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## Who Decides on Aviation Taxation? Why This Is a Governance Question

The debate about fair and effective taxation of aviation is gaining momentum — especially in light of its climate impact.

A recent *InfluenceMap* report revealed that the UN's International Civil Aviation Organization (ICAO) appears heavily influenced by corporate interests in its environmental work. This was also reported by [The Guardian](#).

This raises a fundamental issue: the problem is not just **what** is decided, but **who** gets to decide — in other words, governance. Who sets the rules, who designs tax policy, who decides on exemptions, and who represents the public interest against commercial interests?

### Why Taxation Is a Governance Issue

According report, at a key ICAO meeting on environmental policy, industry representatives outnumbered civil society delegates by about **14 to 1**. Some negotiations take place behind closed doors, partly under strict confidentiality or non-disclosure agreements.

Tax policy is not merely a technical tool to raise revenue. It shapes behavior through incentives or disincentives (e.g. fuel taxes, ticket taxes, VAT on flight services). The impact of taxation depends on who sets the framework, who is represented in decision-making, and how rules are enforced.

If ICAO — the main global aviation body — is captured by industry, there is a real risk that tax policy will be shaped to protect the sector's interests rather than the public interest or the planet.

### Alternative Institutional Pathways

It is worth exploring whether other UN institutions could take on a stronger role in shaping international tax rules for aviation.

#### 1. UN Committee of Experts on International Cooperation in Tax Matters (UN Tax Committee)

This body develops norms, model provisions and guidance on cross-border taxation. It has discussed amending Article 8 of the UN Model Double Taxation Convention, so that not only the country of airline residence can tax profits, but also the countries where revenue is generated (source-based taxation). Such a shift could benefit developing countries, which often generate airline revenues without receiving much tax income. However, it would require more administrative capacity and could raise competition or double taxation issues.

#### 2. UN Framework Convention on International Tax Cooperation (under negotiation)

This new framework convention (to be developed) aims to create more inclusive and equitable international tax governance. It could include **early protocols** on specific areas such as cross-border services or dispute resolution. Future protocols could also cover aviation-specific measures — for example a harmonized approach to fuel taxation or to the VAT treatment of flight services.

### Conclusion

The key question is not only how we tax aviation, but **who decides**. ICAO's current governance model seems to suffer from corporate capture, opacity and weak environmental ambition. By contrast, the UN Tax Committee and the emerging UN Framework Convention on International Tax Cooperation offer real opportunities to build a fairer, more transparent, and more climate-aligned system of global tax rules — including for aviation. The next months will show whether there will be a shift in who decides about developing tax rules for the aviation sector.<sup>1</sup>

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<sup>1</sup> This blog was written with the help of a large language model.