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TRAVEL ADVISOR
Conference 2026

San Diego, CA | May 27-29

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Beyond Commissions

How Travel Advisors Can Build Profit They Can Count On
(And Other Financial Tips to Improve Profit and Cashflow)

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BSc (Hons) Mathematics & Statistics

WHY LISTEN TO ME?

>100
Number of TAs I have worked with

25+
years in travel finance across 12 countries

- **Booking Holdings – Agoda, B.com, Priceline**
- **Hotelbeds Group (Bedsonline) & The Travel Corporation**
- **Worked with over 100 Travel Companies, from individual TAs to Tour Operators, to Luxury DMCs, to Hotel Chains**
- **I have dealt with the world.. From Japan to Australia, China to Maldives, Iceland to Botswana, US to Argentina and everything in between**


IFRS
UK GAAP
International Tax
Depreciation
Audit
Compliance
NASDAQ
Balance Sheet
SOX
Peseuse
Revenue
Recognition
SOX
Transfer Pricing
SOX
Profit & Loss
Sale Tax
UK Package
US GAAP
Regulations
Accounting
Depreciation
SOX
SOX
sales tax
EU Package Directive
VAT
Budgeting
Indirect Tax
Accruals
Profit & loss
Financial Statements
Risk Management
Capital Gains
EU Package Directive
Internal Controls
Consolidation
Accruals
Audit Trail
Cash Flow
Currency Exchange

Who's in this Room? — The ASTA Travel Advisor

$52,636	$517,797	67%	58%
Average annual income (hosted advisors, 2023)	Average annual sales (experienced advisors)	Home-based independent contractors	Reported sales increase in 2025

Key Insight: ASTA members represent 80% of all travel sold in the US through the agency channel

- 📌 46% of hosted advisors say travel is NOT their primary income
- 📌 78% of revenue comes from commissions, only 22% from service fees
- 📌 37% started selling travel in the past 5 years, the room is full of newer advisors
- 📌 76% of clients are over 40, 60% have incomes of $100K+
- 📌 Top specialization: Ocean cruises. Top growth: Luxury & experiential travel

Sources: HAR 2024 Hosted Travel Advisor Report, Travel Weekly Industry Survey 2025, ASTA, TravelAge West 2026 Need to Know

Table of Contents

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Section 1
Why profit still feels unpredictable

Why are we talking about this in 2026?

Because the economics of being a travel advisor have fundamentally shifted.

Commissions are thinner than ever

Suppliers are cutting rates and pushing direct bookings. The commission you earned 5 years ago on the same product is smaller today.

Marketing costs are higher

You're spending more to win the same client. Social media, website, ads - the cost of being visible keeps climbing.

Clients expect more service for less

Complex itineraries, 24/7 WhatsApp support, last-minute changes - but they resist paying a fee for any of it.

Cash arrives late, bills arrive on time

Supplier commissions sometimes take 60–90 days. Your rent, software, and insurance don't wait. The timing mismatch is real.

Sales growth is hiding profit problems

Revenue is up but your bank account doesn't feel like it. More bookings ≠ more money in your pocket.

Commissions are NOT Profit

Revenue ≠ Cash in Your Pocket

What eats your commission before you see it:

- 💸 Commission structures are eroding - suppliers are cutting rates to push direct bookings
- 💸 OTA commissions of 15–30% eat into what you thought was yours
- 💸 Late payments from clients and suppliers create cash gaps
- 💸 Hidden costs: software subscriptions, marketing, insurance, training
- 💸 FX losses on international bookings you didn't hedge
- 💸 Refunds and cancellations where YOU absorb the cost

"If you earned $50K in commissions last year but can't explain where it went..."

This session is for you.

Are you a large TA with revenue of between $5-20m?
If so contact me for some specialist material

Section 2
Know your real numbers

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HOW YOUR BUSINESS MODEL AFFECTS YOUR MONEY

For independent advisors and small agencies

Understanding which model you're in explains your cashflow, your risk, and your growth path- You could be in all 3

🏠 Host-Affiliated

Agency Model

⏱ 60–120
day cash wait

What it is

You operate under a host agency's IATAN/ARC accreditation. Commissions flow through the host, who takes a percentage (typically 10–30%) before passing the remainder to you.

Margin

Lower - host takes a cut. But your fixed costs are minimal. Good starting point.

Best for

New advisors. Low risk, low admin, low upfront cost. Focus on selling.

Watch out

Know exactly what your host is taking. Some contracts are not transparent.

🏢 Independent Agency

Agency Model

⏱ 30–90
day cash wait

What it is

You hold your own IATAN/ARC accreditation. Commissions are paid directly from the supplier to you, in full. Higher admin burden, you manage your own accreditation and errors & omissions insurance.

Margin

Higher than host-affiliated. You keep 100% of commission. Fixed costs are higher.

Best for

Advisors doing $200K+ in commissions annually. The economics justify the fixed costs.

Watch out

E&O insurance, IATAN fees, and ARC bond are real costs. Model the break-even before switching.

💳 Merchant / Packager

Merchant Model

⏱ Cash
positive

What it is

You collect the full client payment yourself, pay suppliers at net rates, and keep the margin. You own the transaction. Common in group travel, luxury FITs, and custom itineraries.

Margin

Highest potential margin. Net rates can be 20–40% below retail. You set your own markup.

Best for

Advisors specialising in groups, luxury, or custom itineraries. Requires supplier relationships and confidence.

Watch out

You hold client money - refund liability is yours. Must have a separate client account and clear T&Cs.

The Profit Leak Map - Where your Money actually goes

Gross Booking Value	$5,000	
Supplier Cost	−$3,500	(hotel, air, transfers)
Your Commission	$1,500	(what you think you earned)
Payment & Merchant Fees	−$75	(card processing, platform fees)
FX Loss	−$60	(exchange rate moved 4%)
Refund / Cancellation Risk	−$90	(avg across your book)
Marketing Cost to Win Client	−$180	(ads, website, content, time)
Your Time Servicing It	−$320	(12 hrs × $27/hr — is that enough?)
Software & Subscriptions	−$50	(CRM, tools, pro-rated)
REAL PROFIT	$725	← This is what you actually kept

Know your real Numbers

1 Receivables Aging

How old are your unpaid invoices?
If clients owe you 60+ days, that's YOUR cash they're sitting on.

→ Track it weekly
→ Set payment terms upfront
→ Follow up at 30 days, not 90

2 Net Margin Per Booking

Revenue minus ALL costs = your real profit.
Include: time spent, software, marketing, refund risk.

→ Know your cost-per-booking
→ Drop low-margin products
→ Focus on high-value clients

3 Cash Balance Trend

Is your bank balance going up or down over 3 months?
Profit on paper means nothing if cash is shrinking.

→ Check every Friday
→ Plot a simple trend line
→ React before it's a crisis

What does good look like?

Where do you sit? Circle your column.

Metric	🔴 Struggling	🟡 Healthy	🟢 Thriving
Net Margin Per Booking	< 10%	15 – 25%	25%+
Receivables Over 45 Days	> 30% of revenue	< 15%	< 5%
Cash Reserve	< 1 month expenses	3 months	6+ months
Service Fee Revenue	0% of income	10 – 20%	30%+
Commission Collection Rate	< 85%	90 – 95%	98%+
Weekly Financial Review	Never / rarely	Monthly	Every Friday
Client Deposit Policy	No deposits	Sometimes	Always (25–50%)

🎯 Goal: Move one column to the right in each row over the next 6 months.

A Real Example

Solo advisor, 5 years in business. Anonymized

BEFORE

"Business is growing!"

Annual Sales	$480,000
Commissions Earned	$62,000
Uncollected Receivables (60+ days)	−$11,000
Software & Subscriptions (3 overlap)	−$7,000
FX Losses on Intl Bookings	−$5,000
Uncompensated Research (200+ hrs)	−$5,000
Actual Take-Home	~$34,000

Working harder every year, earning less.

AFTER

6 months later - same advisor

- ☑ Introduced $150 planning fee on complex itineraries
- ☑ Dropped 2 low-margin supplier relationships
- ☑ Invoiced within 24 hours + 30-day payment terms
- ☑ Audited subscriptions - cancelled 4, saved $3K/yr
- ☑ Cash Flow Fridays - 15 min every week
- ☑ Stopped selling products under 12% net margin

Revenue dropped	12%
Take-home profit increased	41%

Section 3

Build profit you can count on

Revenue you Control vs Revenue you Don't

The most important shift you can make: build income that no supplier can take away from you.

❌ Revenue you DON'T Control

Supplier commission rates
They set them. They cut them. You have no say.

OTA payout timing
They pay when they pay. You wait.

Client cancellation decisions
One email and your commission evaporates.

Currency movements
FX moves between booking and payment - you absorb it.

Supplier bankruptcy / disputes
If they go under, your commission goes with them.

✅ Revenue you DO Control

Planning & research fees
$50–$250 per trip - charge for your expertise

Change & amendment fees
Your time has value, so consider billing for scope changes

Concierge & trip design fees
Premium service for complex, multi-stop itineraries

Group service fees
Weddings, retreats, reunions - one sale, 20+ bookings

Air booking fees
Where permitted - standard in many markets

Membership / VIP models
Annual retainer for priority service & perks

Supplier overrides at scale
Volume bonuses you negotiate directly

Beyond Commissions - Building Revenue you Control

Service Fees

Charge for your expertise, not just bookings.
• Planning fees for complex itineraries ($50–$250)
• Research fees for destination deep-dives
• 54% of clients choose agents for EASE and they'll pay for it

Consulting & Retainers

Corporate clients will pay monthly retainers.
• Offer a 'Travel CEO' package for small businesses
• Charge for travel policy creation & review
• Recurring revenue = predictable cashflow

Ancillary Revenue

Insurance, experiences, upgrades = margin boosters.
• Travel insurance commissions (15–30%)
• Curated experience add-ons
• VIP upgrades and exclusive access packages

Group & Event Travel

Higher volume, higher margins, repeat business.
• Destination weddings, corporate retreats
• Reunion & milestone celebrations
• One sale = 20+ bookings

How to have service fee conversation? See Appendix

Extra Levers you can pull - If you are with a Host Agency

Everything so far applies whether you're solo or host-affiliated. But if you're with a host, you have additional tools.

🤝 Negotiate Your Commission Split - Annually

Your split isn't set in stone. As your sales grow, your leverage grows. Review it every year. If your host won't negotiate, that's data too.

💡 Most advisors never ask. The ones who do often get 5–10% more.

🛒 Leverage Host Buying Power

Your host negotiates preferred supplier rates and overrides that you can't get alone. Make sure you know which suppliers your host has the best deals with - and sell those first.

💡 Selling a preferred supplier can mean 2–5% higher commission on the same booking.

🔧 Use Host Tools before buying your own

Many hosts provide CRM, booking engines, marketing templates, and training - included in your split. Audit what's available before paying for overlapping subscriptions.

💡 I've seen advisors paying $200/month for tools their host provides free.

⏱️ Push for Faster Commission Pass-Through

When a supplier pays your host, how long before it reaches you? Some hosts hold commissions 30–60 days after receiving them. Ask for transparency on the timeline.

💡 If your host is sitting on your cash for 60 days, that's YOUR cashflow problem.

📊 Ask for your Data

Good hosts can provide you with reporting: your sales by supplier, your commission by product, your year-over-year trends. This is gold for business planning.

💡 If your host can't give you this data, you're flying blind.

🎓 Use Host Training & Conferences

Host-provided training, supplier webinars, and annual conferences are often included or subsidized. These are where you build supplier relationships that lead to overrides and FAM trips.

💡 The advisors who attend host events consistently out-earn those who don't.

Your host is a business partner, not just a back office. Treat the relationship like one - review, negotiate, and optimize it.

Section 4

Protect margin and cash flow

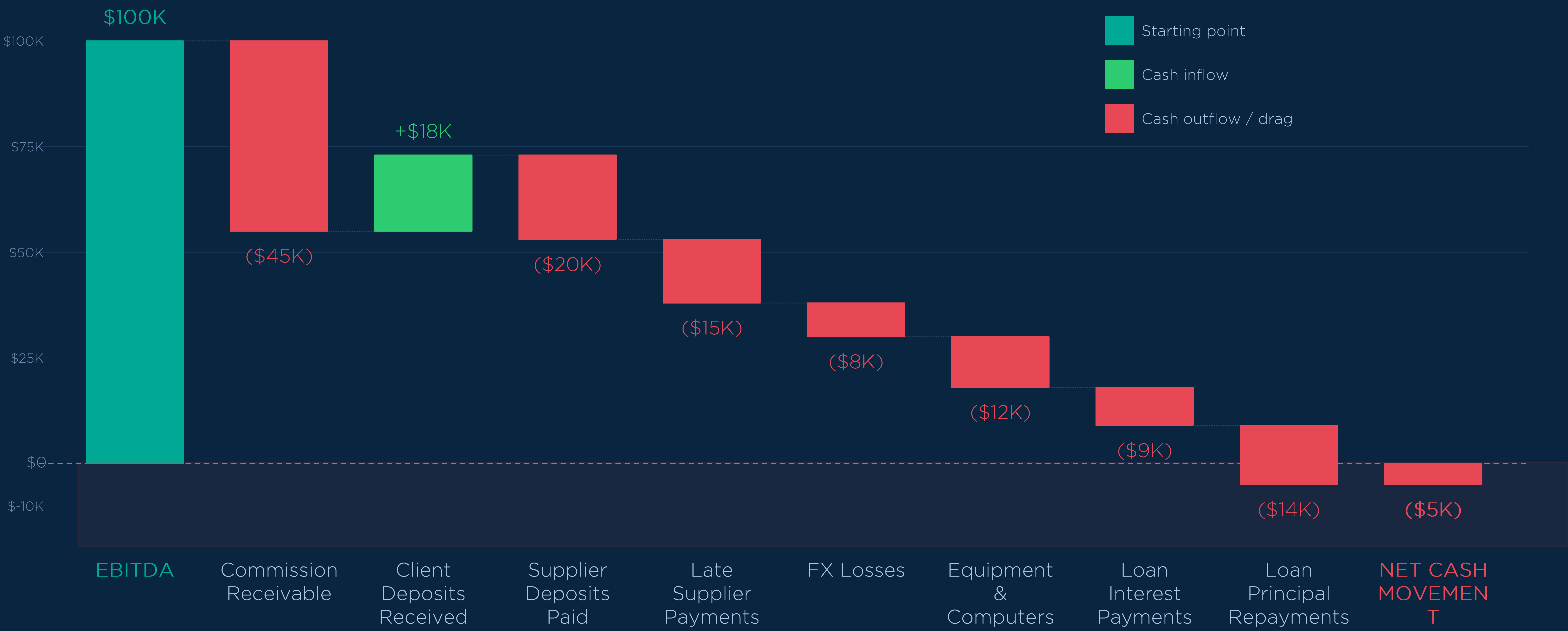
Industry Reality Check - Numbers never lie

- 📊 Commission structures are eroding - for example cruise line revenue growth is outpacing commission payouts
- 📈 78% of advisor revenue comes from commissions - only 22% from service fees
- 📊 The average hosted advisor earns $52,636/year - but top performers earn 5–10x that
- 📈 80% of advisors saw sales increase in 2025, but margin per booking is shrinking
- 📊 58% of Americans want to travel more but are constrained by cost - your clients feel this too
- 📈 Travel agency share of the market is projected to rise to 26% by 2026 (from 21% in 2022). Although world events!
- 📊 107M+ Americans traveled outbound in 2024 - up 8.5% over 2019
- 📈 67% of Virtuoso advisors predict increased travel demand in 2026

Sources: HAR 2024, Travel Weekly 2025, ASTA 2025 Forecast, Virtuoso Luxe Report

WHERE IS MY CASH?

EBITDA to Net Cash Bridge



💡 *You made $100,000 in profit but your bank account went backwards. This is not a cash flow problem. It is a timing problem. And timing can be managed.*

The Cash Leaks - Where Your Money Disappears

Late Collections

Clients paying 60–90 days late
Suppliers delaying commission payouts
No penalty for late payment = no urgency

Refunds & Cancellations

You process the refund but eat the cost
Time spent = unrecoverable
No cancellation fee policy = free labor

FX Losses

International bookings in foreign currencies
Exchange rate moves between booking & payment
Small % loss × many bookings = big money

Forgotten Subscriptions

CRM you don't use, tools you forgot about
Multiple overlapping software
Audit your subscriptions quarterly

Underpricing Your Time

Hours of research for a $200 commission
No service fee = working for free
Your expertise has value — charge for it

Poor Record-Keeping

Can't track what you can't measure
Missing receipts, unclear categories
Tax deductions left on the table

s & V ds

Fraud (see appendix)

Chargebacks

Breakage

Foreign Exchange

The Problem

You book in USD, supplier charges in EUR/THB/GBP. Rate moves between booking and payment. A 3–4% swing on a $5,000 booking = $150–$200 gone. Multiply across your year.

What To Do

→ Price in a 3–5% FX buffer on all international bookings

→ Use a multi-currency account, better rates, hold foreign currency

→ For large group bookings, lock the rate at time of booking if possible

→ Track your FX exposure monthly, even a simple spreadsheet works

Card & Processing Fees

The Problem

If you're the merchant of record, you pay 2–3.5% per transaction. Client pays by Amex? That's 3%+. On a $10,000 booking, that's $300 you never see. Most advisors never calculate their effective rate.

What To Do

→ Know your effective rate: total fees ÷ total processed

→ Consider passing card fees to clients (where legal - varies by US state)

→ Offer ACH / bank transfer with a small discount to incentivize

→ Negotiate your processing rate annually, most advisors never do

→ Separate high-fee cards (Amex) in your reporting to see the real cost

Virtual Credit Cards (VCCs)

What Are They?

Single-use or limited-use card numbers generated for specific transactions. Used by OTAs and larger agencies to pay suppliers. Increasingly available to smaller businesses too.

Why They Matter

→ Fraud protection - single-use numbers can't be reused or stolen

→ Spend control - set exact limits per supplier, per booking

→ Easier reconciliation - each VCC ties to one transaction

→ Cashback / rebates - some VCC providers offer 1–2% back

→ Caution: some suppliers charge extra for VCC payments (2–3%) - know before you use

→ Providers: Stripe, Adyen, your bank may offer them too

Cashflow Tips you can use Tomorrow

⚡ The 24-Hour Rule

Invoice within 24 hours of completing work. Every day you delay is a day your cash is stuck. Automate invoice reminders at 7, 14, and 30 days.

💰 Require Deposits

Ask for 25–50% upfront on complex bookings. Frame it as: "This secures your reservation and locks in pricing." Clients expect it — you just need to ask.

🏦 Separate your Accounts

Use the 'Profit First' method: separate operating, profit, tax, and owner's pay into different accounts. Pay yourself first and not last.

📅 Cash Flow Fridays

Every Friday, spend 15 minutes reviewing: What came in? What went out? What's outstanding? This one habit prevents 90% of cash surprises.

🤝 Negotiate Payment Terms

Ask suppliers for better terms. Ask clients for faster payment. A 5-day improvement across all invoices can free up thousands per year.

Your Weekly Financial Dashboard

Metric	What to Track	How Often	Red Flag
Cash Balance	Bank account balance	Every Friday	3 consecutive weeks declining
Receivables Aging	Who owes you & how long	Weekly	Anything over 45 days
Bookings Pipeline	Upcoming bookings & expected revenue	Weekly	Pipeline < 2 months of expenses
Net Margin/Booking	Revenue minus ALL costs per booking	Monthly	Below 15% net margin
Expenses vs Budget	Actual spend vs planned	Monthly	Over budget 2+ months in a row
Commission Tracker	Expected vs received commissions	Monthly	Variance > 10%

💡 Pro tip: Use a simple Google Sheet or Excel. No fancy software needed. 15 minutes every Friday = financial clarity.

Section 5
What to do next

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What large OTAs learned at Scale - That works at ANY Scale

→ Reconcile Everything	Large TAs reconcile millions of transactions daily. You should reconcile every commission payment against what was promised. Discrepancies add up fast.
→ Automate the Boring Stuff	Large TAs automate invoicing, payment matching, and reporting. You can too, even with free tools. Every hour saved on admin is an hour you can sell.
→ Know Your FX Exposure	Large TAs manage 100+ currencies. If you book in foreign currencies, even small FX moves matter. Lock rates when you can, or price in a buffer.
→ Cash is King, Profit is Queen	Revenue looks great on paper. But if your cash cycle is 90 days and your bills are due in 30, you have a problem. Shorten the cycle.
→ Measure What Matters	Large TAs track everything. You don't need to - but track the 3 numbers from Section 1. That alone puts you ahead of 80% of small businesses.

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Your Action Plan — Do These 5 Things This Week

1. **TODAY**
   Set up your 'Profit First' bank accounts - separate operating, profit, tax, and owner's pay

2. **TOMORROW**
   Audit every subscription and recurring cost. Cancel what you don't use. You'll find $500–$2,000/year

3. **THIS WEEK**
   Build your weekly dashboard (Google Sheet is fine). Track: cash balance, receivables, pipeline

4. **THIS MONTH**
   Introduce or increase your service fees. Start with new clients. Use the scripts in Appendix

5. **THIS QUARTER**
   Review your commission tracker. Compare expected vs received. Chase every discrepancy

Questions?

THANK YOU

Remember: Invoice faster. Charge for your expertise. Track your numbers. Pay yourself first.

Want more? See Appendix

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- The Financial Strategy Framework
- Revenue Quality - Not all revenue is created equal
- How to Have the Service Fee Conversation
- Override commissions
- Cost structure - Are your costs growing faster than your revenue?
- Fraud - What it actually costs your business
- AI - Will it replace us?
- US Tax Tips for Travel Advisors (small & large)

Appendix

THE FINANCIAL STRATEGY FRAMEWORK

For every travel business — whatever the size

PROTECT

Do you have visibility of what you have?

The foundation. Without this, nothing above it is stable.

- **Cash reserves**
  Ideally 3 months of operating expenses minimum - in a separate account
- **Tax provision**
  25–30% of net income set aside before you spend it
- **Commission receivable**
  Aged weekly - know exactly what you're owed and by whom
- **FX exposure**
  Know your net position by currency preferably monthly

OPTIMISE

Are you keeping enough of what you earn?

The engine. This is where most businesses leak profit without realising it.

- **Margin by product**
  Know your net margin on commission, overrides, fees separately
- **Cost structure**
  Are costs growing faster than revenue? Track cost per booking
- **Fee attachment**
  What % of bookings carry a service fee? Target 80%+
- **Client profitability**
  Audit your bottom 20% - they may be destroying value

GROW

Are you building the right kind of revenue?

The ambition. Growth built on a protected, optimised base compounds. Growth without it doesn't.

- **Revenue quality**
  Shift mix toward fees, overrides, and high-margin product
- **Override capture**
  Are you collecting 95%+ of what suppliers owe you?
- **Revenue per head**
  Target $400–600K for medium sized Below that - technology or pricing problem
- **Product specialisation**
  Luxury, groups, corporate - higher margin, deeper loyalty

Inter

REVENUE QUALITY: NOT ALL REVENUE IS EQUAL

How much you keep.

Base Commission

8 - 12%
net margin

Predictable but thin. Volume helps but doesn't solve the margin problem.

Override / Preferred

18 - 25%
net margin

High margin but lumpy, paid quarterly or annually. Often misallocated.
Review this, as if you don’t claim, you might not receive.

Group Bookings

15 - 22%
net margin

Strong margin if priced correctly. High time cost — often undercharged.

Service Fees

95 - 100%
net margin

Pure profit. Under-utilised at this size. Biggest untapped opportunity.

The question to answer: What percentage of your revenue is service fee revenue? If it's under 15%, you have a margin problem and even if top-line revenue looks healthy.

How to have the Service Fee Conversation

✅ DO Say

"My fee covers the research, planning, and 24/7 support for your entire trip"

"This ensures I can dedicate the time your trip deserves"

"My clients save an average of $X by avoiding costly mistakes"

"Think of it like hiring an accountant — you pay for expertise that saves you money"

"The fee is waived/credited if you book through me" (if applicable)

❌ DON'T Say

"I have to charge now because commissions are shrinking"

"Everyone else is charging fees too"

"It's just a small fee" - own the value, don't minimize it

"I need this to cover my costs" - focus on THEIR value, not yours

Apologize for charging - confidence sells

OVERRIDE COMMISSIONS - ARE YOU LEAVING MONEY ON THE TABLE? (for larger TAs)

What overrides are

Volume-based bonuses paid by preferred suppliers when you exceed booking thresholds. They sit on top of base commission and can represent 15–40% of total commission income at this size.

How much is at stake

A $10M agency with $800K in base commission may be entitled to $180–320K in overrides. A 5% supplier calculation error is $9–16K per year which is lost.

Why agencies miss them

Thresholds tracked manually or not at all. Supplier statements arrive quarterly in different formats. No one owns the reconciliation.

Build a tracking system

For each preferred supplier: contracted threshold, YTD bookings, override rate, expected payment date, amount received, variance. Review monthly. Chase quarterly.

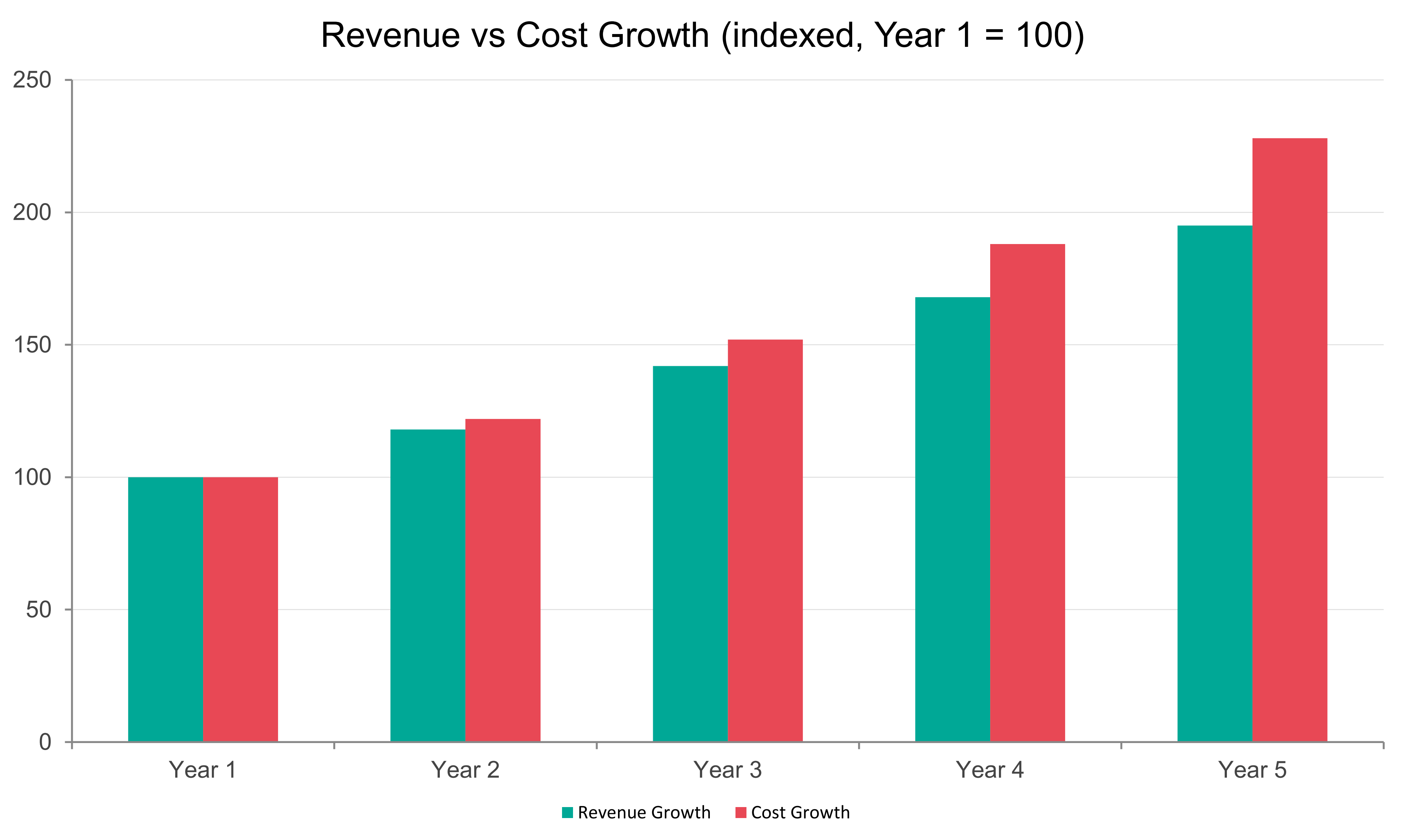
The reconciliation problem

Suppliers calculate overrides differently than you do. Currency conversion, booking date vs travel date, cancellation treatment, all create discrepancies. Most agencies accept whatever they receive.

Renegotiate annually

Override tiers are negotiable. If you hit your top tier every year, you should be renegotiating. Suppliers expect it. Your consortia should be helping you do this.

COST STRUCTURE: ARE YOUR COSTS GROWING FASTER THAN YOUR REVENUE?



People Costs — 55–65% of rev

Your biggest cost. Are headcount ratios improving or deteriorating as you scale?

Technology & GDS — 8–12% of rev

Often contracted at rates that made sense at $2M. Renegotiate at $10M.

Marketing — 5–8% of rev

Track cost per new client acquired — not just total spend.

Consortia & Memberships — 2–4% of rev

Are you getting the override benefits that justify the consortia fee?

Occupancy & Overheads — 6–10% of rev

Fixed costs that don't scale down in a slow season — your biggest risk.

The danger zone: revenue growing at 20% annually while costs grow at 25%. You're getting bigger and less profitable at the same time.

FRAUD: WHAT IT ACTUALLY COSTS YOUR BUSINESS

A legal agreement doesn't prevent fraud. It helps you pursue remedies after the money is already gone. Financial architecture prevents it.

WHAT FRAUD ACTUALLY COSTS

The Immediate Loss
100% visible

The booking value, commission, or deposit you don't recover. Most agencies stop here when calculating the cost.

The Chargeback Cost
Often ignored

Card network fees, processor penalties, and administrative time. Often \$25–\$100 per dispute on top of the original loss.

The Supplier Relationship Cost
Rarely quantified

Repeated chargebacks or fraud incidents flag your agency in supplier systems. Override tiers, preferred status, and payment terms are all at risk.

The ARC / IATAN Risk
Existential

Fraud patterns can trigger accreditation reviews. Losing accreditation doesn't just affect airline ticketing as it affects your commercial identity.

WHAT THE SUPPLIER SIDE SEES

Your chargeback ratio
Every dispute is logged against your agency profile. Patterns and not single incidents can trigger commercial consequences.

Booking velocity anomalies
Sudden spikes in group bookings, unusual payment patterns, or mismatched client profiles are flagged automatically.

Payment behaviour
Late payments, failed transactions, and unusual refund requests all affect how a supplier scores your agency relationship.

Accreditation status
Suppliers cross-reference IATAN and ARC status. An agency under review is treated differently

Your commercial trajectory
Override negotiations, preferred partner status, and payment terms are all influenced by your risk profile and not just your volume.

FINANCIAL ARCHITECTURE IS YOUR BEST FRAUD DEFENCE

Separate Client Payment Accounts

Both models

Never mix client deposits with operating funds. If a dispute arises, you need to demonstrate the money was ring-fenced and not spent.

Reconcile Commission Receivables Weekly

All agencies

Fraud often surfaces first in your receivables as payments that don't arrive, amounts that don't match. Weekly reconciliation catches anomalies before they become losses.

Deposit Structure and Non-Refundable Clauses

Merchant model especially

A properly structured deposit and not just a legal clause, is your financial protection. The terms must be in writing, acknowledged, and reflected in your accounting.

Separate Business Banking

Every agency

A single mixed account is your biggest vulnerability. Business funds, client deposits, and personal finances must be completely separate - legally, operationally, and for fraud protection.

Client Verification Before Payment

All agencies

Verify client identity before processing large payments. Fraudulent group bookings almost always involve a client who was never properly verified

Know Your Chargeback Ratio

Merchant model especially

Track your chargebacks as a KPI. Industry threshold is typically under 1% of transactions. Above that and your merchant account, supplier relationships, and accreditation are all at risk.

The agencies that get hit hardest by fraud ***are the ones who lacked financial controls.***

AI won’t replace you - But it WILL do your Boring Admin for Free

You don't need to be a tech expert. These tools save 3–4 hours/week and most have free tiers.

Task	Tool (Free / Low Cost)	What It Does For You	Time Saved
📧 Email & Comms	ChatGPT / Gemini (free)	Draft client emails, follow-ups, proposals in seconds	~1 hr/day
📊 Cashflow Forecast	Google Sheets + AI add-ons	Auto-categorize expenses, predict cash shortfalls	~2 hrs/week
🧾 Invoicing	Wave / Zoho Invoice (free)	Auto-generate, send, and track invoices + reminders	~1 hr/week
📱 Social Media	Canva AI / ChatGPT	Create posts, captions, and content calendars	~3 hrs/week
📋 Itinerary Building	ChatGPT / Trip Planner AI	Generate draft itineraries from client preferences	~1 hr/booking
🔍 Research	Perplexity AI (free)	Destination research, visa rules, safety info with sources	~30 min/trip
[illegible]	[illegible]	[illegible]	[illegible]

💡 Key message: AI handles the WHAT and WHERE. YOU deliver the WHY and HOW. That's what clients pay for.

US Tax Tips for Travel Advisors

I'm not your tax advisor - but these are the patterns I see. Talk to your accountant about all of these.

IC vs Employee - Know your Status

67% of travel advisors are independent contractors. That means YOU are responsible for tracking income, expenses, and paying your own taxes. No employer is withholding for you.

→ If you're an IC and not tracking expenses, you're overpaying taxes.

Quarterly Estimated Taxes

As an IC, you owe estimated taxes every quarter (Apr 15, Jun 15, Sep 15, Jan 15). Many advisors skip this and get hit with penalties and a large bill in April.

→ Set aside 25–30% of every commission check into a separate tax account. Automate it.

Home Office Deduction

67% of advisors work from home - most qualify for the home office deduction. Simplified method: $5/sq ft, up to 300 sq ft = $1,500 deduction. Or calculate actual expenses pro-rata.

→ If you work from home and aren't claiming this, you may be leaving $500–$1,500+ on the table.

Business Expense Tracking

FAM trips, this conference, software subscriptions, phone, internet, professional development - all potentially deductible. But ONLY if you track and document them.

→ Use an app (Expensify, Wave, even a spreadsheet). Receipt + date + business purpose.

1099 Reconciliation

Every supplier who pays you $600+ sends a 1099. But do you reconcile them? Check every 1099 against what you actually received. Errors are common, and they're YOUR problem if the IRS notices.

→ Build a simple tracker: supplier, expected commission, 1099 amount, variance. Review in January.

Retirement & Self-Employment Tax

As an IC, you pay both halves of Social Security and Medicare (15.3% self-employment tax). But you can deduct half of it. A SEP-IRA lets you shelter up to 25% of net income - tax-deferred.

→ A SEP-IRA may be the best tax move most solo advisors aren't making.

⚠️ *Disclaimer: This is general guidance, not tax advice. Consult a qualified accountant for your specific situation.*

Tax Considerations for Growing Travel Agencies

C-Corp structure | $5M–$20M revenue | These are the issues your accountant should already be talking to you about.

The 21% Rate Is Just the Starting Point

Your federal corporate rate is a flat 21%, but state corporate income taxes stack on top. At $5M–$20M you likely have nexus in multiple states. Your effective combined rate may be 27–32%.

→ Map your nexus footprint annually. Online bookings create economic nexus without physical presence.

Double Taxation and the C-Corp Trap

A C-Corp pays corporate tax on profits. When those profits are distributed as dividends, shareholders pay personal tax again. Retained earnings above business needs can trigger the accumulated earnings tax (20%).

→ Structure owner compensation carefully — salary is deductible; dividends are not.

Deferred Revenue & Deposit Treatment

Client deposits for future travel are a liability until travel occurs. Many agencies book them as revenue immediately, creating phantom taxable income and IRS scrutiny risk.

→ Ensure your accounting system defers revenue correctly. One of the most common errors at this size.

Multi-State Nexus & Sales Tax

Post-Wayfair, economic nexus thresholds in most states mean you likely owe sales tax registrations you don't have. Service fees and add-ons may be taxable even where travel services are exempt.

→ Run a nexus study. Voluntary disclosure agreements limit lookback and waive penalties.

Override Commissions & Timing

Volume overrides are often paid in a different tax year than the bookings that earned them. ARC settlement timing also creates float. Without accrual accounting, taxable income and actual earnings are misaligned.

→ Accrual basis accounting is mandatory at this revenue level.

Payroll Tax & Owner Compensation

Owner-employees must receive reasonable compensation. At this size, a qualified retirement plan (401k, defined benefit) is one of the most powerful remaining tax shelters for a C-Corp owner.

→ A defined benefit plan can shelter $200K+ per year for a high-earning owner.

Appendix: General guidance only, not tax advice. Engage a CPA with travel industry experience.

TWO RISKS

RISK 1

Multi-State Tax Nexus

- Post-Wayfair, In most states $100K in sales OR 200 transactions in a state creates economic nexus and no physical presence needed
- At $10M+ in revenue with online bookings, you almost certainly have nexus in 10–20 states
- Travel services are often exempt, but service fees, certain packages, and add-ons may not be
- Voluntary disclosure programs exist in most states and they cap lookback and waive penalties
- .The liability compounds with interest every year

RISK 2

Deferred Revenue Misclassification

- Client deposits for future travel are a liability until travel occurs - not income (ASC 606 / GAAP)
- Many agencies book deposits as revenue immediately, creating phantom taxable income
- At $10M revenue with $2M+ in advance deposits, this misstatement is material
- IRS audits on travel agencies specifically target this and it is a known area of non-compliance
- Correcting it can create a one-time tax refund and permanently lower your tax burden

Ask your CPA!