

Rules for Filing Your Vessel or Aircraft Use Tax Return

In many instances if you call the California State Board of Equalization and ask them how you go about paying the tax on the aircraft or vessel you just purchased, you will be told to wait. “We will send you a tax return to fill out. Wait until you receive it and then respond.” If you follow those instructions, you are taking a chance of paying penalties and interest.

The Board employee may believe that they will notify you within a reasonable amount of time. However, if the Board fails to notify you, they gain extra money from you because they are empowered to charge you a ten-percent penalty for failure to file, and begin charging you interest of one-percent a month. The taxpayer has the burden of knowing the law because the full text of the sales tax laws and regulations are available to the public.

The applicable rule is in California Sales and Use Tax Regulation 1610 (c) (2) (A), it states in pertinent part;

“ . . . A purchaser who does not hold a seller’s permit, or to whom a consumer’s use tax number has not been assigned, shall make a return and pay use tax, measured by the sales price of the vessel or aircraft, on or before the last day of the calendar month next succeeding the month in which a return form is mailed to the purchaser, or the last day of the twelfth month following the month during which the vessel or aircraft was purchased, whichever period expires earlier. . . ”

You now know that if the Board takes more than a year to notify you they can charge penalties and interest. This leaves you with several choices;

1. Pay the tax immediately. This is the best thing to do in most cases. Get it over with and keep the tax collector out of your life.
2. If you have the money put it in an account and earn your own interest until the notice arrives or the twelve-month period is drawing to a close. This takes tremendous self-control. If you lie to yourself, you will lose.
3. If you don’t have the money start saving it up, you have until the Board notifies you or the twelve-month period is over before you owe any extra penalty or interest. You shouldn’t make a major purchase if you don’t have the money for the taxes. If you put yourself in jeopardy, this will be the one time the Board notifies you right away.

Examples of due date rules:

Purchase date of March 17, 1998. The 12 month period runs from April 1, 1998 to March 31, 1999. The Board must receive your return and the check on or before March 31, 1999.

Purchase date of March 17, 1998. A return is mailed by the Board to you in July 1998. The Board must receive your return and the check on or before August 31, 1998.

WARNING

Do not purchase an aircraft and hope the Board doesn't get around to you. There is an eight-year statute of limitations because you never filed a return. Interest is accumulating while you are waiting to be discovered. This is an almost foolproof way of turning a \$5,000.00 tax bill into \$10,000.00.

**ASSOCIATED
SALES TAX
CONSULTANTS
INCORPORATED**



9700 BUSINESS PARK DRIVE, SUITE 300
SACRAMENTO, CA 95827
916.369.1200 T
WWW.AIRCRAFTEXEMPTION.COM
INFO@AIRCRAFTEXEMPTION.COM