

Treatment of the domestic leg of an international flight -

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Tourism and Hospitality Industry Partnership

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Treatment of the domestic leg of an international flight

1. A GST registered airline operator supplies transport on the domestic leg of an international flight. A domestic air travel ticket is issued separately. The domestic ticket is sold in conjunction with and cross-referenced to an international air travel ticket.

Issue

2. Where the domestic legs and international legs of international flights are issued on separate tickets, is the domestic flight GST-free?

Decision

3. The airline operator makes a GST-free supply under item 2 in the table in section 38-355 when it supplies transport on the domestic leg of an international flight provided the separately issued domestic ticket is sold in conjunction with and cross referenced to the international ticket.

4. The operator is supplying air transport within Australia on the domestic leg of an international flight. This transport is part of an itinerary in conjunction with international air transport. Furthermore, although the domestic ticket was issued separately and at a different time from the international air ticket, it was cross-referenced to the international air ticket. Therefore, the operator's supply of domestic air transport satisfies the requirements in paragraphs (a) and (b) of item 2, and is GST-free under section 38-355.

5. For example, an operator of a charter plane business supplies an international charter flight that includes domestic legs of travel. The domestic transport provided forms part of the overall charter arrangement to fly from Australia to the overseas destination and back to Australia and formed part of the charter flight ticket. Therefore, the supply of domestic transport is GST-free under item 2 in the table in section 38-355.