

§ 49.4261-1 Imposition of tax; in general.

(a) *Transportation beginning before November 16, 1962.* Section 4261 imposes a tax equal to 10 percent of the amount paid for taxable transportation of persons by rail, motor vehicle, water, or air which begins before November 16, 1962. For the definition of the term "taxable transportation", see section 4262 and §§ 49.4262(a)-1 and 49.4262 (b)-1. The tax accrues at the time payment is made for the transportation, irrespective of when the transportation is furnished if the transportation actually begins before November 16, 1962.

(b) *Transportation beginning after November 15, 1962.* Section 4261 imposes a tax equal to 5 percent of the amount paid for the air portion of taxable transportation of persons which begins after November 15, 1962, and before July 1, 1965. For definition of the term "taxable transportation", see section 4262 and §§ 49.4262(a)-1 and 49.4262 (b)-1. The tax accrues at the time payment is made for the transportation, irrespective of when the transportation is furnished if the transportation actually begins after November 15, 1962, and before July 1, 1965.

(c) *In general.* The purpose of the transportation, whether business or pleasure, is immaterial. It is not necessary that the transportation be between two definite points. If not otherwise exempt, a payment for continuous transportation beginning and ending at the same point is subject to the tax. For the rate of tax with respect to amounts paid for seating and sleeping accommodations in connection with taxable transportation, see § 49.4261-9.

[T.D. 6618, 27 FR 11222, Nov. 14, 1962, as amended by T.D. 6753, 29 FR 12718, Sept. 9, 1964]

§ 49.4261-2 Application of tax.

(a) *Tax on total amount paid.* The tax is measured by the total amount paid, whether paid at one time or collected at intervals during the course of a continuous transportation, as in the case of a carrier operating under the zone system. For the application of the tax with respect to amount paid for seating or sleeping accommodations in connection with taxable transportation, see § 49.4261-9.

(b) *Tax on transportation of each person.* The tax is determined by the amount paid for transportation with respect to each person. Thus, where a single payment is made for the transportation of two or more persons, the taxability of the payment and the amount of the tax, if any, payable with respect thereto, must be determined on the basis of the portion of the total payment properly allocable to each person transported.

(c) *Charges for nontransportation services.* Where a payment covers charges for nontransportation services as well as for transportation of a person, such as charges for meals, hotel accommodations, etc., the charges for the nontransportation services may be excluded in computing the tax payable with respect to such payment, provided such charges are separable and are shown in the exact amounts thereof in the records pertaining to the transportation charge. If the charges for nontransportation services are not separable from the charge for transportation of the person, the tax must be computed upon the full amount of the payment.

[T.D. 6430, 24 FR 9665, Dec. 3, 1959, as amended by T.D. 6518, 25 FR 13134, Dec. 21, 1960, as amended by T.D. 6618, 27 FR 11222, Nov. 14, 1962]

§ 49.4261-3 Payments made within the United States.

(a) *Transportation beginning and ending in the United States or the 225-mile zone.* The tax imposed by section 4261(a) applies to payments made within the United States for transportation which begins in the United States or in the 225-mile zone and ends in the United States or in the 225-mile zone. For example, an amount paid within the United States for transportation between New York and Montreal, Canada; between Vancouver, Canada, and Windsor, Canada; or between Nogales, Mexico, and Hermosillo, Mexico, would be fully taxable. See section 4262(c) (2) and paragraph (b) of § 49.4262(c)-1 for the definition of the term "225-mile zone".

(b) *Other transportation—(1) Transportation beginning before November 16, 1962.* In the case of transportation beginning before November 15, 1962, (other than