



Aircraft fees and levies -

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Tourism and Hospitality Industry Partnership

Aircraft fees and levies

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Aircraft fees and levies

1. Airlines include charges for noise levy, passenger movement and other ticket fees.

Issue

2. How are the noise levy, passenger movement charge and other ticket charges treated for GST purposes?

Decision

Aircraft noise levy

3. Aircraft noise levy is charged to airlines landing jet aircraft at Sydney Aerodrome under authority of the *Aircraft Noise Levy Act 1995*. This charge is administered by the Department of Transport and Regional Services (DOTARS).
4. As charges levied on airlines under the *Aircraft Noise Levy Act 1995* are included in part 1 of schedule 1 of the *A New Tax System (Goods and Services Tax) (Exempt Taxes, Fees and Charges) Determination 2004* (Treasurer's Division 81 Determination), they are not consideration for taxable supplies.
5. The airlines recover their aircraft noise levy costs by levying an amount per passenger, currently \$3.40. The levy may be shown as a separate amount on tickets. The levy amount shown on the ticket is not a personal liability of the passenger and is considered to be part of the price of the airfare. GST applies to this amount in the same manner as it applies to the transport service.
6. See table below for the GST treatment of the levy amount in the various scenarios.

Passenger movement charge

7. Passenger movement charge is a per passenger amount levied under section 5 of the *Passenger Movement Charge Act 1978* which is administered by the Australian Customs Service (ACS). It is collected by international airline operators on behalf of ACS. The passenger movement charge is imposed on a person departing Australia.

8. The passenger movement charge is listed in part 1 of schedule 1 of the Treasurer's Division 81 Determination.

9. The ATO understands that these charges are the personal liability of each passenger. Accordingly, GST does not apply to these charges. In addition, as the charge only applies to international departures, it would otherwise have formed part of the consideration for a GST-free supply of international transport.

Domestic head tax

10. Domestic head taxes are a per passenger charge levied against airlines on the basis of the number of passengers to, from or through each of approximately 80 Australian regional airports.

11. Schedule 1 of the Treasurer's Division 81 Determination does not contain any references to per passenger fees, levies or charges for landing at regional airports. The schedule to the Determination does provide that the 'Airport Passenger Levy' charged under authority of *Lord Howe Island Act 1953*, is not treated as consideration for a separate supply when charged to the airlines. Accordingly, GST does not apply to these amounts when charged to the airlines.

12. As with the aircraft noise levy, the domestic head taxes are part of the price of the airfare, with GST being determined in the same manner as it applies to the airfare.

Note: The ATO does not consider a supply of the right to land and or use the services of a regional airport (for which the domestic head tax is the consideration) to be a supply of GST-free transport in accordance with items 2 and 3 of the table in section 38-355.

Other ticket service fees and charges

13. Other ticket fees such as re-issue fees, re-booking fees, re-validation fees and prepaid ticket advice services fees are GST-free if they relate to GST-free transport. These services are considered to be arranging GST-free transport in accordance with item 7 of the table in section 38-355 (see Issue 11 - Land fall requirement).

14. The following table summarises the GST treatment of these fees and charges, where they form part of the passenger ticket and/or itinerary.

Type of fee	Division 81	Domestic ticket (taxable)	Domestic ticket (GST-free)¹	International ticket (GST-free)
Cancellation fee - flight	No	GST	GST-free	GST-free
Cancellation penalty - flight	No	GST	GST-free	GST-free
Forfeited deposit	No	GST	GST-free	GST-free
Lost ticket indemnity service fee	No	GST	GST-free	GST-free
Re-issue fee	No	GST	GST-free	GST-free
Re-booking fee	No	GST	GST-free	GST-free
Re-validation fee	No	GST	GST-free	GST-free
Prepaid ticket advice service fee	No	GST	GST-free	GST-free

Type of fee	Division 81	Domestic ticket (taxable)	Domestic ticket (GST-free)¹	International ticket (GST-free)
Passenger movement charges	Yes	N/A	N/A	Not a taxable supply
Aircraft noise levy	Yes	GST	GST-free	GST-free
Head taxes	Yes	GST	GST-free	GST-free

15. GST applies to domestic air travel, other than where:

- a domestic flight forms part of a ticket for international travel or is cross-referenced to an international ticket and is purchased at any time up to and including the date of international travel, or
- the domestic air ticket was purchased by a non-resident while outside Australia.

16. Where the passenger cancels a booking and the fare is held as a credit for future use, then the GST status of the supply may change.

17. If a credit held for an international flight is used for a domestic flight then the GST status of the supply changes from GST-free to taxable.

18. Conversely, if the credit held for a domestic flight is used for an international flight the GST status changes from GST-free to taxable.

19. Each of these events is an adjustment event for GST purposes.