



AIRCRAFT OWNERS AND PILOTS ASSOCIATION

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Phil Boyer

President

October 4, 2005

Honorable John W. Snow
Secretary of the Treasury
1500 Pennsylvania Ave., NW, Rm. 3330
Washington, DC 20220

RE: Public Law No: 109-59 Fuel Fraud Tax Changes

Dear Secretary Snow:

The Aircraft Owners and Pilots Association (AOPA), representing more than 406,000 pilots nationwide, is concerned about changes to rules governing excise taxes on aviation grade kerosene passed as part of Public Law No: 109-59 known as the Highway Bill.

AOPA's concern centers on the definition of "ultimate vendor" as it applies to the filing requirement to receive a refund of \$0.025 per gallon which is the difference between the \$0.244 per gallon highway tax and the \$0.219 per gallon aviation tax. It is AOPA's position that the end user is not the ultimate vendor and should not be subject to the tax or required to file for a refund.

As the Treasury Department, through the Internal Revenue Service, develops needed guidance; it should clarify that the end user is not the ultimate vendor and thereby should not be charged the additional tax or be required to request a refund. It is unrealistic and uneconomical to expect thousands of turbine powered aircraft operators to apply as registered ultimate vendors to collect individual refunds, which equates to a small amount of money for most operators but significant amounts overall. Requiring thousands of individual refund requests places a significant burden on all involved. Other points in the distribution process are better suited to be the ultimate vendor, deal in larger quantities of fuel purchased, and are better suited to request the refund, thus not requiring it be charged to the end user.

In closing, AOPA requests that federal guidance clearly indicate that the sales point prior to the end user are determined as the ultimate vendor. By doing so, the end users will not be required to pay the additional tax nor apply for a refund.

Sincerely,

Phil Boyer

cc: Mark Everson, IRS Commissioner
Don Korb, IRS Chief Counsel
Eric Solomon, Acting Deputy Assistant Secretary for Tax Policy