



BRIEFING

Scottish Government debate: Air Passenger Duty (APD)¹

Tuesday 20 November 2012

Key points:

- 1 **Aviation is lightly taxed compared to other transport modes** ²
- 2 **The claims of the aviation industry regarding its economic benefits are contested** ³
- 3 **Aviation is the most polluting form of transport**
- 4 **Transport is the second-largest source of climate emissions & is the sector that is most problematic in meeting climate targets** ⁴
- 5 **The Scottish Parliament is legally bound to reduce climate change emissions under the *Climate Change (Scotland) Act 2009***
- 6 **The Scottish Government's enthusiasm for reducing taxation for one of the most damaging sectors further undermines public confidence that the Government is committed to meeting its climate change commitments.**

Aviation Environment Federation views on APD:

The [Aviation Environment Federation \(AEF\)](#) is the principal UK non-profit making environmental association concerned with the environmental effects of aviation. It is a member of Transform Scotland. In its October 2012 evidence to the House of Commons Transport Committee inquiry (October 2012), it had this to say on APD:

What is the impact of Air Passenger Duty on the aviation industry?

We are aware that, despite continuing to benefit from exemptions from fuel tax or VAT, the aviation industry has recently been lobbying hard against Air Passenger Duty, the only significant tax on UK aviation apart from universal company and payroll taxes. This inquiry concerns the Government's aviation strategy, and we hope that any consideration of Air Passenger Duty and its impacts by the Government will look more widely at its impacts on society than a question focused only on impacts on the aviation industry.

The great majority of flying is by higher earners, with much of the increase in air travel in the UK over recent decades resulting from increasingly frequent flying by a small and wealthy proportion of the UK population⁵. The tax advantages currently enjoyed by aviation therefore benefit mainly higher earners. Low aviation tax is regressive.

*Research suggests that APD at its current level is unlikely to impact people's holiday choices as it is such a small proportion of the cost of a holiday itself. It came as no surprise, therefore, that Sir Brian Donohue, chair of the All Party Parliamentary Group on Aviation, which earlier this year published an attempt to attack Air Passenger Duty, admitted during an oral evidence session "I've not had a single person tell me they are not going on holiday because of APD."*⁶

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Notes:

- ¹ <http://www.scottish.parliament.uk/parliamentarybusiness/BusinessBulletin/56849.aspx>
- ² The aviation industry already enjoys tax exemptions as, unlike other transport sectors, it does not pay VAT or fuel taxes. These tax exemptions are thought to be around £10 billion compared to the £3 billion raised through APD. See e.g. <http://www.aef.org.uk/?p=1346>
- ³ The UK's tourism deficit is around £15 billion per year. See e.g. *Travel Trends (International Passenger Survey)*, ONS, 2010 <http://www.ons.gov.uk/ons/rel/ott/travel-trends/2010/travel-trends---2010.pdf> Almost all of this is due to air travel.
- ⁴ "Emissions from the road transport sector in Scotland have risen by 4.4% from 1990 to 2009, compared with a 2.7% rise for the UK as a whole." See: AEA (2011) *Greenhouse Gas Inventories for England, Scotland, Wales and Northern Ireland: 1990 - 2009. Report to the Department for Energy and Climate Change, The Scottish Government, The Welsh Government and The Northern Ireland Department of Environment*. Available at <uk-air.defra.gov.uk/reports/cat07/1109061103_DA_GHGI_report_2009_Main_text_Issue_1.pdf>.
- ⁵ See for example Civil Aviation Authority, January 2008, *Recent trends in growth of UK air passenger demand*, page 55
- ⁶ Travel Weekly 17th May 2012 "'Give us solid data' on APD and Heathrow, MPs tell industry" <http://m.travelweekly.co.uk/Article.aspx?cat=news&id=40512>

Transform Scotland is the national sustainable transport alliance, campaigning for a more sustainable and socially-just transport system. Our membership includes bus, rail and shipping operators; local authorities; national environment and conservation groups; consultancies; and local transport campaigns. Transform Scotland Limited is a registered Scottish charity (SC041516).

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