



# IAAI Newsletter

September 2015, IInd Fortnight Issue

## IAAI Column

### IAAI appeals for uniform application of JN Tax & Fuel Surcharge

In the past decade, the Travel Agents' Fraternity in India has been constantly plagued by a slew of anti-Agent measures such as 'Zero' commission, TAP and WPS inflicted on them by the Airlines. In addition, the anomalies in the application of the JN Tax as well as the Fuel Surcharge, in particular, have crippled the ordinary Agents.

A fortuitous visit to Cochin on 10<sup>th</sup> September by Shri Arun Jaitley, the Hon'ble Minister of Finance, gave an IAAI delegation, led by its President, Shri Biji Eapen, the opportunity to hand over a Memorandum listing out the following salient points with regard to the application of Service Tax & Fuel Surcharge.

IAAI has also made a similar Representation to FICCI for them to include our suggestions in their Pre-Budget Memorandum 2016 - 17.

#### *Luxury/Service Tax*

- At present, the 'JN' luxury/service tax is being charged and collected only on air tickets issued in India for journeys originating from India only.
- Tickets issued by certain Airlines and OTAs directly or through their websites are also not charged such taxes.
- Whereas, passengers coming from abroad whose tickets are issued abroad for travel to India or are in transit through India, do not fall under ambit of this taxation.
- Interestingly, passengers whose travel originate or terminate in an airport located in the States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura or Bagdogra in West Bengal, as well as in the airports of Jammu, Srinagar and Leh, are also exempted from such taxations.

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## IAAI Column

The ambiguity in this taxation policy paves the way for certain big Travel Agents , OTAs, GSAs and/or Airlines having offices spread abroad or in these exempted states/cities, to make cross-border sales and issue crores of Rupees worth tickets without JN taxes, depriving the government of rightful revenue and creating an imbalance or incompatibility in the local pricing system.

As such, we have suggested that India should follow the procedures adopted by the US Government. Whether originating from USA, or destined to USA or just in transit through USA, regardless of where the tickets are issued, all passengers have to compulsorily pay all the US Federal taxes (XA, XY, YC, ZP & AY). Further, it is the responsibility of each airline issuing such tickets to ensure that the complete taxes are collected at the time of issuing tickets and that the same are duly paid to the US Federal Government.

Hence, the 'JN' Tax may be made applicable to all tickets, issued anywhere, for any journeys through/to/from India so that the Government of India reaps the maximum revenue and pricing parity within the Travel Trade is maintained.

### *Fuel Surcharge*

Fuel Surcharges are introduced to temporarily accommodate the fluctuations in Aviation Turbine Fuel costs resulting from variations in international crude oil prices.

This "surcharge" under YQ tax code was initiated as War risk premium and was later continued as Fuel Surcharge. Today, the ATF cost is considerably reduced to US\$ 48 per barrel. Though the actual required fuel cost is already been accounted in the base fare, airlines are still collecting an exorbitant amount as "Fuel Surcharge" under the YQ tax code, which is neither reportable to IATA nor to any government, thereby depriving the Indian Government of its rightful tax revenue and the Travel agents of our legitimate agency commission.

In the Civil Case of Leonie's Travel Pvt Ltd v Qantas Airways Limited [2010] FCAFC 37, on 4<sup>th</sup> May 2010, the Federal Court of Australia had decreed that the Fuel surcharge has to be merged with the applicable air fare.

IAAI has sought the Hon'ble Minister's kind and sympathetic consideration of these trying circumstances and his urgent intervention so that the injustices are remedied.

Regards

Biji Eapen  
National President

D.L. Jekannathan  
General Secretary

S. Saldanha  
National Treasurer

## Aviation News

### **Etihad slashes charges up to 90% in new baggage policy**



Passengers travelling aboard Etihad Airways will find new changes in the airline's baggage policy, effective for tickets issued on or after September 14. The Abu Dhabi-based carrier has revealed plans to adopt a 'piece concept' baggage allowance on the majority of its routes, along with slashing excess charges up to 90 per cent on some. Enhanced benefits for Etihad loyalty programme members has also been introduced.

The new baggage policy is in conjunction with the launch of its new 'Fare Choice' tariff structure, which will provide more choice and clarity to its passengers in terms of greater flexibility and individual customer needs. Most routes will now operate on a piece concept basis. This means that customers are entitled to one, two, or three bags, depending on their Fare Choice, route and Etihad Guest membership status. As part of the policy change, the cost of excess baggage will be cut on the majority of fares. On some routes, the cost of buying an additional 23kg piece of baggage will be reduced by up to 90 per cent, with a further reduction of up to 30 per cent if pre-purchased directly with Etihad up to 24 hours before travel. Members of Etihad Guest will especially benefit from the new baggage concept, as higher tier members now receive an extra bag or additional weight allowance depending on the market and route.

#### ***New baggage policy :-***

Passengers will now enjoy an increased allowance on economy value and economy class of tickets on certain routes from 30kg to two pieces of baggage at 23kg per bag or a total allowance of 46kg. On select routes, the economy allowance will increase for all fare choices from 30kg to two pieces of baggage at 23kg per bag. In premium cabins on certain routes, the allowance will increase from 40/50kg to two pieces of baggage at 32kg per bag. Etihad Gold and Platinum members will receive one extra piece of baggage at 32kg on piece concept routes, compared to 15kg and 20kg respectively previously. For piece concept markets, Etihad Silver members now receive a minimum of two bags of 23kg.

### **Czech Republic Visa Application centre, now in Mumbai**

The Czech Republic recently officially opened its first Visa Application Centre (VAC) in Mumbai with VFS Global. The second VAC was also officially unveiled in New Delhi. Indian visitors to the Czech Republic are increasing at the rate of 15 to 20% each year.

## Aviation News

### IndiGo enhances connectivity with 9 new flights on its domestic network

# IndiGo

Effective September 1, 2015 IndiGo has introduced its 1st daily flight from Varanasi to Goa (via Mumbai), 1st daily non-stop flight between Kolkata and Varanasi, 2nd daily flight from Bengaluru to Varanasi (via Kolkata), 2nd daily non-stop flight between Varanasi and Mumbai, 2nd daily non-stop flight from Ahmedabad to Pune, 5th daily non-stop flight from Delhi to Pune, 6th daily non-stop flight from Mumbai to Goa, 7th daily non-stop flight from Bengaluru to Kolkata and 8th daily non-stop flight between Delhi and Lucknow. The carrier plans to enhance its customer experience in the domestic market with the launch of these 9 new flights.

### Qatar Airways to revive Doha-Nagpur direct flight by last quarter

Qatar Airways plans to resume a direct flight to Nagpur from Doha by December, which it had discontinued over six year ago, due to poor passenger traffic on the sector at that time. The reinstated flight will be serviced by a 144-seater Airbus A320, in



two class cabin with 12 seats in business class and 132 in economy class, Qatar Airways said in a release today. Qatar Airways had previously operated air services to Nagpur from Doha between January 2008 and May 2009. After the resumption of the Nagpur flight, the number of weekly flights operated by Qatar Airways across 13 cities in India would go up to 102 from the 95 at present. Qatar Airways at present operates flight from 12 cities in India - New Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad, Amritsar, Kochi, Thiruvananthapuram, Kozhikode and Goa, via its hub in Doha to global destinations such as Barcelona, Chicago, Dallas, Houston, London, Miami, New York, Paris, Philadelphia, Rome, Washington DC, among others.

Nepal Airlines, the national carrier of the Himalayan country, is returning to Mumbai after exiting nine years ago (As Royal Nepal Airlines), with three direct weekly flights to Kathmandu. As a promotional offer, it is offering a buy-two-get-one offer at Rs 14,000 for a round-trip ticket. The offer is valid through September. The airline will be operating from the new T2 terminal of Mumbai airport. The timings as follows :-



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September. The airline will be operating from the new T2 terminal of Mumbai airport. The timings as follows :-

Mumbai-Kathmandu : RA 202 : 5.25 pm—8.10 pm : Operating on Mon, Wed & Fri

Kathmandu-Mumbai : RA 201 : 2.55 pm—5.30 pm : Operating on Mon, Wed & Fri

## Aviation News

### Air Mauritius to increase frequency from Mumbai to four weekly flights



Having witnessed a growing demand from the Indian market, Air Mauritius, the flag-carrier of Mauritius, will increase flight capacity from Mumbai to four weekly flights from October 2015. Till now, Airline was operating three flights from Mumbai, two from Delhi, and one from Bengaluru via Chennai to Port Louis, the capital city of Mauritius. But, with the growth in demand, Airline will be operating four times a week flight from Mumbai from the end of October.

Additionally, Air Mauritius is in the process of expanding its code-share agreement with Air India by summer 2016. This code-share will entail free-flow flights. It will be a domestic code-share. The recent code-share is only for 8-10 seats.

In order to cater to the holiday rush this year, Air Mauritius operated an additional weekly flight from May till mid-June. From November to January the airline will operate five flights from Mumbai every week because it is a peak season, with weddings taking place in India and people travelling to Mauritius for honeymoon. Also, Airline may look at operating five to six flights from Mumbai and an additional flight from Delhi during the May to June season because the demand is growing. In the near future Airline is looking at operating a daily flight from Mumbai, either from summer or winter of 2017.

### Air Pegasus launches Chennai-Bengaluru direct flight

Air Pegasus has launched direct flights between Chennai and Bengaluru. The aircraft would leave Bengaluru at 1025 hours and reach Chennai at 1125 hours. The return flight would depart from Chennai at 1150 hours and reach Bengaluru at 1250 hours. At present, Air Pegasus offers flights to Hubballi, Thiruvananthapuram, Madurai, Mangaluru, and Kodaikanal. Air Pegasus plans to connect to other cities like Tuticorin, Belgaum, Rajahmundry, and Puducherry.

## Aviation News

# Jet Airways looking to make Amsterdam its gateway for US & Canada



Jet Airways is about to make Amsterdam its gateway for flights to the US and Canada. At present, the airline flies daily from Mumbai and Delhi to Newark and Toronto via Brussels.

Jet is reported to have sought and secured slots at Amsterdam's Schiphol airport and is in talks with Air France-KLM and Delta Airlines for commercial partnerships and code shares on the European and North American routes. Securing a partnership with the two carriers will be a key factor influencing Jet's decision to launch flights to Amsterdam. There is no direct flight between Mumbai and Amsterdam after Delta Airlines pulled out from the route earlier this year. KLM Royal Dutch Airlines is a part of the Air France-KLM group, formed after merger of the two companies in 2004. The two airlines operate separately and KLM flies daily between Amsterdam and Delhi.

Schiphol offered better connections and network opportunities than at Brussels. It is connected with 153 destinations within Europe. Jet has found it difficult to get onward passengers over Brussels because of the limited strength of its local airline partner, Brussels Airlines. Even the Amsterdam airport wants to develop a second direct route between India and Netherlands.

Even as it explores Amsterdam option there is a possibility of Jet Airways connecting Newark via Abu Dhabi. At present, there is no direct flight between Abu Dhabi and Newark but there are multiple flight options between Newark and Amsterdam. Jet already has a code share agreement with KLM, with the Dutch airline placing its code on Jet's domestic routes. Etihad, which owns 24 per cent in Jet, also has code shares with Air France and KLM. Air France-KLM have a partnership with Delta on US routes.

**Source : Business Standard**

## Hospitality News

### Tourism Australia partners with Air India to offer special fares




Tourism Australia has collaborated with India's national carrier, Air India, to offer fares starting from Rs 58,000. The special offer, being advertised on digital platforms, is on until September 30, 15 and valid for travel till October 31, 2015, subject to applicable terms and conditions. In August 2013, Air India launched direct non-stop flights to Sydney and Melbourne providing a boost to aviation capacity between India and Australia by up to 93,400 seats (on an annualised basis).

### Kamat Hotels to expand The Orchid Hotel brand across India through management partnerships

Kamat Hotels India Ltd (KHIL) is looking to expand their ecotel hotel brand, The Orchid Hotel, across the country, especially in Tier-II and III cities, through management route. Currently, The Orchid Hotel is operational in Mumbai (flagship property) and Pune. The company is in advanced stage of talks with various property owners in places like Igatpuri, Kanpur, Ahmedabad, Amritsar, Indore, Lucknow, Lonavala, etc.



### Assam Tourism to introduce economical cruise of Brahmaputra for domestic tourists next year



Assam Tourism is looking to attract domestic tourists for its cruises on the River Brahmaputra, and for this, the tourism board will be adding a new vessel to their fleet by early next year. There two cruise liners currently under Public Private Partnership, and they majorly attract foreign tourists. There will be another vessel, which will be announced in February/ March 2016. With the new ship, Assam Tourism will target domestic tourists, and so this one will be economical and will cover shorter distances, as compared to the existing cruise ships that are generally heavily booked, as early as six months in advance.

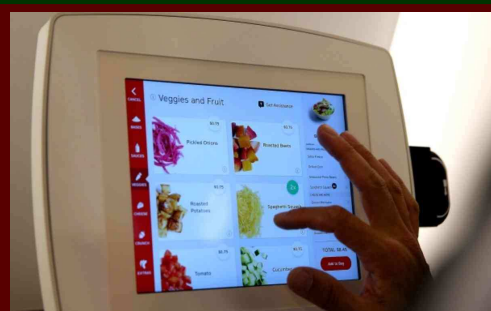
## Hospitality News

### Robots to protect Great Barrier Reef from Starfish



Australian researchers have developed the world's first robot designed to seek out and eliminate crown-of-thorns starfish (COTS) that are wreaking havoc on the Great Barrier Reef's coral. COTS are responsible for 40% of the reef's total decline in coral cover. The COTSbot is equipped with stereoscopic cameras to give it depth perception, five thrusters to maintain stability, GPS and pitch-and-roll sensors and a pneumatic injection arm to deliver a fatal dose of bile salts. The robots can work day and night and in any weather condition. The COTSbot is designed to search the reef for up to eight hours at a time, delivering more than 200 lethal shots.

### Fully automated restaurant opens in US



A new restaurant has opened in San Francisco where customers order, pay and receive their food and never interact with a person. The restaurant, Eatsa, is almost fully automated. There are no waiters or even an order taker behind a counter. There are unseen people helping to prepare the food, but there are plans to fully automate that process too. For optimists, it's a way to make restaurant-going more efficient and less expensive. For pessimists, it's the latest example of how machines are stealing people's jobs.

One gets to browse the menu on a flat-screen monitor. Then you tap in your order through an iPad, customize it and pay. Your name then appears on another screen, and when the food is ready, a number shows up next to it. It corresponded to a cubby where the food soon appears. The cubbies are behind transparent LCD screens that go black when the food is deposited, so no signs of human presence are visible.

Eatsa is an example of how rapidly machines have moved beyond routine jobs like clerical and manufacturing work to knowledge jobs and service jobs -like waiting tables. Economists disagree on whether technology will create more jobs than the ones it destroys, as has happened historically.

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## Hospitality News

### St. Regis, Dubai opening in Nov.



## ST REGIS

The St. Regis Dubai is a part of an exclusive integrated resort that comprises residential towers & a Las Vegas-style theatre. Monuments & attractions of international renown are nearby, and Dubai International Airport (DXB) is a 20 minute drive away. Inspired by Beaux-Arts architecture from New York's Gilded Age, the hotel's interior boasts such elements as a grand staircase, carefully selected artwork, and a musical fountain. Indulgent Spa treatments, sumptuous cuisines, and memorable meetings await. The hotel's 234 world class accommodations comprise 182 guest rooms & 51 signature suites, including a designer suite & its signature Royal Suite. Whatever the request, St. Regis Butler Service is available any time, day or night.

## Electronic toll collection to be rolled out nationally saving time & fuel

Come December & seamless, cashless movement through the national highways across India can be a reality. The Ministry of Road Transport & Highways is planning to have at least one dedicated lane across all toll plazas across the country with inter-operable electronic toll collection (ETC) system. The project would be one of the largest in the world. Through inter-operable ETC system, one can pay toll electronically at any toll collection point through a single pre-paid account.



Under this system, vehicle owners have to open a prepaid account with service providers by completing KYC norms. ICICI bank & Axis bank have been mandated for the purpose. On successful completion of the registration process, the bank issues a prepaid 'radio frequency identification device' (RFID) tag known as 'FASTag', which uniquely identifies the vehicle. Whenever the motorists cross the toll plaza, the applicable toll is deducted automatically from its prepaid account.

The ETC transaction generated at toll plazas are sent to CCH for debiting appropriate toll fee from the account of registered vehicle & crediting the same to respective toll agency. The road users will also get as SMS alert for each ETC transaction. The technology not only saves the time but also fuel.

Currently, ETC is operational at three stretches, Delhi-Mumbai, Delhi-Chandigarh & Bengaluru-Chennai highways. There are around 35 toll plazas spread across these three stretches. However, users are limited to around 2,200 only. There is low awareness among the masses which is the reason behind very few takers. But when it is rolled out nationally, many people will come forward to adopt it.

## Photo Feature

# World's longest & highest Glass-Bottom Bridge

## Zhangjiajie National Park, China



**This year, the world's tallest and longest glass-bottom bridge will open in China's Zhangjiajie national park. Designed by Israeli architect Haim Dotan, the bridge will span 1,410 feet over a breathtaking 984-foot drop and offer panoramic views of the landscape. In comparison, the Grand Canyon Skywalk in Arizona is just 69 feet long and stands 718 feet above the canyon. The Zhangjiajie bridge isn't only for casual tourism; it will serve as a runway for fashion shows, and it will be home to the world's highest bungee jump. The bridge will comprise two side steel beams, a structural glass deck, handrails and side suspension cables, with the capacity to hold up to 800 people at a time. Construction is scheduled to wrap up in July, with an expected opening in October 2015.**

**Open Space****Lighter Moments**

**An Indian in the USA suffered a heart attack on the road & was picked up by an ambulance.**

**Being a religious man, he kept repeating, “Hari Aum, Hari Aum”.**

**When the ambulance pulled into his home, his wife came out & screamed to the paramedics, “Why didn’t you take him straight to the hospital?”**

**They replied, “Because he kept saying : Hurry Home, Hurry Home !”**

***Thought for the Fortnight***

**Faith is taking in the first step even when you don’t see the whole staircase.**

**— Martin Luther King Jr.**

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