



BARBERA & WATKINS, LLC

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BUSINESS AIRCRAFT OWNERSHIP 101: A LEGAL AND TAX CHECKLIST

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Purchase Planning Questions

- Use?
- Ownership?
- Risk?
- Owner control and involvement?
- Location?
- Timing?
- Administration and recordkeeping?

Purchase Team

- Company team
- Aviation/technical consultant and/or broker
- Pilot/maintenance technician/management company
- Aviation legal counsel
- Financial institution
- Tax and accounting advisors
- Aviation insurance broker
- Title insurance broker
- Escrow agent
- For foreign transactions
 - Foreign counsel
 - US customs broker

Legal and Tax Planning Issues

Ownership

- Single/joint/fractional
- Entity selection
- FAA aircraft registration and citizenship

Operations

- Operational control
- FAR Part 91/135
- Leasing

Financing

- Cash/Loan/Lease

Risk Management

- Owner liability
- Maintenance liability
- Operator liability
- Pilot liability
- Contractual indemnities
- Insurance

Tax

- Federal income tax issues
 - Trade or business asset
 - Depreciation, including bonus
 - 1031 exchange
 - Hobby loss
 - At-risk
 - Passive activity
 - Loss limitations
 - Net Investment Income Tax
 - Heavy maintenance
 - Business/personal/entertainment
 - Company
 - Employee
- Federal excise tax issues
- State and local tax issues
- International tax issues

Other Special

- SEC for public companies
- Highly regulated industries

Implementation

- Set up structure
- Purchase
- Ongoing timely, accurate and complete records

Periodic Review

- At least annually
- Buy/sell/exchange aircraft
- Changes in company, aircraft management, location or use
- Re-registration

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