

Report to Partnership Meeting 23rd April 2026

RESEARCH AND STRATEGY DELIVERY

Delivering Scotland's Air Departure Tax Consultation

Purpose of Report

To seek homologation of HITRANS response to the Scottish Government's consultation on Air Departure Tax (ADT).

Background

Air Departure Tax (ADT), is a proposed tax payable by aircraft operators and charged on the carriage of chargeable passengers on chargeable aircraft by air from airports in Scotland that is proposed to replace UK Air Passenger Duty.

Originally devolved to the Scottish Parliament within the Scotland Act 2016, the Scottish Parliament obtained the power to legislate for a tax to replace Air Passenger Duty (APD) in Scotland following commencement of section 17 of that Act on 23 May 2016.

The Scottish Government deferred the introduction of ADT beyond its originally planned implementation date of 1 April 2018 on the basis that maintaining the exemption was necessary to protect connectivity for communities in the Highlands and Islands, and to ensure that devolved powers were not compromised.

In the 2026-27 Scottish Budget the Scottish Government committed to set out proposals for a revised Highlands and Islands exemption and that ADT would come into effect on 1 April 2027. The consultation states that ADT rates and bands will match those of the UK Government's APD for the first year of operation in 2027-28. Rates and bands for 2028-29 will be set out at the 2027-28 Scottish Budget.

Passengers departing from Highlands and Islands airports are currently exempt from APD, reflecting the importance of aviation for remote and island communities with limited alternative transport options.

HITRANS Consultation Response

Attached in **Appendix A** is a copy of the response HITRANS submitted to the public consultation ahead of the deadline on 26th March. The response submitted was finalised following feedback on a draft version that was shared electronically with Partnership Members.

An evidence report was prepared on behalf of HITRANS, HIAL, HIE and The Highland Council by Refcon consultants. A copy of this report can be found on the HITRANS website at the following link <https://hitrans.org.uk/pub-category/air/>.

Summary of Key Points

The consultation response was submitted with an accompanying email that summarised a number of the key priorities for local and Regional Partners:

- **Local and Regional partners strong support the proposal to retain the exemption of ADT for the carriage of passengers from airports in the Highlands and Islands to airports in Scotland and the rest of the UK.** This is an essential measure that helps address the additional cost of accessing key domestic markets and international airport hubs that so many sectors of the regions economy rely on. It also helps mitigate the fact that so many passenger trips on these routes are required to access essential services that are not delivered or available within their own communities.
- For similar reasons we also **strongly support the proposal to extend the exemption for the carriage of passengers to airports in the Highlands and Islands from all Scottish airports.** The same challenges apply to inbound and outbound trips.
- We are also supportive of the proposed high level principles for ADT. As suggested by the Cabinet Secretary at the H&I roundtable event during the consultation, we think expanding the one that directly relates to the Highlands and Islands to “**Promote** and Protect Highlands and Islands aviation connectivity” would be a very positive inclusion. The principle to *Support our net zero ambitions* should also make reference to the opportunity to support the Scottish Government commitment to develop the H&I as a net zero aviation region by 2045.
- However, we **strongly disagree with the proposal to remove the exemption for direct and connecting international flights from airports in the Highlands and Islands.** As outlined in our response, partners are very concerned at the potential impact on a small number of key routes that took many years to establish and are vital to the regions connectivity and economic development. This proposal is directly at odds with wider Scottish Government stated objectives for the Highlands and Islands economy. Our evidence sets out clearly the consequences of increased costs on these routes: higher fares, reduced passenger numbers, lower route profitability, reduced frequencies, and the potential undermining of route viability altogether. The consultation document states that the change is intended to achieve parity between Scottish airports for international travel. However, parity cannot be achieved by applying the same tax to airports operating under fundamentally different conditions. We would urge the Scottish Government to examine equivalent measures to support regional connectivity that have been adopted by other EU and EFTA countries so that a complaint solution can be implemented.

Air Departure Tax (ADT) Advisory Group

HITRANS has been invited to join an Advisory Group that the Scottish Government has established to support the implementation of Air Departure Tax and to inform future policy and legislation for the tax.

The Group’s remit is to provide expert advice, challenge and scrutiny of prospective policy options. It will also seek to identify and offer solutions to any potential challenges and unintended consequences. The Group will not be responsible for setting direction or making recommendations, nor will it be accountable for any decisions which will ultimately be taken by Scottish Ministers.

RISK REGISTER

RTS Delivery

Impact – Positive with some potential exceptions outlined in this report

Comment – This work supports RTS Strategic priority to enhance intra-regional connectivity between island and peripheral communities and regional centres and national gateways but it is recommended that HITRANS highlight the potential impact that the proposed implementation may have on some key air routes that support direct access and also provide vital onward connectivity to important international markets.

Policy

Impact - Positive with some potential exceptions outlined in this report

Comment – This work provides the opportunity for a key area of aviation policy to be devolved to the Scottish Parliament and in aligned with wider government policies

Financial

Impact – Neutral

Budget line and value – HITRANS contributed £1,138 towards the cost of evidence report prepared on behalf of regional partners by Refcon Consultants.

Equality

Impact –neutral

Comment – The Air Discount Scheme should provide a largely enhanced exemption for the Highlands and Islands airports that should help support the connectivity of individuals and business in many regional centres within the HITRANS area

Recommendation

Members are invited to:

1. Note the report
2. Homologate HITRANS response to the Delivering Scotland's Air Departure Tax consultation

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Date: 14th April 2026