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BONUS DEPRECIATION RETURNS

- * *Write off at least 60% of a new aircraft purchase in 2008*
- * *Increase Section 179 Expensing benefits new and used aircraft purchase*

Congress passed the Economic Stimulus Package Act of 2008 on February 7, 2008. The legislation brings back bonus depreciation and an increase to Section 179 Expensing. President Bush has promised to sign the economic stimulus package into law.

Bonus depreciation was a huge success in 2002 and it gave the general aviation industry a tremendous boost. Effective for aircraft purchase placed in service on or after January 1, 2008, 50% Bonus depreciation will be immediately available in 2008. For aircraft that costs under \$800,000, Section 179 expensing is increased to \$250,000, effective January 1, 2008.

Bonus depreciation applies only to new, factory manufactured business aircraft. Certain demonstration aircraft not previously titled may also qualify.

Depreciation examples for various aircraft will be available on our website next week. Below is a sample of the tax deduction available on the purchase of a new business aircraft:

| MODEL | COST | % DEDUCTIBLE | 2008 DEPRECIATION |
|------------------|-------------|--------------|-------------------|
| Beech C90GT | \$3,100,000 | 60% | \$1,860,000 |
| Cessna 400 | \$620,000 | 76% | \$472,000 |
| Cirrus SR22 GTS | \$477,950 | 81% | \$386,770 |
| Diamond DA40 XLS | \$347,900 | 89% | \$308,740 |
| Mooney Ovation 3 | \$474,900 | 81% | \$384,940 |
| Pilatus PC-12 | \$3,800,000 | 60% | \$2,280,000 |
| Piper Matrix | \$785,000 | 73% | \$571,000 |
| Socata TBM 850 | \$2,800,000 | 60% | \$1,761,000 |

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

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