



Tax Insights
From PwC Private

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In brief

What happened?

First, in a [July 2026 letter](#) to Treasury Secretary Scott Bessent and IRS CEO Frank Bisignano, a group of Democratic senators requested that the IRS use its regulatory authority to close a jet "loophole" created by the Standard Industry Fare Level (SIFL) valuation method that they assert allows the taxable value of personal use of company aircraft to be understated.

Second, the Department of Transportation (DOT) released the cents-per-mile rates and terminal charge for the second half of 2026 for the SIFL fringe benefits rules.

Why is it relevant?

Owners of business aircraft should be aware of the recent proposals related to private aviation as that could increase the taxable fringe benefit value associated with executives' personal use of company-provided aircraft.

When an employer allows an employee to use a company-provided private aircraft for personal reasons, the employee generally receives a taxable fringe benefit. Under current law, the employer may choose to value these personal flights by either using (1) the general fair market value charter rate of a similar aircraft or (2) the special valuation rules known as SIFL.

Actions to consider

Taxpayers should track the progress of various proposals related to business aircraft and stay aware of future news releases and notices coming from the government related to private aviation matters that may be targeted at closing the jet “loophole.”

The SIFL rates for the second half of 2026 are effective for personal flights taken by employees on employer-provided aircraft between July 1, 2026, and December 31, 2026. Affected employers should review the aircraft flight logs to determine which flights taken during that period were personal in nature to calculate and report the appropriate taxable fringe benefit amount for their employees.

In detail

Increase in valuation of fringe benefit for personal use

US Senators Sheldon Whitehouse (D-RI), Elizabeth Warren (D-MA), Chris Van Hollen (D-MD), Ed Markey (D-MA), and Bernie Sanders (I-VT) recently sent a letter to Treasury and the IRS requesting a change to the valuation for personal use of company-provided aircraft for fringe benefit purposes. Specifically, the letter is in support of the IRS's recent action in increasing audits of corporate jet usage. The letter further urges Treasury and the IRS to use their existing regulatory authority to revise or repeal the SIFL valuation method.

Currently, the fringe benefit regulations require that when executives and their guests use a corporate jet for personal travel, the value of the flight is recognized as income, making the trip a taxable fringe benefit. The senators argue that current SIFL rates are undervalued.

However, in an [August 2026 letter](#) responding to the senators, Treasury did not state a desire to modify the SIFL valuation method for the personal use of company aircraft. Accordingly, the SIFL valuation method for personal use of company aircraft remains unchanged at this time.

SIFL

SIFL is a special valuation method used to determine the amount an employer must include in an employee's income for personal travel on an employer-provided aircraft. SIFL amounts are calculated in three steps:

Step 1: The number of statute miles flown during the flight is multiplied by the SIFL cents-per-mile rate applicable to the period in which the flight occurred, for each segment of the flight (i.e., the highest rate applies to the first 500 miles, the next highest rate applies to the next 1,000 miles, and the lowest rate applies to miles over 1,500).

Step 2: The amount calculated in *Step 1* is multiplied by the appropriate aircraft multiple. The aircraft multiple is based on the maximum certified take-off weight of the aircraft and the type of employee (e.g., a *control employee* or a *non-control employee*).

Step 3: The applicable terminal charge is added to the value calculated in *Step 2*.

DOT determines the SIFL cents-per-mile rates and the applicable terminal charge and updates them semi-annually. The applicable rates for July 1, 2026, through December 31, 2026, are as follows:

<i>Rates</i>		<i>Aircraft multiple</i>		
Miles	Cents/mile	Aircraft weight	Control employee	Non-control employee
<i>Up to 500 miles</i>	\$0.3225	6,000 lbs or less	62.5%	15.6%
<i>501 — 1,500 miles</i>	\$0.2459	6,001 — 10,000 lbs	125%	23.4%
<i>Over 1,500 miles</i>	\$0.2364	10,001 — 25,000 lbs	300%	31.3%
<i>Terminal Charge</i>	\$58.95	25,001 lbs or more	400%	31.3%

Observation: The IRS issues routine semi-annual guidance adopting the DOT SIFL rates for tax purposes without change. It is expected that the next IRS issuance will continue to adopt the DOT SIFL rates ministerially and authorize use of the alternative DOT SIFL rates.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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