THE VOICE OF THE WORLD'S AIRPORTS

26 May 2025

H.E. Mr. Bob Rae
President of the United Nations Economic and Social Council
United Nations Headquarters
New York, NY 10017
United States of America

Subject: Concerns Regarding the Proposed Amendments to Article 8 of the UN Tax Model Convention

Your Excellency,

Airports Council International (ACI) respectfully submits this communication regarding amendments to Article 8 of the United Nations Model Double Taxation Convention Between Developed and Developing Countries (hereinafter "UN Model Convention") as approved during the twenty-ninth and thirtieth sessions of the Committee of Experts on International Cooperation in Tax Matters (hereinafter "the Committee") in October 2024 and March 2025.

ACI is the trade association of the world's airports. In representing the interests of its 830 members, which operate 2,181 airports in 170 countries, ACI makes a significant contribution toward ensuring a global air transport system that is safe, secure, efficient, and environmentally sustainable.

As the United Nations Economic and Social Council (hereinafter "the Council") is scheduled to deliberate on the modifications to the UN Model Convention, ACI would urge the Council to reconsider the changes proposed by the Committee.

Those changes pose substantive questions on, firstly, the impact of a new regulatory and economic burden, which would affect the long-term viability and connectivity of the air transport industry and, secondly, the risk of multiple taxation.

Firstly, as highlighted in the Committee's discussion "*Article 8 (Alternative A) is directly in conflict with the official policy on taxation of the International Civil Aviation Organization (a specialized agency of the United Nations)*".

In line with ICAO Resolutions on taxation and ICAO Doc. 8632 - *Policies on Taxation in the Field of International Air Transport,* taxes should not discriminate in favor of other modes of transport, nor impede the development of the industry or suppress the economic benefit of aviation. As remarked by the Committee itself "*the arguments in favour of source State taxation of income from shipping do not apply to income from international air transport*."[2]

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ICAO *Doc. 8632* encourages States to conduct a specific cost-benefit analysis when imposing taxes. In the present case, the costs of the approved changes to Article 8 should include (i) the economic value of reduced traffic and (ii) the costs incurred by the government and service providers administering the tax. Indeed, studies have shown that for every $1 of aviation tax revenue, States forego economic benefits amounting to $2.

Taxes increase the cost of travel and, therefore, pose a risk to the development of air transport and its associated benefits. For instance, when considering taxes exclusively levied on passengers, the taxation burden on international aviation suppresses roughly 760 million passenger trips per year. This depresses key aviation dependent sectors such as tourism and international education and is a major factor where centers of financial and other services are located.

Secondly, as acknowledged by the Committee in multiple occasions, the proposed amendments would generate situations of multiple taxations.

An increased risk of multiple taxation in air transport, and the high level of complexity required to administer the change, will not only harm air transport, but also States' economies and their competitiveness – particularly in Least Developed Countries, which maintain extensive international networks.

Therefore, it is paramount to remark that the approval of changes to Article 8 will affect connectivity, trade, jobs, and the economic viability of various regions. The aviation ecosystem supports local communities, drives economic development, and facilitates prosperity and tourism far beyond its direct scope.

We remain committed to working collaboratively with the UN ECOSOC and other stakeholders to ensure that aviation continues to serve as a catalyst for global economic and social development. Aligned with the positions previously expressed by the International Civil Aviation Organization and the International Air Transport Association, Airports Council International urges the Council to exercise its oversight authority to review the Committee's determination regarding Article 8.

Sincerely,

Justin Erbacci
Director General
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