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Directors of Civil Aviation (NACC/DCA/14)**
St. George's, Antigua and Barbuda, 1 to 5 June 2026

Agenda Item 8: En Route to the 7th Air Transport Conference (AT/Conf)/7

CONSOLIDATED STATEMENT OF REAFFIRMING ICAO TAXATION POLICIES IN THE AIR TRANSPORT FIELD

(Presented by the International Air Transport Association)

EXECUTIVE SUMMARY

Ongoing United Nations tax negotiations, together with a growing number of unilateral fiscal measures by States, risk undermining the principles of the long-standing, globally harmonized framework governing the taxation of international air transport. Proposals to widen source-based taxation could expose international air transport enterprises to income taxation in multiple jurisdictions, contrary to established ICAO principles. This would increase the risk of double taxation, create legal uncertainty, and add complexity to cross-border operations. At the same time, the proliferation of taxes on the use of air transport services is accelerating. In 2024 (latest available data), such taxes in the Americas raised USD 40.3 billion.¹ The distortionary impact such taxes have on the affordability of air travel, connectivity, and economic development can far outweigh the benefits in terms of tax collection. Moreover, all such initiatives contribute to the fragmentation of the global system and weakens the coherence and authority of ICAO's policy framework.

Action:	Under Section 4
<i>Strategic Objectives:</i>	<ul style="list-style-type: none">The Economic Development of Air Transport Assures the Delivery of Economic Prosperity and Societal Well-Being for All
<i>References:</i>	<ul style="list-style-type: none">Doc 8632, ICAO's Policies on Taxation in the Field of International Air TransportICAO Assembly Resolutions A42-22, A42-26 Appendix B

¹ This is equivalent to USD 27.7 of taxes per passenger. IATA, Specific Taxes on the use of air transport, November 2025. Available here <https://www.iata.org/en/iata-repository/publications/economic-reports/specific-taxes-on-the-use-of-air-transport/>

1. DEVELOPMENT IN RELATION TO TAXES ON THE INCOME OF INTERNATIONAL AIR TRANSPORT ENTERPRISES

1.1. Ongoing negotiations under the United Nations (UN) toward a Framework Convention on International Tax Cooperation, led by a specially established Intergovernmental Negotiating Committee (INC) on tax cooperation, signal a potential shift toward expanded source-based taxation of cross-border income, which could have significant implications for international air transport. Emerging discussions regarding reallocating taxing rights to any jurisdiction where business activities occur (the “source jurisdictions”) raise concerns that income from international air services could become subject to taxation on a gross basis in multiple States, rather than solely in the State of residence of the enterprise. Discussions regarding the possible renegotiation of existing tax agreements to align with such a source-based approach further amplify these concerns.

1.2. Such an outcome would be inconsistent with long-standing, air transport-specific principles, including those reflected in ICAO Doc 8632, which establishes residence-based taxation as the core principle for taxation of income from international air transport and seeks to avoid multiple or discriminatory taxation, as well as with the broader framework established under the Chicago Convention. These developments therefore present a risk of increased fiscal fragmentation, legal uncertainty, and double taxation, undermining the uniform global system that has supported the efficient operation and development of international air services. The importance of maintaining coherence between broader UN tax initiatives and ICAO’s sector-specific taxation policies is paramount.

1.3. In line with the authority vested in ICAO by its Member States as the appropriate forum for developing and globally harmonizing policies that support international civil air transport, it is vital that other UN fora, Member States’ ministries of finance, foreign affairs, and tax administrations, along with any other relevant body seeking to engage in this arena, respect the deliberations and decisions of the States taken under the auspices of ICAO.

2. DEVELOPMENT IN RELATION TO TAXES ON THE USE OF INTERNATIONAL AIR TRANSPORT SERVICES

2.1. The 42nd ICAO Assembly (October 2025) reaffirmed and strengthened the global policy framework discouraging the imposition of unilateral and distortive taxation on international air transport. Through Resolution A42-26 (Appendix B), Member States were urged to adhere to the principles set out in ICAO Doc 8632, notably by avoiding discriminatory taxes and double taxation, enhancing transparency through reporting, and supporting ICAO’s ongoing monitoring and policy updates. In parallel, Resolution A42-22 reaffirmed that ICAO remains the appropriate forum to address aviation emissions, while expressing concern over the use of international aviation as a source of revenue for climate finance in other sectors and reaffirmed the principles of non-discrimination and equal opportunity under the Chicago Convention. The Assembly further confirmed that CORSIA is the only global market-based measure for CO₂ emissions from international aviation, emphasizing the need to avoid a fragmented landscape of duplicative national or regional measures and ensuring that emissions are accounted for only once, thereby reinforcing a coherent, globally harmonized approach to taxation and carbon-related measures in the sector.

2.2. The International Air Transport Association (IATA) observes increasing and persistent policy fragmentation among governments. A growing number of countries, notably in the Americas, are

imposing or considering imposing new or increased taxes on air transport use to address several concerns, including environmental. However, such taxes are generally inefficient and carry considerable adverse economic and social consequences. They impact affordability, connectivity, employment, and business activity, including tourism, all of which are the most detrimental to developing economies. Often unaccompanied by thorough financial and environmental cost-benefit analysis, the harm caused by these taxes can exceed any gains, with potentially negligible increases in overall tax revenues and no identifiable CO2 emissions reductions.

2.3 In 2024, of the estimated USD 60.4 billion paid worldwide in specific taxes on the use of air passenger transport, the Americas accounted for USD 40.3 billion.² North America collected the highest amount in specific taxes on air passenger tickets in 2024, at USD 34.1 billion, accounting for 57% of the global total. South and Central America and the Caribbean collected USD 6.2 billion, equal to 10% of the total. These shares of total specific taxes far exceed the areas' share in global air traffic. North America represented 24% of departing passengers globally, while South and Central America and the Caribbean accounted for 7%, evidencing a disproportionate recourse to such undesirable and ineffective taxes.³

2.4. While governments retain the sovereign right to impose taxes, such fragmentation of tax policy severely undermines efforts to:

2.4.1. Enhance regional and global air connectivity as a driver of economic growth, trade, tourism, and social development, particularly in South and Central America & the Caribbean, where air transport remains essential to regional integration; and

2.4.2. Address CO2 emissions from international aviation within a coherent global system. In this regard, such measures risk undermining the integrity of CORSIA, developed and agreed by the 193 ICAO Member States, by introducing overlapping or duplicative carbon-related taxes. The consistent and harmonized implementation of CORSIA - without regional or national deviations - is essential to preserve its role as the sole global market-based measure for international aviation emissions. From an operational perspective, increased policy fragmentation imposes additional administrative and financial burdens on aircraft operators and diverts limited resources away from effective decarbonization measures, such as sustainable aviation fuels. It also creates a risk of double-charging for the same tonne of CO2 emissions, thereby threatening both environmental effectiveness and the efficiency of the global air transport system.

3. CONCLUSION AND CALL TO ACTION BY STATES

3.1. We respectfully draw the Directors' attention to these recent developments and critical issues in the imposition of taxes on both the income of international air transport enterprises and on the use of international air transport services.

² Specific taxes include ticket taxes, but exclude passenger service charges, VAT, Goods and Service Taxes, Sales Taxes and excise duties. Source: IATA, Specific taxes on the use of air transport, November 2025. Available here <https://www.iata.org/en/iata-repository/publications/economic-reports/specific-taxes-on-the-use-of-air-transport/>

³ IATA, Specific taxes on the use of air transport, November 2025. Available here <https://www.iata.org/en/iata-repository/publications/economic-reports/specific-taxes-on-the-use-of-air-transport/>

3.2. ICAO's policies on taxation represent more than just technical guidance - they provide an essential basis for facilitating economic development. Like international postal agreements or telecommunications protocols, these frameworks enable global systems that create value far exceeding their individual components. States that abandon this consensus risk fragmenting a system that has proven remarkably effective at connecting their economies and creating opportunities for growth.

3.3. Air transport's greatest value lies in the multiplier effect it has on economic development. Each new route creates business and investment opportunities, facilitates knowledge transfer, and integrates markets, increasing the productivity of every industry that uses its services. The Chicago Convention's vision of overseeing and developing air transport "soundly and economically" has enabled aviation to become one of the most effective catalysts of global economic development and integration, generating value through facilitated trade, tourism, and investment. Inefficient taxation of air transport risks inhibiting economic activity far in excess of any tax revenue raised.

3.4. The continued viability of this global system depends fundamentally on consistent and predictable regulatory and fiscal frameworks. Recognizing these interconnected challenges, we urge Directors of Civil Aviation to take actions as outlined in the Executive Summary.

4. Action by the Meeting

4.1 The Directors of Civil Aviation are invited to:

- a) coordinate with their Ministry of Finance, tax administration, and any other relevant authority, to ensure alignment with ICAO's taxation framework, including ICAO Doc 8632, Assembly Resolution A42-26 (Appendix B) and Resolution A42-22 (October 2025);
- b) coordinate with their government representatives engaged in UN discussions on international tax cooperation, with a view to ensuring that any emerging framework reflects the specificities of international air transport and remains consistent with established ICAO principles, particularly principles of residence-based taxation;
- c) pursue the implementation of ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632) within their jurisdictions, and to invite all relevant national authorities to comply with these policies to avoid double or discriminatory taxation;
- d) pursue national alignment with Assembly Resolution A42-22, which designates the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) as the only global market-based measure for CO₂ emissions from international aviation, and to avoid introducing duplicative national or regional measures that could result in policy fragmentation and double charging.