



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

OFFICE OF  
CHIEF COUNSEL

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Dear \_\_\_\_\_ :

This letter responds to your request for information dated April 4, 2005. In it, you asked about whether a governmental authority can tax personal property.

The issue of whether state or local governments have the authority to levy a tax on property, whether real, business or personal, is a matter that must be determined under the applicable laws of your state or locality, and not under federal law. For example, your state of Louisiana reserves the right to tax all tangible personal property unless the property is otherwise exempted. See La. Rev. Stat. § 47:1703(A). Personal property means tangible personal property that can be moved or removed without substantial damage to real property. See La. Rev. Stat. § 47:1702(1). For information on Louisiana state taxes, we suggest that you contact the appropriate state office.

The authority of the federal government to levy taxes is contained in the United States Constitution as well as in the sixteenth amendment to the Constitution, and various federal laws enacted to carry out these provisions of the Constitution. This authority is applicable to any tax levied by the federal government.

The IRS publication cited by you in your letter is a tax guide for small businesses. The section to which you refer is intended to provide information to business taxpayers regarding the deductibility on their federal taxes of various state and local tax payments. Please see Publication 17, *Your Federal Income Tax (For Individuals)*, for more general information concerning the filing of a federal income tax return whether you are engaged in a business or not. This publication also provides information regarding any possible deductions for state and local taxes paid.

This letter has called your attention to certain general principles of the law. It is intended for informational purposes only and does not constitute a ruling. See Rev. Proc. 2004-1,

§2.04, 2004-1 IRB 7. If you have any additional questions, please contact our office at

Sincerely,

Christopher Kane  
Chief, Branch 3  
Associate Chief Counsel  
(Income Tax & Accounting)