



ALERTS

IRS Announces Audits Related To Personal Use Of Business Aircraft

February 28, 2024

Highlights

The IRS announced a special enforcement emphasis for corporate and private jet usage

With this IRS campaign, increased audit activity is expected

Aircraft owners and operators should consider taking steps to ensure compliance with IRS requirements

The IRS recently [issued a news release](#) announcing a special enforcement emphasis on corporate jet usage, including those owned by high-income individuals. Owners and operators of aircraft should anticipate enhanced IRS scrutiny, including an increased likelihood of audit activity for individuals and companies using corporate aircraft, regardless of prior compliance history.

In anticipation of such enforcement activity, aircraft owners and operators should consider confirming ongoing compliance, including an internal review of IRS qualifications for deductions for business use and depreciation, calculation of disallowance for personal and entertainment use, imputation of income, and other tax issues related to the ownership and use of aircraft.

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As noted in the press release, the audits and examination of “corporate jet usage is part of the IRS Large Business and International division’s ‘campaign’ program. Campaigns apply different compliance streams to help address areas with a high risk of noncompliance. These efforts include issue-focused examinations, taxpayer outreach and education, tax form changes and focusing on particular issues that present a high risk of noncompliance.”

When embarking on an internal review, owners should include documents and work papers verifying compliance with IRS requirements for deductions, as well as verifications of calculations for imputation of income to individuals for personal use of company aircraft, specific calculations of disallowance of aircraft deductions for personal entertainment use or commuting, and verification that assets properly qualify for depreciation.

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