

Fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment, or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers is exempt from Retailers' Occupation Tax. See 86 Ill. Adm. Code 130.321. (This is a GIL.)

December 11, 2008

Dear Xxxxx:

This letter is in response to your letter dated January 24, 2008, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

COMPANY is a non-income tax consulting company who represents a number of airlines. Since the cost of fuel and the taxes thereon are a primary concern of our clients, we would like some clarification of an issue that has recently come to our attention.

The above statute provides an exemption from the retailers' occupation tax for purchases of fuel sold to an air common carrier, certified by the carrier to be used for consumption in the conduct of its business as an air common carrier, for a flight destined for or returning from a location outside the United States without regard to previous or subsequent domestic stopovers.

86 Ill. Adm. Code 130.321 (d) and (e) provides, in part, that exempt international fuel shall be treated in the same manner as bonded fuel with respect to the eligibility of tax exemption and that international fuel may be commingled with other jet fuel as long as accurate records, which include flight number and aircraft tail number, are maintained.

Our question is with regard to how the flight number and the aircraft tail number affect eligibility for the exemption. Listed below are three possibilities. Would you please advise us which one is correct.

1. To qualify for the exemption from the sales tax on fuel, the entire flight, including domestic segments, must retain both the same flight number and the same aircraft tail number.
2. To qualify for the exemption from the sales tax on fuel, the entire flight, including domestic segments, must retain the same flight number but need not retain the same aircraft tail number.
3. To qualify for the exemption from the sales tax on fuel, the entire flight, including domestic segments, must retain the same aircraft tail number but need not retain the same flight number.

Thank you for addressing this question. If there is additional information you would like me to provide, please let me know.

**DEPARTMENT'S RESPONSE:**

Notwithstanding the fact that sales may be at retail, fuel and petroleum products sold to or used by an air common carrier, certified by the carrier to be used for consumption, shipment or storage in the conduct of its business as an air common carrier, for a flight destined for or returning from a location or locations outside the United States without regard to previous or subsequent domestic stopovers is exempt from tax. (See 86 Ill. Adm. Code 130.321(a))

To qualify for the exemption from the sales tax on fuel, the entire flight, including domestic segments, must retain the same aircraft tail number but need not retain the same flight number.

I hope this information is helpful. If you require additional information, please visit our website at [www.tax.illinois.gov](http://www.tax.illinois.gov) or contact the Department's Taxpayer Information Division at (217) 782-3336.]

Sincerely,

Samuel J. Moore  
Associate Counsel

SJM:mks