



Fact Sheet

Aviation Charges, Fees and Taxes

IATA campaigns for cost efficient airport charges, air traffic control charges and fuel fees, as well as fair taxation to drive financial and operational improvements for airlines and support sustainable traffic growth.

IATA's campaigns are aimed at monopolistic providers (airports, air navigation service providers or ANSPs) as well as governments and tax authorities. IATA also advocates open access and competition for fuel suppliers.

Effective economic regulation of airports and ANSPs, as the key to drive cost efficiencies and mitigate excess profit-taking, remains a focus of IATA's work.

IATA aims for a more balanced customer-supplier relationship between airlines, airports and ANSPs, starting with engagement on the infrastructure planning to ensure capital expenditure projects involve the airline community as early as possible and result in facilities that are demand-led, fit-for-purpose and cost effective to develop and operate. For this, IATA emphasizes the key principles of infrastructure charges:

- Meaningful engagement with the airline community
- Transparency
- Cost-relatedness of charges
- Equitable charges structure
- Timely, efficient and affordable investment aligned to airline needs based on a long-term master plan
- Productivity and service level improvements
- A robust and effective economic regulatory framework

Airlines and passengers are estimated to have paid at least \$133.5 billion for the use of airport and air navigation infrastructure globally in 2017. This is estimated to have increased to \$141.8 billion in 2018.

In addition, airlines and their customers are forecast to generate \$136 billion in global tax revenues in 2018, which is equivalent to 45% of the industry's GDP. This is an increase from \$123 billion in 2017.

While the airline sector does not object to paying non-discriminatory and equitably levied taxes, IATA works to promote best practices and to eliminate those taxes that unfairly target the air transport industry.

Taxes on air travel do not have any positive impact on aircraft emissions, whereas increased taxes on air travel do diminish the financial capacity of the industry to invest in green technologies and reduce CO2 emissions.

Recent Trends

While there have been some positive developments, increased taxes, together with rising charges and fees, remain a threat to sustainable aviation growth.

Airlines support timely investments in infrastructure, provided they are demand-led, fit-for purpose and based on a long-term planning view for efficient and productive operations.

We strongly oppose lighter economic regulation of airports. Effective economic regulation is the key to protecting the interests of airlines and passengers.

In the context of Europe, the European Commission confirmed that the objectives of the Airport Charges Directive (ACD) have not been fully met and has launched an impact assessment.

We welcome this development as the ACD, in its current form, does not adequately prevent airports with market power from abusing their dominant position and raising charges.

We urge the European Commission to develop the framework for targeted economic oversight ensuring independent regulators have the mandate to apply effective economic regulation for airports with significant market power, implementing a strengthened ACD for airports with less market power and ensuring all other airports remain subject to ICAO principles.

The trend of increasing private ownership adds urgency to the need for independent, fit-for-purpose economic regulation. IATA is seeking to ensure that airlines, as the key stakeholders, are engaged in any privatization processes from the outset, allowing understanding of the objectives and assessment of alternative options.

Recent Campaign Examples

Airport Charges:

Europe: Recent campaigns and regulatory decisions will yield a total of US \$103 million in reductions by end 2020 from Athens, Bordeaux, Copenhagen, Dublin, Munich, Nice and Sofia airports.

ATC Charges

Europe: Air navigation charges for Eurocontrol states are to be reduced by US \$508 million during 2020.

Fuel Fees

Brazil: The state of Sao Paulo reduced VAT on fuel for domestic flights yielding US \$ 122 million in reductions for airlines by end 2020.

Taxation

Russia: The Ministry of Finance announced a reduction in VAT on services rendered by airline operators creating US \$ 140 million in reductions for airlines by end 2020.