Item:
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HITRANS
THE HIGHLANDS AND ISLANDS TRANSPORT PARTNERSHIP

**Report to Partnership Meeting 5th November 2026**

**RESEARCH AND STRATEGY DELIVERY**

# Air Departure Tax Update

## Purpose of Report

This report provides an update to the Partnership Board on the Scottish Government's plans to introduce Air Departure Tax (ADT) and the anticipated impact on the Highlands and Islands.

## Background

Air Departure Tax (ADT) is Scotland's replacement for Air Passenger Duty (APD), the UK-wide tax on passengers flying from UK airports.

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.

## Air Departure Tax Proposals and Consultation

On behalf of the Scottish Government, Revenue Scotland (who will be responsible for the collection and management of the tax) undertook a public consultation on proposals for introducing Air Departure Tax including rates and exemptions.

Members homologated HITRANS response to the Scottish Government's consultation at the April 2026 Partnership meeting Members. A copy of the consultation response can be found on the HITRANS website https://shorturl.at/bJZpV.

The Scottish Government published its response to the consultation *Delivering Scotland's Air Departure Tax* on 15 July 2026, which confirmed the overarching design for the proposed Highlands and Islands (H&I) exemption for Air Departure Tax (ADT).

**The new H&I exemption will exempt passengers travelling in standard rate on flights from airports in the H&I region to airports in the UK. This includes on connecting flights where the final destination is a UK airport (e.g. Islay – Glasgow – Bristol).**

**Passengers travelling in standard rate on flights from other airports in Scotland to airports in the H&I region will also be exempt for the first time under our proposals. This includes on connecting flights where the final destination is an airport in the H&I region (e.g. Glasgow – Benbecula – Stornoway).** In 2025-26 approximately 230,000 passengers were carried on approximately 8,300 flights from Aberdeen, Glasgow, Edinburgh or Dundee airports to airports in the Highlands and Islands region.

**A key difference between the current Air Passenger Duty and the prospective ADT H&I exemption is that the carriage of passengers on flights from airports in the H&I region – both direct and connecting – where the final destination is an airport outside of the UK will no longer be exempt.**

The proposed H&I exemption was uploaded to the UK Government's subsidy database on 17 July 2026. No pre-action information requests or applications for review were made by interested parties to the Competition Appeal Tribunal within the month-long challenge period.

Following on from this, the Scottish Government laid draft legislation to amend the Air Departure Tax (Scotland) Act 2017, which, if approved, will bring the new exemption into effect from 1 April 2027.

Alongside this, draft legislation has also been laid for various administrative provisions in preparation for ADT coming into effect from 1 April 2027. Further draft legislation will follow in due course to ensure the administrative and procedural steps are in place for ADT going live and to allow Revenue Scotland to administer and collect the tax effectively.

Below are links to the Impact assessments that were published for the regulations that will provide for the Highlands and Islands exemption.

Air Departure Tax Highlands and Islands Exemption: business and regulatory impact assessment - gov.scot

Air Departure Tax Highlands and Islands Exemption: island communities impact assessment - gov.scot

**Air Departure Tax (ADT) Advisory Group**

Following the public consultation HITRANS was 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 is not responsible for setting direction or making recommendations, nor will it be accountable for any decisions which will ultimately be taken by Scottish Ministers. Membership consist of a range of representatives from the public, aviation, business and third sectors.

The Group has met three times since its inception. The terms of reference and minutes of the group can be found here https://www.gov.scot/groups/air-departure-tax-expert-advisory-group/

**Next steps**

Following the publication of the Scottish Governments response to the public consultation and confirmation of its proposals for ADT through the laying down of draft legislation in September 2026, it is recommended that HITRANS write to the Cabinet Secretary highlighting the following points:

- Welcome the retention of the existing Highlands and Islands exemption, that exempts passengers travelling in standard rate on flights from airports in the H&I region to airports in the UK.
- Welcome the extension of the Highlands and Islands exemption to include the exemption for the carriage of passengers to airports in the Highlands and Islands from all Scottish airports.
- Highlight concerns that the removal of the H&I exemption - for both direct and connecting – where the final destination is an airport outside of the UK will no longer be exempt.
- Urge the Scottish Government to find a mechanism so that in the first instance ensures that ADT does not apply to the domestic (UK) leg of all international flights to or from the Highlands and Islands remains exempt in order to help support existing access to key international hub airports including Manchester and London Heathrow.
- Request that the high-level principles for ADT that were proposed in the public consultation are adopted as key policy objectives for assessing the impact of ADT and its future application. In particular, highlight HITRANS support for the principle that states the requirement for ADT to "Promote and Protect Highlands and Islands aviation connectivity" and to ensure that the provision within the Subsidy Control Act which permits the provision of financial assistance to airlines under certain circumstances is fully explored if required to maintain the develop the Highlands international connectivity through direct links and via important hub airports.
- Collectively these mechanisms should provide a basis for utilising any additional future revenue from ADT to support the implementation of an Intra-Scottish aviation strategy that secures a network serving each region with a minimum level of connectivity to access essential services and supports sustainable economic activity.

**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 – No direct budget impact beyond that already incurred in supporting HITRANS evidence to the public consultation earlier in 2026.

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 including Scottish Government response to it consultations on Air Departure Tax and the proposed changes to the Highlands and Islands exemption;
2. Agree to delegate responsibility to HITRANS Partnership Director and Chair to write to the Cabinet Secretary on behalf of HITRANS as set out in this report.

**Report by:** Neil MacRae
**Designation:** Partnership Manager
**Date:** 29th October 2026