



Transmittal Note

25/8//21

SUPPLEMENT TO DOC 8632 (2021)

**ICAO'S POLICIES ON TAXATION IN THE FIELD OF
INTERNATIONAL AIR TRANSPORT**

(Third Edition — 2000)

1. The attached Supplement supersedes all previous Supplements to Doc 8632 and includes information received up to 28 January 2021 from Contracting States as to their position vis-à-vis the Council Resolution on taxation in the field of international air transport.
 2. Additional information received from Contracting States will be issued at intervals as amendments to this Supplement.
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SUPPLEMENT TO DOC 8632 — THIRD EDITION

**ICAO'S POLICIES ON TAXATION IN THE FIELD
OF INTERNATIONAL AIR TRANSPORT**

Information contained herein reflects the status of implementation of Council's 1999 Taxation Resolutions and Recommendations by Contracting States as notified to ICAO.

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INTERNATIONAL CIVIL AVIATION ORGANIZATION

RECORD OF AMENDMENTS TO SUPPLEMENT

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ARGENTINA

Clause 1 Argentina complies with the Council Resolution contained in Clause 1, with the following clarifications:

- 1) With reference to the exemptions which the Resolution in Clause 1 of Doc 8632 establishes with respect to import and export duties, the situations outlined there are free from the payment of such taxes, with the exception of the hypotheses foreseen which are mentioned in Attachment I hereto.
- 2) With regard to international air transport operations performed in our country by aircraft registered in another State or leased or chartered by enterprises of that State, which are provided for in the Resolution in Clause 1 of Doc 8632 which establishes the exemption from consumption taxes levied on the acquisition of fuel, lubricants and other consumable technical supplies contained in the tanks or other receptacles on aircraft or taken on board, Argentina legislation provides for tax exemption for these products under certain conditions, namely:
 - a) With respect to internal taxes, provided that the fact of being taxable has not been established, provision is made for exemption when these products have been included on the list of stores (products which will be consumed on board) or if the fact of being taxable has been established, the tax will be refunded or credited.
 - b) Although the sale of certain products has the Value Added Tax (VAT) levied on it, the regulations for this tax provide for the refund of the tax in those cases intended for the international transport of passengers and cargo.

Clause 2 Argentina complies with the Council Resolution contained in Clause 2 which merits the following comments:

- 1) Since 1946, Argentina has maintained the position which provides that each State must have exclusivity in the taxation of the income and the capital of the enterprises performing international transport operations which are constituted or domiciled in that State.
- 2) Starting from the year mentioned in 1) above, specific agreements have been concluded for the avoidance of double taxation in the field of international transport by sea and by air. In addition, the position mentioned in the relevant articles of the broad tax agreements for the avoidance of double taxation (Articles 8, 13 and 22 of the OECD Model Convention) has been established.

Clause 3 Argentina does not apply types of taxation which may affect the *modus operandi* of international transport by creating obstacles or difficulties for its development, as far as passengers and shippers are concerned. In this regard, the following comments should be made:

- 1) Argentina levies 5 per cent on the price of air tickets for travel abroad which are sold or issued in our country, as well as those sold or issued outside our national territory, to nationals or permanent residents of our country, where the departure point of the journey is at any airport located in our country.
- 2) There is a conceptual difference with respect to the Resolving Clause (2) part where what in Argentina is called a charge for the payment of a service provided by the Nation, Province or Municipality is considered a tax and with respect to which international practices, a position maintained by Argentina, allow for countries to be able to collect such charges which are in

general applied on the value of the immovable property and which are intended to cover the costs of city lighting and cleaning.

Attachment 1

Customs Code of the Argentine Nation (Law 22.415)

“Article 514

Except for any special provision to the contrary, the loading in a means of transport, national or foreign, of goods which are not freely circulated in the customs territory and which are intended as supplies, of stores or of supplies coming from a warehouse subjected to customs control, shall be considered as if it were importation for consumption and shall be subject to the corresponding payment of taxes.”

ARMENIA

In accordance with the Republic of Armenia's Value-Added Tax Act, a rate of zero VAT applies to the following:

- a) Fuel for the refueling of aircraft operating flights on international routes, and for the delivery of goods for the use of the crew and passengers on board aircraft along the entire route;
- b) Taxable transactions for the provision of services (including air navigation and take-off and landing), repairs, refitting of vehicles operating on international routes, as well as the provision of services for passengers, baggage, cargo and mail transported on international routes, and services provided to passengers during transport;
- c) Taxable transactions for services (including those of agents and brokers) directly linked to the services indicated in subpara. b) above or to those providing such services.

In conjunction with the Republic of Armenia's accession to the Eurasian Economic Community (EAEC), as of 2015, the customs legislation of the EAEC is applicable in the Republic of Armenia. According to this legislation, customs duties are not levied on the import of goods from member States of the EAEC, and customs duties are levied on the import of goods from other countries at flat rates stipulated in EAEC Commission Decision No. 54 dated 16 July 2012. During the transition period (through 2018), in accordance with the aforementioned Decision, a customs duty rate of zero has been stipulated for importing to the Republic of Armenia goods from the group of fuels and lubricants (27th group in the Foreign Economic Activity Commodity Nomenclature, or FEACN) – FEACN 2710 12 210 0, 2710 12 410 0, 2710 12 450 0, 2710 19 210 0, 2710 19 290 0, 2710 19 460 0, 2710 19 820 0, 2710 19 840 0, 2710 19 860 0, 2710 19 880 0, 2710 19 920 0, 2710 19 980 0, 2711 13 970 0, 2713 20 000 0.

Article 89, para. 3 of the Republic of Armenia's Customs Regulation Act provides for a customs duty rate of zero on the export of goods from the Republic of Armenia.

In accordance with the Republic of Armenia's Profit Tax Act, income received by a foreign company operating flights from the Republic of Armenia is subject to taxation, either at source or on the basis of an annual report of income (if the company operating the flights has a separate division in the Republic of Armenia).

Furthermore, agreements on income and property have been concluded with almost all of the countries of residency (incorporation) of foreign companies operating flights from or to the Republic of Armenia. Both the air transport agreements and the provisions of these agreements concerning international air transport comply with ICAO's policies on taxation in the field of international air transport.

As of 1 January 2015, the Republic of Armenia has agreements to prevent the double taxation of income and property with the following 41 countries: Austria, Belarus, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czechia, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, India, Ireland, Iran (Islamic Republic of), Italy, Kazakhstan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Moldova, Netherlands, Poland, Qatar, Romania, Russian Federation, Slovenia, Spain, Switzerland, Syria, Thailand, Turkmenistan, Ukraine, United Arab Emirates and United Kingdom.

Since 1998, passengers departing from the Zvartnots Airport in Yerevan have been charged a State tax of 10,000 drams (approximately USD 21), which has been included in the cost of the ticket since 2009 and is paid into the State budget of the Republic of Armenia:

- a) by the airlines of the Republic of Armenia and representatives of foreign airlines registered in the Republic of Armenia, when operating regular flights;
- b) by organizations operating the airport, when operating unscheduled flights.

AUSTRALIA**General Comment**

Australia's policy remains that the taxation of international airlines should be dealt with in the context of Australia's overall taxation policy.

Extension of ICAO taxation policies to taxes levied at sub-national levels

Australian States and Territories have their own taxing powers, and the Commonwealth does not have the authority to directly override State taxation laws. This is reflected in the fact that Australia's bilateral tax treaties and airline profit agreements do not substantively cover State taxes. Hence the qualification made below with respect to Clause 1. The following information is provided in relation to national taxation.

Notification of practice with regard to Doc 8632 — taxation at national level only

Clause 1 Australian practice, as reflected in Article 9 of Australia's standard Air Service Agreement complies with Clause 1.

Specifically, aircraft operated in international air transportation by the airlines of each Party are exempt from import restrictions, customs duties, excise taxes, goods and services tax, and similar fees and charges imposed by Australia. Component parts, normal aircraft equipment and other items intended for or used solely in connection with the operation or for the repair, maintenance and servicing of such aircraft are similarly exempt, provided such equipment and items are for use on board an aircraft and are re-exported.

Provided in each case that they are for use on board an aircraft in connection with the establishment or maintenance of international air transportation by the airline concerned, the following items are exempt from import restrictions, customs duties, excise taxes, goods and services tax, and similar fees and charges imposed by Australia, whether they are brought by an airline into Australian territory or supplied to an airline in Australia:

- i) aircraft stores (including but not limited to such items as food, beverages and products destined for sale to, or use by, passengers during flight);
- ii) fuel, lubricants (including hydraulic fluids) and consumable technical supplies, and
- iii) spare parts including engines.

These exemptions also apply when these items are used on any part of a journey performed over Australian territory in the course of an international journey.

Clause 1 e) Australia would use its best efforts to ensure that State and local authorities do not impose taxes on items used in operating or servicing aircraft used in international air transport, including fuel, lubricants and consumable technical supplies. However the Australian Government cannot give a commitment that it could ensure the States would not levy taxes in certain cases. The Australian States and local authorities do not at present impose any taxes inconsistent with the tax exemptions for international air transport set out in Australia's model air services agreement or in the ICAO's resolution on the taxation of items used in international air transport.

Clause 2 a) i) There are no special rules in Australia’s domestic taxation law for taxing the income of a non-resident airline operator and such airlines must calculate their taxable income in accordance with Australian income tax law.

Australia’s comprehensive bilateral tax treaties generally follow the *OECD Model Tax Convention on Income and on Capital*, which allocates taxing rights over profits from international air transport to the country of residence of the relevant enterprise. Australia reserves the right, however, to tax profits from the carriage of passengers or cargo taken on board at one place in Australia for discharge in Australia. Australia’s tax treaties also provide that the enterprise’s country of residence provide relief from double taxation where necessary.

Australia taxes capital gains as part of its income tax regime. Under Australia’s domestic law non-resident international airline operators are taxed on capital gains arising from the disposal of “taxable Australian property” (essentially Australian real property and the business assets of Australian branches of a foreign resident airline operator). Where a comprehensive tax treaty exists, Australia does not tax capital gains arising from the alienation of aircraft (or movable property pertaining to the operation of such aircraft) operated by a non-resident enterprise. Taxing rights over such gains are allocated to the country of residence of the enterprise.

Clause 2 c) Australia has entered 44 comprehensive tax treaties and 3 airline profits agreements, which deal with the taxation of profits from international air transport.

Clauses 3 and 4 Australia’s goods and services tax (GST), a broad-based value added tax, makes sales of international air transport services GST-free (zero-rated). Hence Australia complies with Clause 3 of the ICAO policy statement.

The Australian Government levies a \$55 Passenger Movement Charge (PMC), which applies to the departure of a person from Australia to another country, whether or not the person intends to return to Australia. The Department of Home Affairs has administrative responsibility to manage the PMC primarily through formal arrangements with carriers. The PMC is levied at the time of ticket sale and remitted to the Department by the Carrier.

The PMC was originally introduced to offset the costs involved in processing passengers at the Australian Border.

AUSTRIA**Clause 1**

- Clause 1 a)** This clause is implemented in Austria for commercial air transport;
- Clause 1 b)** Exemptions are being granted even without the requirement of reciprocity;
- Clause 1 c)** Exemptions are also being granted on departure;
- Clause 1 d)** This definition is acceptable in Austria; and
- Clause 1 e)** There are no such local taxes and duties in Austria.

Clause 2 Fully acceptable to Austria.

Clause 2 a) Austria has concluded a number of bilateral agreements on double taxation, so that multiple taxation inter alia in the field of civil aviation is to be avoided.

Clause 3 There is no tax on the sale and use of international air transport in Austria.

Clause 4 Contrary to the ICAO recommendations, in Austria an Air Transport Levy has been implemented. In general, a 12 euro tariff is levied. For flights within a 350 kilometres distanced destination, a 30 euro tariff is applied.

Further Austria as a European Union Member State has supported the introduction of emission trading for intra European Union air transport as the appropriate economic instrument to reduce or to limit the environmental impact of civil aviation. Moreover, Austria would strongly support any global emission trading system or any equivalent measure to be achieved under the framework of ICAO and UNFCCC.

AZERBAIJAN

The Republic of Azerbaijan approves fully of ICAO's main principles and recommendations related to taxation in the field of air transport.

Clause 1 Azerbaijan complies with the sections of this document related to taxes on fuel, lubricants, and spare parts and equipment.

Clause 2 Mutual exemption of enterprise revenue and profit tax is based on the principle of mutuality and is supported by bilateral air transport agreements or by ad hoc agreements to avoid double taxation.

Clause 3 With respect to taxes on the sale of air tickets, Azerbaijan adheres to the principle of exemption.

BAHRAIN

The Kingdom of Bahrain is committed to the application of the provisions and resolutions pertaining to the policies on taxation in the field of international air transport, guided as it is by Document 8632 and other relevant documents issued by ICAO. Hence:

- 1) Bahrain does not currently impose any local taxes on the purchase of fuel, lubricants and other consumable technical supplies used by foreign aircrafts. Such an exemption is explicitly provided for in the bilateral agreements concluded with different States.
 - 2) Reciprocal exemption from taxes on income and earnings of airlines, either by providing for such an exemption in bilateral agreements (if the other party so agrees), or by concluding special agreements between the competent authorities in the two countries.
 - 3) Bahrain does not currently impose any taxes on the sales of air transport services.
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BARBADOS

Clause 3 With effect from 27 November 2010, the value added tax of fifteen percent (15 per cent) imposed on airline tickets for journeys commencing, issued or paid for in Barbados was increased to 17.5 per cent.

BELGIUM**Clause 1****A. Fuel and lubricants on board aircraft**

An exemption from customs duties is granted on arrival for fuels and lubricants on board aircraft serving scheduled international routes.

An exemption from excise duties is granted for stores, supplies, fuels and lubricants on board aircraft on arrival.

B. Fuels and lubricants delivered on board an aircraft in Belgium

Goods from countries outside the European Union which are retrieved from a holding facility (e.g. customs bonded warehouse) are exempt from customs duties.

If such goods are re-exported outside the territory of the European Union, they are exempted from import duties. This is the case with supplies for aircraft whose final destination is outside the EU.

It should be noted that the exemption from excise duties is restricted to the provision of aviation fuel irrespective of the flight performed.

As to registration and the value-added tax:

The ICAO Resolutions are applied within the limits of the 6th directive of 17 May 1977 of the Council of the European Union (77/388/CEE) transposed into the Belgian legislation.

The latter contains a paragraph providing that the following are tax-exempt:

1. deliveries and imports of aeroplanes, hydroplanes, helicopters and similar aircraft for use by the State and by airlines chiefly engaged in the international transport of persons and goods for remuneration;
2. deliveries to the producers, owners or operators of the aircraft referred to in Item 1 of this paragraph, and imports by them of articles to be incorporated in these aircraft or used in operating them;
3. the provision of services for the production, conversion, repair, maintenance and rental of the aircraft and articles referred to in Items 1 and 2 of this paragraph;
4. deliveries to airlines referred to in Item 1 of this paragraph and imports by them of goods for refuelling the aeroplanes, hydroplanes, helicopters and similar aircraft which these airlines use;
5. the provision of services other than those referred to in Item 3 of this paragraph for the direct needs of the aircraft referred to in Item 1 of this paragraph, except for aircraft used by the State, and of their cargo, such as towing, piloting, rescue and expertise, use of aerodromes, services required for landing, take-off and stay of aircraft on aerodromes, services provided to airlines by airline agents in their capacity as agents, assistance provided to passengers and crews on behalf of airlines.

The VAT code also provides for a tax exemption for intra-Community imports and purchases of goods whose delivery by those liable to tax is, in any case, exempt within the country.

Implementation provisions of the VAT code also provide for the permanent tax-exempt import of the stores on board aircraft serving scheduled international routes.

The provisions of the Belgian legislation are in keeping with the objectives of Clause 1 of the ICAO Resolution. It will also be noted that these exemptions only apply to aircraft used for the international transport of persons and goods, contrary to the provisions of Clause 1 a) of the document and paragraph 3 of the Council's Commentary.

Clause 2 a) Income of international air transport enterprises and from aircraft operation

The Belgian income tax code allows for the exemption, under conditions of reciprocity, of the profits which a foreign company derives in Belgium from operating aircraft which it owns or charters and which stop over in Belgium. This is an exemption from the Belgian non-residents' tax, which is in principle the only possible tax on the income in question.

Clause 2 b) Double taxation avoidance agreements

In the great majority of double taxation avoidance agreements, Belgium has included, following the OECD Model Convention, a provision stipulating that the profits from the operation of aircraft in international traffic shall only be taxable in the Contracting State where the enterprise's place of effective management is located or in that enterprise's State of residence.

This also applies to capital gains arising from the alienation of aircraft, to the salary received for paid work on board aircraft and to any taxes on the wealth constituted by these aircraft.

In the case of Belgium, these double taxation avoidance agreements apply to the personal income tax, the corporate tax, the tax on juridical persons, the non-residents' tax, the special contribution related to the personal income tax and the supplementary crisis tax, including the deductions at source, the surtax on the said deductions as well as the surtaxes on the personal income tax, levied on behalf of Belgium, its political subdivisions or its local communities.

Clause 3 Subject to what was mentioned in the Commentary on Clause 2 concerning the income of international air transport enterprises, Belgium does not have specific sales taxes on international air transport operations or on international tickets.

There are airport charges whose proceeds are used to pay for the services provided or to finance investments for the benefit of civil aviation. In particular, this is the case for the use of the facilities developed for the passengers and for the surfaces occupied by handling companies.

The aircraft take-off and landing charges are set in accordance with a rate which varies depending on the weight of the aircraft, its acoustic category and the time of operation. This variation is intended to protect the environment and the peace of those living nearby.

BENIN

Benin is compliant with the provisions of Doc 8632. The provisions on taxation are taken into account and mentioned in our bilateral air service agreements and in any specific agreements that may be entered into with third States.

BOSNIA AND HERZEGOVINA

Article 28 of the Law on Value Added Tax (VAT) of Bosnia and Herzegovina (Official Gazette of BIH 9/2005, 35/2005, 100/2008 and 33/2017) regulates business operations in international transport.

Item 3 of this Article envisages that the following shall be exempt from VAT: the purchase, repair and lease of aircraft used by airlines for flights on international routes for consideration, as well as the circulation, lease, repair and maintenance of the equipment, which is incorporated or used on such aircraft.

Item 4 of this Article regulates that the supply of fuel and other goods on aircraft under item 3 of this Article shall be exempt from VAT.

Item 6 of the Article envisages exemption from VAT for the supply of services, except those under item 3 of this Article, to meet the direct needs of the aircraft referred to under item 3 of this Article or their cargoes.

Article 47 of the Rulebook on the implementation of the Law on Value Added Tax (Official Gazette of BIH 93/05, 21/06, 60/06, 06/07, 100/07, 35/08, 65/10) prescribes conditions for tax exemption on supply of vessels with fuel and other goods in international transportation. Article 48 regulates the procedure for exempting supplies of goods and services provided for the purposes of international transportation.

In particular, Article 47 of the Rulebook specifies that a taxpayer may exercise the tax exemption referred to in Article 28 of the Law on Value Added Tax if the taxpayer holds: a) a document on supply of goods and services (contract, invoice, etc.), b) a statement by the owner-user of a vessel or aircraft that is rented or bought and would be predominantly used in international transportation. Predominant use of vessels and aircraft in international transportation means that in 80 per cent of cases the vessels and aircraft are used for the supply of international transportation services within six months before the tax period for which a tax return is submitted.

Paragraph (1) of Article 48 of this Rulebook specifies that supply of vessels and aircraft with fuel and other goods shall, within the meaning of Article 28 of the Law, be taken to include the supply of fuel and lubricants, food, beverages, and newspapers intended for sale on board the vessels and aircraft, etc.

Paragraph (2) of Article 48 states that for the supply of goods referred to in paragraph (1) of this Article, a taxpayer shall ensure evidence in compliance with the regulation governing the customs-approved treatment of customs goods, release of customs goods and collection of customs debts, as follows: a) a customs declaration for re-exportation of foreign goods and concluded accounting lists for sales on vessels and aircraft in compliance with customs regulations, for foreign goods sold to passengers on board vessels and aircraft in international air traffic; b) an exportation customs declaration and a specification of sold goods made on the basis of accounting lists on sales on vessels and aircraft in accordance with the customs regulations on domestic goods sold to passengers on board aircraft in international air traffic; c) a customs declaration for re-exportation and the delivery notes for sold foreign fuel and lubricants; d) an export customs declaration and delivery notes for sold domestic fuel and lubricants; e) supply lists for aircraft and vessels on international routes, i.e. a monthly report on consumed goods, certified by the responsible customs authority, in accordance with the customs regulations for domestic goods (such as food and beverages), which are served to passengers on board aircraft and vessels on international routes.

BOTSWANA

Botswana endorse the ICAO Council Resolution of 24 February 1999 as contained in Doc 8632, Third Edition, 2000. The present legislation does not require the imposition of any taxes or duties of any sort on the said items. As a safeguard, the bilateral air services agreements with other countries contain articles which exempt the designated airlines from payment of such taxes and duties for aircraft engaged in international operations on a reciprocal basis.

Botswana shall keep ICAO informed of any subsequent changes in its position vis-à-vis this resolution.

BURKINA FASO

In accordance with Article 24 of the Chicago Convention, Burkina Faso complies with the policies of the International Civil Aviation Organization (ICAO) on taxation in the field of international air transport.

I. Airport Service Charges

Airport service charges related to airport public services generate remuneration of the airport manager for services rendered.

The adjustment of these charges is based on relevant, objective, and transparent criteria in respect of the costs associated with the provision of these services. The charges comply with ICAO recommendations.

II. Taxes on Fuel, Lubricants, and Other Consumable Technical Supplies

In accordance with Article 24 of the Chicago Convention and with the provisions of the bilateral agreements in place, Burkina Faso, on a basis of reciprocity, applies the exemption from customs or other duties on fuel, lubricants, consumable technical supplies, spare parts, etc.

III. Taxation of Income

As regards the taxation of airline income, the bilateral air transport agreements signed between Burkina Faso and other States provide for non-double taxation of income derived from international air service operations.

BURUNDI

General comments

Burundi applies the provisions of Document 8632 and has no restrictions with respect to the Resolution. Exemption and reciprocity arrangements are specified in the bilateral air transport agreements between Burundi and the country of the air transport company concerned.

Clause 1 The Government of Burundi exempts from customs and other duties fuel, lubricants and other consumable technical supplies when used in international air transport.

Moreover, it favours the inclusion of a clause to that effect in bilateral air transport agreements in order to ensure reciprocity.

Clause 2 In Burundi, the taxation of the earnings of air transport enterprises and of aircraft and other movable property associated with the operation of aircraft engaged in international air transport is effected in the State in which the head office of the enterprise in question is actually located.

Bilateral air transport agreements negotiated by Burundi must include a tax clause to ensure reciprocal treatment for its international air transport enterprises.

Clause 3 The Government of Burundi levies no taxes on the sale or use of international air transport.

CAMEROON

Cameroon has no objections to ICAO's guidance in respect of policies on taxation in the field of international air transport.

CANADA**General Comments**

Canada has a federal system of government. Canada's constitution gives certain taxing powers to the provincial governments and does not require the provinces to conform to the policies of the federal Government in exercising those powers. Municipal governments have also been given their own taxing powers by their respective provincial governments, although more limited.

Therefore, unless otherwise indicated, the following comments only concern taxes and duties imposed by the federal government in Canada.

Clause 1**Clause 1 a) Fuel**

Aviation fuel used in the provision of international air transportation services is exempt from federal customs duties and excise taxes.

The federal Goods and Services Tax (GST) and the Harmonized Sales Tax (HST), which is levied instead of the GST in provinces that have harmonized their retail sales taxes with the GST, are relieved in the case of aviation fuel that is used to provide international air transportation services.

While all provinces in Canada levy tax on aviation fuel, most provide either full or partial tax relief for aviation fuel used to provide international air transportation services.

Lubricants or other consumable technical supplies

Aircraft stores, lubricants and other consumable technical supplies used in the provision of international air transportation services are for most items exempt from federal customs duties and excise taxes.

The GST/HST is relieved or refunded in the case of consumable technical supplies that are used to provide international air transportation services.

Clause 1 a) Last paragraph

The relief from GST/HST described above generally only applies where an air carrier is providing international transportation services in the course of its commercial activities.

Clause 1 e) See General Comment above.**Clause 2****Clause 2 a) i) No taxes are levied on income derived by non-residents from the operation of aircraft in international traffic, provided the country where they reside grants substantially similar relief to Canadian residents.****Clause 2 a) ii) See General Comments above.****Clause 2 b) When non-residents are exempt from federal tax on income and capital directly related to the**

operation of aircraft in international traffic, the provinces provide simple tax relief.

Clause 2 c)

Canada has agreements relating to the avoidance of double taxation in force with the following countries:

Algeria, Argentina, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Barbados, Belgium, Brazil, Bulgaria, Cameroon, Chile, China, China (Hong Kong SAR), Colombia, Côte d'Ivoire, Croatia, Cyprus, Czechia, Denmark, Dominican Republic, Ecuador, Egypt, Estonia, Finland, France, Gabon, Germany, Greece, Guyana, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Republic of Korea, Kuwait, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Portugal, Romania, Russian Federation, Senegal, Serbia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United Republic of Tanzania, United States, Uzbekistan, Venezuela (Bolivarian Republic of), Viet Nam, Zambia, Zimbabwe.

Clause 3

International passenger and freight air transportation services are generally relieved of the GST/HST. Passenger air transportation services between Canada and the continental United States or the islands of St. Pierre and Miquelon are subject to the GST/HST if the transportation originates in Canada.

There are certain user charges levied in Canada by the federal government and other service providers that are used to defray the costs of providing facilities and services for civil aviation. These charges are not, therefore, taxes for the purposes of the Council Resolution on Taxation of International Air Transport. They include the following:

- Fees charged to air carriers by Nav Canada, a private non-profit corporation, in order to fund the costs of providing air navigation services in Canada;
- The Air Travellers Security Charge, which is charged by the federal government to air passengers in order to fund the cost of air travel security measures; and
- Airport improvement fees charged by certain airports in Canada in order to help pay for airport improvements.

CHILE

Clause 1 The Directorate General of Civil Aeronautics of Chile is in full agreement with the Resolution. This position is consistent with the exemption from taxation given by Chile in the cases indicated in Clause 1 of Doc 8632.

Clause 2 In order to avoid multilateral double taxation, Chile concludes international treaties and agreements with some foreign countries which relate specifically to air transport.

In general, this type of agreement exempts from taxation the income of the transport enterprises of the other Contracting State derived from their activities, provided that this exemption from taxation is subject to the principle of reciprocity in that other State. Chile has signed treaties with Argentina, Brazil, Colombia, France, Germany, Panama, Paraguay, Spain, the United States, Uruguay and Venezuela (Bolivarian Republic of).

Clause 3 In Chile the sale of tickets is exempt from the Value Added Tax (VAT).

CHINA

Clause 1 Considering that for the transport industry in China, the collection of business tax has been replaced by the collection of Value Added Tax (VAT), the VAT paid by airlines in aviation fuel purchase will be allowed to be deducted. Therefore, in accordance with the provision in the Notice by Ministry of Finance and State Administration of Taxation on Abolishing the Policy on the Use of Imported Bonded Aviation Fuel by International Civil Flights (Caishui [2013] No.42), VAT is reinstated on the imported bonded aviation fuel sold to international civil flights, and the previous policy of VAT exemption is abolished accordingly.

Clause 2 **As a rule China provides in double taxation avoidance agreements mutual exemption of income tax on international air transport revenue.** A list of currently effective Double Taxation Avoidance Agreements is attached.

In addition, Double Taxation Avoidance Arrangements (hereafter as Taxation Arrangements) concluded between mainland China and Hong Kong, and Macao also contain provisions on air transport. Information on signature and effective dates of these Taxation Arrangements is attached (Attachment 2).

China and a number of countries provide in Double Taxation Avoidance Agreement or under articles on taxation in international Transport Agreements mutual exemption of VAT on international transport revenue.

Clause 3 Each departing passenger on an international or regional flight pays RMB90, including RMB70 as Civil Aviation Development Fund and RMB20 as Travel Development Fund.

CURRENTLY EFFECTIVE DOUBLE TAXATION AVOIDANCE AGREEMENTS

<i>Serial No.</i>	<i>Country</i>	<i>Signed on</i>	<i>Effective from</i>
43	JAPAN	1983.9.6	1984.6.26
96	UNITED STATES	1984.4.30	1986.11.21
30	FRANCE	2013.11.26	2014.12.28
95	UNITED KINGDOM	2011.6.27	2013.12.13
11	BELGIUM	2009.10.7	2013.12.29
32	GERMANY	2014.3.28	2016.4.6
52	MALAYSIA	1985.11.23	1986.9.14
65	NORWAY	1986.2.25	1986.12.21
24	DENMARK	2012.6.16	2012.12.27
78	SINGAPORE	2007.7.11	2007.9.18
29	FINLAND	2010.5.25	2010.11.25

18	CANADA	1986.5.12	1986.12.29
85	SWEDEN	1986.5.16	1987.1.3
63	NEW ZEALAND	2019.4.1	2019.12.27
89	THAILAND	1986.10.27	1986.12.29
41	ITALY	1986.10.31	1989.11.14
62	NETHERLANDS	2013.5.31	2014.8.31
79	CZECHOSLOVAKIA (APPLICABLE TO SLOVAKIA)	1987.6.11	1987.12.23
70	POLAND	1988.6.7	1989.1.7
4	AUSTRALIA	1988.11.17	1990.12.28
12	YUGOSLAVIA (APPLICABLE TO BOSNIA AND HERZEGOVINA)	1988.12.2	1989.12.16
16	BULGARIA	1989.11.6	1990.5.25
67	PAKISTAN	1989.11.15	1989.12.27
46	KUWAIT	1989.12.25	1990.7.20
86	SWITZERLAND	2013.9.25	2014.11.15
22	CYPRUS	1990.10.25	1991.10.5
82	SPAIN	1990.11.22	1992.5.20
73	ROMANIA	2016.7.4	2017.6.17
5	AUSTRIA	1991.4.10	1992.11.1
14	BRAZIL	1991.8.5	1993.1.6
58	MONGOLIA	1991.8.26	1992.6.23
34	HUNGARY	1992.6.17	1994.12.31
54	MALTA	2010.10.23	2011.8.25
94	UNITED ARAB EMIRATES	1993.7.1	1994.7.14
51	LUXEMBOURG	1994.3.12	1995.7.28
45	KOREA	1994.3.28	1994.9.27

74	RUSSIA	2014.10.13	2016.4.9
68	PAPUA NEW GUINEA	1994.7.14	1995.8.16
36	INDIA	1994.7.18	1994.11.19
55	MAURITIUS	1994.8.1	1995.5.4
20	CROATIA	1995.1.9	2001.5.18
10	BELARUS	1995.1.17	1996.10.3
80	SLOVENIA	1995.2.13	1995.12.27
40	ISRAEL	1995.4.8	1995.12.22
99	VIET NAM	1995.5.17	1996.10.18
92	TURKEY	1995.5.23	1997.1.20
3	ARMENIA	1996.5.5	1996.11.28
42	JAMAICA	1996.6.3	1997.3.15
35	ICELAND	1996.6.3	1997.2.5
50	LITHUANIA	1996.6.3	1996.10.18
49	LATVIA	1996.6.7	1997.1.27
97	UZBEKISTAN	1996.7.3	1996.7.3
8	BANGLADESH	1996.9.12	1997.4.10
76	YUGOSLAVIA (APPLICABLE TO SERBIA)	1997.3.21	1998.1.1
59	YUGOSLAVIA (APPLICABLE TO MONTENEGRO)	1997.3.21	1998.1.1
84	SUDAN	1997.5.30	1999.2.9
53	MACEDONIA	1997.6.9	1997.11.29
26	EGYPT	1997.8.13	1999.3.24
71	PORTUGAL	1998.4.21	2000.6.7
27	ESTONIA	1998.5.12	1999.1.8
48	LAOS	1999.1.25	1999.6.22
77	SEYCHELLES	1999.8.26	1999.12.17

67	PHILIPPINES	1999.11.18	2001.3.23
39	IRELAND	2000.4.19	2000.12.29
81	SOUTH AFRICA	2000.4.25	2001.1.7
9	BARBADOS	2000.5.15	2000.10.27
57	MOLDOVA	2000.6.7	2001.5.26
72	QATAR	2001.4.2	2008.10.21
21	CUBA	2001.4.13	2003.10.17
98	VENEZUELA	2001.4.17	2004.12.23
61	NEPAL	2001.5.14	2010.12.31
44	KAZAKHSTAN	2001.9.12	2003.7.27
37	INDONESIA	2001.11.7	2003.8.25
66	OMAN	2002.3.25	2002.7.20
64	NIGERIA	2002.4.15	2009.3.21
91	TUNISIA	2002.4.16	2003.9.23
38	IRAN	2002.4.20	2003.8.14
7	BAHRAIN	2002.5.16	2002.8.8
33	GREECE	2002.6.3	2005.11.1
47	KYRGYZSTAN	2002.6.24	2003.3.29
60	MOROCCO	2002.8.27	2006.8.16
83	SRI LANKA	2003.8.11	2005.5.22
90	TRINIDAD AND TOBAGO	2003.9.18	2005.5.22
1	ALBANIA	2004.9.13	2005.7.28
15	BRUNEI DARUSSALAM	2004.9.21	2006.12.29
6	AZERBAIJAN	2005.3.17	2005.8.17
31	GEORGIA	2005.6.22	2005.11.10
56	MEXICO	2005.9.12	2006.3.1
75	SAUDI ARABIA	2006.1.23	2006.9.1

2	ALGERIA	2006.11.6	2007.7.27
88	TAJKISTAN	2008.8.27	2009.3.28
28	ETHIOPIA	2009.5.14	2012.12.25
93	TURKMENISTAN	2009.12.13	2010.5.30
23	CZECHIA	2009.8.28	2011.5.4
100	ZAMBIA	2010.7.26	2011.6.30
87	SYRIA	2010.10.31	2011.9.1
13	BOTSWANA	2012.4.11	2018.9.19
25	ECUADOR	2013.1.21	2014.3.6
101	ZIMBABWE	2015.12.1	2016.9.29
19	CHILE	2015.5.25	2016.8.8
17	CAMBODIA	2016.10.13	2018.1.26

**DOUBLE TAXATION AVOIDANCE AGREEMENT BETWEEN MAINLAND CHINA AND
HONG KONG (SAR), MACAO, (SAR)**

<i>Serial No.</i>	<i>Region</i>	<i>Signed on</i>	<i>Effective from</i>
1	HONG KONG (SAR)	2006.8.21	2006.12.8
2	MACAO (SAR)	2003.12.27	2003.12.30

**Arrangement on the Taxation on International Transport Revenue
(Air Transport)**

- | | | |
|---|--|--|
| 1. Mutual taxation on enterprise revenue | Taxes levied not exceeding 1.5% of the total revenue: the Philippines | Double Taxation Avoidance Agreement (or arrangement) |
| 2. Mutual exemption of enterprise revenue tax | All the countries (regions) which have concluded taxation agreements with China, except those listed in item 1 | Double Taxation Avoidance Agreement (or arrangement) |

	Zimbabwe, Turkmenistan, Syria, Peru, Madagascar, Lebanon, Afghanistan, Zaire, Brunei	Taxation clauses in air services agreement
3. Mutual exemption of personal income tax	Zimbabwe, Viet Nam, Mongolia, Lao People's Democratic Republic, Kuwait, Bangladesh, Oman, Brunei, Ukraine, Kazakhstan, Maldives, Uzbekistan, Turkmenistan, Former Soviet Union, Lebanon, Kyrgyzstan, Belarus	Taxation clauses in air services agreement
	Republic of Korea	Protocol to taxation agreement
	France, United Kingdom, Bahrain	Special bilateral agreement on mutual tax exemption for international transport
4. Mutual exemption of indirect tax	Japan, Denmark, Singapore, United Arab Emirates, Republic of Korea, India, Mauritius, Slovenia, Israel, Ukraine, Jamaica, Malaysia (Protocol of 2000), Hong Kong (SAR), Macau (SAR),	Double Taxation Avoidance Agreement (or arrangement)
	Zimbabwe, Viet Nam, Uzbekistan, United States, Ukraine, Turkmenistan, Syria, Romania, Peru, Oman, New Zealand, Madagascar, Lebanon, Kyrgyzstan, Kuwait, Kazakhstan, Israel, Canada, Brunei, Belgium, Belarus	Taxation clauses in air services agreement
	United States, France, Thailand, Turkey, Luxembourg, Netherland, Finland, Singapore, Sri Lanka, Bahrain	Agreement or exchange of letter on mutual exemption of international transport revenue tax

CHINA (HONG KONG, SAR)

Clause 1 Implemented.

Clause 2 The Government of the Hong Kong Special Administrative Region has concluded with a number of countries an avoidance of double taxation article for inclusion in our Air Services Agreements or stand-alone agreement on avoidance of double taxation with respect to taxes on income from aircraft operation. Negotiations are also under way with some other aviation partners.

Clause 3 Implemented except for the Air Passenger Departure Tax payable by every passenger departing Hong Kong by air unless exempted.

CHINA (MACAU SAR)

Macau will try its best to formulate and implement policy that is compliant with the principles laid out in the Council Resolution.

COLOMBIA

The Colombian Civil Aviation Authority fully agrees that the increase in taxation could have an impact on the growth and development of air transport. It feels that decisions regarding such questions, which are of great importance to any State, should be made based on the knowledge and capacity States deem applicable to matters of taxation, and in compliance with individual fiscal policies.

Only careful study of the matter by each State will ensure that an additional financial burden on air transport will not result in unfavourable discrimination against international civil aviation in relation to other modes of transport. The tax structure deemed appropriate by each State should be based on this principle.

As an ICAO Member State, Colombia accepts the policies established in Doc 8632 (2000) which deal with the taxation of: 1) fuel, lubricants and other supplies; 2) income of international air transport enterprises and aircraft and other movable property; and 3) the sale and use of international air transport.

The following, inter alia, is reflective of the measures adopted by our national government further to these policies:

- 1) The tax burden of the aviation industry is generally similar to that of the other sectors of the national economy.
- 2) Aviation fuel used to supply international air transport services is not taxed because it is considered an export.
- 3) All international air carrier revenue is considered mixed income and is taxed at a rate of 33 per cent on taxable income.
- 4) As regards passengers, in general, a value-added tax (VAT) of 16 per cent is applied on the sale of tickets. However, on international RT flights this is applied only on 50 per cent of the ticket price (eight per cent).
- 5) International cargo transport is exempted from the VAT.
- 6) In order to avoid multiple taxation, an agreement to eliminate duplicate taxation was established with the Government of Panama.
- 7) The Convention on International Interests in Mobile Equipment and the Aircraft Protocol thereto (UNIDROIT) were formalized.

COSTA RICA

The Directorate General of Civil Aviation of Costa Rica wishes to inform that the national legislation has remained unchanged with respect to the aspects contained in Doc 8632 – *ICAO's Policies on Taxation in the Field of International Air Transport*.

CUBA

Cuba is in agreement with the Council Resolution concerning the matter referred to in ICAO's policies on taxation in the field of international air transport. Said Resolution is in harmony with the provisions of the Cuban legislation in force.

1. With respect to **taxes on fuel, lubricants or other consumable technical supplies:**

No tax of any type is charged.

The "Cubana de Aeropuertos y Servicios Aeronáuticos S.A." [Cubana Airport and Aviation Services] enterprise, responsible for the commercial use of fuel and their derivatives, special liquids and lubricants, establishes the selling price for the services it provides to domestic aircraft and to those of other States, exempt from the collection of sales taxes.

2. With respect to **the taxation of income of international air transport enterprises and taxation of aircraft and other movable property:**

Article 109 of Law No. 113 from 21 November 2012 on the Taxation System establishes the following in Chapter III on the Gross Income Modality:

Cuban and foreign legal entities established on a permanent basis on the national territory, use the Gross Income modality for the payment of tax on profits, due to the characteristics of their form of organisation. It is impossible to reliably determine their taxable profit.

This is the case for Cuba-based branches of foreign airlines, for which a 6.5 per cent tax rate is established.

Article 98 of this Law provides that a 4 per cent tax rate is applied to the income earned by foreign legal entities in the country, without an assessment of permanent establishment.

3. With respect to **taxes on the sale and use of international air transport:**

Law No. 113 with respect to the sales tax does not apply to goods and services meant for export.

A Tax for Airport Services to Passengers is established. The tax is for the use of the services and facilities at the airports authorized for international passengers. In this case, taxpayers or those connected with payment of this tax are passengers on international flights departing from a Cuban airport to another airport outside Cuba.

CYPRUS

- Clause 2 a) i)** With respect to the taxation of income of international air transport enterprises and taxation of aircraft and other movable property, under the provisions of article 18 of the Income Tax Law, profits or benefits arising from a business of operating aircraft, carried on by a person not resident in Cyprus for tax purposes, are exempt from tax provided that the Minister of Finance is satisfied that an equivalent exemption is granted by the country in which such person is resident to persons that are resident in Cyprus.
- Clause 2 c)** In accordance with the Agreements for the Avoidance of Double Taxation concluded between other States, profits from the operation of aircrafts in the international traffic are taxable only in the Contracting State in which the effective management of the enterprise is situated.
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CZECHIA

Clause 1 According to the Act no. 353/2003 Coll. on Excise Taxes, mineral oils (aviation fuel falling within CN code 2710 12 31 or 2710 12 70 or jet fuel falling within CN code 2710 19 21), used as a propellant in air transport, for aero work, testing, repairs and maintenance of airplanes are exempted from excise tax with the exception of mineral oils used for private pleasure flying which arises from Directive 2003/96/ES restructuring the taxation of energy products and electricity supplies.

Czechia supports the European Union coordinated approach to pricing of negative externalities in air transport, reduction of tax exemptions and promoting alternative fuels in air transport.

Clause 2 Income taxes in international air transport proceed from the Czech tax law, namely Act no. 586/1992 Coll. on Income Taxes. The Ministry of Finance of the Czech Republic agrees in cases of the taxation of income of international air transport enterprises with the principle of reciprocity based on tax collection only in the State where an enterprise is a resident for income tax purposes, which is incorporated in agreements for the elimination of double taxation.

The rules aimed at the elimination of double taxation of income from operating aircraft in international transport as well as income of employees in international air transport form an integral part of bilateral agreements for the elimination of double taxation. Czechia has entered into such agreements with 89 States (jurisdictions) which are effective in 2020 and additional agreements are continuously being negotiated, or are already negotiated but do not have effect yet. These agreements also deal with taxation and elimination of international double taxation of income from alienation of aircraft operated in international transport or movable property used to operate these aircraft.

According to Act no. 235/2004 coll. on Value Added Tax (VAT), the following is exempted from tax together with the claim of tax deduction:

- the supply, modification, repair, maintenance or charter of aircraft, including charter of manned aircraft, used by airlines operating, in particular, international air services for payment;
- the supply, charter, repair or maintenance of equipment installed or used on such aircraft.

The supply of goods used for supplementation of the above-mentioned aircraft is also exempt from tax with the right of VAT deduction.

Some parts, usual aircraft equipment and other items used only in connection with operating or repair, maintenance and operation of an aircraft are exempted provided that they are used solely on board the aircraft and exported again.

According to bilateral agreements, aircraft of Contracting States are exempted from customs, taxes and other duties imposed by national authorities.

Clause 3 According to the Act no. 235/2004 coll. on Value Added Tax, transport of passengers and their baggage between Member States and third countries, including services directly related to this transport, is exempted with right of deduction of VAT in Czechia. This transport is exempt even if it is carried out by persons who are registered for VAT in another Member State or by a foreign taxable person.

Clause 4 Czechia fully complies with this Resolution.

ECUADOR

Clause 1 Ecuador complies with clauses 1 a), b), c) and d). As to clause 1 e), tax is levied on the value of each gallon of aviation fuel and lubricants used within Ecuador by any aircraft engaged in international and domestic commercial service (Art. 28 of the Civil Aviation Act), as established in order to finance the costs of facilities and services.

Clause 2 Ecuador has a regulation making all enterprises and individuals subject to annual "Income Tax" which must be paid to the Ministry of Finance.

Clause 3 In Ecuador, no tax is levied on operators' gross revenues or sales.

Sales of international air passenger tickets issued in Ecuador are taxed at 10 per cent of their value. This amount is collected by the Ministry of Finance.

Any change which takes place will be notified to the Organization.

EGYPT

General Comments

Egypt stresses the need to adhere to ICAO's policies on taxation in the field of air transport according to Article 24 of the International Civil Aviation Convention.

The fees for airport and aviation services that Egypt collects are appropriate to the costs associated with providing this service and compatible with the ICAO recommendations, and are at a reasonable level compared to the fees imposed by other States and include the following:

Clause 1 Egypt does not impose any tax on fuel, lubricants and other consumable technical supplies in accordance with the provisions of Article 24 of the Chicago Convention and the provisions of bilateral agreements concluded between Egypt and these States.

Clause 2 As for the taxes imposed on the revenues of air carriers, Egypt concludes bilateral agreements with various States to prevent double taxation on the revenues and sales of air carriers according to the principle of reciprocity.

EQUATORIAL GUINEA

1. The Equatorial Guinea Civil Aviation Authority expresses its agreement with the provisions of the Council Resolution on taxation in the field of international air transport, but has the following comments to make:

- As established in Article 283.9 c) of Law 4 from 28 October 2004, which regulates the taxation system of the Republic of Equatorial Guinea, operations related to international traffic carried out by aircraft for inter-State transit operations and the services related thereto are exempt from value added tax (VAT) payment;
- Based on the aforementioned Law, double taxation may be avoided through International Agreements related to double taxation or similar bilateral agreements with other States;
- In order to endorse Equatorial Guinea's position on the matter and to comply with Article 24 of the Chicago Convention, bilateral air service agreements with several States contain a special provision that exempts payment of customs duties and other duties on regular aircraft equipment, fuel, lubricants, consumable technical supplies, spare parts, aircraft stores, food, beverage, tobacco and other products destined for sale to passengers or for use on outbound aircraft of airlines engaged in international air services;
- In these same bilateral agreements, and based on reciprocity, air transport companies are granted the right to transfer out of the country the surplus of their local income obtained from the sale of air transport services;
- Passengers departing from airports in Equatorial Guinea to other international airports pay an international transportation tax, which is included in the airline ticket. Similarly, the aforementioned passengers, including passengers on domestic flights, pay airport taxes for services provided, based on ICAO-recommended criteria.

2. The Equatorial Guinea Civil Aviation Authority shall keep ICAO informed of any subsequent changes in its position regarding the aforementioned Resolution.

ESTONIA

General Comments

In its general taxation policies Estonia agrees to the ICAO policies and has considered its position in national law making. The most recent amendments to Estonia's tax laws have been intending to make laws compatible with those applied by the European Union (EU).

Clause 1

Concerning taxes on fuel, lubricants and other consumable technical supplies, Estonia does not pose duties on fuel imported in the tanks of the aircraft. Also, if the supplies are brought into the custom zone but not beyond it to the country, the duties are not charged either.

The following table presents an overview of import duties applied by Estonia:

<i>Product</i>	<i>Rate of import duty</i>
Electrical traffic regulating equipment	15 per cent
Mechanical airport and air traffic equipment	10 per cent
Transport equipment used in airports for cargo relocation	15 per cent
Aircrafts, helicopters	15 per cent

Source for the table is Estonia's Law on tariffs (Journal of Official Documents RT1/1997, 78, 1321).

Please note that the Law allows the government to sign favourable bilateral treaties with other countries to support international trade. The preferential treatment will no longer be in force after Estonia joins the World Trade Organization. The government hopes to do so before the end of 1999.

Clause 2

Estonia has signed bilateral contracts with its major air traffic partners to avoid double taxation on the income of international companies. These countries include Finland, Sweden, Denmark, Norway, Germany, the United States, Latvia, Lithuania, the United Kingdom, Canada and several other countries. Those agreements are bilateral and vary to some extent. No property taxes are applied by Estonia. Airlines registered in the country are subject to a 26 per cent corporate tax. However, there is a strong political will to lower the corporate tax rate.

Clause 3

Airline tickets are not subject to the 18 per cent sales tax (VAT) that is applied on most products including domestic airline tickets. The law on Value Added Tax was published in the Journal of Official Documents RT I/1993, 60, 847 for the first time in 1993. According to a 1997 amendment to the law, VAT is not to be paid on the import of aircraft that are only utilized in international transport.

ETHIOPIA

Clause 1 The Government of Ethiopia exempts lubricants and other consumable technical supplies from customs and other duties when used in international air transport in accordance with Article 24 of the Chicago Convention and with the provisions of bilateral agreements between Ethiopia and those countries.

Clause 3 As for taxes on the revenues of airlines, Ethiopia concludes bilateral agreements with many countries in order to provide avoidance of double taxation on the revenues and sales of airlines, on a reciprocal basis.

FIJI

Fiji's Income Tax and Value Added Tax Legislations are compatible with ICAO's policies on taxation regarding international carriage of passengers and goods.

FINLAND

- Clause 1** This clause has been implemented in Finland for commercial air transport based on the European Union Energy Tax Directive and the European Union Value Added Tax Directive. The exemptions from energy and value added taxes do not apply to non-commercial general aviation and do not require reciprocal treatment by other states.
- Clause 2** Finland has concluded a number of bilateral agreements to avoid double taxation on the income of international companies.
- Clause 3** Services relating to international air transport are exempted from value added tax based on the European Union Value Added Tax Directive and national implementing legislation.
-

FRANCE

Tax exemption for fuel and other energy products is applied broadly, except in the case of recreational tourism aviation. An exemption is also applied to all value added tax (VAT) that might be due on such products. In addition, airlines whose primary activity is international air transport benefit from full exemption from VAT on any transaction relating to the delivery, handling, repair, maintenance, chartering and leasing of these companies' aircraft.

Provisions aimed at avoiding double taxation on the income and capital of airlines are normally included in general bilateral agreements concluded by France in the specific area of double taxation, or are spelled out in special agreements.

As regards the sale of airline tickets for international transport services, France applies the principle of exemption from VAT. France has, however, introduced specific taxes based on the number of passengers carried on international and domestic flights. The proceeds of these taxes go to finance the Government's activities relating to the economic regulation, security and safety of air transport.

France considers that it is important to contribute to the achievement of the Millennium goals (now known as Sustainable Development Goals) in the areas of health and economic development. Since 2006, it has levied a solidarity tax on airline tickets on the basis of the number of passengers carried, the amount of tax being determined by the final destination.

Lastly, France continues to support international measures to reduce the impact of climate change on aviation by applying market-based measures.

GERMANY

Although the resolution[s] may not comply with the policy of its Government on a long-term basis, Germany is complying with this [these] resolution[s] at present provided that it [they] is [are] consistent with the policy and law of the European Union. Since 2011, Germany has been charging a passenger tax on every ticket sale related to a departure from a German airport. The Government of Germany may decide to introduce a tax on the consumption of fuel and lubricants in international commercial transport, too, as well as taxes on the sale and use of international air passenger transport services. Nevertheless, Germany is strictly opposed to ICAO's activities in connection with the sale and use of international air passenger transport services because questions of tax policy in this area do not fall within ICAO's remit. The respective national legislatures possess sole authority for decision-making and legislation in this area.

In accordance with Article 8 of the OECD Model Tax Convention on Income and Capital, it is Germany's policy to include appropriate provisions in its Double Taxation Agreements (DTA) which means that taxes on income or capital of air transport enterprises are levied only in the States in which the effective management of the enterprise is situated. In the case of States, with which Germany has no DTA, Germany tries to achieve the aim of Article 8 of the OECD Model Tax Convention on Income and Capital on a reciprocal basis by the exchange of diplomatic notes.

GREECE

Clause 1. Taxes on Fuel, Lubricants and other similar consumable technical supplies

In accordance with the provisions of Article 128 paragraph 1(g) of the Council Regulation (EC) No 1186/2009 “setting up a Community System of reliefs from customs duty”, Greece may grant relief from customs duty, on the basis of reciprocity, in the context of agreements with third countries that are Contracting Parties to the Convention on International Civil Aviation (Chicago 1944), for the purpose of implementing Recommended Practices 4.42 and 4.44 in Annex 9 to the Convention.

Furthermore, as far as the current taxation treatment of fuel is concerned, pursuant to the provisions of Article 14 (1b) of the Council Directive 2003/96/EC of 27 October 2003 “restructuring the community framework for the taxation of energy products and electricity”, as they have been incorporated in the Greek legislation with the provisions of article 78 paragraph 1a of law 2960/2001 (Government Gazette 265), as in force, “energy products supplied for use as fuel for the purpose of air navigation other than in ‘private pleasure-flying’ shall mean the use of an aircraft by its owner or the natural or legal person who enjoys its use either through hire or through any other means, for other than commercial purposes and in particular other than the carriage of passengers or goods or for the supply of services for consideration or for the purposes of public authorities.

Clause 2: Taxation of Income of International air transport enterprises and taxation of aircraft and other movable property

Legal persons or legal entities, who are not tax residents in Greece, are taxed in Greece only if they have a permanent establishment in Greece. The above is applied to airlines, too.

If, by business activity carried out by each airline company, a permanent establishment is not created, this airline company will not be subject to legal persons and entities income tax, by the provisions of income Tax Code (Law 4172/2013). However, if the aforementioned company has a permanent establishment in Greece it will be taxed as the other legal persons. If Air Services Agreements (bilateral or multilateral) or Double Taxation Avoidance Agreements are in force, they prevail over national law.

Clause 3: Taxes on the sale and use of international air transport

In accordance with the provisions of Directive 2006/112/EC of the European Union Council on the common system of VAT, as they have been transferred to our national legislation with the provisions of article 27 paragraph 1 of law 2589/2000 (Government Gazette 248/A), the delivery and import of fuels, lubricants, supplies and other goods intended for the supply of aircraft as well as items intended for incorporation in them are exempt from VAT, if the aircraft are used by airlines, which perform mainly international transport as a fare as specified in the provisions of the same law.

In addition, the provisions of law 1684/1987 (Government Gazette 18/A) provide exemption from VAT to airlines in the framework of agreements and on the basis of reciprocity that our country has concluded with other countries, which are contracting parties in the ICAO Convention, upon definitive import of certain items, such as ground equipment or safety equipment for use within the boundaries of the International Airport and in any case are granted in accordance with the applicable provisions of union legislation.

GUATEMALA

1. Fuel, Lubricants and Equipment

National legislation, on the basis of the bilateral air transport agreements signed and on the basis of reciprocity, establishes exemption for the following: aircraft engaged in international services, their equipment, spare parts, fuel and lubricant reserves, supplies, and on-board publicity and promotional material. This exemption applies so long as the aforementioned equipment and reserves remain on board the aircraft or until the export of said equipment and reserves.

Likewise, such equipment and material are exempt where they enter the country via the airline in question and are intended for on-board use. Said equipment and material shall be unloaded in national territory only under customs supervision and only until their re-export, until which time they shall be placed in the special handling zone and shall be free from taxation.

2. General Taxes

There are general taxes on commercial activity, such as income tax (ISR) and value-added tax (VAT), which apply not only to airlines, but to other businesses as well.

3. Funds Transfer

In accordance with bilateral air transport agreements, airlines are free to transfer to their respective territories excess revenue over expenditure. This transfer is not taxable.

HUNGARY

Clauses 1 and 2 In Hungary these kinds of preferences are given within the framework of the bilateral Air Services Agreements:

- aviation turbine fuel is subject to consumption tax, however, depending on the consumption, airlines are exempted from excise duty. The supply of aviation turbine fuel of aircraft used by airlines operating for reward exclusively or chiefly on international routes is exempted from value added tax.
- de-icing, hydraulic and cooling liquids, as well as technical expendable means are free of tax.

The above listed fuel and lubricants, as well as technical expendable means are also free of customs and duties.

Exemptions refer exclusively to materials and technical expendable means which are destined for use of operation of aircraft. Exemption from value added tax refers to fuel, materials and technical expendable means which are destined for use of operation of aircraft operating exclusively or chiefly on international routes.

Clause 3 Under this regulation airlines should be exempt from all kinds of taxes. For the time being we are not in a position to take into account and enforce the said regulation (moreover within the foreseeable future we can't introduce the regulation in our country).

The regulation is not acceptable to us on the one hand because of the narrow material-financial circumstances of our national economy, its relatively low economic potential; on the other hand, to an airline as an entrepreneurship, the same conditions of economics and law of economy should apply which determine the circumstances of the economic system and activity of entrepreneurs in general.

The airline is significantly favoured within the framework of the exemptions detailed in Clauses 1 and 2, the exemptions by which undertakings operating in the field of air transport have an advantage.

Hungary has altogether 65 conventions relating to the avoidance of double taxation on income or on income and on capital.

ICELAND**General Comments**

Iceland supports in general ICAO's policies on taxation in the field of air transport. However, the Government of Iceland may decide to introduce taxes levied on air transport. e.g. regarding market based measures to limit environmental impact of international civil aviation derived from the commitments in the European Economic Area Agreement.

- Clause 1** Implemented, however Icelandic law on value added tax permits taxes and levies on non-commercial general aviation.
- Clause 2** Iceland currently has 33 Double Taxation Agreements in force with other countries.
- Clause 3** Services relating to international air transport are exempted from value added tax based on national implementing legislations. Taxes on air transport relating to protection of Natural sensitive areas cannot be ruled out as a possibility in the future.
- Clause 4** Supported.
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INDIA

General Comment

India supports the resolution adopted at the 36th Session of the Assembly.

Clause 1 The fuel and lubricants filled into receptacles forming part of any aircraft registered in any country (other than India) which is a party to the Convention on International Civil Aviation signed at Chicago on 7 December 1944 or which has entered into an Air Services Agreement with India and operating a scheduled or non-scheduled international air service to or from India, are exempt from the levy of all taxes and duties in India.

Clause 2 A list of countries with whom Double Taxation Avoidance Agreement has been concluded is enclosed.

Clause 3 There is no tax on air cargo shipments or on air tickets. But a departure tax called Foreign Travel Tax is levied on every passenger leaving India by flight.

ATTACHMENT

INDIA'S DOUBLE TAXATION AVOIDANCE AGREEMENTS NOTIFIED
(AS OF 16 SEPTEMBER 1996)

No.	Name of the Country	Effective from Assessment Year
1.	Australia	1993–1994
2.	Austria	1963–1964
3.	Bangladesh	1993–1994
4.	Belgium	1975–1976 / 1976–1977
5.	Belgium (S. Protocol)	1988–1989 / 1989–1990
6.	Brazil	1994–1995
7.	Bulgaria	1998–1999
8.	Canada	1987–1988
9.	China	1996–1997
10.	Cyprus	1994–1995
11.	Former Czechoslovakia	1986–1987
12.	Denmark	1990–1991 / 1991–1992
13.	Finland	1985–1986
14.	France (Revised)	1996–1997
15.	Federal Republic of Germany	1958–1959
16.	F.R.G. (Protocol)	1984–1985
17.	German Democratic Republic	1985–1986
18.	Greece	1984–1985
19.	Hungary	1989–1990
20.	Indonesia	1989–1990
21.	Israel	1995–1996 / 1997–1998
22.	Italy	1978–1979
23.	Italy (Revised)	1997–1998
24.	Japan (Revised)	1991–1992
25.	Kenya	1985–1986
26.	Libya	1983–1984 / 1984–1985
27.	Malaysia	1973–1974
28.	Malta	1997–1998
29.	Mongolia	1995–1996
30.	Mauritius	1983–1984
31.	Nepal	1990–1991
32.	Netherlands	1990–1991
33.	New Zealand	1988–1989
34.	Norway	1988–1989
35.	Philippines	1998–1999
36.	Poland	1991–1992
37.	Romania	1989–1990
38.	Singapore (Revised)	1995–1996
39.	Spain	1997–1998
40.	South Korea	1985–1986
41.	Sri Lanka (Revised)	1981–1982
42.	Sweden (Revised)	1990–1991
43.	Switzerland	1996–1997
44.	Syria	1983–1984
45.	Tanzania	1982–1983 / 1983–1984

No.	Name of the Country	Effective from Assessment Year
46.	Thailand	1987–1988 / 1988–1989
47.	United Arab Emirates	1995–1996
48.	United Arab Republic	1969–1970 / 1970–1971
49.	United Kingdom (Revised)	1995–1996
50.	United States of America	1992–1993
51.	U.S.S.R. (Now applicable to Russian Federation)	1991–1992
52.	Viet Nam	1997–1998
53.	Zambia	1979–1980

INDONESIA**General comments**

Indonesia has no objection to ICAO's guidance in respect to policies on taxation in the field of international air transport.

Clause 1 In line with the Bilateral Air Service Agreements between Indonesia and its counter parts, based on the principal of reciprocity, aircraft operated on international services by the airline(s) designated by the counterparts, shall be exempt from all custom duties, inspection fees and other duties or taxes on arriving in the territory of the counterparts, providing such equipment and supplies shall remain on board the aircraft up to such time as they are re-exported.

Clause 2 Indonesia has concluded a number of bilateral agreements on double taxation, so that multiple taxation, *inter alia*, in the field of civil aviation is to be avoided.

Clause 3 Indonesia does not levy taxes on the sale and use of international air transport.

IRAN

The Islamic Republic of Iran is in full agreement with the proposals provided they are done on a basis of reciprocity.

IRELAND

Clause 2 With respect to the taxation of income of international air transport enterprises and taxation of aircraft and other moveable property:

Ireland has signed double taxation agreements with 72 countries, of which 68 are in effect (as at November 2015). Ireland's double taxation agreements follow the OECD Model Tax Convention on Income and Capital, under which profits from the operation of aircraft in international traffic are taxable only in the country of residence of the enterprise (Article 8). The same principle applies to capital gains arising from the alienation of aircraft (or movable property pertaining to the operation of such aircraft), which are taxable only in the country of residence of the enterprise (Article 13). Therefore, where a double taxation treaty exists, Ireland will not tax profits and gains from aircraft in international traffic, where such aircraft are operated by an enterprise that is resident in the treaty partner country.

Clause 3 With respect to taxes on the sale and use of international air transport: each Contracting State shall reduce to the fullest practicable extent and make plans to eliminate as soon as its economic conditions permit all forms of taxation on the sale or use of international transport by air, including taxes on gross receipts of operators and taxes levied directly on passengers or shippers.

Ireland introduced a single rate Air Travel Tax of 3 euros with effect from 1 March 2011 replacing two previous rates in respect of each passenger departing on a flight from an Irish airport for both domestic and international destinations. The revenue from this tax accrues directly to the Irish Exchequer.

The following exemptions will apply in the case of:

- an aircraft capable of carrying fewer than 20 passengers;
- flights from airports where the number of departures of passengers in the previous calendar year was less than 50 000;
- members of the aircraft crew (including any relief crew);
- a child under the age of two who does not occupy a seat on the aircraft;
- a disabled person, and one person accompanying the disabled person for the purposes of providing care and assistance; and
- transit and transfer passengers.

ITALY

- Clause 1** The Italian policies on taxation in the field of air transport are consistent with ICAO's policies on taxation of international air transport and, in particular, with the principles set out in the Council Resolution in Doc 8632.
- Clause 1 a) to c)** The exemption referred to in this clause is granted as a rule.
- As regards passenger and cargo planes, the exemption in respect of fuel, lubricants and other consumable technical supplies taken on board for consumption during the flight is granted on the basis of special provisions included in bilateral agreements on air transport.
- Where no special agreement exists, the above mentioned exemption is granted on the basis of actual reciprocity.
- Clause 1 c)** The exemptions outlined above do not apply to pleasure aircraft. As for pleasure aircraft, the exemption in respect of fuel and lubricants (not in respect of other consumable technical supplies) is granted only to aircraft departing from Italy to non-European Union Member countries.
- Clause 1 d)** The exemptions are those covered in this clause.
- Clause 1 e)** Under the law in force in Italy there are no taxes on air transport levied by the local taxing Authority.
- Clause 2**
- Clauses 2 a) and b)** Italy follows the principles stated in these clauses, which are given practical effect through the agreements mentioned under Clause 2 c) below.
- Clause 2 c)** The provisions aimed at avoiding double taxation of the income and capital of airlines are normally included in general bilateral agreements signed by Italy in the specific field of double taxation or are the subject of special agreements.
- Clause 3** International air transport of goods and passengers is exempt from taxation on the sale or use (e.g. VAT, stamp tax etc.).
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JORDAN

No taxes are imposed by Jordan in the field of international air transport. It is guided in this connection by ICAO Doc 8632 and all other ICAO documents, Annexes and resolutions.

The Jordanian policy is based on the principle of reciprocal exemption from taxation on international air transport revenues. In so doing, Jordan seeks to reach agreements on reciprocal tax exemptions on airline incomes with other countries. The objective is to reduce the financial burden on airlines operating in this field.

KENYA

Several States do not adhere to the ICAO policies on taxation and as a result they continue to regard air transport as a source of funding for various purposes. In Kenya we have had several cases as explained below:

Withholding tax on income earned offshore. The national carrier, Kenya Airways has been subjected to withholding tax on expenses incurred offshore, for instance commission to travel agents outside Kenya, professional fees incurred outside Kenya and paid outside Kenya among others.

Taxation of international travel income. The national carrier, Kenya Airways has been charged tax in a number of countries of operation in Africa. Where there are tax exemptions in the bilateral air service agreements, such exemptions are not honored.

The solution lies in countries honouring what the agreements entered between them.

KUWAIT

The State of Kuwait is committed to the implementation of the provisions and decisions regarding policies that govern taxation in the field of air transport. These include the following:

- 1) No local taxes are currently imposed on the purchase of fuels, lubricants and technical and consumer supplies used by **foreign** aircraft. Such exemption is stipulated in the bilateral agreements that are concluded with various countries.
 - 2) Reciprocal exemption from taxation on airline revenues and profits is provided for either in bilateral agreements (if so agreed to by the other party) or in special agreements between the competent authorities in both countries.
 - 3) No taxes are currently received by Kuwait on sales of air transport services.
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LEBANON

Lebanon reaffirmed its position of not resorting to levying high taxes and charges in the field of air transport, and advised its acceptance of the resolution contained in Doc 8632. Concerning taxation of fuel, lubricants and other supplies, Lebanon complies with the provisions of Article 24 of the Chicago Convention, in all its bilateral agreements, on the basis of reciprocity.

LESOTHO

Lesotho does conform with the ICAO consolidated resolution and commentary.

LITHUANIA**Clauses 1 to 3**

According to the Law on Value Added Tax of the Republic of Lithuania a zero-rate of VAT shall be applied to the supply or hiring of aircraft or charter in the case of supply or hiring of the aircraft to taxable persons who receive more than a half of their annual income from transporting passengers and/or cargo on international routes or supply or other services for reward; as well as maintenance and repairs of the above-mentioned aircrafts (except for aircrafts intended for personal needs), if this service is provided to the above-mentioned taxable persons.

According to the Law on Value Added Tax of the Republic of Lithuania, a zero-rate of VAT shall be charged on the supply of conventional and requisite equipment to the above-mentioned aircraft, maintenance and repairs of the installed equipment, supply of spare parts for the above-mentioned aircraft.

A zero-rate of VAT shall be applied to the supply of goods for the provisioning of aircraft to taxable persons who receive more than a half of their annual income from transporting passengers and/or cargo on international routes.

Goods within the meaning of the Law on Value Added Tax of the Republic of Lithuania shall be goods (food products, etc.) intended for use by passengers and/or crew members on board the above-specified aircraft, also as fuel (engine fuel) and lubricants.

According to the Law on Excise Duty of the Republic of Lithuania there is a case when excise goods are exempted from the Excise Duty if they are supplied for the fuelling and provisioning of passenger and/or cargo aircrafts on international routes. In addition to the cases of exemption, the following shall be subject to exemption from excise duty: engine fuels supplied for use as fuel for the purpose of air navigation (including aircraft fuel used in the field of the manufacture, development, testing, maintenance and servicing of aircraft), except for aircraft fuel supplied to aircrafts used for private pleasure flying. The aircraft shall be deemed used for private pleasure flying when the aircraft is used by its owner or other person (through hire or through any other means) for other than commercial purposes.

It should be noted that according to Lithuanian zero-rate of VAT and the exemption from the Excise Duty shall not be applicable where an aircraft is used for personal needs. (According to the European Union *acquis*).

Therefore, we would like to propose the exclusion of private flights from Clause 1 of the ICAO Council Resolution.

Considering Clause 2 of the ICAO Council Resolution, we would like to inform you that the Government of the Republic of Lithuania has 46 agreements for the avoidance of double taxation with the Governments of Ireland, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bulgaria, Czechia, Denmark, United Kingdom, Estonia, Greece, Georgia, Iceland, Spain, Italy, Israel, United States, Canada, Kazakhstan, China, Republic of Korea, Croatia, Latvia, Poland, Luxembourg, Macedonia, Malta, Moldova, Norway, Netherlands, Portugal, France, Romania, Russian Federation, Singapore, Slovakia, Slovenia, Finland, Sweden, Switzerland, Turkey, Ukraine, Uzbekistan, Hungary, Germany (based on OECD Model Convention). In accordance with the above-mentioned agreements there are no objections to Clause 2 paragraph a) of the ICAO Council Resolution.

Considering Section 11 of the Commentary on the Council Resolution, it should be noted that in the agreements contracted by Lithuania, the taxation rights granted to the Contracting State are not associated with the location of a company's administrative body, but rather with the place of its juridical registration.

Enterprises, including airlines, registered in the Republic of Lithuania are subject to Corporate Income Tax of 20 per cent rate.

Considering Clause 3 of the ICAO Council Resolution, we would like to inform you that according to the agreement of the Avoidance of Double Taxation, there are no inconsistencies with Clause 3 of the ICAO Council Resolution.

It should be noted that the Property Tax for the aircraft or other movable property, related to aircrafts used international air service is not applied.

Regarding the above information, the Ministry of Transport and Communications of the Republic of Lithuania supports ICAO Council Resolution on Taxation of International Air Transport.

MADAGASCAR

- Clauses 1** Madagascar does not levy any taxes on fuel loaded for direct international flights. Moreover, petroleum products, spare parts, material equipment and aeronautical servicing material intended for use by military or civilian aircraft performing long-haul flights and cross-border air traffic are exempt from taxes and duties on entry.
- Clause 2** In its air services agreements with other countries and subject to reciprocity, Madagascar is adopting the clause to avoid the double taxation of revenue earned by an air carrier from the operation of international air services. The bilateral tax agreements signed with other countries that seek to avoid double taxation prevail over this specific provision in air agreements where they exist. Madagascar has signed such tax agreements with France and Mauritius.
- Clause 3** The transport by air of people and goods abroad or from abroad is exempt from VAT. Services provided by operators or companies that consist of representation or consignment, and not air transport, are taxable. Fees are charged to cover the costs related to the use of airport infrastructure and services provided by the civil aviation authority.
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MALAWI

General comments

Malawi applies the provisions of Document 8632 and has no restrictions with respect to the Resolution.

The Bilateral Air Services Agreements (BASA), in place, with other States contain articles which exempt the designated airlines from payment of such taxes and duties (on fuel, lubricants, consumables technical supplies, spare parts, etc.) for aircraft engaged in international operations on a reciprocal basis.

With regards to taxation of airline income, the BASA's signed between the Republic of Malawi and other States provide for avoidance on double taxation of income derived from international air service operations.

MALAYSIA

Malaysia's policy remains that the taxation of international airlines should be dealt with in the context of Malaysia's overall taxation policy.

Clause 1: Taxes on Fuel, Lubricants and other similar consumable technical supplies

The extent of exemption from custom duties is subject to the principle of reciprocity and would be implemented through a bilateral agreement. Malaysia's template of Air Services Agreement (ASA) complies with Clause 1. However, the exemption related to the bilateral agreement is only applicable to customs duties imposed by the Federal Government.

On the basis of reciprocity, foreign airlines shall be exempt to the fullest extent possible under Malaysia relevant domestic laws from import restrictions, customs duties, excise taxes and charges not based on the cost of services provided on arrival on aircraft, fuel, lubricating oils and consumable technical supplies intended for use or used solely in connection with the operation or servicing of aircraft of the airlines operating the agreed services in Malaysia.

The above exemptions granted shall apply under these circumstances provided the ownership of such items is not transferred in the territory of Malaysia:

- (a) introduced into the territory of Malaysia by or on behalf of designated foreign airlines;
- (b) retained on board the aircraft of a designated foreign airline upon arrival in or leaving the territory of Malaysia;
or
- (c) taken on board the aircraft of a designated foreign airline and intended for use in operating the agreed services;

Hence, we are able to comply with the resolutions/recommendations under Clause 1.

Clause 2: Taxation of Income of International air transport enterprises and taxation of aircraft and other moveable property

Specifically, profits or income from the operation of aircraft in international traffic derived by foreign airline, including participation in inter-airline commercial agreements or joint business ventures, shall be exempted from any tax on profits or income imposed by the Government of the airlines on the basis of reciprocity.

Issues pertaining to reciprocal exemption from taxation would be more appropriately dealt with under a bilateral agreement for the avoidance of double taxation (DTA) or an agreement for reciprocal tax exemption rather than under the ICAO policy document. Currently, Malaysia has 77 bilateral agreements on taxation, which provide tax treatment of profit on income from the operation of aircraft in the international traffic. The respective tax treatment should be in accordance with the bilateral agreements.

Clause 3: Taxes on the sale and use of international air transport

Any reduction or elimination of taxes related to the sale or use of international air transport would be given only to the extent provided under Malaysia's relevant domestic laws subject to the principles of reciprocity and would be considered through a bilateral agreement.

Specifically, under Malaysia's template of ASA, each designated airline shall on a reciprocal basis grant relief from value added tax or similar indirect taxes on goods and services supplied to foreign airlines and used for the purposes of its operation of international air services. The tax relief may take the form of an exception or a refund.

Hence, we are able to comply with the resolutions/recommendations under Clause 3.

MALDIVES

Clauses 1 and 2 Maldives does not levy taxes on fuel, lubricant and other consumable technical supplies, and fully complies with Article 24 of the Convention on International Civil Aviation.

Clause 3 Air transport enterprises of other Contracting States can be exempted from tax on income derived in the Maldives from the operation of aircraft in international air transport on the basis of Double Tax Agreements (DTA).

Clause 4 In accordance with the Maldives Good and Services Tax (GST) Law, sale of international air transport tickets is exempt from tax.

MALI**General comments**

With respect to taxation, Mali complies with the provisions set out by the International Civil Aviation Organization.

Clause 1 Mali exempts these products from customs duties and all other taxes within the limits established by Article 24 of the Convention. A clause to this effect has been included in the bilateral Agreements concluded with the other countries in the framework of air services.

Clause 2 The Bilateral Agreements concluded by Mali contain a clause pertaining to the exemption of the revenues of the air transport enterprises designated by the parties, provided that no Double Taxation Avoidance Agreement providing for such an exemption exists between Mali and the country concerned.

Aircraft used in international service and the other items intended for use in the operation or maintenance of aircraft are exempted in the same manner as fuel, lubricant and spare parts in accordance with the provisions of Article 24 of the Convention.

Charges for the use of airports, other air navigation facilities and technical services are set for the designated air transport enterprises from the States which have concluded an Agreement with Mali, under the same conditions as the charges set for aircraft of the national companies providing similar international service, and in such a manner as to comply with the provisions of Article 15 of the Convention. They are fair and equitable.

MALTA

Clause 1

Clause 1 a) i), ii) Council Resolution of 24 February 1999 on taxation of fuel, lubricants and other consumable technical supplies at the point of arrival and departure is fully complied with.

Clause 1 a) iii) This Council Resolution of 24 February 1999 on taxation of fuel, lubricants and other consumable technical supplies at points of arrival/departure in the same State is not applicable to Malta where only one international airport is available for use.

Clause 2

Council Resolution of 24 February 1999 on taxation of income of international air transport enterprises and on taxation of aircraft and other moveable property associated with the operation of aircraft in international air transportation is also complied with. Malta has concluded a number of air service agreements which contain a clause stating that profits from the operator of aircraft shall be only taxable in the State where the effective management of the enterprise is situated.

Clause 3

Council Resolution of 24 February 1999 on taxes related to the sale or use of international air transportation is fully complied with.

MAURITANIA

General Comments

With respect to taxation in the field of air transport, Mauritania applies Article 24 of the Chicago Convention.

Clause 1 With respect to the taxation of fuel and the engineers used for technical purposes, Mauritania applies the clauses of Article 24 of the Chicago Convention.

Clause 2 Income is not subject to double taxation.

Clause 3 Airport service charges are paid to the airport manager for the public services provided by these airport services.

MEXICO

Clause 1

In Mexico, the fuel throughput charge, the Value Added Tax (VAT) and the air navigation services charge, collected as a fee per litre of fuel provided, are the only charges that fall under these sections, according to ICAO definitions. Unlike the VAT, the fuel throughput charge and the air navigation services charge are designed to recover costs incurred in the provision of those services, bringing them under the exceptions established by ICAO itself. Fuels, therefore, do not need to be exempted from this charge.

With regard to VAT, in accordance with Article 1 subparagraph I of the Value Added Tax Law, Mexico levies a 16 per cent value added tax on individuals and legal entities selling goods on national territory, regardless of their nationality. It should be noted that, in the case of businesses resident in the country that sell goods or provide services considered to be for export by the terms of Article 29 of the VAT Law, the applicable rate is 0 per cent.

However, because the VAT is a general tax applied to all goods and services sold or provided in the country, it is not possible to single out any one sector of the economy for preferential treatment (in this case, the aviation sector).

For its part, the Customs Law allows entry to or exit from Mexican territory free of foreign trade tax of all merchandise destined for use in maintaining the aircraft of national airlines that provide international services and are established in accordance with the relevant laws. Furthermore, regulations under that law stipulate that fuel shall be provided to aircraft free of foreign trade tax, except for the restrictions established under international conventions.

Clause 2

At the present time, Mexico is developing an extensive network of conventions to avoid double taxation of income. Some of these conventions are in force and others are under negotiation.

At the present time, our fiscal policy in this area stipulates that income derived from international air transport, and income from associated activities, is taxable only in the State of residence of the international air carrier, as per the terms of bilateral tax agreements. Contrary to the suggestion by ICAO, Mexico has introduced this policy in its recent agreements as a decisive factor in determining which country such income is to be taxed in. It is important to note that, in the past several years, tax agreements entered into by Mexico have only covered federal income taxes.

At the present time, the Secretariat of Finance and Public Credit is approaching many states with a view to concluding bilateral agreements to avoid double taxation in a number of areas, including air transport. As a result, the above-mentioned Secretariat has even asked that the Directorate General of Civil Aeronautics of the Secretariat of Communications and Transport not include clauses to avoid double taxation in its bilateral air transport agreements, so as to prevent duplication of rules in this area.

Furthermore, under Title II of the Income Tax Law, concessionaires are liable for taxes without exception on the sum of all income in cash, goods, credit or any other form received in the fiscal year. In addition, concessionaires resident in Mexico or residing abroad but permanently based in Mexico must also pay the single rate business tax [*impuesto empresarial a tasa única, IETU*] on their income, with only limited deductions. This tax may be offset by the income tax [*impuesto sobre el rendimiento, ISR*] paid for that fiscal year. Thus, the IETU is payable only insofar as it exceeds the income tax. Concerning the property tax, under Article 7 of the Law on General Communication and Transportation Routes [*Ley de Vías Generales de Comunicación*], airports may not be taxed because they are considered as federal public property. Consequently, if the operation

or management of an airport is granted as a concession, the concessionaire has no obligation to pay land tax on the property.

Clause 3

In Mexico, the Airport Use Fee and the VAT fall into this category, since they apply at the time that an air transport ticket is sold. Nevertheless, the Airport Use Fee is an exception because the income from this source is to be used to cover the costs of maintaining the passenger service areas in airports. This type of charge, therefore, cannot be eliminated according to ICAO's own policies.

With regard to the VAT, the comments presented under Clause 1 apply, except for international air transport, for which only part of the service is deemed to be provided on our territory. Following this criteria, under Article 16 of the Law concerning VAT, only 25 per cent of the service is deemed to be provided on Mexican territory when the travel commences there.

The remainder of the price of passenger air transport services is taxed in accordance with Article 29 subparagraph VI of the VAT Law. That is, for the purposes of the law, 75% of the services provided are considered to be for export and as such are taxable at a rate of 0% of the value (75% being the remainder of the price). The 25% of the service that is not considered to be for export is taxed at a rate of 16%. As for the international air shipment of goods by enterprises resident in Mexico, under Article 29 subparagraph V of the law, that service is taxed at rate of 0% and, because only 25% percent of the service is considered to be provided on national territory, that rate should apply to 25% of the service. The remaining 75% of the value of the service is not taxable under the Law on the Value Added Tax.

The Airport User Fee [*Tarifa de Uso de Aeropuertos, TUA*] is charged to individuals who, as passengers, depart on flights from international airports under the authority of the Airports and Auxiliary Services Department (ASA).

Finally, the Mexican Government's Model Convention on Air Transport contains clauses on the taxation of international air transport that have been approved by our tax authorities, so all bilateral air transport agreements that Mexico has concluded with other countries contain clauses intended to prevent undue taxation of international air transport.

These clauses are subject to bilateral negotiations. Nevertheless, any policy or decision that involves amending them must be submitted to the appropriate taxation authority.

Justification

- a) In **Clause 1** paragraph 2, there is reference to a tax rate of 15 per cent. This rate was increased by one percentage point to 16 per cent on 1 January 2010 following the *Decree Modifying, Adding and Removing Provisions of the Income Tax Law, the Cash Deposit Tax Law, the Value Added Tax Law, and the Federal Tax Code*, published in the *Official Gazette* of 7 December 2009, and the *Decree Permitting Certain Bonds to be Denominated in Investment Units* [the official currency of Mexico, *unidades de inversión*] and *Amending and Adding Provisions to the Federal Tax Code and the Income Tax Law*, published on 1 April 1995.

The term "individuals" [*personas reales*] has been replaced by the term "legal entities" [*personas morales*] because the latter is the term used in the Value Added Tax Law in Mexico.

In addition, clarification is given to indicate that, under the Value Added Tax Law, goods sold and services provided for export are taxed at a rate of 0 per cent.

- b) **Clause 2** paragraph 2 has been re-worded to make clear that, by the terms of tax agreements recently entered into by Mexico, it is the country of residence of the international transport enterprises which shall tax the income of those enterprises. A statement has been incorporated to the effect that Mexican policy has been to include only federal taxes in the tax agreements.

The last paragraph refers to the single rate business tax (IETU), which was introduced in 2008 as a minimum tax that was integrated into the income tax (ISR).

- c) **Clause 3** paragraph 3 specifies that a portion of 75 per cent of services relating to international passenger travel is considered to be for export by the terms of Article 29 subparagraph VI of the Value Added Tax Law, and is therefore taxed at a rate of 0 per cent. The paragraph also clarifies the fact that the portion of those services not considered to be for export is taxed at a rate of 16 per cent.

This paragraph also refers to the treatment under the VAT Law of the international air shipment of goods by enterprises resident in Mexico.

In respect of paragraph 4, there is currently no airport use duty, except for the Airport User Fee (TUA). Provisions relating to Articles 200 and 205 of the Federal Law on Charges have been removed, since those articles refer to duties on port and docking activities in a maritime context that have no bearing on air navigation.

MONGOLIA

Mongolia taxation matters, including those in the field of international air transport, are regulated by the corresponding legislation, as well as by agreements between Mongolia and other States and by bilateral intergovernmental agreements on international air services.

All the agreements provide for the application, on a reciprocal basis and under corresponding conditions, of full or partial exemption of individual types of income and property from taxation in one of the States, as well as procedures for the elimination of double taxation of income and property.

In developing the tax legislation of Mongolia and corresponding agreements with other States, account is taken of the generally accepted principles and norms of international law and Mongolian international treaties, including ICAO's Policies on Taxation in the Field of International Air Transport. According to the treaty practice of Mongolia, the article on exemption of customs duties must be included in bilateral air services agreements.

With respect to the exemption from taxation of air transport enterprises, the practice in Mongolia consists of including provisions for tax exemptions in air services agreements or for avoidance of double taxation of income in individual international agreements.

PROVISIONS FOR EXEMPTION FROM CUSTOMS AND OTHER DUTIES

- 1) In Mongolia, customs tariffs on exported and imported goods are used. In adopting the Customs tariffs, the goods descriptions and respective classification codes should be indicated according to the Harmonized System.

Exemption from Customs Duties

The following goods are exempted from the Customs duties upon their importation into the Customs territory:

- a) travellers' personal effects;
 - b) gas fuel, its containers, equipment, special - use machines, machinery and appliances or accessories. List of goods to be covered by this provision shall be approved by the Government;
 - c) civil passenger aircraft or its spare parts;
- 2) VAT Standard Rate. VAT is a comprehensive value added tax. VAT applies to all goods that are sold in Mongolia, exported for sale use, or consumption in a foreign country, or imported into Mongolia for sale, use, or consumption.
 - a) Application of the zero rate:
 - passenger and cargo transportation services rendered from the territory of Mongolia to foreign countries, from foreign countries to the territory of Mongolia, as well as from foreign countries to third countries transiting through the territory of Mongolia;
 - any services of air navigation management, technical and fuel services, and cleaning which shall be provided for both foreign and domestic airplanes conducting international flight and sale, food and drink services provided for air crew members or passengers during flight;
 - b) Exemption from value - added tax:
 - civil passenger airplane, its spare parts;

In accordance with provisions of the Chicago Convention ((cf. Article 24 (a)):

- 3) Aircraft operated on international services by airline(s) designated by each Contracting Party, as well as their regular equipment, supplies of fuel and lubricants and the aircraft stores (including food, beverages and tobacco)

on board such aircraft shall be exempt from all customs duties, inspection fees and other duties or taxes on arriving in the territory of the other Contracting Party, provided such equipment and supplies remain on board the aircraft up to such time as they are re-exported.

- 4) Shall also be exempt from the same duties and taxes with the exception of charges corresponding to the service performed:
 - a) Aircraft stores taken on board in the territory of either Contracting Party, within limits fixed by the authorities of said Contracting Party, and for use on board the aircraft engaged on a specified route of the other Contracting Party;
 - b) Spare parts entered into the territory of either Contracting Party for the maintenance or repair of aircraft used on a specified route by the designated airline(s) of the other Contracting Party;
 - c) Fuel and lubricants destined to supply aircraft operated on a specified route by the designated airline(s) of the other Contracting Party, even if these supplies are to be used on the part of the journey performed over the territory of the Contracting Party in which they are taken on board.

The regular airborne equipment, as well as the materials and supplies retained on board the aircraft of either Contracting Party may be unloaded in the territory of other Contracting Party only with the approval of the customs authorities of that Contracting Party. In such case, they may be placed under the supervision of the said authorities up to such time as they are re-exported or otherwise disposed of in accordance with customs regulations.

PROVISIONS FOR TAXATION AND DOUBLE TAXATION AVOIDANCE AGREEMENT

1. Profit from the operation of aircraft in international traffic shall be taxable only in the territory of the Contracting Party in which the place of effective management of the enterprise is situated.
2. Capital represented by aircraft operated in international traffic and by movable property pertaining to the operation of such aircraft shall be taxable only in the territory of the Contracting Party in which the place of effective management of enterprise is situated.
3. Where a special Agreement for the avoidance of double taxation with respect to taxes on income and on capital exists between the Contracting Parties, the provisions of the latter shall prevail.

MOROCCO

As part of its policy on the exemption of customs duties and on taxation, the Kingdom of Morocco has adopted the following articles:

Exemption of customs duties and taxes

1. Aircraft used for services approved by the air transport enterprises designated by one Contracting Party as well as their aircraft equipment, their fuel and lubricant reserves, and their stores (including food, beverages and tobacco) are, upon entry to the territory of another Contracting Party, exempted from all customs duties, inspection fees and other similar duties or taxes provided that the equipment, reserves and stores remain on board the aircraft until they are re-exported or used during the portion of the route operated above said territory.
2. On the basis of paragraph 3 of the present Article, the following are likewise exempt from customs duties and inspection fees and similar duties or taxes, with the exception of charges or taxes corresponding to services rendered:
 - a) stores loaded on the territory of one of the Contracting Parties within the limits set by the aviation authorities of said Contracting Party and intended for use on board outbound aircraft providing a service approved by the other Contracting Party;
 - b) spare parts imported on the territory of one of the Contracting Parties for the maintenance or repair of aircraft used by the services approved by the air transport enterprise designated by the other Contracting Party;
 - c) fuel and lubricants intended for fueling arriving, in transit, or departing aircraft that are used for the services approved by the air transport authority designated by the other Contracting Party, even if these supplies are to be used on the portion of the route operated above the territory of the Contracting Party on which they were loaded;
3. The materials and supplies indicated in sub-paragraphs a), b) and c) of paragraph 2 of the present Article shall be subject to control by the customs authorities of both Contracting Parties.
4. Baggage and goods in direct transit are exempt from customs duties and other similar taxes provided that they are subject to customs control or monitoring.
5. Standard aircraft equipment and materials and supplies on board the aircraft of an enterprise designated by one of the Contracting Parties may not be unloaded on the territory of the other Contracting Party without the consent of the customs authorities of said other Contracting Party, and said customs authorities may require that said equipment, materials and supplies be subjected to monitoring by customs until they are re-exported or otherwise used in accordance with customs regulations.

Place of taxation

The income from international traffic operations earned by an enterprise designated by one Contracting Party shall be taxable only in the State where the headquarters of the enterprise in question are physically located.

MYANMAR**General Comments**

Myanmar supports the resolution adopted at the 37th Session of the Assembly.

- Clause 1** Myanmar, whether its national or local taxing authority has no practice to levy customs and other duties on fuel, lubricants and other consumable technical supplies of an aircraft registered in one Contracting State or leased or chartered by any operator, is engaged in international air transport. This practice has already been imposed in all Bilateral Air Services Agreements in which Myanmar is a Contracting Party as a provision to comply reciprocally.
- Clause 2** Myanmar is endeavouring to extend reciprocally for the exemption from taxation on the income of air transport enterprises of other Contracting States. Myanmar has concluded the “Agreement of the Avoidance of Double Taxation and Prevention Fiscal Evasion with respect of Taxes on Income” with some countries bilaterally. Myanmar has no practice to levy any taxes on aircraft and other moveable property associated with the operation of aircraft in international air transport.
- Clause 3** For the time being, Myanmar is not exercising for imposing taxes on the sale. Myanmar will endeavour to extend this practice as possible as it can. Myanmar has no practice to levy for use of international air transport.
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NETHERLANDS**Clause 1**

Clause 1 a) This clause is implemented in the Netherlands for air transport other than private pleasure flying;

Clause 1 d) The expression “customs or other duties” as defined in clause d) is in general applicable for fuel and lubricants (not private pleasure flying). For consumable technical supplies, it depends on the situation;

Clause 1 e) No local duties and taxes are levied on fuel and lubricants. For other consumable technical supplies, it depends on the situation.

Clause 2

Clause 2 a) The Netherlands grants to air transport enterprises of other States engaged in international air transport and not established in the Netherlands:

- i) exemption, on the basis of reciprocity, from income tax in any form on income derived in the Netherlands from the operation of aircraft in international air transport;
- ii) in the case of corporations, exemption from property taxes, capital levies or other similar taxes, on aircraft and other movable property pertaining to the operation of aircraft in international air transport;

Clause 3

The turnover tax on aircraft to be operated as a public conveyance mainly in international traffic and on goods designed as supplies of these outgoing aircraft, as well as the turnover tax on the service rendered in connection with these aircraft and goods is nil.

The turnover tax on the transportation of passengers by aircraft is nil if the destination or port of embarkment is situated outside the Netherlands.

With the exception of transport within the European Union, the turnover tax on the international transport of cargo by an air charter or carrier is nil.

Clause 4

To tackle the effects of aviation on climate change, the Netherlands prefers instruments of which the economic costs contribute most directly and effectively to actual CO₂ emissions reductions within the sector itself. The Netherlands is committed to ensure that these instruments contribute to the broader energy transition, that they can be scaled-up – both within and outside of the European Union – and that they contribute to strong businesses within the European Union in a sustainable economy. Within this context, the Netherlands will continue its efforts to introduce and/or continue market based measures (e.g. EU-ETS and CORSIA) at the international level, preferably in the framework of ICAO. Other measures to be undertaken may include e.g. excise duty on kerosene, value added tax and environmental charges.

NEW ZEALAND

Clause 1 New Zealand complies with the resolving clauses.

Clause 2 a) An airline of another State will be liable to income tax on its income sourced from New Zealand, unless:

(i) a Double Tax Agreement (DTA) operates to prevent New Zealand taxing the New Zealand sourced income of a foreign airline; or

(ii) the Commissioner of Inland Revenue has exempted the airline from income tax in New Zealand.

A DTA overrides New Zealand taxation legislation where the two are inconsistent. New Zealand has 39 DTAs in force and they all contain an Article dealing with shipping and air transport. The Article typically provides that the profits of an airline from international transport can only be taxed in the country of residence of the airline. To the extent that a foreign airline can undertake domestic transport (i.e. the carriage of passengers or cargo within New Zealand), New Zealand DTA policy since 1995 has been to ensure that New Zealand remains able to tax the income from that domestic transportation.

In the absence of a DTA, the Commissioner of Inland Revenue may exempt from income tax certain income of a foreign airline (generally, income from the carriage outside New Zealand of cargo or passengers emplaned at an airport in New Zealand, whether or not that aircraft calls at another airport in New Zealand before leaving New Zealand) where the Commissioner is satisfied that the country in which the airline is resident will give a like exemption to a New Zealand resident airline.

These exemptions do not apply to Goods and Services Tax or other New Zealand taxes or levies to which a foreign airline may be liable.

Clause 2 a) ii) New Zealand does not impose property taxes, capital levies or other similar taxes. Some capital gains are taxed as income under ordinary income tax rules. To the extent that such capital gains relate to aircraft or other moveable property associated with the operation of aircraft in international air transport, the exemptions referred under clause 2 a) above will apply.

Clause 2 c) There is no provision in New Zealand law for an Air Services Agreement to give an exemption from tax. New Zealand negotiates DTAs as appropriate. Additionally, the Commissioner of Inland Revenue may exempt from income tax the New Zealand derived income of a foreign airline where the Commissioner is satisfied that the other country will give a like exemption to a New Zealand resident airline.

Clause 3 New Zealand does not impose taxes such as taxes on the gross receipts of operators or taxes levied directly on passengers or shippers.

NIGERIA

- Clause 1** **Taxation of fuel, lubricants and other consumable technical supplies:** The Government of Nigeria exempts from Customs and other duties fuel, lubricants and other consumable technical supplies on board an aircraft when they are not offloaded from the aircraft. The exemption is also granted upon departure and this is regardless of the type of operation performed.
- Clause 2** **Taxation of income of international air transport enterprises and aircraft and other moveable property:** In Nigeria, the income of international air transport enterprises domiciled/operating in the country are exempted from various forms of taxation either through local or national agencies of government, so as to avoid duplication or multiplicity of charges depending on the provision of Bilateral Air Services Agreement. The exemptions granted are on a reciprocal basis. The government of Nigeria also grants exemption to property (Movable) and aircraft owned by such international air transport enterprises as mandated by these Conventions.
- Clause 3** **Taxes on the sale and use of international air transport:** The Government of Nigeria does not levy taxes on the sale or use of international air transport.
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NORTH MACEDONIA

- Clause 1** According to Article 32 from the *Law on Excise* (Official Gazette of the Republic of Macedonia No. 32/01) “mineral oils used in air traffic except when used in a plane for private purposes shall be exempt from excise tax”.
- Clause 3** In accordance to the Article 23 from *the Law on Value Added Tax* (Official Gazette of RM No. 44/99, 114/2007) international transportation of passengers shall be exempted from Value Added Tax – tax exemptions in the country not entitled to tax credit deduction. Also, according to the Article 24 international air transport of passengers shall be exempted from Value Added Tax – tax exemption in the country entitled tax credit deduction and such tax exemption shall be applied to airlines with headquarter abroad only when there is a reciprocity.
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NORWAY

Clauses 1 and 2 No taxes are levied on fuel, lubricants or consumable technical supplies to aircraft in international air transport. Together with other Nordic countries, Norway will consider how emissions from international aviation can be reduced by 2030, including considering removing the restriction on the taxation on fuel supplied to international aviation contained in the Scandinavian standard air services agreement.

Clause 3 Companies are not subject to capital tax in Norway.

The Norwegian Tax Act allows for exemption, under conditions of reciprocity, of the profits which a foreign enterprise derives in Norway from the operation of aircraft in international traffic, as well as from the operation of aircraft between Norwegian locations only.

Norway has entered into general tax treaties with more than 80 countries. With several other countries Norway has entered into a limited tax treaty applicable to enterprises which operates aircraft in international traffic. In the great majority of these tax treaties, Norway has included a provision stipulating that the profits from operation of aircraft in international traffic shall be taxable only in the state where the enterprise is resident, or, alternatively, where the enterprise has its place of effective management. This also applies to capital gains arising from the alienation of aircraft.

Clause 4 A tax is levied on all commercial flights of passengers from Norwegian airports. The tax is levied per passenger and with two tax rates differentiated according to the length of the flight.

In March 2020, the tax was temporarily abolished for flights in the period from 1 January 2020 to 31 October 2020. The measure was implemented as a temporary relief for the airlines in connection with the virus outbreak.

OMAN

- Clause 1** With regard to Clause 1 concerning taxation of fuel, lubricants, and other consumable technical supplies and aircraft spare parts, all airlines are exempt from taxation in all cases as referred to in Doc 8632 on the basis of the Chicago Convention and Bilateral Agreements concluded by the Sultanate. There are no other taxes imposed on the above-mentioned items.
- Clause 2** With regard to Clause 2 concerning taxation of airline revenues, the competent authorities in the Sultanate conclude double taxation agreements with the countries that so request. The Sultanate has signed an appreciable number of these agreements. There is also a collective agreement among the Arab countries for mutual exemptions from taxes on the activities and equipment of air transport. Accordingly, the competent authorities exempt the airlines of member States in this Agreement from taxes on their profits from sales. The Ministry of Communications and the other competent authorities seek to grant such exemptions on the basis of reciprocity to encourage air transport activities to and from the Sultanate.
- Clause 3** With regard to Clause 3 concerning taxation of the sale and use of international air transport, we have no taxation on the operators or passengers or shippers apart from the fees that are imposed in return for a specific service and these are set at reasonable rates corresponding with the level of the services rendered.
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PAKISTAN

- Clause 1** Clause 1 a) is concurred to the extent of exemption from custom duties subject to the condition that concessions envisaged therein are based on the principles of reciprocity and would be implemented through a bilateral agreement.
- Clause 2** As regards to Clause 2 concerning taxation of income from international operation of aircraft, airlines are governed through bilateral tax treaties which generally are directed towards reciprocal tax exemption.
- Clause 3** This resolution is in conflict with the settled principle in that sovereign States can levy taxes and use them for such purposes as such States may decide. These rights cannot be abridged by resolution like the one under reference and no State can be expected to collect and spend tax in accordance with the wishes of or schemes laid out by any foreign agency like ICAO. It may also be mentioned that the resolution is incapable of implementation inasmuch as that no line can possibly be drawn as to where the use of international air transport starts or ends and how must the application objectives of taxes collected could be realized. We may also like to add that taxes are levied on the income from air transport business having its source in the taxing country. For the convenience of the taxpayer as well as that of business, the measure of determining the quantum of income is the gross receipts which may then be taxed at an appropriately reduced rate. This is a practice followed worldwide. However, where States agree through bilateral treaties to avoid double taxation, this income may either be taxed at reduced rates or totally exempted from tax on a reciprocal basis.

Airport tax collected from departing passengers is directly credited to the civil aviation authority.

The following exemptions and zero rating are available on import of aircraft and aviation related items under Fifth and Sixth Schedule to the Sales Tax Act, 1990 and Third Schedule to the Federal Excise Act, 2005 respectively.

SR#	Available Exemption (Table-1, Sixth Schedule of Sales Tax, 1990)	Availability of Zero rating (Fifth Schedule of Sales Tax Act, 1990)	Available Exemption (Table-II, Third Schedule of the Federal Excise Act, 2005)
	<p>Aircraft, whether imported or acquired on wet or dry lease.</p> <p>Provided that in case of import or acquisition on wet or dry lease by Pakistan International Airlines Corporation, this exemption shall be available with effect from 19 March, 2015.</p> <p>Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.1000.</p> <p>Spare parts for use in aircrafts, trainer aircrafts or simulators.</p>	<p>The benefit of zero-rating of sales tax under the Sales Tax Act, 1990 is available in respect of supplies of aircrafts or spares and equipment of aircrafts provided the weight of aircraft is 8,000 kilograms or more and the same are not designed or adapted for use for recreation or pleasure.</p> <p>Similarly, the benefit of zero-rating on supplies is available in relation to air navigation services or services relating to handling of aircrafts in a customs airport and the benefit under this is not linked with the weight of the aircrafts. Moreover, in case criterion mentioned above is</p>	<p>Services provided or rendered in respect of travel by air of passengers on "socio economic routes", which means the shortest part of journeys starting from or ending at an airport located in Makran coastal region, FATA, Azad Jammu and Kashmir, Gilgit-Baltistan or Chitral.</p> <p>Services provided or rendered in respect of travel by air of passengers on international journeys from Pakistan to: (a) Hajj passengers; (b) Diplomats; and Supernumerary crew</p>

	<p>Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division.</p> <p>Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division.</p> <p>Aviation simulators imported by airline company recognized by Aviation Division.</p>	<p>fulfilled the supply of such goods shall be charged to tax at zero per cent.</p>	
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PANAMA

Clauses 1 to 3 Panama's position is the same as that in Clauses 1 to 3 of Doc 8632. Panama's legislation provides for exemption of all taxation on fuel, oils, lubricants, equipment and spare parts which airlines keep for their own consumption, even if these items are nationalized.

PARAGUAY**Clause 1**

Clauses 1 a) and b) In the texts of the bilateral agreements between Paraguay other countries, policies are established in accordance with the terms of the resolution referenced;

Clauses 1 d) and e) The introduction, provision and sale of lubricants and related products for aviation and/or various vehicles are taxed by the Aviation Authority, subject to a percentage rate of 1 per cent of defined gross turnover, per current prices.

Clauses 2 a) and b) The State of Paraguay levies a direct tax on all revenue of Paraguayan origin resulting from the conduct of commercial, industrial or service activities, except those of a private nature. *Revenue of Paraguayan origin* means revenue from activities carried out in the Republic of Paraguay, regardless of the nationality or domicile of those taking part. The basic rate for the tax is currently 10 per cent, as per the tax code.

Clause 3 In the Republic of Paraguay, fares for international plane tickets carry a value added tax (VAT) of 2.5 per cent, and domestic fares are taxed at 10 per cent by the tax authorities.

PERU

Since Peru is presently in the process of reactivating its economy, it will continue to apply its tariff policy in all fields of economic activity until stabilization is achieved.

As a result, Peru shall inform ICAO at the proper time when the conditions of its economy make it possible to apply ICAO's Policies on Taxation in the Field of International Air Transport contained in Doc 8632.

PHILIPPINES

Taxes on fuel lubricants and other consumable technical supplies

- It is recommended that fuel lubricants or other consumable technical supplies purchased by international air transport from foreign countries be exempted from input VAT/sales taxes. Since revenues from international air transport services are usually VAT zero-rated, input VAT paid on such purchases usually end up being applied for refund. Granting outright exemptions from input VAT/sales taxes to international air carriers would eliminate or at least reduce the tedious process of claiming VAT refunds.

Taxation of income of international air transport enterprises and taxation of aircraft and other moveable property

- It is subject to reciprocity clauses of the States involved.
- Tax offices and other governing bodies should simplify their documentary requirements and streamline the application processes for income tax exemption. Despite the existence of laws and taxes treaties allowing the same, companies are sometimes discouraged to enjoy tax benefits due to the complexity and inconvenience of the processes.
- Imposition of withholding tax on allocated common expenses such as salary of pilots and cabin crew should also be removed to avoid double taxation, since these are already taxed in the respective home countries of international air transport enterprises.

Taxes on the sale and use of international air transport

- Same with fuel, we also recommend the exemption of international air carriers from input VAT/sales taxes on its purchases of goods and services in foreign countries. Since sales of international air transport are usually, zero-rated input VAT paid by international carriers on their purchases will also be refunded from respective tax offices.

Philippines also suggests the exemption from final withholding taxes on rental payments made by domestic carriers (with international operations) to foreign lessors. Final Withholding Taxes are usually huge amount hence, exemption will significantly reduce the companies' tax spending, hence, the exemption will significantly reduce companies' tax spending.

POLAND

Poland is a member of the European Union. Therefore national and European Union laws are applicable.

- Clause 1** This clause is implemented in Poland for air traffic other than private leisure flights.
- Clause 2** This clause is implemented in Poland. Foreign air transport enterprises may enjoy exemption from income taxes on the basis of agreements on double taxation (to date Poland has concluded such agreements with 92 States, of which 88 agreements entered into force).
- Clause 3** Services related to international air transport are exempted from value added tax based on the European Union Value Added Tax Directive and national implementing legislation.
- Clause 4** As stated above, Poland respects and supports existing ICAO exemption scheme on international civil aviation from taxation.
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PORTUGAL**Clause 1**

In respect to taxation of fuel, lubricants and other consumable technical supplies:

Value Added Tax (Decree-Law n° 394-B/84, of 26 December as amended) — Import of consumable goods, consumed or kept onboard aircraft used on international air navigation are exempt from VAT. Export of consumable goods used on aircraft operated by airlines mainly engaged in the carriage of international traffic are also exempted. Consumable goods are understood as being: fuels, lubricants, and other consumable technical supplies destined to the functioning of aircraft and other technical equipment placed onboard.

Special taxes (Decree-Law n° 566/99, of 22 December as amended) — the supply of oil products and energy products used in air navigation, except for private leisure aviation, are not subject to the tax. Aircraft and helicopters used in commercial flights, for the transportation of passengers or cargo, against remuneration or hire or in the interest of public authorities are exempted.

The Council Directive 2003/96/EC on taxation of energy products and electricity gave European Commission Member States the option to agree among each other to waive the exemption from taxation of aviation fuel used on intra-Community air routes. European Commission Members shall avoid inserting in Air Services Agreements any provision that may limit this option.

Nevertheless, the majority of bilateral air services agreements concluded by Portugal contemplate equal treatment as regards customs duties, inspection fees or other national duties and charges on fuel, lubricant oils, and consumable technical supplies kept or taken on board aircraft engaged in international, scheduled and non-scheduled air services.

Charges are related to the cost of the services provided for civil aviation and are collected by airport authorities. There is also a charge on aircraft refuelling.

The revenue from such charges is directly allocated to civil aviation, namely in financing airport activities.

Clause 2

In respect to the taxation of income of international air transport enterprises and taxation of aircraft and other moveable property – Portugal has over 65 bilateral agreements in place to avoid double taxation (see table in attachment). Airlines of these countries operating to Portuguese territory with an established office are exempted from taxation on the income derived from their activity, on the basis of reciprocity, since payment of such taxes is limited to their domestic domicile.

In case of absence of an agreement to avoid double taxation it is generally understood that airlines are exempted from taxes on income, as it is usually considered that delegations are a mere extension of their enterprises. The special aircraft tax (Single Circulation Tax – Decree-Law n° 22-A/2007, of 29 June 2007) is only imposed on the owner of privately used aircraft resident in Portugal.

Clause 3

In respect of taxes on the sale and use of international transport, Portuguese legislation on Value Added Tax (Decree-Law n° 394-B/84, of 26 December as amended, Art. 14, paragraph r.) provides for full exemption of international passenger carried by air.

Clause 4

In respect of actions to be taken as regards this resolution, the Portuguese authorities consider that fiscal exemption can be a useful instrument to further the development of air transport. However, it should be reasonably compatible with the fiscal national policy that serves the interests of the

community in general. In the field of taxation, Portugal is also a party to the options taken at EU's level.

CONVENTIONS TO AVOID DOUBLE TAXATION CONCLUDED BY PORTUGAL

COUNTRY	LEGAL DIPLOMA	ENTRY INTO FORCE
Algeria	AR 22/06, 23 March	01.05.2006
Austria	DL n° 70/71, 8 March	28.02.1972
Belgium	DL 619/70, 15 December. Additional Convention (AR 82/00, 14 December)	19.02.1971, 05.04.2001
Brazil	AR 33/01, 27 April	15.10.2001
Bulgaria	AR 14/96, 11 April	18.07.1996
Cape Verde	AR 63/00, 12 July	15.12.2000
Canada	AR 81/00, 6 December	24.10.2001
Chile	AR 28/06, 6 April	25.08.2008
China	AR 28/00, 30 March	08.06.2000
Cuba	AR 49/01, 13 July	28.12.2005
Czechia	AR 26/97, 9 May	01.10.1997
Denmark	AR 6/02, 23 February	24.05.2002
Estonia	AR 47/04, 8 July	23.07.2004
Finland	DL 494/70, 23 October	14.07.1971
France	DL 105/71, 26 March	18.11.1972
Germany	L 12/82, 03 June	08.10.1982
Greece	AR 25/02, 4 April	13.08.2002
Guinea-Bissau	AR 55/09, 30 July	n.a.
Hungary	AR 4/99, 28 January	08.05.2000
India	AR 20/00, 6 March	05.04.2000
Indonesia	AR 64/06, 6 December	11.05.2007
Ireland	AR 29/94, 24 June. Additional Protocol AQR 62/06.6 December	18.12.2006
Italy	L 10/82, 1 June	15.01.1983
Kuwait	AR 44/2011, 18 March	n.a.
Latvia	AR 12/03, 28 February	07.03.2003
Lithuania	AR 10/03, 25 February	26.02.2003
Luxembourg	AR 56/00, 30 June	30.12.2000
Macau (SAR)	AR 80-A/99, 16 December	01.01.1999

COUNTRY	LEGAL DIPLOMA	ENTRY INTO FORCE
Malta	AR 11/02, 25 February	05.04.2002
Mexico	AR 84/00, 15 December	09.01.2001
Moldova	AR 106/2010, 2 September	18.10.2010
Morocco	AR 69-A/98, 23 December	27.06.2000
Mozambique	AR 36/92, 30 December, Additional Convention (AR 36/09)	01.01.1994 07.06.2009
Netherlands	AR 62/00, 12 July	11.08.2000
Norway	DL 504/70, 27 October	01.10.1971
Pakistan	AR 66/03, 2 August	04.06.2007
Poland	AR 57/97, 9 September	04.02.1998
Republic of Korea	AR 25/97, 8 May	21.12.1997
Romania	AR 56/99, 10 July	14.07.1999
Russia	AR 10/02, 25 February	11.12.2002
Singapore	AR 85/00, 15 December	16.03.2001
Slovakia	AR 49/04, 13 July	02.11.2004
Slovenia	AR 48/04, 10 July	13.08.2004
South Africa	AR 53/08, 22 September	22.10.2008
Spain	AR 6/95, 28 January	28.06.1995
Sweden	AR 20/03, 11 March	19.12.2003
Switzerland	DL 716/74, 12 December	17.12.1975
Tunisia	AR 33/00, 31 March	21.08.2000
Turkey	AR 13/06, 21 February	18.12.2006
United States	AR 39/95, 12 October	01.01.1996
United Kingdom	DL 48/97, 24 July	20.01.1969
Ukraine	AR 15/02, 8 March	11.03.2002
Uruguay	AR 77/2011, 5 April	n.a.
Venezuela (Bolivarion Republic of)	AR 68/97, 5 December	08.01.1998

Note: AR – Resolution from the Republic’s Assembly
DL – Decree-Law
L – Law

REPUBLIC OF KOREA

Clause 1 Acceptable.

Clause 2

Clause 2 a) i) In accordance with the agreements on the avoidance of double taxation, the “residence principle” is generally applied to the taxation on the income of air transport enterprises from the operation of aircraft in international air transport.

Clause 2 a) ii) Property taxes on aircraft and other movable property can be exempted on a reciprocal basis.

Clause 3 Value Added Tax on the sales or use of international transport can be exempted on a reciprocal basis.

REPUBLIC OF MOLDOVA

The information contained in the Doc 8632 reflects the position of the Republic of Moldova with respect to ICAO's Policies on Taxation in the Field of International Air Transport.

RUSSIAN FEDERATION

Russian Federation taxation matters, including those in the field of international air transport, are regulated by the corresponding legislation, as well as by agreements between Russia and other States and by bilateral intergovernmental agreements on international air services.

All the agreements provide for the application, on a reciprocal basis and under corresponding conditions, of full or partial exemption of individual types of income and property from taxation in one of the States, as well as procedures for the elimination of double taxation of income and property.

In developing the tax legislation of the Russian Federation and corresponding agreements with other States, account is taken of the generally accepted principles and norms of international law and Russia's international treaties, including ICAO's Policies on Taxation in the Field of Air Transport.

According to the treaty practice of the Russian Federation, the article on exemption of customs duties must be included in bilateral air services agreements.

With respect to the exemption from taxation of air transport enterprises, the practice in the Russian Federation consists of including provisions for tax exemptions (attached hereto) in air services agreements or for avoidance of double taxation of income in individual international agreements.

PROVISIONS FOR EXEMPTION FROM CUSTOMS DUTIES AND TAXES

1. Aircraft engaged in the operation of air services designated by the air transport enterprises of one Contracting State Party, as well as the organic equipment, spare parts, fuel stores, lubricants and aircraft supplies (including food, drink and tobacco products) on board such aircraft shall, upon entry into the territory of another Contracting State Party, be exempt from customs duties, taxes and other similar fees and charges provided that such equipment, spare parts, stores and supplies remain on board the aircraft until shipped back.
2. The following shall also be exempt from customs duties, taxes and other similar fees and charges:
 - a) aircraft supplies brought on board in the territory of one Contracting State Party within the limits established by the competent authorities of that Contracting State Party, and intended for use on board an aircraft engaged in the operation of air services designated by the air transport enterprises of another Contracting State Party;
 - b) equipment and spare parts brought into the territory of one Contracting State Party for the maintenance or repair of an aircraft engaged in the operation of air services designated by the air transport enterprises of another Contracting State Party;
 - c) fuel and lubricants intended for use by aircraft engaged in the operation of air services designated by the air transport enterprises of one Contracting State Party, even if these supplies are used on a route segment which lies within the territory of another Contracting State Party, in which they were taken on board.
 - d) requisite documents and forms used by the designated air transport enterprises of another Contracting Party and containing their logos, including tickets and air waybills delivered or to be delivered by the designated air transport enterprises of one Contracting State Party to the territory of another Contracting State Party involved in the operation of designated air services.
3. Use of supplies, stores and spare parts, as well as the afore-mentioned documents, for purposes other than those referred to in paragraph 2 above, is prohibited. The items referred to in paragraph 2 above may be subject to customs control or monitoring by customs authorities until such time as they are shipped back or reassigned in accordance with customs regulations.
4. Airborne equipment, as well as supplies, stores and spare parts found on board an aircraft engaged in the operation of air services designated by one Contracting State Party, may only be offloaded in the territory of another Contracting State Party if the customs authorities of the latter Contracting State Party so agree. In that case, they will be under the control of the customs authorities until such time as they are shipped back or reassigned in accordance with the customs regulations of said Contracting State Party.
5. Baggage and cargo in direct transit shall be exempt from customs duties, taxes and charges.
6. Charges for services provided, customs formalities and storage are levied in accordance with the legislation of the Contracting State Parties.

With respect to the exemption from taxation of air transport enterprises, the practice in the Russian Federation consists of including provisions for tax exemptions in air services agreements or for avoidance of double taxation of income in individual international agreements.

PROVISIONS FOR AVOIDANCE OF DOUBLE TAXATION

1. Each Contracting Party shall, in the territory of its own State, exempt the designated air transport enterprise of another Contracting Party from any taxes and levies on income and profits collected from the designated air transport enterprises from the operation of established air services.
 2. Each Contracting Party shall, in the territory of its own State, exempt the designated air transport enterprise of another Contracting Party from any taxes and charges on its assets.
 3. The employees of a designated air transport enterprise who are citizens of one Contracting Party, shall be exempt from all income tax on their salary.
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RWANDA

- Clause 1** In line with the provisions of Bilateral Air Service Agreements concluded between Rwanda and other countries, Rwanda, on reciprocal basis, does not levy taxes on fuel, lubricants and other consumer technical supplies. The exemption is also extended to all aircraft engaged in international air transport not covered by Bilateral Air Service Agreements.
- Clause 2** Bilateral Air Service Agreements concluded between Rwanda and other countries provide for avoidance of double taxation on the revenues and sales of airlines on a reciprocal basis.
- Clause 3** Rwanda levies no taxes on the sale or use of international air transport.
-

SEYCHELLES

Clause 1

Clause 1 a) i), ii) Regulation 177 of the Customs Management Act allows an officer to “seal” aircraft stores on arrival. These stores are exempt from customs duty or any other taxes unless diverted to home consumption.

Clause 1 a) iii) Not applicable, only one international airport. A small aircraft departing for foreign territory would not be charged for local fuel consumption.

Clause 2

Section 7 read with Section 61 of the Business Tax Act provides that the owner or charterer of an aircraft is liable for tax at the rate of 3 percent, levied on the gross amount derived by the non-resident person operating such aircraft for carriage of passengers, livestock, mail, merchandise, or goods embarked in Seychelles.

Bilateral agreements are entered into which cater for certain exemption from taxation of air transport enterprises of contracting States.

Clause 3

The Republic of Seychelles does not currently impose taxes directly on the sale of air transport service.

SINGAPORE

- Clause 1** Customs duties on lubricant and jet fuel have been suspended since 1 April 1994. Even before 1 April 1994, duty exemption was available under the Customs Duties (Exemption) Order 1990 for any jet fuel, lubricants and other consumable technical supplies taken on board any aircraft as air stores. Similar relief is also available under the goods and services tax (GST) legislation. Hence we are able to comply with the resolutions/recommendations under Clause 1.
- Clause 2** Issues pertaining to reciprocal exemption from taxation would be more appropriately dealt with under a bilateral agreement for the avoidance of double taxation (DTA) or an agreement for reciprocal tax exemption rather than under the ICAO policy document. Singapore has in force 76 DTAs and 7 reciprocal agreements which provide for full or partial income tax exemption on profits derived from the operation of aircraft in international traffic. In general, our DTAs and reciprocal agreements also provide for gains from the alienation of aircraft operated in international traffic or moveable property pertaining to the operation of such aircraft to be taxable only in the country of residence or place of effective management of the operator.
- Clause 3** Any reduction or elimination of taxes related to the sale or use of international air transport would be given only to the extent provided under our relevant domestic laws. Under our domestic laws, the supply of services comprising the international transportation of passengers or goods and the letting on hire of aircraft for travel outside Singapore are zero-rated supplies for goods and services tax (GST) purposes.
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SLOVAKIA

Clause 1 Principles of this Resolution are included in bilateral air transport agreements Slovakia complies with this Resolution dealing with taxation of fuel, lubricants and other technical supplies. Also the rule of reciprocity is invoked. Slovakia endeavours for wider application — the definitive decision could be made by the Ministry of Finance in line with the policy and law of the European Union.

Clause 2 Principles of this Resolution are included in bilateral air transport agreements.

Taxation of the income of international air transport enterprises, aircraft and other movable property associated with the operation of aircraft in international air transport is covered by bilateral agreements to avoid double taxation. The Ministry of Finance is in charge for these specific kinds of agreements.

Clause 3 Slovakia fully complies with this Resolution.

SLOVENIA

Clause 1 In Slovenia this clause is implemented for international air transport. No reciprocity is required and no additional national or local duties and taxes are imposed.

Exemption on excises and VAT does not apply for use in international air traffic for private purposes.

Clause 2 Slovenia has concluded a number of bilateral agreements for the avoidance of double taxation with respect to taxes on income (59 agreements are in force in 2020). As such, they generally provide that income of an enterprise that operates aircraft in international traffic from the operation of aircraft in international traffic is taxed in one Contracting State alone. Those of the mentioned agreements, which also cover taxes on capital, generally also provide that capital of an enterprise that operates aircraft in international traffic represented by such aircraft, and by movable property pertaining to the operation of such aircraft, is taxed in one Contracting State alone. In most agreements this is the State in which the effective place of management of the enterprise is situated, or the State of residence of the enterprise.

Clause 3 In Slovenia international air transport is exempt from value added tax.

SOUTH AFRICA

This matter relating to taxation is under broader discussion with the industry stakeholders. South Africa will note its position once all information is on hand.

It must be noted though, that the Constitution of South Africa, 1993 (Act No. 200 of 1993) makes provision for the imposition of certain taxes by the provinces. It can therefore not, at this stage, be confirmed that such taxes will comply with the Resolution.

SPAIN**Clause 1****Value Added Tax**

As regards air transport taxes and the Value Added Tax, the regulations governing the VAT in Spain, established by Act 37/1992 of 28 December on Value Added Tax, contain the measures necessary to implement the principles contained in Clause 1 of the ICAO document in question (Doc 8632), insofar as this tax is concerned (See Law 37/1992, Articles 18, 22, 24, 26, and 27 and the First, Second and Third Annexes). This Act entails the transposition of the provisions set out in Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax into Spanish national law.

Furthermore, with respect to the Turnover Tax in force in the Canary Islands, established by the Canary Islands Indirect General Tax, Act 20/1991 of 7 June, amending aspects of taxation of the Canary Islands Economic and Fiscal Framework, contains the measures necessary (Articles 8, 12 and 14) for this territory to implement, insofar as this tax is concerned, the principles contained in Clause 1 of the ICAO document in question (Doc 8632).

Special taxes

The following facts are with regards to special taxes in the field of air transport:

1. The lubricating oils used for aircraft in international air transport are not subject to the tax that Spain levies on hydrocarbons, since such oils are not included in the scope of the tax (Article 46, para. 1 of Act 38/1992 on special taxes, dated 28 December).
2. Fuels to be used in air navigation (international or domestic), except for private recreational aviation, are exempt from the Tax on Hydrocarbons (Article 51, para. 2a of Act 38/1992 on special taxes, dated 28 December).

For this purpose, Spanish legislation defines private recreational aviation as the use of an aircraft, which is not public property by its owner (or by a person permitted to use it under a rental agreement or some other arrangement) for non-commercial purposes, and especially for purposes other than the carriage of passengers or cargo or the provision of services for remuneration.

Customs duties

With regard to customs duties on fuels, lubricants and other similar technical supplies:

1. Council Regulation (EC) 1186/2009 of 16 November 2009, setting up a Community system of customs exemptions, states in Article 128 that “the provisions of this Regulation shall not prevent member States from granting: (...) 1 g) exemptions granted within the framework of agreements concluded on a reciprocal basis with third countries parties to the Convention on International Civil Aviation (Chicago 1944) for the application of Recommended Practices 4.42 and 4.44 of Annex 9 to that Convention” (Eighth edition – July 1980).
2. Clause 1 a) i) in Doc 8632, which contains the Resolution of the ICAO Council, refers to exemption from customs duties on fuel, lubricants and other consumable technical supplies that are in the aircraft upon arrival in the customs territory of another State, provided that no quantity is unloaded. This issue, which was included in basic form in Article 24a) of the Chicago Convention, has been extended to cover other technical supplies such as those mentioned above, although the provisions of Article 24 of the Convention are broadened in that there is no obligation that such supplies still be aboard the aircraft upon departure from the customs territory.

Spain has not expressed any reservation with regard to para. 4.42 of Annex 9 to the Convention on International Civil Aviation as regards supplies and, as a result, there will be no difficulty in applying, Clause 1 a) i) of the above-mentioned document.

With regard to Clause 1 a) ii) in the above-mentioned Clause 1, if the aircraft leaves the State for another customs territory in the same State or any other State, there are no customs duties since the supplies are domestic.

With reference to fuels, the following should be noted:

Article 8.7 of EEC Directive 92/81 establishes that:

The Value Added Tax and special taxes are governed by the Spanish legislation in force (Acts 37/1992 and 38/1992, Articles 22.6 and 9, paragraph f). The laws on VAT and special taxes could be applied to other laws such as the law regulating the IGIC and AIEM in the Canaries and the law regulating the Tax on production, Services and import in the cities of Ceuta and Melilla (IPSI).

Clause 2

With regard to Clause 2 concerning taxation of the revenues of international air transport enterprises, Spain has signed 35 agreements to avoid double international taxation in the area of taxes on revenue and property. These agreements contain an article concerning the profits from the international operation of aircraft, providing that such profits can only be taxed in the State of the Operator. Most refer to the State in which the firm has its effective headquarters; the others refer to the State of residence of the firm.

In the case of States with which there is no agreement to avoid double international taxation of revenue and property, there are air navigation agreements that are also intended to limit the taxation of profits to the State of the Operator, as well as unilateral agreements that base the exemption of non-resident operators on reciprocity and are applied by means of Orders.

The Attachment contains a list of the double taxation agreements ratified by Spain to date, as well as the agreements and ministerial orders currently in force.

Clause 3

As regards the principles contained in this Section, Spanish regulations provide for full exemption of international passenger transport by air from the Value Added Tax (Law 37/1992, Art. 22, para. thirteen).

ATTACHMENT

COUNTRIES WITH WHICH SPAIN HAS AGREEMENTS ON
DOUBLE TAXATION OF INCOME AND PROPERTY

Note.— In the following list, BOE stands for Boletín Oficial del Estado and O.M. stands for Orden Ministerial (Ministerial Order).

ALBANIA	2-10-10 (BOE 15-3-11).
ALGERIA	7-10-2002 (BOE 22-7-05).
ANDORRA	8-1-15 (BOE 7-12-15).
ARGENTINA	21-7-92 (BOE 9-9-94).
ARMENIA	16-12-10 (BOE 17-4-12).
AUSTRALIA	24-3-92 (BOE 29-12-92).
AUSTRIA	20-12-66 (BOE 6-1-68). O.M. 26-3-71 (BOE 29-4-71).
AZERBAIJAN	23-4-14 (BOE 6-11-20).
BARBADOS	1-12-10 (BOE 14-9-11).
BELGIUM	24-9-70 (BOE 27-10-72) O.M. 27-2-73 (BOE 26-3-73).
BOLIVIA (PLURINATIONAL STATE OF)	30-6-97 (BOE 10-12-98).
BOSNIA AND HERZEGOVINA	5-2-08 (BOE 5-11-10).
BRAZIL	14-11-74 (BOE 31-12-75).
BULGARIA	6-3-90 (BOE 12-7-91).
CABO VERDE	5-6-17 (BOE 2-12-2020).
CANADA	23-11-76 (BOE 6-2-81).
CHILE	7-7-3 (BOE-2-2-04).
CHINA	22-11-90 (BOE 25-6-92).
COLOMBIA	31-3-05 (BOE 28-10-08).
COSTA RICA	4-3-04 (BOE 1-1-11).
CROATIA	19-5-05 (BOE 23-5-06).
CUBA	3-2-99 (BOE 10-1-01).
CYPRUS	14-2-13 (BOE 26-5-14).

CZECHIA (Agreement with former Czechoslovakia)	8-5-80 (BOE-14-7-81).
DENMARK	3-7-72 (BOE 28-1-74) O.M. 4-12-78 (BOE 5-1-79).
DOMINICAN REPUBLIC	16-11-11 (BOE-2-7-14).
ECUADOR	20-5-91 (BOE 5-5-93).
EGYPT	10-6-05 (BOE 11-7-06).
EL SALVADOR	7-7-08 (BOE 5-6-09).
ESTONIA	3-9-03 (BOE 3-2-05).
FINLAND	15-11-67 (BOE 11-12-68).
FRANCE	27-6-73 (BOE 7-5-75) O.M. 28-4-78 (BOE 6-9-78). Agreement Comp. 6-12-77 (BOE 30-4-79).
GEORGIA	7-6-10 (BOE 1-6-11).
GERMANY	5-12-66 (BOE 8-4-68) O.M. 10-11-75 (BOE 4-12-75) O.M. 30-12-77 (BOE 17-1-78).
GREECE	4-12-00 (BOE 2-10-02).
HUNGARY	9-7-84 (BOE 24-11-87).
ICELAND	22-1-02 (BOE 18-10-02).
INDIA	8-2-93 (BOE 7-2-95) Amended on 26-10-12 (BOE 9-7-20).
INDONESIA	30-5-95 (BOE 14-1-00).
IRAN	19-7-03 (BOE 2-10-06).
IRELAND	10-2-94 (BOE 27-12-94).
ISRAEL	30-11-99 (BOE 10-1-01).
ITALY	8-9-77 (BOE 22-12-80).
JAMAICA	8-7-08 (BOE-12-5-09).
JAPAN	13-2-74 (BOE 2-12-74).
KAZAKHSTAN	2-7-09 (BOE 3-6-11).
KUWAIT	26-5-08 (5-6-13).
LATVIA	4-9-03 (BOE 10-1-05).
LITHUANIA	22-7-03 (BOE 2-2-04).
LUXEMBOURG	3-6-86 (BOE 4-8-87).

MALAYSIA	24-5-06 (BOE 13-2-08).
MALTA	8-11-05 (BOE 7-9-06).
MEXICO	24-7-92 (BOE 27-10-94).
MOLDOVA	8-10-07 (11-4-09).
MOROCCO	10-7-78 (BOE 22-5-85).
NETHERLANDS	16-6-71 (BOE 16-10-72) O.M. 31-1-75 (BOE 13-2-75).
NEW ZEALAND	28-7-05 (BOE-10-06).
NIGERIA	23-6-09 (BOE 13-4-15).
NORTH MACEDONIA	20-6-06 (30-1-06).
NORWAY	25-4-63 (BOE 17-7-64).
OMAN	30-4-14 (BOE 8-9-15).
PAKISTAN	2-6-10 (BOE 16-5-11).
PANAMA	7-10-10 (BOE 4-7-11).
PHILIPPINES	(BOE 15-12-94).
POLAND	15-11-79 (BOE 15-6-82).
PORTUGAL	26-10-93 (BOE 7-11-95).
QATAR	10-9-15 (BOE 15-12-17).
REPUBLIC OF KOREA	17-1-94 (BOE 15-12-94).
ROMANIA	24-5-79 (BOE 2-10-80). Amended 18-12-17 (BOE 3-12-20).
SAUDI ARABIA	19-6-07 (BOE 14-7-08).
SENEGAL	5-12-06 (BOE 29-12-14).
SERBIA	9-3-08 (BOE 25-1-10).
SINGAPORE	13-4-11 (BOE 11-1-12).
SLOVAKIA (Agreement with former Czechoslovakia)	8-5-80 (BOE 14-7-81).
SLOVENIA	23-5-01 (BOE 28-6-02).
SOUTH AFRICA	23-6-06 (BOE 15-2-08).
SWEDEN	16-6-76 (BOE 22-1-77) O.M. 27-7-77 (BOE 9-8-77) O.M. 18-2-80 (BOE 1-3-80).

SWITZERLAND	26-4-66 (BOE 3-3-67). O.M. 20-11-68 (BOE 26-11-68).
THAILAND	14-12-1997 (BOE 9-10-98).
TRINIDAD AND TOBAGO	17-2-09 (BOE 8-12-09).
TUNISIA	2-7-82 (BOE 3-3-87).
TURKEY	5-7-02 (BOE 19-1-04).
UNITED ARAB EMIRATES	5-3-06 (BOE 23-1-07).
UNITED KINGDOM	21-10-75 (BOE 18-11-76) O.M. 22-9-77 (BOE 11-10-77).
UNITED STATES	22-2-90 (BOE 22-12-90).
URUGUAY	9-10-09 (BOE 12-4-11).
USSR*	1-3-85 (BOE 22-9-86).
UZBEKISTAN	8-7-13 (BOE 10-9-15).
VENEZUELA (BOLIVARIAN REPUBLIC OF)	8-4-03 (BOE 15-6-04).
VIET NAM	7-3-05 (BOE 10-1-06).

** The present Agreement on double taxation between Spain and the USSR remains in force for the countries of the former USSR, except for those countries with which an Agreement is currently in force. This Agreement is no longer in force for the following countries:*

ARMENIA (as of 10 October 2007), AZERBAIJAN (as of 28 January 2008), GEORGIA (as of 10 October 2007), KAZAKHSTAN (as of 8 July 2008), UZBEKISTAN (as of 21 July 2010), and REPUBLIC OF MOLDOVA (as of 1 October 2007).

**MINISTERIAL ORDERS GOVERNING THE EXEMPTION OF
AIRLINES OF THE FOLLOWING COUNTRIES**

DATE OF ORDER	DATE OF BOE	AIRLINE AND CERTIFICATE	
COLOMBIA	There is no reciprocity order, but there is an additional protocol (exchange of notes of 5.9.66) to the Air Agreement of 11.12.51 which has the same effect.	AEROLINEAS NACIONALES DE COLUMBIA (AVIANCA) (18.4.68)	
CONGO	22.12.71	2.2.72	AIR CONGO (3.2.72)
CUBA	20.2.68	2.3.68	EMPRESA CONSOLIDADA CUBANA DE AVIACION (16.4.68)
GREECE	6.5.85	25.5.85	OLYMPIC AIRWAYS, S.A. (10.6.85)
ISRAEL	5.2.85	30.3.85	EL AL ISRAEL AIRLINES (9.4.86)
KUWAIT	27.6.78	2.8.78	
LEBANON	31.1.76	25.2.75	MIDDLE EAST AIRLINES. AIR LIBAN. S.A.L. (MEA) (11.3.75)
NIGERIA	26.1.76	9.2.76	NIGERIA
PANAMA	19.10.94	10.11.94	PANAMA
PARAGUAY	24.4.87	9.5.87	LINEAS AEREAS PARAGUAYAS (LAP) (11.5.87)
PERU	2.7.69	9.7.69	AEROLINEAS PERUANAS, S.A. (10.7.69)
SEYCHELLES	6.5.91	10.6.91	AIR MARKETING REPRESENTATIVES, S.A. (AMR) (4.7.91)
SOUTH AFRICA	18.2.72	25.2.72	
UNITED ARAB EMIRATES	20.12.68	31.12.68	UNITED ARAB AIRLINES (21.1.69)
URUGUAY	7.2.66 7.2.83	17.2.66 14.2.83	PRIMERAS LINEAS URUGUAYAS DE NAVEGACION AEREA (P.L.U.N.A.) (6.4.83)

AGREEMENTS ON DOUBLE TAXATION OF MARINE AND AIR NAVIGATION

CHILE	28.12.76	(BOE 11.7.78)
IRELAND	25.2.75	(BOE 16.4.77)
SOUTH AFRICA	16.10.73	(BOE 19.12.73)
VENEZUELA	6.3.86	(BOE 1.2.89)

SWEDEN

Sweden supports taxation of fossil jet fuel as an additional measure to reduce greenhouse gas emissions and to implement the Paris Agreement. It is paramount that the aviation sector after COVID-19 has more correct price signals.

SWITZERLAND

General Comment

The Swiss Confederation generally supports and applies ICAO's policies on taxation in the field of air transport as set out in Doc 8632. Notwithstanding the Council's resolution, the Swiss Confederation is in favour of market-based measures aimed at reducing or limiting the environmental impact of aviation. In this context, the Swiss Confederation will consider supporting international initiatives aiming at the introduction of taxation of fuels and lubricants uplifted for international air transport.

THAILAND

- Clause 1** With respect to taxation of fuel, lubricants and other consumable technical supplies:
- In Thailand, excise taxes on the jet fuel and lubricants for international air traffic are exempted for those air carriers granted permission from the Excise Tax Department, Ministry of Finance. As for other consumable technical supplies, they are not subject to excise tax.
 - All jet fuel and lubricants for international air traffic taken on board at airports in Thailand are subject to 0 per cent of Value Added Tax.
 - Exemption of customs duties on jet fuel, lubricants, and other consumable technical supplies taken on board are based on reciprocity of bilateral/multilateral *trade agreements*.
- Clause 2** Regarding taxation of the income of international air transport enterprises and aircraft, and other movable property:
- Thailand has no specific rules on taxation for income and profits of enterprises in air transport sector; however, there are bilateral agreements on double taxation prevention with 61 States in effect as of 2020, which include tax exemption on income or profits of foreign airlines providing international traffic as well as capital gains on aircraft and movable property operated in international traffic.
- Clause 3** With respect to taxes on sales and use of international air transport:
- Thailand imposes 7 per cent of Value Added Tax (VAT) on sales; however, 0 per cent of VAT applies on services offered by international air carriers.
 - Since 1 December 2016, Thailand has levied International Arrival and Departure Fees (G8) at the rate of 15.00 THB per passengers upon all international arrivals and departures except airline crew on duty.
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TOGO

Togo respects the provisions set forth by the International Civil Aviation Organization on taxation in the field of international air transport.

Togo has included in its bilateral agreements with other States a clause on exemption from customs duties and all other taxes within the scope of Article 24 of the Convention for fuel, lubricants and other products consumed for technical purposes.

The bilateral agreements also contain a clause on exemption of the revenue of air transport companies designated by the parties, so long as there is no agreement between Togo and the countries concerned to avoid double taxation.

TUNISIA

The consolidated resolution is in accordance with Tunisia's relevant fiscal policy.

TURKEY**General Comments**

In its general taxation policies Turkey agrees to the ICAO policies.

Clause 1 With respect to taxes on fuel, lubricants or other consumable technical supplies;

In accordance with Article 24 of the Chicago Convention and according to the Turkish Value Added Tax General Communiqué with Serial Number 15, in international air transport Turkey does not levy taxes on fuel, lubricants and other consumer technical supplies. So, the related national laws and regulations of Turkey are in parallel with ICAO Doc 8632.

Clause 2 With respect to the taxation of income of international air transport enterprises and taxation of aircraft and other moveable property;

Turkey currently has Avoidance of Double Taxation Agreements with 80* countries in parallel with Doc 8632.

Clause 3 With respect to taxes on the sale and use of international air transport;

These issues are regulated under the Articles of 23, 32 and 33 of Turkish Act 5520.

(*) **List of countries:** Albania, Algeria, Austria, Azerbaijan, Bahrain, Bangladesh, Belgium, Belarus, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, China, Croatia, Czechia, Denmark, Egypt, Estonia, Ethiopia, Finland, France, Germany, Georgia, Greece, Hungary, Indonesia, India, Iran (Islamic Republic of), Ireland, Israel, Italia, Japan, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Latvia, Lebanon, Luxembourg, Lithuania, Malta, Macedonia, Malaysia, Moldova, Montenegro, Morocco, Mongolia, New Zealand, Netherlands, Norway, Oman, Pakistan, Poland, Portugal, Qatar, Romania, Republic of Korea, Russian Federation, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, Spain, South Africa, Sudan, Sweden, Switzerland, Syria, Tajikistan, Thailand, Tunisia, Turkish Republic of Northern Cyprus, Turkmenistan, United Arab Emirates, United Kingdom, Ukraine, United States, Uzbekistan, Yemen.

UNITED ARAB EMIRATES

The General Civil Aviation Authority (GCAA) has the further honour to confirm that the United Arab Emirates (UAE) remains fully in compliance with ICAO's Policies on Taxation in the Field of International Air Transport. Indeed, even with the introduction of the VAT system on 1 January 2018, there has not been a change in the manner of taxation of the Air Transport sector.

UNITED KINGDOM

- Clause 1** There are no national or local taxes imposed within the United Kingdom on fuel, lubricants or consumable technical supplies contained on board or taken on board for use by aircraft in international air transport, other than on aircraft engaged in private pleasure flying.
- Clause 2** A large number of the United Kingdom's bilateral air services agreements with other States effectively implement Clause 2 in respect of the United Kingdom and those States. The United Kingdom is always willing to consider holding bilateral discussions with a view to concluding further such agreements covering the profits of international air transport.
- Clause 3** The United Kingdom has operated an Air Passenger Duty (APD) since 1 November 1994. The duty is payable in respect of each chargeable passenger departing on a chargeable flight from a United Kingdom airport for both domestic and international destinations. The revenues from the duty accrue direct to the United Kingdom Exchequer. In 2008, changes to the APD system increased the number of distance bands to four. In 2011, to make the tax fairer, the Government announced that the duty would be extended to cover business aviation flights for the first time, effective from 1 April 2013. After power to set long-haul rates was devolved to the Northern Ireland Assembly, APD on direct long-haul routes from airports in Northern Ireland was zero-rated on 1 January 2013. On 1 April 2015, long-distance bands C and D were abolished and all long-haul flights consolidated into band B. Additionally, APD was abolished for under 12s, from 1 May 2015, to be extended to under 16s from 1 March 2016.
- Clause 4** The United Kingdom is strongly in favour of market-based measures, which are distinct from charges or taxes and are the most economically efficient way to reduce emissions. Notwithstanding the Resolution, the United Kingdom is in favour of fiscal measures and charges to reduce or to limit the environmental impact of aviation. These options include, but are not limited to, excise duty on kerosene; value added tax; and environmental charges.
- The United Kingdom continues to actively support international action to address aviation's climate change effects, in particular through the application of market-based measures. The United Kingdom considers that it would be preferable for such action to be taken at a global level and is consequently working through ICAO to develop a global market-based measure that will achieve the organization's goal of carbon-neutral growth from 2020. However, in the absence of appropriate global action, regional action represents an important first step.
- The United Kingdom also considers that where countries choose to apply aviation duties, international rules should not prevent ICAO members from structuring duties in ways that incentivize more efficient and less polluting flights.
- To note, the United Kingdom is also responsible for a number of overseas territories and dependencies, which may apply taxes and/or charges according to their particular local circumstances.
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UNITED REPUBLIC OF TANZANIA

Aviation fuel and lubricants do **not attract any taxes**. However, there are duties, levies, fees and charges that are payable as follows:

Table 1: JET A-1 FUEL

S/N	Type of Payment	Level of Payment
1	Inspection fees at local Port	USD/T 0.09
2	Destination Inspection Fees	1.2% of CIF
3	Regulatory Charges	USD/T 0.25
4	Tanzania Bureau of Standards	0.2% of CIF
5	Local inspection	USD/T0.18
6	Wharfage	USD/T0.18
7	Other Charges	1.6% of CIF + VAT

Table 2: AVGAS100L FUEL

S/N	Type of Payment	Level of Payment
1	Destination Inspection Fees	0.1% of CIF
2	Wharfage Charges	1.6% of CIF+VAT

Table 3: AVIATION LUBRICANTS

S/N	Type of Payment	Level of Payment
1	Destination Inspection Fees	0.1% of CIF
2	Import Duty	25% of CIF
3	Handling and Wharfage Cost	1.6% of CIF+VAT

The above mentioned duties, levies, fees and charges are normally passed on to consumers.

The United Republic of Tanzania has exempted the following items from Value Added Tax:

- Aircraft lubricants;
- Airline tickets;
- Brochures;
- Leaflets;
- Calendars;
- Diaries;
- Headed papers; and
- Airline uniforms.

To qualify for exemption, these items shall be engraved or printed or marked with the airline logo imported by the designated airline under the Bilateral Air Service Agreement (BASA) between the Government of the United Republic of Tanzania and a Government of a foreign country.

UNITED STATES

- Clause 1** With respect to taxes on fuel, lubricants or other consumable technical supplies
- Clause 1 a) i)** This clause is implemented in the United States.
- Clause 1 a) ii)** Subject to the comments in clauses b), c) and e) below, this section is implemented in the United States for federal taxes on aviation fuels, lubricants and other consumable technical supplies taken on board aircraft for consumption during flight.
- Clause 1 a) iii)** Subject to reciprocity, exemptions apply with respect to flights between points within the United States when part of an international flight.
- Clause 1 b) and c)** Exemptions, credits or refunds of Federal fuel taxes and customs duties are granted with regard to supplies for (i) military aircraft of any country; and (ii) civil aircraft engaged in foreign trade with the United States, or in trade between the United States and any of its possessions. However, in the case of civil aircraft registered in a foreign country, these exemptions, credits or refunds are granted only if the foreign country allows, or will allow, substantially reciprocal privileges in respect of U.S. registered aircraft. The United States does not anticipate the expansion of these exemptions to foreign civil aircraft other than those engaged in foreign trade with the United States.
- Clause 1 d)** See answer to b) and c) above and e) below.
- Clause 1 e)** This clause is implemented in the United States with respect to the purchase of bonded or foreign trade zone (FTZ) fuel at many international airports. Several States of the United States already exempt fuel used on international flights from State excise taxation. Except for situations involving the purchase of bonded or FTZ fuel, various States of the United States collect taxes on fuel taken on board. In some of these States, the tax revenues are allocated to civil aviation use. While the United States is sympathetic with the objective of eliminating local taxes for such fuel, under the Federal structure of the U.S. Government, and in light of the decisions of the United States Supreme Court in *Wardair Canada v. Florida Dept of Revenue*, 477 U.S. 1, 106 S.Ct. 2369, 91 L. Ed. 2d 1 (1986); *see also, Intel. Containers Intern. Corp. v. Huddleston*, 113 S.Ct. 1095 (1993), the United States does not anticipate that international air transport will be exempted from these State taxes in the immediate future (with the exception of purchases of bonded or FTZ fuel).
- Local sales and excise taxes on fuel at public (federally supported) airports are permitted only to the extent such taxes are “expended for capital or operating costs of --(A) the airport; (B) the local airport system; or (C) other local facilities owned or operated by the airport owner or operator and directly and substantially related to the actual air transportation of passengers or property” (*i.e.* a “user charge”). (49 U.S.C. 47107 (b))
- Clause 2** With respect to the taxation of income of international air transport enterprises and taxation of aircraft and other movable property
- Clause 2 a) i)** The United States is in accord with the principles set forth in this Clause and, in accordance with its existing laws, has for a long period of time followed the practice of granting on a reciprocal basis the exemptions provided for in this Clause. The reciprocal exemption is confirmed through a bilateral agreement with the other country or by means of an administrative ruling. Some of the exemptions apply reciprocally only to aircraft registered in the other country.

Clause 2 a) ii) No Federal property tax applies to property of an air transport enterprise. Some State or local Governments within the United States may, however, impose a tax on certain movable personal property of such enterprise (not including commercial aircraft).

Clause 2 b) The bilateral agreements referred to under Clauses 2 a) and c) are applicable only to Federal taxes. Federal law specifically precludes State taxation of United States and foreign air carriers on the basis of "Gross Receipts" (see 49 U.S.C. 4011(b)).

Clause 2 c) Reciprocal income tax exemptions are in effect with more than 65 countries, however, the income exempted may vary based on the degree of reciprocity available through the other country's law. In some cases, where reciprocal exemption is provided in a pre-1987 tax treaty, it is limited to aircraft documented under the laws of the country of the residence of the operator or lessor. Reciprocal exemptions provided under U.S. law (beginning in 1987) and recent tax treaties are available to residents of the other country without regard to where the aircraft is documented.

Clause 3 With respect to taxes on the sale and use of international air transport
(Information below is current as of 1 January 2020)

All taxes or charges imposed on the sale of international air transport, or use of international air transport facilities and services, are to defray the costs of airport, air navigation and aviation security facilities and services. These charges include:

- * An *International Arrival and Departure Tax*, which is currently set at \$18.90, but is indexed for inflation. For air transportation between the continental United States and a 225 mile zone in Canada or Mexico, a 7.5 per cent ticket tax applies if the payment was made within the United States, while the International Arrival and Departure Tax applies if the payment was made outside the United States. These taxes go into the Airport and Airway Trust Fund. [The Coronavirus Aid, Relief, and Economic Security Act suspended these aviation taxes from March 28, 2020 through the end of the calendar year 2020.]
- * A \$5.89 passenger charge for customs inspections; a \$7.00 passenger charge for immigration inspections; and a \$3.96 passenger, and \$225.00 aircraft charge for animal, plant and health inspections (APHIS). These charges are dedicated toward the costs of these services.
- * A September 11 Security Fee of \$5.60 per one-way flight, up to a maximum of \$11.20 per roundtrip flight that is imposed on passengers with air transportation originating in the United States.

UZBEKISTAN**Clause 1**

- Clause 1 a)** Supplies carried on board an aircraft arriving in Uzbekistan are not considered imported and they are exempt from customs duties if they are not unloaded from the aircraft. Supplies unloaded temporarily are not subject to customs duties.
- Clause 1 b)** The exemptions mentioned above with respect to Clause 1 a) are also granted upon departure.
- Clause 1 c)** The provisions of Clause 1 and Clause 2 apply regardless of the type of operation performed.
- Clause 1 d)** The expression “customs duties” includes import and export duties.

Clause 2

- Clause 2) a) i)** On the basis of reciprocity, Uzbekistan grants air transport enterprises of other Contracting States exemption from taxation on income derived in its territory from the operation of aircraft in international air transport.
- Clause 2 a) ii)** Uzbekistan grants exemption from property taxes, capital levies and other similar taxes on aircraft in international air transport.
- Clause 2 b)** In accordance with Clauses a) i) and ii), tax exemption is granted in accordance with the appropriate provisions included in bilateral air services agreements or on the basis of bilateral agreements relating to double taxation.

Uzbekistan has concluded the above-mentioned agreements with the following States:

Bilateral air service agreements

Each of these agreements contains a provision on airline tax exemption. They have been concluded between Uzbekistan and China, Republic of Korea, Austria, Viet Nam, Norway, Denmark, Sweden, Kuwait.

Bilateral agreements

Agreements on the avoidance of double taxation have been concluded between Uzbekistan and Belarus, Ukraine, India, United Kingdom, Thailand, Russian Federation, Republic of Moldova, Pakistan, Poland.

- Clause 2 c)** In its policy, the Government of Uzbekistan strives to conclude agreements with other States which are prepared to act on the basis of reciprocity.
- Clause 3** Passengers departing from Uzbekistan on international flights pay a passenger service charge of U.S.\$ 10.

VENEZUELA (BOLIVARIAN REPUBLIC OF)**Clause 1: taxation of fuel, lubricants and other consumable technical supplies,**

- The said consumables are exempt from import tax payment since they are levied under the “On-board Supplies Regime,” as provided for under the Organic Law for Customs on Release and Suspension Regimes and other Special Customs Regimes, in Article 109 thereof.
- Similarly, goods are subject to a regime that specifies by Law, which items are or are not prohibited. Also, not any good can be taken on board as a supply, since the Ministry of the Popular Power for Economy and Finance, through the National Integrated Service for the Administration of Customs Duties and Taxes (SENIAT), has exclusive power over adding or excluding goods to/from this regime.
- Likewise, on-board supplies are not allowed to leave the main area where they arrived, otherwise they must be nationalized and taxes must be paid.

Clause 2: Taxation of income of international air transport enterprises and aircraft and other movable property

- It is specified that annual, net and available profits earned in cash or in kind, shall be taxed, as stipulated under the Venezuelan Law entitled: Income Tax (ISLR) and municipal taxes. The latter vary based on the municipality where the air operator headquarters are found.

Clause 3: Taxes on the sale and use of international air transport

- These taxes are for developing and maintaining the tourism and airport infrastructure. Taxes and charges reflected directly on tickets are mentioned below, specifically:
 1. AK: airport tax (varies based on the airport)
 2. AJ: departure tax (varies based on the airport)
 3. EU: aviation tax (1 per cent)
 4. YN: value added tax (VAT) (8 per cent)
 5. C2: Biosecurity Service (only applied at the Simón Bolívar de Maiquetía International Airport)
 6. Q: Fuel

