

SOP-03 — Federal Excise Tax Collection

Trigger: Every US-domestic, US-outbound or US-inbound charter that involves taxable transportation under IRC §§ 4261 or 4271. **Owner:** Booking owner (calc + invoice); Finance (remittance / handoff to Operator).

Steps

- 1 Determine the taxable base for the booking. Default: the gross amount paid by the charterer for air transportation as quoted on the cover sheet.
- 2 Apply 7.5% (IRC § 4261(a)).
- 3 Add the domestic segment fee (currently USD 5.00 per passenger per domestic segment — confirm current year amount before each quarter; IRS publishes annually).
- 4 Add international head tax USD 21.10 per passenger for flights starting or ending in the US (2025 rate — confirm annually).
- 5 Show the FET amount as a separate line in the quotation. Do not bury it in the headline price.
- 6 Collect from the charterer along with the rest of the amount.
- 7 Confirm against the **FET Allocation Memo** with the Operator whether Broker or Operator remits.
- 8 If Broker remits: Finance enters the amount in the Form 720 worksheet (IRS Nos. 26, 27, 28, 29) for the quarter and pays via EFTPS by the quarterly due date.
- 9 If Operator remits: Finance transfers the collected FET to Operator within 5 business days of charterer payment clearing, with a tax invoice that separately identifies the FET.
- 10 Save the segment list, invoice and remittance evidence to the booking file.

Quarterly close

- 30 Apr — Q1 file & pay
- 31 Jul — Q2 file & pay
- 31 Oct — Q3 file & pay
- 31 Jan — Q4 file & pay

Finance reconciles each quarter's filings against the booking ledger and signs off.

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