



## Talking Points: CORPORATE JET TAX

### BACKGROUND

The tax benefit of depreciation for corporate jets has been debated and targeted for possible change during the recent budget deficit talks in Washington D.C.

Depreciation is an accounting concept designed to match the cost of an asset with its useful life. For tax purposes, accountants use it to schedule how much they can deduct for depreciation in a given year.

Shorter depreciation schedules provide incentives for big purchases of equipment such as jet aircraft because the faster pace reduces short-term tax liability, giving buyers more cash on hand.

Section 401 of last year's Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act allowed corporate aircraft owners to depreciate the entire investment in new aircraft in one year instead of five years, which was the previous standard.

Business jets have been the subject of tax depreciations advantageous to buyers since 1987. This has been reinforced several times throughout the past decade - once following 9-11, and again as part of the stimulus package in 2008. In fact, this incentive has been supported by presidential administrations from its inception under Ronald Reagan right through today under President Obama, who endorsed it as recently as 2009 when he included "accelerated depreciation" in the 2009 economic stimulus package.

On Dec. 31, 2011 the tax provision will expire, and there is talk that not only will this tax break disappear, but also the depreciation schedule for corporate jets may be altered to match the seven-year depreciation of airliners.

### NJASAP SEEKS YOUR SUPPORT

*NJASAP wants your support for our pilots and fellow employees as well as every other American who is directly involved in or affected by Business Aviation.*

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### QUICK FACTS

- The aviation industry sustained a disproportionate amount of damage after 9-11.
- Business Aviation suffered damage to its image in 2008 when executives from U.S. auto manufacturers were asked about corporate jet travel.
- The amount of money that will be generated by those who want to curtail purchase incentives for business jets is negligible: \$2 to \$3 billion of a 10- year period when talking about a \$14.5 trillion dollar debt.
- Business Aviation contributes \$150 billion annually to the U.S. economy and employs more than 1.2 million Americans.
- The United States currently produces the majority of aircraft worldwide, but faces significant competition in Europe and Brazil.
- Business Aviation employs individuals in high-tech positions and offers quality manufacturing jobs in an era when jobs are going overseas.
- Business Aviation feeds smaller communities and links the nation's business economy.
- Business Aviation requires tremendous logistical support from hotels, caterers, fuelers, fixed-based operators and local municipalities.
- NetJets employs 6,300 employees approximately 2,400 of whom are pilots in more than 100 bases around the United States: Each NetJets employee is a critical components to Business Aviation and the national economy.

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