

14 October 2013

VIA E-MAIL

Mr. Michael Lennard  
Chief, International Tax Cooperation Section  
Financing for Development Office  
UN Department of Economic and Social Affairs  
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Re: United

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we could contribute very constructively to the Committee's analysis of the policy considerations relevant to Article 8. Please do not hesitate to contact me and/or IATA's tax counsel, Mary Bennett of Baker & McKenzie LLP ([mary.bennett@bakermckenzie.com](mailto: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,

Charlotte Fantoli  
Manager, Industry Taxation  
[fantolic@iata.org](mailto:fantolic@iata.org)

Attachment: Appendix, IATA Preliminary Comments on Article 8





as referring to activities that are “remote from the actual ~~source~~ <sup>realization</sup> of profits”<sup>4</sup>. It was clear that the examples of so-called “auxiliary” activities described at paragraph 8 of the 2005 OECD Commentary on Article 8 (e.g., the sale of passage tickets on behalf of other enterprises, the operation of a bus service connecting a town with its airport, etc.) did not meet the description of being remote from the actual realization of profits. The term “ancillary” to the operation of aircraft in international traffic, adopted at paragraph 4.2 of the 2005 OECD Commentary, was considered a more appropriate description of the activities intended to be covered by Article 8.

16. The 2005 OECD Commentary included elaborations on the types of income that could be considered directly related or ancillary to the operation of aircraft in international traffic. This was done to update the Commentary to reflect more usefully the actual state of cooperation among airlines. IATA had provided background information to the OECD to explain the need for

able to market themselves as offering a Paris-Chicago-Detroit itinerary without regard to which airline was going to operate the individual legs. Thus, a customer purchasing the trip from EuroAir might receive a ticket showing Flight EU123 from Paris to Chicago and Flight EU456 from Chicago to Detroit, and a customer purchasing the same trip from StatesAir might receive a ticket showing Flight ST123 from Paris to Chicago and Flight ST456 from Chicago to Detroit.

IATA