

**144.132 Sales and use tax credit for aircraft fuel -- Reporting and payment requirements.**

- (1) As used in this section:
  - (a) "Certificated air carrier" means an air carrier that is listed on the United States Department of Transportation certificated air carrier list or a foreign indirect air carrier registered with the United States Department of Transportation;
  - (b) "Department" means the Department of Revenue; and
  - (c) "Person" has the same meaning as in KRS 139.010.
- (2)
  - (a) Any certificated air carrier which is engaged in the air transportation of persons or property for hire shall be entitled to a credit against the Kentucky sales and use tax paid on aircraft fuel, including jet fuel, as determined by this section.
  - (b) Certificated air carriers shall pay the first one million dollars (\$1,000,000) in Kentucky sales and use tax due on the purchase of aircraft fuel, including jet fuel. The one million dollars (\$1,000,000) shall be increased to reflect the sales and use tax on aviation fuel attributable to operations of any other company when such company is purchased, merged, acquired, or otherwise combined with the certificated air carrier after the base period. The increase shall be based on the tax applicable to aircraft fuel purchased during the twelve (12) month period immediately preceding the purchase, merger, or other acquisition by or in combination with the certificated air carrier. The sales and use tax credit shall be an amount equal to the Kentucky sales and use tax otherwise applicable to the purchase of aircraft fuel, including jet fuel, purchased by the certificated air carrier during each fiscal year, in excess of one million dollars (\$1,000,000).
- (3) On and after June 29, 2017, any person that:
  - (a) Contracts with one (1) or more certificated air carriers for the transportation by air of persons, property, or mail; and
  - (b) Is responsible for the purchase and payment of aircraft fuel, including jet fuel to transport the persons, property, or mail;shall be entitled to a credit against the Kentucky sales and use tax paid on aircraft fuel, including jet fuel, during the fiscal year in excess of one million dollars (\$1,000,000).
- (4) Each certificated air carrier that qualifies for the credit authorized in subsection (2) of this section and every person that qualifies for the credit authorized in subsection (3) of this section purchasing aircraft fuel, including jet fuel, on which Kentucky sales and use tax for the fiscal year is reasonably expected to exceed one million dollars (\$1,000,000) shall report and pay directly to the department the tax applicable to the purchase of aircraft fuel, including jet fuel, purchased for storage use or other consumption during the fiscal year.
- (5) Each certificated air carrier that qualifies for the credit authorized in subsection (2) of this section and every person that qualifies for the credit authorized in subsection (3) of this section that claims the sales and use tax credit shall file an annual sales and use tax reconciliation report with the department on or

before October 15 of the fiscal year following the fiscal year for which the credit is claimed. The report shall be in a form and contain information and documentation as the department may reasonably require to verify the computation of the tax credit against the tax imposed under KRS 139.200 and 139.310.

**Effective:** June 29, 2017

**History:** Amended 2017 Ky. Acts ch. 71, sec. 1, effective June 29, 2017. -- Amended 2005 Ky. Acts ch. 85, sec. 558, effective June 20, 2005; and ch. 168, sec. 75, effective June 1, 2005. -- Created 1998 Ky. Acts ch. 400, sec. 2, effective July 15, 1998.