



Air Passenger Duty: child exemption

Who is likely to be affected?

Airlines and other aircraft operators, and their passengers.

General description of the measure

The measure will extend the child exemption from Air Passenger Duty (APD) to include children under the age of 12 travelling in the lowest class of travel, with a further extension planned to include children under 16. The existing exemption for children under the age of 2 without their own seat continues to apply to children travelling in all classes.

Policy objective

This measure helps families by lowering the cost of air travel for children travelling in the lowest class of travel.

Background to the measure

This measure was announced at Autumn Statement 2014.

Detailed proposal

Operative date

This measure will have effect in relation to the carriage of passengers on a chargeable aircraft on and after 1 May 2015 for children aged under 12 on the date of travel, and on and after 1 March 2016 for children aged under 16 on the date of travel.

Current law

Section 31 of Finance Act 1994 sets out APD exceptions to who is a chargeable passenger.

Proposed revisions

Legislation will be introduced in Finance Bill 2015 to amend section 31 of Finance Act 1994 to provide for the expanded exception.

Summary of impacts

Exchequer impact (£m)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
	-	-40	-80	-85	-90	-95
	These figures are set out in Table 2.1 of Autumn Statement 2014 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Autumn Statement 2014.					
Economic impact	The measure is not expected to have any significant economic impacts.					

Impact on individuals, households and families	This measure will save a family taking a flight in the lowest class of travel within the UK or Europe £13 per child under the age of 12; and £71 per child, to countries over 2000 miles away (on capital-to-capital distance). From 1 March 2016, savings will extend to families with children under 16.
Equalities impacts	The measure is neutral toward legally protected equality groups and does not affect family income from employment, welfare or other sources, and does not affect the cost of essential goods or educational attainment.
Impact on business including civil society organisations	<p>This measure is expected to have a negligible impact on businesses and civil society organisations, affecting around 300 conventional airlines and some of the smaller operators.</p> <p>There is expected to be negligible one-off costs for airline operators due to familiarisation with the policy and system changes for some airlines to collect the number of tickets purchased for under 12 year olds in 2015-16 and for under 16s in 2016-17.</p> <p>There is expected to be a negligible on-going cost for airline operators. They will still declare passenger numbers on their returns to HMRC in the same way, though there may be some negligible increase in burden to calculate the correct figure for passengers aged 12 or over in 2015-16 and those 16 and over from 2016-17.</p> <p>As the Government expects airlines to make refunds available for all eligible bookings there may be an impact on them.</p> <p>The measure could lead to increased demand for air travel by families, benefitting airlines and travel companies.</p>
Operational impact (£m) (HMRC or other)	Costs to HM Revenue & Customs (HMRC) of implementing this change are expected to be negligible.
Other impacts	<p><u>Carbon assessment</u>: the change in carbon emissions will depend on the size of the change in demand for air travel and is expected to be negligible.</p> <p>Other impacts have been considered and none have been identified.</p>

Monitoring and evaluation

This measure will be subject to ongoing monitoring through receipts and information collected on tax returns, as well as through communication with affected taxpayers.

Further advice

If you have any questions about this change, please contact Ann Little on 03000 586096 (email: ann.little@hmrc.gsi.gov.uk).

1 Air passenger duty: exemption for children in standard class

- (1) In section 31 of FA 1994 (passengers: exceptions), after subsection (4) insert –
- “(4ZA) A child who has not attained the age of 16 years is not a chargeable passenger in relation to a flight if the child’s agreement for carriage –
- (a) is evidenced by a ticket, and
 - (b) provides for standard class travel in relation to every flight on the child’s journey.
- (4ZB) Subsections (10) to (12) of section 30 (meaning of “standard class travel”) apply for the purposes of subsection (4ZA) as they apply for the purposes of that section.”
- (2) The amendment made by this section has effect in relation to any carriage of a passenger which begins on or after 1 May 2015.
- But, in relation to any carriage of a passenger which begins before 1 March 2016, section 31(4ZA) of FA 1994 has effect as if for “16 years” there were substituted “12 years”.

EXPLANATORY NOTE

AIR PASSENGER DUTY (APD): EXEMPTION FOR CHILDREN IN STANDARD CLASS

SUMMARY

1. This measure extends the air passenger duty child exemption to children under the age of 12 travelling in standard class of travel from 1 May 2015, with a further extension to children under the age of 16 from 1 March 2016.

DETAILS OF THE CLAUSE

2. Subsection 1 introduces new subsections (4ZA) and (4ZB) to section 31 of Finance Act 1994.

3. New subsection (4ZA) extends the passenger exceptions to children under the age of 16 in standard class of travel.

4. New subsection (4ZB) applies the existing definition of standard class of travel for the purposes of new subsection (4ZA).

5. Subsection 2 provides that this amendment commences on 1 May 2015 but, specifies that in relation to the carriage of a passenger which begins before 1 March 2016, subsection (4ZA) applies only to children under the age of 12.

BACKGROUND NOTE

6. This measure, which was announced at the Autumn Statement, helps families by lowering the cost of air travel for children in standard class of travel.

7. The existing exemption for children under the age of 2 without their own seat continues to apply to children travelling in all classes.

8. If you have any questions about this change, or comments on the legislation, please contact Ann Little on 03000 586 096 (email: ann.little@hmrc.gsi.gov.uk).