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## Fuel surcharge tax scrapped

The Ministry of Finance has decided to suspend the collection of taxes on airlines' fuel surcharges in a move to alleviate the financial woes of domestic carriers.

The ministry said the suspension would be effective Jan 1 and continue until the end of 2010. The tax rate on fuel surcharge now is 3 percent.

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"The benefit is limited as the tax only accounts for a very small proportion of airlines' costs," said Mao Ang, analyst, China Galaxy Securities Co Ltd. "For listed carriers, it may see earnings per share going up by 0.01 cent."

The National Development and Reform Commission also slashed the surcharge on flights of 800 km to 40 yuan from 150 yuan per ticket. For routes shorter than 800 km, the rates have been reduced to 20 yuan from 80 yuan per ticket.

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