

Response ID ANON-D41Y-WCD3-K

Submitted to **Air Passenger Duty**
Submitted on **2016-06-03 13:32:42**

Introduction

Are you responding as an individual or an organisation?

Organisation

What is your name or your organisation's name?

Name/orgname:

Transform Scotland

What is your email address?

Email:

colin.howden@transformscotland.org.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name

We will share your response internally with other Scottish Government policy teams and Revenue Scotland who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

Yes

If you are an organisation please indicate which category best describes your organisation:

Third sector / equality organisation

Other::

Improving Scotland's Air Connectivity – Strategic and Policy Objectives

1(a) Do you agree with our strategic and policy objectives for improving Scotland's air connectivity?

No

1(b) Please explain your answer to Q1(a).

Please explain your answer to Q1(a):

The Scottish Government has already failed to meet its carbon emission targets for the past four years. By promoting the most carbon-intensive form of transport, the Scottish Government has simply created another barrier to meeting Scotland's carbon reduction targets. Promoting more sustainable modes of transport must be prioritised above aviation to reduce Scotland's contribution to global climate change.

The opportunity cost of cutting taxation revenue on aviation -- which is already the most lightly-taxed mode of motorised transport -- is deeply fiscally irresponsible given the Scottish Ministers' stated commitments to tackling inequality in Scottish society. The impact of cutting APD will be to hand a tax cut to the most affluent sections of society.

2 How could a Scottish replacement to APD help achieve these objectives?

How could a Scottish replacement to APD help achieve these objectives?:

We are not in favour of replacing Air Passenger Duty: it is already an effective means by which to raise taxation. Aviation is already one of the most lightly-taxed forms of transport, yet it is by far the most carbon-intensive form of transport. If anything, APD should be increased to order to incentivise travel via more sustainable means.

Scope and Structure of Duty

3(a) Taking into account the scope of the powers proposed to be devolved to the Scottish Parliament, should the UK APD definitions of 'chargeable passenger' and 'chargeable aircraft' be retained under a Scottish replacement tax?

Yes

3(b) If you answered no to Q3(a), please explain your answer.

If you answered no to Q3(a), please explain your answer.:

4(a) Do you think that the current UK APD per-passenger charging model should be retained under a Scottish replacement tax?

Yes

4(b) If you answered no to Q4(a), please explain your answer.

Subject to compliance with State Aid rules and current aviation agreements, what alternative charging model(s) should be considered?:

5(a) Do you think that the current UK APD destination based banding system should be retained under a Scottish replacement tax?

Yes

5(b) If you answered yes to Q5(a), should destination bands be defined by distance to capital cities or what alternative measures could be considered?

What would be the optimum number and definition of bands to support the achievement of the Scottish Government's strategic objectives for a Scottish replacement tax, as outlined in Chapter 2?:

For any banding system, flight distance should be the most critical factor, as this is directly related to the carbon emissions associated with each flight. However, the availability of sustainable alternative travel modes could also be considered. For example a band-based system could see three bands based on:

- Short-haul flights where accessible, more sustainable alternatives exist
- Short-haul flights where such options are not available
- Long-haul flights

If you answered no to Q5(a), please explain your answer. What system do you think should be used instead?:

6(a) Do you think that the reduced, standard and higher rates system used for UK APD should be retained under a Scottish replacement tax?

Yes

6(b) If you answered yes to Q6(a), do the UK definitions remain appropriate for practices in the aviation industry in Scotland?

If you answered yes to Q6(a), do the UK definitions remain appropriate for practices in the aviation industry in Scotland?:

Yes.

If you answered no to Q6(a), please explain your answer. What system do you think should be used instead?:

7 Can you provide any evidence on the impact of the introduction of the higher rate which came into effect from 1 April 2013?

Can you provide any evidence on the impact of the introduction of the higher rate which came into effect from 1 April 2013?:

Passenger numbers in Scottish airports have risen since 2013, suggesting no negative impact on passenger numbers following the increase in APD. Other factors, such as security or ease of travel, are far more important in decision-making over flying. Following the cut in APD in Belfast, very little economic benefit was evident, suggesting that similar actions in Scotland would also result in very little overall economic gain.

8 Do you have any views on how and when the planned 50% reduction in the burden of APD should be implemented?

Do you have any views on how and when the planned 50% reduction in the burden of APD should be implemented?:

It should not be implemented at all: see our answers above.

Exemptions

9(a) Do you think that the current UK APD passenger exemptions should be retained under a Scottish replacement tax?

Yes

9(b) If you answered yes to Q9(a), to what extent are the existing definitions appropriate for the Scottish industry?

If you answered yes to Q9(a), to what extent are the existing definitions appropriate for the Scottish industry?:

The current definitions are suitable at present.

If you answered no to Q9(a), please explain your answer. Is there any evidence to support the introduction of any additional or alternative exemptions?:

10(a) Do you think that the current UK APD flight exemptions should be retained under a Scottish replacement tax?

Yes

10(b) If you answered yes to Q10(a), to what extent are the existing definitions appropriate for the Scottish industry?

If you answered yes to Q10(a), to what extent are the existing definitions appropriate for the Scottish industry?:

The current definitions are suitable at present.

If you answered no to Q10(a), please explain your answer. Is there any evidence to support the introduction of any additional or alternative exemptions?:

11 What are the benefits to the local economy and residents of the Scottish Highlands and Islands region from the current UK APD exemption for passengers departing from airports in the region?

What are the benefits to the local economy and residents of the Scottish Highlands and Islands region from the current UK APD exemption for passengers departing from airports in the region?:

'Lifeline' services are important for residents of the Scottish Highlands and Islands, and as such APD exemptions for these services is suitable. However, air travel from the Highlands and Islands to locations abroad should not be exempt, as these services cannot be considered as 'lifeline' services.

12(a) Do you think the current exemption for outbound flights from the Highlands and Islands region should be retained or modified under a Scottish replacement tax?

Retained

12(b) If you answered 'modified' to Q12(a), please explain your answer.

In what way should it be modified?:

Connected Flights

13(a) Do you think that the current UK APD rules relating to connected flights should form a baseline position for a Scottish replacement tax?

No

13(b) If you answered no to Q13(a), please explain your answer.

What rules do you think should be considered instead?:

The APD charge for connecting flights should be inclusive of the whole journey. As such, journeys in which one flight is currently exempt from APD should not be exempt from the further leg of travel (e.g. Highlands & Islands airport => interlining at Scottish Central Belt airport => international destination).

14 What situations do you think could result in double taxation after a Scottish replacement to APD is introduced, and how might double taxation in such situations be avoided?

What situations do you think could result in double taxation after a Scottish replacement to APD is introduced, and how might double taxation in such situations be avoided?:

The simplest way to avoid double taxation is to leave APD taxation unchanged, since it is an effective taxation system at present. If a replacement tax system was introduced in place of APD, double taxation would be unlikely as aviation is also one of the least taxed industries in the world.

Tax Return and Payment

19 What are your views on the current level of information required in the UK APD tax return?

What are your views on the current level of information required in the UK APD tax return? :

What additional information, if any, do you think it would be beneficial to collect on a Scottish tax return in order to ensure efficient and effective compliance of that tax?:

20(a) Do you currently use a special accounting scheme system for UK APD?

Not Answered

20(b) If you answered yes to Q20(a), why and what impact does this have on your organisation?

): If you answered yes to Q20(a), why and what impact does this have on your organisation? :

What would be the advantages and disadvantages of allowing similar special accounting schemes under a Scottish replacement tax?:

21 Do you agree with our proposal for a standard quarterly tax return cycle under a Scottish replacement to APD?

Not Answered

21(b) If you answered no to Q21(a), please explain your answer.

): If you answered no to Q21(a), please explain your answer.:

22(a) Do you think taxpayers should be able to apply to use an alternative annual tax return cycle or non-standard accounting period?

Not Answered

22(b) Please explain your answer to Q22(a).

Please explain your answer to Q22(a).:

23(a) Do you agree with our proposal for tax returns for a Scottish replacement to APD being able to be submitted both online and by post, and having to be received no later than 30 days after the end of the relevant return period?

Not Answered

23(b) If you answered no to Q23(a), please explain your answer.

If you answered no to Q23(a), please explain your answer.:

24(a) Do you agree with our proposal for taxpayers, subject to certain conditions, being able to amend previously submitted tax returns either online or by post under a Scottish replacement to APD?

Not Answered

24(b) If you answered no to Q24(a), please explain your answer

If you answered no to Q24(a), please explain your answer:

25 What impact, if any, will there be on your organisation in not being able to adjust for under-declarations and over-declarations in later tax returns?

26(a) Do you agree with our proposals regarding payment methods and time limits for a Scottish replacement to APD?

Not Answered

26(b) If you answered no to Q26(a), please explain your answer.

If you answered no to Q26(a), please explain your answer.:

27(a) Do you agree with our proposals regarding claims for repayment or relief from tax?

Not Answered

27(b) If you answered no to Q27(a), please explain your answer.

If you answered no to Q27(a), please explain your answer.: