

Federal Excise Tax

We would like to take this opportunity to clarify how AA Cargo applies the Federal Excise Tax (FET) for U.S. domestic shipments.

Briefly, the U.S. Internal Revenue Service (IRS) regulates this tax. It is based on the chargeable weight of the shipment, the valuation charges declared on the air waybill, and the following assessorial fees:

- ➔ Fuel Surcharge Fees – MY
- ➔ Dangerous Goods Fees – RA
- ➔ Security Handling Fees – SC
- ➔ Stop In Transit – SI
- ➔ Escort Service – VB
- ➔ Air Freight Fee – VS
- ➔ X-Ray, Screening or Other Security Clearance – XB
- ➔ Excess Value – XV

Although the FET is assessed at **6.25%** for shipments **within the Continental U.S. (e.g., US48)**, it is assessed differently between the Continental U.S. and points in Alaska and Hawaii.

Briefly, the IRS has determined that different tax provisions are necessary for shipments between the Continental U.S. and points in Alaska and Hawaii. It is necessary since these shipments must cross over substantial areas of international territory or waters. In these instances, only a part of the U.S. domestic tax is assessed. This part represents the miles flown over the Continental U.S. and the states of Alaska and Hawaii. A more comprehensive document is available on AACargo.com that contains the tax factors used between the US48 and Hawaii. This will enable you to calculate the FET amounts in the United States.

Additionally, the following examples demonstrate how to calculate the FET within the Continental U.S., as well as those shipments involving Hawaii. **These examples are based upon a 1 pound shipment where no valuation charges have been declared.** The Fuel Surcharge (MY) and Security Handling (SC) amounts are for illustrative purposes only.

ORD – DFW	Amount	Comments
Transportation Charges	\$48.00	
Fuel Surcharge (MY)	\$ 0.18	MY = \$ 0.18 per pound
Security Handling (SC)	\$ 6.00	SC = \$ 0.06 per pound, or a \$ 6.00 minimum fee, whichever is the higher amount
Excess Value (XV)	\$ 0.00	XV = \$ 0.00
Sub-Total	\$54.18	
Tax	\$ 3.39	Tax = \$54.18 X 0.0625 (6.25%), or \$3.39
TOTAL	\$57.57	

ORD – HNL	Amount	Comments
Transportation Charges	\$48.00	
Fuel Surcharge (MY)	\$ 0.18	MY = \$ 0.18 per pound
Security Handling (SC)	\$ 6.00	SC = \$ 0.06 per pound, or a \$ 6.00 minimum fee, whichever is the higher amount
Excess Value (XV)	\$ 0.00	XV = \$ 0.00
Sub-Total	\$54.18	
Tax	\$ 1.48	Tax = 0.0274 (Tax Factor) X \$54.18, or \$1.48
TOTAL	\$55.66	

For additional information, please contact your local American Airlines Cargo Sales office or your Customer Service Representative.