

# a fair tax on flying

www.afairtaxonflying.org

**A Fair Tax on Flying is an alliance of airports, airlines, travel companies, businesses and destinations campaigning for the reduction of Air Passenger Duty.**

## What is APD?

- Air Passenger Duty (APD) is the UK Government tax that is charged on passengers departing from a UK airport.
- The UK has the highest air travel tax anywhere in the world – which means APD puts the UK at a relative disadvantage.

## Why APD should be reduced

### APD is bad for UK PLC

- APD is bad for business, increasing the costs of UK companies trading internationally and of international companies doing business with the UK. It is also bad for businesses dependent on domestic air travel.
- The British Chambers of Commerce calls APD ‘a trade tax on global traders’. The CBI, IoD and many other leading business groups have also highlighted its damage.

### APD has a negative effect on tourism

- Travel and tourism is one of the UK economy’s most vibrant, diverse and valuable industries, contributing a staggering £127 billion to GDP annually and sustaining over 3 million UK jobs.
- With 72% of visits to the UK by air, APD has a direct negative impact on travel and tourism spending.

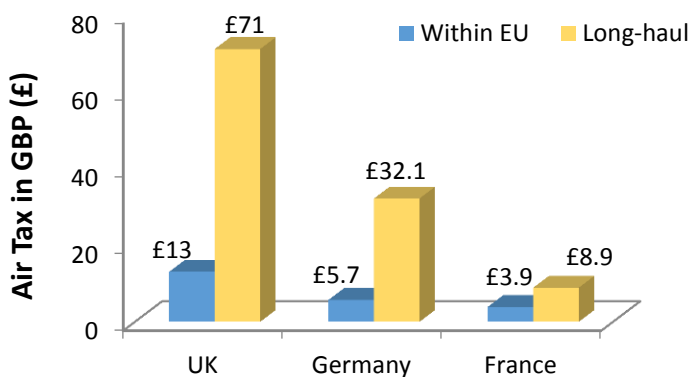
### APD burdens families going on holiday

- APD makes it more expensive for families to go on holiday or visit friends and family abroad.
- APD is a burden on the family budget, putting UK families at a disadvantage compared to their European counterparts. Even with the recent changes exempting children from APD, a family holiday remains a significant purchase, in part because of APD paid on adult tickets.

## Did you know?

- The vast majority of European countries do not levy an air departure tax.
- Just six EU countries levy a similar tax, but with substantially lower rates.
- Since it was introduced in the 1993 Budget, the cost of Air Passenger Duty per flight has risen by up to 539%.
- The UK is ranked 137<sup>th</sup> out of 138 when it comes to air ticket taxes and charges according to the 2015 [World Economic Forum’s Travel and Tourism Competitiveness Report](#). Only Chad ranks lower than the UK.
- A report by the Centre for Economics and Business Research shows the annual contribution to the UK economy of the leisure aviation industry is £14.1bn.

## Air Tax in the UK and other EU countries



## What are the benefits of reduced APD?

A reduction in APD would boost the UK economy as a whole and support our valuable travel and tourism sector. It would also make it cheaper for companies to trade and do business in both traditional and emerging markets. Research by PWC has shown that **scrapping APD altogether could create 60,000 jobs and boost the economy to the tune of £16bn.**

Since Ireland abolished its equivalent of APD in 2014 there has been an increase in traffic at Dublin Airport and both Ryanair and Aer Lingus have announced new routes.

## APD: A Business Case Study



**Location:** Birmingham, UK  
**Employees:** Circa 40

Chapman Driver Seating is a Birmingham based business with around 40 employees that provides bus and coach seats. They conduct about 10% of their business overseas. Their Chairman, Russell Lickock believes APD is affecting his ability to do business internationally:

*“The level at which flight prices in general have increased has seriously impacted upon our ability to fly, meet with, and win business from overseas clients.*

*“The Government is imposing levels of APD that actively discourage British businesses from taking their sales teams abroad. We can only afford to make overseas trips that are necessary to the sustainability of our current business relationships. The bottom line is that we can only export if we are able to get out there and ‘press the flesh’.”*

## Why the devolution of APD matters

- Following the Smith Commission’s report (2014), the Scottish Government has announced plans to reduce APD on flights leaving Scottish airports by 50%.
- A Fair Tax on Flying welcome the Scottish Government’s recognition that APD is an uncompetitive and damaging tax.
- However, Government modelling has shown that any reduction of APD in Scotland would have a detrimental impact on airports and other travel businesses in other parts of the UK, and distort the highly competitive aviation and tourism market place.
- We therefore urge the UK Government to act before disparate APD rates affect the economy of the whole of the UK: a cut in APD in Scotland should be matched by the same cut across the rest of the UK, so that no part of the country is disadvantaged in any way.

## How much APD do you pay?

Bands	Economy Class	Premium Economy, Business, First Class
A	£13	£26
B	£71	£142

- **Band A:** Travelling within the UK, Europe, Morocco and Tunisia
- **Band B:** All other destinations

A Fair Tax on Flying has had some successes over the last few years, showing the Government does understand that APD is too high and damaging. These include:

- the move from four bands (A,B,C,D) to two bands (A and B);
- children under the age of 12 being exempt from APD (with under 16s being except from 2016).

However, APD in the UK continues to be the highest air tax in the world, so much more needs to be done.

## What we are calling for

We want the UK to be able to compete internationally, to support tourism and businesses, and to make it easier for people to have a holiday or visit family and friends abroad:

- **We are calling for a significant reduction of APD** – at the very least APD must be brought in line with other European countries. At present the UK is at a competitive disadvantage.
- Independent evidence demonstrates that reducing APD will have a positive effect on the UK economy – **we are calling on the Government to conduct a wide-ranging review of the economic impact of APD, and act on the findings.**
- **We are calling for any reduction in APD in any part of the UK to be matched everywhere in the UK.** The Scottish Government is set to reduce APD by 50%. This needs to be matched across the UK so that everybody benefits equally.