AIR DEPARTURE TAX
UPDATE TO THE FINANCE AND CONSTITUTION COMMITTEE

Dear Mr Crawford

I am writing to update the Finance and Constitution Committee on Air Departure Tax (ADT), to help inform the Committee’s pre-Budget scrutiny.

My letter to you on 23 April 2019 informed the Committee of the deferral of the introduction ADT beyond April 2020. I set out that this was due to the issue of the Highlands and Islands (H&I) exemption – to which a solution had not been found – and the continued uncertainty around Brexit. The Scottish Government has been clear, and has agreed with the UK Government, that the exemption issue needs to be resolved before ADT can be introduced in Scotland. In the interim, the UK Government will continue to maintain the application of APD in Scotland.

In direct response to the Paris Agreement, the Scottish Government’s landmark Climate Change Bill maintains our legislative framework as the toughest, most ambitious in the world. We are updating the Climate Change Plan and are looking across our responsibilities to make sure we continue with the policies that are working and identify areas where we can go further, faster. As a consequence, the Scottish Government has concluded that the economic benefits we previously sought through our policy of reducing ADT are no longer compatible with our new emissions targets.
The Scottish Government remains committed to taking on the tax when a solution to the H&I exemption issue has been found. We will also continue to engage stakeholders in this work and on the future policy position. Most recently the Cabinet Secretary for Finance, Economy and Fair Work chaired a meeting of representatives of aviation, tourism and business groups on 12 September, to discuss the rationale for the ADT policy change and the context of the climate emergency.

I hope you find this information helpful and I will continue to keep the Committee and the Parliament updated.

Regards

KATE FORBES