

For information

Legislative Council Panel on Economic Development

Collection of Air Passenger Departure Tax and Fuel Surcharge by Travel Agents

Purpose

This paper briefs Members on the current arrangements for the collection of air passenger departure tax (APDT) and fuel surcharge by travel agents.

APDT

2. Under the Air Passenger Departure Tax Ordinance (Cap. 140), airlines are responsible for the collection of the APDT from departing passengers on behalf of the Government. The Government may pay an administration fee to airlines for collection of the tax. Currently, the Government pays to airlines an administration fee of about \$2.78 (representing 2.322%) for every \$120 of APDT collected.

Fuel surcharge

3. Fuel surcharge is a type of aviation tariff which is subject to the approval of aeronautical authorities under the existing bilateral Air Services Agreements (ASAs) for airlines to partially recover the increase in operating costs due to fluctuations in aviation fuel prices. In accordance with the ASAs, the Civil Aviation Department, as the aeronautical authority in the Hong Kong, considers and approves applications from airlines for levying fuel surcharges. The mechanism and remuneration system concerning the collection of such fuel surcharges is a matter between airlines and their ticketing agents.

Remuneration to travel agents

4. We understand from the Travel Industry Council (TIC) that for air tickets sold through travel agents, travel agents collect the APDT and fuel surcharge on behalf of airlines. Travel agents, apart from collecting the APDT and fuel surcharge for air journeys starting from Hong Kong, also collect on behalf of airlines various charges including airport taxes imposed by other countries and insurance charges.

5. In view of the additional workload on travel agents for collecting these various charges on behalf of airlines, the TIC issued a directive on 16 September 2005 to allow member travel agents to charge consumers a service fee of no less than \$30 per ticket. This fee is not mandatory however. Travel agents, after taking into account their own operating cost, can decide whether or not to charge the fee and the amount to be charged. Consumers can compare the level of service fee charged by individual travel agents and other factors in selecting an appropriate travel agent.

6. Members are invited to note the above.

Financial Services and the Treasury Bureau
Transport and Housing Bureau
Commerce and Economic Development Bureau

December 2008