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Agenda Item 3: Strengthening regulatory and institutional frameworks
3.4: Levies on international air transport

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

(Presented by Airports Council International (ACI), Civil Air Navigation Services Organisation (CANSO) and Aviation Services Association (ASA World))

EXECUTIVE SUMMARY

International air transport plays a major role in the development and expansion of international trade and travel, supporting connectivity, tourism and economic development. However, confusion between taxes and charges, together with discriminatory and distortionary taxes, increase the cost of air travel, suppress demand, hinder connectivity, and reduce aviation's wider socio-economic benefits.

Consistent with the International Civil Aviation Organization (ICAO) Assembly Resolution A42-26, strengthening compliance with *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632) requires maintaining the distinction between taxes and charges and ensuring that taxation remains fair, equitable, transparent and non-discriminatory. Strengthened ICAO coordination within the United Nations system is also essential to maintaining consistency with the established taxation framework. Advancing ICAO's taxation policy by allocating revenues generated from aviation-specific government levies imposed on international air transport to civil aviation purposes would better align taxation policy with the sustainable development of international air transport and support the objectives of Assembly Resolution A42-26 regarding aviation infrastructure and capacity development. In addition, keeping the supplement to Doc 8632 up to date through the systematic and regular collection by ICAO of data from Member States on government levies imposed on international air transport would enhance transparency and strengthen the evidence base supporting taxation policy.

Action: The conference is invited to:

a) urge States to continue to implement Doc 8632 and maintain the clear distinction between taxes and charges, consistent with *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082);
b) urge States to ensure that taxation of international air transport remains fair, equitable, transparent and non-discriminatory, and does not distort competition or unnecessarily impede air connectivity and economic development;
c) urge ICAO to strengthen coordination on taxation matters within the United Nations system to maintain consistency with the established framework governing the taxation of international air transport;

[1] English, Arabic, Chinese, French, Russian and Spanish versions provided by ACI.

d) request ICAO, consistent with Resolution A42-26, to advance Doc 8632 by introducing the principle that revenues generated from aviation-specific government levies imposed on international air transport should be utilized for civil aviation purposes; and e) urge ICAO to continue to keep the supplement to Doc 8632 up to date through the systematic collection and monitoring of data provided by Member States on government levies imposed on international air transport, consistent with ICAO Assembly Resolution A42-26.	
Strategic Goal:	This working paper relates to Strategic Goal: *The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All*.
Financial implications:	N/A
References:	Assembly Resolution A42-26: *Consolidated statement of continuing ICAO policies in the air transport field,* 2025 Doc 8632, *ICAO's Policies on Taxation in the Field of International Air Transport, 3rd Edition, 2000* Doc 9082, *ICAO's Policies on Charges for Airports and Air Navigation Services, 10th Edition, 2024* *ACI Policy Brief: Taxation of International Air Transport and Airports – Economic Benefits and Costs, 2020*

1. INTRODUCTION

1.1 International air transport plays a major role in the development and expansion of international trade and travel. By facilitating connectivity, tourism and investment, it generates significant economic and social benefits for States.

1.2 The benefits of international air transport can be undermined by discriminatory and excessive taxation. Some States use taxes on airline tickets to generate revenues that have the same impact as tariffs on imports or exports. Passengers base their purchasing decision on the all-in airfare; discriminatory and excessive taxation elevates consumer costs and dampens demand for air travel, thereby constraining aviation's contribution to inclusive economic growth.

1.3 In many States, confusion persists between taxes, designed to raise national or local government revenues, and charges, designed and applied to recover the costs of providing facilities and services for civil aviation. As a result, government levies imposed on international air transport are often presented as, or bundled with, cost-recovery charges, creating significant barriers to air travel and connectivity while undermining air transport infrastructure development and financing.

1.4 The International Civil Aviation Organization (ICAO) Assembly Resolution A42-26 urges Member States to follow *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632) and avoid imposing discriminatory taxes on international aviation. The Resolution also recognizes the contribution of civil aviation to tourism, economic growth and development, reinforcing the importance of taxation policies that support the sustainable development of international air transport.

2. PRINCIPLES AND ECONOMIC IMPACT OF TAXATION OF INTERNATIONAL AIR TRANSPORT

2.1 Doc 8632 recognize the important role of international air transport in the development and expansion of international trade and travel. Accordingly, ICAO recommends that taxation policies take into account the contribution of civil aviation to tourism, economic growth and development when considering taxes on international air transport.

2.2 Doc 8632 recommends that taxation of international air transport should be fair, equitable, transparent and non-discriminatory. It further recommends that States consider the contribution of civil aviation to tourism, economic growth and development and undertake cost-benefit analysis when considering taxes on international air transport. ICAO also recommends that States avoid double taxation and taxation measures that discriminate against international aviation.

2.3 Despite these longstanding ICAO principles, discriminatory and distortionary taxes and increasing policy fragmentation continue to undermine the consistent application of ICAO taxation policy. Given the global and highly competitive nature of international air transport, taxation measures that are inconsistent with ICAO policies increase the cost of air transport, distort competition and weaken international connectivity.

2.4 The Airports Council International (ACI) analysis indicates that the economic costs of aviation taxation can outweigh the revenues generated. For every US$1 collected through passenger-based aviation taxes, approximately US$2 in gross domestic product (GDP) is foregone, illustrating that taxation policies should support, rather than hinder, connectivity, tourism and the wider socio-economic benefits of international air transport[2].

3. IMPLEMENTATION OF ICAO'S TAXATION POLICY

3.1 ICAO Assembly Resolution A42-26 urges Member States to follow Doc 8632 and avoid imposing discriminatory taxes on international aviation. It further recognizes the contribution of civil aviation to tourism, economic growth and development, reinforcing the importance of consistent taxation policies that support international air transport.

3.2 Doc 8632 provides the internationally agreed framework for the taxation of international air transport. It recognizes the sovereign right of States to impose taxes, while recommending that taxation policies remain fair, equitable, transparent and non-discriminatory, and that taxation decisions be supported by cost-benefit analysis taking into account aviation's wider economic contribution.

3.3 Recent developments demonstrate the importance of maintaining a globally harmonized ICAO framework for the taxation of international air transport. Policy fragmentation, double taxation and taxation measures that are inconsistent with ICAO policies increase complexity, create uncertainty, distort competition and weaken international connectivity.

3.4 Accordingly, States should continue to implement Doc 8632 and ensure coordination among relevant aviation and taxation authorities. Coordination by ICAO within the United Nations system is also essential to maintaining the coherence of the established framework governing the taxation of international air transport. Maintaining consistency with ICAO policies will help preserve a predictable

[2] ACI Policy Brief: Taxation of International Air Transport and Airports – Economic Benefits and Costs, 2020

international taxation framework that supports connectivity, economic development and the sustainable growth of international air transport.

4. ADVANCING ICAO TAXATION POLICY

4.1 ICAO's policy framework, as set out in Doc 8632 and *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082), clearly distinguishes between taxes and charges. *A charge is a levy that is designed and applied specifically to recover the costs of providing facilities and services for civil aviation, and a tax is a levy that is designed to raise national or local government revenues, which are generally not applied to civil aviation in their entirety or on a cost-specific basis.* Maintaining this distinction is fundamental to the consistent application of ICAO taxation policy.

4.2 Many States do not recognize air transport and airports as strategic assets that are essential to, and enable, economic development, but rather perceive them as a convenient source of government revenue. Governments impose levies on air transport that are ultimately passed on to passengers, misclassifying them as charges or fees. These levies are not designed to recover the costs of providing facilities or services for civil aviation, and the revenues generated are diverted away from the air transport sector. Such practices are inconsistent with Doc 8632 and Doc 9082, increase the cost of air travel, create significant impediments to connectivity, and undermine air transport infrastructure development and financing.

4.3 Doc 8632 do not explicitly address the use of revenues generated from aviation-specific government levies imposed on international air transport that are not designed to recover the costs of providing facilities or services for civil aviation. This presents an opportunity to further strengthen ICAO's taxation policy while remaining fully consistent with its existing principles and with Assembly Resolution A42-26: Consolidated statement of continuing ICAO policies in the air transport field, which requests the Council to *"attach particular importance to financing challenges of aviation infrastructure and capacity development."*

4.4 Where States choose to impose aviation-specific government levies on international air transport, utilizing the revenues generated from such levies for civil aviation purposes would better align taxation policy with the sector from which those revenues are generated. This would support long-term investment in aviation infrastructure, safety, security and sustainability while reinforcing connectivity, tourism and economic development, and strengthening the link between taxation policy and the development of civil aviation.

4.5 ACI therefore proposes that ICAO consider strengthening Doc 8632 by incorporating the following principle: *"Where States impose aviation-specific government levies on international air transport, revenues generated from such levies should be utilized for civil aviation purposes."* This would complement ICAO's existing taxation principles, promote greater policy consistency among States and reinforce the contribution of international air transport to connectivity, tourism and economic development.

4.6 ICAO maintains a supplement to Doc 8632 compiling information provided by Member States on the implementation of ICAO's consolidated resolutions on taxation. Assembly Resolution A42-26 urges Member States to provide information to ICAO for the update of the supplement and requests the Council to update the supplement, as required.

4.7 Building on this existing framework, the systematic and regular collection by ICAO of data from Member States on government levies imposed on international air transport would help keep the

supplement to Doc 8632 up to date, enhance transparency and strengthen the evidence base for monitoring taxation developments affecting international air transport.

5. CONCLUSION

5.1 International air transport is a key driver of connectivity, tourism and economic development. Strengthening ICAO's taxation policies requires continued implementation of Doc 8632, maintaining the clear distinction between taxes and charges, and ensuring that taxation remains fair, equitable, transparent and non-discriminatory. Strengthened ICAO coordination within the United Nations system is also essential to maintaining consistency with the established taxation framework. Allocating revenues generated from aviation-specific government levies imposed on international air transport to civil aviation purposes would further advance ICAO's taxation framework and support the sustainable development of international air transport. Keeping the supplement to Doc 8632 up to date through the systematic collection and monitoring of data provided by Member States on government levies imposed on international air transport would enhance transparency and strengthen the evidence base supporting taxation policy.

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