1981 Legislation
Section 184 of the Tax Law
Allocation of Gross Earnings from Transportation Services by Corporations Principally Engaged in Aviation

Chapter 486 of the Laws of 1981 provides that a corporation principally engaged in aviation shall determine its gross earnings from transportation services within New York State by multiplying its gross earnings from transportation services within and without New York State by a percentage representing the average of the following three ratios. The three ratios are:

1) arrivals and departures within New York State over arrivals and departures within and without New York State;

2) revenue tons handled at airports within New York State over revenue tons handled at airports within and without New York State;

3) originating revenue within New York State over originating revenue within and without New York State.

The arrivals and departures ratio is obtained by dividing the number of arrivals and departures in New York State by the total number of arrivals and departures within and without New York State to arrive at a percentage. Arrivals and departures means the number of landings and takeoffs of the aircraft of an aviation corporation and the number of air pickups and deliveries by the aircraft in the conduct of their business. Arrivals and departures for the following purposes are excluded from the ratio:

(1) solely for maintenance or repair;

(2) solely for refueling;

(3) transporting aircraft (solely in ferry and personnel training flights); or

(4) because of emergency situations.

The ratio of revenue tons handled is obtained by dividing revenue tons handled at airports within New York State by the revenue tons handled at airports within and without New York State to arrive at a percentage. Revenue tons handled means the weight in tons of revenue passengers (at 200 pounds per passenger) and revenue cargo first received either as originating or connecting traffic or finally discharged by the aviation corporation at airports.

The ratio of originating revenue is obtained by dividing originating revenue within New York State by originating revenues within and without New York State to arrive at a percentage. Originating revenue means revenue from the transportation of revenue passengers and revenue property first received either as originating or connecting traffic at airports.

Gross earnings of an aviation corporation from other than transportation services (interest, dividends, etc.) shall be allocated to New York State, pursuant to section 184(4)(e), in accordance with the rules and guidelines set forth by the State Tax Commission in <u>The Matter of American Telegraph and Telephone Co.,</u> (11/13/81); <u>The Matter of RCA Global Communications, Inc.,</u> (11/13/81); <u>The Matter of ITT World Communications, Inc.,</u> (11/13/81); and <u>The Matter of Overseas National Airways. Inc.,</u> (1/22/82).

The provisions under Chapter 486 of the Laws of 1981 are effective for all taxable periods beginning on or after January 1, 1981.