

SOARING AIRCRAFT MARKET MEANS HIGHER CAPITAL GAIN TAXES FOR AIRCRAFT OWNERS



TAX CONSEQUENCES OF SELLING AIRCRAFT

Compliments of

What does a growing economy and delayed delivery times for new aircraft mean to aircraft owners? An increase in the value of your present aircraft! As anyone who is involved in the aviation industry can tell you, aircraft of all types and ages have seen dramatic increases in value in recent years. This translates into increased opportunity for those individuals or corporations wishing to upgrade their current aircraft.

While appreciation of your aircraft is generally a positive thing, there is also a downside. Specifically, any appreciation in value of your aircraft will result in capital gain taxes at the time the aircraft is sold. On the other hand, depreciation taken on the aircraft will be subject to depreciation recapture at the time of a sale. Aircraft owners looking to upgrade their current aircraft may be in for disappointment. Once tax advisors calculate the amount of value remaining to reinvest in a new aircraft, it may not seem to be a smart move to sell after all.

PERFORM AN EXCHANGE, RATHER THAN SELLING

The answer to this dilemma lies in exchanging your aircraft, instead of selling. Many aircraft owners are unaware that a method exists for deferring the significant capital gain taxes and depreciation recapture due on the sale of their aircraft. An exchange is nearly as simple as a typical aircraft sale. Once you have located a purchaser for your aircraft, you or your broker contacts a Qualified Intermediary who will structure your exchange within the IRS requirements. It is not necessary to purchase your replacement aircraft from the same party you are selling to, nor is it necessary to close your sale and your purchase at the same time. The IRS has built in timeframes to allow you flexibility in your exchange.

ASSET PRESERVATION PROVIDES A TAX SOLUTION

Sellers of business use aircraft turn to Asset Preservation Inc. (API) for answers to their capital gain tax dilemmas. Aircraft owners have learned that API has helped structure hundreds of aircraft sales as §1031 exchanges, thereby deferring capital gain taxes due! As a Qualified Intermediary, Asset Preservation, Inc. has designed a system for facilitating aircraft exchanges which allows owners to sell aircraft, search for replacement aircraft, and complete tax deferred exchanges within the time limits specified by the IRS. API's sole purpose is to guide aircraft owners through their exchange transactions with minimal interruption to their everyday business activities.

API professionals monitor each exchange carefully through communication with sellers and brokers to address issues as they arise. Our experienced staff and aircraft specialists allow us to accommodate all types of exchange transactions. Give API a call to learn how we can help you keep your sale proceeds available for reinvestment in a new or upgraded aircraft. Our exchange counselors are always available to answer questions and provide guidance in determining if a §1031 tax deferred exchange might be an excellent alternative for you.



ASSET PRESERVATION
INCORPORATED

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