

Airline Flight Property Report Instructions

What is Airline Flight Property Tax?

The Airline Flight Property Tax is a tax on flight property that is owned, leased, loaned, or otherwise made available to an airline company operating in Minnesota. The assessment date is January 2 of the year the return is due.

Flight property means all aircraft, flight equipment, and spare flight equipment. Flight property includes aircraft reported to the U.S. Department of Transportation (DOT) and that has a Federal Aviation Administration (FAA) air worthiness certificate. Flight property also includes computers and computer software used in operating, controlling, or regulating aircraft flight equipment.

Flight property does not include aircraft with a maximum takeoff weight less than 30,000 pounds.

For information about the Airline Flight Property Tax, including general information, forms, filing instructions, access to the Virtual Room, and extension request instructions, visit www.revenue.state.mn.us/airline-flight-property-tax.

Who must file the Airline Flight Property Report?

An airline company engaged in air commerce in Minnesota must file an Airline Flight Property Report (Form AF109) and supporting documentation each year.

Air commerce means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies and includes transportation by any airline company making **three or more flights** in or out of Minnesota, or within Minnesota, during a calendar year.

When is the report due?

You must file the Airline Flight Property Report (Form AF109) with the Minnesota Department of Revenue by **July 1 of each year**. The report is based on the activities of the previous calendar year.

If a good cause prevents you from filing by the July 1 deadline, the department may grant an extension up to 30 days. You can view the instructions for filing an extension request on our [website](#).

How do I file Form AF109?

Submit your report via the Airline Flight Property Tax Report [virtual room](#).

Note: You can only upload the report in spreadsheet format. You cannot upload the report in any other format such as XML or PDF.

After a successful submission, you will receive a completed submission status.

How do I file Supporting Documentation?

We require the supporting documentation (or work papers) that were used to complete the return to be submitted at the time of filing.

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The supporting documentation is uploaded into the **Supporting Documents** section of the virtual room.

At a minimum, the supporting documentation must include:

- A signed Certification of the Airline Flight Property Tax Annual Report form
- Owned and leased aircraft cost information (flyaway costs)
- Spare parts and depreciation information for each category reported on the return
- A state-by-state schedule that supports revenue ton miles and departures
- A list of aircraft reported to DOT, but not on AF109B and the reason. Reasons may include:
 - Under 30,000 maximum takeoff weight
 - Leased or subleased to another airline company
 - Sold or no longer leased before January 2 of the assessment year

Note: You can upload any type of document into the Supporting Documents section of the virtual room.

What if I file late?

If you don't file the report on time, a five percent penalty of the tax being assessed is imposed. On the first day of each month, an additional five percent penalty is imposed if the report has not been filed.

If you do not include supporting documentation, your report is not considered filed.

What happens after I file my report?

1. The department will review your report and supporting documents and contact you with any questions and requests for additional documents. The department has statutory authority to determine the accuracy of a return and determine examine the relevant records.
2. The department will calculate your net tax capacity and send you a net tax capacity notice. The tax capacity notice is an order of the commissioner and is appealable to Minnesota Tax Court. The notice will include your appeal rights.
3. The Minnesota Department of Transportation will certify the amount of the airline flight property tax levy. The department will calculate the tax based on the formula set by state law. You will receive a tax order by March 1 of the year following the assessment.
4. Your payment for the tax is due by April 1 of the year following the assessment. The tax order will include payment instructions.

How do I complete this report?

The Airline Flight Property Report (AF109) includes four sections for you to report your company's information, aircraft cost information, spare parts cost information, and flight statistics for allocation. The information filed in July of the current year must include data for the previous calendar year.

Airline Company Information (AF109A)

Fill out each field with information about your airline company.

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Note:

- Use the current year as the Report Year.
- The MN tax ID you list on the report must match the department's records.

Owned and Leased Aircraft Cost Information (AF109B)

For each aircraft that you own, lease, loan, or is otherwise available to you, include the type of aircraft, serial number, tail number, if you own, lease, or use the aircraft, maximum takeoff weight (in pounds), and manufactured year of the aircraft (year only). Do not include aircraft with a maximum takeoff weight less than 30,000 pounds. Include all aircraft with a DOT Certificate of Airworthiness.

You must report the original, book cost and accumulated book depreciation for each aircraft. **Do not report depreciation as a negative number.** Our system will automatically calculate the net book value as original cost less depreciation.

You must provide the basis used to calculate total cost and depreciation of leased aircraft and the type of lease (financial or operating) in the supporting documents.

If you lease the aircraft and do not know the original cost or accumulated depreciation for the aircraft, we will estimate the net book value, using methods such as capitalized leased payments.

We will include this information in the estimate of your market value.

Spare Parts Information (AF109BParts)

You must report original cost and book depreciation for the spare flight equipment and spare parts that you own, lease, or are otherwise available for you to use. Include the amount of this property from everywhere in your system. **Do not report depreciation as a negative number.**

The categories of spare parts include engines, parts and assemblies, expendable parts, passenger services, and other. The total and net book value will calculate automatically.

We will include this amount in the estimate of your market value.

Flight Statistics (AF109C)

Once we estimate the market value of your aircraft and spare parts, we then apportion the value to Minnesota based equally on two factors:

Revenue ton miles of passengers, mail, express, and freight
Departures

You must report the amount of revenue ton miles of passengers, mail, express, and freight you flew within Minnesota and the total you flew in your system (including Minnesota) in the previous calendar year.

You must report the total departures you performed in Minnesota and the total departures you performed everywhere in your system (including Minnesota) in the previous calendar year. **Do not include flight statistics related to aircraft with a maximum takeoff weight less than 30,000 pounds.**

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The Minnesota percentage and apportionment will calculate automatically.

What do I need to provide with this report?

In addition to the report, you need to submit the source documents you used to complete the report via the **Supporting Documents Virtual Room**. Your return is not considered filed until you provide supporting documentation.

We will use the source documents to verify the information on the report.

Note: You can upload any file type for supporting documents. File type is not limited to spreadsheet format for supporting documents.

Certification Form

You must complete, sign, and submit the Certification for the Airline Flight Property Annual Report via the Supporting Documents virtual room. The certification is located on our [website](#).

Tips for Successful Submission for the AF109 in the “Airline Flight Property Tax” Virtual Room:

- Use a spreadsheet format for the report. You can use other formats for the certification and supporting documentation, but the report must be a spreadsheet.
- Only use whole numbers. Do not include decimals.
- Do not add data to additional fields in the spreadsheet. The Virtual Room will try to read that data, even if the fields are hidden and you will not be able to upload your report.
- Do not add subtotals or totals for your aircraft. Virtual Room will try to read this data as an additional aircraft and will reject your report for not including the other required data for aircraft.
- Use the formatting provided in the report. Do not reformat.

Information and Assistance

If you have questions or need help completing the form, call 651-556-6091 or email sa.property@state.mn.us.

TTY: Call 711 for Minnesota Relay. This material is available in an alternate format upon request.

Use of Information

State law requires the information requested on this report. We use it to determine your airline flight property tax, the taxing areas entitled to levy the tax, and your identity.

All information provided on this report is public.

Penalties

Making false statements on this report is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligation is subject to a fine of up to \$3,000 and/or up to one year in prison.