

**Illinois Department of Revenue
Regulations**

Title 86 Part 152 Section 152.101 Nature of the Aircraft Use Tax

**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 152
AIRCRAFT USE TAX**

Section 152.101 Nature of the Aircraft Use Tax

- a) The Aircraft Use Tax is a privilege tax imposed on the privilege of using, in this State, aircraft as defined in Section 3 of the Illinois Aeronautics Act. The tax applies to aircraft acquired by gift, transfer, or non-retail purchase after June 30, 2003. The tax is imposed on the use of aircraft in this State regardless of whether the aircraft is actually registered under the Illinois Aeronautics Act. Examples:
- 1) An aircraft that is acquired by non-retail purchase outside of Illinois prior to June 30, 2003 and is brought into Illinois after June 30, 2003 is not subject to the tax imposed by this Part.
 - 2) Fractional share ownership in an aircraft would be subject to tax if the plane were used in Illinois.
 - 3) A multi-state corporation leases a corporate aircraft from a related entity to transport its corporate executives on business travel throughout the United States. The aircraft is registered and hangered outside Illinois. As part of a corporate restructure, ownership of the aircraft will be moved to a new entity. The transfer of both possession and ownership of the aircraft will occur outside Illinois after June 30, 2003 and the transfer of the aircraft to the new entity will qualify as a tax-free capital contribution under the Internal Revenue Code. After completion of this restructuring the aircraft will be based in Illinois. This transfer is a taxable event in Illinois and Aircraft Use Tax is incurred.
- b) *"Aircraft" means any device used or designed to carry humans in flight as specified by the Department of Transportation by rule. All devices required to be licensed as "aircraft" by the Federal Aviation Administration (FAA) are "aircraft". [620 ILCS 5/3] Under Department of Transportation rules, aircraft is defined to mean any contrivance now known or hereafter invented, used or designed for navigation of or flight in the air. (See 93 Ill. Adm. Code 14.10.)*