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**From:** Barry J. Cohen <[REDACTED]>  
**Sent:** Saturday, June 24, 2017 1:25 AM  
**To:** 'jeffrey E.'; Leon Black  
**Subject:** Bonus depreciation

Would love your thoughts on this, as we cannot figure out how to use bonus depreciation. Why? This is what we are advised:

- \* Leon does not have sufficiently reliable passive income, even with a grouping election, to use the deduction.
- \* Bonus depreciation is just a timing difference. I know that taking deductions sooner is better than taking them later. However, without bonus depreciation, we do have a higher basis, and a larger loss on sale, which is easier to take advantage of.
- \* With bonus depreciation and accelerated depreciation, the plane's basis quickly depreciates to zero. When the plane is disposed of, we would do a 1031, and the new plane would have a basis of 0 and could not be depreciated at all. Again, it would be nice to take bonus depreciation deductions sooner rather than later, but I think we end up with the same deductions as everyone else over time.
- \* Note too that we have trouble taking advantage of accelerated depreciation because Leon is frequently in AMT. For that reason, we have been depreciating the current plane straight line.
- \* We are now focusing on using plane deductions to offset any realized art capital gains we may have. However, those are long term capital gains, so the benefit is not as great. And we cannot rely on Leon to sell art at a gain. He has told us that he would appreciate advice on this, so maybe he is more open to it.

Let me know if I am getting any of this wrong.

From: jeffrey E. [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]  
Sent: Friday, June 23, 2017 2:38 PM  
To: Barry J. Cohen; Leon Black  
Subject: [External]

NOT this one. but one of your options as i said earlier is to find a new plane with bonus depreciation ( no Alternate min tax issue ( trade your current plane ) and at 60 million plus bonus of 30 m depreciation plus 7 regular. . at 40 % for bonus alone. 12 million in less tax paid Brand new plane. better warranty, etc.

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please note

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