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Bizav specialist's accounting software aims to simplify aircraft tax matters

by James Wynbrandt

Aviation tax firm Wolcott & Associates, debuting as an exhibitor at the NBAA Convention, is showcasing its proprietary web-based Flight Tax Systems (FTS) software here in Orlando. FTS helps users identify, protect and preserve tax deductions for their aircraft, and this year a new data import function has been added to the software.

Designed by the firm's aviation and aircraft tax experts to assist owners, operators and tax professionals with tracking the tax-related activities of their aircraft, FTS also includes SIFL (standard industry fare level) reporting for employee use of company aircraft; cost disallowance calculations for entertainment use of company aircraft; primary purpose reporting for business use of individual-owned aircraft; and

track leasing use for state sales tax reporting. The program also has individual modules for Florida, Texas and California state taxes.

Having such usage documentation is more important than ever, tax experts say. As the result of tracking and reporting rules the IRS codified in 2012, "the use of business aircraft has to be tracked a lot more closely than it used to be," said Sue Folkringa, a certified public accountant (CPA) at Wolcott & Associates (Booth 652). "A lot of people don't have accurate information on aircraft usage. In an audit situation, that's what it's all about: who was on the aircraft, where it went."

While some programs that track maintenance, pilot flight time and aircraft performance and scheduling also include a

module for tracking expenses, "there's no application like this that's tax-centric," Folkringa said. "This is developed by CPAs who work only in the aviation field, and that's the strength of it."

FTS is constantly updated and its capabilities expanded, Folkringa said. It can now track the days spent in states that levy sales tax on aircraft that exceed an annual allowance for transient aircraft. The tax software's new data import features allows flight data to be imported into the software from a scheduler's software download or Excel spreadsheet, saving time and reducing errors from manual data entry. Step-by-step instructions are provided to ease users through the process.

For aircraft weighing less than 12,500 pounds, FTS is priced at \$995 for one year's

service and \$3,995 for aircraft of that weight and above (including multiple aircraft). For an individual owner in a fractional-share program, the price is \$1,395. Purchasers also get access to Wolcott & Associates' staff for answers to accounting questions pertaining to the software or the expenses it tracks. Robin Welch, CFO at JPS Aviation in Monroe, La., has been using FTS for two years and calls it "an efficient, time-saving tool for tracking aircraft usage and completing the related tax calculations."

Sprung from a Spreadsheet

FTS had its genesis in a spreadsheet company founder Jed Wolcott developed to help prepare clients' taxes. Seeing the need for an automated version, the firm, founded in 1984, developed the software for in-house use and in 2013 established its eponymous Flight Tax Systems division to market and sell the software to aircraft owners and operators.

Wolcott & Associates is now "on the cusp" of offering a licensed version of the software, according to Jed Wolcott, the firm's founder. "We believe it will be very popular with CPA and law firms and other tax professionals that have clients with

aircraft," he said. No price has been set, yet.

In addition to FTS, the Fort Lauderdale, Fla.-based practice offers a complete suite of aviation tax solutions, including tax-return preparation and consulting and offers online CPE and CLE educational opportunities through webinars on current tax-related issues and regulations. Here at the show, the firm's staff is "happy to talk to people about tax and financial reporting needs," Wolcott said. "Aircraft are big-dollar assets, they're almost businesses in themselves, and it takes a lot of money to keep them going."

Asked about the impact that declining aircraft values have on an owner's tax-reporting requirements, Wolcott said tax-wise, the aircraft value comes into play only when it's sold. And when that time comes, "we can help [owners] find the best tax approach, whether to sell or trade or do a tax-free exchange, and certainly one of the factors we take into account is the market value."

Wolcott has been a member of the NBAA's Tax Committee for 15 years and was among the instructors at the convention's annual two-day pre-convention Tax, Regulatory & Risk Management Conference. □



UK pax tax increases opposed by bizav groups

The British Business and General Aviation Association (BBGA) is opposing further increases to the UK's air passenger duty (APD) tax that would steeply raise fees for business aircraft passengers. Though the proposed changes would simplify and reduce charges for scheduled airline passengers, the association maintains that business aviation was "specifically targeted" to pay more.

According to BBGA, the

proposed increased charges that would take effect April 15, 2015, are "considerably higher, in terms of the specific amount and the additional cost." While the majority of outbound sectors are currently charged at a rate of £276 (\$447) per passenger, under the proposal this rises to £427 (\$691)—a 54-percent increase, the BBGA noted. "In contrast, first-class airline passengers will enjoy significant reductions on legs above 4,000

miles—a situation that is unfair and inequitable," it said.

"The proposal for charges to business aviation aircraft with mtows above 20,000 kilograms [44,090 pounds] is neither fair nor balanced," BBGA CEO Marc Bailey said. "We thought initially that the Treasury had made a change that adversely impacted business aviation as an unintended consequence. Now it is clear that, using an arbitrary threshold, the government has deliberately chosen to tax our clients." Further, he said, unlike the previous APD discussions in 2012, the BBGA was not consulted either formally or informally. —C.T.

SPORTY'S OFFERS PREP PROGRAM FOR ATP CANDIDATES

For pilots needing to obtain an airline transport pilot (ATP) certificate, Sporty's (Booth 1357) has developed an FAA-approved ATP certification training program (ATP-CTP). Sporty's partnered with ABX Airlines in Wilmington, Ohio, for the simulator portion of the training.

Pilots seeking the ATP are now required to obtain at least 30 hours of classroom study and 10 hours of simulator training, of which six must be in a level-C full-motion simulator. The ground-school portion must cover subjects such as aerodynamics, stall and upset prevention and recovery training and air carrier operations (to include physiology, communications, checklist philosophy, operational control, minimum equipment and configuration deviation lists, ground operations, turbine engines, transport aircraft performance, automation and

navigation and flightpath warning systems).

Six hours of training is required on leadership/professional development, crew resource management and safety culture.

The six-day Sporty's ATP-CTP program, which prepares students for the FAA knowledge test, costs \$4,500 and will be done in a DC-9 simulator with ABX Airlines instructors. The course includes four days of classroom instruction and two days for the mandatory simulator training.

"ABX Air is proud to partner with Sporty's in the launch of the ATP-CTP," said ABX flight standards and training supervisor Steve Hanshew. "Besides a wealth of airline training experience, ABX also offers a world-class flight simulator training facility where pilots will benefit from learning in modern, full-motion flight simulators from professional and experienced airline pilots." □