Briefing

Taxing private jets: raising revenue from highly polluting, luxury private aviation

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green alliance...

Summary

Private jets are a growing source of emissions, releasing ten times more carbon per passenger on average than commercial flights, but often paying less tax than a car driver making the same journey. We recommend private jet use is more heavily taxed, noting that a tax on fuel, consistent with the polluter pays principle, could raise up to £200 million per year which could be spent on developing lower emission aviation technologies.

Background

There were at least 90,000 private jet flights within the UK or from the UK to European destinations in 2022, generating around 500,000 tonnes of carbon dioxide.[1] This number is the highest in Europe, with the UK responsible for around 15 per cent of European private jet emissions. Most private jet travel from the UK is within Europe, but there will be a small number of journeys from the UK to other continents.[2] Emissions from all European private jet travel have increased by almost a third since 2005, far faster than commercial aviation emissions.[3]

Private aviation is a luxury only a small fraction of the population can afford and is currently undertaxed. Private jets are highly polluting, releasing on average ten times more carbon emissions per passenger than commercial flights.[4] The continued growth of private aviation is not compatible with a fair and just transition to a net zero society.

Despite this, the majority of private flights pay no VAT, no fuel duty and most of their passengers pay the same low rate of air passenger duty (APD) as passengers on commercial flights, between £14 and £26 per flight.[5] Many smaller private jets are also exempt from the UK Emissions Trading Scheme (ETS).[6] This means that someone who drives from London to Edinburgh currently pays three times more in tax than someone who flies by small private jet.[7]

Several organisations have called for private aviation to be taxed more heavily, in accordance with the polluter pays principle. Transport &

Environment recommend private jet fuel and ticket taxes, to help fund innovation in zero emission aviation.[8] The Campaign for Better Transport has called for a new 'super' rate of APD for private flights, while Greenpeace has called for an outright ban.[9]

We suggest that private aviation is taxed more heavily, both to raise revenue and to discourage its continued growth.

Options for taxing private jets

There are a variety of ways in which private jet travel can be taxed. Below we set out a series of options, the revenue they could raise, and any barriers to implementation.

How private jet taxation could work

Option	Potential annual revenue	Implementation
Extend the ETS to cover all private aviation	If the UK ETS had covered all 90,000 private jet flights within the UK and from the UK to Europe in 2022, which emitted 500,000 tonnes of CO_2, at £75 per tonne (the 2022 average ETS price), this would have generated **£38 million**. Larger jets do already pay into the UK ETS, so some fraction of this revenue stream is already in place.	Private jet operators currently benefit from free allocations under the UK ETS. These should be phased out. Costs scale up with emissions, as intended by the ETS, which should encourage efficiencies.
Tax private jet kerosene	In 2022 the private flights within the UK and from the UK to Europe used approximately 200 million litres of fuel.[10] Depending on the level, a private jet kerosene tax could generate: **£60 million** at 30p per litre **£100 million** at 50p per litre **£200 million** at £1 per litre (Note that European kerosene prices are currently around 40p per litre, less than a third of current petrol and diesel prices which include fuel duty at around 50p per litre)	Fuel suppliers already pay a small duty (36p per litre) on aviation gasoline, used for very small pleasure flights, in the same way they do for road transport fuels. They would have to register how much kerosene is sold to private jet operators. Costs scale up with fuel use, which should encourage efficiencies. Increasing the price of jet fuel is also an incentive to produce sustainable aviation

		fuels, lowering the cost for commercial flights too.
Increased APD for private aviation	Campaign for Better Transport suggests a super rate of APD at £780 per passenger for all distances. We estimate that this would raise **£320 million** from private flights within the UK and between the UK and Europe.[11] This is on top of existing APD revenue.	Operators may push back.
Private aviation VAT	Campaign for Better Transport recommends charging VAT on private aviation. VAT at 20 per cent could have raised around **£180 million** in 2022.[12]	Most private aviation (except helicopters and small propeller planes) is zero rated for VAT.[13]
Tax on landing slots or departures	Considering a suggested £1,000 charge on landing or departure slots for private aircraft, the 90,000 flights in 2022 would have raised **£90 million.**	Airports already tend to charge for these services so introducing an additional levy should not be difficult.

A tax on private jet fuel is especially appealing. It would bring the cost of aviation fuel used by the wealthiest in society closer to the cost of petrol used by the poorest in society. It also follows the polluter pays principle.

Our estimates of revenues from the tax options above do not include an adjustment for the potential reduction in demand as a result of higher costs.

What are other countries doing?

Italy is the only European country which charges an 'Aero Taxi Passenger Tax' on private aviation, though several others are considering a private jet tax, either on flights or fuel.

Action by other European countries

Country	Activity
Belgium	Plans to include private jets in existing noise and air pollution taxes from April 2023 were announced in 2022 but are yet to come into force.[14]
France	Planning a 70 per cent increase in private jet fuel tax from 2024.[15]

Germany	A small aviation tax exists but it does not seem to apply to private flights.[16]
Italy	There is an Aero Taxi Passenger Tax of €10-200, depending on the distance travelled, introduced in 2012.[17]
Netherlands	Amsterdam Schiphol airport wants to ban private jets at certain times, primarily for noise pollution reasons, but court rulings have delayed this.[18]
Portugal	A carbon tax on commercial aviation is to be extended to private jets in July 2023 but is only €2 per passenger.[19]
Switzerland	Plans to introduce a hefty private flight levy (€500-€2800) have been discussed since 2019, but the 2021 referendum rejecting climate change law prevented this from progressing.[20]

Spending on green innovation

A tax on the luxury of private aviation could raise up to £320 million a year in the UK, or more if multiple taxes are applied. This money could be used for consolidated government spending or could be allocated to research and development projects seeking to accelerate the transition to 'guilt free flying'. This could include new zero emission aircraft (powered by electricity or hydrogen), or low impact sustainable aviation fuel, such as e-kerosene. Funding could be directed through the Aerospace Technology Institute, where £320 million a year would double their existing budget. It has been estimated that $175 billion will be needed globally each year until 2050 for the aviation industry reach net zero emissions.[21] We have previously recommended a kerosene tax for the wider aviation industry, to help curb growth in emissions and pay for the transition to net zero aviation.[22]

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Endnotes

[1] Statistics taken from a Greenpeace report on private aviation, covering the EU plus UK, Norway and Switzerland (see greenpeace.org.uk/news/private-jet-flights-in-the-uk-soar-to-new-heights-analysis/). When we refer to "Europe" in this briefing, we mean these 30 countries only. The true number of private flights may be higher, as the number in Greenpeace's report for departures from Farnborough Airport in 2022

(11,825), one of the UK's busiest hubs for private aviation, is lower than the airport's own statistics (approximately 17,500).
[2] European Business Aviation Association, December 2022, 'European Business Aviation Traffic Tracker', page 21, www.ebaa.org/resources/european-business-aviation-traffic-tracker-december-2022/
[3] See the European Business Aviation Association's 'Business aviation emission analysis', 2021: ebaa.org/resources/business-aviation-co2-emissions/, compared to figure M8.2 in the 'Aviation sector summary' in: Climate Change Committee, 2020, *The sixth carbon budget*
[4] Transport & Environment (T&E), 2021, *Private jets: can the super rich supercharge zero-emission aviation*https://www.transportenvironment.org/wp-content/uploads/2021/05/202209_private_jets_FINAL_with_addendum.pdf
[5] Privatefly.com: VAT information, and Air passenger duty rates, gov.uk
[6] HM Government, 'UK Emissions Trading Scheme for aviation'
[7] Based on domestic APD of £13 compared to fuel duty and VAT at 78p per litre. For a driving distance of 442 miles, fuel duty and VAT add up to approximately £40.
[8] T&E, 2021, op cit
[9] Campaign for Better Transport, December 2022, 'Private jet super tax'
[10] We calculate fuel consumption estimates using the conversion between emissions and fuel use found in the 'small emitters tool', *Eurocontrol*, 2022
[11] Assuming the average number of passengers in a private jet is 4.7, from page 28 of 'Economic impact of business aviation in Europe', 2016, a Booz Allen Hamilton report for the European Business Aviation Association.
[12] Revenue depends on the cost of flights, which range from £3,600 to upwards of £35,000. The most common journey (London to Paris) in the most popular jet (Cessna Citation Excel) costs £7,000 - £13,000. Assuming all domestic and UK to Europe flights cost £10,000 on average, VAT at 20 per cent would raise £180 million.
[13] Private jet VAT exemptions: www.privatefly.com/ask-the-pilot/17-private-jet-vat.html.
[14] *Euronews*, 12 December 2022, 'Belgium cracks down on private jets and short-haul flights with new tax'
[15] *The Local Fr*, 7 April 2023, 'France plans 70% supertax on fuel for private jets'
[16] German Aviation Service, Aviation Charges & Taxes: germanaviation.com/aviation-taxes/
[17] FCC Aviation, Italian Aero Taxi Tax: fccaviation.com/regulation/italy/aero-taxi-tax
[18] *Euronews*, 6 April 2023, 'Schiphol airport's ban on night flights and private jets blocked by Dutch court'
[19] *The Portugal News*, 21 April 2023, 'Carbon tax for private jets'
[20] FCC Aviation, Swiss Private Flight Levy: fccaviation.com/regulation/switzerland/swiss-private-flight-levy
[21] Mission Possible Partnership, July 2022, *Making net-zero aviation possible*
[22] S Dossett and J Beckford, June 2023, *Reforming transport taxes: a fair share package*, Green Alliance