

DEPARTMENT OF STATE REVENUE

Information Bulletin #74
Sales Tax
February 2016
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Effective Date: July 1, 2014

SUBJECT: Sales and Use Tax Exemption for Aircraft Being Repaired or Remanufactured

REFERENCES: [IC 6-2.5-3-2](#); [IC 6-2.5-5-39](#); [IC 6-2.5-5-42](#); [IC 6-2.5-5-46](#)

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SUMMARY OF CHANGES

Adds an exemption for sales tax related to certain retail merchants who do not themselves possess a Federal Aviation Administration repair station certificate but who meet certain statutory criteria.

INTRODUCTION

P.L. 211-2007 was passed by the Indiana General Assembly effective July 1, 2007, to provide a sales and use tax exemption for aircraft brought into Indiana to be repaired, refurbished, or remanufactured or for a prepurchase evaluation. Effective January 1, 2009, the exemption applies to aircraft brought to Indiana for completion work.

Exemption from Use Tax

[IC 6-2.5-3-2](#) provides an exemption from the use tax for an aircraft that meets the following requirements:

1. The aircraft is titled, registered, or based in another state or country;
2. The aircraft is delivered to Indiana by or for a nonresident owner or purchaser of the aircraft;
3. The aircraft is delivered to Indiana for the sole purpose of being repaired, being refurbished, being remanufactured, having completion work performed, or being subject to a prepurchase evaluation; and
4. Within 30 days after completion of the repair, refurbishment, remanufacture, or prepurchase evaluation, the aircraft is transported to a destination outside Indiana.

Exemption from Sales Tax

[IC 6-2.5-5-42](#) provides that a transaction involving an aircraft including completion work performed is exempt from the sales tax if:

1. The purchaser is a nonresident;
2. The purchaser transports the aircraft to a destination outside Indiana within 30 days after:
 - A. Accepting delivery of the aircraft;
 - B. A repair, refurbishment, or remanufacture of the aircraft is completed, if the aircraft remains in Indiana after the purchaser accepts delivery for the purpose of accomplishing the repair, refurbishment, or remanufacture of the aircraft; or
 - C. Accepting delivery of the aircraft following completion work or a prepurchase evaluation.
3. The aircraft will be:
 - A. Titled or registered in another state or country; or
 - B. Based in another state or country, if the state or country does not require a title or registration for aircraft; and
4. The aircraft will not be titled or registered in Indiana.

Within 60 days after a purchaser accepts delivery of an aircraft and claims an exemption for an aircraft to be registered outside Indiana, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

Within 60 days after a repair, refurbishment, or completion or remanufacture of the aircraft is completed, and if the aircraft remains in Indiana after the purchaser accepts delivery of the aircraft for the purpose of accomplishing the repair, refurbishment, or completion or remanufacture of the aircraft, the purchaser shall provide the seller with a copy of the purchaser's title or registration of the aircraft outside Indiana.

[IC 6-2.5-5-46](#), effective July 1, 2013, provides a sales tax exemption for parts, materials, equipment, and engines used, consumed, or installed in the repair, maintenance, refurbishing, remodeling, or remanufacturing of an aircraft or an avionics system of an aircraft. The exemption applies only

1. if the work is performed by a retail merchant who possesses a valid repair station certificate issued by the Federal Aviation Administration, or
2. for transactions after June 30, 2014, if the retail merchant
 - A. has leased a facility at a public use airport for the maintenance of aircraft,
 - B. meets the public use airport owner's minimum standards for an aircraft facility, and
 - C. the work is performed by a mechanic who is certified by the Federal Aviation Administration.

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