

# SIS General Meeting Breakout Session

PSC Settlement and Accounting Standards Board  
Airline Billing and Settlement Working Group

## Airline Settlement Business Requirements Document Overview

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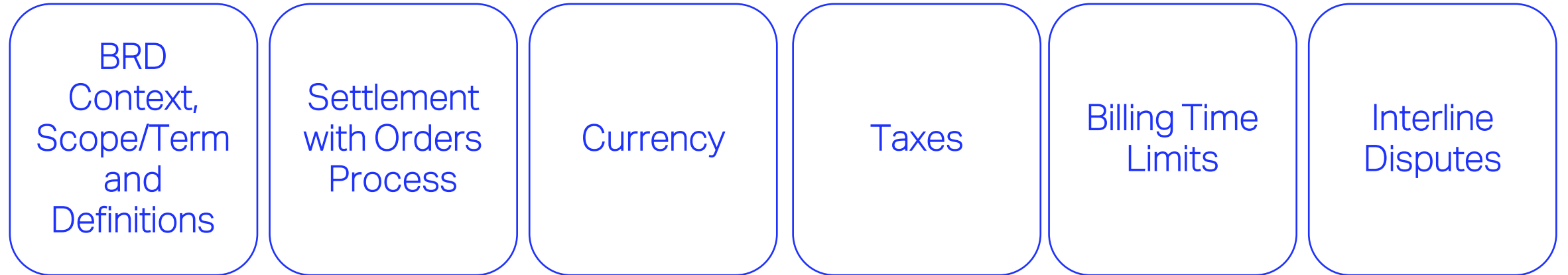
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Bangkok, 28 October 2024



# ABS Interline Settlement BRD

## Delivery Structure and Sub-Groups



# BRD Scope and Definitions-1

## Scope

- Focused on the interactions between the Retailer and the Supplier for the specific purpose of interline settlement between interline partners.
- The information exchanged shall be sufficient to allow the Supplier to create a correct interline settle and for the Retailer to properly validate the interline settlement for the Suppliers product and services.
- Supplier and Retailer is an airline (Supplier definition in SRSIA includes air carrier or surface transport operator but it was agreed to keep air carrier for the Phase-1 of the BRD )

## Scope limitations

- The interactions between the Retailer to the Seller (Travel Agencies)
- The Retailers relationship with the customer.
- The legal invoicing
- Airline/SP/IATA Products and services (IATA TTBS and SIS services etc.)
- Disruption settlement and voluntary reshopping will be part of phase 2

# BRD Scope and Definitions-2

## Principles for Finance with Offer & Order

- Orders are owned by airlines.
- Orders are always to be accurate and up to date.
- Orders are the single source of truth for accounting, settlement and reporting (and more).
- Strong data validation should be present in the Offer and Order creation.
- Accuracy of Offers and Orders are the responsibility of upstream Offer & Order systems.
- Correction processes will not happen outside of Orders.
- Pricing is split into component values for accounting, reporting and settlement.
- Settlement is based on values and data contained in Orders & Order Structures.
- No need for proration-Moving away from complex proration rules.
- Any changes - voluntary or involuntary - require agreement and acceptance between parties to the Order i.e. re-shopping.

# Settlement with Order (SwO) Standards

- Settlement with Order (SwO) Industry Standard is at the heart of Interline Settlement BRD. Settlement based on “Commitment to Pay” and “Settlement Value” agreed by the interline partners at the time of offer acceptance.
- The “Settlement Value” shall be on service level.
- Net settlement amount. There is no need to exchange explicit ISC, tax, UATP, VAT etc. in the settlement process because after order creation all partners are aware of the value breakdown
- Offer response settlement amount is final.
- Settlement Conditions will be triggered after the delivery completion unless bilaterally agreed otherwise
- Digital Signature: Ensures authenticity, integrity, and non-repudiation of the settlement data.
- Clearance Manager sanity checks and data and validate the data against defined business rules. If validated, sends clearance acceptance; if not, requests corrections

# Taxes

- The Supplier warrants that the interlineable taxes and charges are correct and the Supplier shall be solely responsible for accuracy of the calculation of these taxes and charges and for any resulting liability for taxes or charges.
- The Supplier authorizes the Retailer to collect these taxes and charges on its behalf from the Customer and remit these to the Supplier as part of the Settlement Value
- Interlineable tax values are final upon Order creation. No adjustments outside of the Order are possible. Changes will require a re-shop.
- As it is today, tax differences will be absorbed by the Supplier – no change in process.
- Non-interlineable taxes calculated by retailer.
- In line with SRSIA Chapter 14

# Currency

- Agreement not to refer to common industry exchange rate table rates in the BRD. Bilateral agreement on optional services
- Supplier converts interlineable tax values to offer response currency
- Offer response currency = Settlement currency (In line with SRSIA)
- Supplier bears FX risk

# Timelimit

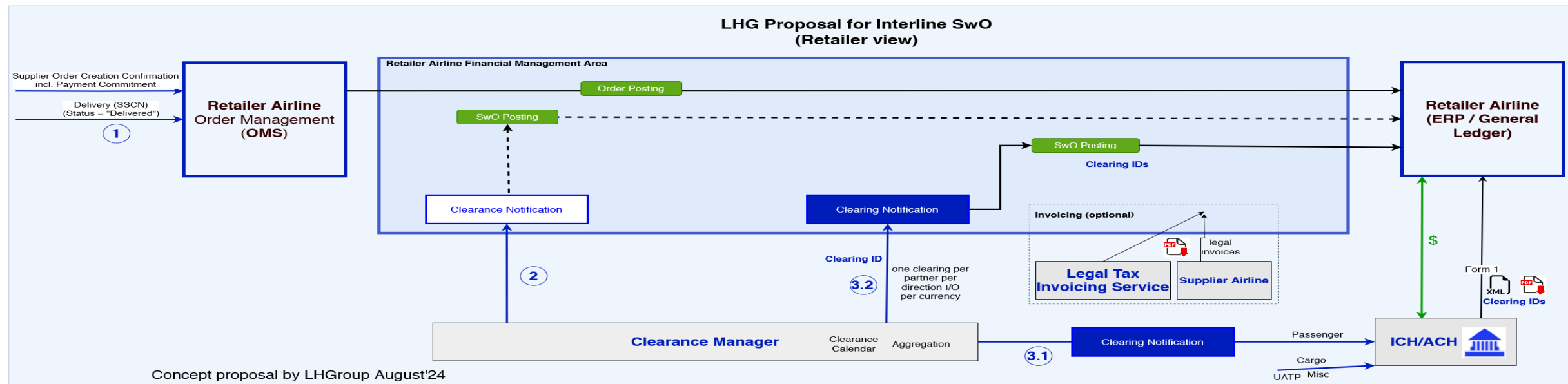
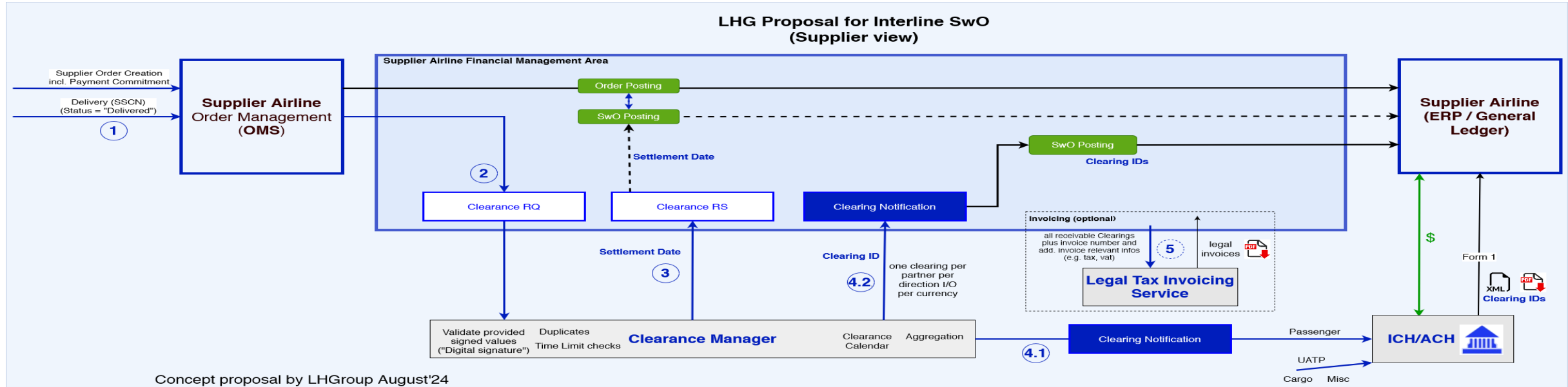
- It is critical for the Retailer's Treasury and Accounting departments to be informed of the Supplier's billing timeline to manage financial planning accurately
- Bilateral agreement between the Supplier and Retailer.
- In the absence of a bilateral agreement at the time of order acceptance, the following default time limit applies: The Supplier shall bill the Retailer no later than the end of the third month following the service delivery
- Time limits
  - 3 months – late payment penalty
  - 4 months – no recourse



# Interline Disputes/Rejections & Refunds

- Today: Huge interline dispute cost for interline partners as an uncontrolled cash flow.
- No interline rejections: All potential issues (validation, mismatches, correction, and resolution of service-related issues etc.) shall be solved upstream processes.
- Upstream systems such as Offer/ Order Management are expected to control validation and correction processes when required.
- Refunds are handled as part of the re-shopping process, hence interline settlement is not affected.

# Flowchart



# Next Steps

ABS WG to finalize the draft BRD by Q1 2025

Solutioning-OOTSSWG will complete solutioning and Implementation Guide in coordination with ABS WG in 2025



Questions/Feedback

Thank you





# Thank you

**IATA SIMPLIFIED  
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GENERAL MEETING**

Bangkok, Thailand  
28 October 2024

