

*The economic impact of air passenger taxes
in Europe*

Briefing event 17/10/2017

The abolition of taxes across the EEA will have a positive impact on the economy and increase tourism, while also being tax neutral

Tourism impact



45.3 million

additional arrivals by 2020



25 million

extra inbound tourist arrivals by 2020



€12.5 billion

gross additional tourism spending by 2020

Fiscal impact



We estimate that passenger taxes will raise €6 billion in 2017. Following the abolition of all taxes, our analysis suggests that nearly all of this will be recouped in indirect tax income and GDP, consumption, and jobs will increase.

Economic impact



€25 billion

higher GDP across the EEA per year by 2030, rising from €12 billion per year in 2020.



€14.5 billion

additional consumption per year by 2030, rising from €7.1 billion per year in 2020.



€4.3 billion

larger air sector per year by 2030, rising from €3.5 billion per year in 2020.



110,000

total additional jobs across the EEA economy in 2030, rising from a total of 47,000 in 2020

We have projected the impact of abolishing current air passenger taxes and we have analysed the impact of past abolitions



Greece

€12
tax rate

Forecasting the impact of abolishing the Airport Development Charge in 2018.



€1.3 billion

higher GDP in Greece per year in 2030, rising from €720 million per year in 2020.



5 million

extra inbound tourist arrivals in the 3 years to 2020



€420 million

net additional tourist expenditure in the three years to 2020



We estimate the Airport Development Charge will raise €240 million in 2017. Following the abolition of all taxes, our analysis suggests that nearly all of this will be recouped in indirect tax income.



Ireland

€3
tax rate

Analysing the impact that abolishing the Airport Travel Tax had in 2014.



€726 million

higher GDP in Ireland in 2015 following the abolition of the Air Travel Tax



610,000

extra inbound tourist arrivals in 2015 as a result of the abolition



€242 million

net additional tourist expenditure in 2015



Research has suggested that the Air Travel Tax raised around €116 million a year. The high return on the abolition of the tax demonstrates the distortive nature of aviation taxes.