



**BARBERA & WATKINS, LLC**

www.bwaerolaw.com

**BUSINESS AIRCRAFT OWNERSHIP 101: A LEGAL AND TAX CHECKLIST**

*by Joanne Barbera*

**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

**THIS INFORMATION IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE LEGAL ADVICE.**

COPYRIGHT © BARBERA & WATKINS, LLC 2011-2018 ALL RIGHTS RESERVED