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The Return of 100% Bonus Depreciation and the Expansion of 179 Expensing:

A Boost for General Aviation in the One Big Beautiful Bill Act of 2025

By Suzanne Meiners-Levy

July 8, 2025

After much debate in Congress, July 4, 2025, marked the signing of the **One Big Beautiful Bill Act (OBBBA)**, an important and welcome development in the tax landscape for general aviation aircraft used for business purposes. The Act provides opportunity and certainty, two welcome attributes as business aviation aircraft owners seek to develop, grow, or modify their fleet of aircraft in 2025 and moving forward.

The Act Makes 100% Bonus Depreciation Available for Qualifying Aircraft

Code Sec. 168(k) provides additional first-year ("bonus") depreciation for qualifying aircraft. Before the Act, the applicable rate for bonus depreciation was being phased down to zero over five years, with a looming full phase out. The amended bonus depreciation provisions of the OBBBA reinstate and make permanent[1] 100% first-year depreciation for qualified property acquired and placed in service after January 19, 2025, with a transitional election to utilize reduced percentages for property acquired prior to that date and placed in service during a taxable year ending after that date. There are no retroactive changes to bonus depreciation for the 2023 and 2024 tax years.

In order to be eligible for the 100% bonus depreciation provided, the aircraft must be: owned by an eligible taxpayer, be acquired and placed in service after January 19, 2025, and be used predominately for business use, with at least 25% of the use meeting a more restrictive "qualified business use" definition. As in many areas of tax practice, there are a number of technical tax traps that may disqualify a business aircraft from bonus eligibility, or create deductions that are not of use to the taxpayer[2], making it essential to discuss the acquisition and intended use profile, including ownership and business structure, with a business aviation tax specialist.

It is also important to realize that bonus is an opportunity, rather than a requirement, and based upon the needs of your business, a slower depreciation schedule may be a better fit depending on the aircraft purchase price, the anticipated taxable revenues (and revenue type[3]) in the year of acquisition, and the future intended use of the

[1] "Permanent" is, of course, subject to future legislative will. In this context it simply means that the OBBB does not sunset or phase down the bonus percentage in future tax years. For the life of the act, the bonus percentage will remain at 100%.
[2] It is important that the income type of the business (active, passive, investment) match that of the deduction or it will not be available to the taxpayer in the tax year at issue. In a 100% bonus environment this determination is critical to avoid suspension of the deductions until the time of sale.
[3] Because recapture of depreciation occurs at ordinary income tax rates, it is generally advised to only take bonus depreciation against income taxed at ordinary rates. This is a nuanced determination to be considered with an advisor.

aircraft beyond the first year. Effective planning may provide taxpayers options to elect an alternative schedule at the time of filing the return, provided that the aircraft structure and use are properly executed in the tax year[4].

The OBBBA Also Increases 179 Expensing Elections for Qualifying Aircraft Placed in Service in 2025

In addition to the option of taking 100% bonus depreciation, another significant opportunity is provided in the OBBBA for aircraft purchases under $6.5 million through the expansion of the Section 179 deduction. The OBBBA increases the Section 179 deduction cap from $1 million to $2.5 million, with phase-outs beginning at $4 million for property placed in service after December 31, 2024.

Why use Section 179 expensing when bonus depreciation is 100%? Section 179 expensing, for businesses that qualify[5], is more flexible than bonus depreciation. Specifically, the taxpayer may elect how much they expense, subject to the limit, rather than being locked into 100% of the basis of the property. This flexibility allows taxpayers to spread the deductions across the tax years while still providing a significant capital flow opportunity in the year of purchase.

Finally, The OBBBA Maintains the Complex Tax Landscape for GA Aircraft Imposed by the Tax Cuts and Jobs Act, Requiring Thoughtful Planning and Execution

The TCJA complicated the tax landscape by treating different types of businesses vastly differently in surprising, and sometimes contradictory ways, while also eliminating the deductibility of business entertainment flights, permanently altering the landscape of aviation tax planning. For this reason, it is important to understand the need to seek individualized advice and assistance not only at the moment of purchase or purchase planning, but throughout the duration of the equipment utilization. I often have clients new to business aviation ask me whether the deductions are “worth it.” Only you can determine the answer to that question, but the ability to take deductions for general aviation business expenses saves many businesses millions of dollars each year, allowing further investment in research and development, staffing, and other business needs. Working with a trusted and competent advisor, coupled with the willingness to invest a few extra minutes per flight in record-keeping time, can mean a successful business that is powered by general aviation for years to come.

July 8th, 2025

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Legal Advisor

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[4] Notably in the TCJA and the OBBBA, bonus depreciation is the default assumption, but a taxpayer may elect MACRS or straight-line depreciation if it would be a better business plan.

[5] There are more limitations on the overall profile of a taxpayer that qualifies for 179 deductions, including but not limited to the overall equipment purchases the company may have, and its profitability in the tax year at issue.