

## Aviation Excise Taxes

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### 2025 Aviation Excise Tax Rates

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$5.20</b>
International Arrival/Departure Head Tax	<b>\$22.90</b>
Hawaii/Alaska Flight Tax	<b>\$11.40</b>

Source: <https://www.airlines.org/dataset/government-imposed-taxes-on-air-transportation/>

### 2024 Aviation Excise Tax Rates

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$5.00</b>
International Arrival/Departure Head Tax	<b>\$22.20</b>
Hawaii/Alaska Flight Tax	<b>\$11.10</b>

Source: IRS Tax form 720 Instructions (2024 Edition)

### 2023 Aviation Excise Tax Rates

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$4.80</b>
International Arrival/Departure Head Tax	<b>\$21.10</b>
Hawaii/Alaska Flight Tax	<b>\$10.60</b>

Source: IRS Tax form 720 Instructions (2023 Edition)

### 2022 Aviation Excise Tax Rates

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$4.50</b>
International Arrival/Departure Head Tax	<b>\$19.70</b>
Hawaii/Alaska Flight Tax	<b>\$9.90</b>

Source: IRS Tax form 720 Instructions (2022 Edition)

### 2021 Aviation Excise Tax Rates

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$4.30</b>
International Arrival/Departure Head Tax	<b>\$19.10</b>
Hawaii/Alaska Flight Tax	<b>\$9.60</b>

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), includes the following excise tax relief provisions:

- The federal air transportation excise taxes that apply to commercial operations (i.e., Part 135 flights) are suspended effective March 27, 2020, through Jan. 1, 2021.

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- The suspension of taxes is not retroactive and only applies to flights conducted after March 27, 2020.
- The suspension includes all taxes that a commercial operator normally pays, including the 7.5% tax on amounts paid, applicable domestic and international segment fees and the 4.3 cents per gallon portion of the fuel tax (the 0.1 cents per gallon tax to fund the leaking underground storage tank fund is not included in the suspension).
- Any business that was collecting or remitting these taxes before is covered by the suspension. For example, if an air charter broker collects and remits these taxes on behalf of an operator, the suspension would apply to them.
- In addition to Part 135 operations, there are some Part 91 flights that the IRS deems commercial, such as timeshare flights. The suspension would apply to these flights as well.

In addition, the 6.25% tax on air transportation of property is suspended through Jan. 1, 2021

### **2020 Aviation Excise Tax Rates**

Percentage Tax Persons	7.5%
Percentage Tax Cargo	6.25%
Domestic Segment Fee	<b>\$4.30</b>
International Arrival/Departure Head Tax	<b>\$18.90</b>
Hawaii/Alaska Flight Tax	<b>\$9.50</b>

### Transportation of Persons by Air

#### Introduction

IRC section 4261(a) imposes a tax on the amount paid for taxable transportation of any person. In the case of amounts paid outside the United States for taxable transportation, the tax imposed applies only if such transportation begins and ends in the United States. IRC 4261(b) extends this tax to any amount paid for seating or sleeping accommodations on or in connection with transportation under IRC section 4261.

The person who pays for the ticket pays the tax. The person receiving the payment must collect the tax and file the return. Tax is reported on Form 720, IRS No. 26.

For transportation on or after October 1, 1997, IRC section 4261(c) imposes a tax of \$12 on any amount paid (whether inside or outside the United States) for any transportation of any person by air for both the arrival in and departure from the United States for international travel beginning or ending in the United States. This tax does not apply to any transportation if all of the transportation is taxable under IRC section 4261(a). Before October 1, 1997, the tax was \$6 on departure only. Tax is reported on Form 720, IRS No. 27. See Rev. Rul. 72-107 for further explanation.

Thus, domestic passenger transportation and international passenger transportation are subject to tax. The Taxpayer Relief Act of 1997 made many modifications to the "ticket" tax. The following paragraphs summarize the law before and after this change.

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#### Rate of Tax

##### *Domestic Transportation*

The tax on transportation of persons by air is imposed on the amount paid for transportation at the rates shown below.

Date Travel Begins	Rate of Tax
Oct. 1, 1999, and thereafter	7.5%

##### *Domestic Segment*

In addition to the percentage tax, each domestic segment is taxed as follows:

Date of Segments	Tax Rate
During 2003 and thereafter	\$3 multiplied by the cost-of- living adjustment determined under IRC section 1(f)(3)

The segment tax does not apply when payment was made before October 1, 1997.

(See first page for current Segment Tax rates)

##### *Definition of Domestic Segment*

A domestic segment is any segment consisting of one takeoff and one landing which is taxable transportation described in IRC section 4262 (a)(1) -- (transportation which begins in the United States or the 225-mile zone and ends in the United States or the 225-mile zone).

##### *Changes in Segments*

If there is a change in route between two locations on specified flights that changes the number of domestic segments but there is no change in the amount charged for such transportation, the tax is determined without regard to such change in route. Two examples are (1) if the plane is rerouted to another airport because of weather before it arrives at its final destination and (2) if the plane's schedule is changed.

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### ***Rate on International Travel***

On or after October 1, 1997, the tax rate on any amount paid for transportation of any person by air that begins or ends in the United States is \$12 for each arrival and departure, whether the tax is paid inside or outside the United States. The rate will be indexed to inflation for amounts paid after December 31, 1998.

Date Travel Begins	Rate of Tax	Applies to
Oct. 1, 1997, through Dec. 31, 1998	\$12	Arrivals and Departures
Jan. 1, 1999, and thereafter	Indexed to Inflation	Arrivals and Departures

For travel beginning on or after October 1, 1997, the tax applies to amounts paid after August 12, 1997.  
(See first page for current International Segment Tax rates)

### **Alaska and Hawaii**

As under prior law, on flights between the U.S. mainland and Alaska or Hawaii (or between Alaska and Hawaii), there is a tax of \$6 (rather than \$12), and it applies only to departures. The rate is indexed to inflation for amounts paid after January 31, 1998. Thus, for flights before October 1, 1997, the tax is 10 percent of the ticket price attributable to U.S. miles plus \$6. On or after October 1, 1997, the tax is the applicable domestic tax rate times the ticket price attributable to U.S. miles plus \$6 plus the applicable segment tax. (See first page for current Alaska and Hawaii Segment Tax rates)

### **Exception for Segments Beginning or Ending at Rural Airports**

In general, if any domestic segment begins or ends at an airport that is a rural airport for the calendar year in which the segment begins, the segment tax does not apply to that segment.

### Air Transportation Taxes

([https://www.irs.gov/publications/p510/ch04.html#en\\_US\\_201406\\_publink1000117164](https://www.irs.gov/publications/p510/ch04.html#en_US_201406_publink1000117164))

Taxes are imposed on amounts paid for:

- Transportation of persons by air,
- Use of international air travel facilities, and
- Transportation of property by air.

#### ***Transportation of Persons by Air***

The tax on transportation of persons by air is made up of the:

- Percentage tax, and
- Domestic-segment tax.

**Percentage tax.** A tax of 7.5% applies to amounts paid for taxable transportation of persons by air. Amounts paid for transportation include charges for layover or waiting time and movement of aircraft in deadhead service.

**Mileage awards.** The percentage tax may apply to an amount paid (in cash or in kind) to an air carrier (or any related person) for the right to provide mileage awards for, or other reductions in the cost of, any transportation of persons by air. For example, this applies to mileage awards purchased by credit card companies, telephone companies, restaurants, hotels, and other businesses.

Generally, the percentage tax does not apply to amounts paid for mileage awards where the mileage awards cannot, under any circumstances, be redeemed for air transportation that is subject to the tax. Until regulations are issued, the following rules apply to mileage awards.

- Amounts paid for mileage awards that cannot be redeemed for taxable transportation beginning and ending in the United States are not subject to the tax. For this rule, mileage awards issued by a foreign air carrier are considered to be usable only on that foreign air carrier and thus not redeemable for taxable transportation beginning and ending in the United States. Therefore, amounts paid to a foreign air carrier for mileage awards are not subject to the tax.
- Amounts paid by an air carrier to a domestic air carrier for mileage awards that can be redeemed for taxable transportation are not subject to the tax to the extent those miles will be awarded in connection with the purchase of taxable transportation.
- Amounts paid by an air carrier to a domestic air carrier for mileage awards that can be redeemed for taxable transportation are subject to the tax to the extent those miles will not be awarded in connection with the purchase of taxable transportation.

**Domestic-segment tax.** The domestic-segment tax is a flat dollar amount for each segment of taxable transportation for which an amount is paid. However, see *Rural airports*, later. A segment is a single takeoff and a single landing. The amount of the domestic-segment tax is in the Instructions for Form 720.

**Charter flights.** If an aircraft is chartered, the domestic-segment tax for each segment of taxable transportation is figured by multiplying the tax by the number of passengers transported on the aircraft.

**Rural airports.** The domestic-segment tax does not apply to a segment to or from a rural airport. An airport is a rural airport for a calendar year if fewer than 100,000 commercial passengers departed from the airport by air during the second preceding calendar year (the 100,000 passenger rule), and one of the following is true:

1. The airport is not located within 75 miles of another airport from which 100,000 or more commercial passengers departed during the second preceding calendar year,
2. The airport was receiving essential air service subsidies as of August 5, 1997, or
3. The airport is not connected by paved roads to another airport.

To apply the 100,000 passenger rule to any airport described in (3) above, only count commercial passengers departing from the airport by air on flight segments of at least 100 miles.

An updated list of rural airports can be found on the Department of Transportation website at [www.dot.gov](http://www.dot.gov) and enter the phrase "Essential Air Service" in the search box.

**Taxable transportation.** Taxable transportation is transportation by air that meets either of the following tests.

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- It begins and ends either in the United States or at any place in Canada or Mexico not more than 225 miles from the nearest point on the continental United States boundary (this is the 225-mile zone).
- It is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if it is not a part of uninterrupted international air transportation, discussed later.

**Round trip.** A round trip is considered two separate trips. The first trip is from the point of departure to the destination. The second trip is the return trip from that destination.

**Uninterrupted international air transportation.** This means transportation entirely by air that does not begin and end in the United States or in the 225-mile zone if there is not more than a 12-hour scheduled interval between arrival and departure at any station in the United States. For a special rule that applies to military personnel, see *Exemptions*, later.

**Transportation between the continental U.S. and Alaska or Hawaii.** This transportation is partially exempt from the tax on transportation of persons by air. The tax does not apply to the part of the trip between the point at which the route of transportation leaves or enters the continental United States (or a port or station in the 225-mile zone) and the point at which it enters or leaves Hawaii or Alaska. Leaving or entering occurs when the route of the transportation passes over either the United States border or a point 3 nautical miles (3.45 statute miles) from low tide on the coast line, or when it leaves a port or station in the 225-mile zone. Therefore, this transportation is subject to the percentage tax on the part of the trip in U.S. airspace, the domestic-segment tax for each domestic segment, and the tax on the use of international air travel facilities, discussed later.

**Transportation within Alaska or Hawaii.** The tax on transportation of persons by air applies to the entire fare paid in the case of flights between any of the Hawaiian Islands, and between any ports or stations in the Aleutian Islands or other ports or stations elsewhere in Alaska. The tax applies even though parts of the flights may be over international waters or over Canada, if no point on the direct line of transportation between the ports or stations is more than 225 miles from the United States (Hawaii or Alaska).

**Package tours.** The air transportation taxes apply to “complimentary” air transportation furnished solely to participants in package holiday tours. The amount paid for these package tours includes a charge for air transportation even though it may be advertised as “free.” This rule also applies to the tax on the use of international air travel facilities, discussed later.

**Liability for tax.** The person paying for taxable transportation is liable for the tax and, ordinarily, the person receiving the payment collects the tax, files the returns, and pays the tax over to the government. However, if payment is made outside the United States for a prepaid order, exchange order, or similar order, the person furnishing the initial transportation provided for under that order must collect the tax.

A travel agency that is an independent broker and sells tours on aircraft that it charts must collect the transportation tax, file the returns, and pay the tax over to the government. However, a travel agency that sells tours as the agent of an airline must collect the tax and remit it to the airline for the filing of returns and for the payment of the tax over to the government. An independent third party that is not under the airline’s supervision or control, but is acting on behalf of, and receiving compensation from, a passenger, is not required to collect the tax and pay it to the government. For more information on resellers of air transportation, see Revenue Ruling 2006-52. You can find Revenue Ruling 2006-52 on page 761 of I.R.B. 2006-43 at [www.irs.gov/pub/irs-irbs/irb06-43.pdf](http://www.irs.gov/pub/irs-irbs/irb06-43.pdf).

The fact that the aircraft does not use public or commercial airports in taking off and landing has no effect on the tax. But see *Certain helicopter uses*, later.

For taxable transportation that begins and ends in the United States, the tax applies regardless of whether the payment is made in or outside the United States.

If the tax is not paid when payment for the transportation is made, the air carrier providing the initial segment of the transportation that begins or ends in the United States becomes liable for the tax.

**Exemptions.** The tax on transportation of persons by air does not apply in the following situations. See also *Special Rules on Transportation Taxes*, later.

**Military personnel on international trips.** When traveling in uniform at their own expense, United States military personnel on authorized leave are deemed to be traveling in uninterrupted international air transportation (defined earlier) even if the scheduled interval between arrival and departure at any station in the United States is actually more than 12 hours. However, such personnel must buy their tickets within 12 hours after landing at the first domestic airport and accept the first available accommodation of the type called for by their tickets. The trip must begin or end outside the United States and the 225-mile zone.

**Certain helicopter uses.** The tax does not apply to air transportation by helicopter if the helicopter is used for any of the following purposes.

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1. Transporting individuals, equipment, or supplies in the exploration for, or the development or removal of, hard minerals, oil, or gas.
2. Planting, cultivating, cutting, transporting, or caring for trees (including logging operations).
3. Providing emergency medical transportation.

However, during a use described in items (1) or (2), the tax applies if the helicopter takes off from, or lands at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise uses services provided under section 44509 or 44913(b) or subchapter I of chapter 471 of title 49, United States Code. For item (1), treat each flight segment as a separate flight.

**Fixed-wing aircraft uses.** The tax does not apply to air transportation by fixed-wing aircraft if the fixed-wing aircraft is used for any of the following purposes.

1. Planting, cultivating, cutting, transporting, or caring for trees (including logging operations).
2. Providing emergency medical transportation. The aircraft must be equipped for and exclusively dedicated on that flight to acute care emergency medical services.

However, during a use described in item (1), the tax applies if the fixed-wing aircraft takes off from, or lands at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise uses services provided under section 44509 or 44913(b) or subchapter I of chapter 471 of title 49, United States Code.

**Skydiving.** The tax does not apply to any air transportation exclusively for the purpose of skydiving.

**Seaplanes.** The tax does not apply to any air transportation by seaplane for any segment consisting of a takeoff from, and a landing on, water if the places where the takeoff and landing occur are not receiving financial assistance from the Airport and Airways Trust Fund.

**Bonus tickets.** The tax does not apply to free bonus tickets issued by an airline company to its customers who have satisfied all requirements to qualify for the bonus tickets. However, the tax applies to amounts paid by customers for advance bonus tickets when customers have traveled insufficient mileage to fully qualify for the free advance bonus tickets.

### **International Air Travel Facilities**

A tax per person is imposed (whether in or outside the United States) for international flights that begin **or** end in the United States. However, for a domestic segment that begins or ends in Alaska or Hawaii, a reduced tax per person applies only to departures. This tax does not apply if all the transportation is subject to the percentage tax, discussed earlier. It also doesn't apply if the surtax on fuel used in a fractional ownership program aircraft (discussed earlier) is imposed. See the Instructions for Form 720 for the tax rates.

### **Transportation of Property by Air**

A tax of **6.25%** is imposed on amounts paid (whether in or outside the United States) for transportation of property by air. The fact that the aircraft may not use public or commercial airports in taking off and landing has no effect on the tax. The tax applies only to amounts paid to a person engaged in the business of transporting property by air for hire.

The tax applies only to transportation (including layover time and movement of aircraft in deadhead service) that begins and ends in the United States. Thus, the tax does not apply to transportation of property by air that begins or ends outside the United States.

**Exemptions.** The tax on transportation of property by air does not apply in the following situations. See also *Special Rules on Transportation Taxes*, later.

**Cropdusting and firefighting service.** The tax does not apply to amounts paid for cropdusting or aerial firefighting service.

**Exportation.** The tax does not apply to payments for transportation of property by air in the course of exportation (including to United States possessions) by continuous movement, as evidenced by the execution of Form 1363, Export Exemption Certificate. See Form 1363 for more information.

**Certain helicopter and fixed-wing air ambulance uses.** The tax does not apply to amounts paid for the use of helicopters in construction to set heating and air conditioning units on roofs of buildings, to dismantle tower cranes, and to aid in construction of power lines and ski lifts.

The tax also does not apply to air transportation by helicopter or fixed-wing aircraft for the purpose of providing emergency medical services. The fixed-wing aircraft must be equipped for and exclusively dedicated on that flight to acute care emergency medical services.

**Skydiving.** The tax does not apply to any air transportation exclusively for the purpose of skydiving.

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**Excess baggage.** The tax does not apply to excess baggage accompanying a passenger on an aircraft operated on an established line.

**Surtax on fuel used in a fractional ownership program aircraft.** The tax does not apply if the surtax on fuel used in a fractional ownership program aircraft (discussed earlier) is imposed.

**Alaska and Hawaii.** For transportation of property to and from Alaska and Hawaii, the tax in general does not apply to the portion of the transportation that is entirely outside the continental United States (or the 225-mile zone if the aircraft departs from or arrives at an airport in the 225-mile zone). But the tax applies to flights between ports or stations in Alaska and the Aleutian Islands, as well as between ports or stations in Hawaii. The tax applies even though parts of the flights may be over international waters or over Canada, if no point on a line drawn from where the route of transportation leaves the United States (Alaska) to where it reenters the United States (Alaska) is more than 225 miles from the United States.

**Liability for tax.** The person paying for taxable transportation is liable for the tax and, ordinarily, the person engaged in the business of transporting property by air for hire receives the payment, collects the tax, files the returns, and pays the tax over to the government.

If tax is not paid when a payment is made outside the United States, the person furnishing the last segment of taxable transportation collects the tax from the person to whom the property is delivered in the United States.

### **Special Rules on Transportation Taxes**

In certain circumstances, special rules apply to the taxes on transportation of persons and property by air.

**Aircraft used by affiliated corporations.** The taxes do not apply to payments received by one member of an affiliated group of corporations from another member for services furnished in connection with the use of an aircraft. However, the aircraft must be owned or leased by a member of the affiliated group and cannot be available for hire by a nonmember of the affiliated group. Determine whether an aircraft is available for hire by a nonmember of an affiliated group on a flight-by-flight basis.

For this rule, an affiliated group of corporations is any group of corporations connected with a common parent corporation through 80% or more of stock ownership.

**Small aircraft.** The taxes do not apply to transportation furnished by an aircraft having a maximum certificated takeoff weight of 6,000 pounds or less. However, the taxes do apply if the aircraft is operated on an established line. "Operated on an established line" means the aircraft operates with some degree of regularity between definite points. However, it does not include any time an aircraft is being operated on a flight that is solely for sightseeing.

Consider an aircraft to be operated on an established line if it is operated on a charter basis between two cities also served by that carrier on a regularly scheduled basis.

Also, the taxes apply if the aircraft is jet-powered, regardless of its maximum certificated takeoff weight or whether or not it is operated on an established line.

**Mixed load of persons and property.** If a single amount is paid for air transportation of persons and property, the payment must be allocated between the amount subject to the tax on transportation of persons and the amount subject to the tax on transportation of property. The allocation must be reasonable and supported by adequate records.

**Credits or refunds.** If tax is collected and paid over for air transportation that is not taxable air transportation, the collector may claim a credit or refund if it has repaid the tax to the person from whom the tax was collected or obtained the consent of that person to the allowance of the credit or refund. Alternatively, the person who paid the tax may claim a refund. For information on how to file for credits or refunds, see the Instructions for Form 720 or Form 8849.