

Passengers

Holly, Chip, Timmy, Lacey

Holly, Chip, Timmy, Lacey

Holly, Anne

Holly, Anne

Holly, Chip, Timmy, Lacey

Holly

Chip, Timmy, Lacey

Holly

Holly, Chip

Holly, Chip

Holly, Anne, Alice

Holly, Anne, Alice

Hunter, Alice

Hunter, Alice

Holly, Chip, Timmy, Lacey

Holly, Chip, Timmy, Lacey

BUSINESS AIRCRAFT INITIAL Information Document Request

Instructions to the Examination Team (the team):

These are proforma Information Document Requests (“IDRs”) prepared to assist with an aircraft examination. Please note the following:

- Not all the suggested questions in the proforma IDRs may be applicable for each case.
- The team may need to eliminate, add, or modify some of the suggested questions.

The following is instruction only, not to be included in the IDR sent to the taxpayer.

General comments

In an audit of a business aircraft, requesting the flight logs is a critical first step. Each aircraft should have a flight log and a maintenance log book. These logs will provide you with the basic flight information - date, origin and destination city, flights miles or hours and pilot.

To make a determination on the Qualified Business Use of an aircraft you need to know the destination and purpose of each flight. You will also need this information to determine the deductibility of these expenses.

Most taxpayers will have an electronic version of their flight log in Excel or Adobe. Securing a copy of the taxpayer’s electronic spreadsheet will save you time in preparing a spreadsheet for your calculations. If the taxpayer does provide an electronic spreadsheet, you should still request the actual flight log from the aircraft to verify that the information is correct.

A passenger manifest is a list of passengers on board each leg of the flight. The passenger manifest should be requested. To make a determination of business use, you need to know where the aircraft was flown and who was on board. Taxpayers may not be required under FAA rules to keep a passenger manifest, but under IRC § 274(d) the taxpayer is required to keep such information to substantiate the business use.

Business Aircraft Initial Information Document Request

Issue: To obtain basic information regarding the aircraft reported on the tax return.

Provide the following information related to the aircraft:

1. Flight Log -provide hard copy and electronic version (if available)
 - Flight Date
 - Origin City (include all origin cities for multi-leg flights)
 - Destination City (include all destination cities for multi-leg flights)
 - Flight Time (Hobbs Meter Reading)
 - Pilot in Command (PIC)
 - Co-Pilot (SIC)
2. Aircraft maintenance flight log
3. Passenger manifest for each flight leg
4. Provide a list of all specified individuals as defined in Treasury Regulation § 1.274-9
5. Relationship of passengers to any 5% owner and "specified individuals"
6. Tail number of the aircraft; aircraft registration number; manufacturer's serial number; type and model of the aircraft; and number of passenger seats on the aircraft
7. Aircraft purchase/sales documents
8. Aircraft lease/charter/operating agreements
9. Aircraft management contracts
10. Minutes/documents indicating the business purpose of the aircraft
11. Company policy on the aircraft usage
12. Provide 280F qualified business use calculation
13. Provide copies of the calculations for any expense limitation or disallowance related to the aircraft
14. Provide copies of any fringe benefit computations relating to personal use of the aircraft
15. Were any reimbursements made to the taxpayer for personal use of the aircraft? If yes, provide amounts and trips they were associated with.

After you reviewed the flight logs and noticed personal trips and the fact that the taxpayer did not include any fringe benefit income for the use of the aircraft you put in an inquiry to the Transportation Industry requesting the Fair Charter Value of a G650.

Per the Air Charter Guide for 2021 the Fair Charter Value for a G650 is \$ 10,000 per hour.

Qualified Business Use Cal Occupied Seat Hours or Mil

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Occupied Seat Hours Method. Change Column D to miles to do Occupied Seat

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Occupied Seat Hours (D*E)	Business Flight	Leased to 5% owner or related	
	DTW	ORD		6	4	24.0	24.0	
	FNT	LAN		4	4	16.0		
	ORD	DTW		3	3	9.0		
				25	1	25.0		
						-		
						-		
						-		
TOTALS				38		74.0	24.0	
Allocate Maintenance flights over all categories ratably							12.2	-
TOTAL Occupied Seat Hours							<u>36.2</u>	<u>-</u>

Step 1

25% Test:	Business Flights	36.2	
	Divided by Total Occupied Seat Hours	<u>74.0</u>	
		<u>49%</u>	If Less than 25% STOF
50% Test:	Business Flights	36.2	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	24.2	
	Income Non 5% Owner or Related	-	
	Total	<u>60.4</u>	
	Divided by Total Occupied Seat Hours	<u>74.0</u>	
		<u>82%</u>	If Less than 50% STOF

**culat
es Method**

: Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
16.0			9.0	
16.0	-		9.0	-
8.2	-		4.6	-
24.2	-		13.6	-

³ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

³ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
		24	
		16	
		9	
	25.0	25	
		0	
		0	
		0	
		0	
-	25.0	74	
-	(25.0)	-	
-		74.0	

74

**** Make sure F23, Q23 and Q25 totals agree**

Passengers

**culat
es Method**

: Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
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-	-	-	-	-
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

› here, the taxpayer failed QBU. If 25% or greater move on to Step 2

› here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
		0	
		0	
		0	
		0	
		0	
		0	
		0	
		0	
-	-	0	0
#DIV/0!	-	#DIV/0!	
#DIV/0!		#DIV/0!	

** Make sure F23, Q23 and Q25 totals agree

Passengers

Qualified Business Use Cal Flight by Flight Hours or Mi

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Flight by Flight Hours Method. Change Column D to miles to do Flight by Flight

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Flight allocation per PAX (D/E)	Business Flight	Leased to 5% owner or related	
	DTW	ORD		6	4	1.5	6.0	
	FNT	LAN		4	4	1		
	ORD	DTW		3	3	1		
				25	1	25		
						0		
						0		
						0		
TOTALS				38		28.5	6.0	
Allocate Maintenance flights over all categories ratably							11.5	-
TOTAL Flight by Flight Hour							<u>17.5</u>	<u>-</u>

Step 1

25% Test:	Business Flights	17.5	
	Divided by Flight Hours	38.0	
		<u>62%</u>	If Less than 25% STOP
50% Test:	Business Flights	17.5	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	11.7	
	Income Non 5% Owner or Related	-	
	Total	<u>29.2</u>	
	Divided by Flight Hours	38.0	
		<u>77%</u>	If Less than 50% STOP

**ulation
les Method**

Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment	
4.0			3.0		
4.0	-		3.0	-	-
7.7	-		5.8	-	-
11.7	-		8.8	-	-

here, the taxpayer failed QBU. If 25% or greater move on to Step 2

here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
		6.0	
		4.0	
		3.0	
	25.0	25.0	
		-	
		-	
		-	
		-	
-	25.0	38.0	
-	(25.0)	-	
-		38.0	

** Make sure D23, Q23 and Q25 totals agree

Passengers

Qualified Business Use Cal Flight by Flight Hours or Mi

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Flight by Flight Hours Method. Change Column D to miles to do Flight by Flight

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Flight allocation per PAX (D/E)	Business Flight	Leased to 5% owner or related
					#DIV/0!		
					#DIV/0!		
					#DIV/0!		
					#DIV/0!		
					#DIV/0!		
					#DIV/0!		
TOTALS				0	#DIV/0!	-	-
Allocate Maintenance flights over all categories ratably						#DIV/0!	#DIV/0!
TOTAL Flight by Flight Hour						<u>#DIV/0!</u>	<u>#DIV/0!</u>
Step 1							
25% Test:	Business Flights				#DIV/0!		
	Divided by Flight Hours				-		
					<u>#DIV/0!</u>		If Less than 25% STOP
50% Test:	Business Flights				#DIV/0!		
	Leased to 5% Owner or Related				#DIV/0!		
	Treated as Income to 5% Owner or Related				#DIV/0!		
	Income Non 5% Owner or Related				#DIV/0!		
	Total				<u>#DIV/0!</u>		
	Divided by Flight Hours				-		
					<u>#DIV/0!</u>		If Less than 50% STOP

**ulation
les Method**

Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
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-	-	-	-	-
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

› here, the taxpayer failed QBU. If 25% or greater move on to Step 2

› here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Passengers

Qualified Business Use Cal Occupied Seat Miles Methc

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Occupied Seat Hours Method. Change Column D to miles to do Occupied Seat

Date	Departure City	Arrival City	Miles	Total PAX	Occupied Seat Hours (D*E)	Business Flight	Leased to 5% owner or related
11/5/2021	ORD	BNA	492	1	492.0		
11/6/2021	BNA	MCO	695	4	2,780.0		2,780.0
11/14/2021	MCO	BNA	695	4	2,780.0		2,780.0
11/15/2021	BNA	PIT	462	2	924.0	462.0	462.0
11/16/2021	PIT	BNA	462	2	924.0	462.0	462.0
11/24/2021	BNA	DSM	658	4	2,632.0		2,632.0
11/28/2021	DSM	MSP	235	1	235.0		235.0
11/29/2021	MSP	DSM	235	3	705.0		705.0
11/29/2021	DSM	BNA	658	3	1,974.0		1,974.0
12/1/2021	BNA	MSP	960	1	960.0		960.0
12/1/2021	MSP	BNA	960	1	960.0		960.0
12/4/2021	BNA	DSM	658	2	1,316.0		1,316.0
12/6/2021	DSM	BNA	658	2	1,316.0		1,316.0
12/12/2021	BNA	BNA	100	1	100.0		
12/14/2021	BNA	ORD	492	3	1,476.0	984.0	492.0
12/15/2021	ORD	BNA	492	3	1,476.0	984.0	492.0
12/18/2021	BNA	PIT	462	2	924.0	924.0	
12/19/2021	PIT	BNA	462	2	924.0	924.0	
12/20/2021	BNA	RSW	722	4	2,888.0		2,888.0
TOTALS			10558		25,786.0	4,740.0	20,454.0
Allocate Maintenance flights over all categories ratably						111.4	480.6
TOTAL Occupied Seat Hours						4,851.4	20,934.6

Step 1

25% Test:	Business Flights	4,851.4	
	Divided by Total Occupied Seat Hours	25,786.0	
		19%	If Less than 25% STOF
50% Test:	Business Flights	4,851.4	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	-	
	Income Non 5% Owner or Related	-	
	Total	4,851.4	
	Divided by Total Occupied Seat Hours	25,786.0	
		19%	If Less than 50% STOF

**Calculation
and**

: Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment Unsubstantiated
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-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

^ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

^ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
492.0	492	Delivery flight of the new aircraft
	2780	Family went to Sea World and Universal Studios
	2780	Family went to Sea World and Universal Studios
	924	Emails to set up meeting and follow up emails summarizing meetin
	924	Emails to set up meeting and follow up emails summarizing meetin
	2632	Trip to see Chip's family with the kids
	235	Holly going to a pet food convention and the taxpayer could provid
	705	Deadhead to get plane back to DSM to take Chip and kids home
	1974	Trip to take Chip and kids home
	960	Deadhead to go get Holly from the pet food convention
	960	Holly home from pet food convention
	1316	Grandmothers funeral
	1316	Grandmothers funeral
100.0	100	Maintenance
	1476	Emails to set up meeting and new negotiated contract with distribu
	1476	Emails to set up meeting and new negotiated contract with distribu
	924	Going to Steelers game with their banker
	924	Home from Steelers game with their banker
	2888	Going to their 2nd home in Naples, FL
	0	
592.0	25786	
(592.0)	-	
<u>592.0</u>	25,786.0	** Make sure F23, Q23 and Q25 totals agree

Passengers

Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey
Holly, Anne
Holly, Anne
Holly, Chip, Timmy, Lacey
Holly

Chip, Timmy, Lacey

Holly
Holly, Chip
Holly, Chip

Holly, Anne, Alice
Holly, Anne, Alice
Hunter, Alice
Hunter, Alice
Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey



Qualified Business Use Cal Flight by Flight Miles Metho

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Flight by Flight Hours Method. Change Column D to miles to do Flight by Flight

Date	Departure City	Arrival City	Miles	Total PAX	Flight allocation per PAX (D/E)	Business Flight	Leased to 5% owner or related
					#DIV/0!		
11/5/2021	ORD	BNA	492	1	492		
11/6/2021	BNA	MCO	695	4	173.75		695.0
11/14/2021	MCO	BNA	695	4	173.75		695.0
11/15/2021	BNA	PIT	462	2	231	231.0	231.0
11/16/2021	PIT	BNA	462	2	231	231.0	231.0
11/24/2021	BNA	DSM	658	4	164.5		658.0
11/28/2021	DSM	MSP	235	1	235		235.0
11/29/2021	MSP	DSM	235	3	78.33333333		235.0
11/29/2021	DSM	BNA	658	3	219.3333333		658.0
12/1/2021	BNA	MSP	960	1	960		960.0
12/1/2021	MSP	BNA	960	1	960		960.0
12/4/2021	BNA	DSM	658	2	329		658.0
12/6/2021	DSM	BNA	658	2	329		658.0
12/12/2021	BNA	BNA	100	1	100		
12/14/2021	BNA	ORD	492	3	164	328.0	164.0
12/15/2021	ORD	BNA	492	3	164	328.0	164.0
12/18/2021	BNA	PIT	462	2	231	462.0	
12/19/2021	PIT	BNA	462	2	231	462.0	
12/20/2021	BNA	RSW	722	4	180.5		722.0
TOTALS			10558		5647.166667	2,042.0	7,924.0
Allocate Maintenance flights over all categories ratably						121.3	470.7
TOTAL Flight by Flight Hour						2,163.3	8,394.7

Step 1

25% Test:	Business Flights	2,163.3	
	Divided by Flight Miles	10,558.0	
		20%	If Less than 25% STOF
50% Test:	Business Flights	2,163.3	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	-	
	Income Non 5% Owner or Related	-	
	Total	2,163.3	
	Divided by Flight Miles	10,558.0	
		20%	If Less than 50% STOF

calculation
id

Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
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-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

³ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

³ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F
		-
	492.0	492.0
		695.0
		695.0
		462.0
		462.0
		658.0
		235.0
		235.0
		658.0
		960.0
		960.0
		658.0
		658.0
	100.0	100.0
		492.0
		492.0
		462.0
		462.0
		722.0
-	592.0	10,558.0
-	(592.0)	-
-		10,558.0

Explanation of flight

Delivery flight of the new aircraft
Family went to Sea World and Universal Studios
Family went to Sea World and Universal Studios
Emails to set up meeting and follow up emails summarizing meetings with dates around the time of the trip
Emails to set up meeting and follow up emails summarizing meetings with dates around the time of the trip
Trip to see Chip's family with the kids
Holly going to a pet food convention and the taxpayer could provide registration
Deadhead to get plane back to DSM to take Chip and kids home
Trip to take Chip and kids home
Deadhead to go get Holly from the pet food convention
Holly home from pet food convention
Grandmothers funeral
Grandmothers funeral
Maintenance
Emails to set up meeting and new negotiated contract with distributor signed on 12/15
Emails to set up meeting and new negotiated contract with distributor signed on 12/15
Going to Steelers game with their banker
Home from Steelers game with their banker
Going to their 2nd home in Naples, FL

**** Make sure D23, Q23 and Q25 totals agree**

Passengers

Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey
Holly, Anne
Holly, Anne
Holly, Chip, Timmy, Lacey
Holly

Chip, Timmy, Lacey

Holly
Holly, Chip
Holly, Chip

Holly, Anne, Alice
Holly, Anne, Alice
Hunter, Alice
Hunter, Alice
Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey



Qualified Business Use Calculation Flight by Flight Hours

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Flight by Flight Hours Method. Change Column D to miles to do Flight by Flight

Date	Departure City	Arrival City	Hours	Total PAX	Flight allocation per PAX (D/E)	Business Flight	Leased to 5% owner or related
					#DIV/0!		
11/5/2021	ORD	BNA	1.5	1	1.5		
11/6/2021	BNA	MCO	2.1	4	0.525		2.1
11/14/2021	MCO	BNA	2.2	4	0.55		2.2
11/15/2021	BNA	PIT	1.5	2	0.75	0.8	0.8
11/16/2021	PIT	BNA	1.4	2	0.7	0.7	0.7
11/24/2021	BNA	DSM	1.8	4	0.45		1.8
11/28/2021	DSM	MSP	1.2	1	1.2		1.2
11/29/2021	MSP	DSM	1.2	3	0.4		1.2
11/29/2021	DSM	BNA	1.8	3	0.6		1.8
12/1/2021	BNA	MSP	2.1	1	2.1		2.1
12/1/2021	MSP	BNA	2.1	1	2.1		2.1
12/4/2021	BNA	DSM	1.8	2	0.9		1.8
12/6/2021	DSM	BNA	1.8	2	0.9		1.8
12/12/2021	BNA	BNA	0.6	1	0.6		
12/14/2021	BNA	ORD	1.5	3	0.5	1.0	0.5
12/15/2021	ORD	BNA	1.5	3	0.5	1.0	0.5
12/18/2021	BNA	PIT	1.5	2	0.75	1.5	
12/19/2021	PIT	BNA	1.5	2	0.75	1.5	
12/20/2021	BNA	RSW	2.1	4	0.525		2.1
TOTALS			31.2			6.5	22.7
Allocate Maintenance flights over all categories ratably						0.5	1.6
TOTAL Flight by Flight Hour						<u>6.9</u>	<u>24.3</u>

Step 1

25% Test:	Business Flights	6.9	
	Divided by Flight Hours	31.2	
		<u>22%</u>	If Less than 25% STOF
50% Test:	Business Flights	6.9	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	-	
	Income Non 5% Owner or Related	-	
	Total	6.9	
	Divided by Flight Hours	31.2	
		<u>22%</u>	If Less than 50% STOF

culation

Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
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-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

³ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

³ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F
		-
	1.5	1.5
		2.1
		2.2
		1.5
		1.4
		1.8
		1.2
		1.2
		1.8
		2.1
		2.1
		1.8
		1.8
	0.6	0.6
		1.5
		1.5
		1.5
		1.5
		2.1
-	2.1	31.2
-	(2.1)	-
-		31.2

Explanation of flight

Delivery flight of the new aircraft
Family went to Sea World and Universal Studios
Family went to Sea World and Universal Studios
Emails to set up meeting and follow up emails summarizing meetings with dates around the time of the trip
Emails to set up meeting and follow up emails summarizing meetings with dates around the time of the trip
Trip to see Chip's family with the kids
Holly going to a pet food convention and the taxpayer could provide registration
Deadhead to get plane back to DSM to take Chip and kids home
Trip to take Chip and kids home
Deadhead to go get Holly from the pet food convention
Holly home from pet food convention
Grandmothers funeral
Grandmothers funeral
Maintenance
Emails to set up meeting and new negotiated contract with distributor signed on 12/15
Emails to set up meeting and new negotiated contract with distributor signed on 12/15
Going to Steelers game with their banker
Home from Steelers game with their banker
Going to their 2nd home in Naples, FL

**** Make sure D23, Q23 and Q25 totals agree**

Passengers

Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey
Holly, Anne
Holly, Anne
Holly, Chip, Timmy, Lacey
Holly

Chip, Timmy, Lacey

Holly
Holly, Chip
Holly, Chip

Holly, Anne, Alice
Holly, Anne, Alice
Hunter, Alice
Hunter, Alice
Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey



Qualified Business Use Cal Occupied Seat Hours or Mil

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Occupied Seat Hours Method. Change Column D to miles to do Occupied Seat

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Occupied Seat Hours (D*E)	Business Flight	Leased to 5% owner or related
11/5/2021	ORD	BNA	1.5	1	1.5		
11/6/2021	BNA	MCO	2.1	4	8.4		8.4
11/14/2021	MCO	BNA	2.2	4	8.8		8.8
11/15/2021	BNA	PIT	1.5	2	3.0	1.5	1.5
11/16/2021	PIT	BNA	1.4	2	2.8	1.4	1.4
11/24/2021	BNA	DSM	1.8	4	7.2		7.2
11/28/2021	DSM	MSP	1.2	1	1.2		1.2
11/29/2021	MSP	DSM	1.2	3	3.6		3.6
11/29/2021	DSM	BNA	1.8	3	5.4		5.4
12/1/2021	BNA	MSP	2.1	1	2.1		2.1
12/1/2021	MSP	BNA	2.1	1	2.1		2.1
12/4/2021	BNA	DSM	1.8	2	3.6		3.6
12/6/2021	DSM	BNA	1.8	2	3.6		3.6
12/12/2021	BNA	BNA	0.6	1	0.6		
12/14/2021	BNA	ORD	1.5	3	4.5	3.0	1.5
12/15/2021	ORD	BNA	1.5	3	4.5	3.0	1.5
12/18/2021	BNA	PIT	1.5	2	3.0	3.0	
12/19/2021	PIT	BNA	1.5	2	3.0	3.0	
12/20/2021	BNA	RSW	2.1	4	8.4		8.4
TOTALS			31.2		77.3	14.9	60.3
Allocate Maintenance flights over all categories ratably						0.4	1.7
TOTAL Occupied Seat Hours						15.3	62.0

Step 1

25% Test:	Business Flights	15.3	
	Divided by Total Occupied Seat Hours	77.3	
		20%	If Less than 25% STOF
50% Test:	Business Flights	15.3	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	-	
	Income Non 5% Owner or Related	-	
	Total	15.3	
	Divided by Total Occupied Seat Hours	77.3	
		20%	If Less than 50% STOF

**ulation
es Method**

: Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment Unsubstantiated
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-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

³ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

³ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
1.5	1.5	Delivery flight of the new aircraft
	8.4	Family went to Sea World and Universal Studios
	8.8	Family went to Sea World and Universal Studios
	3	Emails to set up meeting and follow up emails summarizing meetin
	2.8	Emails to set up meeting and follow up emails summarizing meetin
	7.2	Trip to see Chip's family with the kids
	1.2	Holly going to a pet food convention and the taxpayer could provid
	3.6	Deadhead to get plane back to DSM to take Chip and kids home
	5.4	Trip to take Chip and kids home
	2.1	Deadhead to go get Holly from the pet food convention
	2.1	Holly home from pet food convention
	3.6	Grandmothers funeral
	3.6	Grandmothers funeral
0.6	0.6	Maintenance
	4.5	Emails to set up meeting and new negotiated contract with distribu
	4.5	Emails to set up meeting and new negotiated contract with distribu
	3	Going to Steelers game with their banker
	3	Home from Steelers game with their banker
	8.4	Going to their 2nd home in Naples, FL
	0	
2.1	77.3	77.3
(2.1)	-	
	77.3	** Make sure F23, Q23 and Q25 totals agree

Passengers

Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey
Holly, Anne
Holly, Anne
Holly, Chip, Timmy, Lacey
Holly

Chip, Timmy, Lacey

Holly
Holly, Chip
Holly, Chip

Holly, Anne, Alice
Holly, Anne, Alice
Hunter, Alice
Hunter, Alice
Holly, Chip, Timmy, Lacey
Holly, Chip, Timmy, Lacey

Qualified Business Use Cal Occupied Seat Hours or Mil

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Occupied Seat Hours Method. Change Column D to miles to do Occupied Seat

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Occupied Seat Hours (D*E)	Business Flight	Leased to 5% owner or related	
	DTW	ORD		6	4	24.0	24.0	
	FNT	LAN		4	4	16.0		
	ORD	DTW		3	3	9.0		
				25	1	25.0		
						-		
						-		
						-		
TOTALS				38		74.0	24.0	
Allocate Maintenance flights over all categories ratably							12.2	-
TOTAL Occupied Seat Hours							<u>36.2</u>	<u>-</u>

Step 1

25% Test:	Business Flights	36.2	
	Divided by Total Occupied Seat Hours	74.0	
		<u>49%</u>	If Less than 25% STOF
50% Test:	Business Flights	36.2	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	24.2	
	Income Non 5% Owner or Related	-	
	Total	<u>60.4</u>	
	Divided by Total Occupied Seat Hours	74.0	
		<u>82%</u>	If Less than 50% STOF

**ulation
es Method**

: Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment	Unsubstantiated
16.0			9.0		
16.0	-		9.0	-	-
8.2	-		4.6	-	-
24.2	-		13.6	-	-

› here, the taxpayer failed QBU. If 25% or greater move on to Step 2

› here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
	24	
	16	
	9	
25.0	25	
	0	
	0	
	0	
	0	
25.0	74	74
(25.0)	-	
	74.0	

** Make sure F23, Q23 and Q25 totals agree

Passengers

Qualified Business Use Calculation Flight by Flight Hours or Miles

To Pass QBU a taxpayer must pass:

1. The 25% QBU Test AND
2. The 50% QBU Test

This example shows Flight by Flight Hours Method. Change Column D to miles to do Flight by Flight Miles Method.

Date	Departure City	Arrival City	Miles or Hours	Total PAX	Flight allocation per PAX (D/E)	Business Flight	Leased to 5% owner or related	
	DTW	ORD		6	4	1.5	6.0	
	FNT	LAN		4	4	1		
	ORD	DTW		3	3	1		
				25	1	25		
						0		
						0		
						0		
TOTALS				38		28.5	6.0	
Allocate Maintenance flights over all categories ratably							11.5	-
TOTAL Flight by Flight Hour							<u>17.5</u>	<u>-</u>

Step 1

25% Test:	Business Flights	17.5	
	Divided by Flight Hours	38.0	
		<u>62%</u>	If Less than 25% STOP
50% Test:	Business Flights	17.5	
	Leased to 5% Owner or Related	-	
	Treated as Income to 5% Owner or Related	11.7	
	Income Non 5% Owner or Related	-	
	Total	<u>29.2</u>	
	Divided by Flight Hours	38.0	
		<u>77%</u>	If Less than 50% STOP

**ulation
les Method**

Miles Method.

Treated as Income to 5% Owner/Related	Use by Non 5% Owner or related that is not reported in Income	Personal No Income or lease	IRC 212 Flights	Nondeductible Commuting/ Business Entertainment
4.0			3.0	
4.0	-		3.0	-
7.7	-		5.8	-
11.7	-		8.8	-

³ here, the taxpayer failed QBU. If 25% or greater move on to Step 2

³ here, the taxpayer failed QBU. If great than 50% taxpayer passed QBU

Unsubstantiated	Maintenance/ Training Flights	Verify Total Hrs = Col. F	Explanation of flight
		6.0	
		4.0	
		3.0	
	25.0	25.0	
		-	
		-	
		-	
		-	
-	25.0	38.0	
-	(25.0)	-	
-		38.0	

** Make sure D23, Q23 and Q25 totals agree

Passengers

	Total	Business	Leased to	Treated as	Use by Non 5% Owner or	Personal	IRC 212	Nondeductible		
	PAX	Flight	5% owner	Income to 5%	related that is not	No Income	Flights	Business	Unsubstantiated	Maintenance/
			or related	Owner/Related	reported in Income	or lease		Entertainment	Training	
Garth took daughter to NYC to see a Broadway show - no income	2					X				
Two 1120 Employees flew to dealership owned by taxpayer for business meeting - Substantiation provided	2	X								
Garth and wife took a vacation - no lease or income inclusion	2					X				
Garth leased the aircraft for his horse racing business	3		X							
Corporate Golf Outing	5							X		
Shareholder vacation - trip included in Garth's W-2	2			X						
Director meeting in Park City, UT - no substantiation	5								X	
Garth traveled from residence to primary business location	5							X		
Required Safety Inspection	0									X
Employee (not related to owner) vacation trip not included in W-2	3				X					

Treas. Reg. 1.61-21(g) "Multiple" for SIFL Formula

Treas. Reg. 1.61-21(g)(7)
Aircraft Multiples for SIFL Calculations

Maximum Certified Takeoff Weight of the Aircraft	Multiple For a Control Employee	Multiple For a Non-Control Employee
6,000 lbs. or less	62.5%	15.6%
6,001-10,000 lbs.	125%	23.4%
10,001 - 25,000 lbs.	300%	31.3%
25,001 lbs or greater	400%	31.3%

Input Correct % as "decimal value" in SIFL Value Calculation.
For Example, 15.6% should be entered as .156

A "control employee" is defined in Treas. Reg. 1.61-21(g)(8).