



## STATE OF UTAH

Utah State Tax Commission  
210 North 1950 West  
Salt Lake City, UT 84134

# FREQUENTLY ASKED QUESTIONS

## Aircraft Sales & Use Tax Review

### Q: What is use tax?

**A:** Use tax is a tax on amounts paid or charged for purchases of tangible personal property. In cases where a seller does not charge Utah sales tax, the purchaser is responsible for reporting and remitting the tax.

### Q: How do Utah tax laws, rules, and regulations require sales or use tax to be paid on aircraft?

**A:** The Utah Code states that vehicles subject to titling or registration shall have sales and use tax paid by the purchaser. Aircraft subject to registration are considered vehicles and are subject to sales and use tax. Any civil aircraft located in Utah must have a current certificate of registration to operate in Utah. If the seller of the aircraft is a regular licensed vehicle dealer, the seller is to collect the tax at purchase. Otherwise, the purchaser is responsible for paying sales and use tax directly to the Utah State Tax Commission with form TC-828. The aircraft should be registered with the Utah Department of Transportation, Division of Aeronautics. See [udot.utah.gov/aeronautics](http://udot.utah.gov/aeronautics).

### Q: My aircraft is not registered in Utah or subject to titling and registration in Utah. Do I owe Utah sales and use tax?

**A:** If the aircraft is located or based in Utah, it must be registered in Utah to be operated in the state, and Utah sales and use tax is due on the purchase. If the aircraft is used, consumed, or stored in Utah, sales and use tax applies to the purchase. If the aircraft is not used in Utah, you can show that tax is not due by providing flight logs, a hanger rental agreement, or other documentation of the aircraft's location.

### Q: Why is interest due on the tax?

**A:** An aircraft should be registered with the Utah Department of Transportation, Division of Aeronautics, as soon as the FAA registration is complete. If sales tax is not collected by the seller, it should be paid at that time. Interest is applied from the FAA registration date until the tax is paid.

### Q: Sales and use tax was already paid on the aircraft. What kind of verification or documentation can I use to show this?

**A:** Provide a copy of a purchase or sales contract, an invoice, or a receipt that shows Utah sales and use tax has been paid. A credit against the Utah tax is allowed for sales and use tax paid to another state where tax was first due.

### Q: Can an authorized carrier purchase or lease an aircraft that is exempt from sales and use tax?

**A:** Yes. The purchase or lease is tax-exempt if they have an operating certificate issued by the Federal Aviation Administration (FAA) authorizing them to engage in interstate commerce. Utah State Tax Commission form TC-719, Sales Tax Exemption Affidavit for Authorized Interstate Carriers, should be submitted to the seller at the time of the transaction. To prove this exemption for purposes of this aircraft review, provide a copy of the operating certificate.

### Q: What if I bought the aircraft intending to resell or lease it?

**A:** To purchase an aircraft tax-exempt for the purpose of reselling it, you must be engaged in the business of manufacturing, distributing, or selling aircraft and be licensed with Utah to collect sales tax.

If the aircraft was purchased with the intent to lease, the purchase is exempt under the resale exemption so long as the aircraft is leased. Aircraft lease payments involving related entities must represent the fair market value of the lease. Otherwise, sales tax may be due on the original purchase of the aircraft because donors of tangible personal property are regarded as the consumers of that property. Utah Admin. Code R865-19S-68(A). Although your purchase of the aircraft is exempt, you must collect sales tax on the lease payments if the lessee stores or uses the aircraft in Utah unless the lessee provides an exemption certificate (for example, as an authorized carrier). If the aircraft was purchased first to be used and is only leased later, the exemption does not apply. To prove this exemption for purposes of this aircraft review, provide a copy of the lease agreement.



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### **Q: What amount is the sales and use tax based on?**

**A:** The sales and use tax is calculated by the jurisdiction tax rate and the purchase price. The jurisdiction's tax rate is based upon the aircraft's registration address filed with the FAA. A credit is allowed against the purchase price for the value of other aircraft or vehicles' trade-ins. Without a bill of sale or other written evidence of purchase price, the Utah State Tax Commission uses an average retail price to estimate the taxable amount of aircraft until we are provided with proof of the actual purchase price.

### **Q: How did you obtain this average retail price?**

**A:** We use *Price Digest's Aircraft Bluebook Historical Value Reference*. For aircraft not listed (i.e. kit planes, ultralights, experimental, etc.), we determine the average retail price based on the average price of similar aircraft being offered for sale. If the average retail price stated in the Summary is inaccurate, we will adjust the amount upon receipt of valid documentation showing the actual purchase price of the aircraft. (Please note, a bill of sale with a nominal value such as "\$10 and other valuable consideration" will not be considered adequate documentation of the purchase price.)

### **Q: If the average retail price is less than the actual purchase price, can I choose to have my sales tax based on the average instead of the actual purchase price?**

**A:** No. Sales tax is based on the actual purchase price or the value of other consideration paid. The average price is only used in the absence of proof of the actual purchase price. The tax amount based on the average retail price will be amended once the actual purchase price is determined.

### **Q: I purchased/manufactured a kit plane manufactured in Utah.**

**A:** Utah allows a sales tax exemption for aircraft originally manufactured in Utah. Utah Admin. Code 59-12-104(31) states that proof of manufacturing in Utah is required for the exemption.

### **Q: If the aircraft is no longer airworthy, do I still have to pay sales tax?**

**A:** Yes. Sales and use tax is a transaction tax based on the price of the aircraft when it was purchased, unlike a property tax, which is based on the current value of the property. The tax is due based on the purchase price of the aircraft, regardless of whether it is later damaged or loses value.

### **Q: What if I already sold the aircraft in question?**

**A:** Because sales and use tax is a tax on the purchase of property, not on the possession of property, the tax is due on the transaction that occurred when you purchased the aircraft, regardless of whether you still own it.

### **Q: If an airplane is purchased from a private individual, is it exempt from sales and use tax?**

**A:** No. Although an exemption exists for "isolated or occasional sales," that exemption does not apply to sales of vehicles that require registration, including aircraft. If the aircraft is purchased from a dealer who has been licensed for Utah sales tax, the dealer should collect the sales tax. If the aircraft is purchased from an entity other than a licensed aircraft dealer, then the sales and use tax is due from the purchaser at the time of the aircraft's registration.

### **Q: How do I pay the tax at registration?**

**A:** Aircraft must be registered annually with the Utah Department of Transportation, Division of Aeronautics. You should register your aircraft with the Division of Aeronautics as soon as registration with the FAA is complete.  
See [udot.utah.gov/aeronautics](http://udot.utah.gov/aeronautics).

Sales tax must be paid within 10 days of registration using form TC-828, found at [tax.utah.gov/forms/current/tc-828.pdf](http://tax.utah.gov/forms/current/tc-828.pdf). The form TC-828 must be submitted to the Utah State Tax Commission with the remitted sales tax.