

Briefing note for new Air Passenger Duty operators

1. Background

- 1.1. Ministers announced in the 2011 Autumn Statement that with effect from 1 April 2013, Air Passenger Duty (APD) will be extended to the carriage of chargeable passengers on smaller aircraft with an authorised take off weight of 5.7 tonnes or more.
- 1.2. APD will be due on the carriage of chargeable passengers on any chargeable aircraft taking off from a UK airport. Paragraphs 5 and 6 below explain what aircraft and passengers are considered chargeable for APD purposes.
- 1.3. The amount of APD due is based on the number of chargeable, that is non-exempt, passengers on board at take off, their destination and the class they are travelling in (see Annex A below for a list of the exemptions that can apply to passengers). APD is not due if a chargeable aircraft has no chargeable passengers on board, as may be the case for a positioning flight.
- 1.4. Notice 550 Air Passenger Duty, which can be found on the HM Revenue & Customs (HMRC) website is the main guidance for APD. As operators of smaller aircraft will be liable to pay the duty from 1 April 2013, a selection of questions and answers are given below to address the main points to note. These points will be incorporated in [Notice 550 Air Passenger Duty](#).

2. What this means

- 2.1. If you operate an aircraft with an authorised take off weight of 5.7 tonnes or more and you carry chargeable passengers then you will be required to register for APD. However, if you fly no more than 12 flights from the UK in the tax year and have an annual APD liability of less than £5,000, a special occasional operator's scheme will be available. The updated registration forms (APD1) will be available from the HMRC website from February 2013 (see paragraph 17.2 below).

3. Who is affected?

- 3.1. Operators of chargeable aircraft. See section 6 below for the definition of chargeable aircraft.

4. What do I need to do and when?

- 4.1. You need to register from 1 April 2013, although you can complete and submit your registration form earlier than this.
- 4.2. From 1 April 2013 you will need to account for APD on any chargeable passengers that you carry.

5. Who are chargeable passengers?

5.1. Any passenger on board a chargeable aircraft irrespective of whether they have paid for their carriage. This includes employees transported on company business on company aircraft or if you own and operate your own jet, any friends or family you carry.

6. What is a chargeable aircraft?

6.1. A chargeable aircraft is a fixed wing aircraft with an authorised take off weight of 5.7 tonnes or more that is fuelled by avtur.

6.2. Helicopters and any aircraft fuelled by avgas are excluded from APD.

7. The rates

Air Passenger Duty rates ^[1]							
Bands (approximate distance in miles from the UK)	Reduced rate ^[2] (lowest class of travel)			Standard rates ^[3] (other than the lowest class of travel)			Higher rate ^[4]
	From 01 April 2011	From 01 April 2012	From 01 April 2013	From 01 April 2011	From 01 April 2012	From 01 April 2013	From 01 April 2013
Band A (0 – 2000 miles)	£12	£13	£13	£24	£26	£26	£52
Band B (2001 – 4000 miles)	£60	£65	£67	£120	£130	£134	£268
Band C (4001 – 6000 miles)	£75	£81	£83	£150	£162	£166	£332
Band D (over 6000 miles)	£85	£92	£94	£170	£184	£188	£376

[1] From 1 January 2013 the rates for direct long-haul flights to Bands B, C and D from Northern Ireland were devolved, and set at £0. Direct long haul journeys from Northern Ireland are those journeys that start in Northern Ireland and where the first part of the journey is to a destination outside Band A, ie the first stop is in Band B, C or D. For all other journeys from Northern Ireland, the above rates apply.

[2] In addition, if a class of travel provides a seat pitch in excess of 1.016 metres (40 inches) the standard rate is the minimum rate that applies, even if it is the lowest or only class of travel.

[3] The standard rate applies to travel in any class other than the lowest or where the seat pitch exceeds 1.016 metres (40 inches), unless the higher rate conditions are met.

[4] The higher rate applies to all chargeable passengers on flights aboard aircraft of 20 tonnes and above with fewer than 19 seats.

8. What destination is in which APD band?

8.1. There are four destination bands, and the inclusion of a country or territory in each destination band is determined by the distance of its capital from London. A list of destinations and their destination bands can be found in Appendix A of Notice 550.

9. What is 'class of travel' and how is it applied?

9.1. There are three classes of travel for APD purposes:

- Where more than one class of travel is available on the flight, the lowest class attracts the **reduced** rate, while **all** other classes attract the **standard rate** (unless the higher rate conditions are met).

- Where there is only one class of travel available, then provided that both the seat pitch on that class of travel is 40 inches or less, and the higher rate conditions are not met, the **reduced** rate applies. If there is only one class of travel available and the seat pitch is in excess of 40 inches, then the **standard** rate applies, unless the higher rate conditions are met.
- Where an aircraft with an authorised take off weight of 20 tonnes or more and configured to seat 19 or fewer people is used, then irrespective of the number of classes of travel or the seat pitch, the **higher** rate applies to all passengers.

9.2. It is likely that for APD purposes, most business jets will offer only one class of travel.

10. What rate of APD do I apply?

10.1. The rate to be applied to passengers will depend both on the destination of the passenger and the class of travel they are taking. For example:

- chargeable passengers on an aircraft of 20 tonnes or more that is equipped to seat fewer than 19 people will always attract the higher rate of APD
- it is possible that passengers on most planes under 20 tonnes will fall into the reduced rate

11. How and when do I account for APD?

11.1. APD returns are normally sent out to registered operators and due on a monthly basis. There will however be two further ways of declaring and paying APD for the new taxpayer group:

- for those flying no more than 12 times a year and with an annual APD liability of no more than £5,000, an occasional operators scheme will be available (see paragraph 15)
- for those flying more frequently, but with annual APD liabilities below £500,000, an annual accounting scheme with annual returns and payments will be available (see paragraph 14 for more information and Public Notice 552)

11.2. Regardless of your return period (occasional, monthly, annual) you will need to:

- declare the number of passengers you have carried at each rate
- calculate and declare the amount of APD due

11.3. You will need to submit the return and payment by the due date. For occasional operators this is within seven days of the flight taking place, and for monthly and annual returns, by the 22nd of the month following the end of the accounting period.

12. How do I calculate my liability?

- 12.1. You will need to find out how many passengers you have carried to each destination band (deducting any that are covered by an exemption) identify what class of travel they took and whether they were carried in an aircraft that attracts the higher rate. You then need to apply the relevant rate to this number to arrive at the amount of APD due.
- 12.2. However, you may be eligible to use a special accounting scheme. APD Public Notice 551 gives more information about this. Operators who can demonstrate that they would find it difficult to obtain or record information on the number of passengers carried, may apply to use a special accounting scheme. Special accounting schemes will allow you to use alternative methods (including sampling) in order to arrive at your APD liability.
- 12.3. For example, you may be able to base the calculation described in paragraph 12.1 above, on retrospective data for each destination band to arrive at an average passenger number that you can apply each month going forward to each band.
- 12.4. You may use data for the year, or alternatively you may choose to use data from a representative sample instead.
- 12.5. If you wish to use a special accounting scheme you will need to contact HMRC, see paragraph 17 for contact details, and set out how you propose to calculate your APD liability. You will need to provide details of the evidence that you will use to support your calculations. If your scheme is approved, then you must monitor its use and contact HMRC if your business model or activity changes in any way that affects your calculation.
- 12.6. Once approved no changes can be made to your scheme without approval from HMRC and any changes cannot be applied retrospectively. Further information is available in Public Notice 551 'Special accounting schemes for Air Passenger Duty (APD)', see paragraph 17.2 below.

13. What is an annual accounting scheme?

- 13.1. Operators with an annual APD liability of no more than £500,000 will be able to apply to submit returns and pay the APD due on an annual basis. Instead of completing 12 monthly returns, you will complete one return incorporating all your activity for that period and submit this with your payment. This is new scheme, and will be reviewed after the first 12 months, which could result in changes to the conditions of the scheme.
- 13.2. You may apply to join the annual accounting scheme at any time, by writing to the

APD Central Assurance Team (CAT)
Valiant House
1 Park Road

Uxbridge
UB8 1RW

14. Occasional operators

- 14.1. You will still be required to notify HMRC of your liability to register. However, HMRC is considering how this can operate in the least burdensome yet fair way. HMRC is aiming to introduce an occasional operator's scheme for operators flying no more than 12 times a year and with an annual APD liability of no more than £5,000.
- 14.2. Further details are available in Public Notice 550 (see paragraph 17.2 below).

15. Record keeping

- 15.1. You will need to keep records that support your APD calculations (whether you are using a special accounting scheme or not) for a minimum of six years. Notice 550, paragraph 8 explains in more detail what and how records are to be kept.

16. Contact for queries

- 16.1. If you have any queries or need further clarifications not found in notices 550, 551 and 552, please contact the APD Helpdesk on:

Tel: 01895 817339 or 01895 817226

Email: APDHelpdesk@hmrc.gsi.gov.uk

In writing:
APD Central Assurance Team (CAT)
Valiant House
1 Park Road
Uxbridge
UB8 1RW

- 16.2. APD Public Notices and forms can be found at [Air Passenger Duty](#)

Annex A - Exemptions

Passengers

A.1 Persons carrying out certain duties

- A.1.1 Some categories of people are not regarded as passengers for APD purposes when they are engaged in duties on a flight. As such, APD is not charged on their carriage. These are:
- flight crew
 - cabin attendants

- persons not carried for reward who are (i) escorting a passenger or goods (ii) undertaking repair, maintenance, safety or security work or (iii) ensuring the hygienic preparation and handling of food and drink

A.1.2 These people are also exempt if they carry out the above duties within 72 hours of the flight ending. The same exemption applies to people who begin a return journey within 72 hours after performing any of the above duties provided that they are returning to base, that is the place where they are normally stationed or from where they normally operate.

A.1.3 However, when these persons are travelling and are not engaged in these duties or are not returning to base having been engaged in such duties on a previous flight (see A.1.2 above), they are passengers and will be chargeable for APD purposes.

A.2 Young children

A.2.1 Children below the age of two without their own seat are not chargeable passengers. However, if a separate seat is allocated before the infant boards the aircraft APD is chargeable at the full relevant rate.

A.3 Transit passengers

A.3.1 Any APD liability applies to the journey as a whole. When an aircraft makes a stop 'en route' and passengers do not change aircraft then no additional duty becomes due for the leg of the journey immediately after the stop.

A.4 Statutory obligation passengers

A.4.1 APD is not due on the carriage of passengers who are carried free of charge under a statutory obligation (for example deportees) or to inspect aircraft or crew (for example CAA flight operations inspectors).

A.5 Passengers on connecting flights

A.5.1 A passenger who has a ticket is not a chargeable passenger on the second or subsequent flight of his journey if that flight and the previous flight are connected. Specific criteria govern whether the second or subsequent flight on a journey may be treated as connected, depending on whether that flight is to a domestic or international destination. These rules can be found in Section 4 of Notice 550.

A.5.2 Where a passenger travels in the lowest class of travel on a flight from a UK airport that subsequently connects (see provisions outlined above and in Section 4 of Notice 550) to a flight where they are not in the lowest class of travel, then the standard rate of APD will apply.

B Flights

B.1 Emergency/Public Service flights

B.1.1 Aircraft whose operation is related to military, police, customs or search and rescue as defined by Annex I of the EU Emissions Trading Scheme Directive¹ are not chargeable aircraft. These also include aircraft used for:

- humanitarian flights
- flights operated under a public service obligation
- flights operated for research and training purposes

B.2 Short pleasure flights

B.2.1 Passengers carried on flights which are intended to be of 60 minutes duration or less and which begin and end at the same aerodrome or airport, are not chargeable passengers. You should measure the 60 minutes from the aircraft doors closing to the aircraft doors reopening. This includes taxiing time.

B.3 Scottish Highlands and Islands

B.3.1 Passengers carried on flights departing **from** airports in the Scottish Highlands and Islands are not chargeable passengers.

B.3.2 This area is defined as:

- the Highland Region, Western Isles Islands Area, Orkney Islands Area, Shetland Islands Area, Argyll and Bute District, Arran, Great Cumbrae and Little Cumbrae
- in the Moray District, the parishes of Aberlour, Cabrach, Dallas, Dyke, Edinkillie, Forres, Inveravon, Kinloss, Kirkmichael, Knockando, Mortlach, Rafford and Rothes

B.3.3 The main airports found within the region of the Scottish Highlands and Islands are listed in Appendix 5 of Notice 550.

B.3.4 Passengers carried on flights from other areas of the UK to airports in this region are chargeable passengers and subject to APD at the appropriate rate.

B.4 Circumstances beyond the control of the airline or aircraft operator

B.4.1 If the flight details or destination changes, for example due to bad weather or mechanical failure, the liability remains the same as if the original planned event had taken place.

¹ Annex I to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 (as amended by Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008)

B.4.2 Malfunctioning of an aircraft or bad weather may result in passengers being transferred to another aircraft, not necessarily operated by the same airline. In these cases a 'Flight Interruption Manifest' (FIM) will be prepared listing the passenger details. If this happens the new operator should pay any APD liability.

B.5 NATO flights

B.5.1 NATO visiting forces and NATO International Military Headquarters (IMHQ) are relieved from duties under an extra-statutory concession. APD is not due on flights made for official purposes by members of a NATO visiting force or members of a NATO IMHQ. The concession applies as follows.

B.5.2 Where both the aircraft and the crew are provided by you then your charter contract must be signed by an officer of the force or IMHQ and contain the following declaration:

'The Air Passenger Duty liable on the movement of entitled military personnel under this contract is to be relieved under a extra statutory concession (Notice 48 para 2.1) for the benefit of [name of the visiting force or International Military HQ inserted here]. I hereby certify that the movement of these military personnel is for official purposes'.