



TICKET TAX AND USER FEES U.S. TAX LANDSCAPE

LEADER IN CORPORATE TAX

Outstanding value, client service, and results through a suite of innovative tax advisory, consulting, and software services



Largest firm in the world
with the majority of its
business focused on
corporate tax



Unique multidisciplinary
structure not restricted
by the Sarbanes-Oxley
Act of 2002

87%
DJIA

Ryan represents 87%
of the companies
that make up the Dow
Jones Industrial Average



More than

5,900

team members worldwide

Four-year Compound
Annual Growth Rate
(CAGR) of

15%



Trusted, established
brand for more than

34 years

Over **32,000**
clients supported
in more than

80 countries

More than **\$4 BILLION**
in annual savings
for our clients

INTEGRATED END-TO-END TAX SERVICES

Offering more than 70 global tax service offerings across five key categories



Recovery



Consulting



Advocacy



Compliance



Technology

GLOBAL PRESENCE, LOCAL EXPERTISE

Ryan represents Global 5000 clients in more than 80 countries with multiple international locations



UNMATCHED INDUSTRY RESULTS



**\$1.5
BILLION**

IN TAX REFUNDS

PARTNERING WITH RYAN, OUR AIRLINE
CLIENTS HAVE IDENTIFIED MORE THAN
\$1.5 BILLION IN TAX SAVINGS ACROSS
MULTIPLE TAX TYPES

TICKET TAX EXPERIENCE

- Scope – U.S. and Canada Federal ticket tax and user fee reviews for Airline:
 - IRS passenger and segment taxes
 - September 11 security fees
 - Customs, Immigration and APHIS user fees
 - Passenger facility charges
 - GST/HST
 - Air Travellers Security Charge
 - Airport Improvement Fee



CURRENT TAX ENVIRONMENT

ANCILLARY SERVICES

► Internal Revenue Service (“IRS”)

- Examples - Baggage, Booking Fees, Seat Fees (Upgrades/Extra Leg Room/Seat Selection), Priority Boarding, Beverages/Meals/Snacks, Expedited Security, Trip Insurance, Travel Bundles, In-Flight Entertainment, etc.
- Rev. Ruling 80-31 – Three Prong Test
- 2010 PLR– 39 Services Submitted
- 2019 Program Manager Technical Advice (“PMTA”)– Seats (Upgrade/Extra Leg Room)
- 2024 PMTA– Seat Section / Booking Fees



CURRENT TAX ENVIRONMENT

ANCILLARY SERVICES

- ▶ PMTA 2019-11, “Taxability of Additional Fee Paid for Premium Economy Seating”
 - Premium Economy Seating not standardized but generally refers to seat with extra leg room.
- ▶ PMTA 2024-04, “Airline Fees for Seat Selection and Online Booking”
 - Seat Selection Fee: Passenger pays an additional fee to choose a specific seat and that fee considered an amount paid to taxable transportation.
 - Online Booking Fee: A passenger buys a ticket through the airline’s website and is charged an online booking fee and no booking fee is charged for in-person purchases. Fee is considered an amount paid for taxable transportation.
 - IRS view – Seat Selection Fees are included as "extra fare" under Treasury Regulations § 49.4261-7(c) and Rev. Rul. 80-31 is not applicable since the services are directly related to air transportation.
 - Counterargument – Optionality and not essential for transportation. Economic Substance Doctrine – seat fee does not change the transportation itself but just the location within the aircraft.

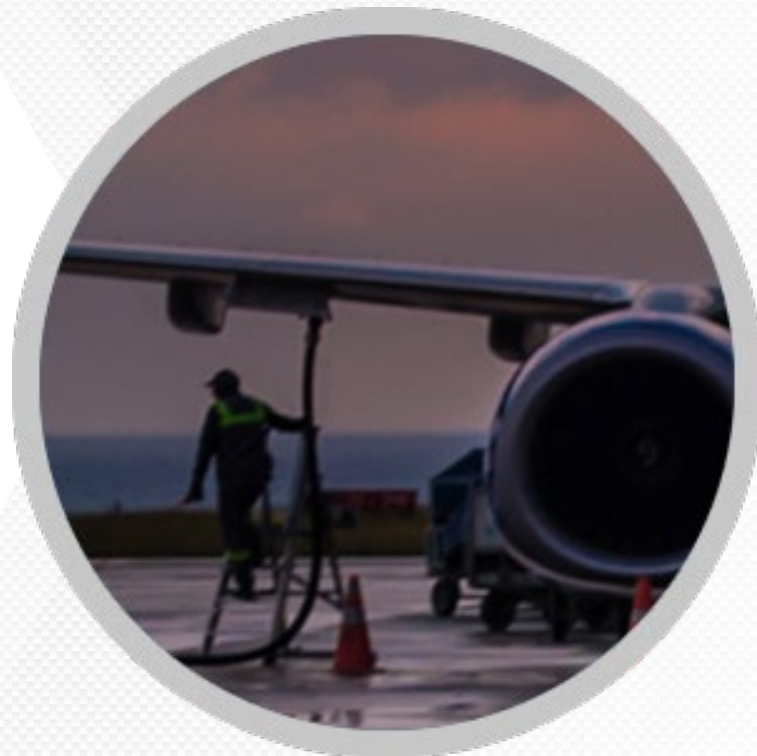
USER FEES RECENT DEVELOPMENTS

- ▶ U.S. User Fee Agencies Audits
 - Focus on specific “Issues”
 - Revised Approach on Reviewing Samples
- ▶ User Fee Court Cases
- ▶ Stay Tuned for Future Decisions



RYAN'S AIRLINE TAX SUMMARY

- All-inclusive, turn-key services
 - Limited time required by tax/revenue accounting team
 - Outside counsel provided for appeals, as necessary
- Process improvement support and knowledge transfer for the future
- We're committed to serving the airline tax team as your trusted advisor for all things tax





OPEN DISCUSSION

CONTACT INFORMATION



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