



Taxes and addressing CO₂ emissions

Fact Sheet

Many governments, particularly within Europe, tax or consider taxing passengers and airlines to address the environmental impact of air transport. While we fully support the goal to reduce CO₂ emissions from air transportation, there are more direct and less costly ways of achieving that than via taxes. Taxation might not deliver any reduction in CO₂, and can negatively impact passengers, jobs, and the overall economy.

1. Addressing air transport's environmental impacts

Environmental issues are at the top of the airline industry's agenda, alongside safety and security. The airline industry has adopted a set of ambitious targets to reduce CO₂ emissions from air transport:

- To stabilize the level of international aviation CO₂ emissions through CORSIA over a baseline of 85% of 2019 emissions, from 2024 until the end of the scheme in 2035.
- To achieve net zero CO₂ emissions by 2050.

The UN's International Civil Aviation Organization (ICAO) adopted CORSIA in 2016 as the global carbon offsetting mechanism for aviation, rejecting carbon taxes and levies as effective solutions.¹ CORSIA is projected to offset 1.2 to 2.0 billion tonnes of CO₂ from 2024 to 2035 and remains the only global market-based measure (MBM) in any industry.

The air transport industry is pursuing a mix of solutions to reduce its environmental footprint: investing in fuel-efficient aircraft, expanding the use of Sustainable Aviation Fuel (SAF), improving operations and infrastructure, and addressing local environmental issues such as noise and air quality in partnership with communities and authorities.

More than 75% of global CO₂ emissions stem from fossil fuel use, and more than 80% of global energy use is in the form of fossil fuels. This is a whole-economy issue and not one that pertains to any particular industry. The global priority should be to phase out the most polluting energy sources across all sectors, rather than targeting the economic activities that rely on them.

Governments should support whole-economy solutions, rather than industry-specific taxes. Moreover, governments should support global solutions, such as CORSIA, and work to scale up renewable energy production in general, and SAF production in particular. Helpful policies would redirect support away from fossil-fuel producers to the renewable energy sector, to promote investments in that area, and prioritize research into all associated new technologies.

¹ https://www.icao.int/environmental-protection/CORSIA/Documents/Resolution_A41-22_CORSIA.pdf, clause 18, page 6

2. Taxation is an inefficient policy tool for delivering CO₂ emissions reductions

2.1 Global civil aviation needs global rules

The Chicago Convention², signed in 1944, and subsequent international agreements, established the framework for the international air transport system, noting its essential role in promoting peace and prosperity for all. These agreements recognize the need to harmonize rules and regulations for this uniquely global industry, and refrain from erecting barriers to equality of opportunity across jurisdictions. It is in this context and with this purpose that it was agreed to exempt jet fuel from taxation.

Unlike other cross-border industries, airlines operate aircraft that consume substantial amounts of fuel while traveling between multiple tax jurisdictions, often flying over international waters or through areas where no single tax authority applies. Governments have acknowledged that imposing taxes on jet fuel could curtail the growth in air transport and lead to fragmentation in the industry.

It is important to note that the taxation of jet fuel, or any other environmentally motivated taxes on airlines or tickets, would apply on top of existing carbon pricing instruments. Any national ticket tax proposals³ in the European Union, for instance, would add to the obligations airlines face under the EU ETS and CORSIA. This would result in charging the same tonne of emissions more than once, contradicting ICAO Resolution A41-22, which states that market-based mechanisms “should not be duplicative and international aviation CO₂ emissions should be accounted for only once”.⁴ While the airline industry has strict criteria in place under various schemes to avoid double-counting of emission reductions, governments must show the same integrity to avoid double-charging emissions.

In this context, **adding new environmentally motivated taxes is not only contrary to the international commitments of States but also the least effective carbon pricing measure, as it does not come with any guarantee or assurance that payments made will result in any verifiable emissions reductions.**

2.2 The real impacts of taxation

Notwithstanding the legal provisions and the international consensus described above, the taxation of jet fuel, or more generally of international air transport CO₂ emissions, is often presented as a solution to decarbonize air transport. However, experience shows that the effectiveness of taxation (on fuel and/or tickets) as a mechanism to incentivize decarbonization is, at best, negligible.⁵ In addition, these amounts could be better used by airlines to finance the industry's decarbonization directly, through their purchases of carbon credits and SAF, as well as other in-sector measures.

To date, governments that have introduced taxes under the premise of reducing CO₂ emissions from aviation have been unable to demonstrate that they have achieved the intended reductions, and rarely (if ever) have the

² Article 24(a) – accessible [here](#) – provides: “Aircraft on a flight to, from, or across the territory of another contracting State shall be admitted temporarily free of duty, subject to the customs regulations of the State. Fuel, lubricating oils, spare parts, regular equipment and aircraft stores on board an aircraft of a contracting State, on arrival in the territory of another contracting State and retained on board on leaving the territory of that State shall be exempt from customs duty, inspection fees or similar national or local duties and charges. This exemption shall not apply to any quantities or articles unloaded, except in accordance with the customs regulations of the State, which may require that they shall be kept under customs supervision.”

³ See Appendix – p. 4-5

⁴ https://www.icao.int/environmental-protection/CORSIA/Documents/Resolution_A41-22_CORSIA.pdf

⁵ A 2020 Report from EUROCONTROL reached the conclusion that “there is little evidence that taxing aviation per se leads to lower CO₂ emissions; nor do raising fuel prices or ticket prices reduce CO₂ emissions.” More precisely, EUROCONTROL observes that “despite having the highest rate of taxation on air travel in Europe, CO₂ emissions continue to increase in the UK.” Similarly, despite the introduction of a departure tax on 1 January 2011 in Germany, CO₂ emissions increased by 4.2% that year. Likewise, although Italy increased departure taxes by almost 40% on 1 January 2016, its CO₂ emissions increased by 5.2% that year, while traffic from Italy fell by just 1.4%. – accessible [here](#).

revenues been used to support investments that would help mitigate or reduce future emissions in the aviation sector.

Governments should be clear regarding the objectives of any taxation. If the objective is to contribute to the general government budget, it must be noted that airlines are among the least profitable industries globally, with a net profit margin projected by IATA in 2025 of 3.7%, compared to around 5% for transportation in general, and over 20% for industries such as oil production and exploration, banks, and technology companies.

If the objective is to reduce CO2 emissions, the resulting emissions reductions must be verifiable, and the policy must be able to report on its cost per unit of emissions reduction. National policies must ensure that global charges for CO2 emissions are not compounded across the global air transport system. Moreover, the solutions for reducing CO2 emissions must be promoted. Lack of supply of both carbon credits and SAF today is a major risk in terms of airlines' ability to comply with regulation.

More concretely, taxes have negative impacts on the environment, passengers, and the economy:

- The financial impact of additional taxes on airlines will limit their ability to invest in solutions that are proven to achieve long-term emissions reductions. Indeed, taxes on airlines and their passengers cannot accelerate fleet renewal, introduce cleaner technologies, or bring about more widespread deployment of sustainable fuels.
- Passengers facing higher ticket prices in some locations will seek to avoid them, by flying through countries where no such taxes are levied, often resulting in longer journeys and more CO2 emissions. -
- Airlines in countries subjected to higher taxes be disadvantaged in a global and very competitive industry where price is the prime selection criterion for passengers. Taxes levied at an individual State level distort competition, often to the detriment of the home carrier of the given State, which is most exposed to the additional tax burden.
- The local economy will be negatively affected as a decline in air passenger volumes leads to decreased tourism and business travel, as well as lower demand for goods and services, negatively impacting GDP.
- Governments may lose revenue if the tax increase is offset by a decrease in air travel volume, and the indirect effects of lost traveler's spending.

Appendix: A patchwork of international, regional, and national measures⁶

Multilateral initiatives

- **Global Solidarity Levies Task Force (GSLTF):** launched at COP28 and co-chaired by Barbados, France, and Kenya, the GSLTF aims to foster political support for progressive levies to support climate and development action and to bring together coalitions of countries to become frontrunners for implementation. Regarding aviation-specific measures, the coalition tabled the following options: a kerosene fuel levy, a private jets fuel levy, a modular levy on tickets (a purchase tax on all air tickets with a differing rate for premium vs. economy-class tickets), and a frequent flyer levy on tickets.

Airline industry position: The air transport industry has advanced a plan to bring CO₂ emissions to net zero by 2050, and States have agreed, under ICAO's auspices, to use CORSIA as the only global market-based mechanism to tackle international aviation CO₂ emissions. The proposed options will simply raise money, not lead to emissions reductions.

- **Multilateral Carbon Tax Treaty (MCTT)⁷:** The proposal of a [MCTT](#) comprises 31 articles that together establish an obligation on contracting states to tax carbon contained in fossil fuel or one of its by-products at the level of extraction. Amongst other provisions, Article 11 proposes the States' voluntary discretion to impose taxes on fuels as a derogation from the Chicago Convention of 1944. It also foresees that Article 11 shall prevail over any other arrangement agreed upon under an Air Services Agreement (ASA) if both States are parties to the Carbon Tax Treaty and signed up to Article 11.

Airline industry position: The MTCC proposal is an instrument that overlaps with the UN's global mechanism to address carbon emissions reduction and offset, and should not apply to air transport. If a Multilateral Carbon Tax Treaty is to be created, Article 11 should be removed.

Alternatively, Article 11 should have the following wording:

Article 11 – Aviation

1. *According to the Convention on International Civil Aviation (also known as Chicago Convention), international tax and sustainability matters on aviation are dealt with by the United Nations' specialized agency for aviation, the International Civil Aviation Organization (ICAO).*
2. *ICAO's 193 Member States agreed on a global market-based measure — the Carbon Offset and Reduction Scheme for International Aviation (CORSIA) — adequately addresses the increase in total CO₂ emissions from international civil aviation over a baseline. ICAO expressly rejected the options of a global carbon tax or a departure levy to address CO₂ emissions.*
3. *Considering the international consensus around CORSIA, recognizing it as the only market-based measure to address carbon emissions, UN Member States should refrain from applying other global, regional, national, or local carbon taxes, charges, or fees.*

Energy taxation and Emissions Trading Schemes

- International flights between airports in the European Union, Iceland, Liechtenstein, and Norway are subject to the **European Union Emissions Trading Scheme (EU ETS)**. This includes flights by operators from third countries.

⁶Non-exhaustive list. The Appendix lists a few typical international, regional, and national carbon pricing instruments currently in force or under consideration.

⁷International Centre for Tax and Development, Multilateral Carbon Tax Treaty (MCTT), April 2024, accessible [here](#).

- The UK Emissions Trading Scheme (UK ETS) entered into force in the United Kingdom on 1 January 2021, following Brexit. UK ETS covers international flights departing from the UK to EEA countries. On 19 May 2025, the UK and the EU agreed to enter into negotiations on an agreement linking the UK ETS to the EU ETS. Further technical negotiations are required to determine the full arrangements for linking, including specific details pertinent to aviation.
- In Switzerland, the government has introduced legislation to include international flights departing Switzerland to the European Union, Iceland, Liechtenstein, and Norway into the **Swiss Emission Trading Scheme (Swiss ETS)**. The Agreement between Switzerland and the EU on linking the emissions trading systems came into force in 2020. Flights within Switzerland and from Switzerland to airports in the European Union, Iceland, Liechtenstein, and Norway are subject to Swiss ETS. Operators, including foreign operators, must surrender emission allowances in the amount of their CO₂ emissions.

Airline industry position: The proliferation of emissions trading schemes overlaps with the existing United Nations' global mechanism to address carbon emissions, agreed by the Member States at the International Civil Aviation Organization (ICAO), the UN specialized agency for aviation.

Environmental-related ticket taxes and taxes on carbon emissions

In recent years, several States have introduced or indicated that they plan to introduce carbon emissions taxes and/or ticket taxes applicable to international flights, asserting the impact of aviation on climate change as a justification. Some of them are the following:

Africa and Middle East:

- In **Djibouti**, since June 2023, airlines operating in Djibouti are requested to pay a charge based on type of aircraft & flight.
- In **Gabon**, since March 2025, the government imposes a carbon contribution of \$17-per-tonne emissions contribution for international operators flying to and from Gabon. National carriers are exempted from the scope of application of this regulation.
- In **South Africa**, a CO₂ tax was implemented from 1 June 2019 for domestic flights. The rate started at ZAR120 (~USD6.7) in 2019 and increased annually by 2%.

Americas:

- In **Canada**, a carbon tax applies to intraprovincial flights (flights within the same province). The government is also considering amendments to the Greenhouse Gas Pollution Pricing Act, which could further refine how carbon pricing applies to different industries, including aviation.

In **Colombia**, the national authorities are implementing a carbon tax on domestic flights, which is approx. USD5 per tonne of CO₂ which is adjusted annually to inflation plus 1%. Emitters have the option to meet their carbon tax liability by using offset credits generated from domestic projects.

Europe:

- In **Denmark**, a passenger (excluding transfer and transit passengers) from Danish airports is being proposed with some indication that a part of the revenues will be utilized to provide financing for the green transition of Denmark's domestic aviation sector. Starting 2025, an average tax of DDK 70 (~USD 6.5) per passenger per flight will be imposed and increased to DDK 85 (~USD 7.9) from 2028 and eventually stabilized at an average of DDK 100 (~USD 9.3) by 2030, thereafter
- In **France**, the Ministry of Finance introduced an Eco Tax (recently combined with the French Solidarity Tax), which applies to commercial flights departing from French airports. The tax entered into force on

January 2020, with rates ranging between EUR2.63 (~ USD2.86) per ticket on domestic and intra-European flights in economy class to EUR63.07 (~ USD68.60) per ticket for business class flights to destinations outside of the EU.

- In **Germany**, in January 2024, the government increased the air transport tax of about 19%, levied on passengers departing German airports. Depending on the route, a tax of between €15.53 and €70.83 (\$16.63 and \$75.85) per passenger per flight currently applies. Previously, the passenger tax had been between €12.73 and €58.06 per person per flight. In April 2025, the German Conservative Union Parties and the Social Democrats announced a coalition agreement including a cut of aviation taxes, and a plan to reverse last year's increase in the country's air passenger tax.
- In **The Netherlands**, the government introduced a ticket tax levied on passenger departures since January 2021, which has been increased to a flat rate of EUR29.05 (~ USD31.59) from 1 January 2024. In February 2025, the Dutch government announced a tax increase, introducing a distance-based structure scheme.
- In **Norway**, an air passenger tax is levied on all domestic and international passenger departures since June 2016. NOK85 (~ USD8.1) is levied from passengers traveling to destinations within Europe, and NOK332 (~ USD31.6) from passengers traveling to other destinations.
- In **Portugal**, a carbon tax of a flat rate of EUR2 (~ USD2.18) has been levied for departing flights from all Portuguese airports since 1 July 2021. The tax scheme underwent significant amendments and extensions on 1 July 2023, now encompassing non-commercial business jet flights as well.

Airline industry position: National initiatives that tax carbon emissions, as the ones exemplified above, are contrary to these States' international commitments in ICAO, but are also the least effective carbon pricing measures, as payments made are yet to prove any verifiable carbon emissions reductions. To date, governments that have introduced taxes under the premise of aiming to reduce CO₂ emissions from air transport have been unable to demonstrate any verifiable CO₂ emissions reductions. Rarely (if ever) have tax revenues raised in this manner been used to support the necessary scaling of solutions for air transport's decarbonization. Sweden and Hungary stand out as countries that act in favor of global civil aviation and the harmonization of the rules it operates under by having recently abolished their national carbon emission taxes.