

NAME UN Model Convention Article 8

COUNTRY Global scope

STATUS In discussion at the UN Tax Committee

DESCRIPTION There's a longstanding global consensus that airlines should be taxed on their worldwide income by their state of residence (e.g. France for Air France). This consensus is being challenged at the UN Tax Committee to make airlines submit tax declarations in all jurisdictions where they operate or generate revenue. This proposal was put forward without consulting the airlines, IATA, or the UN agency for aviation matters, ICAO.

COST The changes under discussion bring potential situations of double taxation, legal disputes, and **massive administrative costs to airlines and tax authorities, without consultation or an impact assessment supporting the proposal.**

The Best Practice Checklist

Prior consultation/ongoing collaboration?



Impact assessment?



Alignment with other tax policies at national, regional or global level?



Fair and non-distortive?



Impact and Next Steps

Airlines are very concerned at the implications of this proposal, including:

- i) neglect of existing global tax policies;
- ii) increased needless complexity and compliance costs;
- iii) absence of demonstrated benefits or impact assessment on how increased costs will affect air connectivity, e.g., in developing states;
- iv) the disregard of the economic benefits currently delivered by aviation, and how they will be impacted.

Airlines and States are called to voice their concerns and support retaining the current wording of Article 8 of the UN Model Convention in regards to international air transport, at the next UN Tax Committee meeting.





The Last Word

“Bundling air transport with shipping in the proposed changes to UN Article 8 would be self-defeating for states.

We urge the UN Tax Committee to preserve the economic and social benefits delivered to countries by international aviation, including facilitating foreign investment, trade, jobs and economic growth that emanate from efficient global connectivity.

Residence-based taxation is the most accurate and fair means of taxing airlines. That must not change.”

Willie Walsh

IATA Director-General

