

From: Jeffrey Epstein <jeevacation@gmail.com>

To: Melanie Spinella <[REDACTED]>

Subject: Fwd: PRO-FORMA TAX TREATMENT - AIRCRAFT OPERATION

Date: Thu, 26 Sep 2013 10:58:48 +0000

Attachments: Avioneta_-_2012_TB_-_Proforma_Tax_Treatment.pdf

Inline-Images: primeglobal_color_blktext_tagline4823.jpg; rem-newlogo_sm29.png;
2013_ipatop100(2)18be.jpg

please print out attachment for leon. this makes no sense

----- Forwarded message -----

From: Thomas Turrin <[REDACTED]>

Date: Tue, Sep 17, 2013 at 4:40 PM

Subject: PRO-FORMA TAX TREATMENT - AIRCRAFT OPERATION

To: Jeffrey Epstein <jeevacation@gmail.com>

Cc: Eileen Alexanderson <[REDACTED]>

Jeffrey,

The attached schedule of pro-forma tax treatment is based on actual year 2012 activity and assumes the aircraft was placed in service on Jan 1st, 2012 and was Part 135 for the whole year.

Included in the schedule is the amount of US excise tax on the gross revenue (including revenue from business and "personal" use). Under Part 135, my understanding is that all of the "revenue" (including personal use) is subject to 7.5% US excise tax (per discussion with Pat Fenn at Akin Gump and based on my own research).

I calculated the loss using bonus depreciation (50%) and without bonus depreciation.

The operation of the aircraft would be characterized as a passive activity on Leon's return.

Leon would not be able to claim that he is materially participating in an active trade or business with respect to the aircraft operation (IRC Code Sec 469). The loss would be deductible to the extent of Leon's income from other passive activities.

Passive activity income does not include portfolio income from interest, dividends and

capital gains. Passive activity income is typically real estate rental income as well as other trade or business income from business activities in which the taxpayer is not a material participant.

As a passive activity, the losses not currently deductible against current passive income would not be lost –but would be carried forward as (“suspended”) and would offset passive income in future years including income from future disposal of the aircraft - mostly recapture of depreciation.

Once the aircraft is officially Part 135 (lawyers say should be soon), Avioneta Holdings, LLC would become an aircraft business with the aircraft “placed in service” for depreciation purposes.

I’m available to discuss.

Best,

Tom

THOMAS TURRIN, CPA

Partner

Raich Ende Malter & Co. LLP

[REDACTED]
New York, New York 10018

[REDACTED] (ext 404)

[REDACTED] (Direct line)

[REDACTED] (Fax)

[REDACTED] (Cell)

Email: **[REDACTED]**



PrimeGlobal

*An Association of
Independent Accounting Firms*



CONFIDENTIALITY STATEMENT: The information contained in this electronic communication, including any and all attachments and enclosures, may be privileged and is strictly confidential, intended solely for the use of the person(s) identified above to receive this communication. If you are not the person(s) identified above to receive this communication, you are hereby notified that you may not disclose, print, copy, disseminate, or otherwise use the information contained herein. If you are an employee or agent of the person(s) identified above to receive this communication and, as such, you have been authorized to deliver this communication to such person(s), you may disclose, print, copy, disseminate, or otherwise use the information contained in this communication solely for the purpose of such delivery. Unauthorized interception and/or use of this communication are/is strictly prohibited and may be punishable by law. If you have received this communication in error, please reply and notify the sender (only) of that fact and delete the communication, including any and all attachments and enclosures, from your computer or other electronic device on which you may have received this communication.

CIRCULAR 230 DISCLOSURE:

To insure compliance with requirements imposed by the Internal Revenue Service, we inform you that any tax advice contained in this communication (including any and all attachments), unless expressly stated otherwise, was not intended or written to be used and cannot be used for the purpose of (i) avoiding tax-related penalties imposed by the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction(s) or tax-related matter(s) addressed herein. This communication may not be forwarded (other than to the addressee(s) identified above) without our express written consent.

--

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein. Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to jeevacation@gmail.com, and destroy this communication and all copies thereof, including all attachments. copyright -all rights reserved