

must be computed upon the full amount of the payment.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6518, 25 FR 13134, Dec. 21, 1960, as amended by T.D. 6618, 27 FR 11222, Nov. 14, 1962]

**§ 49.4261-3 Payments made within the United States.**

(a) *Transportation beginning and ending in the United States or the 225-mile zone.* The tax imposed by section 4261(a) applies to payments made within the United States for transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone. For example, an amount paid within the United States for transportation between New York and Montreal, Canada; between Vancouver, Canada, and Windsor, Canada; or between Nogales, Mexico, and Hermosillo, Mexico, would be fully taxable. See section 4262(c) (2) and paragraph (b) of § 49.4262(c)-1 for the definition of the term "225-mile zone".

(b) *Other transportation—(1) Transportation beginning before November 16, 1962.* In the case of transportation beginning before November 15, 1962, (other than that described in paragraph (a) of this section), for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation which is directly or indirectly from one port or station in the United States to another port or station in the United States. Transportation that (i) begins in the United States or in the 225-mile zone and ends outside such area, (ii) begins outside the United States or the 225-mile zone and ends inside such area, or (iii) begins outside the United States and ends outside such area is taxable only with respect to such portion of the transportation which is directly or indirectly from one port or station in the United States to another such port or station. Thus, on a trip from Chicago to London, England, with a stopover at New York, for which payment is made in the United States, the tax would apply to the part of the payment which is applicable to the transportation from Chicago to New York.

(2) *Transportation beginning after November 15, 1962.* In the case of transpor-

tation beginning after November 15, 1962 (other than that described in paragraph (a) of this section), for which payment is made in the United States, the tax applies with respect to the amount paid for that portion of such transportation by air which is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if such portion is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1. Transportation that

(i) Begins in the United States or the 225-mile zone and ends outside such area,

(ii) Begins outside the United States or the 225-mile zone and ends inside such area, or

(iii) Begins outside the United States and ends outside such area.

is taxable only with respect to such portion of the transportation by air which is directly or indirectly from one port or station in the United States to another port or station in the United States, but only if such portion is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1. Thus, on a trip by air from Chicago to London, England, with a stopover at New York, for which payment is made in the United States, if the portion from Chicago to New York is not a part of "uninterrupted international air transportation" within the meaning of section 4262(c)(3) and paragraph (c) of § 49.4262(c)-1, the tax would apply to the part of the payment which is applicable to the transportation from Chicago to New York. However, if the portion from Chicago to New York is a part of "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1, the tax would not apply.

(c) *Method of computing tax on taxable portion.* Where a payment is made for transportation which is partially taxable under paragraph (b) of this section:

(1) The tax may be computed on that proportion of the total amount paid

which the mileage of the taxable portion of the transportation bears to the mileage of the entire trip, or

(2) The tax may be computed on the basis of the applicable local fare for transportation of a like class between the ports or stations referred to in paragraph (b) of this section. Where a uniform fare is charge for transportation between a station and any coastal gateway point of embarkation on a trip to the same international destination, the tax may be computed on the basis of such uniform fare. In the absence of a fare described in this subparagraph, the tax must be determined in accordance with subparagraph (1) of this paragraph. If an international trip includes a leg between coastal gateway points of embarkation for which no additional fare is charged, no tax shall be applicable to such leg of the transportation.

(d) *Cross reference.* See section 4262 (b) and § 49.4262(b)-1 for a partial exclusion with respect to amounts paid for certain transportation.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6618, 27 FR 11222, Nov. 14, 1962]

**§ 49.4261-4 Payments made within the United States; evidence of nontaxability.**

(a) *Presumption of taxability.* The tax imposed by section 4261(a) shall apply to any amount paid within the United States for the transportation of any person, unless the taxpayer establishes in accordance with the provisions of this section that at the time of payment the transportation is not transportation in respect of which tax is imposed by section 4261(a) (see section 4264(d)).

(b) *Through tickets.* In the case of transportation which is wholly or in part not taxable transportation, the issuance of one ticket (commonly known as a "through ticket") covering such transportation will be sufficient to establish that the amount paid for such transportation is wholly or in part not subject to tax. Thus, if A purchases a through ticket in the United States for transportation by air which begins before November 16, 1962, from Chicago to Edmonton, Canada, with a stopover in Minneapolis, no further evidence will be required to establish

that no tax applies with respect to the amount paid for the portion of transportation between Minneapolis and Edmonton. A similar result will be reached if a through ticket is purchased for the same air transportation which begins after November 15, 1962, and the trip is not "uninterrupted international air transportation" within the meaning of section 4262(c) (3) and paragraph (c) of § 49.4262(c)-1. See paragraph (d) of this section for the information to be inscribed on all tickets issued for uninterrupted international air transportation.

(c) *Separate tickets.* Where a separate ticket or order is issued for taxable transportation as defined in section 4262 (a) (1) (referred to in this subpart as the "domestic ticket or order"), but the domestic ticket or order is to be used in conjunction with a ticket or order for additional transportation (referred to in this subpart as the "international ticket or order") which changes the tax consequences, unless the domestic ticket or order and the international ticket or order are purchased from a single agency or carrier at the same time, the person making payment for the domestic ticket or order shall at the time of payment exhibit the international ticket or order to the agency or carrier receiving such payment. The agency or carrier which receives the payment for the domestic ticket or order shall inscribe the tickets or orders for the entire journey in the following manner:

(1) The international ticket or order shall be inscribed or stamped with an appropriate legend (for example, "Cannot be reused to obtain any tax exemption on a domestic ticket or order") to show that a domestic ticket or order has been purchased wholly or partially tax free for use in conjunction therewith.

(2) The domestic ticket or order shall be inscribed to show (i) the identity of the agency or carrier which received payment therefor (unless otherwise shown on the ticket or order), (ii) the origin and destination of the additional transportation, (iii) the identify of the carrier furnishing the additional transportation, and (iv) the serial number of the ticket or order covering such additional transportation. If the domestic