Congress of the United States
JOINT COMMITTEE ON TAXATION
502 FORD HOUSE OFFICE BUILDING
WASHINGTON, DC 20515–6453
(202) 225-3621
http://www.jct.gov

May 29, 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 supplemental response to your inquiry of November 20, 2025, for information relating to tax benefits provided to businesses that own private jets for employee use, and to your follow-up inquiry of April 17, 2026, requesting additional historical data for the period 2012-2017. This letter describes the Federal income tax and depreciation rules applicable prior to enactment of Public Law 115-97 with respect to the deductibility of private jet expenditures by businesses, including bonus depreciation, and summarizes the relevant changes to corporate income tax rates and bonus depreciation enacted after 2016. The letter also presents data on depreciation deductions reported by taxpayers engaged in private jet service activities for the period 2012–2017 and provides information on business jet deliveries and estimated sales revenues over that period.

This letter supplements our April 14, 2026, letter to you. The April 14 letter described present-law Federal income tax rules related to the deductibility of private jet expenditures by businesses and the depreciation rules applicable to business aircraft, including bonus depreciation, and presented data on depreciation deductions reported by taxpayers engaged in private jet service activities for the period 2018–2022. The April 14 letter also provided information on business jet deliveries and estimated sales revenues over that period.

Senator Sheldon Whitehouse
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United States Senate

Corporate income tax rates prior to enactment of Public Law 115-97

Corporate taxable income was subject to tax under a graduated rate structure. The top corporate tax rate was 35 percent, which applied to taxable income in excess of $10 million. Lower marginal rates applied to smaller amounts of taxable income, with statutory rates beginning at 15 percent and increasing through intermediate brackets.

Depreciation rules prior to Public Law 115-97

A taxpayer generally must capitalize the cost of property used in a trade or business held to produce income and recover such cost over time through periodic deductions for depreciation or amortization. The recovery period typically begins when the asset is placed in service by the taxpayer. Tangible property generally is depreciated under the modified accelerated cost recovery system ("MACRS"). The type of property is used to determine the class life of the asset, which in turn dictates that asset's applicable recovery period. The MACRS recovery periods applicable to most tangible personal property range from three to 20 years. MACRS consists of two depreciation systems, the General Depreciation System ("GDS") and the Alternative Depreciation System ("ADS"). MACRS depreciation methods may allow for faster cost recovery than deducting costs ratably in each tax year using the straight-line method.[1]

The depreciation methods generally applicable to tangible property are the 200-percent and 150-percent declining balance methods, switching to the straight-line method for the first taxable year in which using the straight-line method with respect to the adjusted basis as of the beginning of that year yields a larger depreciation allowance.[2]

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[1] ADS requires the straight-line method and GDS may allow for faster cost recovery for qualifying tangible property.

[2] Under the declining balance method, the depreciation rate is determined by dividing the appropriate percentage (here 150 or 200) by the appropriate recovery period. This leads to accelerated depreciation when the declining balance percentage is greater than 100. Under the straight-line method, the cost of the property placed in service is deductible in equal amounts annually over the asset life.

Table 1 shows some examples of types of property and recovery periods during which the cost of the property may be depreciated.

Table 1
Examples of Types of Property by Recovery Period Asset Class

Asset Class	Types of Property
3-Year Property	Tractor units, certain racehorses, qualified rent-to-own property, certain computer software
5-Year Property	Automobiles, trucks, and other vehicles; noncommercial aircraft; computers; semi-conductor manufacturing equipment; medical equipment; construction assets; logging machinery; farm machinery; oil and gas drilling equipment; appliances and furniture used in a rental real estate; vessels used in marine construction; solar and wind energy property
7-Year Property	Office furniture, fixtures and equipment; railroad assets; commercial aircraft; motorsports entertainment complexes; fishing vessels
10-Year Property	Other means of water transportation including yachts, barges, and tugs; greenhouses and single-purpose agricultural structures used to house, raise, and feed a particular type of livestock or chickens and to house related equipment; fruit and nut bearing trees and vines; smart electric meters and grid systems
15-Year Property	Qualified improvement property (includes improvements to restaurant and retail property and to other interior portions of nonresidential real property), municipal wastewater treatment plants, telephone distribution plant and equipment, certain pipeline transportation assets
20-Year Property	General purpose farm buildings such as barns and machine sheds, land improvements for electric utility transmission and distribution plants

Residential rental property is recovered using the straight-line method over 27.5 years and nonresidential real property is recovered using the straight-line method over 39 years.

Under ADS, all property is depreciated using the straight-line method over the asset's assigned class life. ADS is required for tangible property used predominantly outside the United States, certain tax-exempt use property, tax-exempt bond financed property, certain imported property covered by an Executive order,[3] and certain property held by either a real property trade or business or a farming business electing out of the business interest limitation under section 163(j). In addition, an election to use ADS is available to taxpayers for any class of property for any taxable year. The ADS election is generally irrevocable.

Depreciation of an asset begins when the asset is placed in service under the applicable convention. Under MACRS, nonresidential real property, residential rental property, and any railroad grading or tunnel bore are subject to the mid-month convention, which treats all property placed in service during any month (or disposed of during any month) as placed in service (or disposed of) on the mid-point of such month. All other property generally is subject to the half-year convention, which treats all property placed in service during any taxable year (or disposed of during any taxable year) as placed in service (or disposed of) on the mid-point of such taxable year to reflect the assumption that assets are placed in service ratably throughout the year.[4]

[3] Sec. 168(g)(1).

[4] If substantial property is placed in service during the last three months of a taxable year, a special rule requires use of the mid-quarter convention. The mid-quarter convention prevents the recognition of disproportionately large amounts of first-year depreciation allowances under the half-year convention.

Bonus depreciation rules and scheduled phaseout prior to Public Law 115-97

An additional first-year depreciation deduction was allowed equal to 50 percent of the adjusted basis of qualified property acquired and placed in service before January 1, 2018 (January 1, 2019, for certain property with a recovery period of at least 10 years and certain aircraft).

The 50-percent allowance was phased down for property placed in service after December 31, 2017 (after December 31, 2018, for longer production period property and certain aircraft). Specifically, the additional first-year depreciation deduction was equal to 40 percent of the adjusted basis of qualified property placed in service in 2018 and 30 percent of the adjusted basis of qualified property placed in service in 2019. No additional first-year depreciation deduction was allowed for property placed in service after December 31, 2019 (after December 31, 2020, for longer production period property and certain aircraft). Any remaining basis generally continued to be recovered over time under the applicable MACRS recovery period. Thus, bonus depreciation generally accelerates deductions which otherwise would be taken in later years and therefore provides a potential timing benefit to taxpayers.

Changes to corporate income tax rates and bonus depreciation rules

Corporate Rate Reduction

Public Law 115-97 permanently reduced the corporate income tax rate to 21 percent for taxable years beginning after December 31, 2017, eliminating the graduated corporate rate structure.

Increased and extended first-year bonus depreciation deduction

Public Law 115-97 extended and modified the additional first-year depreciation deduction by increasing the bonus depreciation percentage from 50 percent to 100 percent for qualified property acquired after September 27, 2017. An additional first-year depreciation ("bonus depreciation") deduction equal to 100 percent of the adjusted basis of qualified property is allowed for property acquired after September 27, 2017, and placed in service before January 1, 2023 (January 1, 2024, for certain long production period property and certain aircraft). The 100-percent allowance is phased down by 20 percentage points per calendar year for property acquired after September 27, 2017, and placed in service after December 31, 2022 (after December 31, 2023, for certain long production period property and certain aircraft). Accordingly, the additional first-year depreciation deduction was scheduled to be fully phased out for property placed in service after December 31, 2026 (after December 31, 2027, for longer production period property and certain aircraft).

Public Law 119-21 subsequently restored 100-percent bonus depreciation for qualified property acquired and placed in service after January 19, 2025.

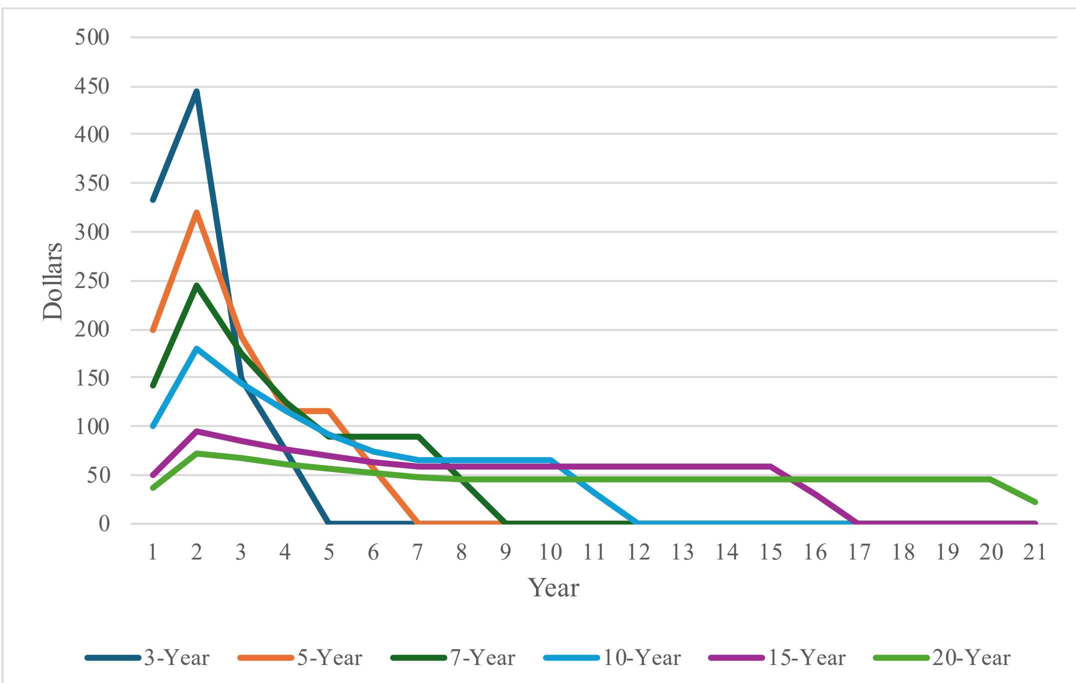
<u>Bonus Depreciation vs MACRS</u>

Figure 1 compares the pattern of depreciation deductions for $1,000 placed in service in Year 1. Under MACRS, shorter-lived tangible property receives higher deductions in the first few years while the deduction for longer-lived tangible personal property is spread out over a longer asset life.[5] Note that under MACRS, deductions in the first year are less than in the second year due to the half-year convention discussed above. Under bonus depreciation, taxpayers may deduct a specified share of the qualifying investment immediately in Year 1, with any remaining basis depreciated under MACRS if the bonus depreciation percentage is less than 100 percent.

[5] For purposes of this discussion, it is assumed that tangible property is not subject to straight-line depreciation under ADS.

Figure 1

Annual Depreciation Allowance per $1,000 of Capital Expenditures under MACRS by Asset Class



Net Present Value of Bonus Depreciation and Associated Tax Benefit

Using MACRS recovery periods illustrated in Figure 1, the net present value of claiming bonus depreciation relative to claiming depreciation deductions under MACRS can be calculated. Figure 2 displays the hypothetical net present value of the various depreciation allowances under MACRS compared to bonus depreciation for $1,000 of capital expenditures. When bonus depreciation allows only a partial immediate deduction, the remaining share of the investment continues to be depreciated over time under the applicable MACRS recovery period.

As a result, the overall net present value of depreciation deductions reflects both the immediate deduction and the value of the remaining deductions recovered over time. As the recovery period (*i.e.*, the period of years over which depreciation deductions are allowed) increases, the net present value of the total deductions declines because a larger share of the deductions is recovered in later years.[6] Under 100-percent bonus depreciation, the net present value of $1,000 worth of capital expenditures is the full $1,000 allowance because the entire deduction is realized in the initial year.

[6] The discount rate used to calculate the net present values is three percent.

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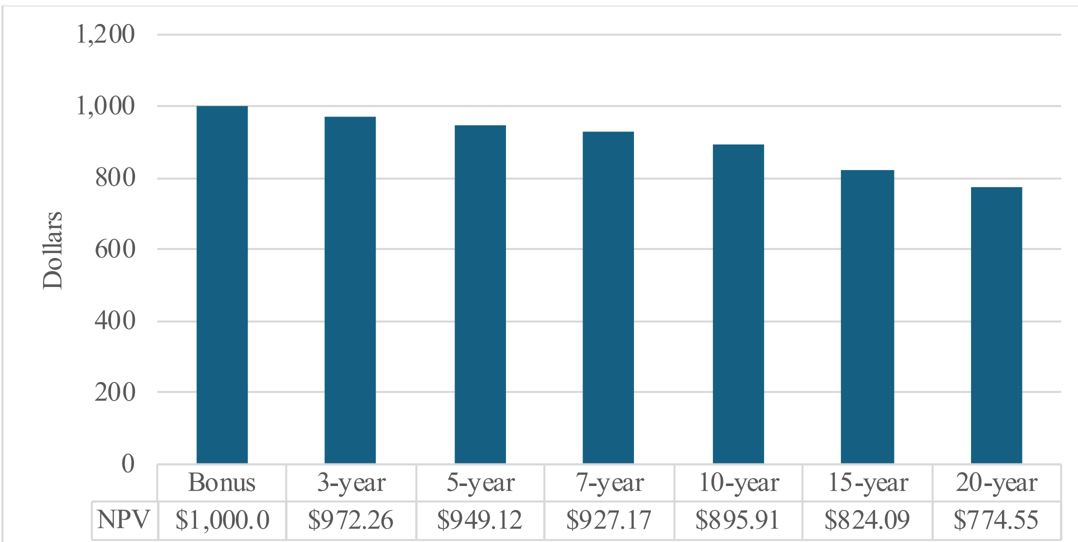
Figure 2
Net Present Value of Depreciation Allowance Per $1,000 of Capital Expenditures



	Bonus	3-year	5-year	7-year	10-year	15-year	20-year
NPV	$1,000.0	$972.26	$949.12	$927.17	$895.91	$824.09	$774.55

The tax benefit of a deduction generally is determined by the taxpayer's estimated marginal tax rate, since each additional dollar of deduction reduces tax liability by that rate. Although the bonus depreciation percentage applicable during 2012–2016 was generally lower than under the regime enacted by Public Law 115-97, the higher corporate marginal tax rates applicable during this period increased the tax value of each dollar of depreciation deduction. Accordingly, the Joint Committee staff estimates the potential tax benefit of bonus depreciation relative to a particular MACRS recovery period by multiplying the taxpayer's estimated marginal tax rate by the difference between (1) the present value of depreciation deductions allowed under bonus depreciation and (2) the net present value of the deductions that would have been claimed if the investment were depreciated over the applicable MACRS recovery period. For purposes of these estimates, the applicable estimated marginal tax rate for a given year is assumed to remain constant over the recovery period of the asset in order to maintain comparability across years. Accordingly, the estimates do not reflect the effect of subsequent changes in corporate tax rates or depreciation rules enacted after the year in which the property was placed in service, including changes enacted by Public Law 115-97, that could alter the realized value of deferred depreciation deductions. More generally, the value of bonus depreciation depends on both the share of investment that may be deducted immediately and on how long deductions otherwise would have been deferred under MACRS. In the subsequent sections of this letter, this comparison is made relative to a seven-year recovery period because aircraft are classified as seven-year property in Table 1.

Data and Estimates on Taxpayers Engaged in Private Jet Service Activities

Depreciation deductions attributable to trades and businesses are reported on Form 4562, *Depreciation and Amortization*. For taxpayers engaged in private jet service activities,[7] Table 2 summarizes selected depreciation-related amounts reported on Form 4562 for tax years 2012–2017. Specifically, the table shows the basis of property placed in service reported in several broad categories—including property depreciated under MACRS (aggregating assets with 3-, 5-, 7-, 10-, 15-, and 20-year recovery periods), residential and nonresidential real property, and property depreciated under ADS.[8] Taxpayers do not report the asset class of property placed in service for which section 179 and bonus depreciation is claimed.

[7] For purposes of identifying taxpayers engaged in private jet service activities, Joint Committee staff matched publicly available industry data on major business jet operators—focusing on companies that provide charter services—with tax return information. The taxpayers included in this analysis are the same sample of companies examined in the Joint Committee staff's April 14, 2026 letter covering the 2018-2022 period. Specifically, the Joint Committee staff used Form 4562 data to extract selected depreciation-related items for taxpayers whose reported income is associated with private jet service activities. Because tax return data do not separately identify capital expenditures attributable to aircraft as distinct from other types of property, the estimates presented do not separately identify investment in aircraft, but rather reflect total capital investment by these taxpayers. However, because private jets typically represent relatively large capital expenditures for these firms compared to other equipment, the estimates likely capture a substantial portion of aircraft-related capital investment. Accordingly, the statistics presented in Table 2 may not be fully representative of the entire industry, but they provide informative coverage of many of the largest companies engaged in private jet services.

[8] None of the taxpayers in this sample claimed a section 179 deduction during the sample years 2012-2017.

Table 2
Form 4562, Selected Depreciation Items for Property Placed in Service, Millions of Dollars, Tax Years 2012–2017

Item	2012	2013	2014	2015	2016	2017
Bonus Depreciation	3,743.82	3,492.74	5,307.45	5,106.01	4,566.03	4,290.70
MACRS-eligible property basis for depreciation	4,106.35	4,100.15	6,045.76	6,701.30	5,118.00	3,936.51
Residential real property basis for depreciation	8.79	10.76	7.50	1.28	1.19	0.14
Nonresidential real property for depreciation	389.87	410.46	483.05	1,375.61	633.63	610.08
ADS basis for depreciation	237.11	179.56	116.80	157.38	143.87	71.59
Total basis of property placed in service	8,485.95	8,193.67	11,960.56	13,341.59	10,462.72	8,909.02
Hypothetical Bonus Depreciation Tax Benefit	42.95	40.07	60.88	58.57	52.38	53.32

The hypothetical tax benefit estimates are calculated by comparing the present value of deductions allowed under the applicable bonus depreciation regime with the present value of deductions that would have been recovered under a seven-year MACRS recovery period, using estimated marginal tax rates applicable during each year. For purposes of these estimates, the applicable estimated marginal tax rate for a given year is assumed to remain constant over the recovery period of the asset. Accordingly, these hypothetical tax benefit estimates do not account for the possibility that subsequent changes in corporate tax rates or depreciation rules could alter the realized value of deferred depreciation deductions.

Because taxpayers do not separately report the specific type of property or asset class for which bonus depreciation is claimed, the available data do not distinguish the portion of these deductions attributable to particular assets, such as aircraft. Accordingly, the tax benefit calculations compare the present value of deductions allowed under the applicable bonus depreciation regime with the net present value of deductions that would arise if the same amount of investment were depreciated over a seven-year MACRS recovery period. For example, in 2014, approximately $5.3 billion of bonus depreciation was claimed: treating this amount as investment eligible for 50-percent bonus depreciation, applying an estimated marginal tax rate for the sample, and comparing the present value of deductions allowed under bonus depreciation with the net present value of deductions under MACRS yields an estimated tax benefit of approximately $60.9 million, as reported in Table 2.

In Table 2, the entire basis of property for which the taxpayer elected bonus depreciation is reflected in the deduction as the half-year convention does not apply. The amounts shown as MACRS-eligible property represent the aggregate bases of assets placed in service for which bonus depreciation was not elected and that are depreciated over 3-, 5-, 7-, 10-, 15-, or 20-year recovery periods. The amounts shown for the residential rental and nonresidential real property are the bases of the property placed in service, not the amount of deduction for each asset class. The deduction is calculated using the applicable depreciation method after applying the half-year convention, or the mid-month convention in the case of residential rental and nonresidential real property. The ADS basis for depreciation is the basis of property placed in service that either required the application of ADS or for which the taxpayer elected to use the ADS.

Because the 100-percent bonus depreciation regime enacted by Public Law 115-97 applied to qualified property acquired after September 27, 2017, the hypothetical tax benefit estimate of $53.3 million for 2017 reflects a blended approximation intended to capture the transition from the prior-law 50-percent bonus depreciation regime to the 100-percent bonus depreciation regime applicable to qualified property acquired after September 27, 2017. For illustrative purposes, the estimate assumes that approximately three-quarters of the year reflected prior-law bonus depreciation rules and estimated marginal tax rates, while the remainder reflected the 100-percent bonus depreciation regime enacted by Public Law 115-97. Under simplifying assumptions that all 2017 investment reflected either the prior-law regime or the 100-percent bonus depreciation regime enacted by Public Law 115-97, the estimated hypothetical tax benefit would be approximately $49.2 million and $65.6 million, respectively.

Bonus depreciation claimed ranged from approximately $3.5 billion to $5.3 billion annually, while the total basis of property placed in service ranged from approximately $8.2 billion to $13.3 billion annually. The estimated hypothetical tax benefit associated with bonus depreciation ranged from approximately $40 million to $61 million annually, reflecting both the volume of investment activity and the timing benefit associated with accelerated depreciation deductions under the bonus depreciation regime.

Data and Estimates on Business Jet Deliveries and Sales Revenue

Table 3 reports business jet delivery counts and associated sales revenues for tax years 2012–2017. The figures reflect the number of aircraft manufactured and delivered worldwide and the corresponding aggregate sales revenues.

Table 3
Business Jet Deliveries and Sales Revenue, Tax Years 2012-2017

Measure	2012	2013	2014	2015	2016	2017
Global business jet deliveries (number of aircraft)	672	678	722	718	666	677
Global business jet sales revenue (millions of dollars)	17,107.8	21,057.9	22,015.5	21,877.2	18,480.1	17,885.0
Estimated business jet sales revenue attributable to U.S. deliveries (millions of dollars)	7,652.3	9,930.9	10,342.9	11,971.2	10,311.9	10,269.5

Source: Joint Committee staff calculations based on data from the General Aviation Manufacturers Association (delivery counts and regional distributions) and Aviation Week Network (aircraft pricing data).[9]

To provide a benchmark for the scale of activity in the United States, the table also reports an estimated measure of business jet sales revenue attributable to aircraft delivered into the U.S. market. This estimate is constructed by applying the regional distribution of global deliveries to reported global sales revenues. The resulting figures approximate the portion of global business jet sales associated with aircraft delivered in the United States.

[9] Joint Committee staff compiled global business jet delivery data by manufacturer using publicly available information from the General Aviation Manufacturers Association ("GAMA"). The delivery and pricing methodology used in this letter is consistent with the methodology described in the Joint Committee staff's April 14, 2026 letter covering the 2018-2022 period. Because aircraft-level transaction prices and geographic delivery data are not directly observed in a single source, estimated sales revenues were constructed by applying average aircraft prices derived from industry sources, including Aviation Week Network's *Business & Commercial Aviation* publication, to reported delivery counts. Estimated U.S. sales revenues were calculated by applying the regional distribution of deliveries to global sales revenues.

Global business jet deliveries increased from 2012 through 2014, followed by a modest decline and stabilization over the 2015-2017 period. Global sales revenues exhibited a similar pattern. However, estimated sales revenues attributable to U.S. deliveries increased in 2015 relative to 2014 despite the decline in global deliveries, reflecting a larger share of aircraft deliveries attributable to North America in that year. Estimated U.S. sales revenues subsequently moderated but remained broadly consistent with levels observed in the later years of the period.

Taken together, the data presented in Tables 2 and 3 indicate that taxpayers engaged in private jet service activities reported substantial levels of capital investment, bonus depreciation deductions, and associated timing-related tax benefits during the 2012–2017 period. Over this period, annual bonus depreciation deductions generally ranged from approximately $3.5 billion to $5.3 billion, while estimated sales revenues attributable to U.S. business jet deliveries ranged from approximately $7.7 billion to $12.0 billion annually. The associated hypothetical tax benefits from bonus depreciation ranged from approximately $40 million to $66 million per year, reflecting both the scale of investment activity and the additional timing benefit associated with the acceleration of depreciation deductions permitted under the applicable bonus depreciation regime.

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