

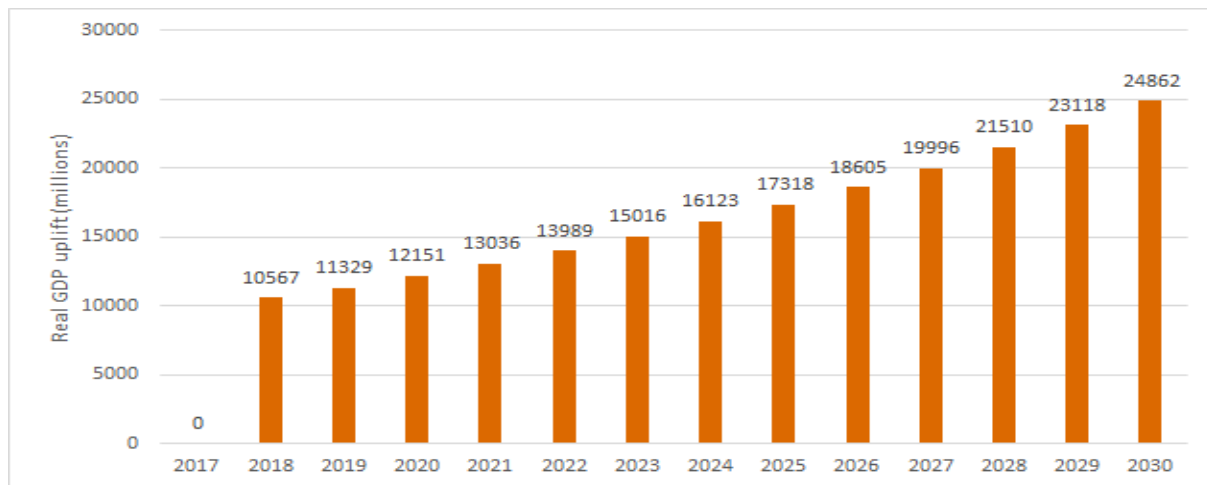
## The economic impact of abolishing air taxes in Europe: European Economic Area

A4E commissioned a study from PwC on the impacts air passenger taxes and the benefits arising from their abolition.



Air passenger taxation varies across Europe, in both the level and method of application. The study defined a passenger tax as one which is paid to federal government for revenue-raising purposes, as opposed to offsetting the cost of a service provided, as aligned to the IATA List of Ticket and Airport Taxes and Fees. The report analyzed 10 countries in the EU/EEA with some form of passenger tax<sup>1</sup>.

Using a multi-regional Computable General Equilibrium (CGE) model the study estimates that the immediate result of abolishing all aviation taxes would be a real GDP increase of **€10.5 billion in 2018**, progressively increasing each year translating into **€25 billion increase in 2030**. This translates into a **€215 billion cumulative GDP increase in the EEA over a 12-year period**.



The **value of new goods and services produced** in the EEA’s aviation industry is forecast to be growing with an **additional €3.4 billion each year**, that means **€10.2 billion by the end of 2020**.

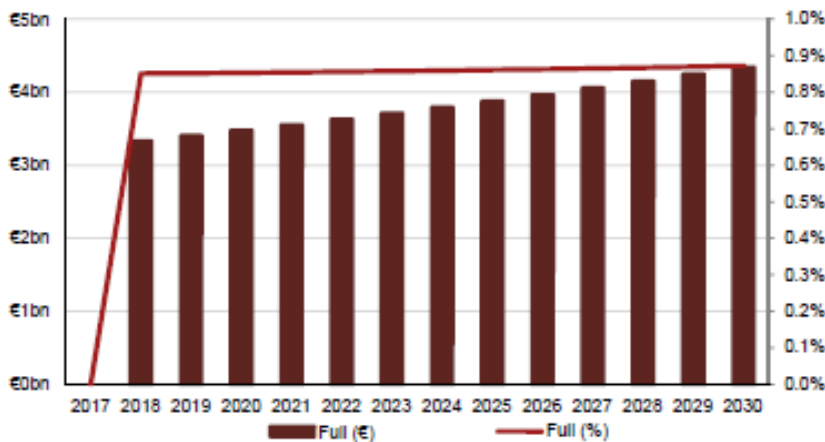
<sup>1</sup> Austria – Air Transport Levy; Croatia – Civil Aviation Authority Tax; France – Civil Aviation Tax, Solidarity Tax, Fiscal Tax (Corsica); Germany – Air Transport Tax; Greece – Airport Development Charge; Italy – Council City Tax; Latvia – Passenger Service Charge; Luxembourg – Passenger Service Charge; Norway – Air Passenger Tax; UK – Air Passenger Duty

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Full	2030	
Agriculture & manufacturing	0.09%	€4,390m
Utilities & construction	0.06%	€470m
Transport	0.10%	€3,719m
Aviation	0.87%	€4,302m
Financial Services	0.07%	€866m
Tourism	1.40%	€5,400m
Other services	0.05%	€5,714m
<b>Total</b>		<b>€24,862m</b>

**45m**  
additional arrivals by 2020 by abolishing all air passenger taxes

All other sectors of the economy are positively impacted by the abolition of the tax, with the improvement over the annual baseline in 2030. **Tourism** alone will see **€5.4 billion increase**.



**47,000**  
additional jobs will be created within two years of abolishing all air passenger taxes

Almost all major sectors of the economy will see a jump in real GDP including transportation, agriculture services and manufacturing.

Abolishing all aviation taxes would also **create 21,000 new jobs** in the year following the implementation, which means **close to 60,000 new jobs by 2022**.

Whilst countries will no longer receive tax revenue from air passenger taxes after it is abolished, **the tax cut will stimulate wider improvements in macroeconomic performance**, including in employment, productivity, wages, and consumption. This will lead to an **increase in revenue from labour taxes, social security contributions, product taxes, and profit taxes, offsetting the loss in direct tax revenue**. All of these tax revenues will increase as a result of the abolition, with labour taxes increasing the most, followed by social security contributions and product taxes, while profit taxes will rise the least.