

## CARES Act Suspends Air Transportation Federal Excise Tax

As part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the 7.5 percent air transportation federal excise tax (FET) that applies to commercial operations, including charter flights conducted under Part 135 of the Federal Aviation Regulations, has been suspended effective March 27, 2020, through January 1, 2021. The suspension applies only to flights conducted after March 27, 2020. Payment of FET on certain Part 91 flights, such as time sharing flights, for which FET applies has also been suspended for the same period.

Additionally, applicable domestic and international segment fees (\$4.30 per passenger for each domestic flight segment and \$18.90 per passenger for each international segment), as well as the \$0.043 per gallon portion of the fuel tax, have also been suspended during this period (the \$0.01 per gallon tax to fund the leaking underground storage tank fund is not included in the suspension).

A number of charter jet card programs build in the FET as part of the hourly payment while other programs charge separately. Jet cardholders should check with their program operators to learn how they are going to address the FET suspension in their pricing. Similarly, on-demand charter brokers will not be required to collect the FET, so customers should ensure that charter quotes during this period do not include FET. Finally, holders of fractional interests are charged FET and segment fees on top of their hourly rates, so again, owners of these interests should confirm that these charges will be removed from their invoices for flights conducted during this period.

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