

DRAMATIC CHANGES IN THE UK AIRLINE TAX POLICY



The UK is going to change its airline tax policy. Nowadays there is the Air Passenger Duty, which is an excise duty levied on passengers flying from UK airports. This duty has been complained about ever since it was introduced in 1994. The tax is going to double next year but the calls from airlines have resulted in significant changes.

The British Chancellor of the Exchequer Alistair Maclean Darling wants the Air passenger duty to be replaced in two years" time with a tax payable per plane rather than per passenger. This change should encourage airlines to fly at full capacity. The new measures should also take into account the impact on freight, and transit and transfer passengers that at present are not taxed. This decision was particularly welcomed by EasyJet. This UK low-cost airline was running a campaign to change the existing APD. Andy Harrison, EasyJet chief executive, said: "A tax that penalises families but excludes private jets and charges passengers travelling to Marrakech the same as those travelling to Melbourne is just plain wrong. A structure that taxes a passenger in the newest, cleanest aircraft the same as someone in an old gas-guzzler cannot be allowed to continue. It is right to tax emissions, not passengers."

Nevertheless, not everyone welcome this idea. For example British Airways, with a big share of long-haul passengers and an older fleet, reacted less positively than EasyJet. There could also arise some unexpected problems. For example Mike Rutter, chief commercial officer of Flybe, the budget regional airline, warns: "As the Chancellor constructs his new tax it is crucial he does not penalise isolated areas, dependent on transport, with a one-size-fits-all tax." Mr. Rutter said that communities like the north of Scotland, the south west, Northern Ireland and the Channel Islands rely on smaller aircraft to ensure sufficient frequency of services.

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