

Aviation ticket taxes and charges

Preliminary research findings

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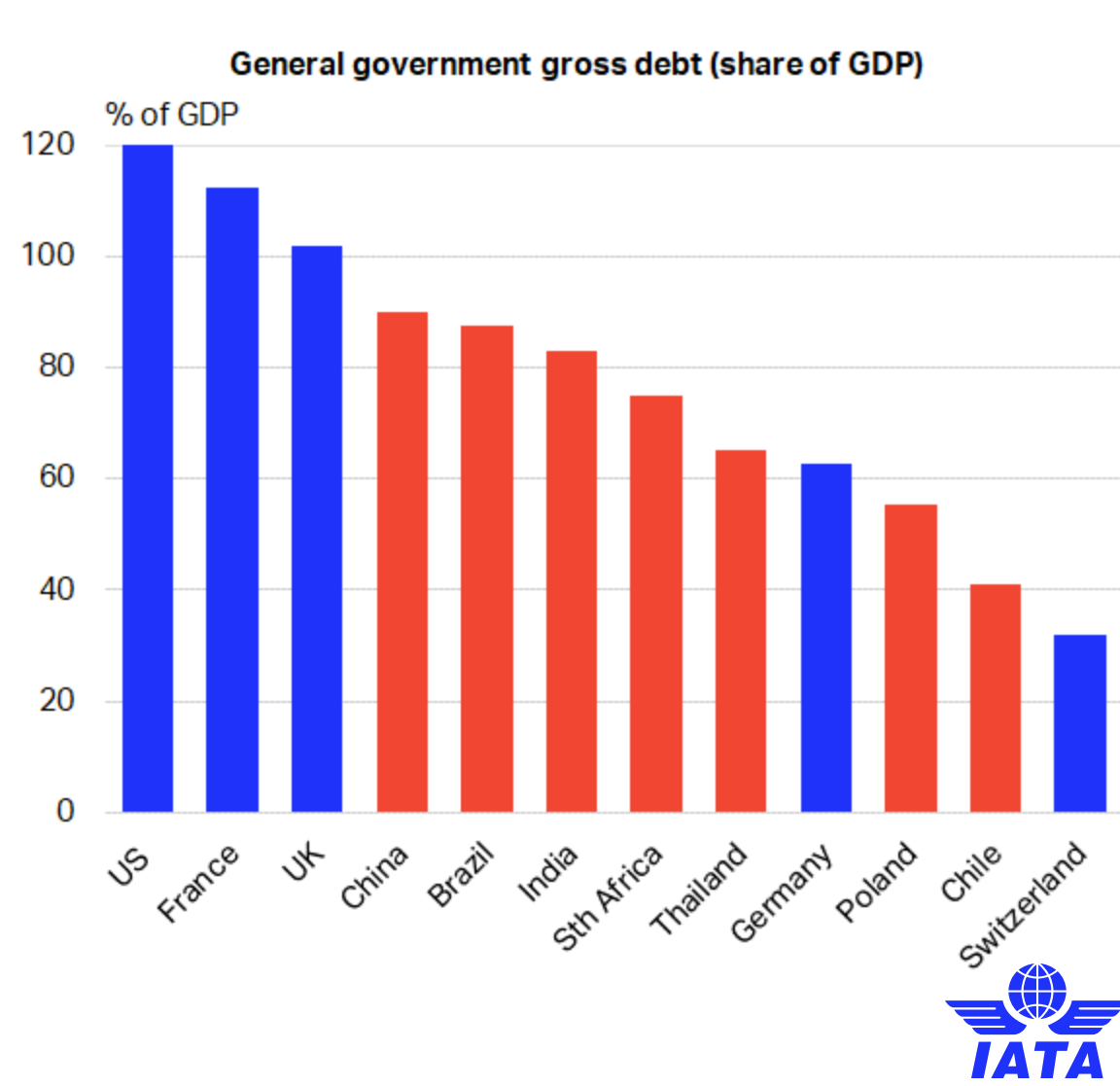
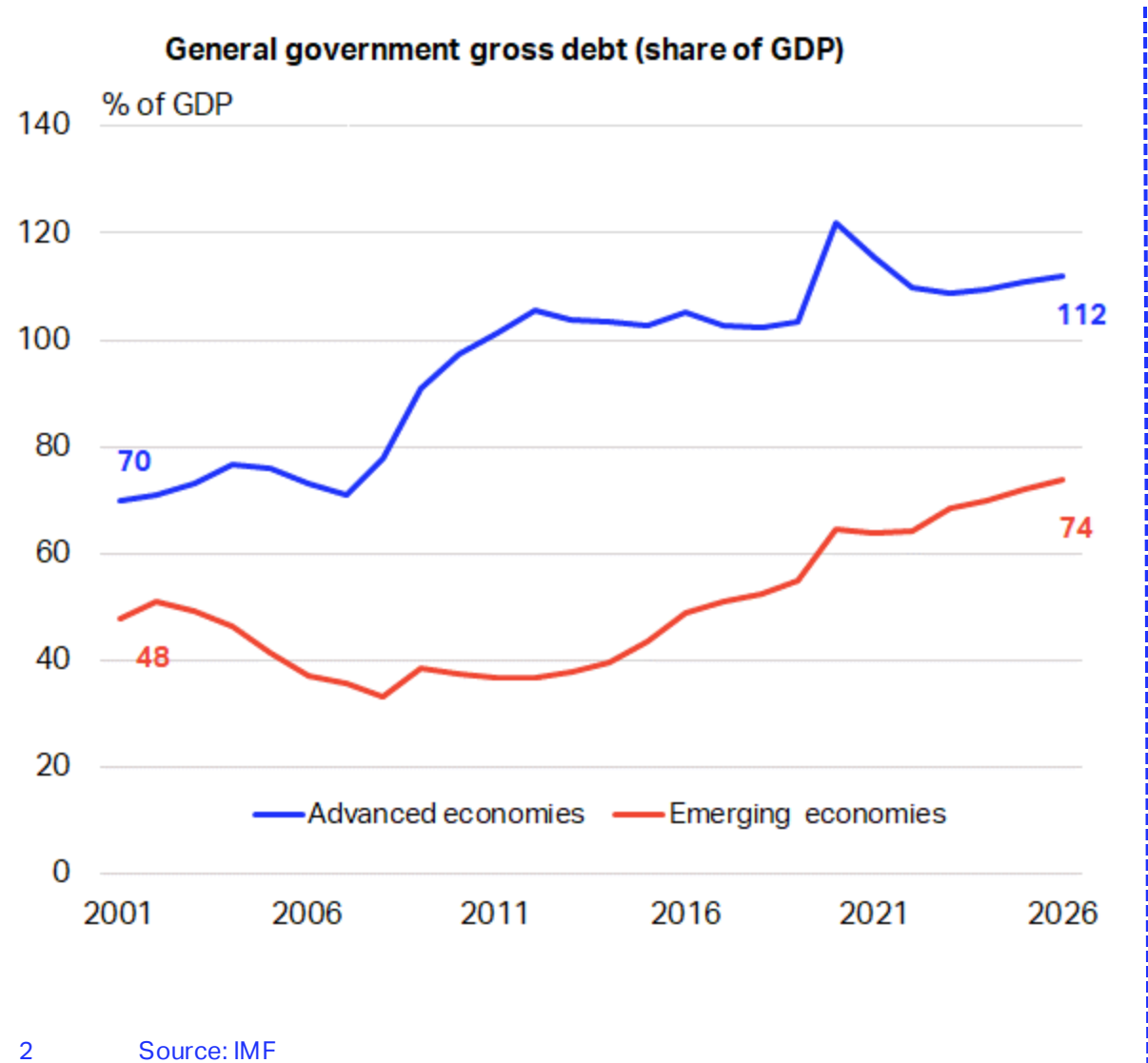
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Global public debt to exceed USD100 trillion in 2024

Governments around the world face pressure from fiscal deterioration



Various post-Covid trends raise tax alarms for aviation



Tendency towards 'big' government

Precarious government fiscal balances

Social pressures (eg sustainability, over-tourism)

New industrial policy

Cross subsidization of other travel modes

*These trends
pose
challenges for
airlines in
moving to a
sustainable
financial
position.*

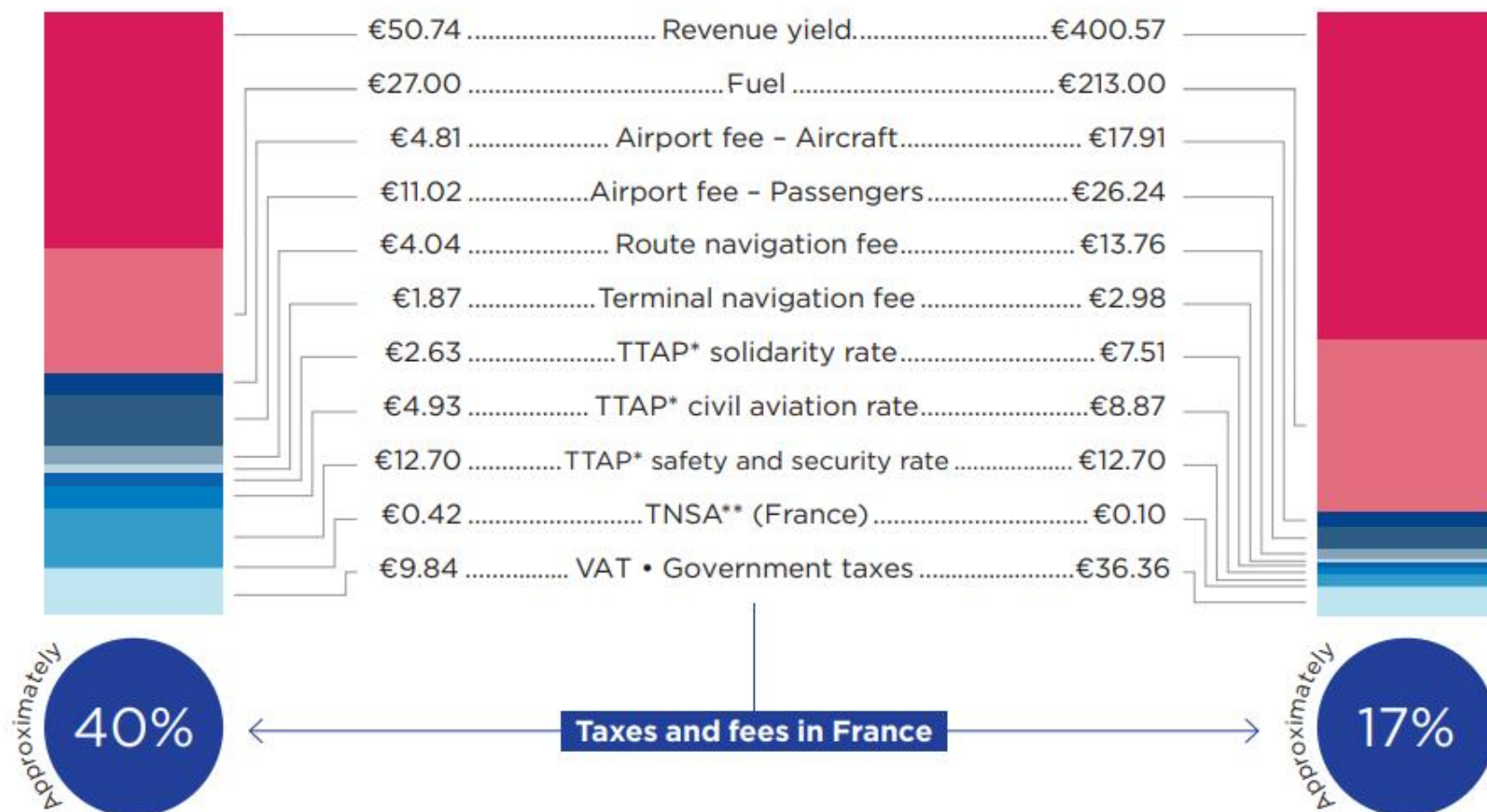
An illustration from Air France shows the magnitude of the problem...

ONE-WAY BETWEEN PARIS (CDG) AND NICE (NCE)

Average amount: €130 including tax

ONE-WAY BETWEEN PARIS (CDG) AND NEW YORK (JFK)

Average amount: €740 including tax



Source:

https://www.airfranceklm.com/sites/default/files/2024-03/afklm_fiche_tarifs_en_hr.pdf

*TTAP: Taxe sur le Transport Aérien de Passagers [French Passenger Air Transport Tax].

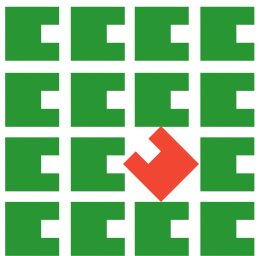
**TNSA: Taxe sur les Nuisances Sonores Aériennes [French Noise Tax].

A project was launched to....



Illustrate the magnitude of the ticket taxes & charges burden across regions

Show the complexity of aviation taxation (# charges & taxes levied, variations/ exemptions)



Highlight the need for transparency, harmonization and simplification



Analysis allows for a global picture to be presented

Calculations are detailed and cover 90% of all 2023 traffic

4.4bn

tickets

90%

of global traffic

170,000

instances of tax application

55

countries

8,000

coded tax rows, validated
with exceptions applied

100%

of traffic within each
selected country



Passengers paid USD 143bn in ticket taxes & charges

Equivalent to USD 75 per round trip, 20% of the average base fare

USD 142.7 bn
collected globally in 2023



USD 75
for a round trip



USD 32
for a single flight



20%
of ticket price



Note: On average, a round trip involves more than two single flights. As such, the taxes and charges paid for an average round trip exceeds that paid for two single flights.

The type of travel drives outcomes to passengers

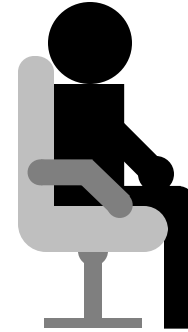
Premium and international travel are subject to largest levies

Domestic



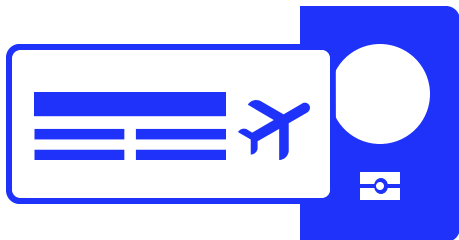
USD 25

Economy Class



USD 31

International



USD 41

Premium Class

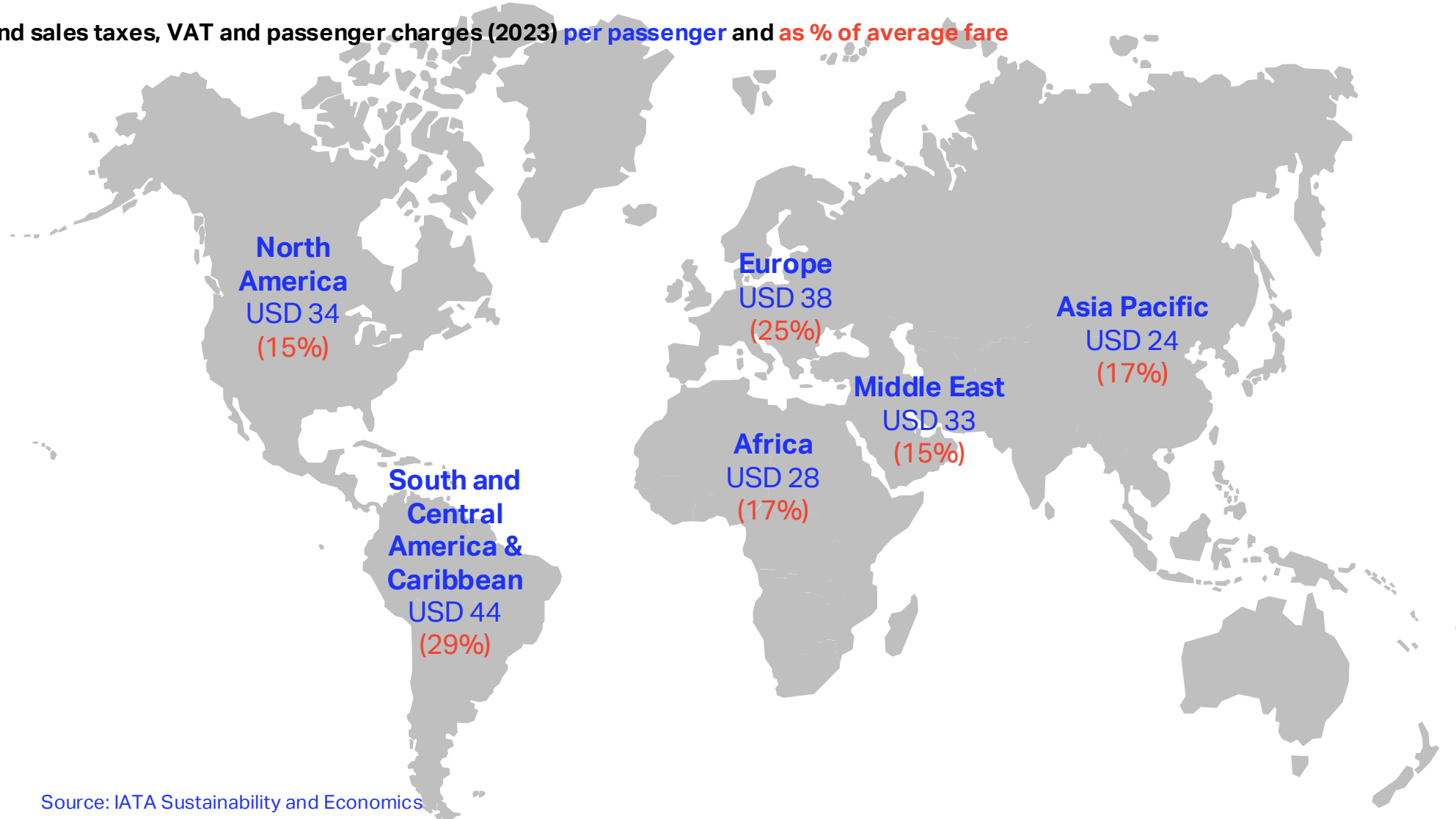


USD 57

South and Central America has highest average fees

Both in absolute terms, and in relation to average airfare

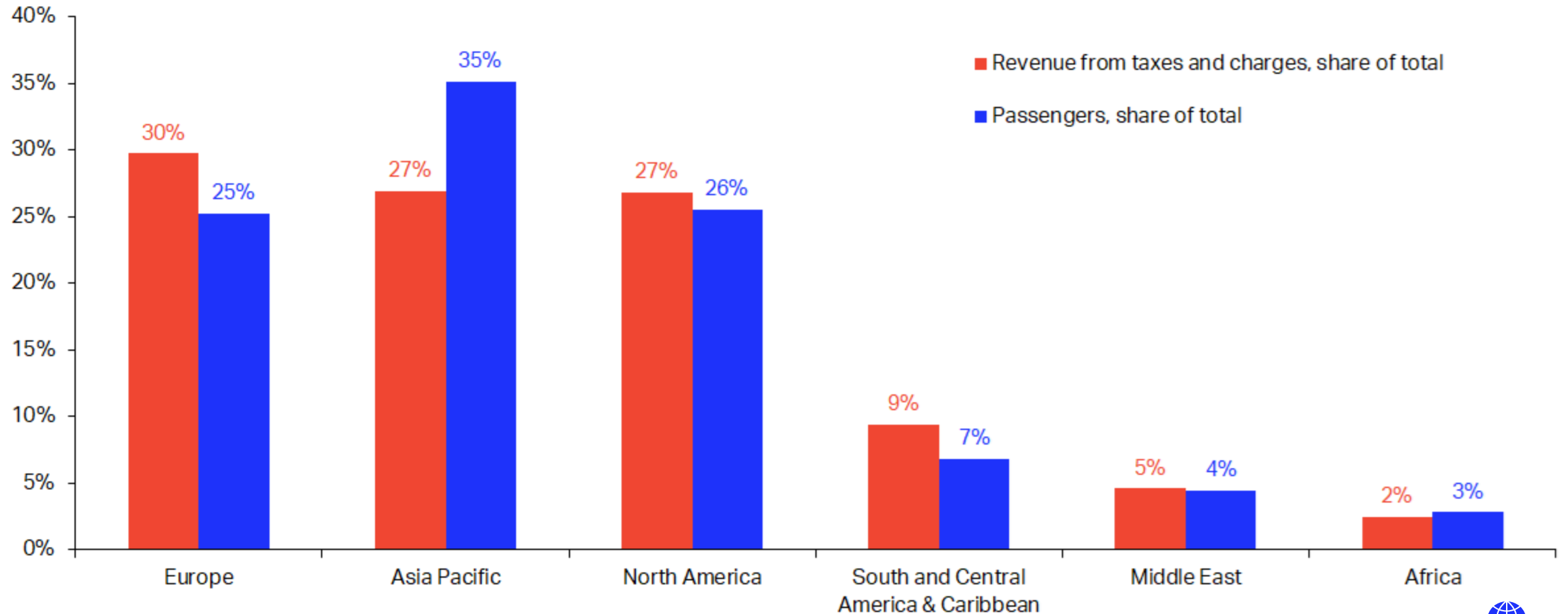
Ticket and sales taxes, VAT and passenger charges (2023) **per passenger** and **as % of average fare**



Share of taxes & charges compared with share of traffic

Reveals some interesting anomalies

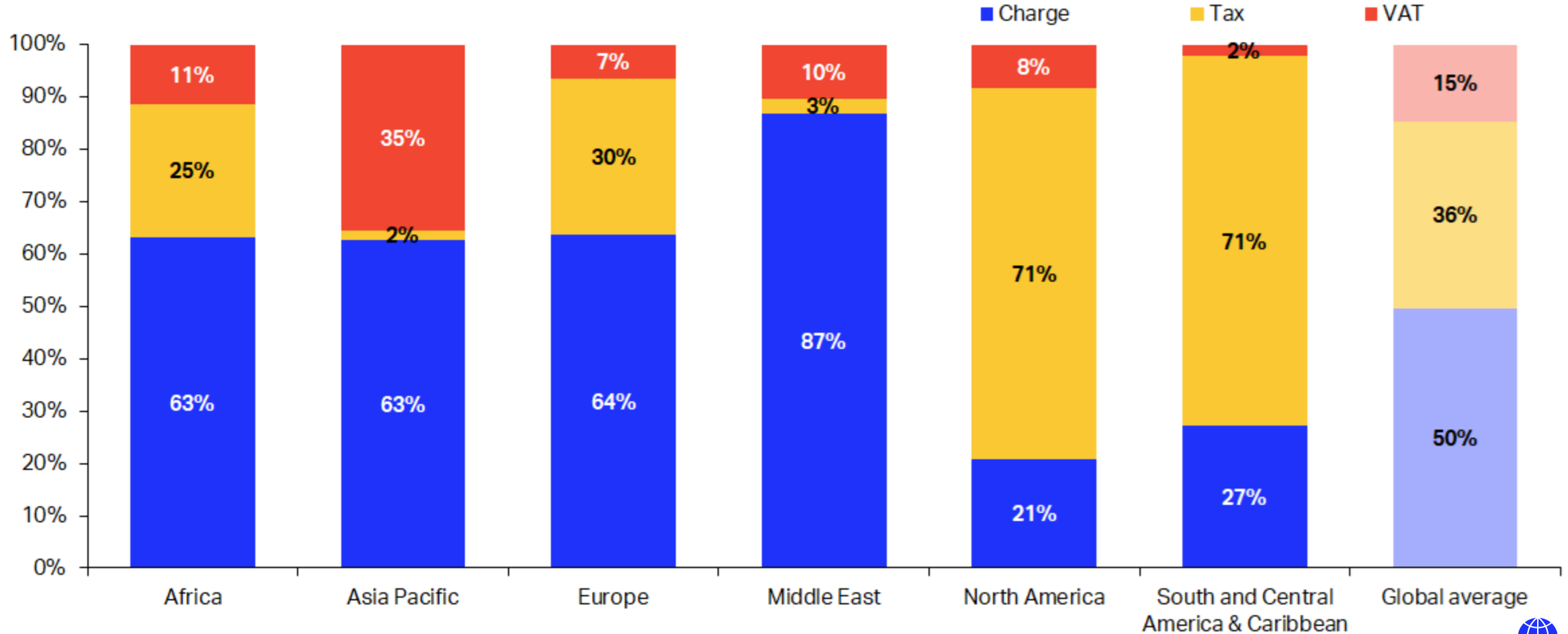
Global share of passengers and revenue from ticket and sales taxes, VAT and passenger charges



Regional composition of ticket taxes and charges...

...shows considerable variation, reflecting regional circumstances

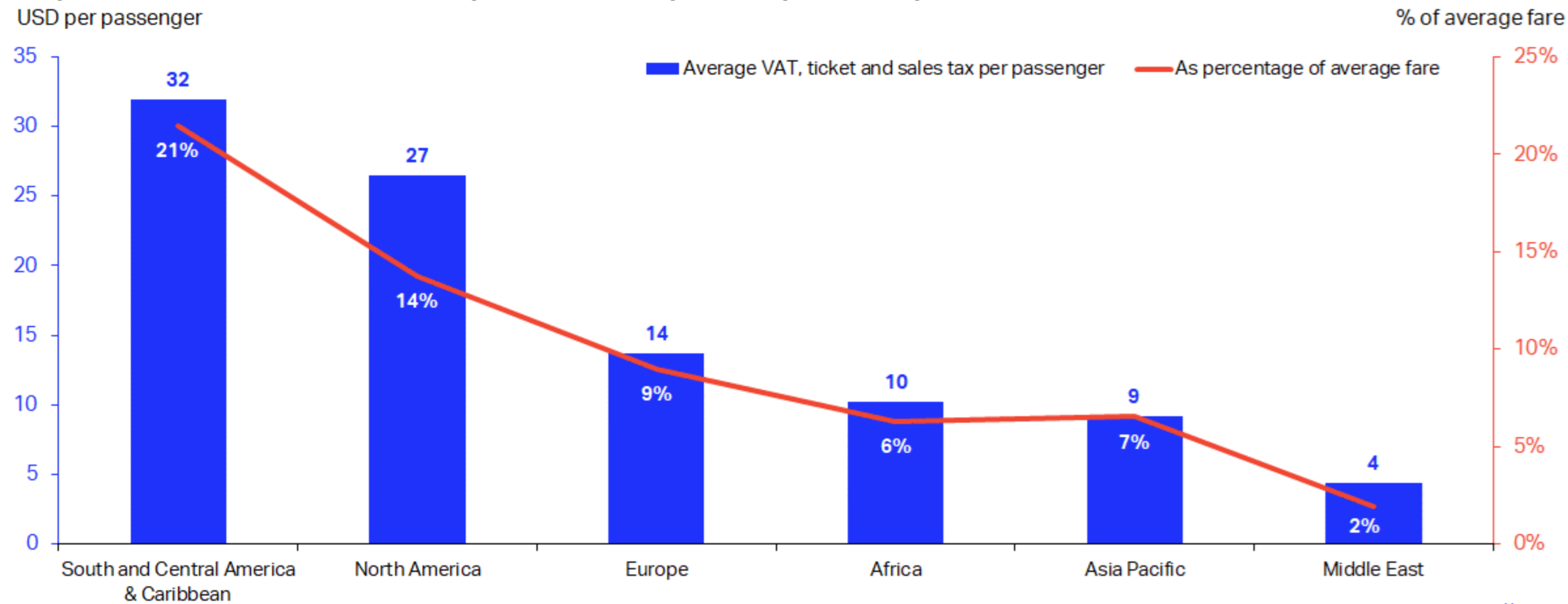
Breakdown of charges and taxes by fee type (regional breakdown, % of total)



Levels of taxation across regions vary considerably

South America leads the way, in contrast to the Middle East

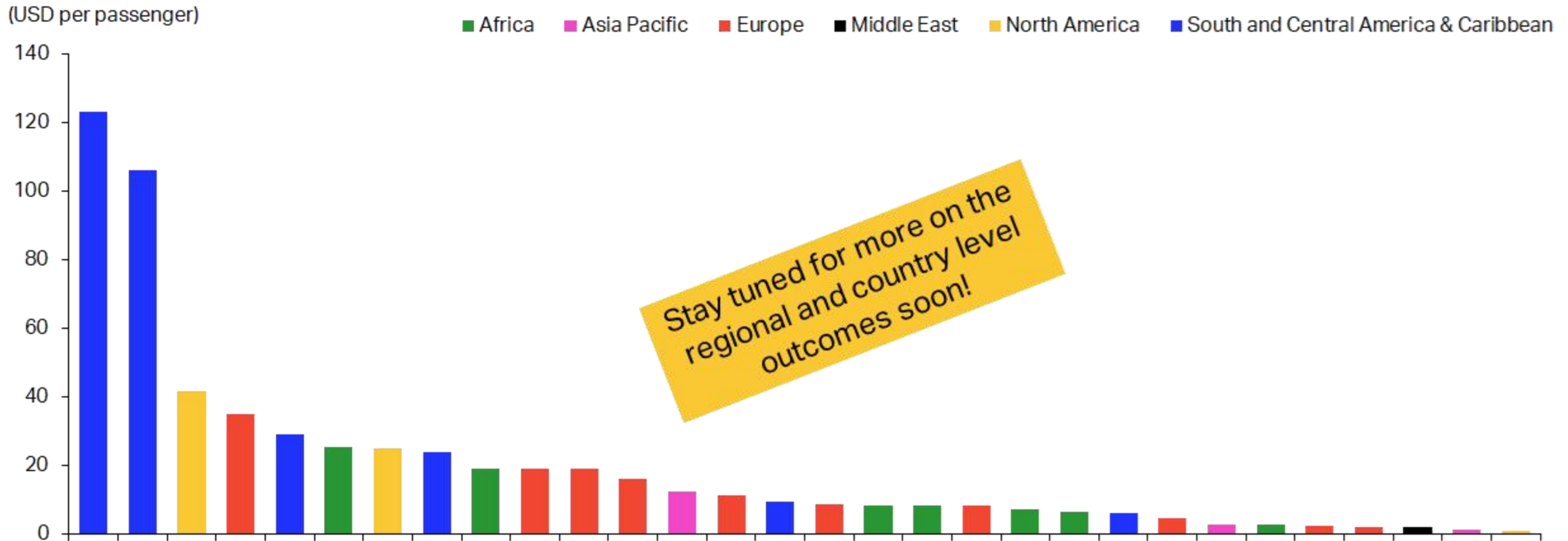
Average VAT, ticket and sales taxes per passenger and as percentage of average fare (by region, 2023)



A Teaser: aviation taxes vary widely across countries

And are generally higher in the Americas than in other regions

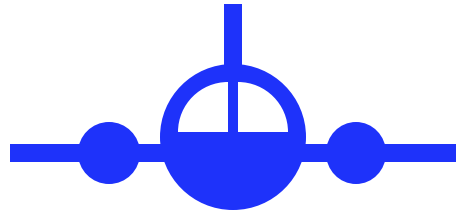
National level average ticket and sales taxes per passenger by region, 2023



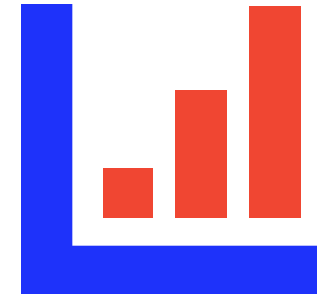
Excessive aviation tax brings various risks...

...and can deliver unintended consequences

Passengers will fly through less taxed areas increasing miles flown



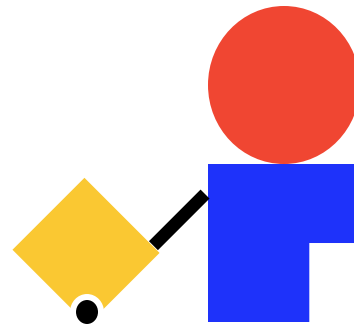
Governments may lose revenue if traffic volumes drop



Local economies may suffer due to lower demand levels



Airline financial health diminished



Connectivity & competitiveness reduced



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