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# CHAPTER 1 - FARES OVERVIEW

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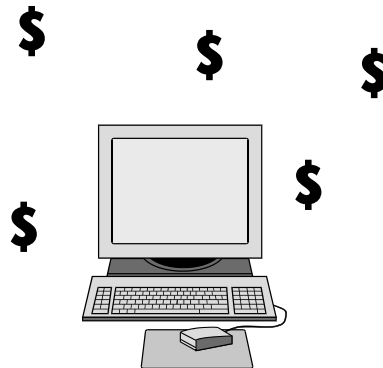
## Introduction

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

### CHALLENGE

You can access fares and rules through the Internet. Sites such as <http://expedia.com> and [www.travelocity.com](http://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.

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## 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

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 United 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																																																																																																																																																								
A	TOTAL COST OF NEW TICKET(S)	PASSENGER NAME <b>HANSEN/CONNIE</b>	CARD HOLDER / CORPORATE NAME <b>HANSEN/CONNIE</b>	AGENCY CODE NO. <b>00134349</b>																																																																																																																																																								
B	BASE FARE OF OLD / REFUNDED TICKET(S)	COMMISSION ON NEW TICKET(S) + <b>0</b>	FORM OF PAYMENT / ACCOUNT NUMBER <b>VI 4321 1122 3344 5656 11/XX</b>	TODAY'S DATE DAY MONTH YEAR <b>07 JUN XX</b>																																																																																																																																																								
C	INDIVIDUAL TAXES ON OLD / REFUNDED TICKETS INCLUDING PFC'S	COMMISSION ON ADMIN / PENALTY FEE + <b>0</b>	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th colspan="12" style="text-align: center;">OLD TICKET NUMBER(S)</th> <th colspan="12" style="text-align: center;">NEW TICKET NUMBER(S)</th> </tr> <tr> <th colspan="4" style="text-align: center;">FLT. CPMS.</th> <th colspan="4" style="text-align: center;">CARRIER</th> <th colspan="4" style="text-align: center;">FORM / SERIAL NO.</th> <th colspan="4" style="text-align: center;">CARRIER</th> <th colspan="4" style="text-align: center;">FORM / SERIAL NO.</th> <th colspan="4" style="text-align: center;">CK</th> </tr> </thead> <tbody> <tr> <td>1</td><td></td><td></td><td></td><td>-</td><td>0</td><td>0</td><td>6</td><td>-</td><td>8</td><td>4</td><td>5</td><td>6</td><td>1</td><td>2</td><td>5</td><td>5</td><td>3</td><td>7</td> <td>0</td><td>0</td><td>6</td><td>-</td><td>8</td><td>4</td><td>5</td><td>6</td><td>1</td><td>2</td><td>5</td><td>6</td><td>1</td><td>1</td><td>-</td><td>1</td> </tr> <tr> <td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> <td></td><td></td><td></td><td></td><td>-</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </tbody> </table>	OLD TICKET NUMBER(S)												NEW TICKET NUMBER(S)												FLT. CPMS.				CARRIER				FORM / SERIAL NO.				CARRIER				FORM / SERIAL NO.				CK				1				-	0	0	6	-	8	4	5	6	1	2	5	5	3	7	0	0	6	-	8	4	5	6	1	2	5	6	1	1	-	1					-				-															-																-				-															-											
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E	TOTAL COST OF OLD TICKET(S) (BY CHD/E)	COMMISSION DUE TO / FROM YOU + <b>0</b>																																																																																																																																																										
F	TOTAL COST OF OLD / REFUNDED TICKET(S)	TRANSACTION TYPE STRAIGHT REFUND <input type="checkbox"/> ADD COLLECT <input checked="" type="checkbox"/> EVEN EXCHANGE <input type="checkbox"/> REFUND WITH EXCHANGE <input type="checkbox"/>	UNUSED PFC'S FROM OLD REFUNDED TICKET(S)																																																																																																																																																									
G	TOTAL COST OF NEW TICKET(S) MINUS TOTAL COST OF OLD TICKET(S) (A-F)	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>AIRPORT CODE</th> <th>AMT</th> <th>AIRPORT CODE</th> <th>AMT</th> <th>AIRPORT CODE</th> <th>AMT</th> <th>AIRPORT CODE</th> <th>AMT</th> </tr> </thead> <tbody> <tr> <td><b>SLC</b></td> <td><b>4.5</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>			AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT	AIRPORT CODE	AMT	<b>SLC</b>	<b>4.5</b>																																																																																																																																														
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H	ADMINISTRATIVE OR PENALTY FEE																																																																																																																																																											
I	AMOUNT COLLECTED FROM OR REFUNDED TO CLIENT (G+H) SUBJECT TO CARRIER AUDIT																																																																																																																																																											

- Is this a straight refund, add collect, even exchange or refund with exchange?  
\_\_\_\_\_
- Is there an administrative fee or penalty on this exchange? \_\_\_\_\_
- What is the total cost of the old ticket? \_\_\_\_\_
- What is the amount to be collected? \_\_\_\_\_
- 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	
<b>A</b>	TOTAL COST OF NEW TICKET(S)	2237.00	PASSENGER NAME <b>CHASE/MARISSA</b>		CARD HOLDER / CORPORATE NAME	
<b>B</b>	BASE FARE OF OLD / REFUNDED TICKET(S)	2125.11	COMMISSION ON NEW TICKET(S) * 0		AGENCY CODE NO. 00152220	
<b>C</b>	INDIVIDUAL TAXES ON OLD / REFUNDED TICKETS INCLUDING PFC'S	159.39	FORM OF PAYMENT / ACCOUNT NUMBER <b>CHECK</b>		TODAY'S DATE DAY MONTH YEAR 25 AUG XX	
<b>D</b>	CODE ZP 6.80	COMMISSION ON ADMIN / PENALTY FEE * 0	OLD TICKET NUMBER(S)		NEW TICKET NUMBER(S)	
<b>E</b>	CODE XT 13.50					
<b>F</b>	TOTAL COST OF OLD TICKET(S) (B+C+D+E)	2304.80	COMMISSION ON UNWORLD ON OLD TICKETS - 0		COMMISSION DUE TO / FROM YOU * 0	
<b>G</b>	TOTAL COST OF NEW TICKET(S) MINUS TOTAL COST OF OLD TICKET(S) (A-F)	67.60	TRANSACTION TYPE STRAIGHT REFUND <input type="checkbox"/> ADD COLLECT <input type="checkbox"/> EVEN EXCHANGE <input type="checkbox"/> REFUND WITH EXCHANGE <input checked="" type="checkbox"/>		UNUSED PFC'S FROM OLD REFUNDED TICKET(S)	
<b>H</b>	ADMINISTRATIVE OR PENALTY FEE	0	AIRPORT CODE AMT <b>SLC 4.5</b>		AIRPORT CODE AMT <b>BOS 4.5</b>	
<b>I</b>	AMOUNT COLLECTED FROM OR REFUNDED TO CLIENT TO / FROM SUBJECT TO CARRIER AUDIT	67.60	AIRPORT CODE AMT		AIRPORT CODE AMT	

- Is this a straight refund, add collect, even exchange or refund with exchange?  
\_\_\_\_\_
- What is the new ticket number? \_\_\_\_\_
- What date was this REN issued? \_\_\_\_\_
- What is the base fare of the old ticket? \_\_\_\_\_
- What is the amount of U.S. tax? \_\_\_\_\_
- What is the amount of the segment tax (ZP)? \_\_\_\_\_