

DEPARTMENT OF STATE REVENUE

Information Bulletin #207
General Tax
July 2021
(Replaces Bulletin #207 dated December 2019)
Effective Date: July 1, 2021

SUBJECT: Aviation Fuel Excise Tax

REFERENCES: [IC 6-2.5-5-49](#); [IC 6-6-13](#)

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SUMMARY OF CHANGES

Aside from technical, nonsubstantive changes, this bulletin adds information regarding an exemption from the aviation fuel excise tax for aircraft owned by a certified aerial applicator performing agricultural operations, as well as information on how the tax should be deposited, both effective July 1, 2021.

I. DEFINITIONS

A "retailer" is a person who engages in the business of selling or distributing aviation fuel to the end user in Indiana.

"Aviation fuel" includes gasoline, jet fuel, and a synthetic fuel or fuel derived from any organic matter used as a substitute for gasoline or jet fuel used to power an aircraft.

II. AVIATION FUEL EXCISE TAX IMPOSITION

The aviation fuel excise tax is twenty cents (\$0.20) per gallon on the gross retail income received by a retailer on each gallon of aviation fuel purchased in Indiana. A retailer shall add the per-gallon amount of excise tax to the selling price of each gallon of aviation fuel sold by the retailer so that the ultimate consumer bears the burden of the tax.

Every retailer of aviation fuel is required to register with the department. The retailer shall complete Form AVF-1 (Aviation Fuel Excise Tax Application), available online at dor.in.gov/tax-forms/fuel-tax-forms.

III. REMITTANCE AND REPORTING OF AVIATION FUEL EXCISE TAX

A retailer is required to remit the aviation fuel excise taxes imposed on transactions that occurred during a particular calendar month to the department on or before the fifteenth (15th) day of the following calendar month. The tax shall be remitted by electronic funds transfer (EFT). A retailer who properly remits the aviation fuel excise tax shall be allowed to retain one and six-tenths percent (1.6%) of the taxes collected to cover the costs of collecting, reporting, and timely remitting the aviation fuel excise taxes.

Each retailer is required to report monthly the number of gallons of aviation gasoline and jet fuel sold by the retailer, along with the number of gallons of exempt fuel sold. The monthly report of taxable and exempt sales shall be filed electronically through Form AVF-150 (Aviation Fuel Excise Tax Return), which allows for monthly reporting of taxable and exempt sales.

Prior to July 1, 2021, the aviation fuel tax collected by the department was deposited equally into two separate funds: fifty percent (50%) of the tax deposited in the state general fund, and fifty percent (50%) deposited in the airport grant development fund established by [IC 8-21-11-4](#). Beginning July 1, 2021, the tax is deposited in the airport development grant fund established by [IC 8-21-11-4](#).

IV. PENALTIES FOR VIOLATIONS

A person who knowingly fails to collect or timely remit the aviation fuel excise tax is liable for the uncollected tax plus a penalty equal to one hundred percent (100%) of the uncollected tax. A person who recklessly, knowingly, or intentionally fails or refuses to remit the tax to the department commits a Level 6 felony. A person who negligently disregards any provision of [IC 6-6-13](#) (the chapter pertaining to the aviation fuel excise tax) is subject to a civil penalty of \$500 for each separate violation.

V. EXEMPTIONS FROM THE AVIATION FUEL EXCISE TAX

The sale of aviation fuel is exempt from the excise tax if the aviation fuel is placed in the fuel supply tank of an aircraft owned by:

- The United States or an agency or instrumentality of the United States;
- The State of Indiana;
- The Indiana Air National Guard;
- A common carrier of passengers or freight; or
- (Effective July 1, 2021) An aerial applicator performing agricultural operations that has a current Agricultural Aircraft Operator Certificate issued by the Federal Aviation Administration.

Another exemption from the aviation fuel excise tax exists for wholesalers. Because the tax is imposed at the retail level on each gallon of aviation fuel purchased in Indiana, a person may purchase aviation fuel exempt from the excise tax if the fuel is for resale to another person who, in turn, will sell the aviation fuel to an end user.

A purchaser who claims an aviation fuel excise tax exemption is required to present a correctly completed and signed Form AVF-105 (Aviation Fuel Excise Tax Exemption Certificate exemption certificate, which shall be kept on file at the retailer's location. Form AVF-105 is available online at dor.in.gov/tax-forms/fuel-tax-forms.

VI. SALES TAX EXEMPTION

A transaction involving aviation fuel is exempt from the state gross retail tax. Because aviation fuel is exempt from sales tax, there is no requirement for retail merchants to report or remit sales tax on aviation fuel purchases.

VII. MISCELLANEOUS CHARGES RELATED TO AVIATION FUEL

Sales tax applies to all retail transactions made in Indiana. Further, a person is considered a retail merchant making a retail transaction when, in the ordinary course of their regularly conducted trade or business, they acquire tangible personal property for the purpose of resale and transfers that property to another person for consideration.

The amount of a retail transaction that is subject to sales tax is the "gross retail income" of the transaction, as defined by [IC 6-2.5-1-5](#). Among other things, gross retail income includes the cost of materials used, labor or service cost, delivery charges to the customer, all costs of transportation to the seller, all taxes imposed on the seller, and any other expense of the seller. However, if the charges relate solely to the transfer of aviation fuel, then there is no transfer of taxable tangible personal property on which to subject the other charges to sales tax. Accordingly, charges that are solely related to the transfer of aviation fuel, such as delivery or transportation charges, are not subject to sales tax.

Robert J. Grennes, Jr.
Commissioner

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