

1 Department of Revenue

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3 Adopted Permanent Rules Relating to Sales and Use Tax; Aircraft
4 Registration

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6 Rules as Adopted

7 8130.9500 AIRCRAFT REGISTRATION.

8 Subpart 1. In general. Minnesota Statutes, section
9 297A.255, requires persons who wish to license or register an
10 aircraft in Minnesota to furnish proof to the Minnesota
11 Department of Transportation, Office of Aeronautics, that the
12 Minnesota sales or use tax has been paid, or that the purchase
13 or acquisition of the aircraft was not subject to the Minnesota
14 sales or use tax. The seller of the aircraft may furnish proof
15 that the Minnesota sales or use tax has been paid as the agent
16 of the purchaser of the aircraft. This law imposes a use tax on
17 an occasional or isolated sale of an aircraft or an interest in
18 an aircraft by persons not in the business of selling aircraft.

19 The necessary forms (form UT-1 and form ST-24) for
20 reporting and paying the use tax or for claiming exemption are
21 available upon request from the Minnesota Department of Revenue
22 or the Minnesota Department of Transportation, Office of
23 Aeronautics.

24 This statute does not affect the exemption provided by
25 Minnesota Statutes, section 297A.25, subdivision 14, for
26 purchases of airflight equipment by airline companies taxed
27 under Minnesota Statutes, sections 270.071 to 270.079.

28 When the sales tax has not been paid to the dealer as set
29 forth in subpart 2, item A, the Department of Revenue will
30 forward a completed certificate of tax payment or exemption,
31 form ST-24, to the Department of Transportation, Office of
32 Aeronautics.

33 Subp. 1a. Commercial use, defined. "Commercial use" means
34 any operation of an aircraft for consideration or hire, any
35 services performed incidental to the operation of any aircraft

1 for which a fee is charged or consideration received, the
2 servicing, maintaining, and repairing of aircraft, or the
3 charter of aircraft, the operation of flight or ground schools,
4 the operation of aircraft for the application or distribution of
5 chemicals or other substances, aerial photography and surveys,
6 air shows or expositions, and the operation of aircraft for
7 fishing. Commercial use is any use by a dealer other than the
8 sale or lease of an aircraft or personal use of an aircraft.

9 Subp. 2. Registration of aircraft by purchasers. When the
10 sales tax is paid or not paid:

11 A. Minnesota sales tax paid to dealer. When a
12 purchaser pays the Minnesota sales tax for the purchase of an
13 aircraft or an interest in an aircraft to a Minnesota aircraft
14 dealer who holds a Minnesota sales and use tax permit, the
15 dealer shall furnish the purchaser with a statement showing that
16 the sales tax has been paid. The aircraft dealer must report
17 and pay the sales tax to the Minnesota Department of Revenue.
18 If a dealer licensed by the Office of Aeronautics states to the
19 Office of Aeronautics that sales tax was collected, it is not
20 necessary for the purchaser of the aircraft to obtain a
21 certificate of tax payment or exemption, form ST-24, from the
22 Minnesota Department of Revenue. The purchaser or the
23 purchaser's agent, for example the licensed dealer, should
24 present the statement, which the purchaser or purchaser's agent
25 received from the aircraft dealer, directly to the Department of
26 Transportation, Office of Aeronautics, in order to license or
27 register the aircraft.

28 B. No Minnesota sales tax paid to seller. When the
29 purchaser does not pay a Minnesota sales tax to the seller on
30 the purchase of an aircraft or an interest in an aircraft, the
31 purchaser must obtain a certificate of tax payment or exemption,
32 form ST-24, from the Minnesota Department of Revenue. If a use
33 tax is due, the purchaser must complete a consumer's use tax
34 return, form UT-1, and file it along with the purchaser's tax
35 payment when applying for the certificate form ST-24. If the
36 purchaser claims exemption from the tax, the purchaser must

1 furnish proof showing that the purchaser is entitled to the
2 exemption when applying for the certificate. Illustrative
3 exemptions include purchases by organizations that are organized
4 and operated exclusively for charitable, religious, or
5 educational purposes; purchases of aircraft outside Minnesota by
6 a nonresident and later brought into Minnesota for use; and
7 aircraft purchased for resale or lease.

8 Subp. 3. Registration of aircraft by dealers who are
9 licensed in accordance with Minnesota Statutes, section 360.63.
10 When a licensed dealer purchases an aircraft for resale, no
11 certificate of tax payment or exemption is required. When a
12 licensed dealer puts an aircraft to commercial use, the dealer
13 is required to pay a use tax on the dealer's purchase price of
14 the aircraft unless the dealer makes application to the
15 commissioner of revenue for an aircraft commercial use permit,
16 on form ST-22, and pays a \$20 fee (see Minnesota Statutes,
17 section 360.654). By obtaining an aircraft commercial use
18 permit from the commissioner, a licensed dealer may purchase an
19 aircraft for resale and put it to commercial use for up to one
20 year without paying a sales or use tax on the dealer's
21 purchase. While the aircraft commercial use permit is in
22 effect, use tax is imposed on the fair market value of the
23 commercial use. When the dealer sells the aircraft, the dealer
24 is required to collect a sales tax. If the dealer keeps the
25 aircraft for more than one year after purchase or makes personal
26 use of the aircraft, a use tax is also due on the purchase price.
27 If the sole use by the dealer of the aircraft that is exempt
28 from use tax is leasing the aircraft while holding it for sale,
29 sales tax is due on the taxable rent and lease payments.

30 Subp. 4. Registration by dealers who are not licensed in
31 accordance with Minnesota Statutes, section 360.63. A dealer
32 who is not licensed in accordance with Minnesota Statutes,
33 section 360.63, is required to file form ST-24, which indicates
34 the aircraft was purchased for resale or lease by the holder of
35 a Minnesota sales and use tax permit. The dealer is further
36 required to provide evidence that the dealer conducts business

1 regularly selling or leasing aircraft. However, if the dealer
2 purchases an aircraft or puts the aircraft to personal or
3 commercial use, the dealer is required to file form ST-24 and
4 form UT-1 and to pay the use tax on the purchase price.

5 Subp. 5. Registration of aircraft by lessor or lessee.

6 When a lessor registers an aircraft in the lessor's name, the
7 lessor must furnish his or her sales and use tax account number
8 when applying for the certificate of tax payment or exemption,
9 form ST-24, and claim exemption for resale. Leases are defined
10 as resales. The lessor must collect and remit sales tax on
11 lease payments the lessor receives. The lessor must report all
12 lease payments received as gross sales and collect and remit tax
13 on all sales, net of exempt sales. An example of an exempt sale
14 is the lease of an aircraft to a fixed base operator who rents
15 the aircraft to others at retail.

16 When a lessee registers an aircraft in the lessee's name,
17 and the lessor does not hold a Minnesota sales and use tax
18 permit, the lessor is required to obtain a permit. If the
19 lessee is leasing the same aircraft to others, the lessee must
20 also obtain a permit, file returns, and pay the sales and use
21 tax in the same manner as all other Minnesota permit holders.

22 Subp. 6. [See repealer.]

23 REPEALER. Minnesota Rules, parts 8130.9500, subpart 6; and
24 8130.9996, are repealed.