

Dutch Push EU-Wide Aviation Tax To Fight Pollution

By **Matt Thompson**

Law360, Brussels (June 12, 2019, 6:06 PM EDT) -- The incoming European Commission should prioritize passing an aviation tax that offsets pollution created by air travel, Dutch officials said Wednesday.



Travelers at Schiphol Airport near Amsterdam. The Netherlands will host an international conference later this month to explore the possibility of introducing either an aviation tax or carbon pricing. (AP)

In the absence of an agreement at the European Union level, the Dutch government will seek agreement with other interested countries on imposing a tax on the aviation sector, the officials said at a press briefing where they agreed to be quoted without being named.

An international approach is needed because “pollution does not respect borders” and the current model of transportation tax does not reflect the detrimental environmental impact of flying. If the Dutch are unable to reach an international agreement on taxing aviation, they will go it alone, the officials said.

The Dutch government has already **introduced a bill** for its own national flight tax of €7 (\$7.90) per departing passenger, with an exemption for transfer passengers, to begin Jan. 1, 2021, if no international agreement is reached. Cargo will also be taxed, at a rate of €3.85 per ton for the noisiest aircraft, falling to €1.925 for quieter aircraft types, according to a government press release dated May 14.

The tax would help create a level playing field among air, rail, bus and car travel, as air travel is the only one of these types of transportation not currently taxed in any way by the Netherlands, the document said.

On June 20, the Netherlands will host an international conference exploring the possibility of introducing either an aviation tax or carbon pricing. It will also explore the feasibility of introducing a Europe-wide levy on kerosene, which is used to make jet fuel.

The national law — the government's fallback position if an international agreement can't be reached — is based on the current Dutch coalition government's legislative program. The Dutch government estimates that it would raise €200 million per year.

Imposing the tax alone is the government's “Plan C,” with its first preference being a wide-ranging international agreement and a more limited international effort to tax aviation as a second choice, officials at the briefing said.

No agreement is expected by the end of the conference, which is intended to lay the groundwork

for discussion on what shape the aviation tax should take, officials said.

Representatives of 26 countries are expected to attend, along with members of several intergovernmental organizations including the International Monetary Fund, which is also examining proposals for an aviation tax.

Proposals for how the EU-wide tax should be collected haven't been fully drafted, but one option is to tax the airport, which would then pass the charge on to the carrier, the officials said.

According to a leaked report from the EU in May, an EU-wide levy would lead to an 11% drop in passengers while having a "negligible" effect on employment.

Seven countries in the EU — Austria, France, Germany, Italy, Sweden, Denmark and the United Kingdom — currently have some kind of aviation tax.

--Editing by Peter Rozovsky.

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