



Transmittal Note

15/1/13

SUPPLEMENT TO DOC 8632

ICAO'S POLICIES ON TAXATION IN THE FIELD OF INTERNATIONAL AIR TRANSPORT

(Third Edition — 2000)

1. The attached Supplement supersedes all previous Supplements to Doc 8632 and includes information received up to 15 January 2013 from Contracting States as to their position vis-à-vis the Council Resolution on taxation in the field of international air transport.
2. Additional information received from Contracting States will be issued at intervals as amendments to this Supplement.

SUPPLEMENT TO DOC 8632 — THIRD EDITION

**ICAO'S POLICIES ON TAXATION IN THE FIELD
OF INTERNATIONAL AIR TRANSPORT**

Information contained herein reflects the status of implementation of Council's 1999 Taxation Resolutions and Recommendations by Contracting States as notified to ICAO.

Published by the authority of the Council

JANUARY 2013

INTERNATIONAL CIVIL AVIATION ORGANIZATION

[illegible]

The designations employed and the presentation of the material in this publication do not imply the expression of any opinion whatsoever on the part of ICAO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

TABLE OF CONTENTS

<i>State</i>	<i>Pages in Supplement</i>	<i>Date of publication</i>
Argentina	1–2	15/01/13
Armenia	1	15/01/13
Australia	1–2	15/01/13
Austria	1	15/01/13
Azerbaijan	1	15/01/13
Bahrain	1	15/01/13
Barbados	1	15/01/13
Belgium	1–2	15/01/13
Botswana	1	15/01/13
Burkina Faso	1	15/01/13
Burundi	1	15/01/13
Cameroon	1	15/01/13
Canada	1–2	15/01/13
Chile	1	15/01/13
China	1–7	15/01/13
China (Hong Kong SAR)	1	15/01/13
China (Macau SAR)	1	15/01/13
Colombia	1	15/01/13
Cuba	1	15/01/13
Cyprus	1	15/01/13
Czech Republic	1	15/01/13
Ecuador	1	15/01/13
Egypt	1	15/01/13
Estonia	1	15/01/13
Ethiopia	1	15/01/13
Fiji	1	15/01/13
Finland	1	15/01/13
France	1	15/01/13
Germany	1	15/01/13
Greece	1	15/01/13
Guatemala	1	15/01/13
Hungary	1	15/01/13
Iceland	1	15/01/13
India	1–3	15/01/13
Indonesia	1	15/01/13
Iran (Islamic Republic of)	1	15/01/13
Ireland	1	15/01/13
Italy	1	15/01/13
Jordan	1	15/01/13
Kenya	1	15/01/13
Kuwait	1	15/01/13
Lebanon	1	15/01/13
Lesotho	1	15/01/13
Lithuania	1–2	15/01/13
Madagascar	1	15/01/13
Maldives	1	15/01/13



<i>State</i>	<i>Pages in Supplement</i>	<i>Date of publication</i>
Mali	1	15/01/13
Malta	1	15/01/13
Mauritania	1	15/01/13
Mexico	1-3	15/01/13
Morocco	1	15/01/13
Myanmar	1	15/01/13
Netherlands	1	15/01/13
New Zealand	1	15/01/13
Nigeria	1	15/01/13
Norway	1	15/01/13
Oman	1	15/01/13
Pakistan	1	15/01/13
Panama	1	15/01/13
Paraguay	1	15/01/13
Peru	1	15/01/13
Poland	1	15/01/13
Portugal	1-4	15/01/13
Republic of Korea	1	15/01/13
Republic of Moldova	1	15/01/13
Romania	1	15/01/13
Russian Federation	1-3	15/01/13
Rwanda	1	15/01/13
Samoa	1	15/01/13
Seychelles	1	15/01/13
Singapore	1	15/01/13
Slovakia	1	15/01/13
Slovenia	1	15/01/13
South Africa	1	15/01/13
Spain	1-6	15/01/13
Sweden	1	15/01/13
Switzerland	1	15/01/13
Thailand	1	15/01/13
The former Yugoslav Republic of Macedonia	1	15/01/13
Tunisia	1	15/01/13
Turkey	1	15/01/13
United Arab Emirates	1	15/01/13
United Kingdom	1	15/01/13
United Republic of Tanzania	1	15/01/13
United States	1-3	15/01/13
Uruguay	1	15/01/13
Uzbekistan	1	15/01/13
Venezuela (Bolivarian Republic of)	1	15/01/13

ARGENTINA

Clause 1 Argentina complies with the Council Resolution contained in Clause 1, with the following clarifications:

- 1) With reference to the exemptions which the Resolution in Clause 1 of Doc 8632 establishes with respect to import and export duties, the situations outlined there are free from the payment of such taxes, with the exception of the hypotheses foreseen which are mentioned in Attachment I hereto.
- 2) With regard to international air transport operations performed in our country by aircraft registered in another State or leased or chartered by enterprises of that State, which are provided for in the Resolution in Clause 1 of Doc 8632 which establishes the exemption from consumption taxes levied on the acquisition of fuel, lubricants and other consumable technical supplies contained in the tanks or other receptacles on aircraft or taken on board, Argentina legislation provides for tax exemption for these products under certain conditions, namely:
 - a) With respect to internal taxes, provided that the fact of being taxable has not been established, provision is made for exemption when these products have been included on the list of stores (products which will be consumed on board) or if the fact of being taxable has been established, the tax will be refunded or credited.
 - b) Although the sale of certain products has the Value Added Tax (VAT) levied on it, the regulations for this tax provide for the refund of the tax in those cases intended for the international transport of passengers and cargo.

Clause 2 Argentina complies with the Council Resolution contained in Clause 2 which merits the following comments:

- 1) Since 1946, Argentina has maintained the position which provides that each State must have exclusivity in the taxation of the income and the capital of the enterprises performing international transport operations which are constituted or domiciled in that State.
- 2) Starting from the year mentioned in 1) above, specific agreements have been concluded for the avoidance of double taxation in the field of international transport by sea and by air. In addition, the position mentioned in the relevant articles of the broad tax agreements for the avoidance of double taxation (Articles 8, 13 and 22 of the OECD Model Convention) has been established.

Clause 3 Argentina does not apply types of taxation which may affect the *modus operandi* of international transport by creating obstacles or difficulties for its development, as far as passengers and shippers are concerned. In this regard, the following comments should be made:

- 1) Argentina levies 5 per cent on the price of air tickets for travel abroad which are sold or issued in our country, as well as those sold or issued outside our national territory, to nationals or permanent residents of our country, where the departure point of the journey is at any airport located in our country.
- 2) There is a conceptual difference with respect to the Resolving Clause (2) part where what in Argentina is called a charge for the payment of a service provided by the Nation, Province or Municipality is considered a tax and with respect to which international practices, a position

maintained by Argentina, allow for countries to be able to collect such charges which are in general applied on the value of the immovable property and which are intended to cover the costs of city lighting and cleaning.

Attachment 1**Customs Code of the Argentine Nation (Law 22.415)****“Article 514**

Except for any special provision to the contrary, the loading in a means of transport, national or foreign, of goods which are not freely circulated in the customs territory and which are intended as supplies, of stores or of supplies coming from a warehouse subjected to customs control, shall be considered as if it were importation for consumption and shall be subject to the corresponding payment of taxes.”

.....



ARMENIA

In accordance with the Law of the Republic of Armenia “On Value-Added Tax”, a zero rate of VAT is applied with respect to the following:

- a) fuel for filling aircraft flying international lines, and the provision of goods intended for use by the crew and passengers on aircraft along the entire route;
- b) taxable turnover of services (including air navigation, and takeoff and landing), repairs, re-equipping the means of transport operating on international routes, as well as services of carriage on international routes for passengers, baggage, freight, and post, and services provided to passengers during transport;
- c) taxable turnover of services (including agency and intermediary services) directly associated with the services indicated in subparagraph b) above and for the providers thereof.

A zero rate of VAT applies to resident and non-resident companies.

In accordance with Article 102 of the Tax Code of the Republic of Armenia, a zero rate of customs duty applies to the import and export of all types of fuel and lubricants.

In accordance with the Law of the Republic of Armenia on Profit Tax, revenues received by a foreign company performing air transport from the Republic of Armenia are subject to taxation either at the source of income payment or on the basis of an annual income statement (if the company performing air transport has a separate subsidiary in the territory of the Republic of Armenia).

Moreover, agreements to avoid double taxation of income and property have been concluded with and are in force in virtually all of the countries of residence (incorporation) of foreign companies performing air transport from or to the Republic of Armenia, as are air services agreements, and the provisions of these agreements concerning international air transport are in conformity with ICAO’s policies on taxation in the field of international air transport.

As of 1 January 2012, Armenia has double taxation avoidance agreements on income and property with the following 43 countries: Bulgaria, Ukraine, China, Romania, Russia, Iran, Turkmenistan, Georgia, Lebanon, Latvia, Lithuania, France, Belarus, Greece, Thailand, the Netherlands, Estonia, Belgium, Austria, the United Arab Emirates, India, Poland, Canada, Moldova, Syria, Qatar, Switzerland, Finland, Italy, Czech Republic, Luxembourg, Croatia, Hungary, Kazakhstan, Cyprus, Tadjikistan, Indonesia, Egypt, Kuwait, Slovenia, Spain, United Kingdom of Great Britain and Northern Ireland and Ireland.

In the Republic of Armenia, a State air passenger departure of 10,000 Armenian drams (approximately USD 33) has been collected since 1998 from passengers flying out of the Republic of Armenia. According to the amendment to the Law of the Republic of Armenia on the State Duty (entered into force on 29 March 2009), the State duty is included in the cost of an air ticket and should be paid to the State budget of the Republic of Armenia:

- a) by air carriers of the Republic of Armenia and representatives of foreign air carriers registered in the Republic of Armenia, when operating scheduled air services; and
- b) by organizations operating airports, when operating non-scheduled air service.

Downloaded from https://www.icao.int/publications/8632_2000/8632_2000.pdf

AUSTRALIA

General Comment

Australia's policy remains that the taxation of international airlines should be dealt within the context of Australia's overall taxation policy.

Extension of ICAO taxation policies to taxes levied at sub-national levels

Australian States and Territories have their own taxing powers, and the Commonwealth does not have the authority to directly override State taxation laws. This is reflected in the fact that Australia's double tax treaties and airline profit agreements do not cover State taxes.

The following information is provided in relation to national taxation.

Notification of practice with regard to Doc 8632 — taxation at national level only

Clause 1

Australian practice, as reflected in Article 9 of Australia's standard Air Service Agreement complies with Clause 1.

Specifically, aircraft operated in international air transportation by the airlines of each Party are exempt from import restrictions, customs duties, excise taxes, goods and services tax, and similar fees and charges imposed by Australia. Component parts, normal aircraft equipment and other items intended for or used solely in connection with the operation or for the repair, maintenance and servicing of such aircraft are similarly exempt, provided such equipment and items are for use on board an aircraft and are re-exported.

Provided in each case that they are for use on board an aircraft in connection with the establishment or maintenance of international air transportation by the airline concerned, the following items are exempt from import restrictions, customs duties, excise taxes, goods and services tax, and similar fees and charges imposed by Australia, whether they are brought by an airline into Australian territory or supplied to an airline in Australia:

- i) aircraft stores (including but not limited to such items as food, beverages and products destined for sale to, or use by, passengers during flight);
- ii) fuel, lubricants (including hydraulic fluids) and consumable technical supplies, and
- iii) spare parts including engines.

These exemptions also apply when these items are used on any part of a journey performed over Australian territory in the course of an international journey.

Clause 1 e)

Australia would use its best efforts to ensure that State and local authorities do not impose taxes on items used in operating or servicing aircraft used in international air transport, including fuel, lubricants and consumable technical supplies. However the Australian Government cannot give a commitment that it could ensure the States would not levy taxes in certain cases. The Australian States and local authorities do not at present impose any taxes inconsistent with the tax exemptions for international air transport set out in Australia's model air services agreement or in the ICAO's resolution on the taxation of items used in international air transport.

Clause 2 a) i) There are no special rules in Australia's domestic taxation law for taxing the income of a non-resident airline operator and such airlines must calculate their taxable income in accordance with Australian income tax law.

Australia's comprehensive bilateral tax treaties generally follow the *OECD Model Tax Convention on Income and on Capital*, which allocates taxing rights over profits from international air transport to the country of residence of the relevant enterprise. Australia reserves the right, however, to tax profits from the carriage of passengers or cargo taken on board at one place in Australia for discharge in Australia. Australia's tax treaties also provide that the enterprise's country of residence provide relief from double taxation where necessary.

Australia taxes capital gains as part of its income tax regime. Under Australia's domestic law non-resident international airline operators are taxed on capital gains arising from the disposal of "taxable Australian property" (essentially Australian real property and the business assets of Australian branches of a foreign resident airline operator). Where a comprehensive tax treaty exists, Australia does not tax capital gains arising from the alienation of aircraft (or movable property pertaining to the operation of such aircraft) operated by a non-resident enterprise. Taxing rights over such gains are allocated to the country of residence of the enterprise.

Clause 2 c) Australia has entered 44 comprehensive tax treaties and 4 airline profits agreements, which deal with the taxation of profits from international air transport.

Clauses 3 and 4 Australia's goods and services tax (GST), a broad-based value added tax, makes sales of international air transport services GST-free (zero-rated). Hence Australia complies with Clause 3 of the ICAO policy statement.

The Passenger Movement Charge (PMC) is a non-hypothecated tax levied on international passengers departing from Australian airports and is usually collected by the international airline as part of the ticketing/airfares process. It contributes to recovering the costs of a range of aviation security initiatives, processing international passengers at international airports and maritime ports, and issuing short term visas overseas. The PMC is remitted to the Australian Customs Service by the airline following the departure of the aircraft from Australia.

AUSTRIA**Clause 1**

- Clause 1 a)** This clause is implemented in Austria for commercial air transport;
- Clause 1 b)** Exemptions are being granted even without the requirement of reciprocity;
- Clause 1 c)** Exemptions are also being granted on departure;
- Clause 1 d)** This definition is acceptable in Austria; and
- Clause 1 e)** There are no such local taxes and duties in Austria.

Clause 2 Fully acceptable to Austria.

Clause 2 a) Austria has concluded a number of bilateral agreements on double taxation, so that multiple taxation inter alia in the field of civil aviation is to be avoided.

Clause 4 As stated above, Austria respects the existing exemption of international civil aviation from taxation with said one exception.

However, Austria as an EU Member State does support the introduction of emission trading in Europe as the appropriate economic instrument to reduce/to limit the environmental impact of civil aviation. Moreover, Austria would strongly support any global emission trading system to be achieved under the framework of ICAO and UNFCCC.

Contrary to ICAO recommendation, a federal tax on the covered flight distance has been implemented. The tax on short distances is 8 €, on middle distances 20 € and on long distances 35€ per departing passenger.

AZERBAIJAN**General comment**

With regard to the resolution in question, please note that we have neither comments nor proposals with respect to the document indicated above.



Downloaded from https://www.icao.int/publications/8632_2000/8632_2000.pdf

BAHRAIN

The Kingdom of Bahrain is committed to promote market-based economics and has thus adopted a proactive position within its resources and facilities. Accordingly it does not levy a corporate tax on companies in all fields of activity including airlines. This is designed to facilitate commercial investment.

The State has also concluded several double taxation avoidance agreements in respect of airline activities. Its bilateral air services agreements also contain a special provision exempting airlines from taxes and other charges.

Downloaded from ICAO Doc 8632, 10/11/15



BARBADOS**Clause 3**

With effect from 27 November 2010, the value added tax of fifteen percent (15 per cent) imposed on airline tickets for journeys commencing, issued or paid for in Barbados was increased to 17.5 per cent.



BELGIUM**Clause 1****A. Fuel and lubricants on board aircraft**

An exemption from customs duties is granted on arrival for fuels and lubricants on board aircraft serving scheduled international routes.

An exemption from excise duties is granted for stores, supplies, fuels and lubricants on board aircraft on arrival.

B. Fuels and lubricants delivered on board an aircraft in Belgium

Goods from countries outside the EU which are retrieved from a holding facility (e.g. customs bonded warehouse) are exempt from customs duties.

If such goods are re-exported outside the territory of the EU, they are exempted from import duties. This is the case with supplies for aircraft whose final destination is outside the EU.

It should be noted that the exemption from excise duties is restricted to the provision of aviation fuel irrespective of the flight performed.

As to registration and the value-added tax:

The ICAO Resolutions are applied within the limits of the 6th directive of 17 May 1977 of the Council of the European Union (77/388/CEE) transposed into the Belgian legislation.

The latter contains a paragraph providing that the following are tax-exempt:

1. deliveries and imports of aeroplanes, hydroplanes, helicopters and similar aircraft for use by the State and by airlines chiefly engaged in the international transport of persons and goods for remuneration;
2. deliveries to the producers, owners or operators of the aircraft referred to in Item 1 of this paragraph, and imports by them of articles to be incorporated in these aircraft or used in operating them;
3. the provision of services for the production, conversion, repair, maintenance and rental of the aircraft and articles referred to in Items 1 and 2 of this paragraph;
4. deliveries to airlines referred to in Item 1 of this paragraph and imports by them of goods for refuelling the aeroplanes, hydroplanes, helicopters and similar aircraft which these airlines use;
5. the provision of services other than those referred to in Item 3 of this paragraph for the direct needs of the aircraft referred to in Item 1 of this paragraph, except for aircraft used by the State, and of their cargo, such as towing, piloting, rescue and expertise, use of aerodromes, services required for landing, take-off and stay of aircraft on aerodromes, services provided to airlines by airline agents in their capacity as agents, assistance provided to passengers and crews on behalf of airlines.

The VAT code also provides for a tax exemption for intra-Community imports and purchases of goods whose delivery by those liable to tax is, in any case, exempt within the country.

Implementation provisions of the VAT code also provide for the permanent tax-exempt import of

the stores on board aircraft serving scheduled international routes.

The provisions of the Belgian legislation are in keeping with the objectives of Clause 1 of the ICAO Resolution. It will also be noted that these exemptions only apply to aircraft used for the international transport of persons and goods, contrary to the provisions of Clause 1 a) of the document and paragraph 3 of the Council's Commentary.

Clause 2 a) Income of international air transport enterprises and from aircraft operation

The Belgian income tax code allows for the exemption, under conditions of reciprocity, of the profits which a foreign company derives in Belgium from operating aircraft which it owns or charters and which stop over in Belgium. This is an exemption from the Belgian non-residents' tax, which is in principle the only possible tax on the income in question.

Clause 2 b) Double taxation avoidance agreements

In the great majority of double taxation avoidance agreements, Belgium has included, following the OECD Model Convention, a provision stipulating that the profits from the operation of aircraft in international traffic shall only be taxable in the Contracting State where the enterprise's place of effective management is located or in that enterprise's State of residence.

This also applies to capital gains arising from the alienation of aircraft, to the salary received for paid work on board aircraft and to any taxes on the wealth constituted by these aircraft.

In the case of Belgium, these double taxation avoidance agreements apply to the personal income tax, the corporate tax, the tax on juridical persons, the non-residents' tax, the special contribution related to the personal income tax and the supplementary crisis tax, including the deductions at source, the surtax on the said deductions as well as the surtaxes on the personal income tax, levied on behalf of Belgium, its political subdivisions or its local communities.

Clause 3 Subject to what was mentioned in the Commentary on Clause 2 concerning the income of international air transport enterprises, Belgium does not have specific sales taxes on international air transport operations or on international tickets.

There are airport charges whose proceeds are used to pay for the services provided or to finance investments for the benefit of civil aviation. In particular, this is the case for the use of the facilities developed for the passengers and for the surfaces occupied by handling companies.

The aircraft take-off and landing charges are set in accordance with a rate which varies depending on the weight of the aircraft, its acoustic category and the time of operation. This variation is intended to protect the environment and the peace of those living nearby.

BOTSWANA

Botswana does endorse the ICAO Council Resolution of 24 February 1999 as contained in Doc 8632, Third Edition, 2000. The present legislation does not require the imposition of any taxes or duties of any sort on the said items. As a safeguard, the bilateral air services agreements with other countries contain articles which exempt the designated airlines from payment of such taxes and duties for aircraft engaged in international operations on a reciprocal basis.

Botswana shall keep ICAO informed of any subsequent changes in her position vis-à-vis this resolution.

BURKINA FASO

In accordance with Article 24 of the Chicago Convention, Burkina Faso complies with the policies of the International Civil Aviation Organization (ICAO) on taxation in the field of international air transport.

I. Airport Service Charges

Airport service charges related to airport public services generate remuneration of the airport manager for services rendered.

The adjustment of these charges is based on relevant, objective, and transparent criteria in respect of the costs associated with the provision of these services. The charges comply with ICAO recommendations.

II. Taxes on Fuel, Lubricants, and Other Consumable Technical Supplies

In accordance with Article 24 of the Chicago Convention and with the provisions of the bilateral agreements in place, Burkina Faso, on a basis of reciprocity, applies the exemption from customs or other duties on fuel, lubricants, consumable technical supplies, spare parts, etc.

III. Taxation of Income

As regards the taxation of airline income, the bilateral air transport agreements signed between Burkina Faso and other States provide for non-double taxation of income derived from international air service operations.

BURUNDI**General comments**

Burundi applies the provisions of Document 8632 and has no restrictions with respect to the Resolution. Exemption and reciprocity arrangements are specified in the bilateral air transport agreements between Burundi and the country of the air transport company concerned.

Clause 1

The Government of Burundi exempts from customs and other duties fuel, lubricants and other consumable technical supplies when used in international air transport.

Moreover, it favours the inclusion of a clause to that effect in bilateral air transport agreements in order to ensure reciprocity.

Clause 2

In Burundi, the taxation of the earnings of air transport enterprises and of aircraft and other movable property associated with the operation of aircraft engaged in international air transport is effected in the State in which the head office of the enterprise in question is actually located.

Bilateral air transport agreements negotiated by Burundi must include a tax clause to ensure reciprocal treatment for its international air transport enterprises.

Clause 3

The Government of Burundi levies no taxes on the sale or use of international air transport.



CAMEROON

Cameroon has no objections to ICAO's guidance in respect of policies on taxation in the field of international air transport.

CANADA

General Comments

Canada has a federal system of government. Canada's constitution gives certain taxing powers to the provincial governments and does not require the provinces to conform to the policies of the federal Government in exercising those powers. Municipal governments have also been given their own taxing powers by their respective provincial governments, although more limited.

Therefore, unless otherwise indicated, the following comments only concern taxes and duties imposed by the federal government in Canada.

Clause 1

Clause 1 a) Fuel

Aviation fuel used in the provision of international air transportation services is exempt from federal customs duties and excise taxes.

The federal Goods and Services Tax (GST) and the Harmonized Sales Tax (HST), which is levied instead of the GST in provinces that have harmonized their retail sales taxes with the GST, are relieved in the case of aviation fuel that is used to provide international air transportation services.

While all provinces in Canada levy tax on aviation fuel, most provide either full or partial tax relief for aviation fuel used to provide international air transportation services.

Lubricants or other consumable technical supplies

Aircraft stores, lubricants and other consumable technical supplies used in the provision of international air transportation services are for most items exempt from federal customs duties and excise taxes.

The GST/HST is relieved or refunded in the case of consumable technical supplies that are used to provide international air transportation services.

Clause 1 a) Last paragraph

The relief from GST/HST described above generally only applies where an air carrier is providing international transportation services in the course of its commercial activities.

Clause 1 e) See **General Comment** above.

Clause 2

Clause 2 a) i) No taxes are levied on income derived by non-residents from the operation of aircraft in international traffic, provided the country where they reside grants substantially similar relief to Canadian residents.

Clause 2 a) ii) See **General Comments** above.

Clause 2 b) When non-residents are exempt from federal tax on income and capital directly related to the

operation of aircraft in international traffic, the provinces provide simple tax relief.

Clause 2 c)

Canada has agreements relating to the avoidance of double taxation in force with the following countries:

Algeria, Argentina, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Barbados, Belgium, Brazil, Bulgaria, Cameroon, Chile, China, Côte d'Ivoire, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Estonia, Finland, France, Gabon, Germany, Greece, Guyana, Hungary, Iceland, India, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Republic of Korea, Kuwait, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Moldova, Mongolia, Morocco, Netherlands, New Zealand, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Portugal, Romania, Russian Federation, Senegal, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan, Venezuela, Vietnam, Zambia, Zimbabwe.

Clause 3

International passenger and freight air transportation services are generally relieved of the GST/HST. Passenger air transportation services between Canada and the continental United States or the islands of St. Pierre and Miquelon are subject to the GST/HST if the transportation originates in Canada.

There are certain user charges levied in Canada by the federal government and other service providers that are used to defray the costs of providing facilities and services for civil aviation. These charges are not, therefore, taxes for the purposes of the Council Resolution on Taxation of International Air Transport. They include the following:

- Fees charged to air carriers by Nav Canada, a private non-profit corporation, in order to fund the costs of providing air navigation services in Canada;
- The Air Travellers Security Charge, which is charged by the federal government to air passengers in order to fund the cost of air travel security measures; and
- Airport improvement fees charged by certain airports in Canada in order to help pay for airport improvements.

CHILE

- Clause 1** The Directorate General of Civil Aeronautics of Chile is in full agreement with the Resolution. This position is consistent with the exemption from taxation given by Chile in the cases indicated in Clause 1 of Doc 8632.
- Clause 2** In order to avoid multilateral double taxation, Chile concludes international treaties and agreements with some foreign countries which relate specifically to air transport.
- In general, this type of agreement exempts from taxation the income of the transport enterprises of the other Contracting State derived from their activities, provided that this exemption from taxation is subject to the principle of reciprocity in that other State. Chile has signed treaties with Argentina, Brazil, Colombia, France, Germany, Panama, Paraguay, Spain, the United States, Uruguay and Venezuela.
- Clause 3** In Chile the sale of tickets is exempt from the Value Added Tax (VAT).
-

CHINA

- Clause 1** The bonded aviation fuel warehouses set up by China Aviation Fuel Corporation Ltd. at the following airports shall sell imported and bonded aviation fuel to international civil flights at prices exempt from value added tax (VAT) during the valid period of the bonded warehouses as approved by the customs authorities:
- Beijing Capital, Shanghai Pudong, Tianjin Binhai, Guangzhou Baiyun (new airport), Shenzhen Baoan, Chongqing Jiangbei, Hangzhou Xiaoshan, Qingdao Liuting, Nanjing Lukou, Shanghai Hongqiao.
- Clause 2** A list of countries with which China has concluded Double Taxation Avoidance Agreement is attached.
- Clause 3** Each departing passenger on an international or regional flight pays RMB70 as Civil Aviation Development Fund.

EFFECTIVE TAX TREATIES

<i>Serial No.</i>	<i>Country</i>	<i>Signed on</i>	<i>Effective from</i>	<i>Applicable since</i>
1	JAPAN	1983.9.6	1984.6.26	1985.1.1
2	U.S.A.	1984.4.30	1986.11.21	1987.1.1
3	FRANCE	1984.5.30	1985.2.21	1986.1.1
4	U.K.	1984.7.26	1984.12.23	1985.1.1
5	BELGIUM	1985.4.18	1987.9.11	1988.1.1
6	GERMANY	1985.6.10	1986.5.14	1985.1.1/7.1
7	MALAYSIA	1985.11.23	1986.9.14	1987.1.1
8	NORWAY	1986.2.25	1986.12.21	1987.1.1
9	DENMARK	1986.3.26.	1986.10.22	1987.1.1
10	FINLAND	1986.5.12	1987.12.18	1988.1.1
11	CANADA	1986.5.12	1986.12.29	1987.1.1
12	SWEDEN	1986.5.16	1987.1.3	1987.1.1
13	NEW ZEALAND	1986.9.16	1986.12.17	1987.1.1
14	THAILAND	1986.10.27	1986.12.29	1987.1.1
15	ITALY	1986.10.31	1989.11.14	1990.1.1

16	NETHERLANDS	1987.5.13	1988.3.5	1989.1.1
17	CZECHOSLOVAKIA	1987.6.11	1987.12.23	1988.1.1
18	POLAND	1988.6.7	1989.1.7	1990.1.1
19	AUSTRALIA	1988.11.17	1990.12.28	1991.1.1
20	BULGARIA	1989.11.6	1990.5.25	1991.1.1
21	PAKISTAN	1989.11.15	1989.12.27	1989.1.1/7.1
22	KUWAIT	1989.12.25	1990.7.20	1989.1.1
23	SWITZERLAND	1990.7.6	1991.9.27	1990.1.1
24	CYPRUS	1990.10.25	1991.10.5	1992.1.1
25	SPAIN	1990.11.22	1992.5.20	1993.1.1
26	ROMANIA	1991.1.16	1992.3.5	1993.1.1
27	AUSTRIA	1991.4.10	1992.11.1	1993.1.1
28	BRAZIL	1991.8.5	1993.1.6	1994.1.1
29	MONGOLIA	1991.8.26	1992.6.23	1993.1.1
30	HUNGARY	1992.6.17	1994.12.31	1995.1.1
31	MALTA	1993.2.2	1994.3.20	1995.1.1
32	UNITED ARAB EMIRATES	1993.7.1	1994.7.14	1995.1.1
33	LUXEMBOURG	1994.3.12	1995.7.28	1996.1.1
34	KOREA	1994.3.28	1994.9.27	1995.1.1
35	RUSSIA	1994.5.27	1997.4.10	1998.1.1
36	PAPUA NEW GUINEA	1994.7.14	1995.8.16	1996.1.1
37	INDIA	1994.7.18	1994.11.19	1995.1.1
38	MAURITIUS	1994.8.1	1995.5.4	1996.1.1
39	CROATIA	1995.1.9	2001.5.18	2002.1.1
40	BELARUS	1995.1.17	1996.10.3	1997.1.1
41	SLOVENIA	1995.2.13	1995.12.27	1996.1.1
42	ISRAEL	1995.4.8	1995.12.22	1996.1.1
43	VIET NAM	1995.5.17	1996.10.18	1997.1.1

44	TURKEY	1995.5.23	1997.1.20	1998.1.1
46	ARMENIA	1996.5.5	1996.11.28	1997.1.1
47	JAMAICA	1996.6.3	1997.3.15	1998.1.1
48	ICELAND	1996.6.3	1997.2.5	1998.1.1
49	LITHUANIA	1996.6.3	1996.10.18	1997.1.1
50	LATVIA	1996.6.7	1997.1.27	1998.1.1
51	UZBEKISTAN	1996.7.3	1996.7.3	1997.1.1
52	BANGLADESH	1996.9.12	1997.4.10	(China)98.1.1 (Bangladesh)98.7.1
53	YUGOSLAVIA	1997.3.21	1998.1.1	1998.1.1
54	SUDAN	1997.5.30	1999.2.9	2000.1.1
55	MACEDONIA	1997.6.9	1997.11.29	1998.1.1
56	EGYPT	1997.8.13	1999.3.24	2000.1.1
57	PORTUGAL	1998.4.21	2000.6.7	2001.1.1
58	ESTONIA	1998.5.12	1999.1.8	2000.1.1
59	LAOS	1999.1.25	1999.6.22	2000.1.1
60	SEYCHELLES	1999.8.26	1999.12.17	2000.1.1
61	PHILIPPINES	1999.11.18	2001.3.23	2002.1.1
62	IRELAND	2000.4.19	2000.12.29	(China)2001.1.1 (Ireland)2001.4.6
63	SOUTH AFRICA	2000.4.25	2001.1.7	2002.1.1
64	BARBADOS	2000.5.15	2000.10.27	2001.1.1
65	MOLDOVA	2000.6.7	2001.5.26	2002.1.1
66	CUBA	2001.4.13	2003.10.17	2004.1.1
67	VENEZUELA	2001.4.17	2004.12.23	2005.1.1
68	KAZAKHSTAN	2001.9.12	2003.7.27	2004.1.1
69	INDONESIA	2001.11.7	2003.8.25	2004.1.1
70	OMAN	2002.3.25	2002.7.20	2003.1.1
71	TUNIS	2002.4.16	2003.9.23	2004.1.1

72	IRAN	2002.4.20	2003.8.14	2004.1.1
73	BAHRAIN	2002.5.16	2002.8.8	2003.1.1
74	GREECE	2002.6.3	2005.11.1	2006.1.1
75	KYRGYZSTAN	2002.6.24	2003.3.29	2004.1.1
76	MOROCCO	2002.8.27	2006.8.16	2007.1.1
77	SRILANKA	2003.8.11	2005.5.22	2006.1.1
78	TRINIDAD AND TOBAGO	2003.9.18	2005.5.22	2005.6.1006.1.1
79	ALBANIA	2004.9.13	2005.7.28	2006.1.1
80	BRUNEI	2004.9.21	2006.12.29	2007.1.1
81	AZERBAIJAN	2005.3.17	2005.8.17	2006.1.1
82	GEORGIA	2005.6.22	2005.11.10	2006.1.1
83	MEXICO	2005.9.12	2006.3.1	2007.1.1
84	SAUDI ARABIA	2006.1.23	2006.9.1	2007.1.1
85	ALGERIA	2006.11.6	2007.7.27	2008.1.1
86	SINGAPORE	2007.7.11	2007.9.18	2008.1.1

(HONG KONG, SAR) (MACAU, SAR)

<i>Serial No.</i>	<i>Region</i>	<i>Signed on</i>	<i>Effective from</i>	<i>Applicable since</i>
1	HKSAR	2006.8.21	2006.12.8	(Mainland): 200 (HKSAR): 2007
2	MCSAR	2003.12.27	2003.12.30	2004.1.1

**Arrangement on the Taxation on International Transport Revenue
(Air Transport)**

1. Mutual taxation on enterprise revenue	Taxes levied not exceeding 1.5% of the total revenue: the Philippines	Double Taxation Avoidance Agreement (or arrangement)
2. Mutual exemption of enterprise revenue tax	All the countries (regions) which have concluded taxation agreements with China, except those listed in item 1	Double Taxation Avoidance Agreement (or arrangement)

	Zimbabwe, Turkmenistan, Syria, Peru, Madagascar, Lebanon, Afghanistan, Zaire, Brunei	Taxation clauses in air services agreement
3. Mutual exemption of personal income tax	Zimbabwe, Vietnam, Mongolia, Laos, Kuwait, Bangladesh, Oman, Brunei, Ukraine, Kazakhstan, Maldives, Uzbekistan, Turkmenistan, Former Soviet Union, Lebanon, Kyrgyzstan, Belarus	Taxation clauses in air services agreement
	Republic of Korea	Protocol to taxation agreement
	France, United Kingdom, Bahrain	Special bilateral agreement on mutual tax exemption for international transport
4. Mutual exemption of indirect tax	Japan, Denmark, Singapore, UAE, Republic of Korea, India, Mauritius, Slovenia, Israel, Ukraine, Jamaica, Malaysia (Protocol of 2000), Hong Kong, Macau	Double Taxation Avoidance Agreement (or arrangement)
	Zimbabwe, Vietnam, Uzbekistan, United States, Ukraine, Turkmenistan, Syria, Romania, Peru, Oman, New Zealand, Madagascar, Lebanon, Kyrgyzstan, Kuwait, Kazakhstan, Israel, Canada, Brunei, Belgium, Belarus	Taxation clauses in air services agreement
	United States, France, Thailand, Turkey, Luxemburg, Netherland, Finland, Singapore, Sri Lanka, Bahrain	Agreement or exchange of letter on mutual exemption of international transport revenue tax



CHINA (HONG KONG SAR)

- Clause 1** Implemented.
- Clause 2** The Government of the Hong Kong Special Administrative Region has concluded with a number of countries an avoidance of double taxation article for inclusion in our Air Services Agreements, or stand-alone agreement on avoidance of double taxation with respect to taxes on income from aircraft operation. Negotiations are also under way with some other aviation partners.
- Clause 3** Implemented except for the Air Passenger Departure Tax payable by every passenger departing Hong Kong by air unless exempted.
-

.....

CHINA (MACAU SAR)

Macau will try its best to formulate and implement policy that is compliant with the principles laid out in the Council Resolution.

COLOMBIA

The Colombian Civil Aviation Authority fully agrees that the increase in taxation could have an impact on the growth and development of air transport. It feels that decisions regarding such questions, which are of great importance to any State, should be made based on the knowledge and capacity States deem applicable to matters of taxation, and in compliance with individual fiscal policies.

Only careful study of the matter by each State will ensure that an additional financial burden on air transport will not result in unfavourable discrimination against international civil aviation in relation to other modes of transport. The tax structure deemed appropriate by each State should be based on this principle.

As an ICAO Member State, Colombia accepts the policies established in Doc 8632 (2000) which deal with the taxation of: 1) fuel, lubricants and other supplies; 2) income of international air transport enterprises and aircraft and other movable property; and 3) the sale and use of international air transport.

The following, inter alia, is reflective of the measures adopted by our national government further to these policies:

- 1) The tax burden of the aviation industry is generally similar to that of the other sectors of the national economy.
- 2) Aviation fuel used to supply international air transport services is not taxed because it is considered an export.
- 3) All international air carrier revenue is considered mixed income and is taxed at a rate of 33 per cent on taxable income.
- 4) As regards passengers, in general, a value-added tax (VAT) of 16 per cent is applied on the sale of tickets. However, on international RT flights this is applied only on 50 per cent of the ticket price (eight per cent).
- 5) International cargo transport is exempted from the VAT.
- 6) In order to avoid multiple taxation, an agreement to eliminate duplicate taxation was established with the Government of Panama.
- 7) The Convention on International Interests in Mobile Equipment and the Aircraft Protocol thereto (UNIDROIT) were formalized.

Downloaded from https://www.icao.int/publications/8632_2000

CUBA

Cuba is in agreement with the Council Resolution concerning the matter referred to in ICAO's policies on taxation in the field of international air transport. Said Resolution is in harmony with the provisions of the Cuban legislation in force.

Downloaded from https://www.icao.int/publications/8632_2000/8632_2000.pdf