



# ICAO Regional Air Transport Conference

Montego Bay, Jamaica

7 – 9 October 2014

## SESSION 6 – The Impact of Taxation on Air Transport's Development

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# ICAO TAXATION POLICY

- International Civil Aviation- taxation a sensitive and vexed subject
- ICAO Policy on taxation
  - Document 9082
  - Document 8632
- Tax: A levy that is designed to raise national or local government revenues which are generally not applied to civil aviation in their entirety or on a cost specific basis.
- Charge: A levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation.

## INDUSTRY REACTION & IMPACT

- IATA actively campaigns against revenue authorities worldwide that fail to honour ICAO taxation principles
- ACI's policy is to oppose the proliferation of taxes imposed solely on air transport and used for non-aviation purposes
- Increasing concern with the types and levels of taxes beyond scope of ICAO policy
- Tourism Tax, Air Passenger Duty, Solidarity Tax, Air Travel Tax, Tourism Enhancement Fee, VAT
- Negative Impact on global economy, economic recovery and economic welfare
- Imposition and withdrawal of taxes over the years
  - Europe
  - Latin America
  - Caribbean



## THE REAL COST OF TRAVEL



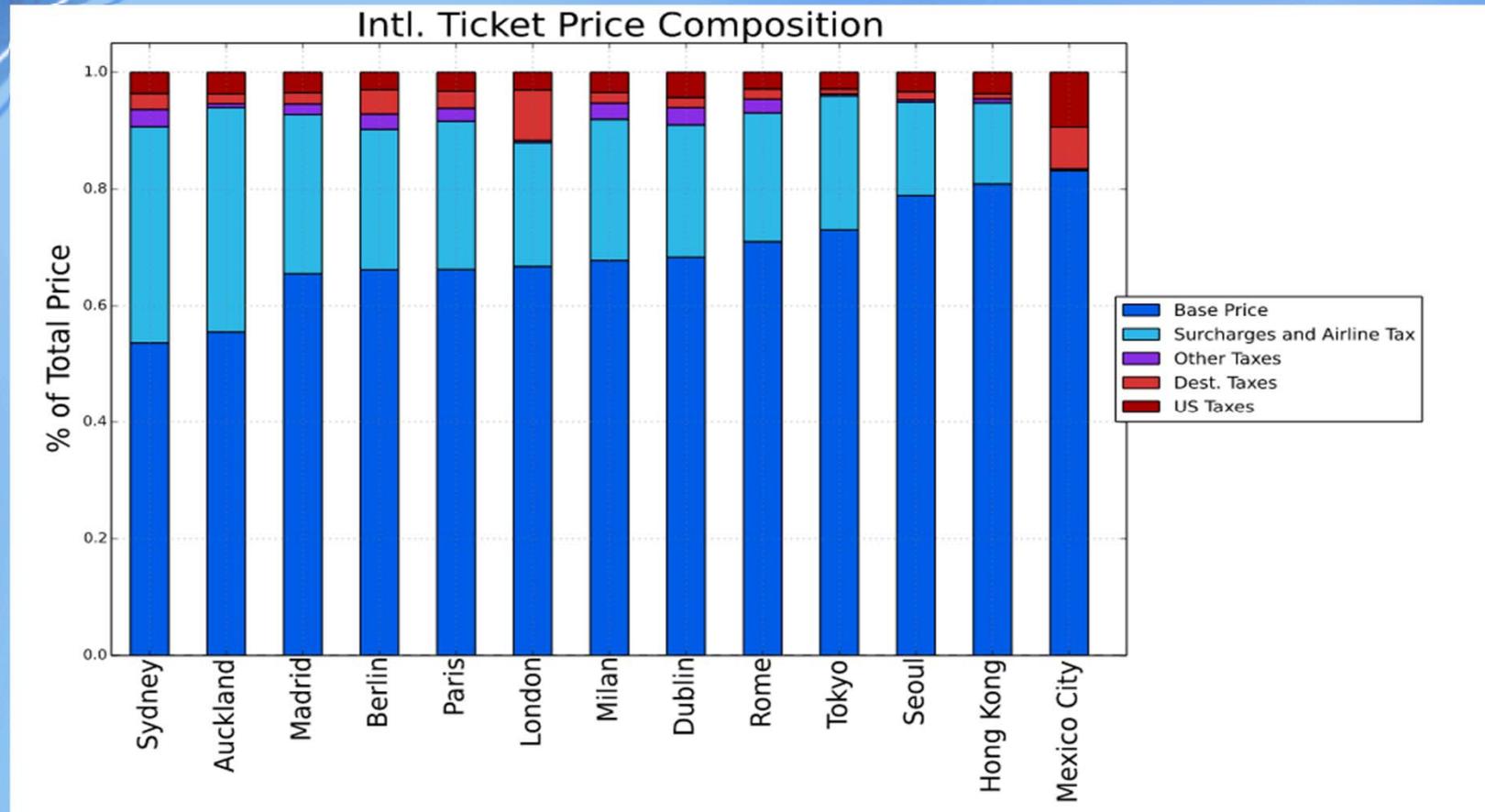


# TAXES AND CHARGES - INTERNATIONAL TRAVEL

Typical Government Taxes and Fees - Round trip		
Code	Description	Adult
AY	USA: September 11th Security Fee	USD 5.60
US	USA: Transportation Tax - Domestic	USD 35.00
XA	USA: APHIS User Fee	USD 5.00
XF	USA: Passenger Facility Charges	USD 4.50
XY	USA: Immigration User Fee	USD 7.00
YC	USA: Customs User Fee	USD 5.50
EK	Jamaica: Passenger Service & Security Fee	USD 14.30
EL	Jamaica: Airport Improvement Fee	USD 10.00
HG	Jamaica: Tourism Enhancement Fee	USD 20.00
JT	Jamaica: Passenger Facility Charge	USD 3.00
QK	Jamaica: Airline Passenger Levy	USD 20.00
UC	Jamaica: Passenger Aviation Service Charge	USD 8.00
WD	Jamaica: Travel Tax	USD 16.00
<b>Total per traveller</b>		<b>USD 153.90</b>



# TICKET PRICE COMPOSITION





# TRANSPARENCY

- CONSUMERS ARE FLYING BLIND!!!



- Transparent Airfares Act (2014)

# GUIDANCE/RECOMMENDATIONS

- Simple and straightforward terminology
- Basic ticket pricing structure
- Optional vs Mandatory fees and charges
- Consistent calculation of fees
- Legal and Regulatory guidelines



## SECURITY FEES

- 9/11 fees, PSSF, Security fees
- Annex 17- Security
- ICAO Principles
  - Directly related to the cost of providing the services
  - No greater than the cost to provide the services
- Typical components of security costs
  - Human resources
  - Technological resources
  - Physical facilities
  - Training and development
  - Administrative support



# SECURITY FEE

Typical Inputs in Determination of Security Fee

Security Costs	Annual Costs Current
Annual Security Cost (Contract)	\$
Depreciation & Amortization Equipment	\$
Repairs & Maintenance (Assets Employed)	\$
Staff	\$
Staff Training	\$
Insurance	\$
<b>Total Cost</b>	<b>\$</b>
Cost per pax (\$)	
Current Security Fee	
<b>Deficit/Surplus per Pax (\$)</b>	
<b>Pax Number</b>	



## ICAO REGIONAL AIRPORT CONFERENCE

- "...but in this world nothing can be said to be certain, except death and taxes."  
— Benjamin Franklin

# THANK YOU