



## APD and what the April 2013 Extension means to Business Aviation

HMRC have issued various documents to explain how the APD system will be applied to business aviation from 1 April 2013. However, because HMRC documents have to apply to the complete spectrum of aviation, they cannot be as specific in their brief.

APD is to be treated in two bands.

- 5700 – 20000 kg MTOW reduced rate payment
- 20001 kg and above MTOW higher rate payment

### The matrix which applies to us is:-

<b>Bands (approximate distance in miles from the UK)</b>	<b>Reduced rate (lowest class of travel) 5700-20000 Kg</b>	<b>Standard rates (other than the lowest class of travel)</b>	<b>Higher rate  20001 Kg and above</b>
Band A (0 – 2000)	£13	N/A	£52
Band B (2001 – 4000)	£67	N/A	£268
Band C (4001 – 6000)	£83	N/A	£332
Band D (over 6000)	£94	N/A	£376

We will not have aircraft which qualify for standard rate tax, with configurations fewer than 19 seats. That is why the standard rate in the matrix is not applicable to our sector.

The bands which apply to us are the same as for scheduled airlines and available in HMRC notice 550.

### Band extract Appendix 1

<b>Band A</b>	
<b>Country/Territory</b>	<b>Capital City</b>
Albania	Tirana
Algeria	Algiers
Andorra	Andorra la Vella



## **Example of typical sector**

- UK - Moscow
- A/C Falcon 50 - 38,000lbs MTOW
- With 3 passengers
- Aircraft below 20,000 Kg MTOW
- Sector from Appendix 1 is band A
- Duty paid at reduced rate band A Equates to £13 per person
- Total duty to collect would be £39

## **Payment Process**

Currently most of the scheduled airlines pay APD on a monthly basis. We have the option to select an annual accounting scheme, providing APD annual revenue is below £500K, which should include even the largest of operators in the UK. The annual accounting scheme allows the flexibility to arrange payment in line with operator's internal systems. For example operators could pay quarterly with three estimated figures and finalise a year end payment when they have final passenger figures in place.

An additional option is called the special accounting scheme, which allows operators to use average figures for the number of passengers carried. This arrangement will cater for those organisations that may not have fully integrated IT systems and which cannot extract data from their existing systems. In such cases there may be more manual intervention required and therefore it is easier to use average passenger figures for operational sectors.

## **What must I do?**

If you are an operator then you must register with HMRC and you must charge your customers appropriate APD from the 1<sup>st</sup> of April 2013. The operator is financially liable to pay HMRC.

If you are a handling agent you must ensure that operators are provided with an information sheet showing payment required and methods of payment. You must also ensure that records of the operator, aircraft registration and its destination are provided to the airport. The handling agent is not responsible for collecting the duty; it is HMRC who will follow up on unpaid duty.

If as a handling you wish to support clients, you can be nominated as a fiscal, or a fiscal administrative representative. As a fiscal representative you will have financial responsibilities. As administrative representative the client will have to provide the necessary bond.

The attached HMRC document provides all the necessary links to their current documents.

**If you need any clarification regarding APD do not hesitate to contact the BBGA.**