



Be Alert to Continued Efforts to Repeal New York's Aircraft Sales Tax Exemption

By Jessica L. Pownell

The 2022 New York State legislative session ended recently, and, luckily for New York business aircraft owners, New York's sales tax exemption for "general aviation aircraft" survived.

For several years now, bills have been introduced into the New York legislature that attempt to repeal the exemption. Legislation was drafted in 2021 that proposed repeal of the general aviation aircraft sales tax exemption, and, as New York legislative sessions span for two years, the repeal legislation was considered through the end of the 2022 legislative session. However, as noted, the 2022 session ended with the repeal bill still in committee.

"General aviation aircraft" (defined, generally speaking, as civil aircraft that are not used for Part 135 charter operations, are not military aircraft, and are not unmanned aerial vehicles or drones) are currently exempt from New York sales tax. The exemption applies not only to the aircraft itself, but also to any property affixed to the aircraft for its equipping, (such as furniture and fixtures) and to any items with which the aircraft is outfitted at the time of sale and which are necessary for the aircraft's normal operation (such as avionics and navigation systems), even if any of the foregoing are installed on the aircraft after closing.

Even under the current law, however, accessories and other ancillary property added to the purchase price of the aircraft (such as décor, tableware, small appliances, and linens) are *not* exempt; these items are fully taxable and should be invoiced separately.

We will continue to monitor any further developments regarding these repeal efforts.