

A Quick Look into Aviation Law

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Owning an aircraft, whether individually or through a business, creates significant exposure to personal liability. The natural response to this potential liability is to form a limited liability company to own and operate the aircraft – with the hope of isolating the risk in the new entity and shielding the owners from liability. While this may be the answer for other high-risk assets, in the case of aircraft ownership, this strategy can actually increase personal liability. Owning and operating an aircraft through single purpose LLC without consultation with aviation counsel can lead to illegal operation (albeit unintentional) of the aircraft. Unless they are well-versed in the Federal Aviation Regulations – which in this case are counterintuitive -- most owners (and their attorneys and advisors) are unaware of this issue until it is too late. If owners are operating through a single-purpose LLC without the necessary documentation required by the Federal Aviation Administration, the usual protections of an LLC will fall away. Even worse, most insurance policies require compliance with Federal Aviation Regulations. If an aircraft owner runs afoul of these regulations, such failure will render the insurance policy ineffective, leaving the owners totally exposed. Therefore, it is essential that aircraft owners consult with aviation law experts to ensure that they are complying with the intricate rules of the Federal Aviation Administration.

Laws and regulations governing ownership of aircraft are extensive and ever-changing. The specialists at Bodman PLC can assist companies and individuals with the navigation of these laws and regulations to ensure maximum protection from personal liability and the best possible tax outcome. Our specialists advise corporations and individuals in the purchase, sale, and ownership of aircraft with attention to the complex Federal Aviation Regulations, Internal Revenue Code, Security and Exchange Commission Rules, Federal Election Commission Rules, and other agency regulations. We also advise individuals and businesses on alternatives for aircraft ownership, including various types of charter arrangements and shared ownership. Whatever your questions or concerns might be, the aviation law specialists at Bodman can answer your questions and review your current practices to ensure that your interests are protected.

