



BARBERA & WATKINS, LLC
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QUICK FACT SHEET INTERCHANGE OF AIRCRAFT

GENERALLY SPEAKING:

An interchange agreement permits the provision of aircraft with crew for limited compensation, primarily in-kind, under Part 91 of the Federal Aviation Regulations.

REGULATIONS:

Operations that may be conducted under the rules of Part 91, Subpart F instead of those in Parts 121, 129, 135 and 137 of this chapter when common carriage is not involved, include the carriage of company officials, employees, and guests of the company on an airplane operated under an interchange agreement (as defined below). 14 C.F.R. § 91.501(b)(6).

An interchange agreement means an arrangement whereby a person leases his airplane to another person in exchange for equal time, when needed, on the other person's airplane, and no charge, assessment or fee is made, except that a charge may be made not to exceed the difference between the cost of owning, operating and maintaining the two airplanes. 14 C.F.R. §91.501(c)(2).

NOTES:

Federal transportation excise tax and associated segments fees are due on the amount paid by the user of the aircraft. Here, the amount paid is the value of the flight received plus any charge received by the operator of the aircraft.

Interchange is available for large (aircraft of more than 12,500 pounds, maximum certificated takeoff weight) and turbine-powered multi-engine aircraft. The NBAA Small Aircraft Exemption may be utilized to allow aircraft and helicopters that do not otherwise qualify to operate under an interchange agreement.

By reference to "company" in 14 C.F.R. §91.501(b)(6), only companies may interchange aircraft.

Carriage must be incidental to the business of the company operating the aircraft under the interchange agreement. Accordingly, a sole purpose company cannot interchange an aircraft.

The lease agreement must provide for an equal flight time exchange, but allows the person having the airplane that is more expensive to own, operate, and maintain to charge the person having the other airplane an amount that may not exceed the difference between the cost of owning, operating, and maintaining the two airplanes.

Loan documentation may prohibit interchanging an aircraft. In addition, operators should check with their insurance providers to confirm coverage is included for operations under an interchange agreement.

Interchange agreements are leases and subject to FAA truth-in-leasing requirements.

Foreign civil aircraft have special restrictions.

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