



14600 N. Airport Drive, Scottsdale, Arizona 85260 • (812) 342-9589

CHARITABLE FLYING

Having been involved in the general aviation industry for over two decades, I have always recognized the positive contributions our industry provides to society. Whether it is natural disasters, transporting veterans and ordinary folks needing medical treatments, or pets that need rescued or relocated, pilots and aircraft owners, fixed base operators, and numerous other stakeholders in our industry step up to provide invaluable support.

The Internal Revenue Code offers support for aircraft owners who fly for charitable organizations. For an aircraft owner who utilizes the aircraft in a business, tax deductions are available. With the tax law changes in recent years, business owners can deduct the full costs of operating the aircraft when the charitable flights are handled correctly.

Overview

To enable deductibility, the flight needs to be for a qualified charity. Numerous organizations are registered with the Internal Revenue Service (IRS) as qualified charities. Educational and religious organizations generally qualify. An inquiry with the group that you fly for can confirm its status.

Deductible charitable flights must be directly related to a qualified charity's exempt purposes. Flying a patient for medical treatment, organized by a qualified charity, will be a tax-deductible flight. A flight to a charity fundraiser gala or flying a charity's board member to attend a board meeting is not considered a tax-deductible charitable flight.

Tax treatment for private aircraft owners:

Only direct operating expenses can be deducted – fuel and oil. If you purchase a special insurance policy for the charitable flight, this premium can be deductible. Any fixed costs cannot be deducted. You also cannot deduct the value of the time that you spend on a flight.

Deductible expenses for your charitable flying can be deducted on Schedule A, Itemized Deductions, on your personal income tax return, Form 1040.

Tax treatment for business aircraft owners:

The general rule for business aircraft deductions is that the flight is conducted for business travel. By definition, a charitable flight is not a business flight. With some recent changes to the



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tax code, however, a business owner can now take full tax advantage of certain non-business flying, defined as a personal non-entertainment (PNE) flight.

A PNE flight is defined as a personal flight that is not for the entertainment of the taxpayer. A charitable flight will qualify as a PNE flight (despite the significant personal satisfaction and joy a taxpayer will experience). Medical and bereavement travels are other examples of PNE flights.

A PNE flight is treated as a tax-deductible compensation use of the aircraft by the taxpayer. Valuation of this compensation can be based on the Standard Industry Fare Level (SIFL) method. The valuation rate is published and updated by the IRS every six months. SIFL income shall be reported to the taxpayer as a noncash fringe benefit.

Income tax treatment can vary based on your corporate and aircraft ownership structure. Consult with your tax advisor for the proper treatment of your charitable flying.

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Daniel Cheung, CPA is the co-founder of Aviation Tax Consultants, which is celebrating its 20th anniversary in 2023. Daniel recently joined the Board of Directors of Angel Flight West (<https://www.angelflightwest.org>) and he encourages readers to identify a charity that aligns with their values and enjoy the most satisfying flying one can experience!