



Interim Executive Director
Marshall Stranburg

SUMMARY

QUESTION: Whether parts sold in Florida for use in the repair and maintenance of aircraft with a maximum certified takeoff weight in excess of 15,000 pounds are exempt from sales and use tax if the parts are installed in Florida at a time subsequent to the sale. If such parts are exempt, whether the issuance of a Purchaser's Blanket Exemption Certificate substantially in the form of the example provided in Rule 12A-1.038, F.A.C., is the appropriate proof of exemption at the point of sale.

ANSWER: Taxpayers' purchases of replacement engines, parts, and equipment used in the repair or maintenance of fixed-wing aircraft of more than 15,000 pounds are exempt from Florida sales and use tax as long as such engines, parts, and equipment are installed on aircraft in Florida. The exemption under s. 212.08(7)(rr), F.S. (2011), does not require that the vendor selling the replacement engine, parts, and/or equipment perform the installation thereof. Moreover, the exemption does not require that the parts be installed immediately, or as part of a single transaction with the purchase of the replacement engine, parts, and/or accessories.

Dealers who sell replacement engines, parts, and equipment for installation on fixed-wing aircraft that qualify for the exemption in s. 212.08(7)(rr), F.S., are required to simply document the FAA Registration Number (i.e., "N number") on the bill of sale, invoice, or other tangible evidence of the sale. However, since Taxpayers own multiple aircraft and keep an inventory of parts, Taxpayers should provide Form DR-97 and indicate that the exemption is based on the purchased properties' uses as replacement engines, parts, and equipment used in the repair or maintenance of aircraft with a maximum certified takeoff weight of more than 15,000 pounds, as provided in s. 212.08(7)(rr), F.S. In the event that items purchased tax-exempt are subsequently used for a nonexempt purpose, use tax based on the purchase price of the item should be accrued and remitted to the Department.

November 19, 2012

XXX
XXX
XXX

Re: Technical Assistance Advisement 12A-026
Sales and Use Tax – Aircraft Parts & Equipment
Section 212.08(7)(rr), Florida Statutes [F.S.]
Rule 12A-1.038, Florida Administrative Code [F.A.C.]
Petitioners: XXX and XXX ["Taxpayers" or "Taxpayer"]

Child Support Enforcement – Ann Coffin, Director • General Tax Administration – Maria Johnson, Director
Property Tax Oversight – James McAdams, Director • Information Services – Tony Powell, Director

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Tallahassee, Florida 32399-0100

Dear

This letter is a response to your petition dated August 16, 2012, for the Department's issuance of a Technical Assistance Advisement ["TAA"] concerning the above referenced petition and matter. Your petition has been carefully examined and the Department finds it to be in compliance with the requisite criteria set forth in Chapter 12-11, F.A.C.. This response to your request constitutes a TAA and is issued to you under the authority of s. 213.22, F.S.

FACTS

Taxpayers are program managers XXX. As such, they perform flight related and aircraft management services XXX. Taxpayers are responsible for aircraft management services such as maintaining program aircraft to Federal Aviation Administration specifications.

Taxpayers purchase parts in Florida from XXX ["Supplier"], and other Florida vendors, for the repair and maintenance of aircraft in Florida. The parts are purchased and stored at the XXX ["the Airport"]. Installation of the aircraft parts generally occurs at the Airport; however, repair and maintenance work may occur at the Airport or other locations within Florida by road crews employed by Supplier, or other vendors. When maintenance is performed at the Airport, aircraft parts may be removed from Taxpayer-owned inventory or inventory sold by Supplier to Taxpayer for installation by Supplier.

REQUESTED ADVISEMENTS

1. Whether parts sold in Florida for use in the repair and maintenance of aircraft with a maximum certified takeoff weight in excess of 15,000 pounds are exempt from sales and use tax if the parts are installed in Florida at a time subsequent to the sale.
2. Whether the issuance of a Purchaser's Blanket Exemption Certificate substantially in the form of the example provided in Rule 12A-1.038, F.A.C., is the appropriate proof of exemption at the point of sale.

TAXPAYER'S POSITION

Taxpayers assert that their purchase and use of parts for the repair or maintenance of aircraft meeting the weight criteria under s. 212.08(7)(rr), F.S., are exempt from Florida tax when those parts are purchased from either the Florida vendor performing the repair or maintenance work or the vendor that sold the parts to Taxpayers for installation in Florida by another dealer.

LAW & DISCUSSION

Section 212.08(7)(rr), F.S. (2011), provides that there shall be exempt from sales tax replacement engines, parts, and equipment used in the repair or maintenance of aircraft of more than 15,000 pounds maximum certified takeoff weight, and of rotary wing aircraft of more than 10,300 pounds maximum certified takeoff weight, when such parts or equipment are installed on these aircraft that are being repaired or maintained in Florida.

Taxpayers' purchases of replacement engines, parts, and equipment used in the repair or maintenance of fixed-wing aircraft of more than 15,000 pounds are exempt from Florida sales and use tax as long as such engines, parts, and equipment are installed on aircraft in Florida. The exemption under s. 212.08(7)(rr), F.S. (2011), does not require that the vendor selling the replacement engine, parts, and/or equipment perform the installation thereof. Moreover, the exemption does not require that the parts be installed immediately, or as part of a single transaction with the purchase of the replacement engine, parts, and/or accessories.

Effective January 1, 2013, the exemption for replacement engines, parts, equipment, and labor¹ used in or for the maintenance or repair of fixed wing aircraft will be expanded to include aircraft that exceed 2,000 pounds in maximum certified takeoff weight.

Dealers who sell replacement engines, parts, and equipment for installation on fixed-wing aircraft that qualify for the exemption in s. 212.08(7)(rr), F.S., are required to simply document the FAA Registration Number (i.e., "N number") on the bill of sale, invoice, or other tangible evidence of the sale. However, in the case of Taxpayers, who own multiple aircraft and keep an inventory of parts, identifying the N number of the aircraft whereon a purchased part will be installed may not be feasible at the time of purchase.

Accordingly, Taxpayers should issue exemption certificates, respectively, to their vendors using the language suggested in Rule 12A-1.038(5)(d), F.A.C., when purchasing parts for subsequent installation to aircraft repaired and maintained in Florida. The suggested language in Rule 12A-1.038(5)(d), F.A.C., has been promulgated as Suggested Format for Blanket Exemption Certificate Based on Property's Use (Form DR-97). Taxpayers should provide Form DR-97 and indicate that the exemption is based on the purchased properties' uses as replacement engines, parts, and equipment used in the repair or maintenance of aircraft with a maximum certified takeoff weight of more than 15,000 pounds, as provided in s. 212.08(7)(rr), F.S. In the event that items purchased tax-exempt are subsequently used for a nonexempt purpose, use tax based on the purchase price of the item should be accrued and remitted to the Department.

CONCLUSION

Aircraft parts sold in Florida for use in the repair and maintenance of aircraft with a maximum certified takeoff weight in excess of 15,000 pounds are exempt from sales and use tax if the parts are installed in Florida at a time subsequent to the sale. Issuance of Form DR-97 is the appropriate proof of exemption at the point of sale.

This response constitutes a Technical Assistance Advisement under Section 213.22, F.S., which is binding on the Department only under the facts and circumstances described in the request for this advice, as specified in Section 213.22, F.S. Our response is predicated on those facts and the specific situation summarized above. You are advised that subsequent statutory or administrative rule changes or judicial interpretations of the statutes or rules upon which this advice is based may subject similar future transactions to a different treatment than expressed in this response.

¹ The exemption from tax of labor charges for the repair and maintenance of aircraft is provided under s. 212.08(7)(ee), F.S.

Technical Assistance Advisement

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You are further advised that this response, your request, and related backup documents are public records under Chapter 119, F.S., and are subject to disclosure to the public under the conditions of Section 213.22, F.S. Confidential information must be deleted before public disclosure. In an effort to protect confidentiality, we request you provide the undersigned with an edited copy of your request for Technical Assistance Advisement, the backup material, and this response, deleting names, addresses, and any other details which might lead to identification of the taxpayer. Your response should be received by the Department within 10 days of the date of this letter.

If you have any further questions with regard to this matter and wish to discuss them, you may contact me directly at (850) 717-7670.

Sincerely,

Ryan Marlar, CPA
Tax Law Specialist
Technical Assistance & Dispute Resolution

Record ID: 130448