



FYI Sales 85

Sales Tax Exemption on Aircraft and Aircraft Parts

GENERAL INFORMATION

Aircraft used in interstate commerce by a commercial airline and parts permanently affixed to aircraft are exempt from sales and use tax.[§39-26-711, C.R.S.] This exemption applies to state, Regional Transportation District/Scientific and Cultural Facilities District, county and state-collected local taxes. Please contact home-rule cities for their regulations.

Effective August 5, 2008, sales of aircraft to nonresidents are exempt from sales tax if the aircraft will be removed from the state within 120 days of the sale and the aircraft will not be in the state more than 73 days in any of the three calendar years following the calendar year the aircraft is removed from the state. [§39-26-711.5, C.R.S.]

COMMERCIAL AIRCRAFT

Aircraft used or purchased for use in interstate commerce by a commercial airline are exempt from sales and use tax. A commercial airline is defined as an airline carrying freight or passengers on regularly scheduled flights for a fee.

AIRCRAFT PURCHASED BY NONRESIDENTS

Sales made on or after August 5, 2008, of new or used aircraft are exempt if the following three conditions are met:

1. The aircraft is sold to a nonresident of Colorado;
2. The aircraft will be removed from the state within 120 days after the date of the sale;
3. The aircraft will not be in Colorado more than 73 days in any of the three calendar years following the calendar year the aircraft is removed from Colorado.

A purchaser of an aircraft who claims this exemption must provide an affidavit to the seller at the time of purchase that the purchaser is not a resident of Colorado and that they will pay sales tax on the purchase if they do not remove the aircraft from Colorado within 120 days, or if they fail to comply with the requirement that the aircraft not be in the state more than 73 days in any of the three calendar years following the calendar year it was removed from the state. An aircraft is considered to be "in the state" if it is hangared or parked overnight in Colorado.

AIRCRAFT PARTS

The sales and use tax exemption for aircraft parts applies to parts that are permanently affixed to the aircraft. This includes, but is not limited to, fuselage parts, parts for the aircraft's engine(s), seats permanently affixed to the aircraft, and paint for the aircraft.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.