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HOUSE BILL NO. 1474

Offered January 23, 2026

A BILL to amend and reenact §§ 58.1-1502, 58.1-1503, 58.1-1506, and 58.1-1510 of the Code of Virginia, and to repeal § 58.1-1507 of the Code of Virginia, relating to Virginia aircraft sales and use tax; exception for dealers.

Patron—O'Quinn

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 58.1-1502, 58.1-1503, 58.1-1506, and 58.1-1510 of the Code of Virginia are amended and reenacted as follows:

§ 58.1-1502. Tax levied.

§ 5.1-1502. Tax levied. A. There is hereby levied and imposed, in addition to all other taxes and fees of every kind now imposed by law, a tax upon the retail sale of every aircraft sold in the Commonwealth and upon the use in the Commonwealth of any aircraft required to be licensed by the Department of Aviation pursuant to § 5.1-5. The amount of the tax to be collected shall be determined by the application of the following rate against the sale price or gross receipts:

1. Two percent of the sale price of each aircraft sold in the Commonwealth.

2. Two percent of the sale price of each aircraft not sold in the Commonwealth but required to be licensed for use in the Commonwealth. However, if the aircraft is licensed in the Commonwealth six months or more after its acquisition, the tax shall be two percent of the market value of such aircraft at the time it is licensed or two percent of the purchase price thereof, whichever is lower.

3. Two percent of the monthly gross receipts from the lease, charter or other use of any aircraft licensed for commercial use pursuant to § 5.1-5 B and held for sale by a dealer who has elected to be taxed under this paragraph as provided in § 58.1-1507.

A transaction taxed under subdivision 1 shall not be taxed under subdivision 2, nor shall the same transaction be taxed more than once under either subdivision.

An aircraft subject to the tax under subdivision 3 shall be subject to the tax under subdivision 1 or 2 immediately upon the revocation of the commercial use license for such aircraft.

B. The provisions of this section shall not apply to any sale or use of any aircraft by a dealer.

§ 58.1-1503. Basis of tax; estimate of tax; penalty for misrepresentation.

A. The Tax Commissioner shall levy and collect the tax for the use or sale of an aircraft pursuant to subdivisions 1 and 2 of § 58.1-1502 upon the basis of the sale price of such aircraft.

Any person who sells an aircraft in the Commonwealth shall supply the buyer with an invoice, signed by the seller or his representative, which shall state the sale price of the aircraft. The buyer shall present such invoice to the Tax Commissioner with his return and payment of the tax.

B. The Tax Commissioner shall levy and collect the tax on an aircraft licensed for commercial use and held by a dealer who has elected to be taxed under subdivision 3 of § 58.1-1502 on the basis of the gross receipts arising from all transactions involving the rental or use of such aircraft during the preceding calendar month. The dealer shall submit a return to the Commissioner on a form prescribed by him, showing the gross receipts from such transactions at the time that the dealer remits his tax payment.

C. In any case where (i) the invoice is not available, (ii) the Tax Commissioner has reason to believe that an invoice or return does not reflect the true sales price or gross receipts, or (iii) the aircraft was purchased more than six months prior to its use or storage in ~~this~~ the Commonwealth, the Commissioner may assess the tax in accordance with such publications or other data as are customarily employed in ascertaining the maximum sale price of aircraft. Where the Commissioner finds that a charge for the rental or use of aircraft has been lower than the fair market value of such rental or use, the Commissioner may estimate a fair price in accordance with the cost of the aircraft, the cost of maintenance, the normal rental value as shown in similar transactions, or other relevant data.

C. Any person who knowingly misrepresents the value of an aircraft or the amount of tax due to the Commissioner or on any return or invoice shall be guilty of a Class 1 misdemeanor.

§ 58.1-1506. Time for payment of tax.

§ 38.1-1300. Time for payment of tax.
A. Except as provided in subsection B, the tax on the sale or use of an aircraft required to be licensed by this the Commonwealth shall be paid by the purchaser or user of such aircraft and collected by the Commissioner prior to the time the owner applies to the Department of Aviation for, and obtains, a license therefor.

B. The tax on the gross receipts from each aircraft licensed for commercial use shall be paid by the dealer.

59 to the Commissioner on or before the twentieth day of each month.

60 **§ 58.1-1510. Civil penalties.**

61 When any person fails to make any return or pay the full amount of tax required by § 58.1-1502 within
62 thirty 30 days of the required filing and payment date, there shall be imposed, in addition to other penalties
63 provided herein, a penalty to be added to the tax, in the amount of six percent of the unpaid tax. An additional
64 six percent of the tax due shall be charged for each additional thirty-day 30-day period, or fraction thereof
65 during which the failure to make any return or pay the full amount of tax continues. Such additional penalty
66 shall not exceed thirty 30 percent, in the aggregate.

67 If any such failure is due to providential or other good cause, shown to the satisfaction of the
68 Commissioner, the return, with remittance, may be accepted exclusive of such penalties but with interest
69 charged at a rate equal to that established pursuant to § 58.1-15.

70 In the case of a false or fraudulent return, where willful intent exists to defraud ~~this~~ the Commonwealth of
71 any tax due under this chapter, or in the case of willful failure to file a return with the intent to defraud ~~this~~
72 the Commonwealth of any such tax, a penalty of fifty 50 percent of the amount of the proper tax shall be
73 assessed. It shall be prima facie evidence of intent to defraud ~~this~~ the Commonwealth of any tax due under
74 this chapter when any purchaser or user of an aircraft reports the sale price or current market value of his
75 aircraft, as the case may be, at fifty 50 percent or less of the actual amount. ~~It shall also be prima facie~~
76 ~~evidence of intent to defraud the Commonwealth of any tax due under this chapter when any dealer reports~~
77 ~~the gross receipts collected from the lease, charter or other use of aircraft at fifty percent or less of the actual~~
78 ~~amount received for such lease, charter or use.~~

79 All penalties and interest imposed by this chapter shall be payable by the ~~dealer~~, purchaser or user of the
80 aircraft and shall be collected by the Commissioner in the same manner as if they were a part of the tax
81 imposed.

82 Interest, at a rate determined in accordance with § 58.1-15, on the unpaid amount of the tax from the day
83 after the last day for timely filing and payment of the tax shall accrue until the same is paid.

84 **2. That § 58.1-1507 of the Code of Virginia is repealed.**