

HOW TO *SUCCESSFULLY* IMPORT A PRIVATE JET

US buyers of pre-owned business aircraft can often find bargains on the international market. But, there are a range of regulatory, legal and operational considerations to bear in mind, according to industry experts, as Gerrard Cowan highlights...

When it comes to business aircraft, at a basic level it's important to realize that there are two import processes to consider, says Steve Rothanzl, International Trade Compliance Officer at Duncan Aviation. One is through US Customs and the other through the FAA.

"Something else that can get lost in all the excitement is which airport you'll bring the aircraft into the country through," he adds. For example, some airports could be 'user fee' airports, meaning you must schedule and pay for a US Customs and Border Protection (CBP) officer to meet you there as they are not staffed with normal hours.

This serves as just one example of the importance of seeking expert advice. "Having someone that is familiar with the different ports of entry and their capabilities can mitigate many headaches and wasted time processing the entry," Rothanzl adds.

Tim Barber, EMEA Aircraft Sales and Acquisitions Specialist at Duncan Aviation, says that it's vital to consider the presence of supplemental type certificates (STCs) whether you're importing or exporting, as some of these won't be recognized by the receiving registry. There will sometimes be additional work required to align the aircraft to the local requirements.

Similarly, service bulletins (SBs) and airworthiness directives (ADs) might vary, so again buyers importing an aircraft should check to ensure the requisite modifications have been carried out.

Does the Airplane Meet US Airworthiness Certificate Standards?

If you're importing an aircraft into the US, you must deregister the platform in its current country of registration and then apply for registration in the US through the FAA, notes James E. Cooling, Managing Director of Cooling & Herbers, a specialist aviation law firm.

However, it isn't enough to simply get a US registration as you also need to obtain a US Airworthiness Certificate.

"The problem is, when you have a foreign-registered airplane, it may have equipment on it that has not been certified in the United States," he highlights. "And the US DAR [Designated Airworthiness Representative] will not certify an airplane that has not met all FAA requirements."


Cooling's firm once worked with a client to acquire a Gulfstream that had already received around \$1m worth of modifications to meet certification requirements in the UK. The client wanted to buy this UK-registered aircraft and import it into the US. However, "in order to get [it] certified in the US, the client had to remove the million dollars of improvements because they didn't meet US certification requirements."

Such examples underscore the importance of having a DAR who is knowledgeable in international transactions to inspect the records, look at the airplane, and do as much as possible to determine whether the airplane meets US Airworthiness Certificate Standards before closing on the acquisition and applying for the airworthiness certificate.

The 'gold standard', Cooling says, is to have a DAR write a letter for the buyer confirming that they have inspected the airplane and that it is in the condition acceptable for immediate issuance of a US airworthiness certificate after US registration, though he notes that "it's hard to get DARs to do that".

Have you Weighed the Costs of Aircraft Import?

The location for delivery or change of ownership is also an important consideration, according to Doug Roth, Aircraft Sales and Acquisitions Representative at Duncan Aviation.

If you take ownership of the aircraft in a foreign country, you will need to either have the airworthiness certificate issued by the importing country at the foreign country location or move the aircraft on a ferry permit to the 





importing country. Alternatively, you could ask for the seller to move the aircraft to the importing country prior to the change of ownership.

"The sales or VAT tax consequences should be considered for either case," Roth highlights. "The tax implications may cause one scenario to be far better than the other or make one the only option."

Importing an aircraft to the US means striking a balance between costs and potential opportunities. There is a wide range of potential expenses, Christopher Lee, President of the Aircraft Finance division at 1st Source Bank notes.

These include regulatory and certification costs, customs and import duties, transport and logistics – such as insurance and ferry flight costs – as well as costs associated with maintenance and modifications, including those necessary to comply with FAA standards.

On top of this, Lee points to the need to pay for legal and professional fees, insurance costs, as well as documentation and administrative costs (such as document filing fees). There is also a range of miscellaneous costs to consider, he notes, such as travel expenses – accommodation for personnel involved in the importation process, for instance – and storage fees.

Nevertheless, there are arbitrage opportunities in international aircraft transactions where the savings outweigh the risks and costs, Lee highlights. "During Covid, we saw a larger demand for importing aircraft into the US based on availability constraints and price appreciation domestically, and we were involved in importing aircraft from all parts of the world," he illustrates.

On the other hand, it is natural to see an increase of US aircraft exports when the market softens, he adds. "Each country is different, and you need to form a team of experts including an experienced broker and banker who have [overseen aircraft imports] before and can help you navigate the speed bumps."

Each transaction is unique, so there aren't necessarily specific costs that are always higher or lower for international transactions, Brian Macbean, Director of Credit and Sales at AOPA Finance notes.

One topic to consider is the exchange rate between currencies, which could be impacted by timing, international relations, economic conditions and more. "The exchange rate could be different on the day you sign the contract than on the day you transfer the money," Macbean says.

"If you can arrange up front for the purchase to be in a known currency to you, you'll have the best chance to come out ahead when it comes time to close the funds."

Randall Mize, President of Leviate Air Group, emphasizes that while expenses such as legal and registration fees are a consideration, these can be significantly reduced when purchasing premium aircraft internationally at lower prices compared to domestic options on the market.

Companies such as Leviate offer customers a comprehensive value analysis of domestic versus international aircraft to ensure the savings justify any additional hassle. "Generally speaking, we're seeing significant discounts when buying internationally," Mize claims.

For example, Leviate Air Group assisted a US buyer in late 2023 to acquire a Bombardier Challenger 300 from the UK at a below-market price. "In this case, our US buyer was interested in purchasing the Challenger 300 which had already been placed in the UK customs warehouse by the owner," he shares.

"This particular aircraft matched the customer's requirements better than any domestically available options at the time and was purchased at a significant discount."

The UK customs warehouse is a unique concept that allows businesses to store imported aircraft without immediately paying customs duties and VAT. This facility provides a controlled environment where aircraft can be held [↳](#)



indefinitely while deferring taxes until the aircraft is released for use within the UK or re-exported.

"This is particularly beneficial for businesses that trade internationally as it helps manage cashflow by delaying the upfront tax burden," Mize explains.

With the formal purchase agreement in place, the buyer traveled to London, inspected the aircraft with Leviate's management support, conducted a test flight and had the necessary maintenance performed.

Once the sale was finalized, the aircraft was exported to the US without incurring UK import/export duties, thereby reducing costs and simplifying the transaction. "Following the 'N' registration approval we flew it back to the US and spent \$3m on it to make it like a brand-new aircraft," Mize shares.

Give the Aircraft's History a Thorough Check

However, he warns that acquiring aircraft internationally is not always straightforward. The history of the aircraft is particularly crucial. "You're going to have some additional expense," he notes. "We're going to have to send one of our technical experts or source a local technician to do extensive due diligence before we ever send the buyer to see it."

Leviate conducts a detailed logbook review confirming that all major inspections have been performed by reputable maintenance providers or OEMs. Issues like improper maintenance or missing records, in English, can be deal-breakers. "If the plane lacks the conditions we require for the buyer or has not been cared for as advertised, we'll walk away from the deal," Mize asserts.

The operating history is particularly important because any challenges here often mean it would have been simpler to buy in the US initially. Older aircraft are more likely to have undergone modifications that fail to meet FAA requirements.

"Several factors can impact the transaction timeline," Mize

“ International due diligence is *always* time-consuming. ”

adds. For instance, if the aircraft has just completed a major inspection at a reputable facility, domestic buyers often use this as their pre-buy inspection. "That can expedite the process and make an international transaction even more attractive," Mize concludes.

David M. Hernandez, a shareholder in law firm Vedder Price, says the timing involved with the registration process can vary depending on the jurisdiction. "International due diligence is always time-consuming."

It is harder to perform this due diligence when it comes to importing foreign aircraft because the maintenance and operational history is usually more complicated to evaluate, Hernandez explains, a challenge that varies significantly by country. It can be impacted by bilateral agreements with the US or the frequency of transactions.

Hernandez says that as well as the condition of the aircraft, it's important to consider any liens or other title concerns, along with sanctions compliance history. "The best way to avoid problems is to plan ahead and hire experienced professionals to assist with the transaction."

The Importance of Hiring Expertise

Steve Rogers, Managing Director of Aradian Aviation Ltd, says his company imports a lot of aircraft into the US – either for sale in the US itself or for inspections for onward sale in Central and South America.

"In the past you just turned up, filled out a few pieces of paperwork and were on your way. Nowadays, it is far better to have all that paperwork in place prior to arrival, or expect a long delay," he says, underscoring the importance of working with an expert customs broker.

Professionals across the industry emphasize the need for a specialized team to assist with the import. Scott C. Burgess, Founder and Partner in Aviation Legal Group - a member of the Global Licensed Aircraft Dealers Association (GLADA) - says that in a cross-border transaction, this might include legal and taxation representation of the country of registry at the outset of the transaction and in the country of intended registration.

It is also important to work with experienced aircraft brokers who can source inspection slots and assist in building an appropriate pre-purchase evaluation scope. ↪

The team should, at the outset, consider whether the aircraft's registry has similar airworthiness requirements to those of the FAA, and whether the country of registry has normal diplomatic relations with the US or is sanctioned.

An aircraft registered to a sanctioned country is not necessarily off limits, but detailed and verified 'know your customer' requirements are essential, vetted by experienced sanctions counsel.

"These aircraft can often be acquired well below market [value] because of the inherent risks," Burgess highlights, "including whether a manufacturer-authorized service center will conduct inspections and maintenance, cancellation of power-by-the-hour maintenance service programs, and whether the manufacturer will allow the purchaser to enjoy the remaining warranty benefits."

The right team can find opportunities and tackle the challenges across the board, he asserts. An experienced aircraft broker will understand the impact the country of registry has on the target aircraft's value and marketability, while a competent technical representative can determine the scope of inspections and any maintenance and modifications necessary to transition the aircraft from the airworthiness requirements of its current registry to those of the destination registry.

Experienced legal and taxation teammates, meanwhile, will assess the tax implications of the delivery location, as well as duty or other assessments (if any) that will be payable when accomplishing customs exportation of the aircraft from the country of registry and customs importation into the destination country of registry.

Importantly, all this information is required to negotiate the deal terms before the legal teammates commence drafting the sale and purchase agreement.

"Failure to plan the logistics of the pre-purchase evaluation, any necessary modifications to the aircraft, the delivery location, and customs export and importation can be costly," Burgess summarizes. "A poor planner might end up with a noisy paperweight, an unanticipated tax assessment, or seizure and confiscation of the aircraft."

"The Import/Export portion is something that should not be given a cursory review by either buyer or seller," concludes Janine Iannarelli, President of Par Avion Ltd. "You shouldn't rely solely on the maintenance facility to determine what is needed, because the import or export process is multifaceted.

"You need someone who really understands what it all entails, from a tax, legal, maintenance and customs perspective. There's going to be multiple professionals involved in the process." ■

More information from:

1st Source Bank: www.1stsource.com/aircraft

Aradian Aviation: www.aradian.com

Aviation Legal Group: www.aviationlegalgroup.com

AOPA Finance: <https://finance.aopa.org>

Cooling & Herbers: www.coolinglaw.com

GLADA: www.glada.aero

Duncan Aviation: www.duncanaviation.aero

Leviat Air Group: <https://leviateair.com>

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