

Union Calendar No. 618

114TH CONGRESS
2^D SESSION

H. R. 3608

[Report No. 114–793]

To amend the Internal Revenue Code of 1986 to exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 24, 2015

Mr. TIBERI (for himself, Mr. RENACCI, Mr. KELLY of Pennsylvania, Mrs. BEATTY, Mr. STIVERS, Mr. WENSTRUP, and Mr. POMPEO) introduced the following bill; which was referred to the Committee on Ways and Means

SEPTEMBER 27, 2016

Additional sponsors: Ms. WILSON of Florida, Mr. GRAVES of Missouri, Mr. COLLINS of New York, and Mr. REED

SEPTEMBER 27, 2016

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on September 24, 2015]

A BILL

To amend the Internal Revenue Code of 1986 to exempt amounts paid for aircraft management services from the excise taxes imposed on transportation by air.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT**
 4 **SERVICES.**

5 *(a) IN GENERAL.—Section 4261(e) of the Internal*
 6 *Revenue Code of 1986 is amended by adding at the end*
 7 *the following new paragraph:*

8 *“(5) AMOUNTS PAID FOR AIRCRAFT MANAGE-*
 9 *MENT SERVICES.—*

10 *“(A) IN GENERAL.—No tax shall be imposed*
 11 *by this section or section 4271 on any amounts*
 12 *paid by an aircraft owner for aircraft manage-*
 13 *ment services related to—*

14 *“(i) maintenance and support of the*
 15 *aircraft owner’s aircraft; or*

16 *“(ii) flights on the aircraft owner’s air-*
 17 *craft.*

18 *“(B) AIRCRAFT MANAGEMENT SERVICES.—*

19 *For purposes of subparagraph (A), the term ‘air-*
 20 *craft management services’ includes assisting an*
 21 *aircraft owner with administrative and support*
 22 *services, such as scheduling, flight planning, and*
 23 *weather forecasting; obtaining insurance; main-*
 24 *tenance, storage and fueling of aircraft; hiring,*
 25 *training, and provision of pilots and crew; estab-*

1 *lishing and complying with safety standards; or*
 2 *such other services necessary to support flights*
 3 *operated by an aircraft owner.*

4 “(C) *LESSEE TREATED AS AIRCRAFT*
 5 *OWNER.—*

6 “(i) *IN GENERAL.—For purposes of*
 7 *this paragraph, the term ‘aircraft owner’*
 8 *includes a person who leases the aircraft*
 9 *other than under a disqualified lease.*

10 “(ii) *DISQUALIFIED LEASE.—For pur-*
 11 *poses of clause (i), the term ‘disqualified*
 12 *lease’ means a lease from a person pro-*
 13 *viding aircraft management services with*
 14 *respect to such aircraft (or a related person*
 15 *(within the meaning of section*
 16 *465(b)(3)(C)) to the person providing such*
 17 *services), if such lease is for a term of 31*
 18 *days or less.*

19 “(D) *PRO RATA ALLOCATION.—If any*
 20 *amount paid to a person represents in part an*
 21 *amount paid for services not described in sub-*
 22 *paragraph (A), the tax imposed by subsection*
 23 *(a), if applicable to such amount, shall be ap-*
 24 *plied to such payment on a pro rata basis.*

1 “(E) CERTAIN PAYMENTS TREATED AS
2 MADE BY AIRCRAFT OWNER.—*In the case of an*
3 *aircraft owner which is wholly-owned by another*
4 *person, amounts paid by such other person on*
5 *behalf of such aircraft owner shall be treated for*
6 *purposes of this paragraph as having been paid*
7 *directly by such aircraft owner.”.*

8 (b) EFFECTIVE DATE.—*The amendment made by this*
9 *section shall apply to amounts paid after the date of the*
10 *enactment of this Act.*

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