

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

FEDERAL USE TAX ON CIVIL AIRCRAFT

8737

(New 10/79)

The Airport and Airway Revenue Act of 1970 imposes an annual tax on the use of all taxable civil aircraft. Aircraft owned by the State, including helicopters, are taxable civil aircraft. Aircraft of the National Guard are not considered taxable civil aircraft. Each State agency who operates aircraft is liable for this tax and is responsible for filing their own tax return.

The yearly taxable period begins on July 1 and ends the following June 30 for taxable civil aircraft in use during the reporting period. The tax return is filed on a Federal Use Tax Return on Civil Aircraft, Form 4638. The return is due on or before the end of August. If an additional aircraft is put in use after July, an additional return is due before the end of the month following the one in which that aircraft is first used. The return is filed with the Internal Revenue Service, and forms are available from any Internal Revenue office. If a return was filed in the prior taxable period, a pre-addressed form should be received by mail for filing in the current taxable period.

Additional information on this tax is contained in Federal Publication 582, Federal Use Tax on Civil Aircraft, which is available from the Internal Revenue Service.

To Lessor:

This office received the attached copy of your personal property tax bill for the equipment leased by the State and installed at the location indicated. If you have not already received the original of this bill, the enclosed will serve as notice of the amount due.

Since the State is not subject to local property taxation, you are responsible and must pay directly any amounts assessed against equipment owned by your company in order to avoid the delinquencies and penalties recited in the bill. The state's equipment leases do not usually provide for separate reimbursement of personal property taxes. However, if you believe your lease on the subject equipment contains provisions for reimbursement, a claim for the amount of the taxes paid by you should be submitted in accordance with the applicable billing procedure. The claim should include a copy of the tax bill, the receipt in payment of the tax bill or other acceptable evidence of payment, and identification of the lease provisions or other basis obligating the State to make reimbursement. Provisions in a lease adding "applicable state and local taxes" to monthly lease payments or unapproved provisions on lessor order forms relating to tax payments do not afford a basis for reimbursement of property tax payments.

Sincerely