



Ministry of Finance

Dutch perspective on Taxing Aviation

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Workshop on Carbon Taxation
Stockholm, 3-4 October 2019



- ✓ Netherlands: introduction aviation tax in 2021
- ✓ Conference on carbon pricing and aviation taxation
20-21 June 2019, The Hague, Netherlands
- ✓ Important outcome: Chicago Convention is no
obstacle to aviation taxes



Current situation

- No excise duties nor VAT in international aviation, unlike other modes of transport



- Aviation causes 2.5% of the global CO₂-emissions, climate impact serious and still rising; locally noise and air pollution.



Dutch aviation tax in 2021

- Based in Dutch 2017 coalition agreement
- Preference for a European tax on aviation
- If in 2021 no European aviation tax has been reached:
introduction of national aviation tax
- Bill for national tax submitted to parliament May 2019
- Anticipated returns of € 200 million (price level 2017)



Elements Dutch aviation tax 2021

- A ticket tax
 - Ticket tax with fixed rate of about € 7 per departing passenger
 - Transfer passengers not included
- An additional tax on air cargo transport
 - Due per departing airplane
 - Rate depends on maximum take-off weight and noise level of aircraft



Conference June 2019

- Goal: sharing knowledge and exploring common grounds to make international aviation pay a fairer price, including external costs
- Participants from 31 countries, EC, IMF and OECD
- Focus on ticket taxes and fuel taxes on kerosene



Conference June 2019, summary

- Most participants saw urgent need to make aviation pay a fair price for their carbon emissions
- Special tax status aviation considered outdated, should be normalised
- Global or multilateral approach (e.g. within EU) is most effective, and improves level playing field between countries
- Explore all options: ticket tax, kerosene tax, VAT



Ticket taxes

- No legal obstacles
- Tax imposed on air passengers (transfer passengers and freight usually not included)
- 7 European countries have a ticket tax in different forms, and also outside Europe, for example Australia, Brazil, China, Oman, Mexico, USA
- In the EU the European Commission might take the lead for coordination



Fuel taxes on kerosene

- Already levied on a national level in several states

Possible legal obstacles for international flights:

- Chicago Convention
- EU energy taxing directive.
- Bilateral air services agreements

Outcome of the Conference: all are solvable!



Chicago Convention

- Established the International Civil Aviation Organization (ICAO) in 1947
- Purpose: *create and preserve friendship and understanding among the nations and peoples of the world*
- principles and arrangements for international aviation to be developed in a safe and orderly manner, on the basis of equality of opportunity



Chicago Convention article 15 (airport and similar charges)

- Prohibits fees, dues or other charges for aircrafts solely for the right of transit over, enter into or exit from its territory
- Case law in UK and NL confirms : prohibition refers to charges only (a levy for a service rendered, in this case for the right of transit/enter/exit the territory)
- This in contrast to a tax which is, by definition, levied without any service given in return



Chicago Convention article 24 (customs duty)

- Bans parties from imposing taxes on fuel already on board an aircraft when it lands in another country
- No prohibition of taxing fuel taken on board in a particular country
- Purpose of this article is to prevent double taxation



Other obstacles Fuel taxes on kerosene

- EU energy directive : fuel tax possible national, exemption international aviation.
 - Solution EU members can agree bilaterally to allow taxing fuel for flights between the two countries
- Bilateral air services agreements mostly prohibit a fuel tax, but can be changed bilaterally



Conclusion

- The Chicago Convention is not an obstacle to aviation (ticket or fuel) taxes
- Normalisation of fiscal position international aviation is possible, if states agree on a bilateral or multilateral basis.
- Next steps?



Thank you for your attention!