

14 October 2014

VIA E-MAIL

Mr. Michael Lennard
Chief, International Tax Cooperation Section
Financing for Development Office
UN Department of Economic and Social Affairs
2 UN Plaza, Room DG2172
United Nations
New York, NY 10017
USA
lennard@un.org

Re: United Nations Model Double Taxation Convention, Article 8

Dear Mr. Lennard

I am writing on behalf of the International Air Transport Association (IATA) to provide some further comments, in addition to those set forth in our letter of 14 October 2013, on the issues being considered by the

Mr. Michael Lennard
14 October 2014
Page 2

I wish to confirm that IATA remains fully available to contribute further to any ongoing discussions or analysis the Committee may undertake with respect to Article 8 after this month's meeting. Please do not hesitate to contact me and/or our tax counsel, Mary ~~Be~~mary.bennett@bakermckenzie.com if you would like to pursue this offer of further dialogue.

Thank you very much for your kind consideration of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Charlotte Fantoli". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charlotte Fantoli
Assistant Director Industry Taxation
fantolic@iata.org

Attachment: Appendix, IATA First Supplemental Comments on Article 8

INTERNATIONAL AIR TRANSPORT ASSOCIATION (IATA) :
FIRST SUPPLEMENTAL COMMENTS ON ARTICLE 8 OF THE UN MODEL TAX CONVENTION

MEETING OF THE COMMITTEE OF EXPERTS ON INTERNATIONAL COOPERATION IN TAX MATTERS
GENEVA, 27-31 OCTOBER 2014

Introduction

1. IATA is the trade association for the world's airlines, representing some 240 airlines or 84% of total air traffic. Our member companies are based in over 125 countries and engage in air transport operations virtually every country around the globe.
2. As noted in our preliminary comments submitted on 14 October 2013, our member companies' ability to conduct their air transport operations without facing crippling compliance burdens and multiple taxation risks depends almost entirely upon a consensus in favor of exclusively residence-based taxation of airlines' income from international traffic, as reflected in Article 8 (Shipping, inland waterways transport and air transport) of the UN Model Tax Convention and the identical language of Article 8 of the OECD Model Tax Convention.
3. Accordingly, IATA has a strong interest in the manner in which Article 8 is interpreted and applied. We continue to strongly support the idea of aligning the Commentary on Article 8 of the UN Model with the Commentary on the identical language of Article 8 of the OECD Model, and we remain interested in contributing constructively to the Committee's ongoing examination of the policy considerations relevant to any potential revisions to the Article 8 Commentary. We would be pleased to provide a more thorough analysis of the points made in our comments after the Committee's October 2014 meeting.

Article 8 – So-called “Non-Traditional” Sources of Airline Revenue

4. These comments are focused on the topic of so-called “nontraditional” sources of airline revenue discussed at paragraphs 53 *et seq.* of note E/C.18/2014/CRP.1 on Auxiliary Activities under Article 8, prepared by the Secretariat for the Committee's meeting in Geneva on 27 October 2014.
5. The note mentions

7. Thus, for example, bookings changes, checked baggage, seat assignment, meals, snacks or beverages, printing of boarding passes,

13. IATA appreciates the opportunity to provide these comments. In the event that the Committee decides to study this or any other aspect of the Commentary on Article 8 with a view to its potential revision, we would welcome the opportunity to engage in further dialogue with the Committee on those issues.