

PUBLICATION

IRS Announces Increased Audits on Corporate Jet Usage

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The U.S. Internal Revenue Service (IRS) issued a press release on February 21, 2024, announcing its plans to initiate a campaign conducting "dozens of audits" of large corporations and high-income taxpayers, focusing on their usage of corporate aircraft and whether such uses are being accurately classified as business or personal. This plan is part of the IRS's effort to utilize the resources granted to the agency under the Inflation Reduction Act to ensure tax law compliance by high-income companies and individuals, and the IRS touted in the press release that it would be using "advanced analytics" in the audits.

The IRS acknowledged that corporate aircraft are regularly used by company owners, executives, and employees for both personal and business reasons, but pointed out that the use of corporate aircraft for personal reasons can have implications on the company's ability to claim tax deductions, as well as impacts on the aircraft user's taxable income. The IRS views the use of corporate aircraft as an area with a high risk of noncompliance.

The IRS has not given a specific timeline for its plans to begin these audits but stated it will begin conducting its examinations in "the near future." It is important for companies to maintain clear and comprehensive records on the use of corporate aircraft and take a conservative approach to claiming tax deductions on the use of corporate aircraft.

In light of this announcement, companies and individuals who own aircraft should review their previously claimed tax deductions against aircraft usage records. If you or your company have any questions about the IRS's upcoming audits, deductions claimed for the usage of your aircraft, or future tax planning please contact James Janaitis, Trey Range, Alexander T. Marriott, or any other member of Baker Donelson's [Aviation](#) or [Corporate](#) Teams.