



PERSONAL USE OF A BUSINESS AIRCRAFT LEGISLATIVE UPDATE

Senator Mark Dayton of Minnesota is continuing a trend by politicians in Washington DC to eliminate the perceived abuse of corporate jets by executives of corporate America. He introduced an amendment (No. 2658) to Senate Bill 2020 (the Tax Relief Act of 2005) that will have negative impact to any taxpayers that operate any business aircraft, from a single piston engine Cirrus to the largest business jets, from a small business owner that utilize a piston aircraft to increase efficiency and productivity to Walmart that utilizes business aircraft to transport mid-level managers and IT professionals to help manage its stores in small towns across the country.

<http://www.aviationtaxconsultants.com/pdfs/DaytonAmendment2658.pdf>

The first area of concern is a provision that would effectively abolish SIFL (Standard Industry Fare Level) and replace it with the greater of the fair market value or the cost of owning/operating the aircraft to value the fringe benefit taxed to an employee non-business use of a company aircraft. This would apply to all personal use, not just entertainment use.

The second provision expands the deduction limitations of personal use of a business aircraft to ALL employees, not just specified individuals (shareholders, CEO, etc.)

<http://www.aviationtaxconsultants.com/pdfs/SFCSection555.pdf>

There are no similar provisions in the House version of the legislation. There are just a couple of weeks before Congress returns to debate these provisions and pass the Tax Relief Act of 2005. I urge you to go to the Contact Congress section of NBAA's website:

<http://web.nbaa.org/public/govt/action/>

to send Letter #1 (Oppose Harmful Proposals for Business Aircraft Use) to your congressional representatives. Based on your zip code, the letter will automatically be sent to your two Senators and Representative.

We will continue to monitor and inform you of the latest development and please feel free to contact me or Mike Nichols at NBAA (202-783-9000) if you have any questions. I have also included a background on the personal use issue provided by the NBAA for your information.

<http://www.aviationtaxconsultants.com/pdfs/PERSONALUSEBACKGROUND.pdf>

Thank you.

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