

# Canada Customs and Revenue Agency Notice

ET/SL-0043

April 2, 2002

## Notice to all Air Carriers: Imposition of the air travellers security charge

On February 5, 2002, the Minister of Finance, the Honourable Paul Martin, tabled the *Air Travellers Security Charge Act* (ATSCA) - Part 2 of Bill C-49. Bill C-49 received Royal Assent on March 27, 2002. The charge will be paid by air travellers for air transportation within and outside the Continental Zone. The Continental Zone means Canada, the United States (except Hawaii) and the Islands of St. Pierre and Miquelon.

The ATSC will be collected by air carriers or their agents at time of acquisition of airline tickets or at time of emplanement at a *listed airport* in Canada. A schedule of the *listed airports* is provided in the ATSCA, and was included in the registration package mailed to air carriers. The ATSC will apply to:

- (i) passenger air transportation acquired in Canada **after March 31, 2002**, that includes a chargeable emplanement at a *listed airport* in Canada after March 31, 2002, and
- (ii) passenger air transportation acquired outside Canada **after March 31, 2002**, that includes a chargeable emplanement at a *listed airport* in Canada after May 31, 2002.

The ATSC will also apply to air transportation acquired **on or before March 31, 2002**, for which any consideration is paid or becomes payable after that date and the transportation includes a chargeable emplanement made after

- (i) March 31, 2002, if the service is acquired in Canada, or
- (ii) May 31, 2002, if the service is acquired outside Canada.

For domestic air travel, acquired in Canada, the ATSC will apply to air transportation between *listed airports* where there is a chargeable emplanement. A “chargeable emplanement” will not usually include an emplanement resulting from transferring and reboarding purposes, and emergency or ground services. For a definition of this term, please refer to section 2 of the ATSCA, which can be found electronically in [www.parl.gc.ca](http://www.parl.gc.ca) under Government Bills.

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Canada Customs and Revenue Agency  
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Generally, for air travel within the Continental Zone, and where the GST/HST applies at the rate of 7% or 15% for the air passenger transportation service, the charge will be \$11.22 for each chargeable emplanement, to a maximum of \$22.43. Where the air passenger transportation service is zero-rated or where the GST/HST does not apply, the charge will be \$12.00 for each chargeable emplanement in Canada to a maximum of \$24.00. The charge will be \$24 for air travel to a place outside the Continental Zone where there is a chargeable emplanement in Canada.

For GST/HST purposes, the amount of the security charge is included in the consideration for the supply of the air transportation service. As such, where the supply of the service, other than a zero-rated supply, is made in a participating province, the total consideration for the supply, which includes the security charge, is subject to HST at 15%. Where the supply is made in a non-participating province, the total consideration for the supply, including the security charge, is subject to GST at 7% providing the supply is not zero-rated.

## **Examples of the ATSC for air travel within the continental zone**

### **(A) Acquired in Canada**

- \$11.22 for each chargeable emplanement in Canada, to a maximum of \$22.43, if the GST/HST is required to be paid.

Example: ticket acquired in Toronto with a routing Toronto - Vancouver - Toronto.

- \$12 for each chargeable emplanement in Canada, to a maximum of \$24, if the GST/HST is not required to be paid.

Example: ticket acquired in Toronto with a routing New York - Toronto - New York.

### **(B) Acquired outside Canada**

- \$11.22 for each chargeable emplanement in Canada, to a maximum of \$22.43, if the GST/HST is required to be paid.

Example: ticket acquired in Chicago with a routing Ottawa - Chicago - Ottawa.

- \$12 for each chargeable emplanement in Canada, to a maximum of \$24, if the GST/HST is not required to be paid.

Example: ticket acquired in Chicago with a routing Chicago - Ottawa - Chicago.

- The ATSC will not apply to regularly scheduled wholly intra-Canada air transportation for a non-resident that is acquired outside Canada.

Example: regularly scheduled air transportation acquired in Seattle with a routing Vancouver - Toronto - Vancouver.

The ATSC will apply to regularly scheduled wholly intra-Canada air transportation acquired outside Canada by a Canadian resident pursuant to subsection 13(1).

A charter flight, acquired outside Canada with the same itinerary, is subject to the ATSC pursuant to subsection 13(2). The rate would be \$11.22 for each chargeable emplanement in Canada, to a maximum of \$22.43, if the GST/HST is required to be paid.

## **Examples of the ATSC for air travel outside the continental zone**

### **(A) Acquired in Canada**

- \$24 for travel to a place outside the Continental Zone with a chargeable emplanement in Canada.

Example: ticket acquired in Montreal with a routing Paris - Montreal - Paris.

### **(B) Acquired outside Canada**

- \$24 for travel to a place outside the Continental Zone with a chargeable emplanement in Canada.

Example: ticket acquired in Paris with a routing Paris - Montreal - Paris.

## **Deeming provision**

- If an air transportation service is acquired outside of Canada in circumstances in which any consideration for the service is paid by transmission or delivery from within Canada to a place outside Canada, or by any another arrangement with a person outside Canada for the benefit or convenience of a person who is resident in Canada, the service is deemed to have been acquired in Canada.
- All purchases made outside Canada by charterers from designated air carriers are deemed to have been made in Canada if the air transportation service being acquired begins at a point in Canada.

## **Exempt passengers**

Diplomats, infants who have not been issued tickets that entitle them to occupy a seat, and airline employees travelling for employment purposes on their own air carrier's aircraft or a subsidiary wholly-owned corporation's aircraft are exempt from the ATSC. As this notice is provided for general information, please refer to paragraph (b) of the definition of "chargeable emplanement" in the ATSCA for specific information regarding such exemptions.

## **Registration**

Every **designated air carrier** who provides air transportation to individuals on an aircraft having a maximum certified take-off weight (MCTOW) greater than 2,730 kg, and who is required to collect the ATSC, must apply to be registered for purposes of the ATSCA. A designated air carrier means an air carrier who is authorized by the Canadian Transportation Agency under Part II of the *Canada Transportation Act* to operate a domestic service or an international service, but does not include the following:

- Canadian Armed Forces, other armed forces cooperating with the Canadian Armed Forces,
- air ambulance services,
- air flight training services,
- aerial inspection services,
- aerial construction services,
- aerial photography services,
- aerial forest fire management services,
- aerial spraying services,
- aerial advertising services,
- aerial fire-fighting services,
- aerial survey services
- aerial reconnaissance services,
- aerial sightseeing services,
- aerial spreading services,
- aerial weather altering services,
- air cushion vehicle services, transportation services for the retrieval of human organs for human transplants,
- aircraft demonstration services,
- glider towing services,
- hot air balloon services,
- parachute jumping services, and
- rocket launching

Air carriers providing these services exclusively are not required to be registered.

Registration form B248 was mailed to all designated air carriers; it should be completed and returned to the Excise and Other Levies Unit of the Summerside Tax Centre at the following address:

Excise and Other Levies Unit  
CCRA Summerside Tax Centre  
275 Pope Road, Suite 101  
Summerside, PE, Canada  
C1N 6E7

Individuals in Canada and the United States may call this unit toll-free at (877) 432-5472. Individuals outside these countries may dial (902) 432-5472. Service is available in both English and French.

### **Monthly returns**

Every registered air carrier must file an Air Travellers Security Charge Return – form B249 – each fiscal month, indicating the total ATSC collected or collectible by the carrier or its agent for the preceding month. If no amounts have been collected or are collectible in that month, a nil return must still be filed. CCRA will mail form B249 to each registered air carrier approximately six weeks prior to the due date.

### **Records**

Registered air carriers will be required to maintain books and records in English or French related to their business operations, in paper or electronic format, for a period of six years after the end of the year

to which they relate. These books and records must contain information that will enable the amount of an air carrier's entitlements and obligations, under the ATSCA, to be determined.

**Who can I contact?**

General enquiries regarding the ATSC, including questions concerning the registration process, can be directed to the Excise and Other Levies Unit of the Summerside Tax Centre at (877) 432-5472 or (902) 432-5472.