

Chapter 03 Aircraft

100 General

101 Retail sales of aircraft are taxable at the special rate of 3%.

102 Retail sales of repair parts are taxable at the regular retail rate of tax. All charges for repairs and servicing to aircraft are exempt from sales tax.

103 Any facility operating as a repair/service center and aircraft parts dealer will be required to collect and remit Mississippi sales tax at the rate of 7% on all sales from parts and remit sales tax at the rate of 7% on the cost of parts withdrawn from inventory for use in the performance of a repair or service. Tax will not be due on the repair or service charge, including the provided parts, billed to the consumer.

104 Accessories permanently attached to an aircraft at the time of sale, such as radios, lights, instruments, etc., are taxable at the same rate as that of the aircraft. Accessories sold at a later date are taxed at the regular retail rate.

105 Sales of aircraft, accessories, repair parts and labor to licensed retailers for resale or rental in the regular course of business are exempt from sales or use tax.

106 Sales price means the full amount received from the sale of property, including delivery charges, manufacturers excise tax and any other additions to the selling price. No distinction is made between sales of new, used or trade-in property for tax purposes, all being taxed on the difference in the sales price and the amount allowed for a trade-in.

107 Sales of aircraft made or facilitated by a person regularly engaged in the sale or facilitation of aircraft, such as a broker, are subject to tax at the rate of 3%. The purchaser is liable for the tax if the facilitator fails to collect the Mississippi tax. The tax due by the purchaser should be remitted directly to the Department.

108 A trade-in is limited to property of the same kind and character as that normally carried in inventory for sale in the regular line of business.

109 Sales under a warranty agreement with the manufacturer are not taxable on that part charged to the factory. Any part of the charge made to the customer is taxable at the regular retail rate.

110 (Reserved)

200 Exemptions

201 The gross income from the stripping and painting of commercial aircraft engaged in foreign or interstate transportation business is exempt from sales tax.

- 202 Sales of parts used in the repair and servicing of aircraft not registered in Mississippi engaged exclusively in the business of foreign or interstate transportation to businesses engaged in aircraft repair and maintenance are exempt from sales tax.
- 203 The gross proceeds from the sale of rotary-wing aircraft if exported from this state within forty-eight (48) hours and registered and first used in another state are exempt from sales tax.
- 204 The gross proceeds of sales of aircraft when used predominately to transport passengers or property to or from offshore oil or natural gas exploration or production platforms or vessels, and engines, accessories and spare parts for such aircraft.
- 205 (Reserved)
- 300 Demonstrations and Rentals
- 301 Aircraft used as demonstrators where the aircraft remains in the dealer's inventory is not subject to sales tax. Supplies or other tangible personal property withdrawn and used by the dealer for demonstration of aircraft or any other purpose are taxable at the regular retail rate of tax.
- 302 Income from renting or leasing tangible personal property is taxed at the same rates as sales of the same property. An aircraft is not rented when an instructor accompanies a student for purposes of instruction.
- 303 Rebilling or pass through fuel charges are not considered to be taxable rental income when separately invoiced from the charge for rental or lease. Sales of fuel by lessors are not subject to sales tax. Income from inside or outside storage charges is exempt from sales tax.
- 304 Dealers owe no tax on cost of property when withdrawn from inventory for lease or rental. Sales of property that has been rented or leased are taxable on the full sales price with no deduction allowed as a result of tax paid on rental or lease income.
- 305 (Reserved)
- 400 Repossessions
- 401 Repossessions shall be treated as returned merchandise and credit will be allowed only for the uncollected part of the selling price previously reported and taxed. The subsequent sale of the repossessed equipment will be taxable on the same basis as the sale of any other property.
- 402 (Reserved)
- 500 Out-of-state Sales

- 501 All sales of aircraft by Mississippi dealers are presumed to have been made in this State unless the dealer can provide factual evidence that the aircraft was delivered to the customer outside of this State for first use in another state.
- 502 (Reserved)
- 600 Purchases
- 601 All purchases of tools, supplies, machinery and equipment that are bought for use in operating an aircraft business and not for resale are taxable at the regular retail rate of sales or use tax.
- 602 Persons who buy aircraft or parts to repair aircraft from dealers in other states for use in Mississippi are liable for the payment of a use tax at the same rate and on the same basis as sales tax. Credit for the amount of sales tax paid to the dealer in the other state is allowed against the Mississippi use tax due on such purchases. Any tax credit allowed must be evidenced by proof of payment.
- 603 (Reserved)
- 700 Records
- 701 Adequate records must be maintained to substantiate tax classifications of sales and purchases.
- 702 (Reserved)

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