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BONUS DEPRECIATION Available for 2009 Deliveries

The House of Representatives and the Senate passed the final version of the economic stimulus package on February 7, 2008. Two key provisions in the package that will benefit the general aviation industry are the return of 50% bonus depreciation and the increase of Section 179 Expensing. President Bush has promised to sign the economic stimulus package into law.

The general rule to qualify for bonus depreciation includes:

- * Purchase and place in service a new business aircraft in 2008
- * No binding purchase contract exists prior to January 1, 2008
- * Aircraft held as demonstrator by factory or dealer will qualify as new aircraft
- * Acquiring an existing position in the market place for an aircraft that will deliver in 2008 can qualify for bonus depreciation.

If the following requirements are met, a 2009 delivery can also qualify for bonus depreciation:

- * Signing a binding contract to buy the aircraft by December 31, 2008
- * Making a non-refundable deposit of the lessor of:
 - o 10 percent of the cost, or
 - o \$100,000, and
- * The aircraft should have an estimated production period exceeding 4 months
- * The cost of the aircraft exceeds \$200,000.
- * Taking delivery and placing the aircraft in service by December 31, 2009

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, avoiding passive activity loss rules and complying with Federal Aviation Regulations. Cooperation with client's current tax and legal advisors is welcome and encouraged.

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