

Current Internal Revenue Code (TRC Version), SEC. 4261.IMPOSITION OF TAX.

[Click to open document in a browser](#)

4261(a)IN GENERAL.— There is hereby imposed on the amount paid for taxable transportation of any person a tax equal to 7.5 percent of the amount so paid.

4261(b)DOMESTIC SEGMENTS OF TAXABLE TRANSPORTATION.—

4261(b)(1)IN GENERAL.— There is hereby imposed on the amount paid for each domestic segment of taxable transportation by air a tax in the amount determined in accordance with the following table for the period in which the segment begins:

<i>In the case of segments beginning:</i>	<i>The tax is:</i>
After September 30, 1997, and before October 1, 1998	\$1.00
After September 30, 1998, and before October 1, 1999	\$2.00
After September 30, 1999, and before January 1, 2000	\$2.25
During 2000	\$2.50
During 2001	\$2.75
During 2002 or thereafter	\$3.00

4261(b)(2)DOMESTIC SEGMENT.— For purposes of this section, the term “domestic segment” means any segment consisting of 1 takeoff and 1 landing and which is taxable transportation described in [section 4262\(a\)\(1\)](#).

4261(b)(3)CHANGES IN SEGMENTS BY REASON OF REROUTING.— If—

4261(b)(3)(A) transportation is purchased between 2 locations on specified flights, and

4261(b)(3)(B) there is a change in the route taken between such 2 locations which changes the number of domestic segments, but there is no change in the amount charged for such transportation,

the tax imposed by paragraph (1) shall be determined without regard to such change in route.

4261(c)USE OF INTERNATIONAL TRAVEL FACILITIES.—

4261(c)(1)IN GENERAL.— There is hereby imposed a tax of \$12.00 on any amount paid (whether within or without the United States) for any transportation of any person by air, if such transportation begins or ends in the United States.

4261(c)(2)EXCEPTION FOR TRANSPORTATION ENTIRELY TAXABLE UNDER SUBSECTION (a).— This subsection shall not apply to any transportation all of which is taxable under subsection (a) (determined without regard to [sections 4281](#) and [4282](#)).

4261(c)(3)SPECIAL RULE FOR ALASKA AND HAWAII.— In any case in which the tax imposed by paragraph (1) applies to a domestic segment beginning or ending in Alaska or Hawaii, such tax shall apply only to departures and shall be at the rate of \$6.

4261(d)BY WHOM PAID.— Except as provided in [section 4263\(a\)](#), the taxes imposed by this section shall be paid by the person making the payment subject to the tax.

4261(e)SPECIAL RULES.—

4261(e)(1)SEGMENTS TO AND FROM RURAL AIRPORTS.—

4261(e)(1)(A)EXCEPTION FROM SEGMENT TAX.— The tax imposed by subsection (b)(1) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

4261(e)(1)(B)RURAL AIRPORT.— For purposes of this paragraph, the term “rural airport” means, with respect to any calendar year, any airport if—

4261(e)(1)(B)(i) there were fewer than 100,000 commercial passengers departing by air (in the case of any airport described in clause (ii)(III), on flight segments of at least 100 miles) during the second preceding calendar year from such airport, and

4261(e)(1)(B)(ii) such airport—

4261(e)(1)(B)(ii)(I) is not located within 75 miles of another airport which is not described in clause (i),

4261(e)(1)(B)(ii)(II) is receiving essential air service subsidies as of the date of the enactment of this paragraph, or

4261(e)(1)(B)(ii)(III) is not connected by paved roads to another airport.

4261(e)(1)(C)NO PHASE IN OF REDUCED TICKET TAX.— In the case of transportation beginning before October 1, 1999—

4261(e)(1)(C)(i)IN GENERAL.— Paragraph (5) shall not apply to any domestic segment beginning or ending at an airport which is a rural airport for the calendar year in which such segment begins or ends (as the case may be).

4261(e)(1)(C)(ii)TRANSPORTATION INVOLVING MULTIPLE SEGMENTS.— In the case of transportation involving more than 1 domestic segment at least 1 of which does not begin or end at a rural airport, the 7.5 percent rate applicable by reason of clause (i) shall be applied by taking into account only an amount which bears the same ratio to the amount paid for such transportation as the number of specified miles in domestic segments which begin or end at a rural airport bears to the total number of specified miles in such transportation.

4261(e)(2)AMOUNTS PAID OUTSIDE THE UNITED STATES.— In the case of amounts paid outside the United States for taxable transportation, the taxes imposed by subsections (a) and (b) shall apply only if such transportation begins and ends in the United States.

4261(e)(3)AMOUNTS PAID FOR RIGHT TO AWARD FREE OR REDUCED RATE AIR TRANSPORTATION.—

4261(e)(3)(A)IN GENERAL.— Any amount paid (and the value of any other benefit provided) to an air carrier (or any related person) for the right to provide mileage awards for (or other reductions in the cost of) any transportation of persons by air shall be treated for purposes of subsection (a) as an amount paid for taxable transportation, and such amount shall be taxable under subsection (a) without regard to any other provision of this subchapter.

4261(e)(3)(B)CONTROLLED GROUP.— For purposes of subparagraph (A), a corporation and all wholly owned subsidiaries of such corporation shall be treated as 1 corporation.

4261(e)(3)(C)REGULATIONS.— The Secretary shall prescribe rules which reallocate items of income, deduction, credit, exclusion, or other allowance to the extent necessary to prevent the avoidance of tax imposed by reason of this paragraph. The Secretary may prescribe rules which exclude from the tax imposed by subsection (a) amounts attributable to mileage awards which are used other than for transportation of persons by air.

4261(e)(4)INFLATION ADJUSTMENT OF DOLLAR RATES OF TAX.—

4261(e)(4)(A)IN GENERAL.— In the case of taxable events in a calendar year after the last nonindexed year, the \$3.00 amount contained in subsection (b) and each dollar amount contained in subsection (c) shall be increased by an amount equal to—

4261(e)(4)(A)(i) such dollar amount, multiplied by

4261(e)(4)(A)(ii) the cost-of-living adjustment determined under [section 1\(f\)\(3\)](#) for such calendar year by substituting the year before the last nonindexed year for “calendar year 1992” in subparagraph (B) thereof.

If any increase determined under the preceding sentence is not a multiple of 10 cents, such increase shall be rounded to the nearest multiple of 10 cents.

4261(e)(4)(B)LAST NONINDEXED YEAR.— For purposes of subparagraph (A), the last nonindexed year is—

4261(e)(4)(B)(i) 2002 in the case of the \$3.00 amount contained in subsection (b), and

4261(e)(4)(B)(ii) 1998 in the case of the dollar amounts contained in subsection (c).

4261(e)(4)(C)TAXABLE EVENT.— For purposes of subparagraph (A), in the case of the tax imposed by subsection (b), the beginning of the domestic segment shall be treated as the taxable event.

4261(e)(4)(D)SPECIAL RULE FOR AMOUNTS PAID FOR DOMESTIC SEGMENTS BEGINNING AFTER 2002.— If an amount is paid during a calendar year for a domestic segment beginning in a later calendar year, then the rate of tax under subsection (b) on such amount shall be the rate in effect for the calendar year in which such amount is paid.

4261(e)(5)RATES OF TICKET TAX FOR TRANSPORTATION BEGINNING BEFORE OCTOBER 1, 1999.— Subsection (a) shall be applied by substituting for “7.5 percent”—

4261(e)(5)(A) “9 percent” in the case of transportation beginning after September 30, 1997, and before October 1, 1998, and

4261(e)(5)(B) “8 percent” in the case of transportation beginning after September 30, 1998, and before October 1, 1999.

4261(f)EXEMPTION FOR CERTAIN USES.— No tax shall be imposed under subsection (a) or (b) on air transportation—

4261(f)(1) by helicopter for the purpose of transporting individuals, equipment, or supplies in the exploration for, or the development or removal of, hard minerals, oil, or gas, or

4261(f)(2) by helicopter or by fixed-wing aircraft for the purpose of the planting, cultivation, cutting, or transportation of, or caring for, trees (including logging operations),

but only if the helicopter or fixed-wing aircraft does not take off from, or land at, a facility eligible for assistance under the Airport and Airway Development Act of 1970, or otherwise use services provided pursuant to section 44509 or 44913(b) or subchapter I of chapter 471 of title 49, United States Code, during such use. In the case of helicopter transportation described in paragraph (1), this subsection shall be applied by treating each flight segment as a distinct flight.

4261(g)EXEMPTION FOR AIR AMBULANCES PROVIDING CERTAIN EMERGENCY MEDICAL TRANSPORTATION.— No tax shall be imposed under this section or [section 4271](#) on any air transportation for the purpose of providing emergency medical services—

4261(g)(1) by helicopter, or

4261(g)(2) by a fixed-wing aircraft equipped for and exclusively dedicated on that flight to acute care emergency medical services.

4261(h)EXEMPTION FOR SKYDIVING USES.— No tax shall be imposed by this section or [section 4271](#) on any air transportation exclusively for the purpose of skydiving.

4261(i)EXEMPTION FOR SEAPLANES.— No tax shall be imposed by this section or [section 4271](#) on any air transportation by a seaplane with respect to any segment consisting of a takeoff from, and a landing on, water, but only if the places at which such takeoff and landing occur have not received and are not receiving financial assistance from the Airport and Airways Trust Fund.

4261(j)APPLICATION OF TAXES.—

4261(j)(1)IN GENERAL.— The taxes imposed by this section shall apply to—

4261(j)(1)(A) transportation beginning during the period—

4261(j)(1)(A)(i) beginning on the 7th day after the date of the enactment of the Airport and Airway Trust Fund Tax Reinstatement Act of 1997, and

4261(j)(1)(A)(ii) ending on September 16, 2011, and

4261(j)(1)(B) amounts paid during such period for transportation beginning after such period.

4261(j)(2)REFUNDS.— If, as of the date any transportation begins, the taxes imposed by this section would not have applied to such transportation if paid for on such date, any tax paid under paragraph (1)(B) with respect to such transportation shall be treated as an overpayment.