurred on the subsequent sale of the firearms so produced from the component parts.