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1. Federal Excise Tax Holiday: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law by President Trump on March 27, 2020. The CARES Act enacts a tax holiday for Federal Excise Tax (FET) on payments made for all passenger air transportation, including both Part 135 operations and applicable Part 91 operations, starting on the enactment of the Act and ending before January 1, 2021. The tax holiday also applies to certain fuel taxes on commercial kerosene.
2. Proposed Regulations on Federal Excise Tax on Management Arrangements: On July 31, 2020, the IRS issued proposed regulations relating to the exemption under IRC 4261(e)(5) for aircraft management services paid for by an aircraft owner or lessee that was created by the 2017 Tax Cuts and Jobs Act. The preamble and proposed regulations define aircraft management services broadly, include multiple providers and take a potentially restrictive approach to the terms “owner” and “lessee”. This could have implications for a number of aircraft structures, including for (i) the beneficial owner of an aircraft under an aircraft trust arrangement, (2) leases that are non-exclusive or are not explicitly exclusive, (iii) operating agreements or other agreements that are not explicitly leases and (iv) oral leases. NBAA, NATA and other industry groups are pushing back on these proposed regulations.
3. Final Regulations on Bonus Depreciation: On November 10, 2020, the IRS issued final regulations regarding bonus depreciation under IRC 168(k). The final regulations finalize the 2019 proposed regulations with only minor changes.
4. Proposed Regulations on Commuting: On June 23, 2020, the IRS issued proposed regulations that address the disallowance of deductions for commuting under IRC 274 that was put in place by the 2017 Tax Cuts and Jobs Act.
5. FAA Enforcement on Dry Leasing: The FAA has announced its Safe Air Charter initiative and has been training FAA inspectors on illegal charter operations. Illegal charter practices include sham dry leases and improper reimbursement for operations under FAR 91. (A dry lease is a lease of an aircraft without any crewmember.) More information about the Safe Air Charter initiative at: https://www.faa.gov/about/initiatives/safe_charter_operations/

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