



TAXES, FEES, AND CHARGES

INTRODUCTION

ARC agents are required to collect, on behalf of the carrier, all taxes, fees, and charges imposed by the US government, as well as certain taxes, fees and charges levied by foreign countries. This section explains under which circumstances and for what amounts taxes, fees, and charges should be collected on behalf of the governments of the United States, Canada, and Mexico.

All rules and examples in section 7 of this handbook assume that tickets are purchased in the United States. The tax treatment of tickets purchased outside the United States is not within the scope of this section.

All taxes, fees, and charges are subject to periodic renewal by the taxing or fee levying entity and may change with or without advance notice. Travel agents will be advised of major changes known to ARC through the Travel Agent Communication (TAC) message or other communication media. Any remaining questions concerning a specific tax, fee or charge are referred to the validating carrier of the ticket being issued.

The most common taxes that an agent will collect are the US Ticket Tax, the US Flight Segment Tax and the taxes that apply to travel involving Alaska or Hawaii, which are further explained below.

From an international standpoint, two types of taxes, fees, and charges apply: those for passengers departing the US, and those for passengers arriving into the US.

While some persons are exempt from paying certain fees, **ALL** users and classes of person are subject to the US excise taxes on transportation of persons or property by air that are described herein.

A summary of the taxes, fees, and charges to be collected for the US, Canadian, and Mexican governments appears later in this section. Further information about Federal Inspection Fees is provided in Section 7.6 and about Passenger Facility Charges in Section 7.8

When issuing tickets, all taxes, fees, and charges must be clearly shown. The amount (unless only the taxes coded "US" are collected) must also include a two character code indicating the type of tax/fee/charge being collected. If there are more taxes/fees/charges than there are tax boxes on the ticket, the agent should identify as many individual taxes/fees/charges as possible and combine those remaining with the two character code of "XT," and then show the individual amounts and codes in the fare calculation area.

The taxes, fees, and charges shown herein are the amounts applicable for 2009 as of the time that this edition of the Industry Agents' Handbook went to press. The amounts of these taxes and fees may change due to subsequent governmental action, including the announcement of adjustments for inflation. Additional taxes and fees may also be imposed from time to time. All of the examples herein assume that tickets are issued, and travel begins and ends, during 2009.

DEFINITIONS

Buffer Zone:

The portion of Canada and Mexico which is not more than 225 miles from the nearest point in the Continental United States (for a listing of those Canadian and/or Mexican cities within the Buffer Zone see section 7.2).

Circle Trip:

A journey in which the same routing is not followed on the return trip from the Outward Destination (defined below) to the point of departure as was taken on the going trip.

Continental United States:

The District of Columbia and the states other than Alaska and Hawaii.

Domestic Air Transportation:

Travel wholly within the Continental U.S. or wholly within Alaska or Hawaii.

Domestic Segment:

Any segment consisting of one takeoff and one landing that is taxable transportation that begins in the US or the Buffer Zone and ends in the US or the Buffer Zone. The term does not include a segment of Uninterrupted International Air Transportation.

**Exchange Order:**

Any document issued by a carrier or its agents supporting issuance of appropriate passenger ticket and baggage check to the person(s) named on the document.

International Air Transportation:

Transportation between a point in the United States and a point outside the United States (also between other foreign countries).

Northern Portion of the Western Hemisphere:

The area lying west of the thirtieth meridian west of Greenwich, east of the International Date Line and north of the Equator, but not including any country of South America.

Open Jaw:

(1) Air transportation from the point of departure to a specified destination with a return from the specified destination to a point other than the original point of departure or (2) air transportation from a point of departure to a specified destination and a return from a point other than the specified destination to the original point of departure.

Outward Destination:

The point farthest from the point of origin.

Round Trip:

A journey, in which the ultimate destination is the point of origin, via the same routing in both directions. For definition of Round Trip as applicable to Collection of Passenger Facility Charges (PFCs) see section 7.8.

Rural Airport:

An airport is a Rural Airport for any calendar year if, during the second preceding calendar year, there were fewer than 100,000 commercial passengers departing by air from such airport, and such airport either (1) is not located within 75 miles of an airport from which at least 100,000 commercial passengers departed by air during such second preceding calendar year, (2) was receiving essential air service subsidies as of August 5, 1997, the date of enactment of the Taxpayer Relief Act of 1997, or (3) is not connected by paved roads to another airport.

The Internal Revenue Service (IRS) has announced that the list of rural airports issued by the Department of Transportation, as periodically updated, can be relied upon to determine whether an airport is a Rural Airport.

Rural Segment:

A Domestic Segment that begins or ends at an airport that is a Rural Airport for the calendar year in which such segment begins or ends (as the case may be).

Stopover:

A *scheduled* interval between two segments of air transportation.

Taxable Amount:

The amount on which the tax is computed.

Uninterrupted International Air Transportation:

Transportation entirely by air which does not begin and end in the US or the Buffer Zone, provided that, if a portion of such transportation is between ports or stations in the US, no Stopover at any such port or station or between segments of such transportation is more than 12 hours. It is the position of the IRS that travel beginning and ending outside the US may be subject to tax where a Stopover of more than 12 hours occurs in the US, even if no portion of such transportation is between ports or stations in the US. The IRS analyzes such a trip as consisting of a trip ending at the Stopover port or station and a separate trip beginning at such port or station.

United States (US):

The 50 states and the District of Columbia.

US Air Passenger Transportation Taxes:

The US Ticket Tax, the Alaska/Hawaii Ticket Tax, the US Flight Segment Tax, the US International Departure Tax, the US International Arrival Tax, and the Alaska/Hawaii International Travel Facilities Tax, as discussed herein.

CODES FOR UNITED STATES TAXES, FEES, AND CHARGES

<p>US</p>	<p>US Ticket Tax</p> <p>7.5% for air travel that begins on or after October 1, 1999, and until further notice.</p> <p>For segments beginning on or after October 1, 1999, the US Ticket Tax is imposed at the rate of 7.5% on rural and non-rural segments.</p> <p>The US Ticket Tax currently applies to transportation beginning, and amounts paid for transportation, on or before March 31, 2010. The tax must be collected on all taxable amounts paid through that date, even if the passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p>
<p>US</p>	<p>Alaska/Hawaii Ticket Tax</p> <p>In the case of transportation to Alaska or Hawaii, the nontaxable portion of transportation from the Continental US or ports or stations in the Buffer Zone is determined based on the portion of the transportation from the Continental US (or the last port or station in the Buffer Zone, if any) to Alaska or Hawaii. In the case of transportation from Alaska or Hawaii, the nontaxable portion is determined based on the portion of the transportation from Alaska or Hawaii to the Continental US (or the first port or station in the Buffer Zone, if any). In the case of transportation between Alaska and Hawaii, the nontaxable portion of the transportation is determined based on the portion of the transportation from one such state to the other such state (assuming no stops in the Continental US or the Buffer Zone).</p> <p>The rate of tax is the same rate that applies to the US Ticket Tax described above. The rate applicable to travel that begins on or after October 1, 1999, and until further notice is 7.5%. A Rural Segment is subject to tax at 7.5%. The factors that may be used to compute the applicable 7.5% Alaska/Hawaii Ticket Tax on the transportation described above are listed in the Alaska/Hawaii Tax Table.</p> <p>Air transportation between ports or stations within Alaska or between ports or stations within Hawaii is subject to the US Ticket Tax, rather than the Alaska/Hawaii Ticket Tax, unless a direct line between the points at which the route of such transportation leaves and enters the US passes through or over a point that is not within 225 miles of the US.</p> <p>The IRS has ruled that no portion of transportation between ports or stations in Hawaii meets that 225-mile test, and that all such transportation is subject to the US Ticket Tax. The IRS has also ruled that certain transportation between ports or stations in Alaska does satisfy that 225-mile test, and that such transportation is subject to the Alaska/Hawaii Ticket Tax, rather than the US Ticket Tax.</p> <p>The Alaska/Hawaii Ticket Tax currently applies to transportation beginning, and amounts paid for transportation, on or before January 1, 2010. The tax must be collected on all taxable amounts paid through that date, even if the passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p>
<p>US</p>	<p>US International Departure Tax</p> <p>\$16.10 – This tax applies to any transportation beginning in the US (including Alaska or Hawaii) and ending outside the US, with the exception of transportation from the US to a port or station within the Buffer Zone. The US International Departure Tax also applies to passengers who stop over in the US for more than 12 hours while traveling to an international destination. Any such passenger is treated as having traveled to such Stopover port or station and begun a new trip from such Stopover port or station.</p> <p>US possessions and territories such as Puerto Rico, US Virgin Islands, American Samoa and Guam are considered points outside the US. Therefore the US International Departure Tax applies when traveling from US points to such US possessions and territories.</p> <p>The US International Departure Tax currently applies to transportation beginning, and amounts paid for transportation, on or before January, 2010. The tax must be collected on all taxable amounts paid through that date, even if the</p>



<p>US</p>	<p>passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p> <p>Alaska/Hawaii International Travel Facilities Tax</p> <p>A \$8.10 tax is imposed on each Domestic Segment beginning or ending in Alaska or Hawaii that is subject to the Alaska/Hawaii Ticket Tax or is otherwise not subject in whole to the US Ticket Tax. The Alaska/Hawaii International Travel Facilities Tax is imposed with respect to such otherwise nontaxable portion.</p> <p>The Alaska/Hawaii International Travel Facilities Tax currently applies to transportation beginning, and amounts paid for transportation, on or before January 1, 2010. The tax must be collected on all taxable amounts paid through that date, even if the passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p>
<p>US</p>	<p>US International Arrival Tax</p> <p>\$16.10 – This tax applies to any transportation beginning outside the US and ending in the US (including Alaska or Hawaii), with the exception of transportation from a port or station within the Buffer Zone to the US. The US International Arrival Tax also applies to passengers who stop over in the US for more than 12 hours while traveling from an international destination. Any such passenger is treated as having traveled to such Stopover port or station and begun a new trip from such Stopover port or station.</p> <p>US possessions and territories such as Puerto Rico, US Virgin Islands, American Samoa and Guam are considered points outside the US. Therefore the US International Arrival Tax applies when traveling from such US possessions and territories to the US.</p> <p>The US International Arrival Tax currently applies to transportation beginning, and amounts paid for transportation, on or before January 1, 2010. The tax must be collected on all taxable amounts paid through that date, even if the passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p>
<p>YC</p>	<p>US Customs Fee</p> <p>Assessed for travel on tickets issued to passengers arriving from outside the customs territory.</p> <p>The amount of the fee is \$5.50 for tickets issued on or after April 1, 2007.</p> <p>Refer to Section 7.6 for more details.</p>
<p>XY</p>	<p>Immigration Fee</p> <p>\$7.00 – Assessed for travel from any international point into the US, Puerto Rico, Guam, St. Croix, St. John, and St. Thomas.</p> <p>Refer to Section 7.6 for more details.</p>
<p>XA</p>	<p>Agricultural Inspection Fee</p> <p>This fee is assessed for travel from any international point (including Canada) into the US and Puerto Rico.</p> <p>The amount of the fee is \$5.00 per entry, beginning October 1, 2005, for tickets issued on or after October 1, 2005, through September 30, 2010.</p> <p>Refer to Section 7.6 for more details.</p>



XF	<p>Passenger Facility Charges</p> <p>A \$1.00, \$2.00, \$3.00, \$4.00, or \$4.50 charge assessed by an airport for airport improvements. Up to four PFCs can apply to each ticketed journey.</p> <p>Refer to Section 7.8 for further details.</p>
<p>Canadian & Mexican Taxes – Please check with the GDS and Carrier for applicable international taxes.</p>	
ZP	<p>US Flight Segment Tax - Rural Segments are EXEMPTED</p> <p>For Domestic Segments beginning on or after October 1, 1997, a per head tax will be collected on each such segment, unless such segment is a Rural Segment. A Domestic Segment is a segment consisting of one takeoff and one landing that is taxable transportation that begins and ends in the US or the Buffer Zone, but does not include a segment associated with Uninterrupted International Air Transportation.</p> <p>The US Flight Segment Tax is \$3.70 per head per Domestic Segment. The tax currently applies to segments beginning, and amounts paid for transportation, on or before January 1, 2010. The tax must be collected on all taxable amounts paid through that date, even if the passenger's transportation begins after that date. Taxes collected for travel that begins after March 31, 2010, may be subject to refund if the tax is not extended. Congress may extend the tax in its current form or may revise it. ARC will inform agents if collection of the tax will continue after March 31, 2010.</p> <p>EXEMPTIONS:</p> <ul style="list-style-type: none"> Rural Segments (see below). Transportation on free tickets (\$0.00 collected); however, transportation on free companion tickets is subject to this tax. Flight segments of Uninterrupted International Air Transportation.
AY	<p>US Security Service Fee</p> <p>This fee is assessed for air transportation originating at airports in the United States sold on or after February 1, 2002, for travel on or after February 1, 2002. The amount of the US Security Service Fee is \$2.50 per enplanement in the United States. Passengers may not be charged for more than 2 enplanements (\$5.00) per one way trip or for more than 4 enplanements (\$10.00) per round trip.</p> <p>EXEMPTIONS:</p> <ul style="list-style-type: none"> Non-revenue passengers, other than passengers who obtained the ticket for air transportation with a frequent flyer award. <p>Refer to Section 7.6 for more details.</p>
XT	<p>Combined Taxes/User Fees - This code is used when the number of taxes collected exceeds the number of tax boxes on the ticket. A breakdown of the taxes/user fees is shown in the Fare Calculation area of the ticket.</p>

NOTES