

**ATIS Group LLC**  
**VICTOR CHARLES ANVICK, Manager**  
**AVIATION TAX SPECIALIST**  
**M.S. TAXATION - ENROLLED AGENT**  
**1850 SHADOW CANYON ROAD**  
**ACTON, CALIFORNIA 93510**  
**VOICE – 661 269-9441**  
**FAX – 661 269-9434**  
**Website: [www.atisgroup.com](http://www.atisgroup.com)**

**Special Notice: 50% Bonus Depreciation Update** (August 18, 2003)

A recent discussion with an IRS Chief Counsel has disclosed that a new income tax regulation will be issued approximately late September 2003. It will also permit bonus depreciation on the undepreciated portion of your old aircraft that is used to purchase a new airplane. Any remaining basis in your old aircraft will be depreciated on its original schedule as if the exchange had not occurred.

It is expected that the new regulation will also contain examples concerning the proper calculation of the bonus depreciation and the remaining depreciation on the old aircraft as well as the bonus depreciation on the tax basis for the new aircraft.

In order to avoid any penalties, I would caution against any tax planning at this point which would try to “second guess” the contents of this expected regulation.

At least four separate methods of calculating the depreciation relative to a trade in aircraft have been identified in connection with the Jobs and Growth Tax Reconciliation Act of 2003. None of these methods are in complete compliance with new laws, IRS Notices or Procedures that have been issued in the last 2 years.

As soon as the regulation is issued, I will post it on this website along with my analysis and commentary.