



Common Misconceptions about Aviation Fuel Taxes

It is a common misconception.....

.....that aviation's international fuel tax exemption is an "unfair subsidy". On the contrary, it is based on the international legal principle of "reciprocity" whereby States agree to mutual tax exemption in order to avoid unilateral imposition of fiscal measures.

.....that aviation is "under taxed". In fact, the opposite is true: in many places aviation is as heavily taxed as alcohol and tobacco. Some States already impose fuel taxes on domestic air services.

.....that aviation is "not paying its way". Aviation bears the full cost of its infrastructure through user charges – conversely, road and rail infrastructure are financed by taxes and massive State subsidies. Aviation generally has a higher external cost coverage than other transport modes.

.....that an aviation fuel tax would shift consumers to "cleaner" modes of transport. Firstly, in many instances, consumers have no reasonable alternative to air transport. Secondly, most modern aircraft are as clean as, if not cleaner than, alternative transport modes.

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