



BARBERA & WATKINS, LLC
www.bwaerolaw.com

QUICK FACT SHEET PARENT SUBSIDIARY OPERATIONS

GENERALLY SPEAKING:

Companies in a parent subsidiary relationship can provide an aircraft with crew to each other and receive limited compensation 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 carriage of officials, employees, guests and property of a company on an airplane operated by that company, or the parent or a subsidiary of the company or a subsidiary of the parent, when the carriage is within the scope of, and incidental to, the business of the company (other than transportation by air) and no charge, assessment or fee is made for the carriage in excess of the cost of owning, operating and maintaining the airplane, except that no charge of any kind may be made for the carriage of a guest of a company, when the carriage is not within the scope of, and incidental to, the business of that company. 14 C.F.R. § 91.501(b)(5).

TO NOTE:

Federal transportation excise tax and associated segments fees may be due on the amount paid by the user of the aircraft.

Receiving compensation under a parent subsidiary arrangement is available to 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 this exemption.

Carriage must be within the scope of and incidental to the business of the company operating the aircraft. Accordingly, a sole purpose company cannot operate an aircraft under a parent subsidiary arrangement.

This provision does not permit payment when officials, employees and guests are carried on board for vacation, pleasure or similar purposes as their presence is not considered within the scope of, and incidental to, the company's business.

Two companies owned by the same individual, not by the same company, are not considered to be parent and subsidiary.

Foreign civil aircraft have special restrictions.

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