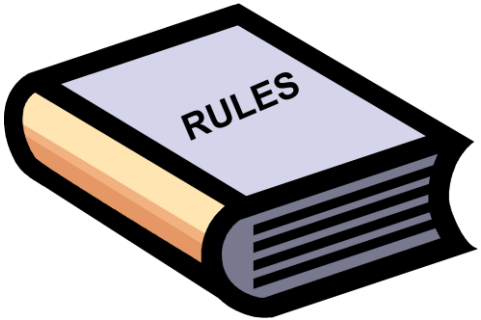
5th World Financial Symposium

17 – 20 September 2018

Madrid Marriott Auditorium Hotel & Conference Center

Breakout Session
Billing of Interlineable Taxes/Fees/Charges (TFCs) In case of Involuntary Rerouting



Current

RAM A2 states:

1.8.2.2 For involuntary reroutings, any TFCs arising from the revised routing which were not applicable to the original routing cannot be billed by the new receiving carrier.

Note 1: *Any TFCs code arising from revised routing which were applicable to the original routing shall be billed for the published TFC amount applicable to the revised routing but may not exceed the applicable TFC amount published for the original itinerary. This applies irrespective of any exemption from involuntary reroute published in the RATD for the respective tax.*

Note 2: *The applicable TFC shall apply to the same or equivalent replacement departure or (in the case of an arrival tax) arrival point on the revised routing for which it applied on the original routing. The departure or arrival point of the revised routing may be the same airport, city or country as that on the original routing.*

What does this mean?

- **Retrieving the original ticket**
- **Calculating the applicable taxes on the routing of the original ticket…**
- **Calculating the applicable taxes on the new involuntary route…**
- **Identifying the taxes on the new route that were applicable on the original route…**
- **Capping the tax amounts for the new route based on the tax amounts on the original route….**
- **If there are additional sectors in the new route, determining if the tax on the new route is covered by the tax on the original route…..**

And it all ends in:

Where rework needs to be done in order to reach an agreement

Proposal:

Calculate the applicable taxes on the new involuntary route…

- Based on date of new ticket issuance for respective travel date
- Applicable TFC based on complete ticket sales data

And bill them …….

City	Country	Airport	Taxes and Fees
Punta Cana	Dominican Republic	PUJ	$105.70
Santo Domingo	Dominican Republic	SDQ	$105.70
Puerto Plata	Dominican Republic	POP	$105.70
Montego Bay	Jamaica	MBJ	$106.11

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Example:

Involuntary re-route: HKG-BJS coupon is billed

Current:

Receiving carrier does not bill any departure tax for HKG as HKG is not there in the original routing. .

Proposed:

Receiving carrier will bill applicable taxes for HKG which are **G3 – AIRPORT CONSTRUCTION FEE HKD70**, and **I5 - AIRPORT PASSENGER SECURITY CHARGE HKD45** on HKG – BJS sector.

Issued by : XXXXXXXX AIRLINES													
ENDORSEMENTS/RESTRICTIONS			CONJUNCTION TICKETS 2312283793							XXXXXXXX AIRPORT SERVICES			
**TKT REISSUED DUE ODBC ON ZZ 308/31JAN			BOOKING AGENT			ORIGIN/DESTINATION / DXB PEK SITI							
NAME OF PASSENGER			DATE OF ISSUE 31-JAN-2018			AIRLINE DATA E4VUN2							
XXXXX/ XXXXXXXXX MS						ISSUED IN EXCHANGE FOR				XXXXXXX			
X/O		GOOD FOR PASSAGE FROM	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS	NOT VALID BEFORE	NOT VALID AFTER	ALLOW	
	FROM	DUBAI	ZZ	386	B	31-Jan-2018	1910	OK	B1LXSCN1				
	TO	HONG KONG	YY	900	Y	01-Feb-2018	0800	OK	B1LXSCN1				
	TO	BEIJING CAPITAL AIRPORT											
	TO												
	TO												
FARE	CNY	4500.000	FARE CALCULATION										
EQUIV FARE PAID	AED	.000	BJS ZZ DXB 185.09 ZZ BJS 494.08 NUC 679.17 END ROE6.618275										
TAX/FEE/CHARGE			FORM OF PAYMENT			ORIGINAL ISSUE				APP CODE	TOUR CODE		
TAX/FEE/CHARGE						XXX-5319036589 BJS 22-JAN-18					EZM		
TAX/FEE/CHARGE													
TOTAL	AED	.000	XXX-2312283793 1			XXX/1/Manual Priced			TICKETED FARE ELEMENT				
CONTROL NO.													

Note: **If a tax is exempted in case of involuntary reroute, then it must not be billed….**

Example:

Involuntary re-route: PAR-DXB coupon is billed

Current:

Receiving carrier bills **FR- AVIATION CIVIL TAX tax EUR8.06** and **IZ - AIR PASSENGER SOLIDARITY TAX tax EUR 4.51** on PAR-DXB sector.

Proposed:

Receiving carrier will not bill these taxes as billing of these taxes as per RATD are exempted under Invol. rerouting

Issued by : XXXXXXXX AIRLINES													
ENDORSEMENTS/RESTRICTIONS			CONJUNCTION TICKETS							AL SANIYA STREET, LON AREA OFFICE			
INVOL REROUTE DUE TO CANCELLATION OF FLT XX 747/24FEB PARDXB			BOOKING AGENT			ORIGIN/DESTINATION / LON DXB SITI							
NAME OF PASSENGER			DATE OF ISSUE 22-FEB-2018			AIRLINE DATA P3YU7B				XXXXXXX			
XXXXX/ XXXXXXXXX MR						ISSUED IN EXCHANGE FOR				LONDON			
X/O		GOOD FOR PASSAGE FROM	CARRIER	FLIGHT	CLASS	DATE	TIME	STATUS	FARE BASIS	NOT VALID BEFORE	NOT VALID AFTER	ALLOW	
	FROM	LONDON	XX	901	T	22-Feb-2018	0800	OK	QES9PGB1				
	TO	PARIS	YY	551	Q	24-Feb-2018	1025	OK	QES9PGB1				
	TO	DUBAI											
	TO												
	TO												
FARE GBP 218.000			FARE CALCULATION										
EQUIV FARE PAID			LON XX PAR XX DXB292.91 NUC292.91 ROE 0.74426										
TAX/FEE/CHARGE			FORM OF PAYMENT			ORIGINAL ISSUE				APP CODE	TOUR CODE		
TAX/FEE/CHARGE						XXX-9999999911 LON 01-JAN-18							
TAX/FEE/CHARGE													
TOTAL			XXX-9999999998 1			XXX/1/Manual Priced			TICKETED FARE ELEMENT				
CONTROL NO.													

Statistics – SIS Passenger Rejection Analysis

Rejection count - Split by Reason Code (Q1 2018 vs Q1 2017)

Reason Code SMI - I/M	Reason Description	1st Stage Count and Percentage Jan-Mar 2018		1st Stage Count and Percentage Jan-Mar 2017		Percentage change 2018 vs 2017	
1G	Tax Reclaim	732,269	39%	695,102	37%	↑	5%
1B	Fare Reclaim	721,105	38%	747,502	40%	↓	-4%

Reason Code SMI – I/M	Reason Description	2nd Stage Count and Percentage Jan-Mar 2018		2nd Stage Count and Percentage Jan-Mar 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	351,723	49%	300,285	45%	↑	17%
1G	Tax Reclaim	199,108	28%	199,730	30%	↓	0%

Reason Code SMI – I/M	Reason Description	3rd Stage Count and Percentage Jan-Mar 2018		3rd Stage Count and Percentage Jan-Mar 2017		Percentage change 2018 vs 2017	
1B	Fare Reclaim	147,831	50%	139,581	48%	↑	6%
1G	Tax Reclaim	92,807	31%	69,589	24%	↑	33%

TFCs rejections:

- Top reason for 1st stage rejection
- Top 2nd reason for 2nd and 3rd stage rejection
- Accounted for 39% of 1st stage rejections for Jan-Mar 18, Y-O-Y increase by 5%

- Reasons for TFCs rejections? – For Discussion
- Y-O-Y increase by 33% for 3rd stage rejection! Why?

Source: SIS Operations team provided to SIS IBSOPS WG and SIS Steering Group, report dated 7 May 18

This is a change to RAM : Support agenda item P4

P4 : Proposes that in case of involuntary rerouting,

- billing carrier may bill all the taxes applicable on the revised routing.

- if an exemption exists for an applicable tax then the tax shall not be billed

Discussion : What do you think?

TTBS 2018/11480 bulletin: Involuntary rerouting exemptions

IBS OPS has requested IATA to coordinate actions to try to homologate involuntary rerouting tax exemptions to the generic one coded as IR.

Why?

- Tax amounts are significant : this would be a big win if exemptions for involuntary rerouting exist.
- A large amount of interline rejections could be avoided resulting in cost reduction for airlines

Cooperation from sponsor airlines is essential to allow an alignment to all TFCs in their country.

How?

Airlines are invited to:

- look into respective regulations to determine if there is an implicit exemption different from the direct IR exemption

- send feedback to ttbs@iata.org :

a) Provide recommendation on the feasibility of changing the existing non-standard exemption to the generic IR exemption for all TFC codes in the country, or

a) Provide the justification on why the exemption should remain as is, based on the extract of the legislation that supports existing codification in TTBS.

We can all be actors in simplifying the business!

Thank You