



## **Bonus Depreciation and Expensing Election Leverage Tax Savings for New Aircraft**

### **THE RECOVERY REBATES AND ECONOMIC STIMULUS FOR THE AMERICAN PEOPLE ACT OF 2008 OFFERS ACCELERATED TAX DEDUCTIONS**

The 2008 economic stimulus bill provides both 50% bonus depreciation on new aircraft purchases, and an expanded maximum \$250,000 expensing election for taxpayers who invest less than \$1,050,000 new or used in capital assets. These provisions result in the following deductions for 2008 purchases of a new Diamond aircraft placed in service before September 30, 2008:

Model	Cost	2008 Deduction	Deduction % of cost
DA20	\$175,000	\$175,000	100%
DA40	\$334,950	\$300,970	89%
DA42	\$640,000	\$484,000	75%

You must take possession of your aircraft in 2008 to qualify for the expanded deductions. Bonus depreciation is available only to new aircraft used primarily for business. The expensing election applies to both new and used aircraft, but is limited to taxable income of the taxpayer. Aircraft ownership structuring is also impacted by unique FAA rules, sales tax issues, and liability concerns which must be blended with these new tax issues. For further details see “Qualifying for Bonus Depreciation on Aircraft” and “Qualifying for the Expanded \$250,000 Expensing Election” at [www.advocatetax.com](http://www.advocatetax.com).

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February 7, 2008  
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