

105TH CONGRESS
1ST SESSION

H. R. 1844

To amend the Internal Revenue Code of 1986 to clarify the treatment of aircraft maintenance and repair expenditures required by the Federal Aviation Administration.

IN THE HOUSE OF REPRESENTATIVES

JUNE 10, 1997

Mr. COLLINS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to clarify the treatment of aircraft maintenance and repair expenditures required by the Federal Aviation Administration.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CLARIFICATION OF TREATMENT OF FAA-RE-**
4 **QUIRED AIRWORTHINESS MAINTENANCE AND**
5 **REPAIR.**

6 (a) FAA MANDATED MAINTENANCE AND REPAIR
7 NOT TO BE CAPITALIZED.—Section 263 of the Internal
8 Revenue Code of 1986 (relating to nondeductibility of cer-

tain costs) is amended by inserting after subsection (d) the following new subsection:

“(e) AIRCRAFT EXPENDITURES NECESSARY FOR MAINTAINING AIRWORTHINESS.—

“(1) IN GENERAL.—Notwithstanding subsection (a), any required aircraft maintenance expenditures shall be deemed to be deductible repairs under section 162 or 212 and shall not be chargeable to capital account.

“(2) DEFINITIONS.—For purposes of this subsection—

“(A) REQUIRED AIRCRAFT MAINTENANCE EXPENDITURES.—The term ‘required aircraft maintenance expenditures’ means amounts paid or incurred for maintenance and repair of aircraft airframes, engines, and on-board aircraft equipment, if—

“(i) performed under a government airworthiness maintenance program, or

“(ii) performed as a result of an inspection conducted under such a government airworthiness maintenance program.

“(B) GOVERNMENT AIRWORTHINESS MAINTENANCE PROGRAM DEFINED.—The term ‘government airworthiness maintenance program’

1 means a maintenance or repair program estab-
2 lished by, or required to be submitted to and
3 approved by, the Federal Aviation Administra-
4 tion of the Department of Transportation. Such
5 term shall also include any other comparable
6 airworthiness maintenance or repair program of
7 a foreign government.

8 “(3) LIMITATIONS.—For any taxable year,
9 paragraph (1)—

10 “(A) shall only apply with respect to
11 amounts paid or incurred to either (i) restore
12 any aircraft, engine, or on-board equipment to
13 airworthiness that has not been previously
14 placed in service by the taxpayer, or (ii) make
15 major design changes to the aircraft, engine, or
16 equipment.”.

17 (b) EFFECTIVE DATE.—The amendment made by
18 subsection (a) shall apply to any property placed in service
19 before, on, or after the date of the enactment of this Act
20 with respect to any taxable year for which claim for credit
21 or refund has not expired by such date of enactment.

○