

Frequent Flyers Levy Briefing

The proposal is to replace Air Passenger Duty with a Frequent Flyers Levy.

Air Passenger Duty (APD) was introduced because airlines pay no tax on their fuel and are zero-rated for VAT. It is estimated this costs the Exchequer £11.4 billion a year in lost revenue. And costs each household £400 a year. Air Passenger Duty would need to increase four-fold to make up for this lost revenue.

At present, this is the amount APD adds to a ticket:

Band - From 1 April 2015 ^[7]	Reduced Rate – for travel in lowest class available on aircraft*	Standard Rate – for any other class of travel
Band A (0 – 2,000 miles)	£13	£26
Band B (Over 2,001 miles)	£71	£142

* If the seating in the lowest class has seats spaced at more than 40 inches then the Standard Rate applies.

A Frequent Flyers Levy would be a much fairer tax.

The proposal is to allow every person one tax-free flight a year (if they want to take it). Then the tax would rise with every additional flight taken in the year. The tax on a second flight would be around £20 rising to £400 on a 9th flight.

How would it impact on demand?

There would be growth but insufficient to require a new runway in the UK for the foreseeable future.

How would it impact on passengers?

Most people would benefit: 85% of the British public would benefit: **Last year:**

- 52% of us took no flights
- 22% took one flight
- 11% took 2 flights
- Less than 15% of people took 3 or more flights

15% of people took 70% of flights. These are the frequent flyers.

Who are these frequent flyers?

Their defining characteristics are that they earn more than £115,000 a year and have a second home abroad

Most of them come from the City of London, Westminster, Kensington and Chelsea and Surrey

Their most popular destination: tax havens!

And these are predominately not business flights.

Business travel by the UK population is declining. It is now just 12% of all flights. It is leisure travel, particularly by the frequent flyers, which has soared.

How would the Frequent Flyers Levy work?

There are a number of options, the simplest of which might be to use passengers' passports to register the number of flights they have taken.

More details at <http://blog.afreeride.org/faqs/>