

September 27, 2010

Still Time to Register for GWBAA Golf Tournament

Sixth Annual Tournament to be Held at 1757 Golf Club



On Thursday, September 30th, GWBAA will hold its sixth Annual Golf Tournament to benefit the Aero Club of Washington Foundation. This year's event will be at the 1757 Golf Club in Dulles, VA, with a shotgun start at 8am and lunch and awards to follow at Noon. Visit <http://www.1757golfclub.com> to learn more about this new course. For information and to register as a player, as well as to sign up for one of many sponsor opportunities, visit <http://2010gwbaagolf.eventbrite.com>.

GWBAA thanks the many sponsors that have already signed-up for the event, including:



Regional News Round-Up

Leesburg Executive Airport officially commemorated the completion of the new aircraft hangars on the South Apron on September 2. The project included 10 new T-hangars and six new executive aircraft hangars, replacing hangars that were damaged in a snowstorm in 2002

and demolished. With their completion, Leesburg now has 46 T-hangars and 11 executive aircraft hangars. The total project cost was \$2.8 million. Future work at the airport will provide additional aircraft tie-down spaces, and will relocate the existing fuel farm, but is not expected to begin until 2014.

FAA is expected to award funds for the construction of a new control tower at **Frederick Municipal Airport**. According to Airport Manager Kevin Daugherty, the city attorney is reviewing the grant agreement. Once the mayor signs the agreement, it can be returned to the FAA, which will provide the money in a lump sum. Eight bids, ranging from \$3.5 million to \$4.4 million, have been received for the project, which includes a 100-foot tower, and road and utility extensions to the site, Daugherty said. The target completion date for the project is 2015.

Hagerstown Regional Airport has opened its new aircraft rescue and firefighting station. The \$2.7 million project received 95% of its funding from FAA. The facility will house the airport's two crash rescue vehicles and one of Washington County's mass casualty trailers.

Four Maryland airports have received grants to improve safety and efficiency. \$120,000 will be provided for the second phase of runway obstruction clearance at **Crisfield Municipal Airport**; \$160,000 will be provided to reconstruct the north/south runway at Ocean City Municipal Airport; \$400,000 will be provided to rehabilitate and re-mark runways at **Bay Bridge Airport**, and \$45,000 will be used for runway extensions at **Cambridge-Dorchester Airport**.

If you're aware of any news of interest to business aviation occurring around the greater Washington area, please let us know at info@gwbaa.com.

GWBAA Holds Legislative and Tax Update Luncheon

On August 11, GWBAA hosted a luncheon at Signature Flight Support's facility at Ronald Reagan Washington National Airport to update members and other attendees about developments on Capitol Hill and in Maryland and Virginia. The speakers included Lisa Piccione, NBAA's Senior Vice President for Government Affairs; Randall Burdette, Director, Virginia Department of Aviation; and Ashish Solanki, Director, Maryland Office of Regional Aviation Assistance (pictured). GWBAA thanks the attendees and sponsors for their interest and participation.



GUEST VIEWPOINT:

Aircraft Martini Talk – Gossip That's Too Good To Be True

GWBAA is pleased to present the following discussion from Keith G. Swirsky.

The CEO calls you into his office and tells you that over the weekend he attended a dinner party at a friend's house and was told that this friend's company is writing off all use of its jet,

and the CEO wants to know why his own company's tax department can't find a way to do the same thing. In particular, the friend, who works in New York City, has a home in Florida,

commutes to Florida on weekends during the winter, and writes off the flights on Fridays and Mondays between New York and Florida. The CEO wants to do the same thing, but he reminds you that his tax department said that this was commuting, or even entertainment use of the aircraft, and could not be treated as deductible business use for tax purposes.

How should you respond? If you are the chief pilot or the CFO, the most diplomatic response is that you will immediately look into whether your tax department is being too conservative. Assuming that your tax department had conducted research and was confident that it was handling aircraft tax compliance properly, the more straightforward response is that many tax rules are open to interpretation, and some taxpayers will be very aggressive in their interpretations while others will err on the side of being more conservative; the decision to be aggressive or conservative is largely a judgment call. You may also say that the majority of aircraft owners have not consulted an aviation tax and regulatory expert to obtain proper advice – and that the CEO's friend may, knowingly or unknowingly, simply be taking large IRS and/or regulatory risks.

This may just be the tip of the iceberg. The CEO certainly has many friends that own or use corporate aircraft, and undoubtedly has heard a lot of cocktail party chatter about his or her friends who have never been audited by the IRS, or who have won on every issue ever raised in an audit. Certainly, when it comes to the corporate aircraft, a lot of posturing happens and people tend to exaggerate or perhaps gloss over the details. After all, who wants to admit over drinks that they flouted the tax code and then took a beating in a tax audit.

As you may now realize, this article is intended to poke fun. However, it is a serious matter when tax planning for the corporate aircraft is handled cavalierly. It is definitely cavalier to simply carbon-copy what someone else is doing, simply because they are taking bigger write-offs or being less restrictive on FAA compliance matters. It is definitely cavalier to resort to the old saying "we've always done it this way, why do we need to change anything?" The fact is that laws change, and even when laws do not change, our understanding of the laws evolves,

and federal and state agencies enforcement positions on the laws evolve. Lastly, it is cavalier to assume that an executive, an accountant or a lawyer who is a trusted advisor, but not an expert in aviation, can provide accurate and/or comprehensive tax advice and planning.

Most importantly, if you are confronted with a federal income tax audit, or a state sales and use tax audit involving the aircraft, you should NEVER assume that if you keep the "big guns" (translation: aviation tax lawyer) out of the picture, that the taxing agency will settle easily or with better results. In fact, the opposite is almost always true – the better and more credible your representative in a tax audit, the more likely you are to have the auditor relying on your expert to provide the structure for settling the audit. This is mostly true because a large majority of auditors have handled few, if any, aircraft tax audits, and accordingly are more than happy to allow your experts to educate them on the law.

To circle back to the top, aircraft martini talk can be thought provoking, but should never provide a substitute for thoughtful planning founded on proper research. The National Business Aircraft Association has substantial tax and FAA resources available on its website, and can also refer members to tax experts. GKG Law has long been a contributor to the NBAA's resource materials, and also has dozens of articles, power point presentations and audio/video webinars archived on its own website: gkglaw.com.

For a more proactive approach, you can attend an NBAA tax seminar, or other industry sponsored seminar, or log into one of the many webinars put on by GKG Law. Of course, for what you will view with

Keith G. Swirsky is President of GKG Law and is a tax specialist concentrating in the areas of corporate aircraft transactions and aviation taxation. The firm's business aircraft practice group, chaired by Mr. Swirsky, provides full-service tax and regulatory planning and counseling services to corporate aircraft owners, operators and managers. The group's services include Section 1031 tax-free exchanges, federal tax and regulatory planning, state sales and use tax planning, and negotiation and

preparation of all manner of transactional documents commonly used in the business aviation industry, including aircraft purchase agreements, leases, joint-ownership and joint-use agreements, management and charter agreements, and fractional program documents.

Mr. Swirsky may be reached at the firm's Washington, D.C. office, 1054 31st Street, NW, Suite 200, Washington, D.C. 20007, Telephone: (202) 342-5251, Facsimile: (202) 965-5725, E-mail: kswirsky@gkglaw.com.

FAA General Aviation News



The current issue of FAA's bi-monthly publication for general aviation – now titled "FAA Safety Briefing" – is now available from the FAA website, at http://www.faa.gov/news/safety_briefing/. The theme of the issue is "proficiency," which includes a variety of articles emphasizing the importance of practice and proficiency checkups, including for specific situations such as IFR operations and pilots who haven't recently flown. The issue also includes updates on other topics, including the revisions to D.C.-area flight rules that went into effect on September 1, and the use of NASA's Aviation Safety Reporting System.

Upcoming Aviation Events

- **September 28:** National Aeronautic Association luncheon featuring Vice Admiral Bill Gortney, Director of the Joint Staff, at the Crystal Gateway Marriott. For more information, please visit <http://www.naa.aero/html/events/index.cfm?cmsid=110>.
- **September 30:** Save the date for the sixth annual GWBAA golf tournament at the 1757 Golf Club; for more information, please visit <http://2010qwbaagolf.eventbrite.com>.
- **October 2:** Virginia Airport Owners Association meeting at the Virginia Aviation Museum in Richmond. For more information, please visit <http://vaoa.us>.
- **October 7:** FAA Safety Team CFI Workshop Module #1 (FAA Safety Team and the WINGs Pilot Proficiency Program) at Hagerstown Regional Airport at 6:30pm. For more information, visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=34178.
- **October 9:** 11th annual Air Fest at Culpeper Airport. For more information, please visit <http://web.culpepercounty.gov/CountyGovernment/Airport.aspx>.
- **October 13:** FAA Safety Team seminar on "Real World IFR" at the Hilton Gaithersburg. For information, visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=33394.
- **October 15-18:** "Wings of Freedom" at Carroll County Regional Airport. For more information, please visit <http://www.carrollcountyairport.com/events.htm>.
- **October 18:** FAA Safety Team seminar on "Inside and Outside the Cockpit - Resource Management for Crew and Single Pilot" at the Frederick Flight Center at 6pm. For information, visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=34333.

- **October 23:** Airshow and Hangar Dance at Leesburg Executive Airport. For more information, please visit <http://jyo.aero>.
- **October 24:** 55th Annual Air Traffic Control Association conference at the Gaylord National Resort and Convention Center. For more information, please visit <http://www.memberservicecenter.org/irmweb/wc.dll/vaaleatca?id=vaaleatca&doc=events/event&kn=50>.
- **October 24:** Crisfield Airport Safety Fly-In at 1pm. For more information, please visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=33942.
- **October 26:** Aero Club luncheon featuring Fred Curado, CEO of Embraer, at the Renaissance Hotel. For information, visit <http://www.aeroclub.org/luncheons.htm>.
- **October 27:** Virginia Aviation Safety Week seminar on "Real World IFR" at the Virginia Aviation Museum in Richmond. For information, visit <http://www.doav.virginia.gov>.
- **October 27:** FAA Safety Team CFI Workshop Module #1 (FAA Safety Team and the WINGs Pilot Proficiency Program) at Tipton Airport at 7pm. For more information, please visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=34176.
- **November 2-4:** NTSB Bar Association conference. For more information, please visit <http://www.ntsbbar.org/public/NTSB%20Bar%20Conference%20Schedule%20and%20Information.pdf?menuID=13&menuID>.
- **November 8:** National Aeronautic Association fall awards banquet at the Crystal Gateway Marriott. For more information, please visit <http://www.naa.aero/html/events/index.cfm?cmsid=105>.
- **December 8:** FAA Safety Team seminar on "Real World IFR" at the Crowne Plaza Baltimore at 7pm. For more information, please visit http://www.faasafety.gov/SPANS/event_details.aspx?eid=33260.
- **February 15-16:** 36th annual FAA aviation forecast conference. For more information, please visit http://www.faa.gov/news/conferences_events/aviation_forecast_2011/.
- **February 23:** American Bar Association Forum on Air & Space law update conference at the Mandarin Oriental Hotel. For more information, please visit <http://new.abanet.org/Forums/Airspace/Pages/default.aspx>.

GWBAA Offers Online Benefits

We continue to add member information for GWBAA's electronic membership directory – <http://www.gwbaa.com/directory.html>. This service is available to GWBAA members at no cost. Please contact Jol Silversmith (jasilversmith@zsrlaw.com) if you want to post your company's information.



GWBAA Contacts

GWBAA President Paige Kroner of Chantilly Air (paigekroner@chantillyair.com) and GWBAA Secretary Jol Silversmith of Zuckert, Scoutt & Rasenberger, LLP (jasilversmith@zsrlaw.com) write and edit GWBAA News. GWBAA's success and ability to make a difference depends on the breadth of its support and your participation – so please send any ideas or comments for future newsletters, or for GWBAA, in general, to Paige or Jol.

Under the terms of the Federal CAN-SPAM Act, this e-mail may be considered to be an “advertisement” or “solicitation.” If you do not wish to receive any further emails from GWBAA, please send an email to: info@gwbaa.com, with the words “OPT-OUT” in the subject line. The postal address for GWBAA is c/o Paige Kroner, Chantilly Air, 10761 James Payne Court, Manassas, VA 20110, (703) 361-8253.