

Tax Considerations for Aircraft

Like most states, Florida imposes either a sales or use tax on aircraft transactions. Florida imposes the sales tax when an aircraft is purchased or leased in Florida, unless there is a specific exemption. Florida's use tax is imposed when the aircraft is purchased in another state and brought into Florida within six months of the date of purchase, and either no sales tax was paid, or the sales tax paid elsewhere was less than Florida's sales tax—the Florida use tax is imposed on the difference. (The use tax was enacted many years ago by states so in-state businesses would not lose sales to out-of-state businesses.) The tax rate for the use tax is identical to Florida's sales tax rate of six percent.

To encourage out-of-state purchasers to purchase their aircraft from a registered dealer in Florida, the Legislature created an exemption where no tax is due on the sale of the aircraft if the purchaser removes it from the state within 10 days of the date of purchase or within 20 days after the completion of any repairs or alterations. As long as the actions of the purchaser do not demonstrate bad faith, the sale will be exempt if the plane remains out of the state for six months after the date of departure.



Courtesy of the Florida Department of Revenue

Some states impose a use tax on the first use of an aircraft in the state, other states impose the use tax only on an aircraft used in the state within a certain time period after it was purchased, and some states impose the use tax upon presence of the aircraft in the state for a specified number of days. Domicile (home state of residence) of the property owner may be a key factor in some states and irrelevant in others. Like other property, most aircraft are subject to use tax if imported into the state for use or storage, but again, only where either no sales tax was paid elsewhere, or where the tax paid was less than Florida's.

Unlike some other states, Florida does not currently have an exemption for "temporary use." Florida, as discussed

above, imposes a use tax on the importation of an aircraft into Florida to be used or stored, within the first six months from the date of purchase, regardless of where the property owner is domiciled or where the aircraft was acquired.

Various industries and business groups have worked with the Florida Legislature to develop legislation that affects their interests. For example, in the past Florida's boating industry has worked

with the Legislature to develop specific exemptions so that boats can be brought into Florida for such reasons as repairs, boat shows, and sales by a registered dealer without incurring a use tax liability. Under Florida law, the Florida Department of Revenue has no authority to advocate or enact exemptions, although the department will assist the Legislature and industry groups in the drafting of proposed bill language. Those interested in the adoption of specific exemptions that would promote Florida's aircraft industry should work with the Florida Legislature toward that end. ♦

This article was provided by the Florida Department of Revenue. See also "Frequently asked questions about taxes," below, and "DOR tax information," right.

Frequently asked questions about taxes

Q: When should I pay Florida taxes on an aircraft transaction?

A: All sales of aircraft between individuals are fully taxable if the sale and/or delivery occurs in Florida. Purchasers should fill out Form DR 42A, Ownership Declaration and Sales and Use Tax Report on Aircraft. If you are a resident of Florida and you buy from a dealer or broker, then the dealer/broker is required to collect sales tax from you at the time of sale or delivery.

Q: How much is the sales tax?

A: Florida's sales tax is six percent. Some counties also impose a discretionary sales surtax that the buyer must pay in addition to the six percent sales tax. Discretionary sales surtax applies only to the first \$5,000 of the aircraft purchase price.

Q: Are non-residents required to pay sales tax?

A: No, a non-resident is not required to pay sales tax when buying an aircraft

through a registered dealer if the non-resident buyer removes the aircraft from Florida within 10 days from the date of sale and if the buyer meets other requirements (see "Specific Exemptions" on DOR's web site, www.myflorida.com/dor/taxes/sut_aircraft_owner.html). This tax exemption does not apply to sales to corporations whose officers or directors are Florida residents or other entities whose controlling individual is a Florida resident. ♦

DOR tax information

The Florida Department of Revenue (DOR) offers many resources:

Web site. For details about taxes on aircraft, see www.myflorida.com/dor/taxes/sut_aircraft_owner.html and www.myflorida.com/dor/taxes/sut_aircraft_dealer.html.

Brochures. The following brochures are available from your local DOR service center or by calling Taxpayer Services at (800) 352-3671. (For locations of service centers, see <http://dor.myflorida.com/dor/taxes/servicecenters.html>.)

- Florida's Sales and Use Tax
- Discretionary Sales Surtax
- Aircraft – Dealers and Brokers
- Tangible Personal Property Rentals

Forms. Order forms online at www.myflorida.com/dor/forms, or fax form requests to the DOR Distribution Center at (850) 922-2208, or mail requests to Distribution Center, Florida Department of Revenue, 168A Blountstown Highway, Tallahassee, Florida 32304-2702.

Reference material. Visit DOR's Tax Law Library at <http://taxlaw.state.fl.us/sut1.aspx>, or call Taxpayer Services, (800) 352-3671, to request a copy of portions of the Florida Administrative Code: Rule 12A-1.007, Aircraft, Boats, Mobile Homes, and Motor Vehicles; Rule 12A-1.071, Rentals, Leases, or License to Use Tangible Personal Property; and Rule 12A-15, Discretionary Sales Surtax.

Contact by phone. Call DOR's Taxpayer Services, Monday through Friday, 8:00 a.m. to 7:00 p.m., ET, at (800) 352-3671 or (850) 488-6800. Persons with hearing impairments may call the TDD line at (800) 367-8331 or (850) 922-1115.

Details. For detailed responses, contact the Aircraft Enforcement Unit, Florida Department of Revenue, P.O. Box 6417, Tallahassee, FL 32314-6417; (850) 487-3273.

SAFE Council: Helping to Ensure Aviation Industry Security

An important aftermath of September 11, 2001, was the recognition of how crucial Florida's aviation industry is to the state's economy. Accounting for 8.5 percent of the gross state product, the aviation industry is a major economic driver generating regional monetary and employment advantages. The state's aviation industry generates more than six million jobs annually—airports alone provide more than one million jobs. With more than 50 percent of Florida's visitors arriving by air, the aviation industry plays an important role in helping to sustain the state's tourism industry.

The council's mission

In 2003 the Florida Legislature enacted the Secure Airports for Florida's Economy Act and created the SAFE Council. According to the SAFE web site and other council information, one of the council's primary purposes is to identify and recommend funding sources for airport transportation projects that improve air transportation security in Florida. Efforts related to the development of management systems and training capabilities are also part of the council's charges. And, as a way to help ensure industry stability and security, the council is also mandated to provide educational opportunities for minorities and secondary school students that encourage interest in aviation careers.

United We Stand license plate

Currently, the only funding available to the council is revenue received through the sale of the United We Stand

Digicast Online Security Training

The SAFE Council, along with the American Association of Airport Executives (AAAE), recently implemented the SAFE Digicast Online Security Training Program.

This initiative supports the council's responsibility to enhance airport security and is offered to most Florida publicly-owned public use general aviation airports. To date, Digicast has been activated at 73 airports. The number of training programs accessed by airport employees since it began in December 2006 is now more than 1,000.

Program examples: Security training modules include Physical Vehicle Inspection; Basic Security Awareness. Safety training modules include Preventing Runway Incursions; Good and Bad Airfield Markings; Real-World Examples.

To find out more about the training, contact Jim Johnson at (813) 792-1711 or jim.johnson@aaae.org.

license plate. Recently the council launched an awareness campaign to promote interest in the plate.

In support of the council's legislative mandates, but having only limited funding available, SAFE's efforts have been focused on smaller projects that

See SAFE Council, page 8