

§ 49.4262(c)-1

26 CFR Ch. I (4-1-01 Edition)

(c) *Method of computing tax on travel not excluded.* (1) Where a payment is made for transportation which includes transportation excluded under the provisions of section 4262(b):

(i) The tax may be computed on that proportion of the total amount paid which the mileage of the taxable portion of the transportation bears to the mileage of the entire trip, or

(ii) If the taxable portion of the transportation includes transportation from one port or station to another port or station for which an applicable local fare of a like class is available, the tax may be computed on the amount of such local fare, plus an amount equivalent to that proportion of the remainder of the total amount paid which the mileage of the remainder of the taxable portion of the transportation bears to the remainder of the mileage of the entire trip. If the taxable transportation includes a leg from a station to a coastal gateway point of embarkation for which a uniform fare is charged regardless of the gateway point actually used, the tax on such a leg may be computed on the basis of such uniform fare. In the absence of a fare described in this subparagraph, the tax must be determined in accordance with subdivision (i) of this subparagraph. If the taxable portion of the transportation includes a leg between coastal gateway points of embarkation for which no additional fare is charged no tax shall be applicable to such leg of the transportation.

(2) The basis for determining the proportions described in subdivisions (i) and (ii) of subparagraph (1) of this paragraph shall be the average mileage of the established route traveled by the carrier between given points under normal circumstances.

(d) *Illustration.* The application of paragraph (c) of this section may be illustrated by the following example:

*Example.* On October 10, 1959, A purchases in San Francisco a ticket for transportation by air to Honolulu, Hawaii. The portion of the transportation which is outside the continental United States and is outside Hawaii is excluded from taxable transportation. The tax applies to that part of the payment made by A which is applicable to the portion of the transportation between the airport in San Francisco and the three-mile limit off the coast of California (a distance of 15 miles)

and between the three-mile limit off the coast of Hawaii and the airport in Honolulu (a distance of 5 miles). The part of the payment made by A which is applicable to the taxable portion of his transportation and the tax due thereon are computed in accordance with paragraph (c)(1) as follows:

Mileage of entire trip (San Francisco airport to Honolulu airport) (miles) .....	2,400
Mileage in continental United States (miles) .....	15
Mileage in Hawaii (miles) .....	5
	20
Fare from San Francisco to Honolulu .....	\$168.00
Payment for taxable portion (20/2400 × \$168) ...	\$1.40
Tax due (10% (rate in effect on date of payment) × \$1.40) .....	\$0.14

(All distances and fares assumed for purposes of this example. If transportation begins after November 15, 1962, the tax applies only to the amount paid for transportation by air and should be computed at the rate of 5 percent.)

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6618, 27 FR 11224, Nov. 14, 1962]

§ 49.4262(c)-1 Definitions.

(a) *The continental United States.* For purposes of the regulations in this subpart, the term "continental United States" includes only the 48 States existing on July 25, 1956 (the date of the enactment of the Act of July 25, 1956 (Pub. L. 796, 84th Cong., 70 Stat. 644)) and the District of Columbia, including inland waters (such as rivers, lakes, bays, etc.) lying wholly therein, and, where an international boundary line divides inland waters, such parts of such inland waters as lie within the boundary of the United States, and also the waters 3 nautical miles (3.45 statute miles) from low tide on the coast line. For purposes of the regulations in this subpart, the term "continental United States" does not include Alaska or Hawaii for any period either prior or subsequent to their admission into the Union as States.

(b) *The 225-mile zone.* For purposes of the regulations in this subpart, the term "225-mile zone" means that portion of Canada and Mexico which is not more than 225 miles from the nearest point in the continental United States. Whether any point in Canada or Mexico is more than 225 miles from the continental United States is to be determined by measuring the distance from such point to the nearest point on the boundary of the continental United States.

(c) *Uninterrupted International air transportation.* (1) For the purpose of the regulations in this subpart, the term “uninterrupted international air transportation” means transportation entirely by air which does not begin in the United States or in the 225-mile zone and end in the United States or in the 225-mile zone provided that:

(i) Where the transportation within the United States involves one stop, the scheduled interval between the beginning or end of the United States portion of such air transportation and the end or beginning of the remainder of the air transportation, and

(ii) Where the United States portion of such transportation involves two or more stops, the scheduled interval between the beginning or end of one segment and the end or beginning of the continuing segment of such portion does not exceed six hours. The transportation is considered to be entirely by air even though the passenger may use other means of transportation between two airports provided the scheduled six-hour limitation for his continuing air transportation is complied with. Transportation which otherwise is uninterrupted international air transportation does not cease to be such because of the use of non-air transportation between ports or stations which are outside the United States, provided the non-air transportation is not part of transportation which is indirectly from one port or station in the United States to another port or station in the United States.

(2) Where the interval between arrival and departure time at any stopover point in the United States exceeds six hours, such transportation is not uninterrupted international air transportation even though the schedules of the air lines do not make possible a scheduling within the six-hour limit. Where any interval scheduled for six hours or less is increased to exceed six hours, the transportation will continue to be uninterrupted international air transportation if the increase in time is attributable to delays in the arrival or departure of the scheduled air transportation. In such case the transportation shall continue to be uninterrupted international air transportation if the passenger continues his transpor-

tation no later than on the first available flight offered by the continuing carrier which affords the passenger substantially the same accommodations as originally purchased. However, if for any other reason such interval at any stopover is increased to more than 6 hours, the transportation will lose its classification of uninterrupted international air transportation. The tax applicable in such case shall be paid as provided in paragraph (a) (2) of § 49.4264(c)-1. The transportation from the point of origin in the United States to a port or station outside the United States and the 225-mile zone, with a stopover in the United States, must be scheduled before the time the initial transportation commences in order for the United States portion of such transportation to qualify as uninterrupted international air transportation. For example, where transportation by air from Chicago to New York only is scheduled in Chicago and transportation by air from New York to London, England, is scheduled by the passenger after his arrival in New York, the Chicago to New York trip does not qualify as uninterrupted international air transportation even though the passenger may depart on the London flight within six hours after arrival in New York.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6618, 27 FR 11225, Nov. 14, 1962; 27 FR 11691, Nov. 28, 1962]

#### § 49.4263-1 Commutation tickets.

(a) *Tickets for single trips of less than 30 miles.* Amounts paid for commutation or season tickets or books for single trips of less than 30 miles are exempt from the tax imposed by section 4261, regardless of the length of time for which such tickets or books are valid. The phrase “less than 30 miles” means less than 30 constructive miles in instances where the charge is based on constructive mileage.

(b) *Tickets for one month or less.* Amounts paid for commutation tickets or books for one month or less are exempt from the tax regardless of the distance of a single trip.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959. Redesignated by T.D. 6618, 27 FR 11225, Nov. 14, 1962]