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**DEPARTMENT OF TAXATION**

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May 30, 1996

## **TAX INFORMATION RELEASE NO. 96-3**

RE: Application of the Fuel Tax Law on the Sale of Bonded Aviation/Jet Fuel

This Tax Information Release is issued to advise taxpayers, including aviation fuel brokers/distributors, that, effective July 1, 1996, the Hawaii fuel tax shall not apply to the sale of bonded aviation/jet fuel to air carriers departing for foreign ports or arriving from foreign ports on stopovers before continuing on to their final destinations.

The practice of imposing the one-cent per gallon fuel tax on the sale of bonded aviation/jet fuel and passing this cost to the air carriers flying foreign routes shall cease. Although the fuel tax passed on from the fuel distributor to the purchasing air carrier was allowed as a credit against the air carrier's landing fees imposed by the Department of Transportation for the exact amount of the fuel tax passed on, this practice shall not be continued.

A handwritten signature in black ink, appearing to read "Ray K. Kamikawa".

**RAY K. KAMIKAWA**  
Director of Taxation

HRS Sections Explained: HRS sections 243-4(a)(2) & 243-7

RKK-LAG