

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3608
OFFERED BY MR. BRADY OF TEXAS**

Strike all after the enacting clause and insert the following:

**1 SECTION 1. AMOUNTS PAID FOR AIRCRAFT MANAGEMENT
2 SERVICES.**

3 (a) IN GENERAL.—Section 4261(e) of the Internal
4 Revenue Code of 1986 is amended by adding at the end
5 the following new paragraph:

6 “(5) AMOUNTS PAID FOR AIRCRAFT MANAGE-
7 MENT SERVICES.—

8 “(A) IN GENERAL.—No tax shall be im-
9 posed by this section or section 4271 on any
10 amounts paid by an aircraft owner for aircraft
11 management services related to—

12 “(i) maintenance and support of the
13 aircraft owner’s aircraft; or

14 “(ii) flights on the aircraft owner’s
15 aircraft.

16 “(B) AIRCRAFT MANAGEMENT SERV-
17 ICES.—For purposes of subparagraph (A), the
18 term ‘aircraft management services’ includes

1 assisting an aircraft owner with administrative
2 and support services, such as scheduling, flight
3 planning, and weather forecasting; obtaining in-
4 surance; maintenance, storage and fueling of
5 aircraft; hiring, training, and provision of pilots
6 and crew; establishing and complying with safe-
7 ty standards; or such other services necessary
8 to support flights operated by an aircraft
9 owner.

10 “(C) LESSEE TREATED AS AIRCRAFT
11 OWNER.—

12 “(i) IN GENERAL.—For purposes of
13 this paragraph, the term ‘aircraft owner’
14 includes a person who leases the aircraft
15 other than under a disqualified lease.

16 “(ii) DISQUALIFIED LEASE.—For pur-
17 poses of clause (i), the term ‘disqualified
18 lease’ means a lease from a person pro-
19 viding aircraft management services with
20 respect to such aircraft (or a related per-
21 son (within the meaning of section
22 465(b)(3)(C)) to the person providing such
23 services), if such lease is for a term of 31
24 days or less.

1 “(D) PRO RATA ALLOCATION.—If any
2 amount paid to a person represents in part an
3 amount paid for services not described in sub-
4 paragraph (A), the tax imposed by subsection
5 (a), if applicable to such amount, shall be ap-
6 plied to such payment on a pro rata basis.

7 “(E) CERTAIN PAYMENTS TREATED AS
8 MADE BY AIRCRAFT OWNER.—In the case of an
9 aircraft owner which is wholly-owned by an-
10 other person, amounts paid by such other per-
11 son on behalf of such aircraft owner shall be
12 treated for purposes of this paragraph as hav-
13 ing been paid directly by such aircraft owner.”.

14 (b) EFFECTIVE DATE.—The amendment made by
15 this section shall apply to amounts paid after the date of
16 the enactment of this Act.

