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CHAPTER 1 - FARES OVERVIEW

Introduction

How much does it cost? What is the fare? The answer to that question must be provided many times each day. Domestic fares are multiple and volatile. The carriers operate in a highly competitive market. The cost of an airline ticket goes up and down with a variety of ticketing and traveling restrictions and there are multiple fares between all major cities. The quoting of fares and the pricing of air itineraries is complex.

Automation of reservations and fares assists you in quoting the lowest applicable fare. The traditional automation, Global Distribution Systems (GDSs) or Computer Reservations Systems (CRSs), are your primary fare and pricing resources in the workplace. Alternatives to traditional GDSs, including the World Wide Web, now add to that resource making many different options available for the travel professional. Even the traveling public has access to fares, thanks to the Internet.

In this chapter we will provide an overview of domestic airfares, introduce you to some valuable references and resources and then concentrate on some basic faring terms and codes used in the industry. You will want to memorize the codes.

In the remainder of the chapters we have used GDS displays to explore air fares and teach you to interpret such displays.
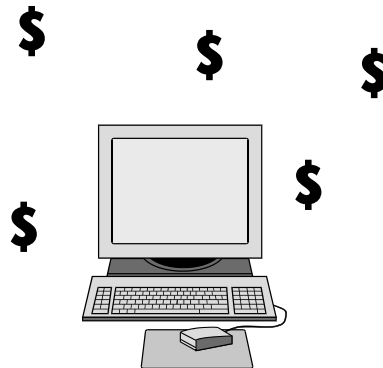
After completing this chapter you should be able to . . .

- Name three fare references
- Identify, define and diagram four trip types
- Differentiate between normal fares and discount fares
- Differentiate between published fares and constructed fares
- Define the fare terms included in this chapter

Summary

➢ The format of tariff displays varies from GDS to GDS. In general, tariff displays include such things as:
  ➢ City pairs
  ➢ Date of display
  ➢ Discount fares and normal fares
  ➢ Fare basis which includes the booking code
  ➢ Minimum and maximum stays
  ➢ Advance purchase requirements
  ➢ Effective travel dates, when applicable
  ➢ Effective ticketing dates, when applicable
  ➢ Routing

➢ Every fare is governed by a fare rule or rules.

➢ Normal fares are year-round fares with no restrictions on purchase time, travel time or refunds and changes. Normal fare construction is governed by Rule 165, which provides for point-to-point construction.

➢ Discount fares are governed by special fare rules. Each fare rule includes all the travel and purchase conditions as well as the construction information for a specific fare as identified by the fare basis code. Some fares have more restrictions than others and therefore those rules will be longer. Each fare rule is divided into informational categories or subjects. Each category describes a particular type of restriction or condition of travel including:

➢ Booking Code	➢ Flight Application
➢ Penalties/Changes	➢ Stopovers/Open Jaw
➢ Reservations and Ticketing	➢ Open Return
➢ Minimum and Maximum Stay	➢ Combinability
➢ Day/Time Application	➢ Co-terminals
➢ Seasonal Application	➢ Surcharges and Fees
➢ Blackouts	➢ Reroute
➢ Effective/Expiration Dates	

CHALLENGE
You can access fares and rules through the Internet.
Sites such as http://expedia.com and www.travelocity.com
allow you to request air travel, price it and then read the rules for the fare.
Explore these sites or others of your choice
and compare with the information found here.
Report your findings to your instructor.

U.S. Tax Summary

The definitions to remember when applying U.S. transportation taxes and fees are:

➢ United States - the 50 states and the District of Columbia.

➢ Continental United States - the contiguous 48 states and the District of Columbia.

➢ Buffer Zones - those areas of Canada and Mexico within 225 miles of the borders of the continental United States.

➢ Domestic Travel - travel wholly within the continental U.S., travel to and within Alaska and Hawaii, and travel to, within, and between the U.S. and the buffer zones.

➢ International Travel - travel beyond the buffer zones.

Ticketing Codes need to be memorized to efficiently interpret faring information.

TICKET CODE	Tax Description and Application
AY	U.S. Security Service Fee - This security fee is levied by the U.S. Government on any enplanement in the Untied States. It is currently $2.50.
Q	Surcharge - Fees assessed the airlines by airports and municipalities and/or fuel surcharges that are passed on to the consumer. Amounts vary.
US	U.S. Ticket Tax - The domestic percentage tax on travel within the continental U.S., within Alaska and within Hawaii, currently 7.5%.
US	Alaska/Hawaii Ticket Tax - A ratio of the 7.5% U.S. Ticket Tax.
US	U.S. International Departure/Arrival Tax - Applicable to all arrivals in or departures from the United States. Currently $15.10.
US	Alaska/Hawaii International Travel Facilities Tax - Applicable to travel involving departures to or from Alaska or Hawaii. Currently $7.50.
XA	Animal and Plant Health Inspection Service (APHIS) Fee is applicable to travel into the U.S. and Puerto Rico from any international point except Canada. Currently $5.00.
XF	Passenger Facility Charge (PFC) - Assessed by an airport for airport improvement. Maximum 2 PFCs for a one-way ticketed journey, maximum 4 PFCs for a round-trip ticketed journey. Amount is usually $3.00 or $4.50.
XT	Combined Taxes/User Fees - This code is used when more than two taxes apply on the ticket. A breakdown of the taxes is shown in the fare calculation area of the ticket.
XY	Immigration Inspection Fee (INS) - Applicable to travel into the U.S., Puerto Rico, Guam, and U.S. Virgin Islands. Currently $7.00
YC	U.S. Customs User Fee - Applies to travel from any international point, except Canada, Mexico and select Caribbean islands, into the U.S. and Puerto Rico. Currently $5.00.
ZP	U.S. Flight Segment Tax - charged for flights from non-rural airports. The current amount is $3.40 with increases from that point on indexed for inflation.

⬤ STOP Review and Apply

5. Refer to the REN below to answer the following questions:

	AMOUNT TO BE REFUNDED / COLLECTED SUBJECT TO CARRIER AUDIT	ARC		REFUND/EXCHANGE NOTICE		CARRIER'S COPY

ARC   REFUND/EXCHANGE NOTICE   CARRIER'S COPY

AMOUNT TO BE REFUNDED / COLLECTED SUBJECT TO CARRIER AUDIT

A	TOTAL COST OF NEW TICKET(S)	645.10	
B	BASE FARE OF OLD / REFUNDED TICKET(S)	393.48	
C	INDIVIDUAL TAXES ON OLD / REFUNDED TICKETS INCLUDING PFC'S	CODE US	29.52
D		CODE ZP	3.40
E		CODE XT	7.00
F	TOTAL COST OF OLD TICKET(S) (B+C+D+E)	433.40	
G	TOTAL COST OF NEW TKT(S) MINUS TOTAL COST OF OLD TKT(S) (A - F)	211.70	
H	ADMINISTRATIVE OR PENALTY FEE	+	0
I	AMOUNT COLLECTED FROM OR REFUNDED TO CLIENT (G + H) SUBJECT TO CARRIER AUDIT	+	211.70

PASSENGER NAME: HANSEN/CONNIE
CARD HOLDER / CORPORATE NAME: HANSEN/CONNIE

COMMISSION ON NEW TICKET(S): + 0
COMMISSION ON ADMIN / PENALTY FEE: + 0
COMMISSION RETURNED ON OLD TICKET(S): - 0
COMMISSION DUE TO / FROM YOU: + - 0

FORM OF PAYMENT / ACCOUNT NUMBER
VI 4321 1122 3344 5656 11/XX

AGENCY CODE NO.
0 0   1 3 4 3 4 9

TODAY'S DATE
DAY MONTH YEAR
0 7   J U N   X X

OLD TICKET NUMBER(S)

FLT. CPNS.	CARRIER	FORM / SERIAL NO.
1	0 0 6	8 4 5 6 1 2 5 5 3 7

NEW TICKET NUMBER(S)

CARRIER	FORM / SERIAL NO.	CK
0 0 6	8 4 5 6 1 2 5 6 1 1	1

TRANSACTION TYPE
STRAIGHT REFUND ☐
ADD COLLECT ☒
EVEN EXCHANGE ☐
REFUND WITH EXCHANGE ☐

UNUSED PFCS FROM OLD REFUNDED TICKET(S)

AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT
SLC	4.5						

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a. **Is this a straight refund, add collect, even exchange or refund with exchange?**

b. **Is there an administrative fee or penalty on this exchange?**

c. **What is the total cost of the old ticket?**

d. **What is the amount to be collected?**

e. **Who is this REN for?**

⬣ STOP Review and Apply

6. Refer to the REN below to answer the following questions:

	AMOUNT TO BE REFUNDED / COLLECTED SUBJECT TO CARRIER AUDIT		ARC	REFUND/EXCHANGE NOTICE		CARRIER'S COPY

PASSENGER NAME CHASE/MARISSA
CARD HOLDER / CORPORATE NAME
AGENCY CODE NO. 0 0 1 5 2 2 0

A	TOTAL COST OF NEW TICKET(S)	2237.00	
B	BASE FARE OF OLD / REFUNDED TICKET(S)	2125.11	
C	INDIVIDUAL TAXES ON OLD / REFUNDED TICKETS INCLUDING PFC'S	CODE US	159.39
D		CODE ZP	6.80
E		CODE XT	13.50
F	TOTAL COST OF OLD TICKET(S) (B+C+D+E)	2304.80	
G	TOTAL COST OF NEW TKT(S) MINUS TOTAL COST OF OLD TKT(S) (A - F)	+/⊖	67.60
H	ADMINISTRATIVE OR PENALTY FEE	+	0
I	AMOUNT COLLECTED FROM OR REFUNDED TO CLIENT (G + H) SUBJECT TO CARRIER AUDIT	+	67.60

COMMISSION ON NEW TICKET(S) + 0
COMMISSION ON ADMIN / PENALTY FEE + 0
COMMISSION RETURNED ON OLD TICKET(S) - 0
COMMISSION DUE TO / FROM YOU +/- 0

FORM OF PAYMENT / ACCOUNT NUMBER CHECK
TODAY'S DATE DAY 2 5 MONTH A U G YEAR X X

OLD TICKET NUMBER(S)

FLT. CPNS.	CARRIER	FORM / SERIAL NO.
1 2	- 0 0 6 -	8 7 3 4 6 1 2 1 0 1
	-	-
	-	-

NEW TICKET NUMBER(S)

CARRIER	FORM / SERIAL NO.	CK
0 0 6 -	8 7 3 4 6 1 7 7 1 7	- 2
	-	-
	-	-

TRANSACTION TYPE
STRAIGHT REFUND ☐
ADD COLLECT ☐
EVEN EXCHANGE ☐
REFUND WITH EXCHANGE ☒

UNUSED PFCS FROM OLD REFUNDED TICKET(S)

AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT
SLC	4.5	BOS	4.5				

a. Is this a straight refund, add collect, even exchange or refund with exchange?
_____

b. What is the new ticket number? _____

c. What date was this REN issued? _____

d. What is the base fare of the old ticket? _____

e. What is the amount of U.S. tax? _____

f. What is the amount of the segment tax (ZP)? _____