

Regulations and Legal Issues

FAQ'S

Q. Can I accept reimbursement for costs of flight?

A. Generally no, unless your organization has an exemption and you and your organization fully comply with its requirements. Organizations with exemptions currently include CAP, EAA, AFMA, etc. ... See our March 2017 letter "Volunteer Pilot Flight or Illegal Part 135: Where is the Line?" for information about fuel reimbursements and flying a groups' aircraft as a volunteer on our [Legal Reimbursements page](#) [1].

Q. Can I take a tax deduction for costs of flight?

A. Yes. FAA still considers it to be compensation, but has repeatedly stated its policy . . . Use this [tax deduction link](#) to see the details below.

Q. Can I bring passenger's oxygen bottle on board?

A. Generally no. May use oxygen on board, or pilot may supply oxygen, some O2 concentrators permitted. Coming soon: Links to FARS, SFAR

Q. Can I use Compassion (CMF) call sign?

A. Yes, if you are flying for an ACA and FAA outhorized Public Benefit Flying Organization transporting a patient or on any other official public benefit flight or exercise. Individuals may not use COMASSION unless their new approved call sign has been issued by ACA and we have verified you are flying for an authorized group - see the information on our [Call Sign COMPASSION Page](#) [2].

FAQ (Frequently Asked Questions):

Information provided by the [Air Care Alliance](#) [3] - if you copy this information please do so in its entirety including this notice. Use your browser's BACK button to return to prior page.

FAQ (Frequently Asked Questions):

THE TAX DEDUCTION ISSUE

**1993 MEMORANDUM to ACA Member Groups and Affiliates
and to all others involved in public benefit flying**

Dear Friends,

Periodically we receive inquiries from pilots who are concerned about a rumor they heard that FAA might have a problem with pilots taking a tax deduction for flying bona fide public benefit missions. In the early 1990's some at FAA did circulate such information for a short time, but it was quickly rescinded and now the rumor still keeps coming up, even though it is not true. This letter is intended to provide the latest information on the tax deduction issue so that you can answer questions authoritatively. Please notify us if you have questions or hear anything different.

After the Air Care Alliance requested a clarified policy statement FAA reviewed the matter and released guidelines

which certainly seem to remove the concerns about the legality of taking a tax deduction for bona fide public benefit flying.

I will reproduce here some of the previous messages that have been circulated among the Air Care Alliance and related groups concerning this issue. See for yourself, but FAA and IRS both seem to be clearly saying that taking a tax deduction for flying a mission for a true nonprofit flying group is perfectly fine, as long as the flight and the deduction follow the proper guidelines.

I am not an attorney and thus cannot provide you with legal advice. Please read the following sections carefully and if you are still concerned then ask your group's legal counsel to review them and advise you and your pilots. If you hear anything different from local FAA officials then please have your public benefit flying group take these documents to your local FSDO and ask their opinion about your work and policies. I do NOT suggest that individual pilots burden the FSDO with numerous individual queries - please work through your group. If your group's attorney or you find that there are documents or opinions that seem to contradict these messages, please notify us immediately so we can continue to act before FAA on behalf of all the groups.

Thanks, and I certainly hope you and your volunteers are continuing to enjoy the satisfaction of serving our communities through flying to help others!

Sincerely yours,

Rol Murrow

Chairman, AIR CARE ALLIANCE

FAA Information Circulated to ACA and Affiliated Groups - 1993

FROM: Air Care Alliance

RE: TAX DEDUCTION ISSUE: Welcome News!

As discussed at the AIR CARE 93 conference, there has been concern about individuals taking a tax deduction for costs incurred in flying a public benefit flying mission. John Haverland of Angel Flight of Texas and we asked for clarification. The offices of FAA's Tony Broderick, Associate Administrator for Regulations and Certification, and John Cassady, Acting Chief Counsel, collaborated and came up with a policy statement reflecting Chief Counsel's position regarding this issue. Here is the policy statement to help guide you and your members:

Apr 23, 1993

"As a matter of policy, taking into consideration the fact that Congress has specifically provided for the tax deductibility of some costs of charitable acts, we will not treat charitable deduction of such costs, standing alone, as constituting "compensation or hire" for the purpose of enforcing [Paragraph] 61.118 or Part 135. If taking a charitable tax deduction for transporting persons or property is coupled with any reimbursement of expenses, or other compensation of any kind, then this policy does not apply."

[Signed] **John H. Cassady** FAA Acting Chief Counsel

More Recent FAA Opinion Concerning Tax Deduction Issue - 1995

Background: In late 1994 and early 1995 a message circulated on the Internet stating that taking a tax deduction violated FAA regulations. Some publications repeated the erroneous information. Because the Cassady opinion statement had not been officially released, FAA took action to publish the issue formally. Rick Cremer, FAA's representative on Compuserve, presented the result there to settle the matter once and for all:

762019 S15/FAA Topics
23-Feb-95 11:17:31
Sb #ANGEL FLIGHT POLICY
Fm Rick Cremer FAA HQ 72130,3305

To ALL

FAA "ANGEL FLIGHT" POLICY

Recently, the FAA published Change 10 to it's Air Transportation Inspector's handbook (FAA Order 8400.10). That change included new guidance for our inspectors concerning Angel Flights. Included below, is the full text of guidance. What it says, basically, is that if a person takes a charitable tax deduction for the costs associated with the operation that does not constitute a for hire or compensation operation.

Best Regards

Rick Cremer FAA HDQ

FAA Order 8400.10, Vol. 4, Chap. 5, Sect. 1, Para 1345 12/20/94

1345. FAA POLICY REGARDING "COMPENSATION OR HIRE" CONSIDERATIONS

FOR CHARITABLE FLIGHTS OR LIFE FLIGHTS. Various organizations and pilots are conducting flights that are characterized as "volunteer," "charity," or "humanitarian." These flights are referred to by numerous generic names, including "lifeline flights," "life flights," "mercy flights," and "angel flights." These types of flights will be referred to as "life flights" in this section.

A. Purposes for Life Flights. The types of organizations and pilots involved with or conducting life flights vary greatly. The most common purpose of life flights is to transport ill or injured persons who cannot financially afford commercial transport to appropriate medical treatment facilities, or to transport blood or human organs. Other "compassionate flights" include transporting a child to visit with a dying relative, or transporting a dying patient to return to the city of the patient's birth.

B. FAA Policy. The FAA's policy supports "truly humanitarian efforts" to provide life flights to needy persons (including "compassionate flights"). This also includes flights involving the transfer of blood and human organs. Since Congress has specifically provided for the tax deductibility of some costs of charitable acts, the FAA will not treat charitable deductions of such costs, standing alone, as constituting "compensation or hire" for the purpose of enforcement of FAR 61.118 or FAR Part 135. Inspectors should not treat the tax deductibility of costs as constituting "compensation or hire" when the flights are conducted for humanitarian purposes.

The above information relates to the FAA. What about the IRS?

Internal Revenue Service Treatment of Public Benefit Flying - 1993

The following information was provided to the Air Care Alliance and affiliated public benefit flying groups in 1993.

Greetings!

I was requested by a pilot who flies public benefit missions to provide information about a specific Private Letter Ruling the IRS issued. It may provide some clarification regarding how the IRS regards taking a tax deduction for expenses incurred on behalf of a public benefit organization. I've copied the pertinent sections below and provided the reference for those who wish to look at the entire letter and its citations.

NOTE: CAUTION - DISCLAIMER - DON'T TREAD ON ME! This is an IRS LETTER RULING to a PARTICULAR UNNAMED GROUP. These letters are published to give people an idea of how the IRS has treated issues in the past, but you must heed the disclaimer paragraph near the end. Likewise, this relates only to certain provisions of the IRS code, regulations, or rulings. If you have further questions please feel free to contact me.

RoI Murrow, Chairman
AIR CARE ALLIANCE

From Page 1373 of The Exempt Organization Tax Review:

LTR 9243043

Aviation Program Expenses Are Deductible

The Service has ruled that volunteer pilots may deduct expenses directly related to a program that promotes public interest in aviation.

Date: July 29, 1992

Refer Reply to: CC:IT&A:3 TR-31-1130-92...

"Dear ...[unidentified Foundation],

"This responds to your letter of June 3, 1992, in which you request a ruling as to the tax treatment of expenses incurred by participants in a program sponsored by Foundation under section 170 of the Internal Revenue Code."
(Continued...)

[ED. NOTE: The opening of the letter describes the unnamed Foundation as a valid 501(c)(3) tax exempt organization and describes its charitable purpose, plus the program in which volunteers will provide introductory flights to youths] ...

(...continued)

"Volunteers will incur out-of-pocket expenses related to the demonstrations. These costs are: (1) fuel and oil for the actual flight; (2) transportation to and from the airport; (3) rental charges for a bus or van; (4) rental charges for an airplane used only for the program; (5) extra liability insurance incurred only for the program; (6) postage for mailing registration records; and (7) landing and tying down fees at a non-base home airport. Other expenses incurred by the volunteers for the youths are: (1) aeronautical educational materials; (2) meals; and (3) film and development.

"The volunteers will not be reimbursed by Foundation, or any other organization or person for demonstration and incidental costs."

[ED. NOTE: The next sections cite and review certain IRS Code Sections, Regulations, and Rulings relating to various of the above expenses. In one case, a vehicle owner driving for his church was not permitted deduction of the full fair rental value of his personal automobile and airplane because:...]

"...the vehicles remained under the taxpayer's control at all times. A deduction for depreciation was also denied because depreciation is not considered a payment. The court further denied a deduction for insurance premiums and the cost of repairs because the church was not the sole beneficiary of the insurance, and the repairs were not shown to have been caused by the use of the vehicles for solely charitable purposes. The court, however, held that the taxpayer was entitled to a deduction for out-of-pocket expenses including unreimbursed expenses for gasoline, oil, and pilot and license registration fees.

"Volunteer pilots rendering gratuitous services to Foundation aid Foundation in carrying out its exempt purpose. Therefore, expenses actually incurred by volunteers in direct connection with, and solely attributable to the performance of such services are contributions to Foundation. Accordingly, we conclude that the expenses listed above are deductible under section 170 of the Code.

"This ruling is directed only to Foundation. Section 6110(j)(3) of the Code provides that this ruling may not be cited or used as precedent.

"No opinion is expressed as to the federal tax consequences of the transaction described above under any other provision of the Code than section 170.

"Sincerely yours,

"Assistant Chief Counsel, (Income Tax & Accounting)
by **Michael D. Finley**, Chief, Branch 3."

February 13, 2007 Update:

FAA AIR TOUR RULES ANNOUNCED: Volunteer Pilot Public Benefit Flying Missions Untouched by New Regulations. - February, 2007.

FAA makes changes in proposed rules as requested by the Air Care Alliance.

On February 13, 2007, the Federal Aviation Administration (FAA) published its final "National Air Tour Standards" regulations. In response to comments and testimony given in Washington by the Chairman and the Regulations Committee Chairman of the Air Care Alliance, the FAA withdrew a proposed amendment to FAR §61.113 that would have created confusion and potential regulatory and insurance problems for volunteer pilots.

FAA's explanation of the final rule, while in other sections still somewhat confused on various other types of charitable operations such as local fundraising sightseeing flights, emphatically restated its policy on volunteer patient transport flights and other community service missions:

"Additionally, nothing in the old rules and nothing in this new rule prohibits a private pilot from taking a sick or injured person from point to point as long as it is not for compensation or hire. By longstanding enforcement policy, the FAA has allowed aircraft operators who take a charitable tax deduction to transport a sick or injured person without that operator having an air carrier certificate. No other form of compensation may be received. "

We are very pleased with FAA's continued support of charitable public benefit flying.

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This website has been built thanks to generous support from Gary, Jan, Chris, and Matt St. Peter of Operation Angel Planes and also from the Wolf Aviation Fund and the Aircraft Owners and Pilots Association
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Links:

- [1] <http://www.aircarealliance.org/reimbursements-fuel-and-use-groups-aircraft>
- [2] <http://www.aircarealliance.org/call-sign-compassion>
- [3] <http://www.aircarealliance.org>

[4] <http://www.aircareall.org>