

LEGAL UPDATES

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Industry
Transportation

DOT Revises the Standard Industry Fare Level for First Six Months of 2014

The U.S. Department of Transportation recently revised the Standard Industry Fare Level (SIFL) rates that are used to value an employee's personal use of a company aircraft, as required by the Internal Revenue Code Section 61 and the Federal Tax Regulations Section 1.61-21(g). The Department announced that the following rates will apply for the six month period from January 1, 2014 through June 30, 2014:

Mileage Range	Amount Per Mile
0 – 500 miles	\$0.2515
501 – 1,500 miles	\$0.1918
Over 1,500 miles	\$0.1844
Terminal Charge	\$45.98

What This Means to You

If your company permits employees to use a company owned aircraft for personal use, it is important to take note of the new rates and be prepared to calculate the value of the employee's use as a potentially taxable event to the employee. The rules also apply when an employee's guests or family members use an employer-provided aircraft. Additionally, even though the company may lose the business deduction for personal use flights that the IRS classifies

as recreational, amusement or entertainment, such classification does not eliminate the requirement that the company allocate the value of the personal use flights to the individual receiving the benefit of such flights.

Contact Information

For more information regarding the SIFL rates, assistance with calculating the value of an employer-provided flight or other aviation-related issues, please contact David Agee or Michael Cosby in the Husch Blackwell Aviation group.

IRS Required Statement

Pursuant to recently-promulgated U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly stated, any federal tax advice contained in this communication, including attachments and enclosures, is not intended or written to be used, and can not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.