

Holyrood moves closer towards ending of Air Passenger Duty

✘ Scottish Ministers have marked a new milestone towards reform and reduction of Air Passenger Duty (APD) in Scotland.

Deputy First Minister John Swinney and Infrastructure Secretary Keith Brown will this afternoon jointly chair the first meeting of the Scottish APD stakeholder forum – marking the latest stage in fiscal devolution plans – as part of the Scottish Government’s commitment to cutting APD by 50 per cent during the lifetime of the next Parliament.

The Smith Commission recommended last year that power to control APD be devolved to Holyrood via the Scotland Bill, which is currently being considered at Westminster.

Speaking during a visit to Edinburgh Airport – Scotland’s busiest – the two ministers also announced the launch of a policy consultation on Scottish APD this autumn.

Mr Swinney said:

“Scotland’s airports are busier than ever and the Scottish Government wants to see that success grow further to the benefit of passengers, business, tourism and our wider economy.

“The APD stakeholder forum brings together interested parties – from those in the aviation industry to environmental groups and tax practitioners – to provide expert input into how a replacement tax could work.

“We want to be consultative and collaborative as we have been with the new fiscal levers already devolved to Scotland. The forum and this autumn’s policy consultation allow us to take the next step and begin the process of designing and

developing a Scottish APD to help deliver our objective of sustainable economic growth.

“They are also further examples of the Scottish Government moving ahead with pace and purpose to ensure we are ready to use Scotland’s new additional powers as soon as possible after they have been devolved.”

Mr Brown added:

“With the latest Ernst and Young survey showing Scotland remains the most successful part of the UK outside London in attracting foreign direct investment, Scotland is already an attractive destination for business and inbound tourism and we want to open up Scotland to key and emerging markets to capitalise on the opportunities that exist.

“UK APD has been the most expensive tax of its kind in Europe and continues to act as a barrier to Scotland’s ability to secure new direct international services and maintain existing ones.

“Devolution of APD to the Scottish Parliament will provide the opportunity to put in place new arrangements which better support the Scottish Government’s objective to help generate new direct routes and increase inbound tourism. Our plan to initially cut APD and then abolish it when public finances permit is a fundamental component to improving Scotland’s international connectivity”

Sir John Elvidge, Chairman, Edinburgh Airport, said: “Our report earlier in the year showed very clearly that APD is placing a drag on Scotland’s economic growth, costing jobs and millions of pounds in lost revenue.

“We’ve long supported its devolution and are keen to work with the Scottish Government to ensure that the process is as smooth and as quick as possible. Clarity around the timing of any reduction in APD is vital for route development and we

hope that this forum will be able to provide that.”

Kate Sherry, Ryanair’s Deputy Director of Route Development, said: “One need only look to Ireland to see the effect scrapping APD has had, with tourist traffic rising by almost 10 per cent since APD was abolished in April 2014 and the VAT received from the additional tourist spend far exceeding the loss of APD.

“We welcome the opportunity to share our views at the Scottish Air Passenger Duty stakeholder forum and support any initiatives to axe this tax.”