



Mrs. Siv Jensen
Minister of Finance

Mr. Ketil Solvik-Olsen
Minister of Transport and Communications

May 24th, 2016

Dear Ministers,

We, the undersigned Associations, are writing to you today to reiterate our strong opposition to the decision of the Norwegian Government to implement the Air Passenger Tax as from 1 June 2016. It is distressing that the Norwegian authorities have decided to go forward with their intention to implement the tax, irrespective of the overwhelmingly negative feedback received during the consultation process.

The tax will have a negative impact on the Norwegian economy and will negatively impact its future growth, employment and competitiveness: The imposition of the NOK 80 tax on departing passengers will irremediably lead to a reduction in overall demand for domestic and international air travel of around 1.28 million passenger journeys annually. This will directly jeopardize jobs and GDP in Norway, as well as the country's connectivity with the rest of the world.

The tax contravenes the Chicago Convention and ICAO Policies on Taxation in the Field of International Air Transport: All Contracting States to the Chicago Convention and ICAO (including Norway) have agreed to not impose fees, dues or other similar levies on air passengers entering or exiting its territory and have committed to reduce and ultimately eliminate all forms of taxation on the sale or use of international transport by air.

The implementation of the tax should have been preceded by a truly transparent and constructive industry consultation process: An independent evaluation of the impact of this tax, both economic and technical, should have been completed before its implementation. This was not completed, and thus the legitimacy of the Air Passenger Tax is called directly into question.

Similar taxes in Germany and the UK have proven to be extremely inefficient and harmful to their respective economies: It is clear that taxes on passenger air travel do more harm than good to their respective economies in terms of their negative impacts on GDP, growth and employment. Norwegian authorities should follow the examples of other countries, such as the Netherlands and Ireland, which abolished similar taxes and experienced economic benefits as a result.

The tax will be levied on a flown-passenger basis as of 1 June 2016: This creates significant issues and will unjustly penalize airlines that have already sold tickets prior to this date and cannot collect the tax from the responsible parties (i.e. air passengers). All airlines sell tickets for air travel up to one year in advance of travel (and up to 18 months in advance for charter flights). As such, all tickets sold for departures from Norway prior to the official notification of the implementation date, which only happened on 13 May 2016, did not include the tax. Airlines are not in a position to levy the Air Passenger Tax on passengers when tickets have already been sold and issued, and as a result, will be forced to unfairly bear the financial burden associated with the tax in these instances. Consequently, we strongly urge the Norwegian Government to issue official notification that confirms the Air Passenger Tax would be applicable only to tickets issued after the date of official publication of the regulations governing the tax for travel after this date.

The official legislation and regulations governing the Air Passenger Tax in Norway have not been officially published, which means that, at present, airlines are not in a position to accurately assess the tax on a passenger basis (i.e. official confirmation of the tax base, VAT treatment of the tax for domestic transport and how it is to be remitted, etc.), which will lead to inaccurate tax assessments, and airlines being unfairly deemed non-compliant with the tax. This, in turn, will create additional costs for both airlines and the Norwegian Tax Administration that could easily be avoided if the tax was postponed for a sufficient period following the release of the respective legislation and regulations governing the tax.

For the two immediately preceding reasons above, airlines have not been able to integrate the new tax into their systems. Notwithstanding our principle opposition to the tax, only tickets issued on or after the implementation date of 1 June 2016 should be in its scope.

Based on the aforementioned, we strongly request that the Norwegian Government reconsiders the decision to implement the Air Passenger Tax. At a minimum, and in order to clarify the various pending technical questions related to its implementation (e.g. official regulations governing the tax, levied on flown passengers as of 1 June 2016), the entry into force of the tax should be postponed at least until the fall of 2016 in order for these issues to be fully and effectively resolved.

Yours sincerely,

Airlines for Europe Association (A4E)
Association of European Airlines (AEA)
European Low Fares Airline Association (ELFAA)
European Regions Airlines Association (ERA)
International Air Carrier Association (IACA)
International Air Transport Association (IATA)

Mr. Thomas Reynaert, Managing Director
Mr. Athar Husain-Khan, CEO
Mr. John Hanlon, Secretary General
Mr. Simon McNamara, Director General
Mrs. Sylviane Lust, Director General
Mr. Rafael Schwartzman, Regional Vice President, Europe