



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 Cessna aircraft placed in service before September 30, 2008:

Model	Cost	2008 Deduction	Deduction % of cost
172S	\$283,500	\$270,100	95%
182T	\$367,000	\$320,200	87%
T206H	\$540,500	\$424,300	79%
C350	\$535,000	\$421,000	79%
C400	\$620,000	\$472,000	76%

You must take possession of your aircraft in 2008 to qualify for all of the expanded deductions. Bonus depreciation may be available for certain new aircraft purchased in 2008 delivered in 2009, expanded expensing deductions will not apply. 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”, “Qualifying for the Expanded \$250,000 Expensing Election” and the “Aircraft Depreciation Calculator” at www.advocatetax.com.

Louis M. Meiners, Jr.
President
February 13, 2008
www.advocatetax.com

Louis M. Meiners, Jr. is an Indiana attorney and CPA who serves as president of Advocate Aircraft Taxation Company. Advocate's practice is limited to serving the needs of owners and operators of aircraft. Services include aircraft operational analysis, sales and use tax management on aircraft acquisitions, income tax planning, federal excise tax planning, and representation before taxing authorities. Meiners can be reached at (888) 325-1942, or loum@advocatetax.com.

IRS Circular 230 Disclosure. New IRS rules impose requirements concerning any written federal tax advice from attorneys. To ensure compliance with those rules, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under federal tax laws, specifically including the Internal Revenue Code, or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.