

New Aviation Tax Developments for 2013

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The new law also provides 50% Bonus Depreciation for new aircraft purchased and placed in service by December 31, 2014 that are operated under F.A.R. Part 91 only. (Please note: You must enter into a contract and make the prescribed non refundable deposit no later than December 31, 2013. You make take delivery and place the aircraft into service in 2014 and still be eligible for 50% bonus depreciation for 2014).

Five year MACRS depreciation is still available for aircraft operated more than 50% under during the tax year under F.A.R. Part 91 while 7 year MACRS continues to be applicable for aircraft operated pursuant to F.A.R. Part 135.

Thus, if you purchase a new aircraft this year for \$10,000,000 and operate it under F.A.R. Part 91, assuming 100% business use, your total depreciation for 2013 could amount to \$6,000,000. The same aircraft operated more than 50% under F.A.R. Part 135 during 2013 would be entitled to a depreciation deduction of \$5,714,500.

As more developments become apparent concerning the American Tax Payer Relief Act of 2012, we will keep you informed via emails and via this website.

To ensure compliance imposed by the IRS, we hereby inform you that any U.S. Federal Tax Advice contained in this communication (including any continuation pages or attachments) is not written or tended to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or tax related matter(s).

We can't make you do business with us, but the IRS can make you wish you had!SM

News Item Published January 03, 2013

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