

# **State of Rhode Island - Division of Taxation**

## **Sales and Use Tax**

### **Regulation SU 87-4**

#### **Airplanes -- Rentals, Charter Flights, Etc.**

Retailers of airplanes who, pending their sales of such airplanes, use such planes for the purpose of conducting charter flights, and for pilot instruction including ground instruction, are not regarded as making a taxable use of such planes so as to become liable for a use tax based on the selling price of such planes to them. However, all income derived by such retailers from such operations are regarded as RENTALS and shall be subject to the sales tax as are rentals which such retailers make when renting such planes to experienced or qualified pilots.

The tax applies to the entire rental charge even though such planes are operated both within and without this state.

Accordingly, income derived by such retailers from such planes for (a) charter flights, (b) flight instruction including ground instruction, and (c) rentals to pilots, are regarded as rentals, and such retailer must include such receipts in the total gross sales on line 1 of the sales tax return.

Upon a subsequent sale of such planes, such retailer must add, collect and remit the sales tax.

R. GARY CLARK  
TAX ADMINISTRATOR

DATE: May 1, 1987