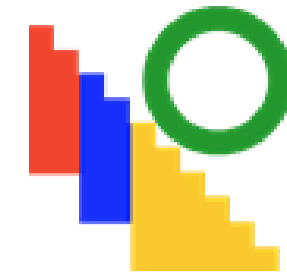


# PAX Rejection Memo Reduction

Industry Initiative

Annual Report - 2025



The Simplified Invoicing and Settlement ("SIS") Operations Team, in coordination with the relevant industry Working Groups including the ABS WG, is pleased to publish the 2025 Annual Report from the IATA Passenger Rejection Memo Reduction Initiative. The purpose of this report is to track the trend of passenger rejection memos in SIS and provide a comparative analysis of the rejection memo counts of Dec 2025 versus the counts of the base year 2019.

The IATA Passenger Rejection Memo Reduction Initiative is endorsed by IATA's Industry Financial Advisory Committee ("IFAC") to reduce the number of unnecessary passenger rejection billings in the industry. Airlines are encouraged to track the trend of their own passenger interline rejection billings by generating the SIS Report via the SIS module: Reports >> Passenger >> "Non Sampling RM Analysis Comparison to the Industry".

All values in this report exclude ACH billings (settlement through ACH using ACH rules). Also, the report covers Sampling and Non-Sampling analysis separately.

	Rejection Rate						
Year	2019	2020	2021	2022	2023	2024	2025
Rejection Rate	6.98%	12.51%	4.98%	4.95%	5.12%	4.46%	3.89%
% Var vs 2019		79.19%	-28.75%	-29.05%	-26.62%	-36.06%	-44.37%

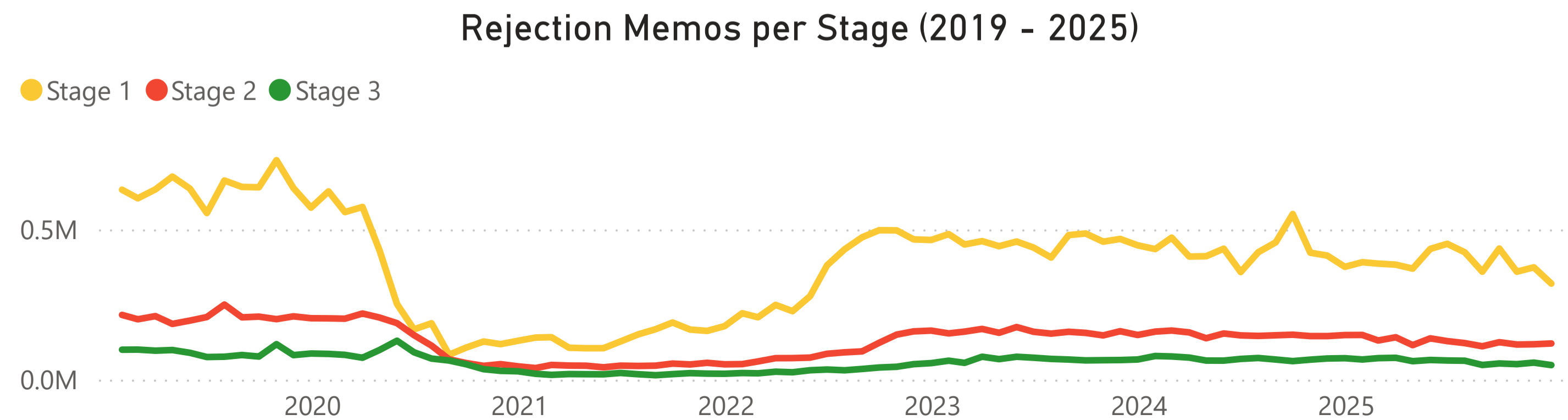
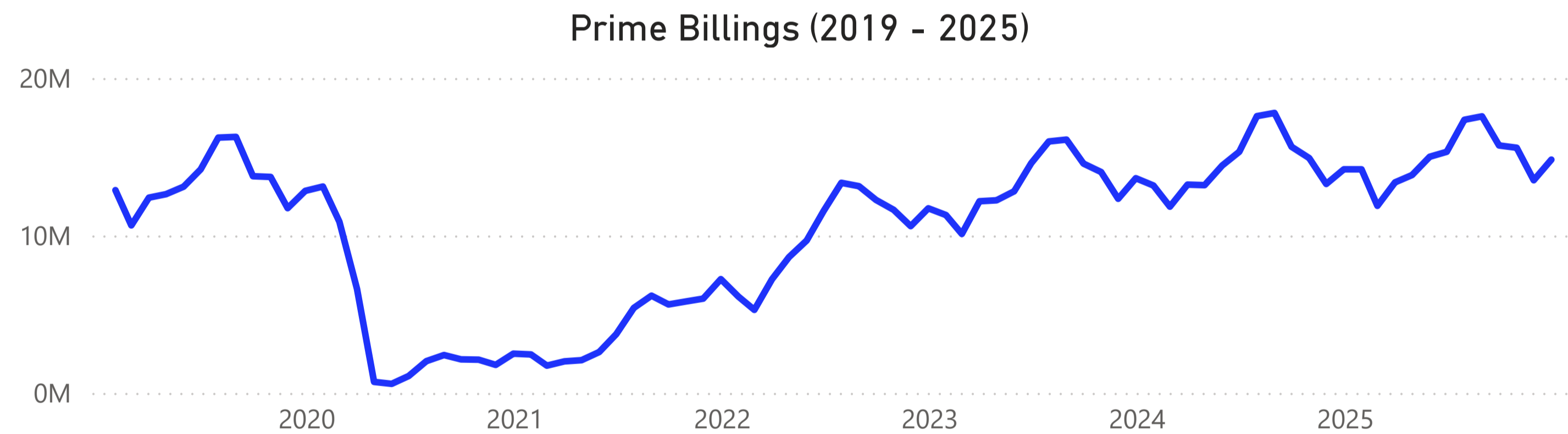
# 1. Highlight 2025

## Prime Billings & Rejection Memos - 2019 - 2025

Prime Billings	Rejection Memos	RMs Stage 1	RMs Stage 2	RMs Stage 3	Rejection Rate
<b>178.11M</b>	<b>6.92M</b>	<b>4.69M</b>	<b>1.51M</b>	<b>721.58K</b>	<b>3.89%</b>
11%	-38%	-38%	-40%	-33%	-44%

## Summary - 2025

- Prime Billings increased by 11% in comparison to 2019.
- Rejection Billings decreased by 38% in comparison to 2019.
- Stage 1 rejection counts have decreased by 38%, stage 2 by 40% and stage 3 by 33% in comparison to 2019.
- Fare related reasons (reason codes "1B, 1S, 1Z, 2S") are the number one reason for all stages of rejection memos with SMI I/M. Tax related reason ("1G, 1I, 1T, 1Y") are the number one reason for all stages of rejection memos with SMI B.



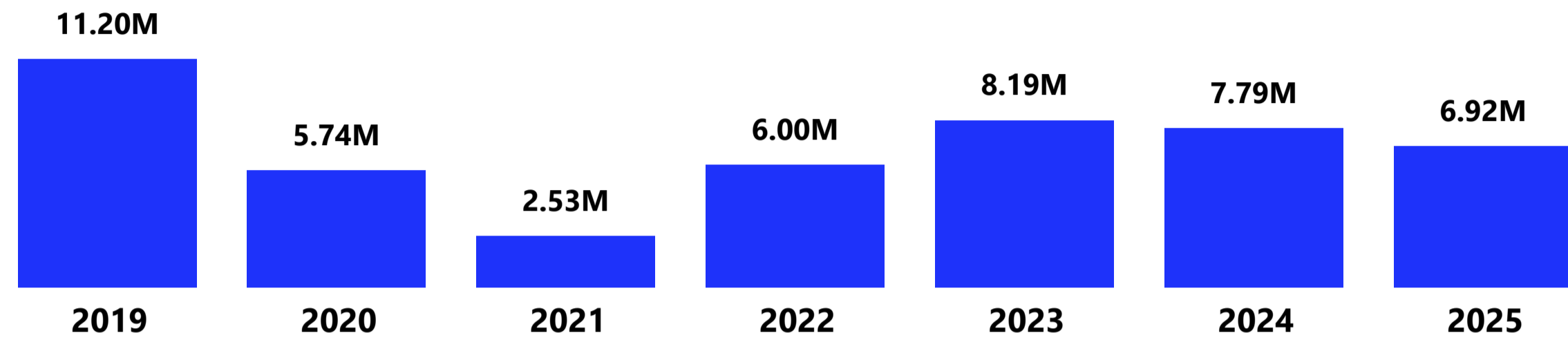
## 2. Global Non-Sampling Analysis

### Total Rejection Memo Count and USD Value per Year

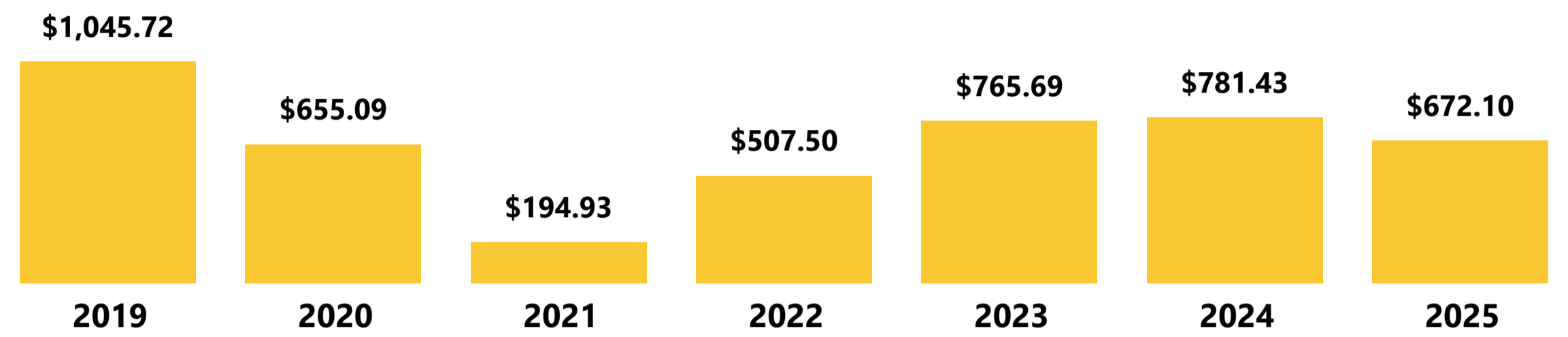
Rejection Memo Count: 6.92M (2025).

Rejection Memo Value: USD\$ 672.10M (2025)

#### Rejection Memo Count



#### Rejection Memo Value (USD Million)

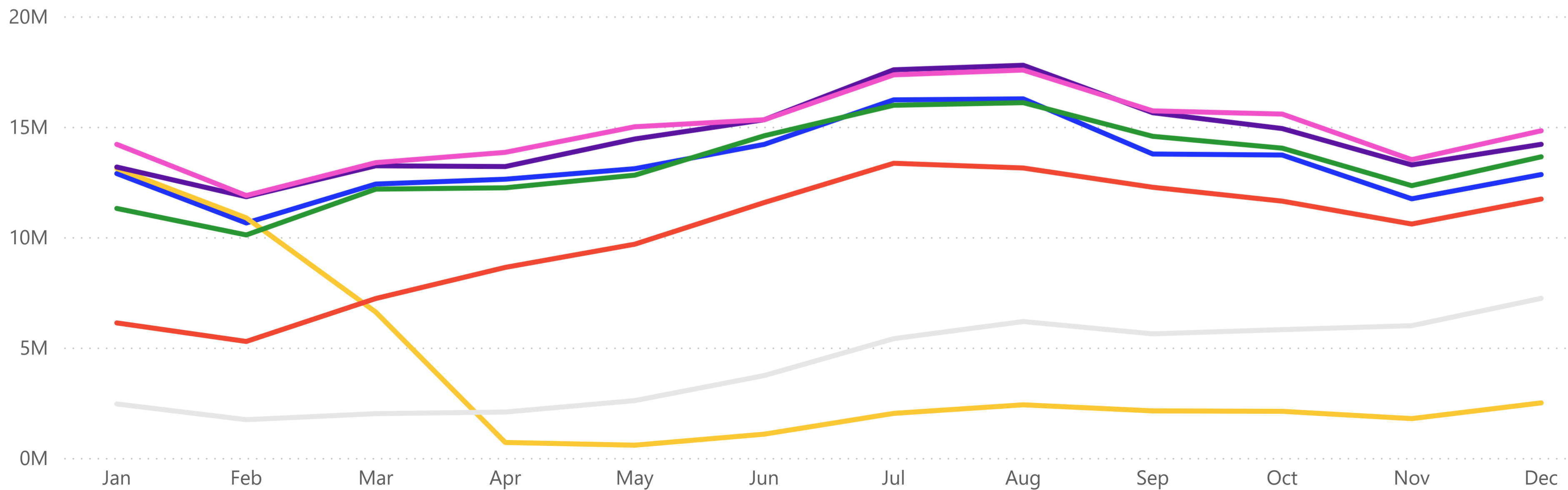


### Total Prime Billing Counts - 2019 - 2025

2025 Prime Billings have increased by 11% compared to 2019.

#### Prime Billings Count

Year ● 2019 ● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025

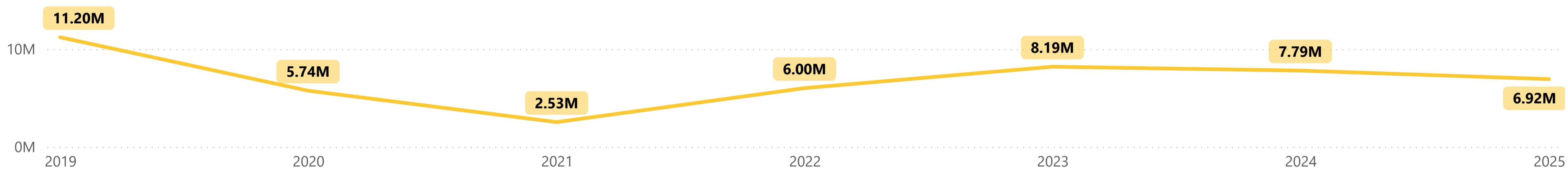


Year	Prime Billings	% Variation vs 2019
2019	160,339,228	
2020	45,856,996	-71%
2021	50,788,550	-68%
2022	121,133,951	-24%
2023	159,787,973	-0%
2024	174,539,555	9%
2025	178,105,344	11%

# Rejection Counts and Prime Billing Counts per Month

The charts below show the monthly rejection counts of all three stages and the monthly prime billing count (2019 – 2025).

### Rejection Count per Year



## Analysis by Stage 2019 - 2025

The below chart shows a comparison of rejections counts per month for each stage between 2019 and 2025

#### Stage 1 Var. % vs 2019

**-38%**

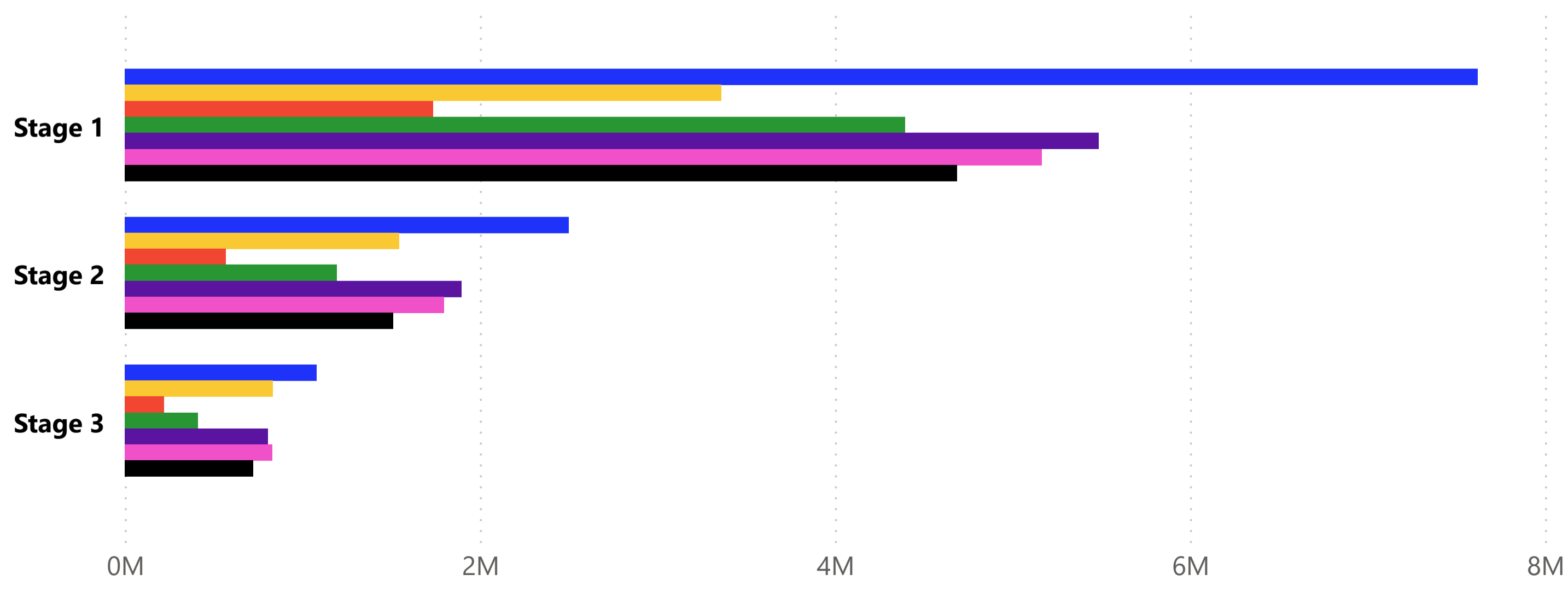
#### Stage 2 Var. % vs 2019

**-40%**

#### Stage 3 Var. % vs 2019

**-33%**

Year ● 2019 ● 2020 ● 2021 ● 2022 ● 2023 ● 2024 ● 2025



Year	Stage 1	% Var. vs 2019	Stage 2	% Var. vs 2019	Stage 3	% Var. vs 2019
2019	7,619,238		2,499,479		1,078,478	
2020	3,358,353	-56%	1,545,387	-38%	834,672	-23%
2021	1,736,807	-77%	568,774	-77%	221,511	-79%
2022	4,395,290	-42%	1,193,625	-52%	412,613	-62%
2023	5,485,830	-28%	1,895,761	-24%	807,105	-25%
2024	5,163,489	-32%	1,798,095	-28%	831,380	-23%
2025	4,687,404	-38%	1,510,420	-40%	721,576	-33%

### 3. Rejection Reduction Target & Progress

#### Target

The industry target of **32%** reduction of the rejection rate by the year 2020 was put on hold in 2020 due to Covid-19. The rejection rate is calculated as follows:

$$\text{Rejection Rate} = \frac{\text{Sum of Rejection Memos of Past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$

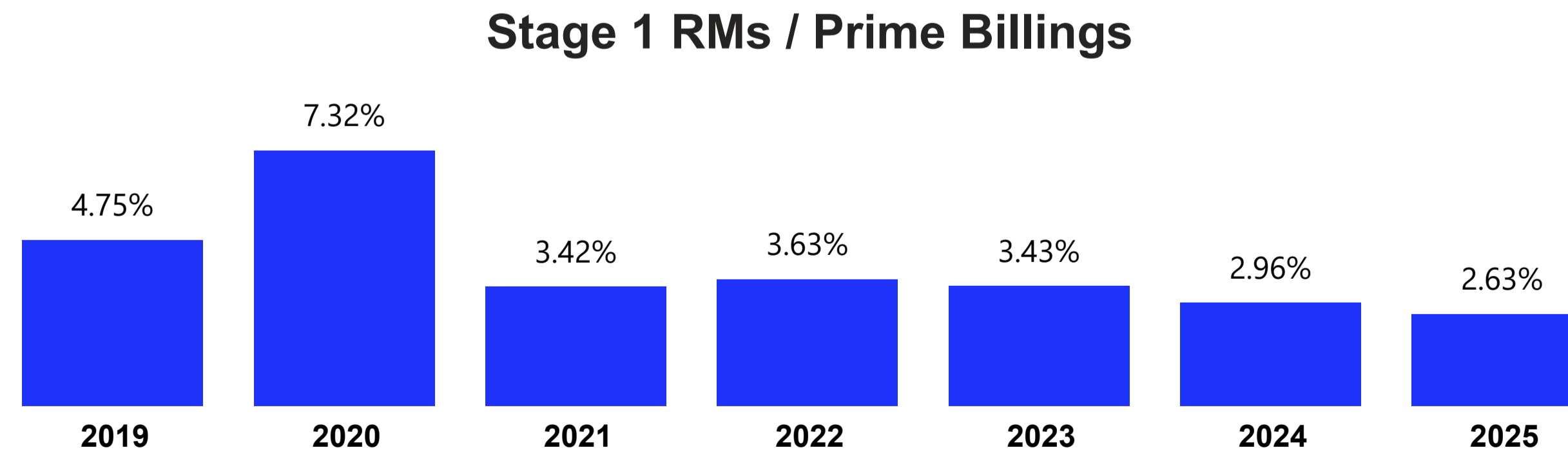
The table on the right shows the decrease in the rejection rate at the end of each year. By Dec 2025, the rejection rate decreased by **44.37%** in comparison to the base year 2019.

Year	RMs / Primes	% Var. vs 2019
2019	6.98%	
2020	12.51%	79.19%
2021	4.98%	-28.75%
2022	4.95%	-29.05%
2023	5.12%	-26.62%
2024	4.46%	-36.06%
2025	3.89%	-44.37%

#### Stage 1 Analysis - Estimated Percentage of Rejected Prime Billings

The chart below illustrates the trend of the estimated percentage of rejected prime billings for the full years from 2019 to 2025. Based on this calculation, approximately **2.63%** in 2025 were rejected, a consistent decrease since 2019. The percentage is calculated using the following formula:

$$\text{Estimated \% of rejected prime billings} = \frac{\text{Sum of Stage 1 RMs of past 12 months}}{\text{Sum of Prime Billings of Past 12 months}} \times 100\%$$



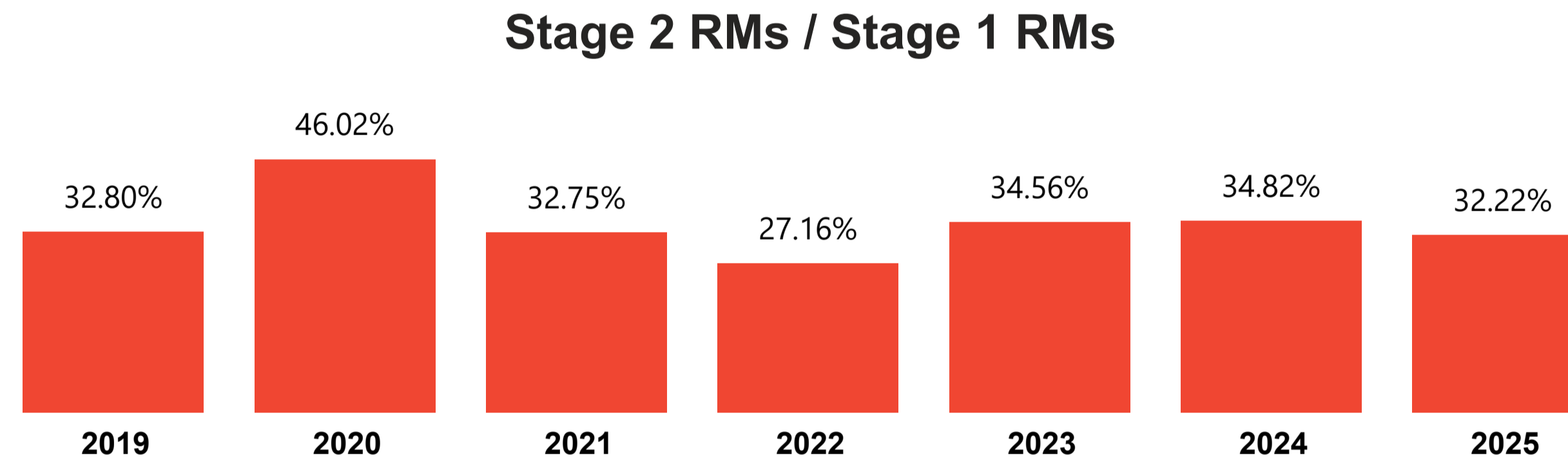
## Stage 2 & 3 Analysis - Estimated Percentage of Re-Rejected Stage 1 and Stage 2 Rejections

The percentages are calculated using the following formulae:

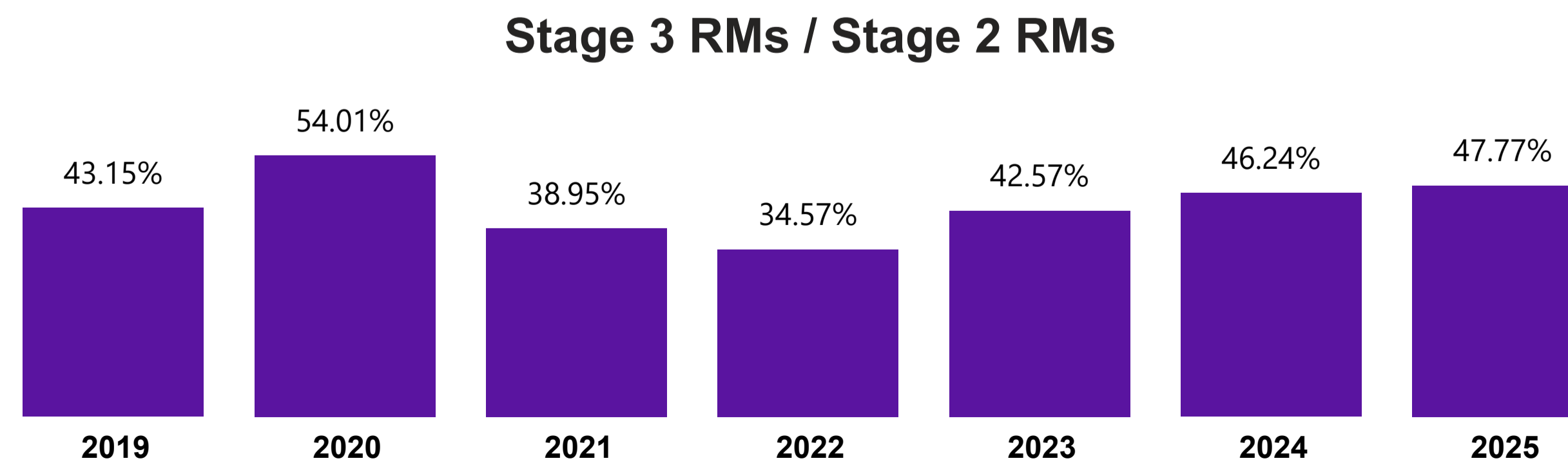
$$\text{Estimated \% of rejected Stage 1 RMs} = \frac{\text{Sum of Stage 2 RMs of past 12 months}}{\text{Sum of Stage 1 RMs of past 12 month}} \times 100\%$$

$$\text{Estimated \% of rejected Stage 2 RMs} = \frac{\text{Sum of Stage 3 RMs of past 12 months}}{\text{Sum of Stage 2 RMs of past 12 month}} \times 100\%$$

The chart below illustrates the trend of the estimated percentage of rejected stage 1 rejection memos for the full years from 2019 to 2025. The estimated percentage of rejected Stage 1 Rejection Memos is plotted in the graph below and show a decrease in 2025 in comparison to previous years. Approximately **32.22%** of the Stage 1 rejection in 2025 were rejected back 2<sup>nd</sup> stage.



The chart below illustrates the trend of the estimated percentage of rejected stage 2 rejection memos for the full years from 2019 to 2025. The estimated percentage of rejected Stage 2 Rejection Memos is plotted in the graph below and show an increase in 2025 in comparison to previous years. Approximately **47.77%** of the Stage 2 rejection in 2025 were rejected back 3<sup>rd</sup> stage.



# 4. Rejection Memos Analysis by SMI

## SMI - I/M Analysis - 2019 - 2025

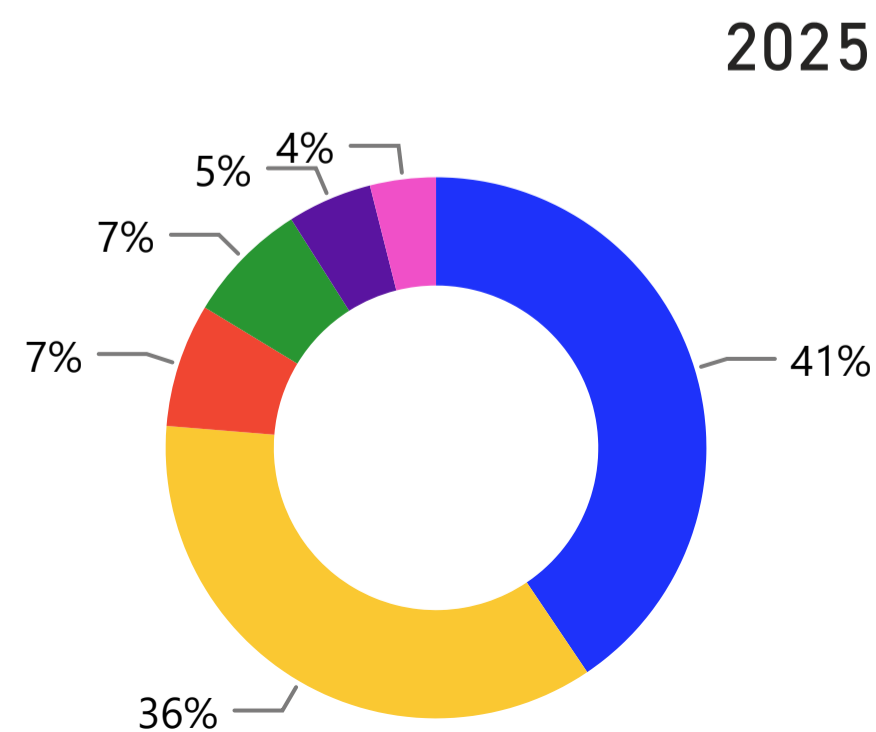
The table below shows the monthly counts of SMI I and SMI M rejections per stage (2025 vs 2019). All rejection stages in 2025 have decreased compared to 2019.

Year	1st Stage	% Var. vs 2019	2nd Stage	% Var. vs 2019	3rd Stage	% Var. vs 2019	Total RM Count
2019	7,251,647		2,439,040		1,048,062		10,738,749
2025	4,543,750	-37%	1,483,037	-39%	704,590	-33%	6,731,377

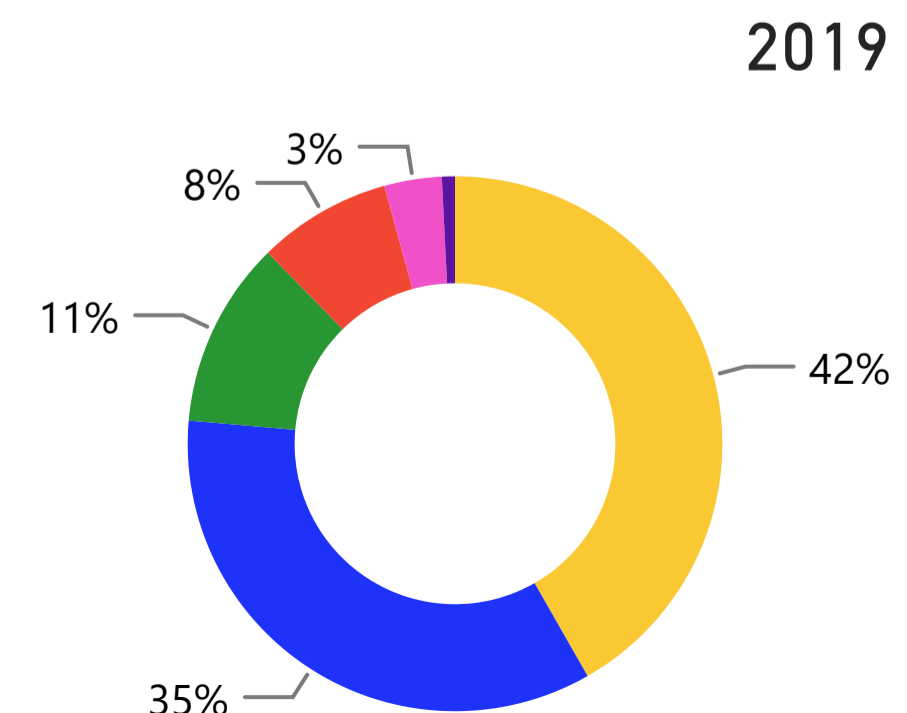
### 1st Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2025 stage 1 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 1 rejections. Fare related reasons account for the highest count of 1st stage rejections in 2025.

Reason Codes	Reason Code Description	1st Stage 2025	1st Stage 2024	1st Stage 2023	1st Stage 2022	1st Stage 2021	1st Stage 2020	1st Stage 2019	% Variation 2025 vs 2019
1B, 1S, 1Z, 2S	Fare Related	1,839,471	2,072,748	2,145,745	1,772,129	654,937	1,220,844	2,509,370	-27%
1G, 1I, 1T, 1Y	Tax Related	1,620,871	1,847,855	1,914,217	1,503,663	602,133	1,209,088	3,022,945	-46%
1A, 1R	Fare/Tax/ISC Related	332,309	448,819	540,183	384,053	127,693	339,374	816,108	-59%
1D	Other Commission Reclaim	229,425	28,407	35,812	18,084	27,347	11,346	57,045	302%
1E	UATP Reclaim	178,414	221,111	220,475	213,060	66,659	121,873	251,541	-29%
1C	ISC Reclaim	151,703	166,059	189,106	152,287	66,278	116,719	265,126	-43%
5Z	Others	127,563	123,284	126,925	67,802	41,584	92,072	141,340	-10%



- Fare Related
- Tax Related
- All Other Reasons
- Fare/Tax/ISC Related
- Other Commission Reclaim
- UATP Reclaim



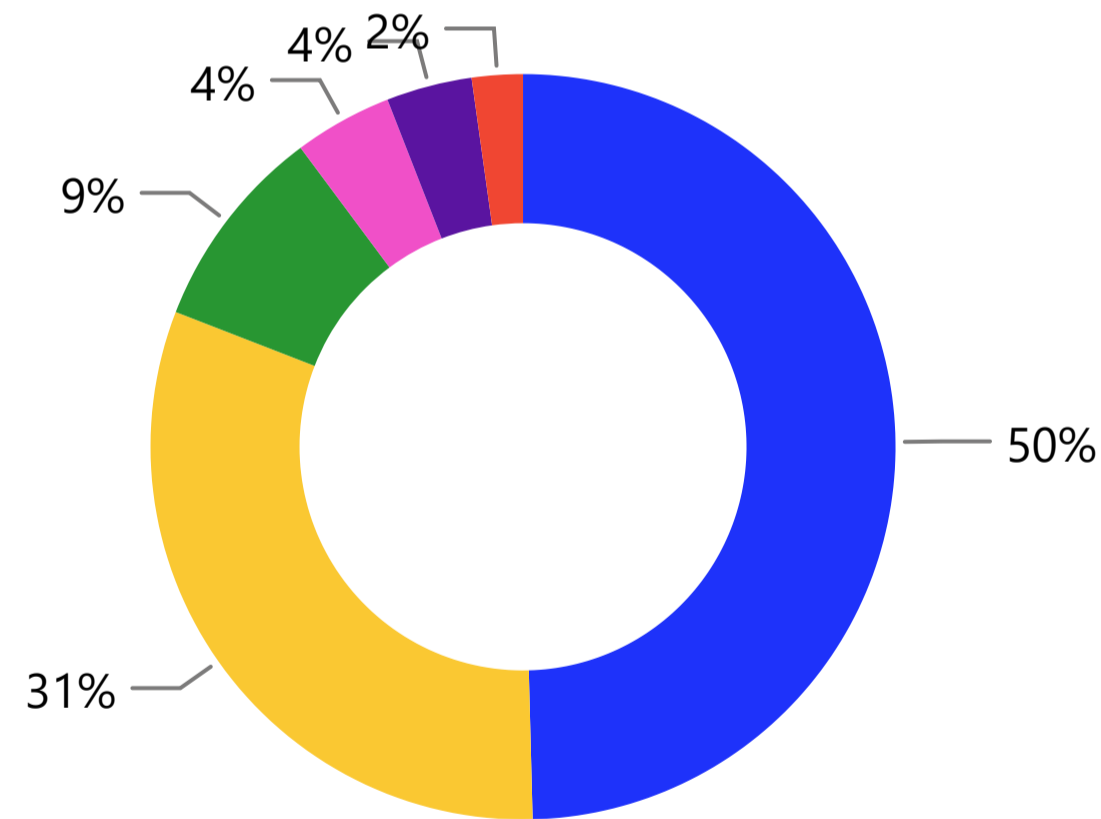
- Tax Related
- Fare Related
- Fare/Tax/ISC Related
- All Other Reasons
- UATP Reclaim
- Other Commission Reclaim

## 2nd Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2025 stage 2 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 2 rejections. Fare related reasons account for the highest count of 2nd stage rejections in 2025.

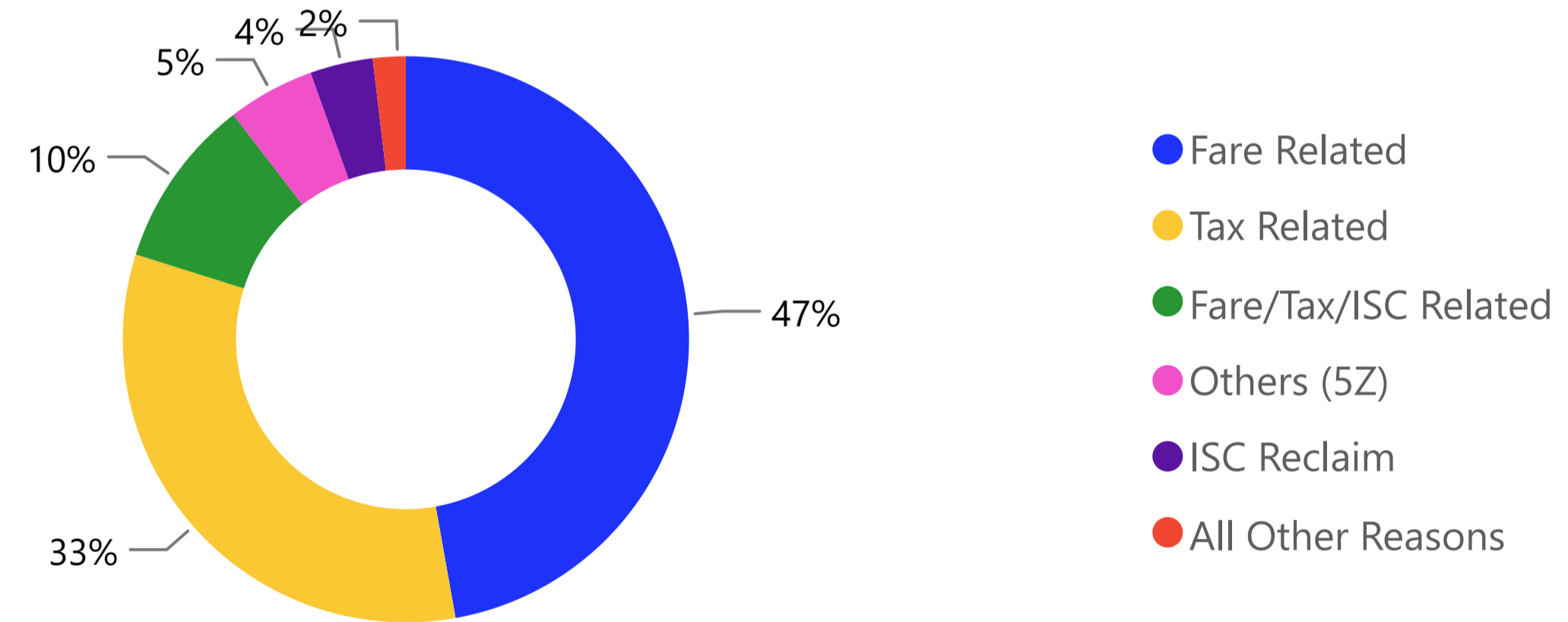
Reason Codes	Reason Code Description	2nd Stage 2025	2nd Stage 2024	2nd Stage 2023	2nd Stage 2022	2nd Stage 2021	2nd Stage 2020	2nd Stage 2019	% Variation 2025 vs 2019
1B, 1S, 1Z, 2S	Fare Related	735,404	854,728	913,988	512,345	249,034	678,735	1,150,983	-36%
1G, 1I, 1T, 1Y	Tax Related	464,243	543,510	548,159	388,093	187,332	504,537	796,531	-42%
1A, 1R	Fare/Tax/ISC Related	132,366	195,410	170,609	106,077	46,093	155,190	237,291	-44%
5Z	Others	63,116	50,986	69,417	58,309	34,695	96,458	121,034	-48%
1C	ISC Reclaim	55,142	73,536	66,177	55,528	16,847	53,660	87,480	-37%
1E	UATP Reclaim	14,908	23,611	17,623	9,940	2,338	7,804	13,113	14%
1D	Other Commission Reclaim	4,975	6,665	18,241	2,438	4,851	4,421	13,835	-64%

2025



- Fare Related
- Tax Related
- Fare/Tax/ISC Related
- Others (5Z)
- ISC Reclaim
- All Other Reasons

2019



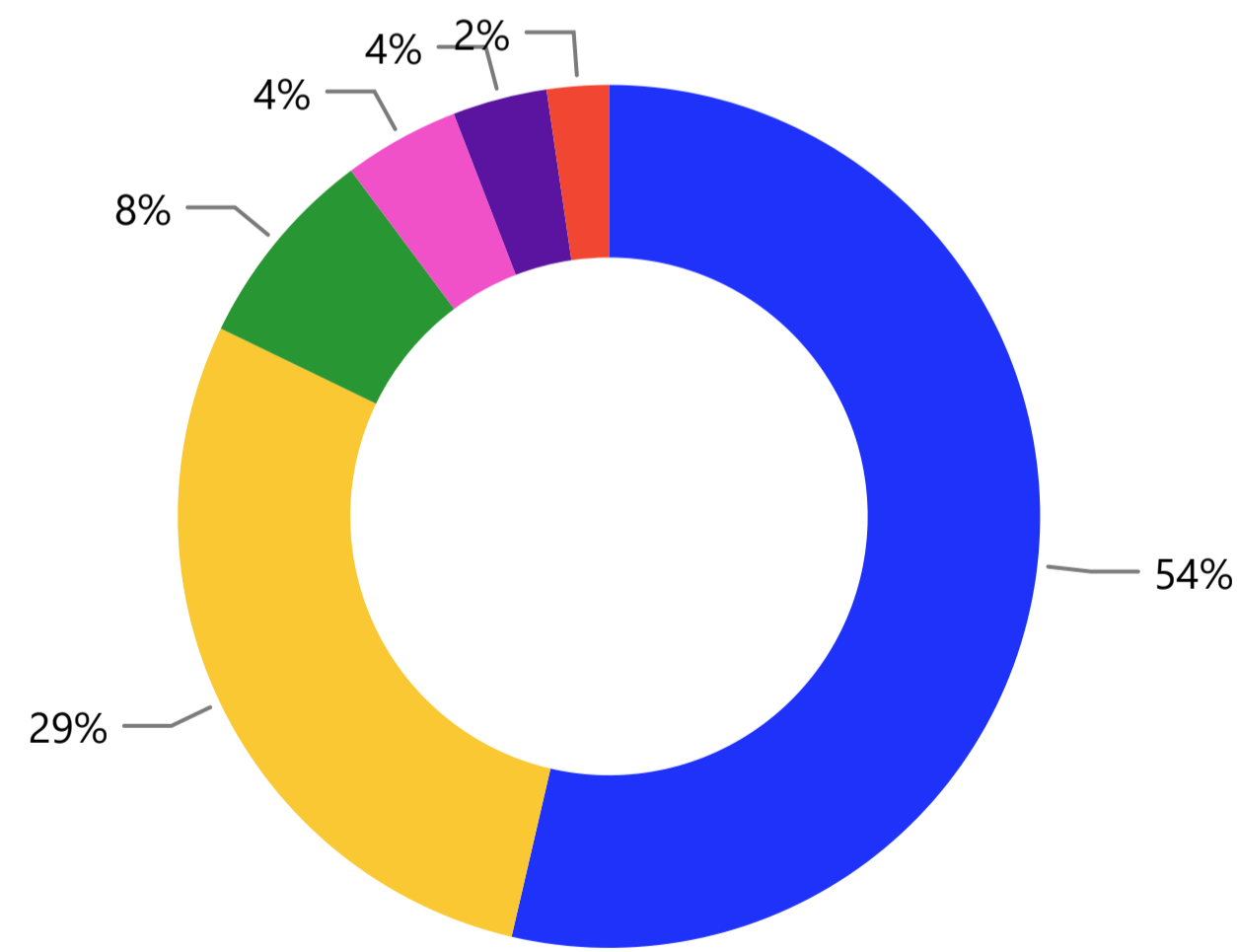
- Fare Related
- Tax Related
- Fare/Tax/ISC Related
- Others (5Z)
- ISC Reclaim
- All Other Reasons

### 3rd Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2025 stage 3 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 3 rejections. Fare related reasons account for the highest count of 3rd stage rejections in 2025.

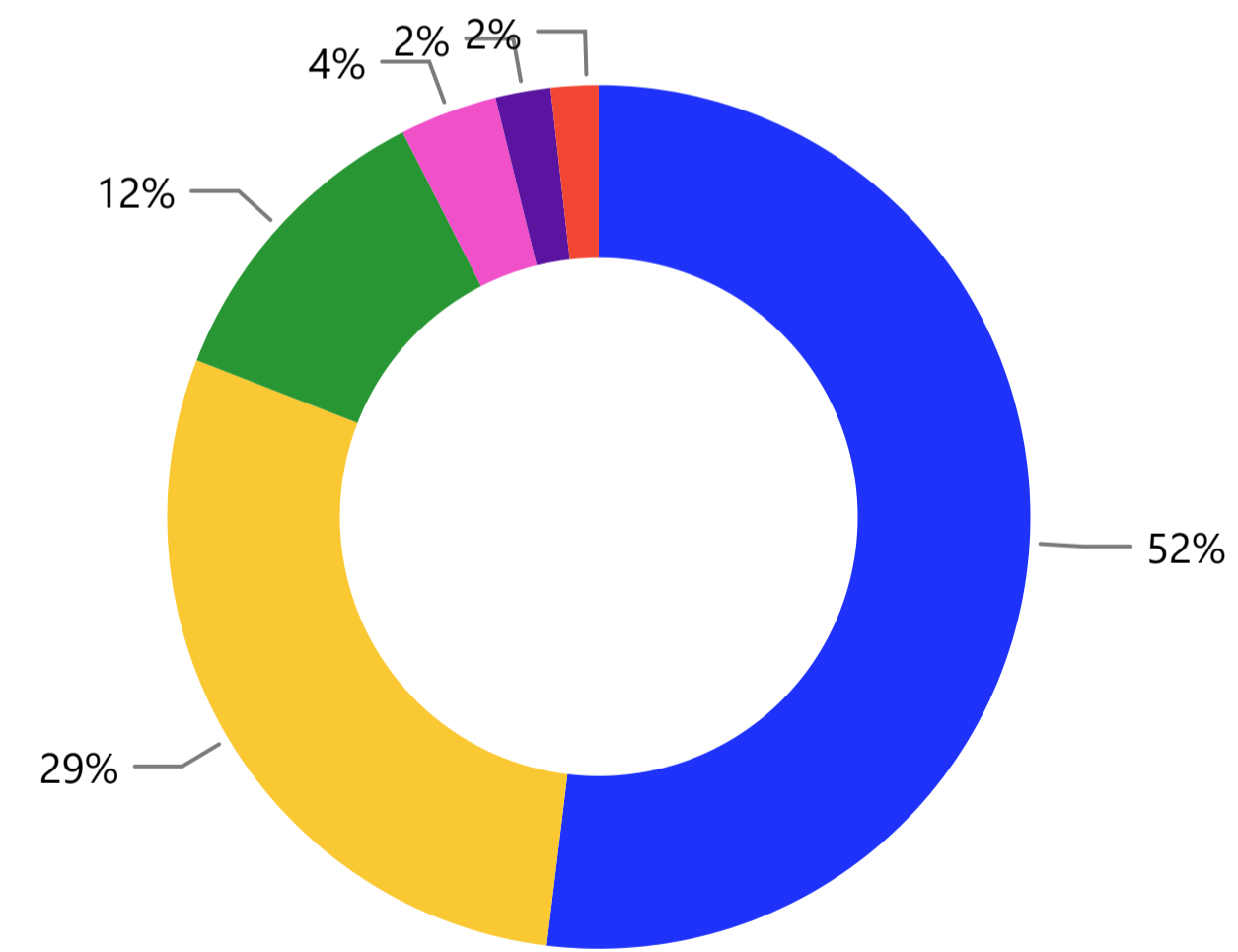
Reason Codes	Reason Code Description	3rd Stage 2025	3rd Stage 2024	3rd Stage 2023	3rd Stage 2022	3rd Stage 2021	3rd Stage 2020	3rd Stage 2019	% Variation 2025 vs 2019
1B, 1S, 1Z, 2S	Fare Related	377,841	395,727	410,092	198,460	118,805	425,711	474,398	-20%
1G, 1I, 1T, 1Y	Tax Related	201,125	253,176	228,878	124,114	49,918	221,588	387,393	-48%
1A, 1R	Fare/Tax/ISC Related	53,717	101,623	91,449	37,301	19,206	83,670	101,013	-47%
5Z	Others	30,636	29,801	28,928	13,448	9,827	41,687	46,630	-34%
1C	ISC Reclaim	24,956	25,140	16,264	20,524	5,707	26,597	22,810	9%
1E	UATP Reclaim	7,746	10,396	9,539	4,024	1,357	6,746	7,083	9%
1D	Other Commission Reclaim	4,878	2,703	1,245	1,711	1,924	796	1,533	218%

2025



- Fare Related
- Tax Related
- Fare/Tax/ISC Related
- Others (5Z)
- ISC Reclaim
- All Other Reasons

2019



- Fare Related
- Tax Related
- Fare/Tax/ISC Related
- Others (5Z)
- ISC Reclaim
- All Other Reasons

# SMI - B Analysis - 2019 - 2025

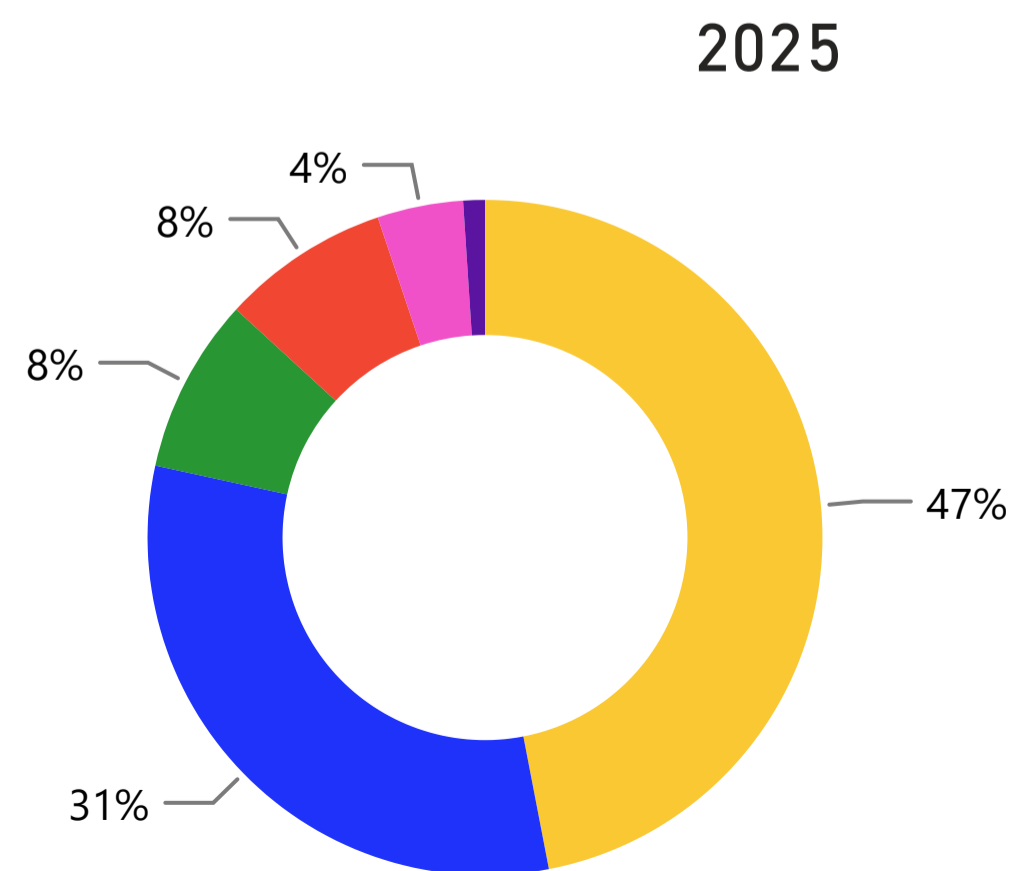
The table below shows the monthly average counts of SMI B rejections per stage (2025 vs 2019). In 2025 all stages of rejections have decreased in comparison to 2019.

Year	1st Stage	% Var. vs 2015	2nd Stage	% Var. vs 2015	3rd Stage	% Var. vs 2015	Total RM Count
2019	367,591		60,439		30,416		458,446
2025	143,654	-61%	27,383	-55%	16,986	-44%	188,023

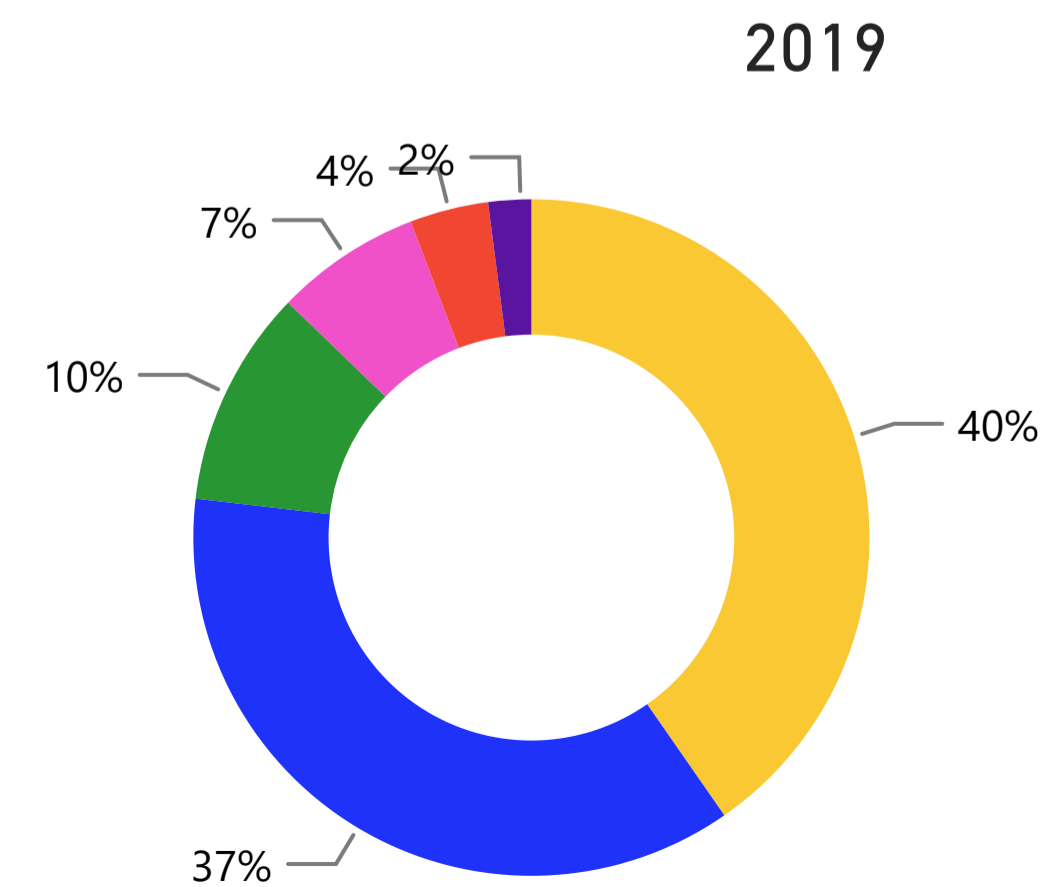
## 1st Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2025 stage 1 rejection counts. The top 7 reason codes represent **98%** of all SMI-I/M stage 1 rejections. Tax related reasons account for the highest count of 1st stage rejections in 2025.

Reason Codes	Reason Code Description	1st Stage 2025	1st Stage 2024	1st Stage 2023	1st Stage 2022	1st Stage 2021	1st Stage 2020	1st Stage 2019	% Variation 2025 vs 2019
1G, 1I, 1T, 1Y	Tax Related	67,471	92,112	82,925	100,844	49,018	76,135	148,263	-54%
1B, 1S, 1Z, 2S	Fare Related	45,189	39,055	67,375	56,726	30,965	48,043	134,203	-66%
1A, 1R	Fare/Tax/ISC Related	12,042	14,149	22,991	29,000	17,736	16,466	38,145	-68%
5Z	Others	5,905	4,637	9,216	7,538	4,753	6,966	25,611	-77%
2B	Duplicate Billing	4,560	3,315	2,307	1,119	3,778	4,025	2,141	113%
1E	UATP Reclaim	3,854	3,781	845	7,793	4,117	4,885	2,836	36%
1D	Other Commission Reclaim	2,417	1,537	643	1,743	7,368	609	2,893	-16%



- Tax Related
- Fare Related
- Fare/Tax/ISC Related
- All Other Reasons
- Others (5Z)
- ISC Reclaim



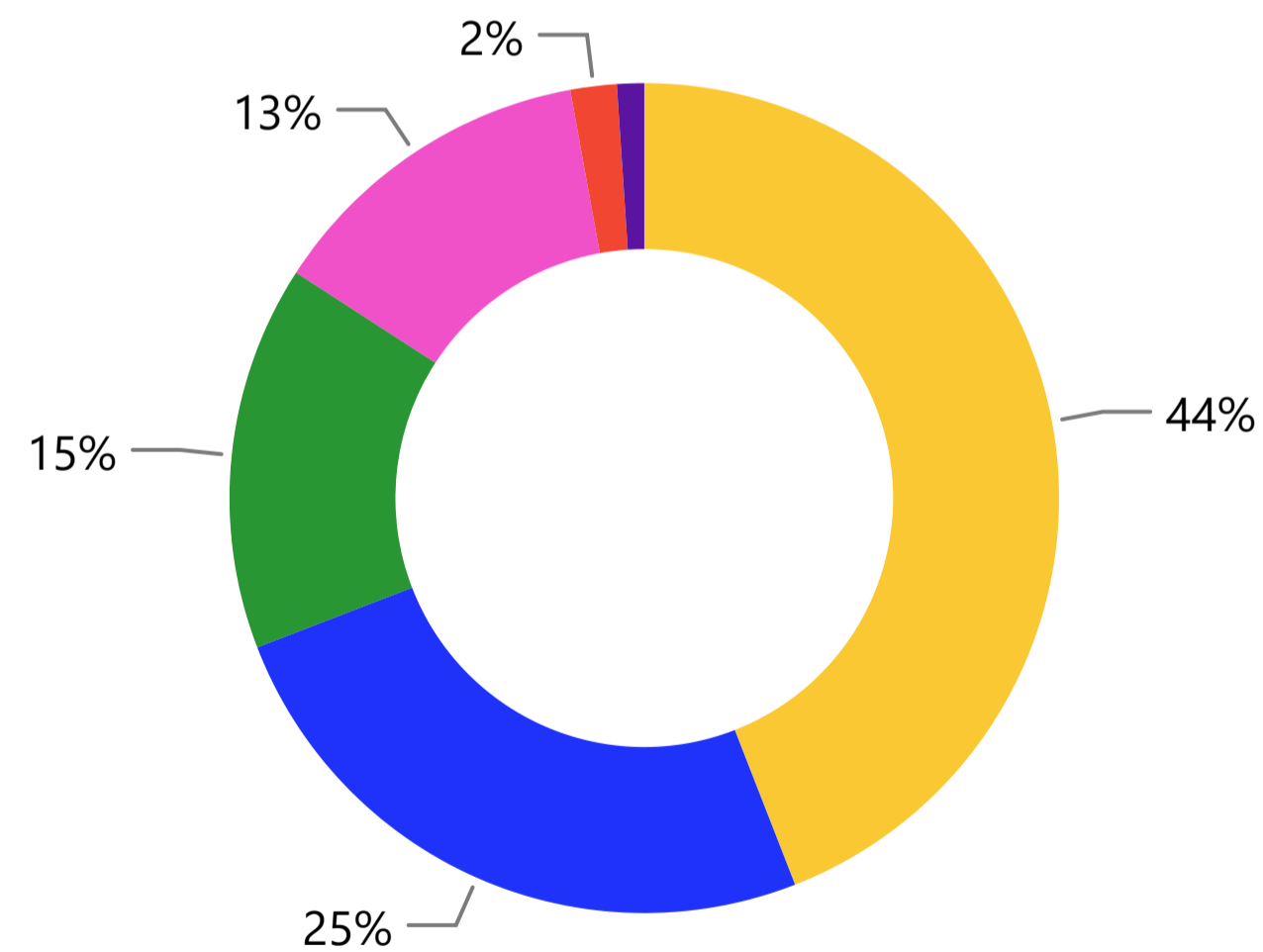
- Tax Related
- Fare Related
- Fare/Tax/ISC Related
- Others (5Z)
- All Other Reasons
- ISC Reclaim

## 2nd Stage Reason Code Analysis

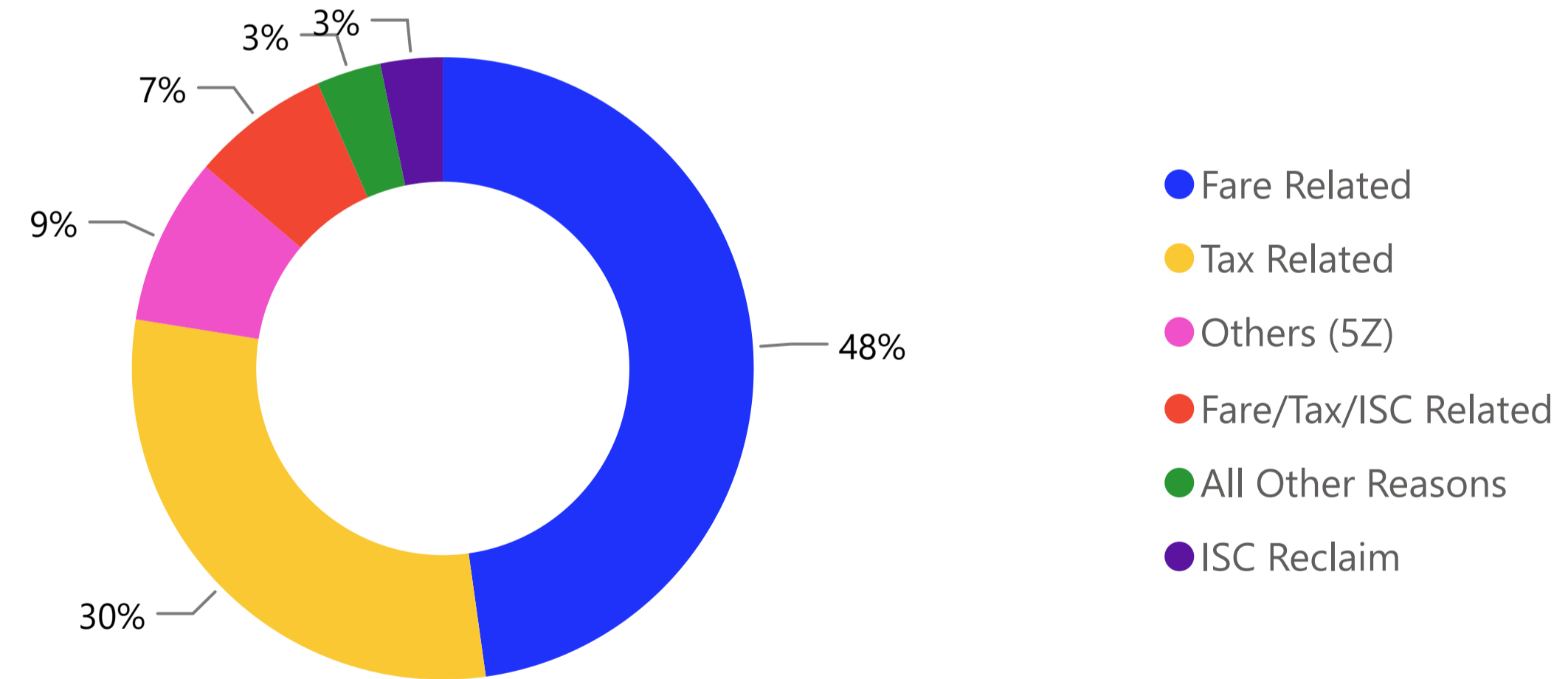
The table below shows the Top 7 Reason Codes, sorted by 2025 stage 2 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 2 rejections. Tax related reasons account for the highest count of 2nd stage rejections in 2025.

Reason Codes	Reason Code Description	2nd Stage 2025	2nd Stage 2024	2nd Stage 2023	2nd Stage 2022	2nd Stage 2021	2nd Stage 2020	2nd Stage 2019	% Variation 2025 vs 2019
1G, 1I, 1T, 1Y	Tax Related	12,070	10,263	34,620	25,571	10,940	8,498	17,973	-33%
1B, 1S, 1Z, 2S	Fare Related	6,864	11,206	10,012	11,890	7,739	14,601	28,882	-76%
1A, 1R	Fare/Tax/ISC Related	4,108	3,909	9,138	9,576	3,040	3,993	4,352	-6%
5Z	Others	3,558	3,946	18,552	5,456	1,371	5,801	5,251	-32%
1C	ISC Reclaim	289	680	896	530	181	178	1,951	-85%
2A	Unmatched Sale	266	2	27	5	15	269	660	-60%
5A	Invoice Level Errors	157	0	0	0	1	0	0	0%

2025



2019



- Tax Related
- Fare Related
- Fare/Tax/ISC Related
- Others (5Z)
- All Other Reasons
- ISC Reclaim

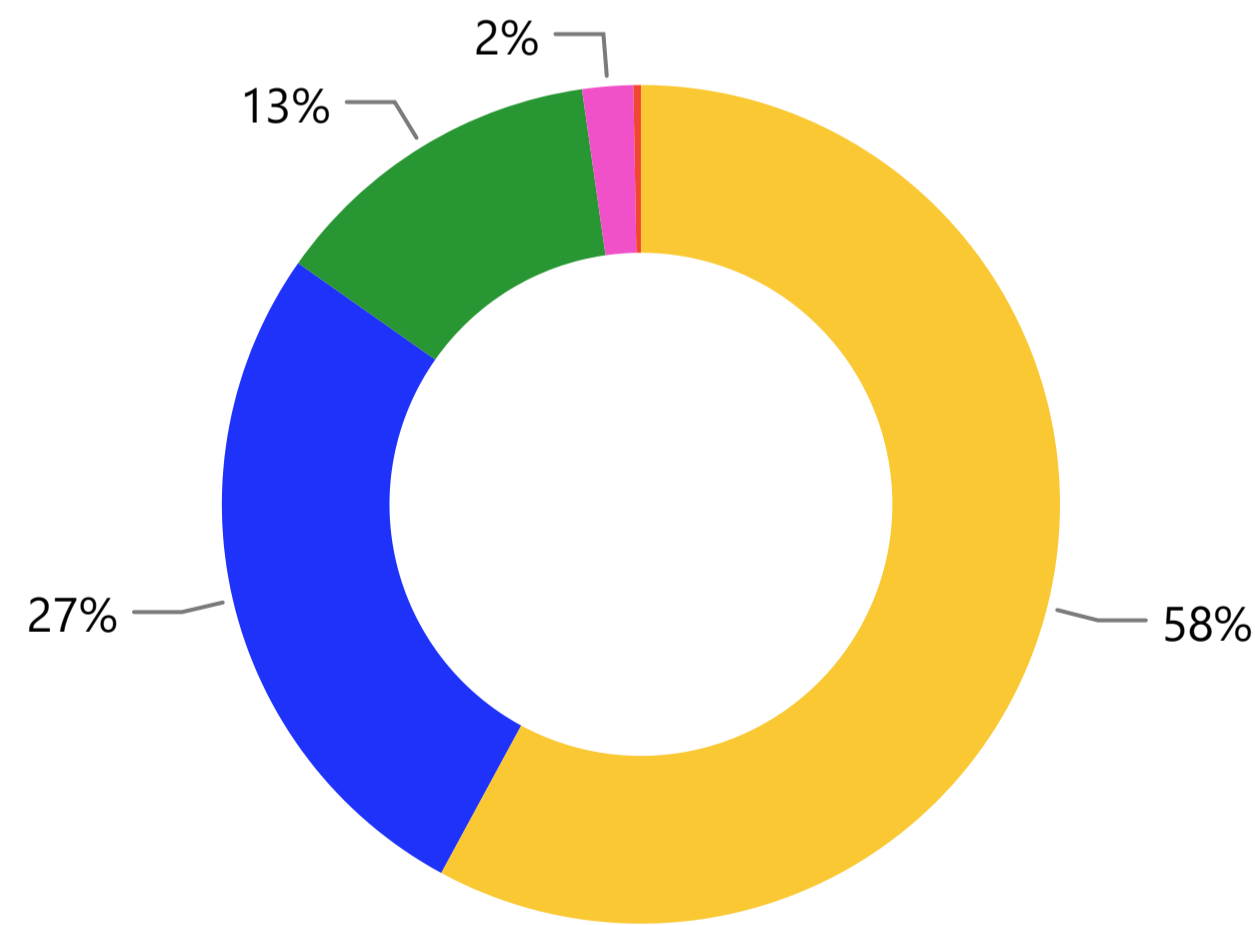
- Fare Related
- Tax Related
- Others (5Z)
- Fare/Tax/ISC Related
- All Other Reasons
- ISC Reclaim

### 3rd Stage Reason Code Analysis

The table below shows the Top 7 Reason Codes, sorted by 2025 stage 3 rejection counts. The top 7 reason codes represent **99%** of all SMI-I/M stage 3 rejections. Tax related reasons account for the highest count of 3rd stage rejections in 2025.

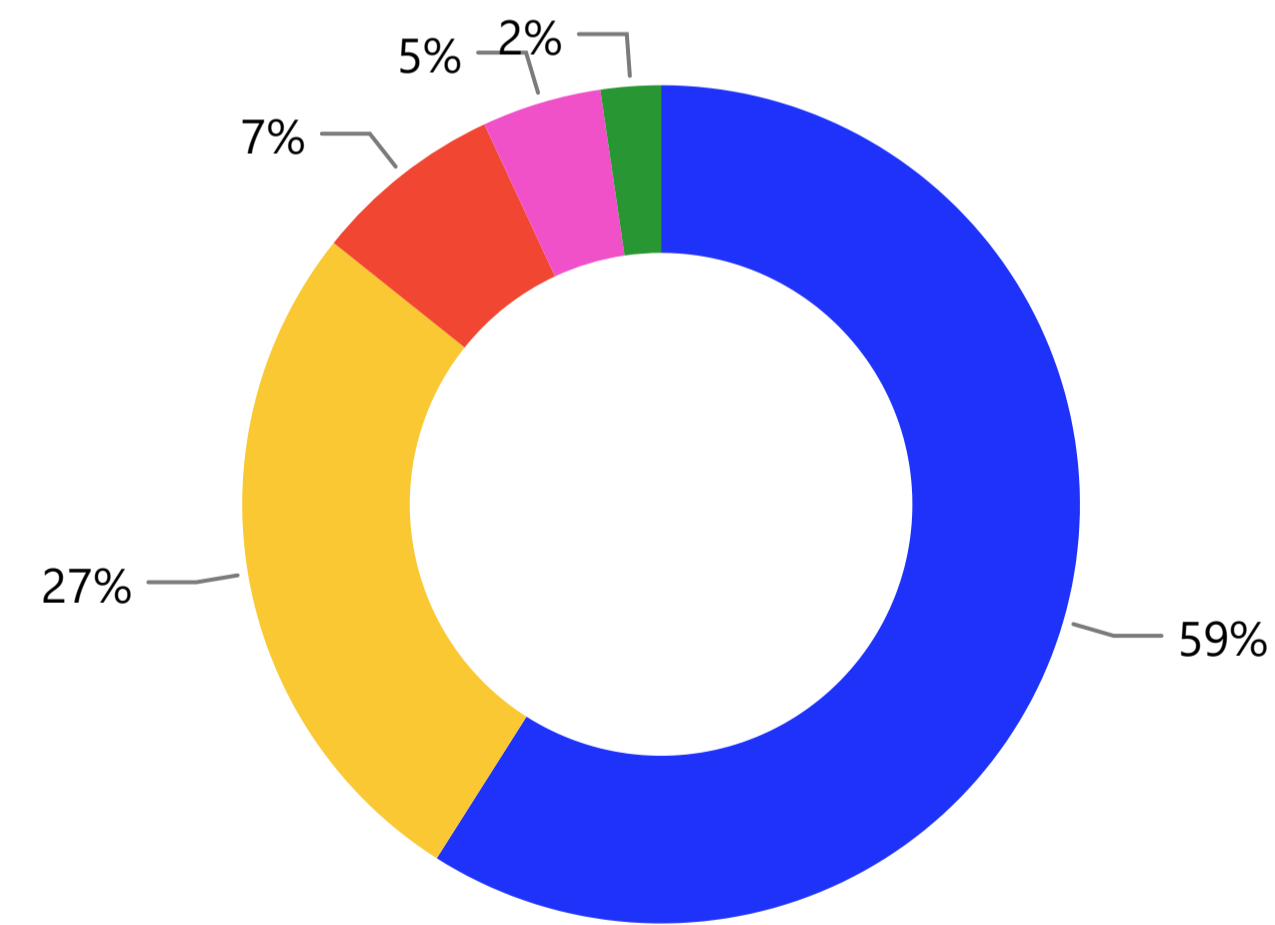
Reason Codes	Reason Code Description	3rd Stage 2025	3rd Stage 2024	3rd Stage 2023	3rd Stage 2022	3rd Stage 2021	3rd Stage 2020	3rd Stage 2019	% Variation 2025 vs 2019
1G, 1I, 1T, 1Y	Tax Related	9,713	2,162	9,822	3,286	6,969	3,265	8,016	21%
1B, 1S, 1Z, 2S	Fare Related	4,503	4,233	3,751	3,652	3,560	9,878	17,695	-75%
1A, 1R	Fare/Tax/ISC Related	2,180	825	2,375	1,974	1,460	1,672	2,204	-1%
5Z	Others	329	365	908	1,080	548	2,757	1,384	-76%
1C	ISC Reclaim	213	40	129	4	5	113	422	-50%
2C	Endorsement Required	23	204	4	133	15	0	0	0%
1D	Other Commission Reclaim	8	59	2	2	0	0	4	100%

2025



- Tax Related
- Fare Related
- Fare/Tax/ISC Related
- Others (5Z)
- All Other Reasons

2019

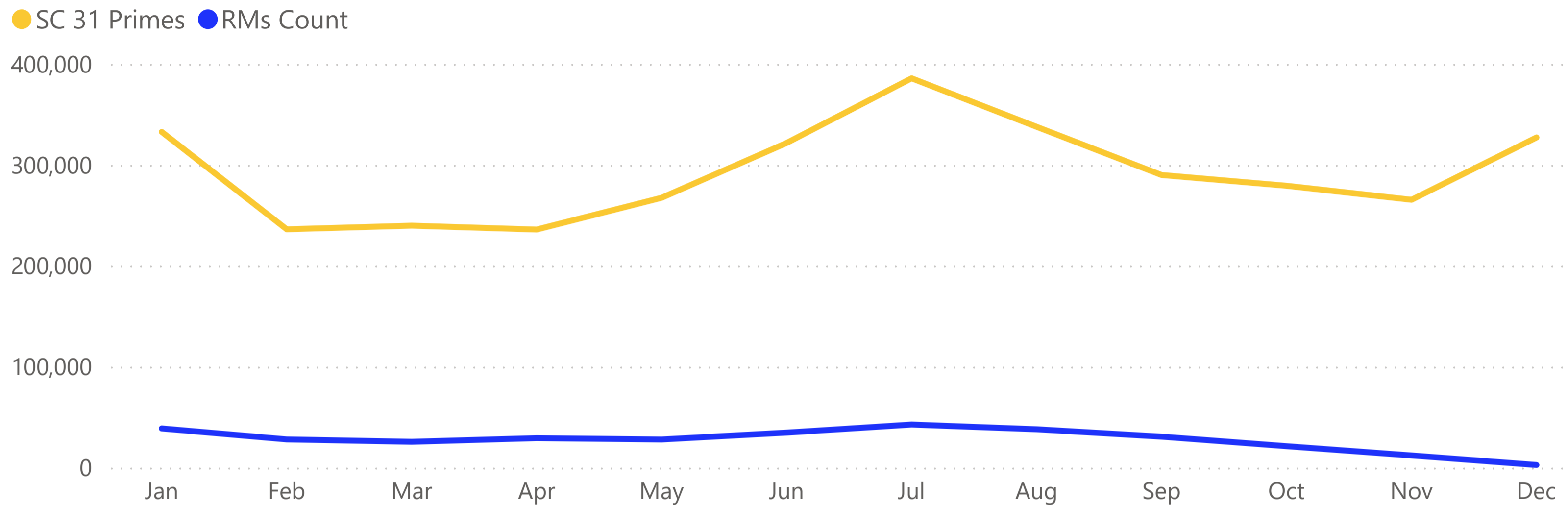


- Fare Related
- Tax Related
- Fare/Tax/ISC Related
- Others (5Z)
- All Other Reasons

# 5. Source Code 31 (Involuntary Reroute) Analysis

## Rejection Counts per Month

SC 31 Prime Billings Issued and Rejected by Prime Billing Month

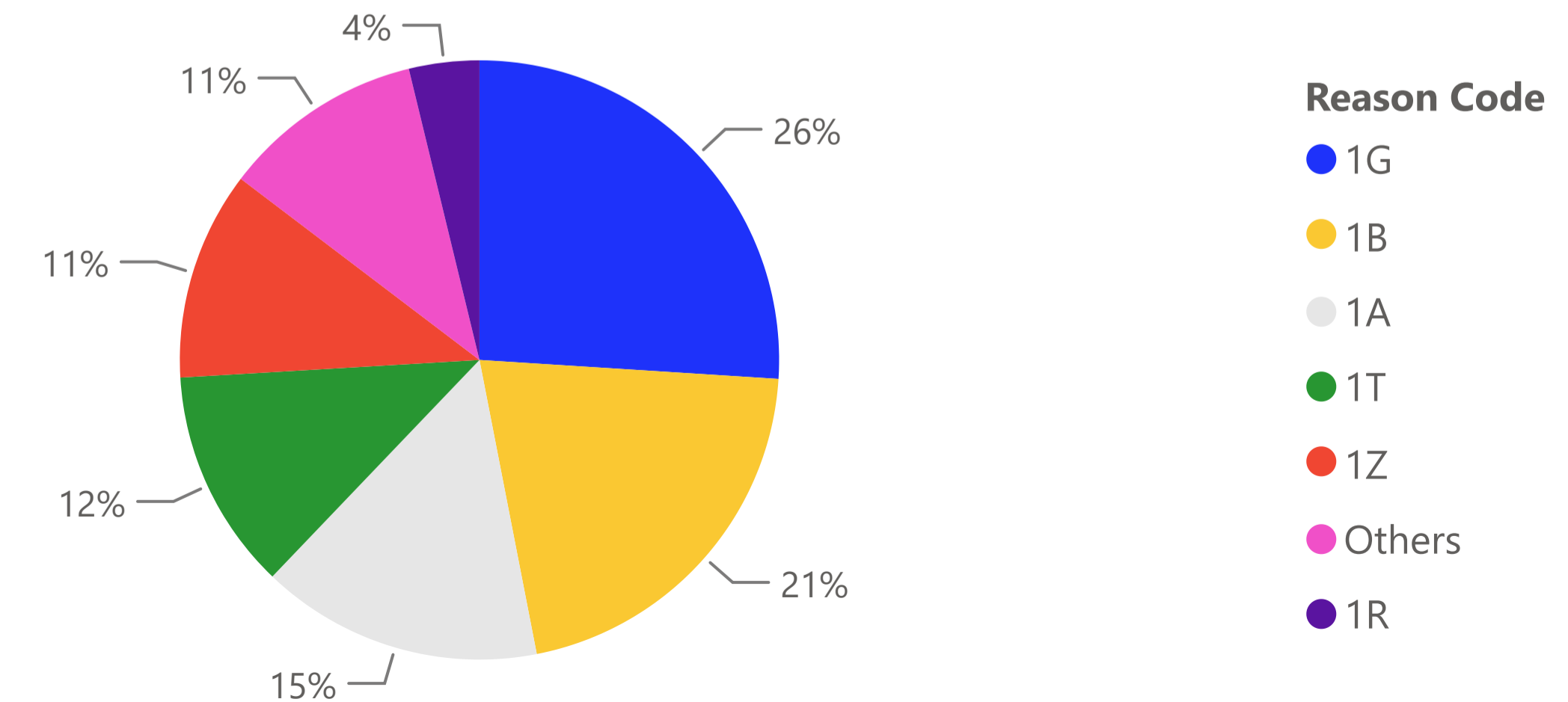


Prime Billing Months	SC 31 Primes	RMs Count	% RMs / Primes
January, 2025	332,596	38,751	12%
February, 2025	236,148	27,935	12%
March, 2025	239,734	25,586	11%
April, 2025	235,885	29,194	12%
May, 2025	267,363	27,858	10%
June, 2025	321,637	34,653	11%
July, 2025	385,674	42,608	11%
August, 2025	337,651	37,957	11%
September, 2025	289,904	30,645	11%
October, 2025	279,219	21,202	8%
November, 2025	265,371	12,016	5%
December, 2025	327,068	2,596	1%
<b>Total</b>	<b>3,518,250</b>	<b>331,001</b>	<b>9%</b>

## SC 31 Rejection Memo Reason Code Analysis

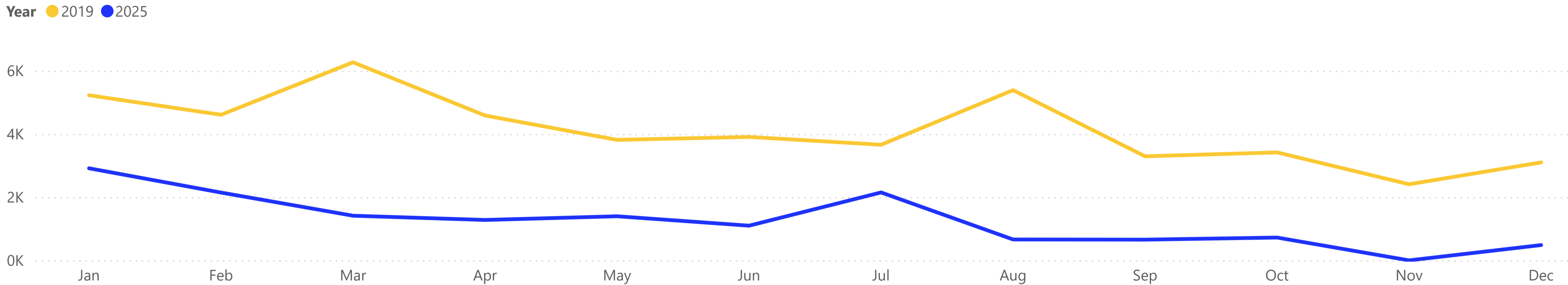
Top 6 SC 31 RMs Reason Codes

SC 31 RMs Reason Code	All Stages 2025	% of Total RMs
1G - Tax Reclaim	86,086	26%
1B - Fare Reclaim	69,271	21%
1A - Fare / Tax / ISC	50,338	15%
1T - Involuntary Rerouting Tax Difference	39,458	12%
1Z - Involuntary Rerouting Fare Difference	37,307	11%
1R - Involuntary Rerouting Fare and Any Other Difference	12,550	4%
All Other Reason Codes	35,991	11%
<b>Total</b>	<b>331,001</b>	<b>100%</b>



# 6. FIMS

## Prime Billings Counts by Month - 2019 - 2025



## Prime Billings Counts & FIM Rejections Memos by Source Code - 2019 - 2025

In comparison to 2019, the total FIM prime billings with SMI I & M have decreased by **57%** and the total FIM rejection billings have decreased by **77%**.

### SMI - I/M

Year	FIM Prime Billings	% Var. vs 2019	SC 44	% Var. vs 2019	SC 45	% Var. vs 2019	SC 46	% Var. vs 2019	Total RM Count	% Var. vs 2019
2019	41,680		23,331		8,453		3,234		35,018	
2025	17,939	-57%	4,377	-81%	3,525	-58%	157	-95%	8,059	-77%

In comparison to 2019, the total FIM prime billings with SMI B have decreased by **94%** and the total FIM rejection billings have decreased by **96%**.

### SMI - B

Year	FIM Prime Billings	% Var. vs 2019	SC 44	% Var. vs 2019	SC 45	% Var. vs 2019	SC 46	% Var. vs 2019	Total RM Count	% Var. vs 2019
2019	7,695		1,171		430		196		1,797	
2025	450	-94%	64	-95%	2	-100%	2	-99%	68	-96%

# 7. IATA Passenger Interline Rejection Reduction Dashboard

The Interline Billing and Settlement Operations ("IBS OPS") Working Group (now the Airline Billing and Settlement "ABS" Working Group) and the IATA SIS Rejection Reduction Team continue to publish the **Passenger Interline Rejection Billings Quarterly Dashboard**. This dashboard is a quarterly publication from the IATA Passenger Rejection Memo Reduction Initiative, which is endorsed by the IATA Financial Advisory Committee to reduce the number of unnecessary passenger rejection billings in the industry. The purpose of this new quarterly dashboard is to maintain industry awareness of passenger interline rejection billings and encourage airlines to track the trend of their own passenger interline rejection billings by generating the **report in SIS** titled, "**Non Sampling RM Analysis Comparison to the Industry**".

Below is the dashboard for the 4th Quarter of 2025 (Q4-2025). See all the previous and latest dashboard on the [PAX Rejection Memo Reduction Website](#)

