

## Instructions: Air Carrier Annual Report (AC-001)

### Filing Your Report

The Air Carrier Annual Report (AC-001) is available in [My Tax Account](#) (MTA), where you can view all your account details – including annual report, letter, assessment notice, billing notice, and more.

**Note:** All applicable information requested in the annual report is required under sec. [76.04](#), Wis. Stats. If you refuse or neglect to report the request information, you cannot appeal the determined value (sec. [76.05](#), Wis. Stats.).

### Due Date and Penalties

- Using [MTA](#), file Form AC-001 with the Wisconsin Department of Revenue (DOR)
- **Due date – on or before May 1 of each year (or next business day if May 1 is a Saturday or Sunday)**
- You may request a 30-day extension (through MTA) before the May 1 due date
- If you do not file by the due date or extended due date, you will be charged a late filing fee of \$25 plus 5% of the total license fees due
- State law (sec. [76.04](#), Wis Stats.) requires a \$250 non-contestable penalty for any report filed more than 15 days after the due date, and \$250 for each additional month your report is late
- If you refuse or neglect to report applicable information requested, your company will surrender rights to appeal the value under sec. [76.05](#), Wis. Stats.

### Hub Exemption Information

- An air carrier company meeting the definitions and requirements under sec. [70.11\(42\)](#), Wis. Stats. is exempt from general property tax and assessment under Chapter [76](#), Wis. Stats.
- To claim the exemption, submit Form PR-330 – Request for Hub Facility Exemption on or before March 1 of the assessment year and include the necessary flight data reports and any other supporting documentation to validate your claim

### Specific Instructions for Reporting Schedules

1. Provide a balance sheet and income statement for the calendar year under assessment, as prepared from your internal records
2. Wisconsin flight hours shown in the "Cost Indicator" tab must include the total time within the state boundary on all flights that start or stop in the state – the eastern boundary for Wisconsin is the center of Lake Michigan per Article II Wisconsin Constitution
3. Transport revenues shall be assigned to Wisconsin on a ticket lift basis. Originating revenue based on ticket lifts is defined as:  
*"Revenue to an air carrier from the transportation of revenue passengers and revenue property first received by such carrier either as originating or connecting traffic at airports within the State of Wisconsin. Revenue is assigned to the state of Wisconsin from the point of origination in Wisconsin (a Wisconsin airport) to the passenger or property's final destination on the reporting air carrier. If transfer of the passenger or property is made to a carrier other than the originating carrier outside the state of Wisconsin, revenue is assigned to Wisconsin from the point of origination to the point of such transfer."*
  - For passenger fares, examples of Wisconsin originating revenues follow:
    - 1) Round-trip ticket from Madison, Wisconsin to Phoenix, Arizona on Longhaul Airlines, Inc., a major air carrier – cost \$500; passenger changes planes both ways in Minneapolis, Minnesota. Wisconsin originating revenue is \$250 (half of \$500).
    - 2) Round-trip ticket from Minneapolis to Detroit, Michigan on Longhaul Airlines – cost \$350; passenger changes planes both ways in Milwaukee, Wisconsin. Wisconsin originating revenue is \$0.

- 3) Round-trip ticket from Minneapolis to Detroit; passenger flies Shortline Airways, a commuter carrier, from Minneapolis to Milwaukee, changing planes to Longhaul for the Milwaukee to Detroit leg; the return trip mirrors this route – cost \$350; Shortline keeps \$150; Longhaul keeps \$200. Wisconsin originating revenues are \$75 (half of \$150) for Shortline and \$100 (half of \$200) for Longhaul.
  - 4) Round-trip ticket from Milwaukee to Miami, Florida; passenger flies Shortline from Milwaukee to Memphis, Tennessee, changing planes to Longhaul for the Memphis to Atlanta leg; return trip mirrors this route – cost \$400; Shortline keeps \$100; Longhaul keeps \$300. Wisconsin originating revenues are \$50 (half of \$100) for Shortline and \$0 for Longhaul.
- Wisconsin Revenue Calculation for Non-Ticketing Passenger Airlines – this revised calculation is for passenger airlines that do not sell flight tickets or receive ticket revenue for the flights they operate, and instead receive another type of compensation such as contract revenue. These airlines would use a Revenue per Departure method, or Equated Revenue per Departure method, or another method approved by DOR.
    - 1) Divide Total System Revenue by the total System departures and a Revenue Per Departure amount calculated
    - 2) Then apply (multiply) the Revenue Per Departure amount to all WI departures to calculate total WI Revenue. See example below.
    - 3) Use Equated departures when multiple aircraft types are operated. Equate the number of departures of each aircraft type and the seating capacity of that aircraft. See example below.

Departure Example:

System Revenue = \$500,000,000	⇒	System Revenue / System Departures = Revenue Per Departure \$500,000,000 / 300,000 = \$1,666	⇒	WI Departures * Revenue Per Departure = WI Revenue = 2,500 * \$1,666 = \$4,165,000
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Equated Example:

Aircraft Type	# of Sys Departures	Sys Revenue	Number of Seats	Equating Factor	Equated Departures	Equated Rev Allocation %	Rev Allocated per A/C	Rev Per Departure	WI Departures	WI Revenue
B1900D	110,000	\$500,000,000	19	0.38	41,800	17.3228%	\$86,614,173	\$787	250	\$196,850
CRJ 100/200	75,000		50	1	75,000	31.0816%	\$155,408,206	\$2,072	500	\$1,036,055
CRJ 700	20,000		70	1.4	28,000	11.6038%	\$58,019,063	\$2,901	250	\$725,238
CRJ 900	10,000		90	1.8	18,000	7.4596%	\$37,297,969	\$3,730	300	\$1,118,939
DHC 8	25,000		37	0.74	18,500	7.6668%	\$38,334,024	\$1,533	200	\$306,672
ERJ 145	60,000		50	1	60,000	24.8653%	\$124,326,564	\$2,072	1,000	\$2,072,109
<b>Total</b>	<b>300,000</b>				<b>241,300</b>		<b>\$500,000,000</b>		<b>2,500</b>	<b>\$5,455,864</b>

\*\*\* CRJ 100/200 make up the majority of the fleet making the equating factor 1 and the basis for the others aircraft.

4. Transport related revenues must be allocated to Wisconsin based on the following:
  - A/C 4808 – prorate the subsidy over routes for which the carrier is authorized to receive subsidy payments
  - A/C 4809 – use the same method as used for Wisconsin Sales and Use Tax purposes
  - A/C's 4810-4814 and 4816-4818 – assign revenue by sales location
  - A/C 4815 – mutual aid must allocated to Wisconsin based on the last full year's ratio of Wisconsin's transport revenues to system transport revenues
5. Revenue tons handled are defined as tons of revenue passengers and revenue cargo first received either as originating traffic or as connecting traffic in Wisconsin divided by the total everywhere. Online connections – that is, transfers from one plane to another operated by the same carrier – are excluded. Tons are first received if originating with the subject carrier or connecting from another carrier. They are finally discharged if transferred to another carrier or put off at the final destination.
  - For revenue tons handled, examples of Wisconsin and total follow:
    - 1) A passenger boards Longhaul Airlines for a trip from Milwaukee, Wisconsin to Atlanta, Georgia, changing planes on Longhaul at Chicago, Illinois. The weight is included once in the numerator of the tonnage factor as first received in Wisconsin and twice in the denominator (for the numerator plus final discharge in Georgia).
    - 2) A passenger flies the same route as in example (1), but the Milwaukee to Chicago leg is on Shortline Airways, and the Chicago to Atlanta portion is on Longhaul. Shortline has first received the passenger in Wisconsin, so the weight goes into Shortline's numerator. Shortline discharges the passenger to Longhaul in Chicago, so its reporting is identical to Longhaul's in example (1).

- 3) Longhaul reports nothing in the Wisconsin numerator, but the passenger first received Illinois and the passenger finally discharged in Georgia become part of the denominator for the total
- 4) Ticketed exclusively by Longhaul Airlines, a passenger has multiple destinations upon departing Milwaukee. The circumstances are the same as example (1), however, the passenger stays a week in Atlanta, flying then to Houston, Texas for another week, then returning to Milwaukee. The times counted in numerator and denominator would be as follows:
  - » Note the online connections at Chicago were excluded from both numerator and denominator, since the passenger was finally discharged in Atlanta. Likewise, the same methodology was used when the passenger was finally discharged at Milwaukee.
6. Provide a statement of rent expense deducted (on leases not capitalized pursuant to F.A.S.B. Statement #13), if not listed on the Income Indicator

### **Additional Information**

Under authority of sec [76.07\(5\)\(b\)](#), Wis. Stats., and Wis. Adm. Code Section Tax [6.50](#), there are many factors DOR must consider in forming our opinion of the fair market value for the operating property of air carrier companies. Accordingly, provide us the following information – where applicable – to your company:

- A copy of the latest Form 10-K or latest annual report filed with the Securities and Exchange Commission, together with the annual report to the shareholders
- Copy of any written offer to purchase your airline, segment, holding company, or division thereof within the past year – include any offer to purchase controlling interest in your corporation's stock or that of your parent company
- Any appraisal or valuation report of your airline, segment, or division thereof that was prepared for your company within the past five years
- Your projections of net operating revenue for the next five years – include both total operating revenues and expenses
- List of assets that were written down or written off in the past year – describe the nature and dollar amount of each