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Mr Shane McAteer
Clerk
Committee for Finance and Personnel
Room 419
Parliament Buildings
Stormont

Our Ref: MISC47/11-15

10 May 2012

Dear Shane

AIR PASSENGER DUTY – LEGISLATIVE CONSENT MOTION

At the recent Committee session on 2 May officials briefed the Committee on the issue of Air Passenger Duty (APD).

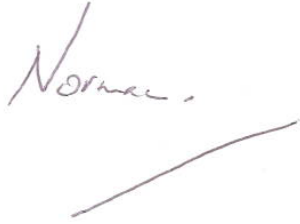
At that session officials outlined that the Finance (No.4) Bill makes provision for APD to apply to business jets at a rate of zero. This would be the case post-devolution of the APD rate setting. They also referred to discussions with Treasury in relation to the fact that the default rate for a luxury private aircraft is twice the standard prevailing rate for APD. Under the present drafting of the Bill where the standard rate would be zero, then the luxury rate would also be zero. At the moment this is a technical rather than substantive issue.

Officials have asked that I write to you to provide some clarification following consideration of the Hansard transcript. It is not intended to set anything other than a 'zero' rate for all direct long haul flights in the first instance, whatever the category. However, discussions are ongoing with HMRC to see if the Assembly could have the power to set the private luxury aircraft category APD rate at something other than twice the standard prevailing rate, should the Assembly so wish (at a future date).

Essentially such revised provision would state that unless otherwise provided for by the Northern Ireland Assembly the new premium business jet rate would be twice the standard prevailing rate. It would however give the Assembly the power to set a different rate should it so wish. Again as outlined above the intention would be to set a zero rate for all Band B, C and D travel (subject to Assembly approval) on devolution of these powers. It is hoped that an amendment would be approved at Report Stage of the Westminster Bill, 2 July 2012, to give effect to this.

I hope that the Committee finds this clarification helpful in considering the issue of Air Passenger Duty.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Norman", followed by a long, sweeping horizontal stroke.

NORMAN IRWIN