Title 35

Part IV Sales & Use

Subpart 11 Transportation

Chapter 03 Aircraft

Rate of Tax

100 Rate of Tax.

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

102 Retail sales of repair parts and labor 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sales tax at the rate of 7% on all sales from parts and remit sales tax at the rate of 7% on the cost of parts withdrawn from inventory for use in the performance of a repair or service.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~~1~~ 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~~2~~ 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~~3~~ ~~"~~Sales price~~"~~ means the full amount received from the sale of property, including carrying, finance, or interest charges when a dealer carries his own paper, delivery charges, manufacturers excise tax and any other additions to the selling price. ~~The Federal Luxury Tax, effective January 1, 1991, is in the form of a Federal Retailers Excise Tax and is therefore excluded from taxable gross proceeds of sales when computing the Mississippi sales and use tax due on sales of aircraft with a sales price over $250,000.00.~~ 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~~4~~ 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.

108~~5~~ 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.

109~~6~~ (Reserved)

~~Demonstrations~~

200 Demonstrations.

201 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 Supplies or other tangible personal property withdrawn and used by the dealer for demonstration of aircraft or any other purpose are taxable at the regular retail rate of tax.

202~~1~~ (Reserved)

~~Rentals~~

300 Rentals.

301 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.

302~~1~~ 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.

303~~2~~ 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.

304~~3~~ (Reserved)

~~Repossessions~~

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)

~~Out-of-state Sales~~

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)

~~Purchases~~

600 Purchases.

601 All purchases of tools, supplies, machinery and equipment which 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 (Reserved)

~~Use Tax~~

700 Use Tax.

701 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.

702 (Reserved)

~~Records~~

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801 Adequate records must be maintained to substantiate tax classifications of sales and purchases.

802 (Reserved)

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