



* * * **INCOME TAX COMPLIANCE ALERT** * * *

PERSONAL/ENTERTAINMENT USE OF BUSINESS AIRCRAFT

Since 2005, GKG Law has prepared calculations of SIFL inclusion amounts and personal entertainment use disallowance percentages for business aircraft owners and operators. The complex tax accounting rules governing imputation of income and disallowance of expenses relating to personal utilization of business aircraft can be very confusing, especially for business aircraft owners and operators who do not work with them regularly. It is important to ensure proper compliance with these rules to avoid the risk of adverse tax consequences.

GKG Law attorneys and in house accounting staff have a deep knowledge and level of experience working with these rules to ensure proper compliance with them. We will work with your accounting and bookkeeping team to (i) calculate fringe-benefit income to be imputed to your employees, officers and directors under the Standard Industry Fare Level (SIFL) methodology for personal use of a corporate aircraft, and (ii) calculate that portion of your aircraft operating expenses attributable to entertainment, amusement and recreational use of the aircraft and disallowed under Section 274 of the Internal Revenue Code utilizing each of the methodologies specified in the regulations. GKG Law uses a flat fee, value based, approach to determine its fees for performing the aforementioned calculations that is based on the total number of flight segments flown during a taxable year and the percentage of such flight segments that are for amusement, recreational, or entertainment purposes.

Please give us a call to discuss your questions concerning the tax consequences of using your company's business aircraft for entertainment, recreation or amusement purposes. For a fee quote to perform the calculations described above, or if you would like us to assist you in accounting for such use, please call Troy Rolf at 952-449-8817, Keith Swirsky at 202-342-5251, or Chris Younger at 202-342-5295 – we'd be glad to help.