



Distinguishing Airport Charges from Taxes: A Strategic Issue for Aviation

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Roadmap

1. Defining the Issue: Charges vs Taxes
2. Airport Charges and Financial Sustainability
3. Impact of Taxation on Air Transport
4. Case Study: Dakar – Blaise Diagne International Airport
5. Policy Direction & ACI Africa Recommendations

1. Defining the Issue: Charges vs Taxes


ICAO's definitions: Taxes vs Charges

There is a common confusion between the terms “airport charges” and “taxes” when applied to levies on air tickets - a confusion aggravated by intentional confounding of the two terms by some.



- An **AIRPORT CHARGE** is a levy designed and applied specifically to recover the costs of providing facilities and services for civil aviation
- An **AVIATION TAX** is a levy 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.

ACI & IATA Alignment: Distinguishing Taxes from Charges



International Civil Aviation Organization

WORKING PAPER

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JOINT MEETING
AIRPORT ECONOMICS PANEL
AND
AIR NAVIGATION SERVICES ECONOMICS PANEL (AEP-ANSEP)
TENTH MEETING
Montréal, HQ, 4 to 6 March 2025

Agenda Item 2: Development of policies and guidance on airport and air navigation services economics

BARRIERS TO AIR TRAVEL FOR CONSUMERS

(Presented by Airports Council International and International Air Transport Association)

SUMMARY

To reap the full socio-economic benefits of air transport and to facilitate the contribution of airports and the broader aviation ecosystem in achieving the Sustainable Development Goals (SDGs), burdensome political and economic barriers need to be removed. These barriers continue to persist in many jurisdictions, which hinder mobility, impose costs on consumers of air transport and stifle the positive economic multiplier of aviation. These barriers include, among others, 1) discriminatory and distortionary taxes levied on aviation; 2) high concession fees to operate airport infrastructure; and 3) burdensome visa and entry requirements.

Action by the AEP-ANSEP is in paragraph 7.

Strategic Objective:	This working paper relates to Strategic Objective –Economic Development of Air Transport
References:	<i>ACI Policy Brief: Taxation of international air transport and airports – Economic benefits and costs, 2020</i> <i>ACI Airport Economics Key Performance Indicators</i> <i>IATA World Air Transport Statistics</i> <i>IATA Why Tourists Need E-Visas More than Ever (2024)</i> <i>Air Transport Action Group's (ATAG) Aviation: Benefits Beyond Borders, 2024 Edition</i> <i>Doc 8632, ICAO's Policies on Taxation in the Field of International Air transport, 3rd Edition, 2000</i> <i>Doc 9082, ICAO's Policies on Charges for Airports and Air Navigation Services, 10th Edition, 2024</i> <i>UNWTO UN Tourism reports openness is back to pre-pandemic levels (2024)</i>

ICAO AIRPORT ECONOMICS PANEL Montréal, HQ, 4 to 6 March 2025

ACI & IATA Working Paper BARRIERS TO AIR TRAVEL FOR CONSUMERS

3.4 An important distinction should also be made between charges and taxes, given that the two are often conflated, but fundamentally different in terms of purpose and contribution to air transport. As outlined in *ICAO's Policies on Charges for Airports and Air Navigation Services* (Doc 9082), 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.”

3.5 In line with *ICAO's Policies on Taxation in the Field of International Air Transport* (Doc 8632), there should be a non-discriminatory application of taxation. No taxes should be imposed solely on aviation. These policies state that “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”. While the sovereign right of governments to impose taxes is recognized, taxes that are uniquely imposed on air transport or discriminate in favour of other modes of transport contradict ICAO's Policies.

ICAO: Defining Airport Charges

New in the Doc 9082 10th edition: definitions of ICAO's key charging principles

An airport charge is a levy that is designed and applied specifically to recover the costs of providing facilities and civil aviation services

Non-Discrimination



Non-discrimination requires the application of uniform conditions, to all users from any Contracting State, for the use of equivalent airport or air navigation services. In particular, charges must not discriminate between foreign and domestic users, or between two or more foreign users, engaged in similar operations.

Cost-Relatedness



Charges should reflect the cost of facilities and services provided to the users. The allocation of costs should be determined on an equitable basis, so that no users shall be burdened with costs not properly allocable to them according to sound accounting principles.

Transparency



Sufficient, accurate and appropriate information should be exchanged between the service providers and users in a timely and efficient manner with the objective of identifying the connection between the provision of facilities and services and charges, to enable users to understand, among others, charging methodologies and their administration.

Consultation with Users

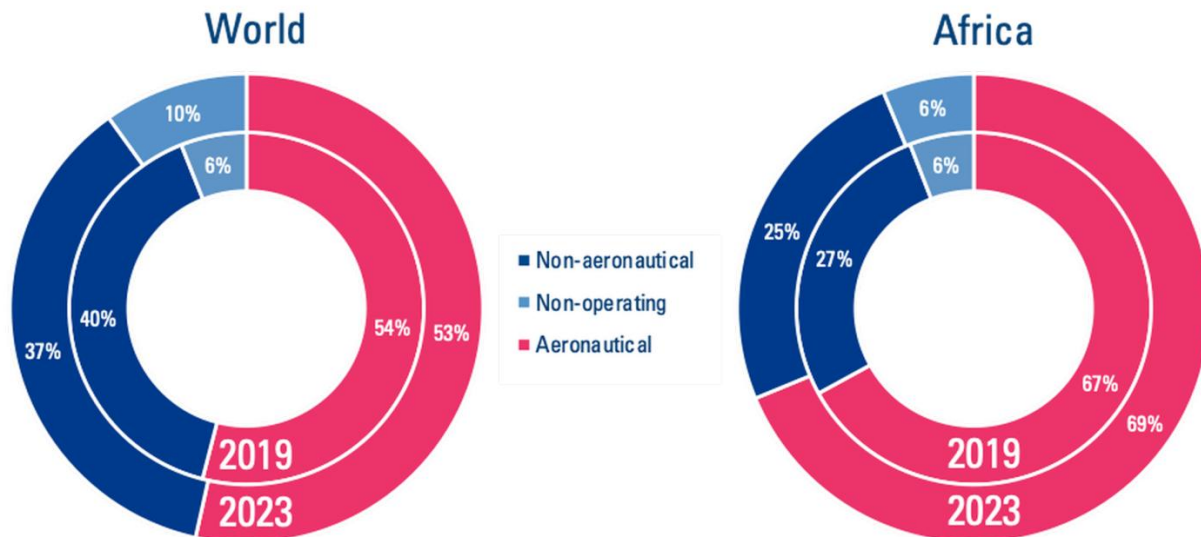


-Service providers and users should participate in constructive engagement before the introduction of new charges or changes thereto. Such engagement should include, but is not limited to, discussions on performance, capacity development and investment plans. Transparent and relevant information relating to the proposed changes should be provided, and the views of users should be given proper consideration during the process.

2. Airport Charges and Financial Sustainability

Distribution of airport revenues by key source

Airport charges are the major source of total airport revenues in Africa and globally

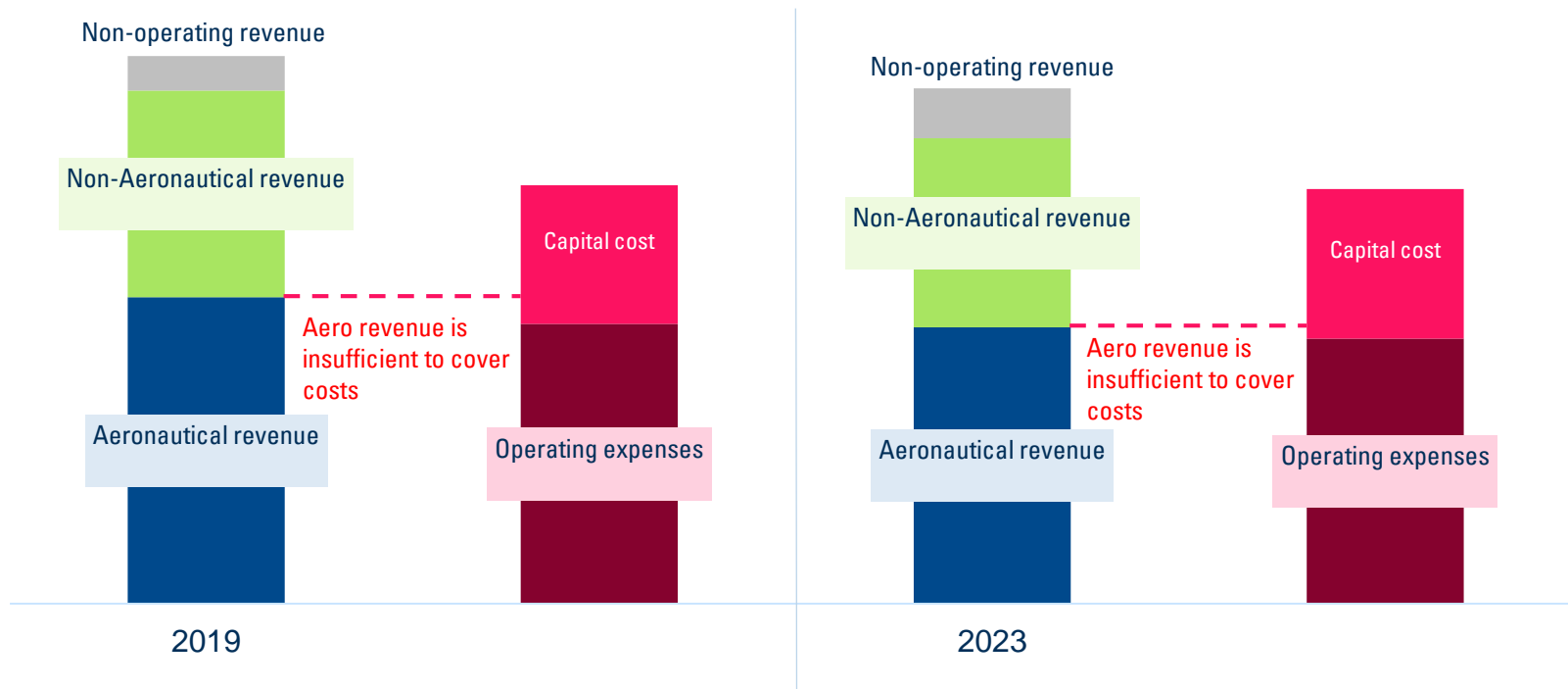


In 2023, aeronautical revenues made up 69% of airport income in Africa, compared to 53% globally.

Non-aeronautical revenues declined from 27% to 25%, highlighting **limited diversification and the need to boost commercial revenue streams**

Aero Revenue and Cost per Passenger - World

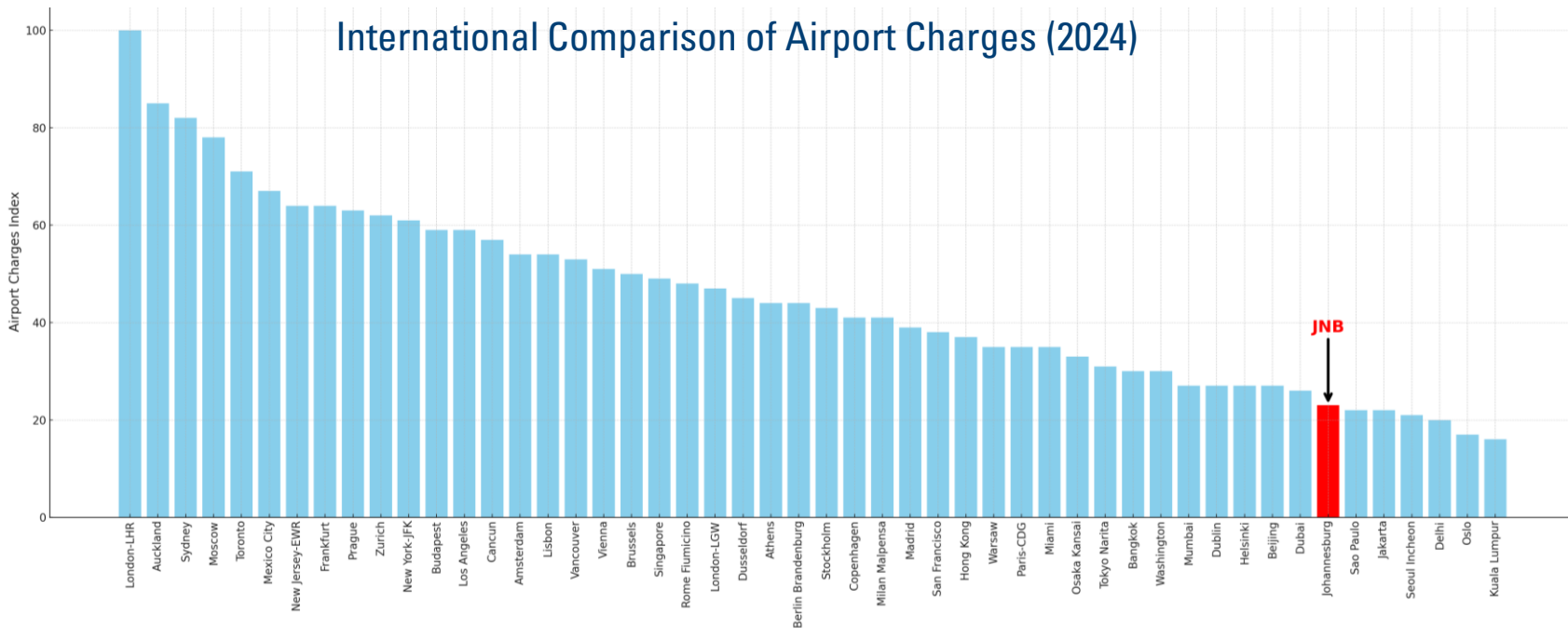
Revenue generated from airport charges is not enough to cover airport costs



Source: ACI World KPI Economics Dataset

Undervaluation of aeronautical services in Africa

African Airport Charges are among the lowest in the World

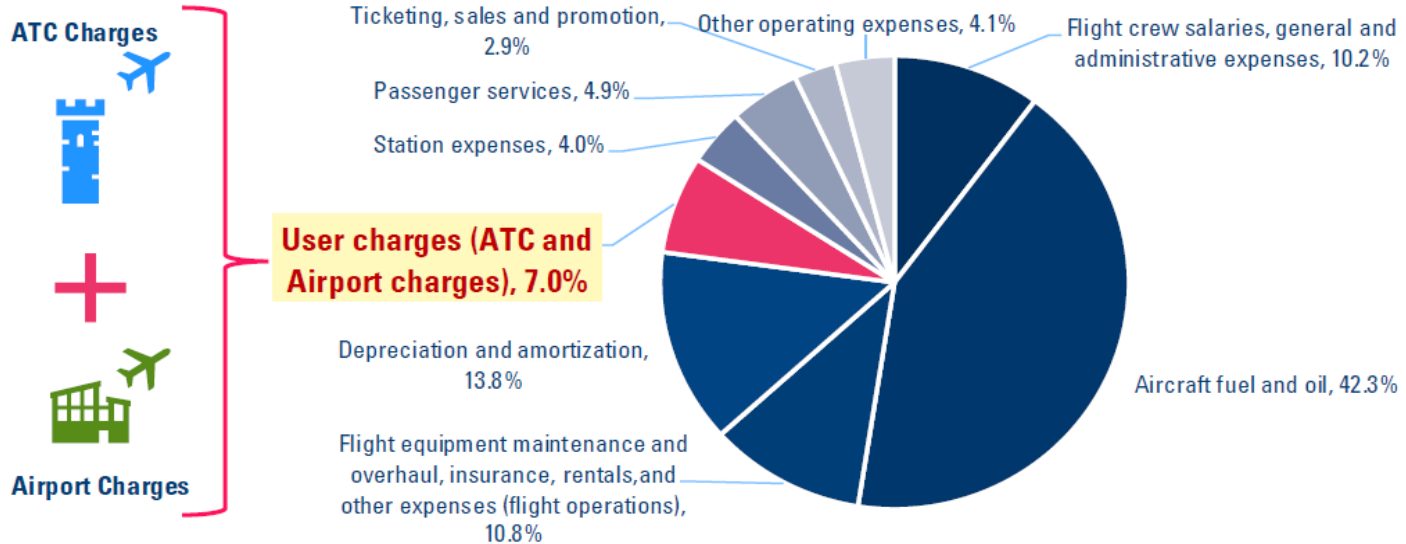


Source: Jacobs

Impact of Airport Charges on Airlines

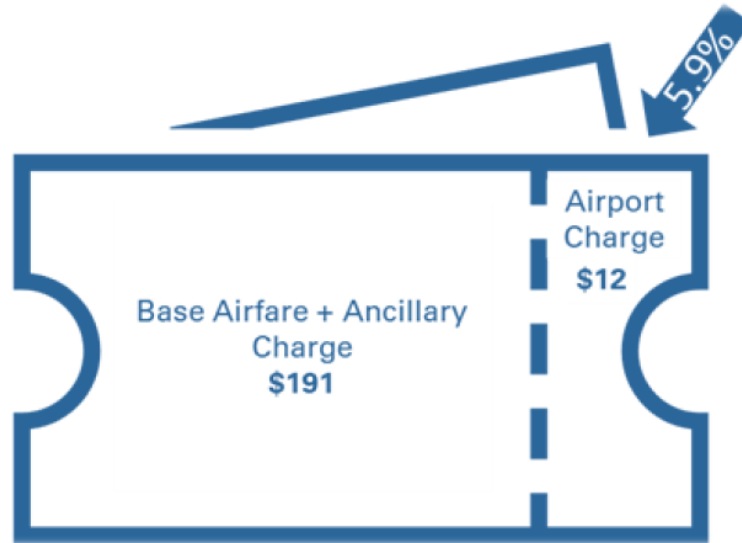
Airport charges represent a small proportion of airline costs and have a minimal impact on passengers.

Airline Cost Items Breakdown [Africa] 2023



Source: Adapted from IATA World Air Traffic Statistics

Airport charges as a % of Airfares – Africa

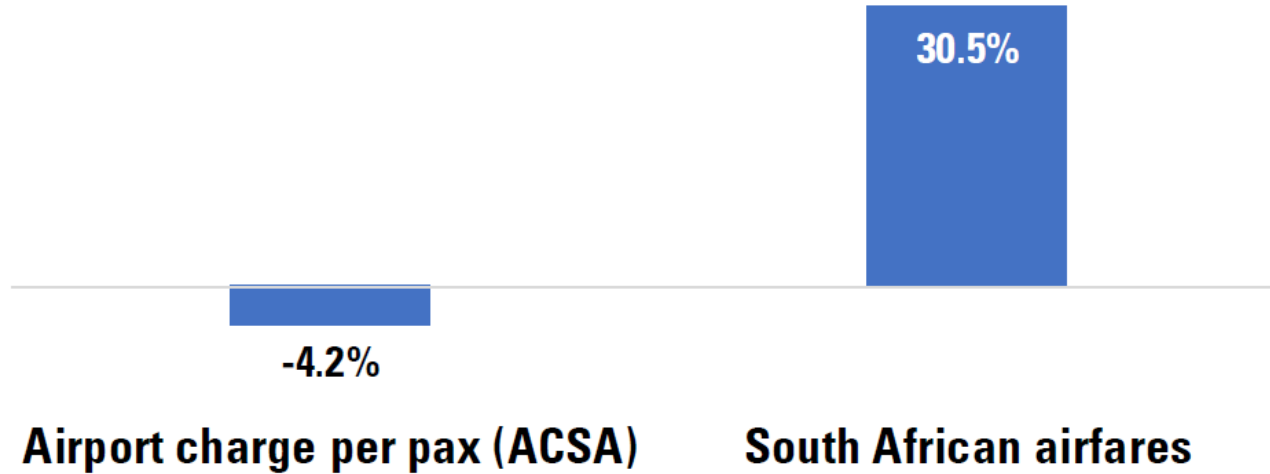


All airport charges represent a small % of airfares passenger and airline charges

Source: InterVISTAS Analysis of Sabre MIDT Airfare Data, Ancillary Revenue Data from IdeaWorks, and ACI World Economics Data.

Airport Charges v/s Airfares in South Africa

South African example: % Change 2021/22 vs. 2019/20



Airport charges have experienced a real decline both before the pandemic and amidst the pandemic

Source: ACSA Permission Application 2024-2028 / Oxford Economics (IATA / Tourism Economics), Last updated (Mar. 2023)

Global Average Air Fares – Jan to May 2025 (YTD YoY%)

Fares rose 3.6% worldwide, led by Europe and Africa, while Asia-Pacific and North America softened

Destination ► ▼Origin	World	Africa	Asia-Pacific	Europe	Latin America-Caribbean	Middle East	North America
World	+3.6%	+4.9%	+1.5%	+11.1%	+3.5%	+6.1%	+0.8%
Africa	+3.8%	+10.4%	-1.9%	+2.1%	-0.3%	+2.1%	-3.0%
Asia-Pacific	+0.7%	-2.8%	+1.9%	-0.6%	-4.8%	+1.9%	-4.4%
Europe	+12.1%	+4.4%	+0.8%	+22.6%	+3.8%	+2.8%	+2.1%
Latin America-Caribbean	+2.9%	-1.1%	-2.7%	+4.1%	+3.6%	+3.4%	+4.7%
Middle East	+5.5%	+2.0%	+3.5%	+1.4%	+0.5%	+8.4%	+2.5%
North America	+0.4%	-2.5%	-4.2%	+2.0%	+4.7%	+2.1%	-0.5%

Source: Cirium

3. Impact of Taxation on Air Transport

ICAO's Policies On Taxation (Doc 8632)

An **AVIATION TAX** is a levy 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.



Source: ICAO's Policies On Taxation (Doc 8632)

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;

16. Sales taxes, consumption taxes or Value Added Taxes (VAT) on tickets purchased for international air transport, where levied, increase the cost of air travel. Since VAT or other consumption taxes are often widely cast by fiscal authorities, with only limited exemptions permitted, the normal practice with respect to the sale or use of international air transport is to zero rate (i.e. where the tax rate is set at zero) rather than specifically exempt international air transport from these consumption taxes. **Such sales or consumption taxes should be distinguished from airport or passenger service charges which meet the ICAO definition of a charge and have as their purpose cost recovery for civil aviation services or facilities.**

18. In its *Statements to Contracting States on Charges for Airports and Air Navigation Services* (Doc 9082), the Council has made two important recommendations in relation to charges. **The first is that States should impose charges only for services and functions which are required for international civil aviation; and the second is that States refrain from imposing charges which discriminate against international civil aviation in relation to other modes of international transportation. Where charges are imposed for services and functions which are not required for international civil aviation, these charges are in effect taxes and come within the purview of this Resolution.**

Taxes v/s Airport Charges

Who assesses the levy?	Airport	Government		
Use of proceeds	Coverage of infrastructure or operating costs	Coverage of infrastructure or operating costs	Trust fund or internal accounting entry that might only be partially used for aviation or tourism purposes	Non-aviation
Levied by	Airport	Government	Government	Government
Recipient of proceeds	Airport	Airport	Government	Government
Classification of levy	Charge	Charge	Tax	Tax
Recommendations	Charge should be non-discriminatory	Charge should be non-discriminatory	Collection of taxes that might or might not be used for stated purpose are sub-optimal (e.g., security tax that is not directly linked to expenditures on security services or infrastructure)	<ul style="list-style-type: none"> Discouraged for international aviation due to reduced competitiveness of national markets Should not target only the aviation sector and discriminate Existing taxes should be phased out or cost-benefit undertaken to justify
Consistency with ICAO policies on taxation (Doc 8632) and charges (Doc 9082)	Optimal	Justifiable	Sub-optimal	Misalignment with ICAO policies and guidance

Source: Policy Brief: Taxation of international air transport and airports— Economic benefits and costs

Addressing Taxation Policies

Why Taxation Matters

- Taxes often make up a larger share of the ticket price than airport charges.
- Excessive or unjustified taxes suppress demand, reduce connectivity, and weaken tourism.
- Aviation is a strategic enabler of Africa's integration and growth. Taxation should support, not hinder.



Addressing Taxation Policies

Advocacy Principles

- **Justifiable:** Taxes should have a clear purpose linked to aviation or related socio-economic benefits.
- **Equitable:** Tax burden must be fair across the value chain (not disproportionately on airports or passengers).
- **Non-Discriminatory:** No unfair targeting of aviation compared to other sectors.
- **Transparent:** Governments should clearly disclose the basis and usage of collected taxes.



Airports as Collecting Agents


- IATA acts as a collecting agent for airports and other service providers by centralizing the collection of charges, fees, and taxes included in airline tickets.
- Airports play a comparable intermediary role as they are required by law or regulation to collect a variety of **government-imposed taxes and fees** from passengers.





Removing Passenger-based taxes


Unleash the full socio-economic benefits of aviation

Increase in airport charges does NOT translate into a decrease in passenger traffic !

Removal of aviation taxes would on the other hand increase traffic by 10% for Africa !



Impact of tax removal				
	Tax revenues	Foregone Passengers	Foregone Employment	Foregone GDP
Africa	US\$ 2 billion	20 million	500,000	US\$ 3 billion



Airports vs Airlines: Key Realities in Africa

Airports / Airlines	Mobility vs Immobility	Cost Dynamics	Control over Pricing
AIRPORTS	<ul style="list-style-type: none"> ▪ Airports are immovable assets — cannot relocate or shut down the runway and terminal when traffic drops. ▪ Investments are long-term (20–30 years) with sunk costs that must be serviced regardless of airline decisions. 	<ul style="list-style-type: none"> ▪ Face large fixed costs: runways, taxiways, terminals, navigation aids, firefighting, safety, and security. ▪ These costs do not fluctuate with season or traffic — an airport must maintain the same level of compliance whether it handles 50 flights a day or 5. ▪ There is no “low season” in terms of operational requirements. 	<ul style="list-style-type: none"> ▪ In Africa, most airports are state-owned or heavily regulated. ▪ Airport operators have little or no authority over user charges — fees are usually dictated by government ministries or regulators. ▪ This restricts airports from adjusting charges to reflect actual costs, demand, or necessary reinvestments.
AIRLINES	<ul style="list-style-type: none"> ▪ Airlines are mobile businesses. ▪ They can shift routes, reduce frequencies, or exit a market overnight if yields drop. 	<ul style="list-style-type: none"> ▪ Use seasonality and market demand to vary fares and revenues. 	<ul style="list-style-type: none"> ▪ Have full control over ticket pricing, route planning, and ancillary revenue (bags, seats, upgrades, catering). ▪ They can dynamically adjust fares multiple times a day using yield management systems.

4. Case Study: Dakar – Blaise Diagne International Airport

Airfares: Key Realities in Africa

- Paradoxically, it is often **more expensive to fly between two African capitals than to route through Europe.**

Dakar (DSS) ⇌ Nairobi (NBO)

Intra-Africa



USD 1,100 – 1,300

Via Paris



USD 1,030 – 1,050

- Intra-Africa fares remain high not because the distance is greater, but because of high government charges, limited market liberalization, and airline pricing strategies shaped by weak competition.

Case Study: Dakar – Blaise Diagne International Airport

Background on LAS (Dakar – Blaise Diagne International Airport)

- Opened in 2017, operated by LAS (Limak-Aibd-Summa consortium) under a PPP concession with the Senegalese State.
- Handles around 3 million passengers in 2024, making it Senegal's main gateway and a critical West African hub.
- Operates on a concession model: the operator, LAS (Limak AIBD Summa), bears large up-front infrastructure and financing costs, to be recovered gradually through aeronautical and non-aeronautical revenues.

Case Study: Dakar – Blaise Diagne International Airport

ECOWAS Directive – 25% Reduction in Charges

- ECOWAS decided in 2025 to **cut airport charges by 25%** across member States to reduce regional travel costs.
- For Dakar LAS, this translates into a **direct reduction in aeronautical revenues**: passenger service charges (PSC), landing, parking, and security fees.
- Unlike airlines, LAS **has no discretion** — it must implement the cut, even though its concession and financing costs remain unchanged.

Case Study: Dakar – Blaise Diagne International Airport

Item	Regulated (Yes / No)	Charge / Tax / Fee	Rate (USD / pax)	International Aviation Charge (USD / pax)	% Share	Rate after 25% reduction (USD / pax)	% Share
Passenger Service (International)	Yes	Charge*	27	27	20%	20	16%
Security (International)	Yes	Tax	18	18	13%	18	15%
Immigration	Yes	Tax	24	24	17%	18	15%
Civil Aviation (International)	Yes	Tax	5.40	5.40	4%	5.40	4%
Airport Infrastructure (International)	Yes	Tax	63	63	46%	63	51%
TOTAL				137.40		124.40	
LAS – Airport Operator retains				17.20	13%	11.80	10%

Charge* - 20% concession remitted to AIBD SA

5. Policy Direction & ACI Africa Recommendations

ACI Africa's recommendations on aviation taxation policy

- ICAO policies on taxation of international aviation (ICAO Doc. 8632) should be followed by States.
- Taxation should not impede the development of the industry and suppress the economic benefits of aviation.
- Taxes should not discriminate against aviation in favour of other modes of international transportation.
- Taxes should be clearly defined, simple, easy to understand and straightforward to implement.
- Taxes should be clearly distinguished from airport charges.
- Taxes should not be levied on other taxes or on airport charges.
- Taxes levied for aviation purposes should never exceed their intended use.
- To unleash full socio-economic benefits, aviation taxes that generate negative economic outcomes should be alleviated or removed.

Key Barriers

- **Limited liberalization** → protectionist policies restrict market access, reduce competition, stifle growth.
- **High/Distortionary taxes** → increase all-in airfare, dampen demand, contradict ICAO's Doc 8632 on fair taxation.
- **Excessive concession fees to governments** → up to 30% of airport costs; inflate charges passed on to users.
- **Restrictive visa regimes** → hinder seamless mobility; digital/e-visa reforms needed.

Conclusion and Key Message for Policymakers

Rational taxation is not about less revenue for governments.

It is about smarter revenue that enables long-term growth in tourism, trade, and jobs.

Thank You

About ACI Africa

ACI Africa is the international association of African airports. It is the voice of African Airports and has as prime objective to advance the interests of airports and to promote professional excellence in airport management and operations on the African continent.

ACI Africa Website: <https://www.aci-africa.aero/>

