

ALERTS

Aviation Law Alert - International Travel From United Kingdom Subject To Air Passenger Duty

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Effective April 1, 2013, the United Kingdom will implement an air passenger duty (APD). The APD is an excise duty chargeable on passengers being transported from a U.K. airport on a qualifying aircraft. The calculation of the APD is determined by the number of chargeable passengers, their destination and their travel "class." It should be noted the APD impacts commercial airlines and business aircraft. Aircraft below 12,566 lbs. gross weight are excluded from the APD. Business aircraft between 12,566 lbs. and 44,092 lbs. are subject to the same rate as commercial airlines instead of being subject to a special higher rate. Aircraft above 44,092 lbs., with less than 19 seats, will pay the higher APD rate ranging from £52 to £376 per passenger.

Crew members carrying out required duties are not chargeable passengers. Only aircraft taking off from a United Kingdom airport will be subject to the APD.

Operators that may have qualifying flights to the U.K. should register with the U.K. Her Majesty's Revenue and Custom (HMRC) by April 1, 2013.

There is a proposed simplified reporting/payment system under consideration for "occasional operators" that have no more than 12 flights from the U.K. per year, with an annual APD liability of no more than £5000. The proposed system would allow operators to forego registration requirements assuming APD payments are made within seven days of any flight departing the U.K.

There is also an "annual accounting scheme" which allows qualified operators with less than £500,000 in annual APD liability to make payments on an annual basis. This would be different than the normal APD reporting on a monthly basis and could be a desirable option for operators with more than 12 flights from the U.K. per year and desire to pay APD on an annual basis, rather than within seven days of each flight from the U.K.

The above is intended only for your information and should not be considered as legal advice. For more information regarding the issues described in this document, please contact Clifford G. Maine, chair of Barnes & Thornburg LLP's Aviation group, at (616) 742-3944 or cmaine@btlaw.com.

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