

Tax briefing note

Air passenger duty

June 2025

What is it?

Air passenger duty (APD) is a levy paid by passengers departing from UK (and Isle of Man) airports on most aircraft. Connecting flights are treated as a single flight. It does not apply to onward-bound passengers on connecting flights if the inbound connection was not liable nor to those on aircraft weighing under 5.7 tonnes.

It was introduced in 1994 at a rate of £5 per passenger to UK and European Economic Area (EEA) destinations, and £10 to non-EEA destinations. In 2001 a higher rate for non-economy class seats was introduced. In 2009 EEA and non-EEA bands were replaced with four distance bands (measured from the destination's capital city to London, not the actual flight distance) around thresholds of 2,000, 4,000 and 6,000 miles.

In 2015 the highest two bands were abolished, leaving only two remaining: band A up to 2,000 miles and band B over 2,000 miles. For each band there is a reduced rate (for the lowest class seats), a standard rate and a higher rate (for seats in aircraft of over 20 tonnes equipped for fewer than 19 passengers). Passengers under 16 are exempt if they are in the lowest class of travel on a commercial flight.

Since April 2023 four destination bands have applied: one domestic and three international. Band A for up to 2,000 miles; band B for journeys between 2,001 and 5,500 miles; and band C for those over 5,500 miles. The reduced, standard and higher rates remain in place and range from £7 (for a reduced domestic flight) to £673 (for a band C higher rate flight).¹

Table: air passenger duty rates from 1 April 2025

Destination band	Reduced (£)	Standard (£)	Higher (£)
Domestic	7	14	84
Band A (0 to 2,000 miles)	13	28	84
Band B (2,001 to 5,500 miles)	90	216	647
Band C (over 5,500 miles)	94	224	673

What's the problem with it?

Flights within the EEA were covered by the European Union emissions trading scheme (ETS) from 2012,² meaning that there is practically no emissions-based reason to tax EEA flights. This is because any reduction in emissions from discouraging air travel would simply be replaced by another emitter buying the freed-up permit. The UK's emissions trading scheme replicates this. The duty is payable per passenger despite there being only a weak link between passenger numbers and CO₂ emissions. It takes no regard of the fuel efficiency of the aircraft. So even on non-EEA flights, the environmental case for APD is weak.

APD introduces distortions between air travel and other forms of domestic and EEA transport. There is no equivalent duty on coach or rail passengers. There are consequential losses for suppliers such as airlines, airports and their associated industries together with the welfare loss from those journeys switched.

¹ HM Revenue & Customs, Rates for Air Passenger Duty, 1 April 2025, www.gov.uk/guidance/rates-and-allowances-for-air-passenger-duty (accessed 6 April 2025).

² European Commission, Development of EU ETS (2005-2020), 2022, climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/development-eu-ets-2005-2020_en (accessed 6 April 2025).

APD does not remove the distortion between types of consumption liable to VAT (including private transport) and air travel because it is so arbitrary. While purchases of petrol, cars and taxi rides are subject to VAT (if the supplier's revenues are above the VAT threshold), public transport is not.

What should be done?

1. Abolish APD on EEA and domestic flights immediately.
2. Switch to an air flight duty limited to non-EEA flights based on emissions, not passengers, for flights not covered by the UK ETS.