

**701—32.13(423) Exempt use of aircraft on and after July 1, 1999.** On and after July 1, 1999, “aircraft” are subject only to use tax. See rule 701—31.6(423). As of that same date, the use of the following aircraft is exempt from tax:

**32.13(1)** Aircraft used in a scheduled interstate Federal Aviation Administration certified air carrier operation.

**32.13(2)** The use of an aircraft by an aircraft dealer who rents or leases the aircraft to another is exempt from tax if all of the following circumstances exist:

- a.* The aircraft is kept in the inventory of the dealer for sale at all times.
- b.* The dealer reserves the right to immediately take the aircraft from the renter or lessee when a buyer is found.
- c.* The renter or lessee is aware that the dealer will immediately take the aircraft when a buyer is found.

As soon as an aircraft is used for any purpose other than leasing or renting, or the conditions set out in paragraphs “*a*,” “*b*,” and “*c*” are not continuously met, the dealer claiming the exemption is liable for the tax which would have been due but for the exemption set out in this subrule. Tax will be computed on the original purchase price paid by the dealer.

See rule 701—18.49(422,423) for a description of various aircraft parts and of services performed on aircraft which are exempt from sales and use tax.

This rule is intended to implement Iowa Code section 423.4 as amended by 1999 Iowa Acts, chapter 168.