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## BONUS DEPRECIATION FOR 2022 AND BEYOND

The Tax Cuts and Jobs Act (TCJA) of 2017 has transformed and jump started the resurgence of the business aviation industry. Many manufacturers are facing backlogs resulting in a 12+ month waiting period for customers to take delivery of new business aircraft.

100% bonus depreciation for business aircraft was implemented by TCJA with a phase out beginning in 2023. The following table illustrates the phase out for new and used aircraft:

	2022	2023	2024	2025	2026	2027
Used Aircraft	100%	80%	60%	40%	20%	N/A
New Aircraft *	100%	100%	80%	60%	40%	20%

\* New aircraft acquisition receives a one-year reprieve on the phase out of bonus depreciation if the following requirements are met:

- New aircraft or a demonstrator
- Written binding contract executed with a nonrefundable deposit of at least \$100,000;
- For 2023 delivery, binding contract is executed before December 31, 2022
- For 2024 delivery, binding contract is executed before December 31, 2023
- Production period of the aircraft exceeds 4 months
- Aircraft use is non-commercial (not primarily for 135 charter use)

If a taxpayer signs a binding contract to purchase a new business aircraft before December 31, 2022, the aircraft will qualify for 100% bonus depreciation in tax year 2023, when the aircraft is delivered and placed in service.

If a taxpayer signs a binding contract to purchase a new business aircraft before December 31, 2023, the aircraft will qualify for 80% bonus depreciation in tax year 2024, when the aircraft is delivered and placed in service.

If a taxpayer signs a contract to buy a new or used aircraft in 2023, 80% bonus depreciation is applied when the aircraft is delivered and placed in service in 2023.

For more information, [www.aviationtaxconsultants.com](http://www.aviationtaxconsultants.com) or call **1-812-342-9589**.

**Aviation Tax Consultants (ATC)** assists aircraft buyers 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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