Scottish Government Consultation on Delivering Scotland's Air Departure Tax

Scottish Tourism Alliance Submission (26 March 2026)

<u>Part A: Highlands and Islands Exemption</u>

A1 - Do you agree that the carriage of passengers from airports in the Highlands and Islands to airports in Scotland and the rest of the UK should be exempt from ADT?

Strongly Agree X
Mostly Agree
Mostly Disagree
Strongly Disagree

The STA believes that exempting passengers from paying an Air Departure Tax (ADT) when they depart from the Highlands and Islands (H&Is) to airports in Scotland and the rest of the UK remains an important measure in protecting connectivity for local communities in some of our most remote and rural areas, and in encouraging both leisure and business visitors to visit the area, supporting economic growth for the area and the wider tourism and hospitality sector.

This will in turn help to protect the livelihoods of the many small tourism and hospitality businesses that are reliant on attracting visitors to the H&Is all-year-round and in harder to reach, remote destinations, including Shetland and Orkney.

The STA would welcome clarity if the following airports will also be covered by the ADT, as these are not list in the consultation document: Oban, Coll, Colonsay, Westray, and Papa Westray.

Clarification is also needed about how the ADT exemption is applied concerning connecting flights, as under the current Uk Government Air Passenger Duty (APD), H&I passengers travelling via an airport hub are no longer eligible for an exemption if the second leg of the journey is in business class.

A2 - Do you agree that the carriage of passengers to airports in the Highlands and Islands from all Scottish airports should be exempt from ADT?

Strongly Agree X
Mostly Agree

Mostly Disagree
Strongly Disagree

The STA welcomes the Scottish Government's proposals to extend the ADT to flights from other Scottish airports to H&I airports. By exempting both parts of the flight journey, this will further help to make it more affordable to travel and encourage more visitors to stay in H&I destinations – both domestic visitors, and international visitors travelling around multiple parts of Scotland during their trip.

This complements the four key priorities set out in the national tourism strategy, Scotland Outlook 2030, especially the commitment under 'Our memorable experiences' that: "We will ensure Scotland is an inclusive and accessible destination, enabling all visitors to travel widely and enjoy the full range of the country's visitor experiences."

The exemption will also help support more business visitors to visit the H&Is area and more investment opportunities.

This measure will also ensure that UK-based tourism and hospitality workers travelling for work to the H&Is will not face additional charges to potentially travel back to their home areas or visit family and friends, as making flying more expensive could act as a disincentive to live and work in the more remote and rural parts of the country. The H&Is is already finding it more challenging than other parts of Scotland to attract and retain tourism and hospitality sectors.

A3 - Do you agree that direct and connecting international flights from airports in the Highlands and Island should not be exempt from ADT?

Strongly Agree
Mostly Agree
Mostly Disagree X
Strongly Disagree

The exemption of direct and connecting international flights from H&Is airports has acted as a valuable incentive since 1994 for airlines and passengers to arrive and depart from Inverness Airport over the years.

One of the key routes established has been KLM flights between Inverness and Amsterdam, and there are now concerns from STA's Council member Scottish Passenger Agents' Association (SPAA) that applying ADT could result in KLM deciding to pull out of Inverness Airport.

However, this must be also balanced with concerns from AGS Airports that exemption from paying APD over the years has given Inverness Airport an unfair advantage over Aberdeen International Airport when it comes to attracting passengers and flight routes, and that instead there should be a level playing field between both airports.

Given Scotland's unique geography and the challenges faced in these areas, one option could be to consider applying ADT at a lower rate for international flights from Inverness and Aberdeen, recognising the need to support connectivity in these areas and avoid disadvantaging the country's more remote and rural communities.

A4 - How could different segments of the aviation market respond to the proposed Highlands and Islands exemption?

The H&Is ADT exemption offers both opportunities and challenges. The decision to also exempt passengers from paying the tax from other Scottish airports to H&I airports potentially supports more flight route development, improving connectivity for visitors and residents alike.

In addition, this makes it much more affordable to visit the H&Is, helping to spread the benefits of visitor activity across the country, and at all times of the year. It also potentially encourages people, including inbound travellers, to visit multiple parts of the country during their stay by making it less costly to fly from other Scottish airports to the H&Is and back.

On the other hand, no longer exempting direct and connecting international flights from airports in the Highlands and Island risks major airlines like KLM and BA taking their business away from Inverness Airport.

A5 - What impact could the proposed Highlands and Islands exemption have on:

- **customer demand**
- **route viability**
- **regional economic development**
- **any other factors**

Please see previous answers to questions A1 to A4.

Exempting passengers to airports in the H&Is from all Scottish airports could encourage more routes, making it more affordable and attractive to visit H&I destinations and at different points of the year. This in turn will help to support regional economic development, support the creation of more tourism and hospitality businesses to support greater demand, and encourage investment in the area.

However, plans to charge ADT on direct and connecting international flights from H&I airports could lead to some airlines removing routes, impacting on the commercial viability of some airports and their ability to invest in infrastructure and becoming more sustainable.

A6 - Do you agree that the carriage of passengers on private jets should not be included within the scope of the exemption?

Strongly Agree

Mostly Agree
Mostly Disagree X
Strongly Disagree

Choosing not to exempt private jet passengers travelling to and from the H&Is area could potentially disincentivise business visitors, along with leisure visitors from the luxury end travel market, who make a significant contribution to the local and national economies.

This has the potential to particularly impact on inbound tourism from key markets such as North America and China. Please see the answer for QB3 for more details. The STA is regularly hearing from the inbound travel trade industry that Scotland is reaching a price point that visitors are unwilling to pay and are taking their business elsewhere.

A7 - Will air carriers face any operational or administrative challenges in applying the proposed Highlands and Islands exemption?

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Part B: Taxation of Private Jets

B1 - Who are the primary users of private jet flights departing from Scottish airports?

Private jets are regularly used by business visitors to conduct meetings and potential investment opportunities in Scotland.

They are also used to support Scotland's events sector, including as travel for internationally renowned musicians, actors and sportspeople.

Demand for private jets is also particularly popular during key golfing events, such as The Open Championship, Alfred Dunhill Links Championship, Ryder Cup and the Solheim Cup.

The Alfred Dunhill Links Championship held at Carnoustie Golf Links, Kingsbarns Golf Links and St Andrews Old Course is a big visitor draw, reliant on professionals and celebrities flying by private jet to take part in the competition.

Along with people travelling by private jet to Scotland to watch and play golf, there is also a demand for private jets by the luxury travel trade market, including people visiting for country sports, private whisky tastings and tours, and private stays in castles, lodges and estates.

B2 - What are the primary reasons for using private jets?

The primary reasons that people fly by private jet is for privacy, security and anonymity.

Other reasons for travelling this way includes due to time limitations and for ease of transfer, which often includes chauffeur transfer to and from airports.

B3 - What evidence can you provide about demand, profitability and price sensitivity of the private jet sector in Scotland?

Making it more expensive to travel to Scotland via private jet risks could discourage business tourism, in turn impacting on investment opportunities, economic growth and job growth for the country.

It could also negatively impact on the lucrative golf tourism market, with business lost to other nearby golf destinations like Ireland.

At the same time, an additional private jet charge could discourage the luxury visitor market – a small but lucrative market for Scotland, which includes some visitors travelling to Scotland by private jet. Several inbound tourism operators offer high-end, personalised services and exclusivity for the luxury market in Scotland, with key markets in North America, China, Europe, and other parts of the UK.

This includes staying in five-star hotels, renting private castle stays, concierge and butler experiences, Michelin-starred dining, private whisky tours, golf experiences, country sports pursuits, marine tourism, and bespoke experience upgrades.

A 2022 study by the Moffat Centre for Travel and Tourism Business Development at Glasgow Caledonian University estimated that UK luxury tourism represents £25 billion to £30 billion in tourism revenue, contributing to around a third of total visitor spend. For every £3 spent by tourists in the UK, it reported £1 is spent by the high-end luxury tourism sector.

In Scotland, the 2022 study estimated that the value of luxury tourism in Scotland would be £3.6 billion.

The total economic benefit of hosting The Open in Scotland between 2005 and 2024 was £1.36 billion (source: VisitScotland), while the value of country sports tourism is estimated to be £340 million, generating 910,000 visitor nights and supporting 4,400 FT equivalent jobs (source: Country Sport Scotland). In 2022, whisky tourism total spend was estimated to be £85 million at sites across Scotland's five whisky regions (source: Scotch Whisky Association).

More recently, a 2025 Tourism White Paper published by Walpole, the official sector body for the UK's luxury sector, set out that there are significant opportunities for the UK to drive wider economic growth through the high-end luxury tourism market. It reports that Bain & Co research has found that for every £1 spent by a visitor staying in five-star accommodation, this generates £8 of value to the UK economy.

The paper highlights that the UK luxury sector annually contributes £81 billion to the UK economy, supporting 454,000 jobs, with forecasts predicting that with the right conditions of success in place this has the potential to reach £125 billion by 2028.

B4 - What role could ADT play in supporting decarbonisation of the private jet sector?

There is the potential for a proportion of the monies raised from the ADT to support decarbonisation of the private jet sector, along with improving the reliability, frequency and quality of other modes of transport connectivity like trains to encourage other ways of travelling.

B5 - What additional factors should the Scottish Government consider in setting future ADT rates for private jet flights?

The Scottish Government should keep in mind what impact increasing the ADT rate for private jet flights could have on price sensitivity concerning business, golf and luxury tourism, particularly from the inbound tourism market in positioning Scotland.

If we reach a price point that makes it unattractive to visit Scotland compared to other international destinations then this will have a knock-on impact on jobs, businesses and communities that support the tourism and hospitality sector. This includes the income brought in by airports where private jets land and chauffeur transfer services.

There is also a potential negative impact on Scotland's major golf tournaments like The Open and Alfred Dunhill Links Championship, along with competing for and attracting other major events to the country. This should also factor in if there would be a detrimental impact on growing Scotland's film and screen opportunities.

Part C: Operational and Future Policy Considerations

C1 - Do you have any comments or suggestions regarding the legislative and operational framework currently in place for ADT? Do you foresee any potential challenges under the current framework?

The STA welcomes the positive engagement it is has had so far with the Scottish Government and is pleased to have been invited to be a member of the ADT Advisory Group.

Further clarity on how the ADT would apply to type of cabin, whether the child exemption is extended to Premium Economy, and the price banding would be welcome.

There is the potential to take a different approach to the UK Government to help support connectivity and competitiveness in Scotland, especially concerning attracting more long-haul visitors from the lucrative Northern American and China markets, along with emerging markets in Australia and Canada.

The STA is aware of concerns from the aviation sector and our Council member SPAA around the timing of the outcome of the consultation and the launch of ADT soon afterwards in April 2027. Carriers are looking for urgent clarity about pricing, compliance and potential system *changes, while tickets are already being bought at least a year ahead and airlines need certainty for multi-year planning horizons. This is also the case for inbound tourism operators that take bookings from 18-months to two years ahead.*

It is important that there is clarity early on about if the ADT would apply to tickets already purchased, and how this would work after the one-year transitional period if the rate and banding is changed again.

To give the aviation industry time to prepare and make technical changes needed to airline booking systems, we would support SPAA calls to consider delaying the introduction of ADT in Scotland and instead implement it from April 2028, giving time for detailed engagement, impact assessments and avoiding the need for changes to be implemented twice from both 2027 and 2028.

C2 - What are your views on the future role for ADT policy in Scotland and the associated economic, environmental and social impacts?

The STA shares the concerns of other sector trade organisations and airports about the potential for the Scottish Government to raise the ADT to a higher level than the APD in England, creating a competitive disadvantage for Scotland to compete with other destinations for visitors and route development.

The existing APD is already the world's highest air passenger tax – impacting on connectivity, route development and overall competitiveness.

This is on top of having one of the highest levels of VAT at 20%, a 25% hike in UK's new Electronic Travel Authorisation charge, no tax-free shopping available, and an added visitor levy charge in cities such as Edinburgh, Glasgow and Aberdeen. Scotland and the rest of the UK are by far one of the most expensive destinations for leisure and business travellers to visit when you consider these cumulative costs.

The STA urges politicians not to set the ADT at a higher level when it decides rates for 2028-29 onwards.

From 2028-29 onwards, it would be incredibly damaging to the competitiveness of Scotland if it chooses to diverge from the UK tax regime and instead introduce a higher aviation charge, disincentivising airlines to develop direct flight routes via Scottish airports and putting at jeopardy existing connectivity. The level that the ADT is set at will heavily influence the behaviour and choices made by visitors, inbound tour operators and airlines alike about doing business in Scotland.

It is key that price sensitivity is carefully considered, as visitor numbers are highly sensitive to air connectivity and price, especially when booking short breaks and for families and budget-conscious travellers. Visitors may choose to route through other airports or avoid Scotland altogether.

In designing and setting Scotland ADT, it is important that the Scottish Government takes into consideration the mix of reliance on domestic tourism, continuing to attract European visitors, and supporting the growth of more long-haul arrivals.

It is essential that the Scottish Government uses the ADT to strengthen the aviation and tourism sectors, rather than act as a barrier to growth. By supporting the aviation sector to become more sustainable and develop new flight routes, this will in turn generate more revenue from the ADT if more people fly to Scotland to visit.

One option to explore could be introducing a lower seasonal rate to support tourism during the off-peak visitor period, particularly benefitting visitors from outside of Scotland to visit rural and remote areas, which can be particularly difficult to travel by other means of transport in the winter period. Given Scotland's unique geography, both domestic and international visitors are reliant on being able to reach parts of the country by air.

However, The STA believes whatever measures are introduced to support competitiveness must still ensure that the ADT can be implemented simply and transparently, avoiding any unnecessary burden on the aviation industry and that it is easy to understand for visitors. For example, it can be difficult to define when the off-season begins and ends, as this can vary across different parts of the country.

As a result, the ADT Advisory Group and wider conversations with industry will be important going forward to avoid unintended consequences and identify how ADT can support visitor activity all-year-round and to different parts of the country, supporting the growth of both domestic and international tourism.

As we look towards 2028-29 and beyond, the STA believes there is a real opportunity to use the ADT to give Scotland a competitive advantage like Sweden, Hungary and Ireland as a visitor destination.

Reducing this tax would support more travel to Scotland, in turn making the country more attractive as a destination to visit and spend, while encouraging airlines to invest in new flight routes from Scotland's airports to support new visitor markets.

From July 2026, anyone flying from German airports will face a reduced passenger tax, which was decreased to encourage airline carriers to expand their flight networks and introduce more competitive pricing to attract more domestic and international visitors. Passenger taxes have been cut entirely in Sweden, Hungary and in Ireland, which is already one of Scotland's main competitors for attracting visitors. The STA is increasingly hearing that Scotland is losing out on golf tour business to Ireland because the destination is much more affordable.

To achieve our ambition to be a world leader in 21st century tourism, a key ask in STA's Holyrood Election Manifesto is supporting growth in Scotland's aviation industry through accelerated research into sustainable fuels, decarbonisation and investing in airspace modernisation to reduce congestion and emissions, including more direct routings.

We support the use of the monies raised from the ADT being reinvested in developing a Scottish Sustainable Aviation Fuel Industry, with the potential to convert the Grangemouth refinery into a production facility, supporting key routes, and using innovative technologies to support the aviation industry contribute to the net-zero agenda.

One of the key headlines in the STA's manifesto is the importance of connectivity and we further support any revenue raised being used to support improvements to the provision of direct and regular rail connections from airports to city centres, including the creation of a Glasgow Airport rail link.

Part D: Impact Assessments

D1 - Do you have any information which could inform any final BRIA relating to the revised Highlands and Islands exemption?

No.

D2 - Are you aware of any examples of particular current or future impacts, positive or negative on young people, (children, pupils, and young adults up to the age of 26) of any aspect of the proposals in this consultation?

There is a potential impact on the ability of families with children to take holidays, along with school pupils travelling to Scotland for school trips and to take part in competitions. The ADT plans could also impact on the affordability for budget conscious young people to travel.

D3 - Are you aware of any examples of potential impacts, either positive or negative, that you consider any of the proposals in this consultation may have on the environment?

If the monies raised by the ADT are ringfenced to help support the development of sustainable fuels, decarbonisation and investment in airspace modernisation to reduce congestion and emissions, including more direct routings, then this will help to support the country's net zero ambitions.

D4 - Are you aware of any examples of how the proposals in this consultation may impact, either positively or negatively, on these with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation)?

n/a

D5 - Are you aware of any examples of potential impacts, either positive or negative that you consider any of the proposals in this consultation may have on groups or areas at socio-economic disadvantage (such as income, low wealth or area deprivation)?

n/a

D6 - Are you aware of any examples of how the proposals in this consultation might impact, positively or negatively, on island communities in a way that is different from the impact on mainland or other areas?

The continuing exemption for flights from the H&Is – and now to airports from other Scottish airports – is vital for local economies and social cohesion in remote communities and continuing to support greater dispersal and benefits from visitors to Scotland, including travelling at different points in the year. Given the ongoing issues surrounding ferries serving Scotland's island communities, it is vital that residents, businesses and visitors are not penalised if they choose the more reliable option to fly to islands instead.

D7 - Are you aware of any examples of how the proposals in this consultation might impact, either positively or negatively, on rural communities on mainland Scotland?

See answer to QD6.