

# Air Departure Tax (Scotland) Bill

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## Explanatory notes

### Introduction

1. As required under Rule 9.3.2A of the Parliament's Standing Orders, these Explanatory Notes are published to accompany the Air Departure Tax (Scotland) Bill, introduced in the Scottish Parliament on 19 December 2016.
2. The following other accompanying documents are published separately:
  - statements on legislative competence by the Presiding Officer and the Cabinet Secretary for Finance and the Constitution (Derek Mackay MSP) (SP Bill 3–LC);
  - a Financial Memorandum (SP Bill 3–FM);
  - a Policy Memorandum (SP Bill 3–PM).
3. The Explanatory Notes are intended to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.
4. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

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## Background

5. The Bill is being brought forward as a consequence of measures enacted in the Scotland Act 2016<sup>1</sup> (“the 2016 Act”), which received Royal Assent on 23 March 2016. Under the terms of sections 17 and 19 of the 2016 Act, the Scottish Parliament will have responsibility for taxes charged on the carriage of passengers by air from airports in Scotland. This Bill deals with that responsibility and makes provision for a tax to be charged on the carriage of passengers on flights that begin at an airport in Scotland, to be called air departure tax (“ADT”).

6. Under paragraph 36 of the fiscal framework<sup>2</sup> agreed between the Scottish Government and UK Government, the provisions in the 2016 Act disapplying the UK Air Passenger Duty (“APD”) regime in Scotland will be brought into force with effect from 1 April 2018 by regulations made by Her Majesty’s Treasury and laid in the UK Parliament. It is intended that the majority of the legislative provisions for ADT will come into force the same day that APD is disappplied, although some provisions will be commenced before that date.

7. The Bill is designed to inter-operate with the Revenue Scotland and Tax Powers Act 2014<sup>3</sup> (“RSTPA 2014”), which received Royal Assent on 24 September 2014. The RSTPA 2014, amongst other things, established Revenue Scotland as Scotland’s tax authority for devolved taxes and provides the general framework for the collection and management of devolved taxes in Scotland. Revenue Scotland currently collects and manages land and buildings transaction tax (“LBTT”) and Scottish landfill tax (“SLfT”), which came into effect on 1 April 2015, and the Bill provides that Revenue Scotland will also collect and manage ADT.

## The Bill

### Overview

8. The Bill comprises 42 sections and three schedules. The sections are arranged in five Parts, as follows:

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<http://www.legislation.gov.uk/ukpga/2016/11/part/2/crossheading/devolved-taxes>

<sup>2</sup> <http://www.gov.scot/Publications/2016/02/3623/1>

<sup>3</sup> <http://www.legislation.gov.uk/asp/2014/16/contents>

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- Part 1 provides for a tax to be charged on the carriage of passengers on flights that begin in Scotland, payable by the aircraft operator;
- Part 2 sets out the key concepts underlying the tax, including identifying the passengers and aircraft in respect of which the tax will be charged;
- Part 3 sets out the structure of the tax, and provides for tax bands and tax rate amounts to be set by regulations;
- Part 4 provides for administrative matters relating to the payment, collection and management of the tax, including registration, tax returns, a power to obtain security for payment of the tax and a requirement for aircraft operators based outside the European Economic Area (EEA) to appoint EEA-based tax representatives;
- Part 5 contains final provisions, including an index of defined expressions, Crown application, subordinate legislation, ancillary and commencement powers.

9. The Bill makes a number of consequential and technical amendments to the RSTPA 2014. These are set out in schedule 2.

10. The regime in this Bill for charging ADT replaces the regime for APD that currently applies under Chapter IV of Part I and schedules 5A and 6 of the Finance Act 1994 (“FA 1994”) and various instruments of subordinate legislation.

11. The following summarises the effect of this Bill on aircraft operators who operate flights from airports in Scotland:

### Liability for tax

- aircraft operators that are currently liable for APD will continue to be subject to a tax on the carriage of chargeable passengers on a chargeable aircraft – ADT for flights that begin in Scotland and APD for flights that begin elsewhere in the UK;
- the aircraft operator will be the taxpayer for the purposes of the RSTPA 2014, but nothing in the Bill prevents aircraft operators from passing the cost of the tax onto passengers (or requires them to do so);

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- aircraft operators that are currently exempt from APD because they are part of the Crown may become subject to ADT: this is because this Bill takes a different approach to Crown application (see the explanation of section 39);

## Exemptions

- the Bill as introduced does not identify any non-chargeable passengers or non-chargeable aircraft: however, the Bill includes a regulation-making power under which passenger and aircraft exemptions may be made (see section 8). Detail on exemptions will be delivered at a later date;

## Tax rates

- the structure of ADT is similar to the structure of APD, in that the amount of tax incurred for the carriage of a chargeable passenger on a chargeable aircraft will depend on the passenger's final destination and class of travel;
- the Bill provides for the Scottish Ministers, by regulations, to define tax bands by reference to a passenger's final destination and to set tax rate amounts according to the passenger's class of travel. Detail on tax bands and tax rate amounts will be delivered at a later date;

## Collection and management of ADT

- Revenue Scotland will be responsible for the collection and management of ADT, so aircraft operators that carry, or expect to carry, chargeable passengers on chargeable aircraft on flights that begin in Scotland will need to register with Revenue Scotland;
- aircraft operators that are required to register for ADT will make tax returns on a quarterly basis (under section 17), unless eligible to make occasional returns (under section 18);
- tax that is due will need to be paid at the same time as a return is made, and tax will be treated as paid if arrangements satisfactory to Revenue Scotland are made for payment of the tax;
- if an aircraft operator that is required to register for ADT is based outside the EEA, it will need to appoint a tax representative for the purposes of ADT. If the operator already has a fiscal representative for the purposes of APD, the Bill does not prevent the same person being appointed to both roles but imposes

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eligibility requirements against which the ADT appointment would need to be assessed;

- failures to comply with obligations relating to ADT will incur penalties under the RSTPA 2014 (see the explanation of schedule 2).

## Part 1 – air departure tax

12. Part 1 contains only one section, which establishes that there is to be a tax charged on the carriage of passengers on flights that begin in Scotland. The tax will apply only for the carriage of chargeable passengers on chargeable aircraft, and will be payable by the aircraft operator. Revenue Scotland is to be responsible for the collection and management of the tax.

## Part 2 – key concepts

13. Part 2 defines the concepts that are fundamental to the operation of the tax: in particular, defining who is a chargeable passenger and which aircraft are chargeable aircraft. Other terms are defined elsewhere in the Bill, either in the section in which a term is used or in the general interpretation section (section 37). An index of all terms and expressions that are defined or otherwise explained in the Bill can be found in schedule 3.

### Section 2 – Meaning of chargeable passenger

14. The effect of this section is that every person carried on a flight that begins in Scotland is a chargeable passenger, unless the person is working during the flight or qualifies for an exemption as a non-chargeable passenger (exemptions may be set by the Scottish Ministers by regulations made under section 8). For a person to be treated as working during a flight, the person must be carried on the flight for the sole purpose of carrying out an activity described in section 2(2) during the flight. The activities described in section 2(2)(a), (b) and (d) are self-explanatory. Section 2(2)(c) covers work relating to the safety or security of the aircraft or of passengers or goods carried on the aircraft, and includes escorting a passenger or goods. Not all persons who escort a passenger or goods on a flight would be considered to be working during the flight. The paragraph must be read in its context, which requires that the person is carried for the sole purpose of carrying out the activity in relation to the flight. Persons whose work escorting a person or goods continues after the flight, or

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whose work has no connection with the aircraft operator, would not be considered to be working during the flight for the purpose of this section: for example, a teacher accompanying students on a school trip or a courier delivering diplomatic documents.

### Section 3 – Meaning of chargeable aircraft

15. The effect of this section is that ADT is only charged in respect of chargeable passengers carried on certain aircraft, referred to in the Bill as chargeable aircraft. A chargeable aircraft is a fixed-wing aircraft, fuelled by kerosene (equivalent to aviation turbine fuel, or “Avtur”), with a maximum take-off weight of 5.7 tonnes or more. Every aircraft that meets those criteria is a chargeable aircraft, unless the aircraft qualifies for an exemption as a non-chargeable aircraft (exemptions may be set by the Scottish Ministers by regulations made under section 8). Rotary aircraft such as helicopters, and aircraft not fuelled by kerosene (such as piston-engine aircraft which are typically fuelled by aviation gasoline, or “Avgas”) are not chargeable aircraft.

16. The following examples show the maximum take-off weights of some aircraft currently used in Scotland. Maximum take-off weight is defined in section 6.

Example	Tax outcome
<p><i>Example 1 (aircraft with a maximum take-off weight of less than 5.7 tonnes)</i></p> <ul style="list-style-type: none"> <li>• BN-2 Islander: used on intra-island routes in Orkney, and between Oban and Coll, Colonsay and Tiree, this small turboprop plane has a maximum take-off weight of 2.994 tonnes.</li> <li>• Viking Twin Otter 400: used on routes between Glasgow and Barra, Campbeltown and Tiree, this small turboprop plane has a maximum take-off weight of 5.670 tonnes.</li> </ul>	<p>No ADT is payable for the carriage of passengers on these aircraft. Both are too light to be chargeable aircraft. In addition, the BN-2 Islander is fuelled by Avgas, not Avtur (kerosene).</p>

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<p><i>Example 2 (aircraft with a maximum take-off weight of 5.7 tonnes or more)</i></p> <ul style="list-style-type: none"><li>• Let L-410: used on flights between Glasgow and the Isle of Man, this aircraft has a maximum take-off weight of 7 tonnes.</li><li>• Saab 340: used on most Highlands and Islands routes, this aircraft has a maximum take-off weight of 13.99 tonnes.</li><li>• Boeing 777-300ER: with a maximum take-off weight of 251.29 tonnes, this is the largest aircraft currently used on long haul routes from a Scottish airport.</li></ul>	<p>ADT is payable for the carriage of chargeable passengers on these aircraft because each aircraft has a maximum take-off weight of more than 5.7 tonnes.</p>
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### Sections 4 to 7

17. Sections 4 to 7 define other concepts that are key to the operation of the tax: flight, carriage, agreement for carriage, maximum passenger capacity, maximum take-off weight and standard class travel. Key points to note include the following:

- a person’s flight begins when the person first boards the aircraft and ends when the person finally disembarks from it: a flight does not end nor a new flight begin if, for example, a person disembarks from an aircraft temporarily while it refuels (see section 4);
- an agreement for carriage need not be formal or commercial in nature (see section 5); accordingly, the operators of a private jet would be liable for ADT if the jet is a chargeable aircraft and carries passengers who are chargeable passengers, even if the passengers are carried on an informal basis and do not have tickets for their travel;
- whether a passenger is carried on an aircraft in standard class travel (which is relevant to the structure of the tax in section 9) depends on the seat pitch, the number of different classes of travel available on a flight, and any guidance issued by Revenue Scotland (see section 7).

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## **Section 8 – Key concepts may be modified by regulations**

18. This section provides for regulations to make provision concerning who is a chargeable passenger, who is a non-chargeable passenger, which aircraft are chargeable aircraft and which aircraft are non-chargeable aircraft. Regulations under this section will be subject to the affirmative procedure (see section 35(1)).

## **Part 3 – tax rates**

19. Part 3 provides for the structure of the tax. The rate of ADT incurred for the carriage of a chargeable passenger on a chargeable aircraft will depend on three variables:

- the final destination of the flight, which will determine which tax band applies (tax bands are to be defined by the Scottish Ministers by regulations under section 10);
- whether the aircraft is a special category aircraft, which will determine whether the “special rate” applies (see section 9(3)(a)). A special category aircraft is essentially a large aircraft that is configured to carry only a small number of passengers;
- whether the passenger is travelling in standard class travel for all flights covered by his or her agreement for carriage, which will determine whether the “standard” or “premium” rate applies (see section 9(3)(b)).

20. The amount of the standard, premium and special tax rates for each band will be set by the Scottish Ministers by regulations under section 10.

21. Setting tax bands and tax rate amounts in subordinate legislation is consistent with the approach so far adopted in relation to other devolved taxes in Scotland – see section 24 and paragraph 3 of schedule 19 of the Land and Buildings Transaction Tax (Scotland) Act 2013<sup>4</sup> (“LBTT(S)A 2013”) and section 13 of the Landfill Tax (Scotland) Act 2014<sup>5</sup> (“LT(S)A 2014”).

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<sup>4</sup> <http://www.legislation.gov.uk/asp/2013/11/contents>

<sup>5</sup> <http://www.legislation.gov.uk/asp/2014/2/section/13>

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22. Regulations defining tax bands and setting tax rate amounts will be subject to the affirmative procedure (see section 35(1)).

23. Section 10(2) provides for regulations to make other provision concerning the structure of the tax. Regulations under this subsection will be subject to the affirmative procedure (see section 35(1)).

## Part 4 – payment, collection and management of tax

24. Part 4 sets out a range of provisions for collecting and managing ADT, and is designed to inter-operate with the RSTPA 2014, which provides the general collection and management framework for devolved taxes in Scotland.

### Sections 11 and 12 (taxable activities and taxable persons)

25. These sections define taxable activity and taxable person. Their combined effect is that every aircraft operator that carries a chargeable passenger on a chargeable aircraft on a flight that begins at an airport in Scotland is a taxable person. Section 12(2) clarifies that the aircraft operator, and not the passenger, is the taxpayer.

### Sections 13 to 15 (registration)

26. These sections relate to registration. Section 13 requires Revenue Scotland to keep a register (the “ADT register”) for the purpose of collecting and managing the tax. Section 13(4) gives Revenue Scotland a discretionary power to publish any, some or all of the information in the ADT register. However, this will be subject to existing restrictions on the publication of certain information (for example, under the Data Protection Act 1998).

27. Taxable persons are required by section 14 to register for the tax. Section 15 requires taxable persons making standard quarterly returns (see section 17) to deregister for the tax if they cease being a taxable person or form an intention to do something, or to stop doing something, that will result in them ceasing to be a taxable person.

### Sections 16 to 20 (tax returns)

28. These sections relate to tax returns. Every taxable person must make tax returns – either quarterly under section 17 or on an occasional basis under section 18. Quarterly returns are due 30 days after the end of each quarter (1 January to 31 March; 1 April to 30 June; 1 July to 30 September;

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1 October to 31 December). Occasional returns are due seven days after the date of any flight in relation to which ADT is incurred.

29. The eligibility of a taxable person to make occasional returns is re-assessed each time the taxable person carries out a taxable activity; eligibility is based on the intended level of taxable activity during the next 12 months and the amount of tax expected to be incurred during that period. If Revenue Scotland is not satisfied that a taxable person is eligible to make occasional returns, Revenue Scotland may require the person to make quarterly returns instead.

30. Before switching from quarterly returns to occasional returns, or vice versa, a taxable person must notify Revenue Scotland.

31. Section 16(2) requires tax to be paid at the same time as a return is made under section 17 or 18 or amended under section 83 of the RSTPA 2014.

32. Section 19 requires returns to be made in the form that is specified by Revenue Scotland; this is consistent with the approach to other devolved taxes (see section 25A of the LT(S)A 2014 and section 35 of the LBTT(S)A 2013, as inserted by the RSTPA 2014). Section 19(2) enables a fiscal tax representative (see sections 21 to 23) to make a tax return and associated declaration on a taxable person's behalf.

33. Section 20 allows for taxable persons to agree with Revenue Scotland a special accounting scheme. This would enable the taxable person to make tax returns based on information about chargeable passengers that is calculated in accordance with the special accounting scheme rather than from records of actual passenger numbers. Approval to use a special accounting scheme will only be given if Revenue Scotland considers that it is appropriate having regard to the difficulties that the person has encountered or expects to encounter in obtaining or recording information about passengers and their agreements for carriage.

#### Sections 21 to 27 (tax representatives)

34. These sections require taxable persons not based in an EEA State (as defined in section 37) to appoint an EEA-based tax representative. Taxable persons based in an EEA State may appoint a tax representative if they wish to do so. A tax representative may be any person (e.g. an

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individual, a partnership, a body corporate or an unincorporated body) that meets the eligibility requirements set out in section 25.

35. There are two types of tax representative: fiscal and administrative (see section 22). A fiscal tax representative effectively stands in the shoes of the taxable person, and is liable to Revenue Scotland, jointly and severally with the taxable person, for ADT (see section 23). This joint and several liability continues after the fiscal tax representative's appointment ends, but extends only to liabilities arising from failures to comply that occurred during the period that the fiscal tax representative was appointed (see section 23(2)).

36. An administrative tax representative is responsible mainly for keeping and preserving records for ADT, and is not liable for ADT or authorised to make or amend tax returns (see section 24(2)). The record-keeping requirements for ADT will be set out in regulations to be made under section 74 of the RSTPA 2014<sup>6</sup>. A taxable person is authorised to appoint an administrative, rather than a fiscal, tax representative only if the taxable person provides the amount of security (if any) that is required by Revenue Scotland. Directions made by Revenue Scotland under section 28 or 29 may specify the amount of security that is required to validate the appointment of an administrative tax representative. To ensure that the appointment of an administrative tax representative continues to be valid, a taxable person must comply with directions issued under section 28 or 29 after the appointment is made.

37. Taxable persons are required to notify the details of tax representative appointments to Revenue Scotland (see section 21(4)(b)).

38. Section 26 clarifies when the appointment of a tax representative begins and ends, to provide certainty about the extent of the tax representative's obligations.

39. Section 27 places a duty on taxable persons and tax representatives to notify Revenue Scotland, and each other, if the appointment is to cease to have effect for any reason.

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<sup>6</sup> <http://www.legislation.gov.uk/asp/2014/16/section/74>

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### Sections 28 and 29 (security)

40. These sections empower Revenue Scotland to issue directions requiring taxable persons to provide security for the payment of any tax that may become due. Revenue Scotland has the power to specify what type of security is appropriate, but it is expected that a written guarantee from a financial institution (such as a bank) will normally be acceptable.

41. A direction under section 28 applies to an individual taxable person or fiscal tax representative. A direction under this section may:

- require a taxable person or fiscal tax representative to provide security, or
- identify the amount of security that a taxable person would be required to provide to validate the appointment of an administrative tax representative (see section 22(2)(b) or (c)).

42. A direction under section 29 applies to taxable persons generally. It may specify the amount of security, or a method for calculating the amount of security, that taxable persons are required to provide to validate the appointment of an administrative tax representative. In respect of any particular taxable person, an individual direction under section 28 prevails over a general direction under section 29.

### Sections 30 and 31 (handling agents)

43. A handling agent for ADT purposes is someone that has an agreement with an aircraft operator to arrange seat allocation and boarding for passengers carried by the aircraft operator. Section 31 enables Revenue Scotland to put a handling agent on notice that it will be jointly and severally liable with the aircraft operator, while the notice is in effect, for ADT incurred by the aircraft operator for carrying passengers handled by the handling agent. The joint liability extends to certain tax-related penalties and interest (section 31(5)).

44. Section 31(2) enables Revenue Scotland to issue a notice to a handling agent only when an aircraft operator has fallen into tax arrears or failed to appoint a tax representative when required to do so. Section 31(3)(a) prevents Revenue Scotland from issuing a notice to a handling agent who is an individual. Section 31(4)(a) ensures that a notice under this section cannot take effect before it has been received by the handling agent. The meaning of “handle” and “handling agent” are set out in section 30.

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## Section 32 and 33 (communications with, and inaccuracies notified to, Revenue Scotland)

45. These sections are self-explanatory.

## Section 34 – Administrative provisions may be modified by regulations

46. This section provides for regulations to make other provision relating to the payment, collection and management of the tax (other than to amend the meaning of taxable activity in section 11 or the meaning of taxable person in section 12). Regulations under this section will be subject to the affirmative procedure if they add to, replace or omit any part of the text of an Act, and the negative procedure if they do not (see section 35(1)(c) and (2)(a)).

## Part 5 – Final provisions

47. Part 5 includes standard final provisions. Setting aside section 39 (Crown application), which is discussed in more detail below, particular points to note in relation to Part 5 include:

- that section 35 sets out the applicable procedures for regulation-making powers in the Bill;
- that section 37(2) provides a power to update, by regulations, references in the Act to other enactments (regulations made under this power will be subject to the negative procedure – see section 35(2)(c)); and
- that section 41 provides for provisions in the Bill to be brought into force by regulations.

## Section 39 – Crown application

48. There is a common law presumption that an Act of the UK Parliament does not bind the Crown unless it does so expressly or by necessary implication. The Crown is therefore not subject to the FA 1994, which provides the statutory authority for the APD regime. However, the default position under section 20 of the Interpretation and Legislative Reform (Scotland) Act 2010<sup>7</sup> is that Acts of the Scottish Parliament bind the Crown unless they expressly provide otherwise.

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<sup>7</sup> <http://www.legislation.gov.uk/asp/2010/10/section/20>

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49. For consistency with the approach to other devolved taxes, the Bill does not displace the statutory presumption in favour of Crown application. Any aircraft operators that are currently exempt from APD on the basis that they are part of the Crown will not be exempt from ADT on that basis. For example, Marine Scotland currently uses aircraft for maritime surveillance. If Marine Scotland operated chargeable aircraft for this purpose, and carried chargeable passengers, it would be exempt from APD because it is part of the Scottish Government, and therefore part of the Crown, but would not be exempt from ADT.<sup>8</sup>

50. Section 39 provides that Her Majesty in Her private capacity is not a taxable person. The effect of this is that if Her Majesty, in Her private capacity, were to have the management of any chargeable aircraft carrying chargeable passengers on a flight beginning at an airport in Scotland, Her Majesty would not be required to register for or to pay ADT.

51. Section 39 does not exempt Her Majesty from being a chargeable passenger. The effect of this is that if Her Majesty were carried on a chargeable aircraft on a flight departing from an airport in Scotland, the aircraft operator would incur tax at the applicable rate under section 9. This Bill does not prevent an aircraft operator from passing on to Her Majesty, or to any other passenger, the cost of the tax, but nor does it require it.

## Schedules

### Schedule 1 – Connected flight rules

52. Schedule 1 sets out the rules for determining which flights are to be treated as connected flights. This is relevant to tax bands, which will be set by reference to a passenger's final destination (see description of Part 3, above). The final destination of a passenger who is travelling on connected flights is the place where the last connected flight ends.

53. The connected flight rules prescribe the maximum time permitted between two flights in order for them to be considered to be connected flights. The permitted connection period is 24 hours if connecting to an international flight and either six, 10 or 17 hours for connecting to a

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<sup>8</sup> The aircraft currently used by Marine Scotland for maritime surveillance are Reims Cessna Caravan IIF-406, which have a maximum take-off weight of less than 5.7 tonnes and are therefore not chargeable aircraft (see the description of section 3).

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domestic flight, depending on what time of day the preceding flight is scheduled to arrive. Flights are connected flights only if they are covered by the same agreement for carriage (see section 5(2)).

## Schedule 2 – Minor and consequential amendments

54. This schedule amends the RSTPA 2014. The amendments bring ADT into the framework for the collection and management of devolved taxes under the RSTPA 2014.

55. Paragraph 2 of schedule 2 amends section 141, which enables a designated officer of Revenue Scotland to enter and inspect a person's business premises. The power under section 141 may be used only if the officer believes that the inspection is reasonably required for the purpose of checking the person's tax position. The effect of the amendment is that the power under section 141 does not extend to the premises of a taxable person's tax representative or handling agent. However, the premises of a tax representative or handling agent may be entered and inspected if the representative or agent is specified as an involved third party for the purpose of section 142 of the RSTPA 2014.

56. Paragraphs 3 to 23 make amendments relating to penalties. Generally, the same penalties have been applied in relation to ADT as currently apply in relation to SLfT. However, some new penalty provisions have been added for failures to meet obligations specific to ADT (for example, to appoint a tax representative or provide security), and some existing RSTPA 2014 provisions relating to the administration and enforcement of penalties have been duplicated for ADT.

57. Some penalty provisions that apply to SLfT or LBTT have been amended in order to incorporate references to ADT, but the substantive effect of the RSTPA 2014 as it applies to SLfT and LBTT is not affected by this Bill.

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58. The following table identifies the conduct relating to ADT that will incur a penalty under the RSTPA 2014 and the penalties that will apply.

<b>Conduct incurring penalty</b>	<b>Penalties</b>	<b>Schedule 2 reference</b>
Failing to make tax returns	Multiple penalties ranging from a fixed penalty of £100 to a tax-gearred penalty of 100% of the tax liability which would have been shown in the tax return, depending on the nature and persistence of the failure to comply (sections 159 and 164 to 167 of RSTPA 2014 as amended)	Paragraphs 3 to 8
Failing to pay tax when making or amending a tax return Failing to pay an additional amount of tax arising from an adjustment or assessment under the RSTPA 2014	Multiple penalties ranging to 1% to 5% of the unpaid tax, depending on persistence of failure (sections 168 and 170 to 173 of RSTPA 2014 as amended)	Paragraphs 9 to 15
Giving Revenue Scotland inaccurate taxpayer documents, where the inaccuracy misrepresents the amount of tax payable	Penalty of 30% of potential lost revenue if the inaccuracy is careless and 100% if it is deliberate (sections 182 and 183 of RSTPA 2014 as amended)	Paragraph 16

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<p>Failing to register for the tax</p> <p>Failing to appoint a tax representative</p> <p>Failing to comply with an individual direction to provide security for the payment of tax</p>	<p>Penalty of 30% of the potential lost revenue if the failure to comply is careless and 100% if it is deliberate (sections 209 and 210 of RSTPA 2014 as amended)</p> <p>Additional tax-related penalties may be imposed by the Upper Tribunal (sections 215A and 215B of RSTPA 2014 as inserted)</p>	<p>Paragraphs 18 to 21</p>
<p>Failing to deregister for the tax on ceasing to be a taxable person</p> <p>Failing to notify Revenue Scotland of details of tax representative appointment</p> <p>Failing to notify Revenue Scotland if a tax representative appointment is to cease to have effect</p> <p>Failing to notify Revenue Scotland about inaccuracies in certain information notified to Revenue Scotland</p>	<p>Penalty of £300 (section 215C of RSTPA 2014 as inserted)</p>	<p>Paragraph 21</p>

59. Paragraph 24 of schedule 2 amends section 223 of the RSTPA 2014, which provides for a certificate of Revenue Scotland to be taken as evidence of the certified facts. The section is amended to enable certificates to be given as to whether or not, in relation to a specified flight, a passenger is a chargeable passenger or an aircraft is a chargeable aircraft.

60. Paragraph 25 of schedule 2 amends section 233 of the RSTPA 2014, which specifies which decisions of Revenue Scotland are appealable

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decisions. The effect of the amendment is that a decision of Revenue Scotland that affects a requirement to provide security for the payment of the tax is appealable. However, a person will not be entitled to appeal a decision of Revenue Scotland to issue a general direction under section 37 (although a person may appeal how the general direction is applied by Revenue Scotland in a particular case).

### Schedule 3 – Index of defined expressions

61. Schedule 3, which is introduced by section 40, is self-explanatory.



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## Explanatory notes

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