



9224 W. Raintree Dr. • Columbus, IN 47201 • (800)342-9589 • Fax (812)341-9001

The Gulf Opportunity Zone Act of 2005 Offers Tremendous Tax Savings for Aircraft Purchases Utilized in the Hurricane Disaster Relief Area

On December 21, 2005, President Bush signed into law The Gulf Opportunity Zone Act of 2005. The Act offers taxpayers 50% bonus depreciation and increased section 179 expensing for qualifying aircraft purchases.

- Qualifying property acquired on or after August 28, 2005
- “Substantially all” of the use of the aircraft must be in an active trade or business in the Gulf Opportunity Zone (GO Zone.)
- 85% or more of the flight hours should be for traveling in the GO Zone.
- No adjustment for Alternative Minimum Tax
- Maximum Section 179 Expensing in 2006 - \$208,000
- Maximum Bonus Depreciation – 50% of purchase price

Gulf Opportunity Zone Parishes in Louisiana

Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson, Jefferson Davis, Lafayette, Lafourche, Livingston, Orleans, Pointe Coupee, Plaquemines, St. Bernard, St. Charles, St. Helena, St. James, St. John, St. Mary, St. Martin, St. Tammany, Tangipahoa, Terrebonne, Vermillion, Washington, West Baton Rouge and West Feliciana.

Gulf Opportunity Zone Counties in Mississippi

Adams, Amite, Attala, Choctaw, Claiborne, Clarke, Copiah Covington, Forrest, Franklin, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston and Yazoo

Gulf Opportunity Zone Counties in Alabama

Baldwin, Marengo, Mobile, Pickens, Greene, Hale, Tuscaloosa and Washington

A Cirrus SR22 GTS Example

By fully integrating your aircraft into your trade or business, you can generate tax savings by substantially deducting all the operating expenses of the aircraft. Sales and use tax savings can amount to an additional four to nine percent of the aircraft purchase price. Sales and use tax savings opportunities vary depending on the state that serves as the home base of the aircraft. The accompanying table illustrates the amount of potential tax depreciation generated from the purchase of a Cirrus SR22 GTS, based on 100% business use.



purchase of a Cirrus SR22 GTS, based on 100% business use.

Tax Year	2006
Purchase Price	\$474,680
Percentage of Purchase Price Depreciated	78%
Tax Deductions due to Depreciation	\$368,008
Potential Income Tax Savings from Depreciation *	\$147,203
Sales Tax Savings (6%)	\$28,481
* Potential income tax savings computed based on 40% combined federal and state marginal income tax rates.	

Each taxpayer’s tax situation is unique. In some cases, you may not be able to take full advantage of the deductions discussed in this memorandum. Proper planning begins with the help of aviation tax specialists. Failure to document and support the proper business and personal use of the aircraft can jeopardize these deductions. Finally, it is imperative that you operate your aircraft in full compliance with the Federal Aviation Regulations. To find out more, please visit our website at www.aviationtaxconsultants.com or call us at **1-800-342-9589**.

Fred McCarter

fmccarter@aviationtaxconsultants.com
(800) 342-9589 (ofc) 812-371-5322 (cell)

Daniel Cheung, CPA

daniel@aviationtaxconsultants.com
(800) 342-9589 (ofc) (317) 716-3388 (cell)

Updated: February 2006

Disclosure Under IRS Circular 230: To ensure compliance with requirements recently imposed by the IRS, we inform you that any tax advice contained in this communication, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax related penalties or promoting, marketing or recommending to another party any tax related matters addressed herein.