

ARIZONA DEPARTMENT OF REVENUE

Property Tax Division – Centrally Valued Property Unit

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TAX YEAR 2016

AIRLINE COMPANIES

ARIZONA PROPERTY TAX FORM FILING INSTRUCTIONS

FILING DUE DATE: APRIL 1, 2015

Reporting Year End December 31, 2014

FILING INFORMATION

This report is to provide information necessary for consideration in determining the full cash value of your flight property in Arizona for property tax purposes. (A.R.S. §§ 42-11051 through 42-11053, 42-16206, and 42-14251 through 42-14257). Additional information on the referenced statutes can be obtained on the internet at <http://www.azleg.state.az.us/arizonarevisedstatutes.asp>.

Taxpayer may elect to provide the required information in paper or electronic format. To obtain the electronic format, email your request to the address in the heading above. If the electronic format is selected, a paper copy of all pages of the completed Property Tax Form must be returned to the Department. Do not email your completed form due to the confidential nature of the information. The paper copy of the verification page must be signed, dated, and notarized for the report to be accepted by the Department. **DO NOT DETACH ANY PAGES.**

This report and supporting schedules must be filed by April 1, 2015, or the extended due date if an extension is granted. Extension requests must be in writing and will be granted only for good cause. Extension requests should be only for information not available on April 1, 2015. The deadline for extension requests is March 20, 2015.

Refusal or failure to file a completed report on or before April 1, or the extended due date if an extension is granted, will result in a valuation of one hundred five percent of the prior year's full cash value or a value based upon other information available to the Department. In addition, a penalty will be assessed in the amount of the lesser of one-half of one percent of the value estimated by the Department or one hundred dollars per day for each day the company fails to file the report calculated from the original due date, April 1, 2015. (A.R.S. § 42-14253)(C)(2)

If a completed report is not filed by May 20, 2015 the company forfeits its right to appeal the valuation and classification of the property pursuant to A.R.S. § 42-14253 (D).

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1. Refer all questions concerning this report to the Department of Revenue, Property Tax Division, Centrally Valued Property Unit, at the address on page one.
2. All schedules must be typewritten, or legibly printed in ink, or completed electronically using Microsoft Excel 2010 software. If more space is required to complete any schedule, additional pages may be printed and attached as needed or if using Microsoft Excel 2010, the print area may be reset to include all reported data.
3. Taxpayers completing their Property Tax Form electronically are required to return a paper copy of the completed form. The verification page must be signed, dated, and notarized for the report to be accepted by the Department.
4. If filing electronically and tabs 2, 3, 4, 5, or 6 of the Property Tax Form contain more than one page of statistics; **reset print area** to include all reported data. Unless otherwise set, these tabs are preset to print one page of information. When all the forms are completed, **“Ctrl+Shift+P”** will print all the tabs and the additional pages that may have been included in the print range.
5. The Annual Report to Stockholders, 10K report, and the completed Property Tax Form must be submitted to the Department on or before April 1, 2015 to be considered filed.

NOTE: If additional information is requested by the Department to verify the accuracy of the information provided in this report, that information must be submitted by May 20, 2015 or not later than ten business days after the request is made by the Department, whichever is later, or the Department will value the property pursuant to ARS § 42-14253 (C)(1).

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In accordance with ARS § 42-14253, every airline company operating in air commerce in the State of Arizona must file a Property Tax Form for Airline Companies with the Department on or before April 1, 2015 stating the information prescribed.

Requested information must be reported for all aircraft, whether owned or leased.

PROPRIETARY INFORMATION

Property Tax Form Pages 4 and 5 of 11 (.pdf) or Proprietary data – Tab 1 (Excel)

Report proprietary information and CVP Tax ID number (5 digit hyphenated number), as outlined on the form.

AIRCRAFT INVENTORY DETAIL LISTING

Property Tax Form Page 6 of 11 (.pdf) or Inventory Detail – Tab 2 (Excel)

- a. Inventory detail listing must be completed by aircraft type and model (Col. A), identify each aircraft by its corresponding tail number (Col. B), note the year the aircraft was manufactured (Col. C), report the acquisition date (if acquired in 2014, report the month and day acquired) (Col. D), and indicate whether the aircraft is “O” for owned or “L” for leased (Col. E).
- b. State the Total Cost at the conclusion of the previous tax year (Col. F).
- c. State the aircraft quantity as of the year ended December 31, 2014 (Col. G).
- d. State whether the aircraft is new or removed (Col. H).
- e. State the new or removed date of service in month/day/year format (Col. I).
- f. State the number of days in service (Col. J). If filing electronically, days in service is formula computed.
- g. State the Original Cost from original purchaser’s cost from the manufacturer of airframes and engines (Col. K).
- h. Report all recorded capitalized cost (excluding original cost reported in Col. K) for each aircraft in (Col. L)
- i. In (Col. M) compute 10% of the cost reported in Col. K. If filing electronically, the amount in Col. M is formula computed.
- j. If capitalized cost (Col. L) is greater than the amount in (Col. M), note the difference in (Col. N). If (Col. K) is greater than the sum in (Col. L), indicate a zero cost in (Col. N). If filing electronically, the amount in Col. N is formula computed. Substantial modification cost for valuation purposes is the sum that appears in Col. N as a result of the process described above.
- k. Compute total cost in (Col. O), which is the sum of (Col. K) plus (Col. N). If filing electronically, total cost is formula computed.
- l. Summarize cost by each fleet type, and year of manufacture.

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AIRCRAFT PERMANENTLY REMOVED FROM OPERATION

Property Tax Form Page 7 of 11 (.pdf) or Perm Removed – Tab 3 (Excel)

Report all aircraft permanently removed from operation during calendar year 2014. The schedule must list aircraft by fleet type, tail number of each aircraft, the date the aircraft was permanently removed from operation and the number of days in operations during calendar 2014. Refer to the Airline Valuation Calendar to look up the date the aircraft was removed from service in the column headed PR for the number of days in service.

ALLOCATION SCHEDULE

Property Tax Form Page 8 of 11 (.pdf) or Allocation Sched – Tab 4 (Excel)

- a. All times must be shown in hours by fleet (line A). To compute the fleet aircraft hours, multiply the number of aircraft reported in each fleet by 365 (days) (exclude aircraft acquired during calendar year 2014 and aircraft permanently removed from operation in calendar year 2014). To that sum of days, add the number of days in service for each aircraft acquired in 2014, and the number of days in service for each aircraft permanently removed from operation in calendar year 2014. Refer to the Airline Valuation Calendar to find the number of days in service of flight property acquired and permanently retired during calendar year 2014. Multiply the fleet's total days in service by 24 to convert fleet aircraft days to fleet aircraft hours (line A). Note: Do not adjust for the days an aircraft is temporarily removed from service due to routine maintenance, etc. Fleet aircraft hours, line A, of your annual report, must agree with the Department of Transportation (RSPA Form 41) report. If discrepancies exist, you must reconcile the hours and provide an explanation. Report fleet airborne time (hours) completed during calendar year 2014 on (line B).
- b. Report the number of departures from Arizona airports by fleet type on (line D). Actual departures and arrivals must support Arizona fleet flight miles reported on (line H).
- c. Report by aircraft type and model, total fleet mileage flown within and outside Arizona on (line G) and total fleet mileage flown within Arizona during the preceding calendar year on (line H). Compute mileage by flight segment (e.g. PHX-LAX; LAX-PHX); number of trips by departure and arrival; total trip distance. Explain any significant increase or decrease from the previous year.
- d. For each fleet type, calculate an allocation factor expressed in five decimal places (line L). If filing electronically, the allocation factor is formula computed.

CURRENT / OUT OF PRODUCTION SCHEDULES

Property Tax Form Pages 9 and 10 of 11 (.pdf) or Current Prod – Tab 5 and Out of Prod Tab 6

A current production or an out of production schedule must be completed for each fleet type. Data must agree with the statistics reported on the inventory detail schedule.

VERIFICATION

Property Tax Form Page 11 of 11 (.pdf) or Verification – Tab 7 (Excel)

A paper copy of this page must be returned signed, dated, and notarized for the report to be accepted by the Department.

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DEFINITIONS

1. **ACQUISITION DATE** means the date the aircraft is placed in service by the current owner.
2. **AIR COMMERCE** means the scheduled transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation.
3. **AIRCRAFT** means any device used or designed for navigation or flight through the air.
4. **AIRCRAFT TIME** means the number of minutes in the preceding calendar year in which flight property was in the possession of an airline company.
5. **AIRLINE COMPANY** means any person who directly or indirectly undertakes to engage in the business of scheduled air commerce.
6. **ARIZONA MILEAGE** means that portion of system mileage, which was flown within Arizona.
7. **CURRENT PRODUCTION AIRCRAFT** means aircraft that were being manufactured as of January 1 of the current year.
8. **FLEET TYPE** means aircraft type and model.
9. **FLIGHT PROPERTY** means all airline company aircraft, whether owned or leased, of the types used in this state excluding aircraft permanently removed from operations.
10. **OPERATING, OPERATIONS, or OPERATED** means regularly scheduled aircraft landings or takeoffs.
11. **ORIGINAL COST** means the capitalized acquisition cost to the original purchaser from the manufacturer of airframes and engines plus substantial modifications. If the acquisition cost cannot be determined, original cost means the manufacturer's original list price for the model, type and year plus substantial modifications.
12. **OUT-OF-PRODUCTION AIRCRAFT** means aircraft that were not being manufactured as of January 1 of the current year.
13. **PERSON** means any individual, corporation, firm, partnership, company or association, and includes a guardian, trustee, executor, administrator, receiver or conservator or any person who acts in a fiduciary capacity.

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Definitions – Continued

14. **REGULARLY SCHEDULED** means the operation of aircraft, according to a plan of dates or times for landings and takeoffs, whether published or not, which meets the following criteria: completion of at least one hundred and twenty landings or departures within Arizona during the preceding calendar year.
15. **SMALL FLIGHT PROPERTY** means all airline company aircraft operating in this state with a maximum passenger capacity of less than fifty-six seats and a maximum payload capacity of less than eighteen thousand pounds.
16. **STATE (ARIZONA) GROUND TIME** means the number of minutes operating flight property is considered to be on the ground in this state during the preceding calendar year and is computed by multiplying the number of departures of flight property in this state during the preceding calendar year by 45.
17. **SUBSTANTIAL MODIFICATION COST** means any and all capitalized aircraft cost, excluding the original cost of aircraft and engine, less 10% of the original aircraft and engine cost. If 10% of the original aircraft and engine cost is greater than any and all capitalized aircraft cost, then the substantial modification cost for the aircraft is zero.
18. **SYSTEM GROUND TIME** means the number of minutes operating flight property is on the ground systemwide during the preceding calendar year and is computed by subtracting the number of revenue and non-revenue airborne minutes of all flight property during the preceding calendar year from total aircraft time.
19. **SYSTEM MILEAGE** means the total statute mileage flown within and outside Arizona during the preceding calendar year. It is the sum of airport-to-airport distances of all flights scheduled, including those flights operated as extra sections to accommodate traffic overflow.