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Purchase Your Aircraft Before Year End to Maximize 2019 Tax Depreciation

The recent changes brought about by the Tax Cut and Jobs Act (TCJA) have created an atmosphere of opportunity in the aviation sector. The changes to the tax code create a window of opportunity for taxpayers to capture a significant tax benefit with the purchase of a business aircraft before the end of the year. Many business owners and prospective aircraft buyers are realizing these tax benefits and taking note.

A significant change brought about by the TCJA is the expansion of bonus depreciation to include new and preowned aircraft. A prospective aircraft buyer, or current aircraft owner, can potentially write off the entire purchase of the aircraft they are buying to utilize for their business operations.

In addition, Section 179 expensing went from \$500,000 to \$1,020,000 million and is available for new and used aircraft. Section 179 may be a viable option for companies who may not be able to utilize 100% bonus depreciation.

Example: Below is an illustration of the income tax savings, using bonus depreciation, when you purchase to a new or preowned aircraft before year-end:

Purchase Price of Replacement Aircraft	\$4,000,000
Bonus Depreciation available	\$4,000,000
Income tax benefits at 40% marginal tax rate	\$1,600,000

With proper planning, a taxpayer acquiring a new or used aircraft in 2019 can produce immediate reduction in income tax liabilities. This illustration assumes 100% business use in 2019 and the taxpayer will comply with various income tax regulations like related party leasing and passive activity loss rules.

To find out more, please visit our website, www.aviationtaxconsultants.com or call us at 812-342-9589.

Aviation Tax Consultants (ATC) assists aircraft purchasers in acquiring aircraft in a tax efficient manner. Our services include the elimination or reduction of sales tax at the time of purchase, maximizing income tax savings, controlling the cost of personal use of the aircraft, complying with passive activity loss, hobby loss and related party leasing rules and Federal Aviation Regulations. Cooperation with client's current tax and legal advisors is welcome and encouraged.

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