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### 'Bonus depreciation' tax breaks extended through 2010

By Dan Namowitz

A tax provision seen boosting sales of general aviation aircraft became law on Sept. 27 with President Barack Obama's signing of the Small Business Jobs Act.

Passage of the so-called bonus depreciation provision extends through 2010 a business's ability to write off 50 percent of the cost of a new capital asset, such as machinery or equipment, the year the purchase is made. Under bonus depreciation, new general aviation aircraft and major components such as engines and avionics could qualify for the advantageous tax treatment when used for business purposes, according to the [General Aviation Manufacturers Association](#). Piston aircraft purchased in 2010 would have to be placed in service before the end of the year to be eligible; aircraft with longer production times, such as turboprops and jets, would have to be placed in service by the end of 2011.

After learning that the president signed the Small Business Jobs Act, Cessna Chairman, President, and CEO Jack Pelton said, "While we still face challenges, we applaud the administration and Congress for passing this legislation as it gives businesses an incentive to invest in productivity enhancements, and that includes business aircraft. This contributed to a bump in sales last year, and we believe it may do the same this year. If that is the case, we hope it is good news for Cessna and good news for Wichita."

In a Sept. 29 meeting with AOPA, Piper Executive Vice President Randy Groom touched on bonus depreciation, saying, "We're very grateful for the program."

The [government estimated](#) that two million businesses of all sizes would be able to move forward with new investments as a result of the tax breaks.

Bonus depreciation for 2008 and 2009 originated in the American Recovery and Reinvestment Act of 2009, but had expired, making this month's action on the jobs bill the object of close scrutiny by the general aviation community. It was passed by the Senate on Sept. 16. House action followed a week later.

September 29, 2010

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