

Income/Franchise:

Texas: Federal Law Preempts Taxing Air Carrier's Gross Receipts from Baggage Fees, Passenger Ticket Sales, and Freight Transportation

Case No. D-1-GN-16-000621, Tex. Dist. Ct., Travis County, Tex. (8/7/24). In a case involving an air carrier that constituted a transportation company for purposes of Texas Admin. Code section 3.591(e)(32) as in effect for the report year at issue, the Travis County Texas District Court held the federal Anti-Head Tax Act (AHTA) – which prohibits states from imposing any tax on gross receipts from air commerce or air transportation – preempts Texas's franchise tax as applied to the air carrier's baggage fees, passenger ticket sales, and air freight transportation because such imposition would constitute an impermissible tax on "gross receipts" from "air commerce or air transportation." Accordingly, the air carrier was permitted to exclude passenger, freight, and baggage revenues from its total revenue when calculating its Texas franchise tax liability for report year 2015. Please contact us with any questions.

URL:

<https://odysseyweb.traviscountytexas.gov/app/RegisterOfActions/#/A7DB6C8752D089E843D13B338D801252C4879E4C39F433F9AA16791FCAF289C608FE00966C95BBA0D34BF31DF78B86D489F39D7DD5050D9BAB6C8978AEEEF898D33D0212935574CC63FF00A3704D71D2/anon/portalembd>

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