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## AMERICANS FOR TAX REFORM FOUNDATION

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### Taxing Flying

By Peter J. Ferrara

After a year of hard work, the average working man or woman is entitled to a little vacation with the family. They may have scrimped and saved all year to be able to spend two weeks at their favorite getaway. Of course, their savings is heavily taxed all year. But when they finally go to buy airline tickets, what they probably don't realize is how much they are paying in taxes again.

All airline tickets are subject to a Federal excise tax of 10 percent. If you are flying overseas, you are subject to a \$6.00 International Departures Tax and a \$6.50 Customs User Fee when you return. Many airports are also subject to a \$3.00 Passenger Facilities Charge, which is another tax. Air travelers are also subject to a \$6.00 Immigration User Fee, and a \$1.45 Agricultural Inspection Fee. Consequently, over 10 percent of what you pay for flying is actually going to these taxes.

But that is just the beginning. Out of the fare the consumer pays to the airline, the company must pay Federal income taxes, state income taxes, Federal payroll taxes, sales taxes, capital gains taxes, unemployment insurance taxes, workmen's compensation taxes, business license taxes and fees, local property taxes and any local income taxes. The airline must also pay a new 4.3 cents per gallon tax on jet fuel, as well as the telephone excise tax on all its phones. Cargo shipments by plane are also subject to a 6.25 percent excise tax.

These taxes the airlines must pay account for about 30 percent of the price of airline tickets. Counting the taxes paid directly by the consumer, this means over 40 percent of what you pay for an airline ticket actually goes to the government in taxes. Out of average domestic round trip airfare of \$318, this means at least \$127.20 goes for taxes. Everything that goes into obtaining, manufacturing and flying your plane on your trip is covered by the less than 60 percent of your airfare, or \$190.80, remaining after taxes are paid.

Federal, state and local excise and sales taxes, like the 10 percent Federal excise tax on airlines, are particularly harsh for low income workers. Data from the U.S. Bureau of Labor Statistics indicates that about 10 times as much of the incomes of lower income workers as higher income workers goes to paying these taxes.

These taxes are unfair to workers. In a democracy, taxes should not be hidden in the prices of products people buy. They should be explicit and clear, so that voters can determine whether they think those taxes are worth what they are getting from their government.

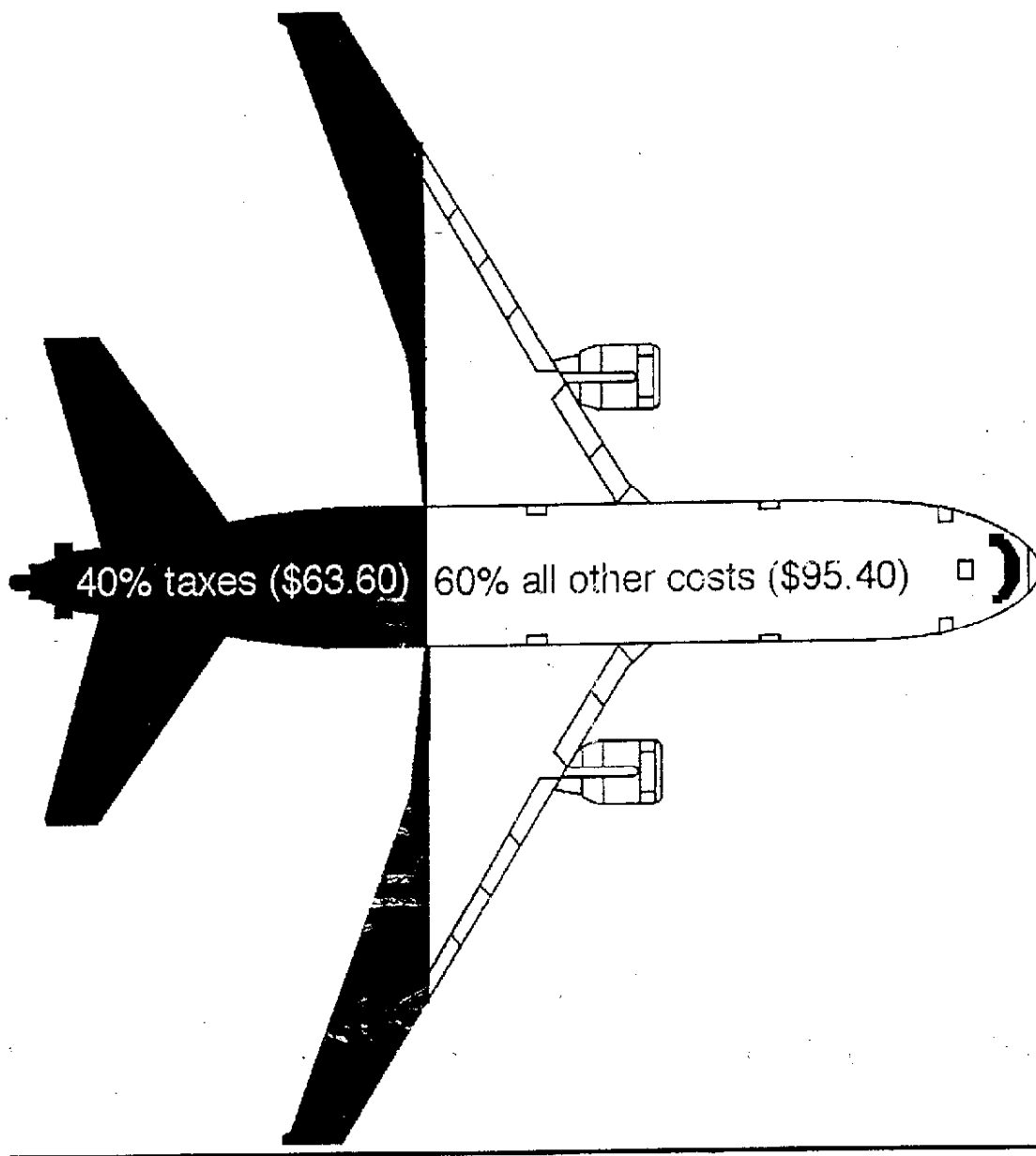
Thomas Jefferson wrote, "Government should not take out of the mouth of labor the bread it has earned." But this is exactly what our greedy and overreaching government does today. It taxes you on your income when you earn it, and taxes it again when you spend it, and taxes you over and over again along the way. As a result, these average family today actually pays more in taxes than on food, clothing and shelter combined.

Tax relief for working people is long overdue. Such tax reduction would give workers more control over their own incomes and economic future. A major tax reduction would also greatly stimulate the economy, leading to more jobs, higher wages, and expanded economic opportunity and prosperity.

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## Average cost of a one-way airline ticket: \$159



### Taxes Imposed on Airlines

Federal Income Taxes  
Federal Payroll Taxes  
Federal Airlines Ticket Excise Tax  
Federal Cargo Shipment Excise Tax  
Federal Jet Fuel Tax  
International Departures Tax  
Customs User Fee  
Immigration User Fee  
Agricultural User Fee

Passenger Facilities Charge  
State Income Taxes  
Unemployment Insurance Taxes  
Workmen's Compensation Taxes  
State and Local Property Taxes  
Business License Taxes and Fees  
Local Income Taxes  
Sales Taxes  
Telephone Excise Taxes