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February 18, 2026

Honorable Sheldon Whitehouse
United States Senate
SH-530
Washington, D.C. 20510

Honorable Elizabeth Warren
United States Senate
SH-311
Washington D.C. 20510

Honorable Chris Van Hollen
United States Senate
SH-730
Washington D.C. 20510

Honorable Bernard Sanders
United States Senate
SD-332
Washington, D.C. 20510

Honorable Edward J. Markey
United States Senate
SD-255
Washington, D.C. 20510

Dear Senator Whitehouse, Senator Warren, Senator Van Hollen, Senator Sanders, and Senator Markey:

This letter provides a partial response to your inquiry of November 20, 2025, for information relating to tax benefits provided to businesses that own private jets for employee use. This letter discusses the differences between values for flights calculated with the Standard Industry Fare Level ("SIFL") formula and market prices for commercial and charter flights.

<u>In general</u>

Under present law, Internal Revenue Code section 61(a)(1) provides that gross income generally includes compensation for services, including fees, commissions, fringe benefits, and similar items. Treas. Reg. sec. 1.61-21 provides detail on how taxpayers must value non-commercial flights provided to employees on employer-provided aircraft for purposes of gross income inclusion. The value of a piloted flight provided to employees for primarily personal purposes[1] is either 1) the price such employee would have to pay in an arm's-length transaction

[1] See Treas. Reg. sec. 1.162-2(b)(2). If the flight is for business purposes, the flight is generally treated as a working condition fringe benefit. See Treas. Reg. sec. 1.61-21(g)(4) and 1.132-5(k).

to charter a similar flight[2] or 2) the calculated value using the Standard Industry Fare Level ("SIFL") formula.[3]

<u>SIFL formula</u>

The SIFL formula uses the miles of the flight, certified take-off weight of the aircraft, class of employee, and a terminal charge to determine the value of such a flight. The terminal charge applies for each flight; thus it applies to each leg of a non-stop, round-trip flight.[4] The value of a flight under the SIFL formula is calculated as follows:

Value of flight = terminal charge + aircraft multiple * (mileage rate 1 * first 500 miles + mileage rate 2 * next 1,000 miles + mileage rate 3 * miles above 1,500)

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[2] Treas. Reg. sec. 1.61-21(b)(6). If the employer does not furnish a pilot, the value of the flight is equal to the amount that an individual would have to pay in an arms-length transaction to lease the same or similar aircraft for a similar flight on the same or comparable terms for the same period in the geographic area in which the aircraft is used. Treas. Reg. sec. 1.61-21(b)(7). The value of a piloted flight must be allocated among all employees on board based on the facts and circumstances. Similarly, the fair market value of a flight for which the employer does not furnish a pilot must be allocated among the employees to whom the availability of the flight is of benefit on the basis of the facts and circumstances. However, if one or more employees control the use of a piloted aircraft, the value of the flight is allocated among only the controlling employees, unless a written agreement among all the employees on the flight otherwise allocates the value. For this purpose, an employee controls a flight if he or she has the ability to determine the route, departure time, and destination of the flight.

[3] Treas. Reg. sec. 1.61-21(g). There are a number of situations where the SIFL formula is not used to value the non-commercial flight. Among those, for example, are flights for children under the age of two that do not result in imputed income and therefore do not require a SIFL calculation. Similarly, if an employee takes a personal trip on a noncommercial aircraft and at least one-half of the aircraft's seating capacity is occupied by employees whose flights are primarily business related and excludable from income, no amount is included in that employee's income.

[4] Treas. Reg. sec. 1.61-21(g)(3).

Table 1. – SIFL terminal charge and mileage rates[5]

	Travel Date	
	1/1/25 - 6/30/25	7/1/25 - 12/31/25
Terminal charge	$52.44	$53.62
Rate per mile		
500 miles or less (rate 1)	$0.2869	$0.2933
501 to 1,500 miles (rate 2)	$0.2187	$0.2237
1,501 miles or more (rate 3)	$0.2103	$0.2150

The certified take-off weight of the aircraft and the class of employee are used to determine the aircraft multiple. For non-government employers, control employees are defined as certain officers or directors, employees who are in the top one percent of the most highly-paid employees, or employees who own five-percent or more of equity, capital, or profits interest in the employer.[6] The aircraft multiple is higher for control employees than non-control employees for each weight category of aircraft.[7]

[5] Rev. Rul. 2025-9, 2025-16 I.R.B. 1415, April 14, 2025, and Rev. Rul. 2025-20, 2025-41 I.R.B 474, May 12, 2025.

[6] Treas. Reg. sec. 1.61-21(g)(8). Control employees for government employers are elected officials or employees whose compensation equals or exceeds the amount for a Federal employee holding a position at Executive Level V. Treas. Reg. 1.61-21(g)(9).

[7] Treas. Reg. sec. 1.61-21(g)(7).

Table 2. - Aircraft multiples[8]

Maximum certified take-off weight	Aircraft multiple for a control employee (percent)	Aircraft multiple for a non-control employee (percent)
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 more	400	31.3

The Airline Deregulation Act of 1978, Public Law 95-504, amended the Federal Aviation Act of 1958 and required that the Civil Aeronautics Board ("CAB") establish the Standard Industry Fare Level measure based on fares in effect on July 1, 1977.[9] The statute also required that the SIFL be updated, at least semiannually, by the percentage change in actual operating cost per available seat-mile.[10]

To determine the change in airline operating costs per available seat-mile, operating expenses for the major carriers, including American, Delta, United, and Southwest, are collected and divided by the amount of scheduled service available seat-miles.[11] Although no longer used for regulating passenger fares, the SIFL measure has continued to be updated, generally every six months.

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8 *Ibid.*

9 Airline Deregulation Act of 1978, Pub. L. No 95-504, sec. 37(a)(2), October 24, 1978.

10 *Ibid.*

11 https://www.transportation.gov/sites/dot.gov/files/2025-08/SIFL_25q1q2_Final_Appendix_A.pdf, last accessed on February 4, 2026.

Comparisons

Table 3 summarizes some data on certain city flight pairs[12] to illustrate how fair market values for commercial and charter flights compare to calculated values using SIFL.

Table 3. - Flight Price and Value Comparison

Airports		Flight Price or Value				
Origin	Destination	Commercial	SIFL (control employee; light jet)	SIFL (control employee; mid jet)	Charter (light jet)	Charter (mid jet)
LA metro	NY metro	$430.38		$2,342.24		$17,100.00 - $42,500.00
NY metro	DC metro	$216.01	$237.49	$299.17	$4,500.00 - $6,825.00	$5,160.00 - $6,000.00
LAX	JFK	$498.51		$2,317.00		$17,100.00 - $41,990.00
JFK	DCA	$177.29	$235.77	$296.88	$4,500,00 - $5,112.00	$5,112.00 - $6,000.00
ISP	BWI	$220.76	$241.79	$304.91	$4,500.00 - $5,280.00	$5,280.00 - $6,000.00

Pricing for commercial flights comes from the Department of Transportation's ("DOT") Domestic Airline Consumer Airfare Report for the second quarter of 2025, the most recently released update of the series.[13] Average fares for city-pairs are average prices paid by all fare-paying passengers, thus including first class fares but not free award tickets.

[12] LA metro, NY metro, and DC metro encompass multiple airports within the Los Angeles, New York City, and Washington D.C. metro areas. These include Los Angeles International Airport (LAX) in the LA metro, John F. Kennedy International Airport (JFK) and Long Island MacArthur Airport (ISP) in the NY metro, and Ronald Reagan Washington National Airport (DCA) and Baltimore/Washington International Thurgood Marshall Airport (BWI) in the Washington D.C. metro.

[13] Domestic Airline Fares Consumer Report, Second Quarter 2025 Passenger and Fare Information, U.S. Department of Transportation, Office of Aviation Analysis, September 2025. This data is compiled from responses to the U.S. Department of Transportation's Origin and Destination Survey.

Values of flights using the SIFL formula are calculated using the values for travel dates between January 1, 2025, and June 30, 2025. Employees are assumed to be control employees, and light jets are assumed to weigh between 10,000 and 25,000 pounds and midsize jets are assumed to weigh 25,000 pounds or more. These assumptions result in aircraft multiples of 300 percent and 400 percent, for control employees flying on light jets and midsize jets, respectively (see Table 2).

Currently the staff of the Joint Committee on Taxation does not have access to aggregate data on charter flight pricing, like the publicly-provided data from DOT on commercial flights. Prices for charter flights are therefore based on online quotes collected from various brokers in January 2026.[14] Some quotes are based on flight time and others are based on mileage. These prices are subject to uncertainty as exact prices will depend on specific factors relating to the time and date of flight, plane type, and other fees.[15]

SIFL and charter flight values are not provided for light jets going from the East Coast to the West Coast of the United States as planes in this class generally do not have the range to make such trips without refueling.

Table 3 shows relatively similar values for prices for commercial flights and SIFL formula values for control employees flying on light jets. SIFL formula values for control employees on midsize jets are several multiples of commercial prices for cross country flights. Charter prices show a wide range but can be up to 20 times more than SIFL formula values and up to 100 times more than prices for commercial flights.

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[14] Some quotes are provided as prices per flight mile and others are provided per flight hour. Sources for charter flight price quotes include Air Charter Guide (aircharterguide.com), Airstream Jets (airstreamjets.com), and Prive Jets (privejets.com).

[15] These other fees could include costs of onboard services such as catering and concierge requests or repositioning fees.

A complicated factor in comparing private jet charter prices to commercial and SIFL formula values is that private jet charter flights are often priced by plane, rather than by seat. A typical midsize jet seats eight passengers and a typical light jet seats six. For a family of four, the commercial prices and SIFL formula values in the table would be multiplied by four,[16] while keeping the private charter jet prices the same. For such a family, charter flight prices would range from two to five times more than SIFL formula values and from 10 to 25 times more than prices for commercial flights.

I hope this information is helpful to you. If we can be of further assistance in this matter, please let me know.

Sincerely,

Thomas A Barthold

Thomas A. Barthold

[16] The value of a flight using SIFL is determined on a passenger-by passenger basis. Treas. Reg. sec. 1.61-21(g)(3)(ii). Under the SIFL formula, values for guests of a control employee are calculated in the same manner as the control employee. Treas. Reg. sec. 1.61-21(g)(7)(ii).