

Oxfam GB Methodology Note: Taxing High-Emitting Luxury Modes of Transportation in the UK

Key figures on taxing luxury modes of transportation in the UK

If all the tax options outlined in this Methodology Note had been applied to private jets and superyachts in 2023, the UK Treasury could have generated up to £2 billion.

- Up to £830 million could have been raised in the UK in 2023 by introducing a high-rate Air Passenger Duty (APD) for private jets and introducing a superyacht ownership tax as recommended by Oxfam's report *Payment Overdue: Fair ways to make polluters across the UK pay for climate justice*.ⁱ
- Up to £1.2 billion in additional revenue could have been raised in the UK in 2023 by taxing private jet fuel, applying Value Added Tax (VAT) to private aviation, and taxing landing and departure slots for private jets, based on updated figures from Green Alliance's brief *Taxing private jets: raising revenue from highly polluting, luxury private aviation*.ⁱⁱ

(Note: Green Alliance recommended these as distinct taxation options, advising policymakers to choose one rather than implementing all simultaneously.)

* These figures also indicate that the UK Treasury could have generated up to £1.7 billion if all tax options for private jets outlined in this Methodology Note had been applied (excluding superyachts ownership tax).

Taxation Options	Estimated Revenue Range
Tax on superyacht ownership in the UK	£283 - £360 million
New higher rate of Air Passenger Duty (APD) for private jets	£300 - £470 million
Taxing private jet fuel (kerosene)	£69 - £231 million
Charging Value Added Tax (VAT) on private jets	£384 - £649 million
Taxing landing and departure slots for private jets	£192 - £325 million
Total	£1.2 - £2 billion

1.1. Payment Overdue and taxing luxury transportation

An updated estimate for 2023 suggests that by implementing a high-rate Air Passenger Duty (APD) and introducing a superyacht ownership tax, as recommended by Oxfam's Payment Overdue reportⁱⁱⁱ, approximately up to £829.9 million in additional revenue could have been generated in the UK for climate action. These calculations were made by following the Methodological Note of Oxfam's original report^{iv}.

- By introducing a new higher super rate of Air Passenger Duty (APD), up to £470 million in additional revenue could have been raised.
- By introducing a tax on superyacht ownership, up to £360 million in additional revenue could have been raised.

1.1.1. Private jets: introduce a new higher rate of Air Passenger Duty (APD) for private jets

For 2023 an approximate of £300 - £470 million in additional revenue could have been raised from a high-rate Air Passenger Duty (APD) Tax for private jets.

According to the European Business Aviation Association (EBAA), there were 207,848 total business aviation departures and arrivals in the UK in 2023.^v Of those movements, 6% were medical and special in nature and 1.6% were government and military,^{vi} subtracting those brings us to 192,052 flights. Since APD is only levied on departing flights, we divide this number by half to end up with 96,026 flights. The EBAA also estimates that each business aviation flight has a mean number of passengers of 4.7.^{vii}

Given that domestic (41.2%) and European flights (51.2%) fall under the same Band price (£78), and extra-European flights (7.6%) fall under Band B (£574), introducing a high-rate APD at 10 times the current band prices could have raised £469.9 million.

The table below shows the EBAA data as a basis for calculations to arrive at estimated revenues arising from the current rate of APD.

Origin and destination type	Percentage of movements	Number of flights	Estimated number of passengers (4.7 according to EBAA)	Current highest applicable APD	Current revenue
Domestic	41.20%	39,563	185,944	£78	£14,503,656
Europe	51.20%	49,165	231,076	£78	£18,023,961
Extra-Europe	7.60%	7,298	34,300	£574	£19,688,434
Total	100.00%	96,026	451,321		£52,216,051

The table below shows the calculations to arrive at estimated revenues arising from the Campaign for Better Transport (CBT) proposed rate of APD, as well as the alternative super rate proposed by Oxfam.

APD super rate recommended by CBT	Projected revenue APD super rate recommended by CBT	Additional revenue using CBT rates	Alternative super rate (10x rate)	Projected revenue alternative super rate	Additional revenue using alternative super rate
£780	£145,036,564	£130,532,907	£780	£145,036,564	£130,532,907
£780	£180,239,613	£162,215,652	£780	£180,239,613	£162,215,652
£780	£26,754,318	£7,065,884	£5,740	£196,884,337	£177,195,904
	£352,030,495	£299,814,443		£522,160,514	£469,944,463

Additional revenue was calculated by subtracting the current highest applicable APD from the proposed APD super rate and multiplying that figure by the estimated number of passengers. Only two APD rates were included in the calculations above:

- Based on the EBAA data, flights from the UK to mainland Europe were mainly to France or Switzerland (Geneva). As such, they fall within APD band A (0 – 2,000 miles).
- Based on the EBAA data, extra-European flights were mainly to the USA. A conservative estimate of flight distance could be based on the number of miles between London and New York City (3,459), which puts these flights in APD band B (2,001 to 5,500 miles).

We assume that the number of business aviation flights from the UK with a distance over 5,500 miles is small enough as to be negligible for these calculations. This is also supported by the fact that business aviation planes tend to be smaller than commercial airliners and thus have less range.

The APD rates changed in April 2024 and are set to change again in April 2025¹. However, as the calculations for projected revenue from private jet usage correspond to 2023, the rates and bands from April 2023 to March 2024 were used. For the purposes of these calculations, they remain the same as those from the previous financial year used in the Payment Overdue report.^{viii}

1.1.2. Superyachts: introduce a tax on superyacht ownership in the UK

For 2023 an approximate of £283 - £360 million in additional revenue could have been raised from introducing an ownership tax on superyachts.

According to the Payment Overdue report:

“A superyacht is generally considered to be a boat used for recreational purposes that is more than 24 metres in length. At an average price of £4m, and with annual operating costs of around 10% of the initial value, only the super-rich can buy and maintain a superyacht. While yacht sales are subject to VAT, there is no equivalent of car taxes for boats. Registering a boat with the Maritime and Coastguard Agency for the first time can cost as little as £153 for five years. As such, we propose that a tax on superyacht ownership is introduced in the UK, at a rate of at least 20% of the value of the yacht per year”.^{ix}

In January 2022, the Maritime and Coastguard Agency released a table with all vessels on Part 1 of the UK Ship Register in response to a Freedom of Information request.^x An estimate of the number of superyachts registered in the UK can be obtained by:

- Filtering by Vessel Type: Pleasure Yacht and Pleasure Vessel

¹Rates from 1 April 2024

Destination bands	Reduced rate	Standard rate	Higher rate
Domestic	£7	£14	£78
Band A	£13	£26	£78
Band B	£88	£194	£581
Band C	£92	£202	£607

Rates from 1 April 2025

Destination bands	Reduced rate	Standard rate	Higher rate
Domestic	£7	£14	£84
Band A	£13	£28	£84
Band B	£90	£216	£647
Band C	£94	£224	£673

- Filtering by Year of registration: 2017 onwards (Registration is valid for a 5-year period; thus, any registration completed in 2017 would still be valid in January 2022)
- Filtering by Overall Length: 24 metres or more (if the Overall Length was not registered, vessels with Regular Length over 50 metres were also considered, as the difference between the two categories of length in the register is almost zero).
- Filtering by Status: Registered
- These leaves 450 vessels

For 2022, an estimated additional revenue of approximately £283.2 million was projected. Although the same dataset from 2022 was used, the discrepancy is due to the number of vessels considered for taxation. The original report included 354 vessels. This research expanded the category of Vessel Type to include Pleasure Vessels, not just Pleasure Yachts. In addition, for entries with no reported value for overall length (LOA), vessels longer than 24 meters in the Regular Length category were also included.

Considering that the UK Maritime and Coastguard Agency has registered 450 pleasure vessels over 24 metres on length, as of most recent available data of 2022, introducing an ownership tax of 20% on superyachts with an average cost of £4 million would generate £360 million in additional revenue.

1.2. Additional taxation methods for private jets

An updated estimate for 2023 suggests that by implementing the additional taxation options for private jets, updating the figures based on Green Alliance's brief,^{xi} up to £1.205 billion in additional revenue could have been generated in the UK for climate action.

- By taxing private jet fuel (kerosene) up to £231 million in additional revenue could have been raised.
- By charging Value Added Tax (VAT) on private aviation up to £649 million in additional revenue could have been raised.
- By taxing landing and departure slots up to £325 million in additional revenue could have been raised.

1.2.1. Taxing private jet fuel

For 2023, approximately £69 million – £231 million in additional revenue could have been raised from taxing private jet fuel.

Green Alliance has proposed a tax on private jet fuel with three possible rates per litre of kerosene: 30p, 50p, and £1.^{xii} Based on 2023 private jet fuel consumption, which totalled approximately 230 million litres² from 192,052 flights departing and landing in the UK, excluding once again Medical

² Calculations were made using the same tool as the Green Alliance briefing, the Small Emitters Tool from Eurocontrol, updated for 2023 (<https://www.eurocontrol.int/tool/small-emitters-tool>). Fuel consumption was estimated based on a typical London to Paris flight, approximately 340 km. Four of the most frequently flown aircraft, as reported in the EBAA Yearbook 2023, were considered representative of each jet category: Embraer Phenom 300 (Light) with an average fuel consumption of 551 kg in this route, King Air 200 (Turboprop) with a fuel consumption of 435 kg, Cessna Citation Excel (Midsize) with a fuel consumption of 643 kg, and Global Express / 6000 (Heavy) with a fuel consumption of 1,547 kg.

These fuel uses were then weighted according to the distribution of the 528 aircraft based in the UK and their registered categories in the EBAA Yearbook 2023 for UK: Light (17%), Turboprop (36%), Midsize (13%), and Heavy and Airliner (34%). Thus, an estimated average fuel consumption per flight was set at 864.52 kg.

and Special as well as Government and Military categories, the revenue generated from this tax would be up to £231 million.

More precisely, the potential revenue from this tax would be:

- £69.2 million at a rate of 30p per litre
- £115.4 million at a rate of 50p per litre
- £230.9 million at a rate of £1 per litre

These figures align with the initial estimates from the Green Alliance, which predicted a consumption of 200 million litres of jet fuel and corresponding revenues of £60 million, £100 million, and £200 million for the respective tax rates.

1.2.2. Charging Value Added Tax (VAT) on private aviation

For 2023, approximately £384 million – £649 million in additional revenue could have been raised from charging a Value Added Tax (VAT) on for private aviation.

The Campaign for Better Transport called for private aviation to “lose their VAT free status”,^{xiii} and Green Alliance suggested a 20% VAT for private jets, based on an average cost of £10,000³ for domestic or European-bound flights.^{xiv} As the Campaign for Better Transport indicated, VAT would be applicable each time a private jet takes off or lands in the UK.^{xv} Considering the 192,052 private aviation flights registered in the EBAA yearbook 2023^{xvi}, ruling out Medical and Special as well as Government and Military categories, this 20% VAT could have raised approximately £384.1 million in additional revenue.

Using an alternative method for calculating the average cost for domestic or European-bound flights, the number increased to an approximate of £16,900.⁴ Thus, the funds that could be raised by charging VAT to private aviation increased to £649.1 million. This is in line with the Campaign for Better Transport's figures, which estimated up to £623 million in 2022.^{xvii}

1.2.3. Taxing landing and departure slots for private jets

For 2023, approximately £192 – £325 million in additional revenue could have been raised from taxing landing and departure slots for private aviation.

Green Alliance suggests a £1,000 tax on departure and landing slots for private jets, which would be about 10% of the £10,000 average cost of a flight.^{xviii} Considering the 192,052 private aviation flights registered last year in the EBAA yearbook 2023^{xix}, excluding once again Medical and Special

Therefore, using the Small Emitters Tool indicated an approximate total fuel consumption of 166,031,864 kg of jet fuel for 192,052 flights, equivalent to around 230,933,459 litres of jet fuel. This conversion was made using a fuel weight converter (<https://e6bx.com/unit-converter/fuel/>).

³ Green Alliance indicates that the most common route from London to Paris costed in 2023 from £7,000 to £13,000 and assumes that all domestics and UK to Europe flights costs have a £10,000 average price.

⁴ An alternative method for calculating the average cost of a private jet flight to or from the UK involved examining prices for three common routes (London to Paris, Nice to London, and London to Walney Island) and establishing the average cost for each category of jets: Light (£10,310), Turboprop (£7,690), Midsize (£16,345), and Heavy and Airliner (£30,218). These prices were sourced from the Private Fly website (<https://www.privatefly.com/>) as a reference for updated industry prices for private jets.

These average costs were then weighted according to the distribution of the 528 aircraft based in the UK and their registered categories in the EBAA Yearbook 2023: Light (17%), Turboprop (36%), Midsize (13%), and Heavy and Airliner (34%). This calculation resulted in a higher average cost of private jet flights in the UK for 2023, estimated at £16,920.

as well as Government and Military categories, this tax could have raised approximately £192 million for 2023 in the UK.

Using the alternative method for calculating the average cost of flights (£16,900), the tax on departure and landing slot could be set at £1,690. Thus, the funds that could be raised could increase to £324.5 million for 2023 in the UK.

References

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