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SEVENTH WORLDWIDE AIR TRANSPORT CONFERENCE (ATCONF/7)

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Agenda Item 3: Strengthening regulatory and institutional frameworks
3.4: Levies on international air transport
Part a) Levies (taxes and charges)

DRAFT REPORT

(7 pages)

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

Note: The Conference considered this Agenda Sub-Item in two parts: a) Levies (taxes and charges); and b) Levies (implementation of CORSIA).

Part a) Levies (taxes and charges)

3.4.1 DOCUMENTATION

3.4.1.1 In WP/7, the Secretariat reviewed recent developments in charges and taxation affecting international air transport and their implications for connectivity, affordability, infrastructure financing and the economic development of the sector. The paper highlighted concerns regarding the improperly structured charges, the proliferation of non-aviation-related tax, and environmental levies, and examined emerging issues related to charging frameworks for new aviation operations and international taxation frameworks at the United Nations (UN). It reaffirmed the importance of compliance with the Convention on International Civil Aviation (Chicago Convention) and the International Civil Aviation Organization's (ICAO) policies on charges and taxation, and emphasized the need for transparent, non-discriminatory and harmonized approaches. The Conference was invited to consider recommendations aimed at strengthening compliance with the Chicago Convention and ICAO policies on charges and taxation, avoiding double and discriminatory taxation, and promoting internationally harmonized charging and taxation practices that support infrastructure financing, global connectivity, and the continued evolution of international aviation.

3.4.1.2 WP/58, presented by Côte d'Ivoire on behalf of 54 African Civil Aviation Commission (AFCAC) Member States[1], highlighted how excessive or poorly designed aviation taxes, fees and charges can increase travel costs, suppress demand and undermine connectivity, particularly in developing regions, drawing on AFCAC's 2025 study and the Economic Community of West African States (ECOWAS) regional reforms. The paper called for stronger economic oversight, consultation, impact assessment, regional harmonization and transition measures to balance affordable air transport with fiscal objectives and sustainable infrastructure financing. It also stressed the need to avoid double taxation and overlapping environmental levies. The Conference was invited to request ICAO to strengthen global guidance on aviation taxation, fees and charges, develop common indicators and tools to access the impacts of levies on affordability and connectivity, support States in reforming levies, and strengthen coordination on international taxation framework within the UN system to promote residence-based taxation of profits from international air transport.

3.4.1.3 WP/19, presented by Qatar, emphasized the importance of consistent implementation of *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632) to avoid multiple and discriminatory taxation that could increase airline costs, undermine connectivity and reduce the affordability of air services. The paper highlighted concerns regarding the revised Article 8 of the UN Model Double Taxation Convention, which introduces source-based taxation as an alternative to the traditional residence-based approach, as well as ongoing negotiations on the UN Framework Convention

[1] Algeria, Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cabo Verde, Central African Republic, Chad, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Eswatini, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Príncipe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, South Sudan, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe.

on International Tax Cooperation. These developments could result in overlapping tax claims, increased administrative burdens and reduced route viability. The Conference was invited to reaffirm relevant ICAO policies, strengthen coordination among aviation, finance and tax authorities, assess the impacts of proposed taxation measures, and request ICAO to continue advocating for aviation-specific considerations in international tax discussions.

3.4.1.4 WP/68, presented by the United States, emphasized the importance of preserving ICAO's established taxation framework under Doc 8632 amid evolving international tax cooperation, particularly negotiations on the proposed UN Framework Convention on International Tax Cooperation. The paper expressed concern that expanded source-based taxation rules could create overlapping taxing rights, double or multiple taxation, increased administrative burdens and legal uncertainty, potentially raising airline costs and weakening international connectivity. It also highlighted the need to assess the economic impacts of new aviation taxes and levies on international air transport, particularly on developing, remote, landlocked and island economies. The Conference was invited to reaffirm the continuing relevance of ICAO's taxation policies, encourage States to ensure that new international tax instruments remain consistent with ICAO principles and existing aviation agreements, and request the ICAO Council to monitor developments and engage with relevant UN bodies.

3.4.1.5 WP/110, presented by Airports Council International (ACI) and the Civil Air Navigation Services Organisation (CANSO), and co-sponsored by Indonesia, called for stronger implementation of ICAO's policies on taxation set out in Doc 8632. The paper highlighted that excessive or discriminatory aviation taxes can increase airfares, reduce demand and connectivity, and undermine economic development. It emphasized the need to distinguish clearly between taxes, which raise government revenue, and charges, which recover the costs of providing aviation facilities and services. The Conference was invited to 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); encourage States to apply fair, transparent and non-discriminatory taxation policies; strengthen ICAO coordination with the UN system; request ICAO to consider revising Doc 8632 to recommend that revenues from aviation-specific government levies be used for civil aviation purposes, and systematically collect and monitor State data on such levies to improve transparency and policy development.

3.4.1.6 WP/174, presented by the Aviation Services Association (ASA World), proposed extending ICAO's four charging principles in Doc 9082, i.e. cost-relatedness, non-discrimination, transparency and consultation, to ground handling services. The paper argued that ground handling providers face strong airline purchasing power and pressure to offer below-cost prices, potentially undermining workforce welfare, safety investment and operational resilience, while new safety oversight requirements impose additional costs. It proposed a six-element framework addressing contractual balance under the International Air Transport Association (IATA) Standard Ground Handling Agreement (SGHA), recovery of safety-related compliance costs, tender criteria beyond lowest price, proportionate oversight fees, and the application of the four principles to fees imposed on ground handling service providers (GHSPs). The Conference was invited to endorse the approach and request ICAO to update its charging policies in Doc 9082 and relevant guidance, accordingly, encourage balanced contractual practices under SGHA, promote tender criteria that consider safety and quality rather than price alone, and ensure that oversight fees reflect the cost of oversight performed.

3.4.1.7 WP/65, presented by IATA and ACI, highlighted the implications of evolving international tax cooperation, including the proposed UN Framework Convention on International Tax Cooperation, for the established taxation framework governing international air transport. The paper reaffirmed the established framework for aviation taxation guided by ICAO's policies in Doc 8632, which support

residence-based taxation of airline profits to avoid double taxation. It expressed concern that source-based taxation provisions in the revised UN Model Tax Convention and the proposed UN Framework Convention could create overlapping taxing rights and undermine the established aviation taxation framework. The Conference was invited to reaffirm ICAO's taxation policies, call for new international taxation frameworks to avoid duplicative or extraterritorial taxation and remain consistent with ICAO principles, and request ICAO to engage with relevant UN bodies to ensure consistency with the established aviation taxation framework.

3.4.2 **DISCUSSION**

3.4.2.1 The Conference recognized the importance of implementing ICAO's policies on charges and taxation, as contained in Doc 9082 and Doc 8632, in promoting the sustainable development of international air transport. The importance for assessing the effects of existing and proposed levies on connectivity, affordability, competition and infrastructure financing, particularly in developing and vulnerable markets was emphasized. It also highlighted the need to maintain a clear distinction between taxes and charges, consistent with ICAO's established policies.

3.4.2.2 With regard to taxation, the Conference expressed concern over the proliferation of taxes on aviation and their potential adverse impacts on costs, travel demand and connectivity, particularly in developing regions. Many States supported the consistent implementation of ICAO's taxation policies contained in Doc 8632 and emphasized the importance of avoiding excessive, double, multiple and discriminatory taxation of international air transport. The need for greater transparency, economic impact assessments and regional cooperation in the formulation of aviation taxation policies was also highlighted, taking into account national circumstances and development priorities.

3.4.2.3 In considering recent developments in international taxation frameworks, particularly the revised Article 8 of the UN Model Double Taxation Convention and the ongoing negotiations on the UN Framework Convention on International Tax Cooperation, concerns were raised regarding the implications of source-based taxation for international air transport, including the risks of double or multiple taxation, increased administrative burdens and legal uncertainty. In this regard, overwhelming support was expressed for preserving the established residence-based approach to taxation of profits from international air transport, consistent with ICAO's policies in Doc 8632. The importance of closer coordination among national aviation, finance and taxation authorities was also underscored.

3.4.2.4 The Conference emphasized the importance of continued monitoring of developments in international taxation frameworks and strengthening coordination between ICAO and relevant UN bodies. It highlighted the need to ensure policy coherence and safeguard the established principles governing the taxation of international air transport, particularly in view of evolving international tax rules and their potential implications for double or multiple taxation. The Conference also recognized the importance of ensuring that aviation-specific considerations are adequately reflected in international taxation discussions.

3.4.2.5 With regard to charges, the Conference reaffirmed the importance of applying ICAO's charging principles of cost-relatedness, non-discrimination, transparency and consultation, as contained in Doc 9082. It emphasized the need for appropriate economic oversight and stakeholder consultation in establishing airport and air navigation services charges, while ensuring the sustainable financing of aviation infrastructure. Some States highlighted the benefits of strengthening regional cooperation, harmonizing charging practices and assessing the economic impacts of charges on affordability and connectivity, particularly in developing regions.

3.4.2.6 The Conference recognized the importance of sustainable ground handling operations, appropriate investment in safety, service quality and workforce development. However, caution was expressed against extending the principle of cost recovery to ground handling services, given that these services generally operate in a competitive commercial environment, and that any consideration of the applicability of ICAO's charging principles should take into account the distinct nature of these services, existing market arrangements and the need to preserve competition and commercial incentives for efficiency. It was noted that such proposal would not require amending existing policies and guidance.

3.4.2.7 The Conference highlighted the need to strengthen ICAO's support to States in the effective implementation of its policies on taxation and charges. In this regard, support was expressed for reviewing and updating relevant guidance, improving the collection and monitoring of data on aviation taxes, fees and charges, and providing practical tools to assist States in assessing their economic impacts on affordability, connectivity and infrastructure financing. The importance of targeted capacity-building and sharing of best practices, particularly for developing States, was also emphasized.

3.4.2.8 The Conference noted information paper WP/198 presented by India and WP/209 presented by Mexico.

3.4.3 CONCLUSION

3.4.3.1 As a result of the documentation considered and ensuing discussion under Agenda Item 3.4 Part A, the Conference concluded that:

a) States should establish charges consistent with Article 15 of the Chicago Convention and ICAO’s policies on charges in Doc 9082 and relevant guidance, ensuring non-discrimination, cost-relatedness, transparency and consultation with users;

b) States should ensure that taxation measures are consistent with Article 24 of the Chicago Convention, strengthen the implementation of ICAO's policies on taxation in Doc 8632, , avoid double, multiple or discriminatory taxation of international air transport and strengthen coordination among national aviation, finance and tax authorities;

c) States should assess the effects of existing and proposed levies on connectivity, affordability, competition and infrastructure financing, particularly in developing and vulnerable markets;

d) ICAO should monitor international taxation developments, strengthen its coordination with relevant UN bodies to ensure policy coherence, and safeguard the established principles governing the taxation of international air transport; and

e) ICAO should update its guidance, strengthen data collection and provide practical tools and capacity-building to help States apply sound taxation and charging policies.

3.4.4 RECOMMENDATION

Recommendation 3/7 — Levies on international air transport: Levies (taxes and charges)

The Conference recommends that:

a) States are urged to align charging frameworks with Article 15 of the Chicago Convention and ICAO's policies on charges contained in Doc 9082 and relevant guidance, adopt the ICAO key charging principles of non-discrimination, cost-relatedness, transparency and consultation with users, while strengthening economic regulatory oversight;

b) States are urged to ensure that taxation measures affecting air transport are consistent with Article 24 of the Chicago Convention, strengthen the implementation of ICAO's policies on taxation in Doc 8632, , avoid double, multiple or discriminatory taxation of international air transport;

c) States are encouraged to strengthen coordination among national aviation, finance and tax authorities to ensure that aviation-specific considerations are adequately reflected in international taxation negotiations;

d) ICAO should continue to monitor developments in international taxation frameworks and strengthen coordination with relevant UN bodies, with a view to ensuring consistency with ICAO's policies on taxation and safeguarding the established principles governing the taxation of international air transport;

e) ICAO should review and update, as appropriate, its guidance on taxation and charges, strengthen the collection and monitoring of relevant data, and develop practical tools to support States in implementing sound taxation and charging policies, including assessing their impacts on affordability, connectivity and infrastructure financing; and

f) ICAO should continue to promote awareness, understanding and implementation of its policies on charges and taxation through outreach and capacity-building activities, and facilitate the exchange of experiences among States and industry stakeholders.

— END —