

## Current Internal Revenue Code (TRC Version), SEC. 4262. DEFINITION OF TAXABLE TRANSPORTATION.

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**4262(a) TAXABLE TRANSPORTATION; IN GENERAL.**— For purposes of this part, except as provided in subsection (b), the term “taxable transportation” means—

**4262(a)(1)** transportation by air which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone; and

**4262(a)(2)** in the case of transportation by air other than transportation described in paragraph (1), that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if such portion is not a part of uninterrupted international air transportation (within the meaning of subsection (c)(3)).

**4262(b) EXCLUSION OF CERTAIN TRAVEL.**— For purposes of this part, the term “taxable transportation” does not include that portion of any transportation by air which meets all 4 of the following requirements:

**4262(b)(1)** such portion is outside the United States;

**4262(b)(2)** neither such portion nor any segment thereof is directly or indirectly—

**4262(b)(2)(A)** between (i) a point where the route of the transportation leaves or enters the continental United States, or (ii) a port or station in the 225-mile zone, and

**4262(b)(2)(B)** a port or station in the 225-mile zone;

**4262(b)(3)** such portion—

**4262(b)(3)(A)** begins at either (i) the point where the route of the transportation leaves the United States, or (ii) a port or station in the 225-mile zone, and

**4262(b)(3)(B)** ends at either (i) the point where the route of the transportation enters the United States, or (ii) a port or station in the 225-mile zone; and

**4262(b)(4)** a direct line from the point (or the port or station) specified in paragraph (3)(A), to the point (or the port or station) specified in paragraph (3)(B), passes through or over a point which is not within 225 miles of the United States.

**4262(c) DEFINITIONS.**— For purposes of this section—

**4262(c)(1) CONTINENTAL UNITED STATES.**— The term “continental United States” means the District of Columbia and the States other than Alaska and Hawaii.

**4262(c)(2) 225- MILE ZONE.**— The term “225-mile zone” means that portion of Canada and Mexico which is not more than 225 miles from the nearest point in the continental United States.

**4262(c)(3) UNINTERRUPTED INTERNATIONAL AIR TRANSPORTATION.**— The term “uninterrupted international air transportation” means any transportation by air which is not transportation described in subsection (a)(1) and in which—

**4262(c)(3)(A)** the scheduled interval between (i) the beginning or end of the portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States and (ii) the end or beginning of the other portion of such transportation is not more than 12 hours, and

**4262(c)(3)(B)** the scheduled interval between the beginning or end and the end or beginning of any two segments of the portion of such transportation referred to in subparagraph (A)(i) is not more than 12 hours.

For purposes of this paragraph, in the case of personnel of the United States Army, Air Force, Navy, Marine Corps, and Coast Guard traveling in uniform at their own expense when on official leave, furlough, or pass, the scheduled interval described in subparagraph (A) shall be deemed to be not more than 12 hours if a ticket for the subsequent portion of such transportation is purchased within 12 hours after the end of the earlier portion of such transportation and the purchaser accepts and utilizes the first accommodations actually available to him for such subsequent portion.

**4262(d)TRANSPORTATION.**— For purposes of this part, the term “transportation” includes layover or waiting time and movement of the aircraft in deadhead service.

**4262(e)AUTHORITY TO WAIVE 225-MILE ZONE PROVISIONS.—**

**4262(e)(1)IN GENERAL.**— If the Secretary of the Treasury determines that Canada or Mexico has entered into a qualified agreement—

**4262(e)(1)(A)** the Secretary shall publish a notice of such determination in the Federal Register, and

**4262(e)(1)(B)** effective with respect to transportation beginning after the date specified in such notice, to the extent provided in the agreement, the term “225-mile zone” shall not include part or all of the country with respect to which such determination is made.

**4262(e)(2)TERMINATION OF WAIVER.**— If a determination was made under paragraph (1) with respect to any country and the Secretary of the Treasury subsequently determines that the agreement is no longer in effect or that the agreement is no longer a qualified agreement—

**4262(e)(2)(A)** the Secretary shall publish a notice of such determination in the Federal Register, and

**4262(e)(2)(B)** subparagraph (B) of paragraph (1) shall cease to apply with respect to transportation beginning after the date specified in such notice.

**4262(e)(3)QUALIFIED AGREEMENT.**— For purposes of this subsection, the term “qualified agreement” means an agreement between the United States and Canada or Mexico (as the case may be)—

**4262(e)(3)(A)** setting forth that portion of such country which is not to be treated as within the 225-mile zone, and

**4262(e)(3)(B)** providing that the tax imposed by such country on transportation described in subparagraphs (A) will be at a level which the Secretary of the Treasury determines to be appropriate.

**4262(e)(4)REQUIREMENT THAT AGREEMENT BE SUBMITTED TO CONGRESS.**— No notice may be published under paragraph (1)(A) with respect to any qualified agreement before the date 90 days after the date on which a copy of such agreement was furnished to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate.