

Aviation - Germany

Industry fears impact of €1 billion air travel tax

Contributed by [Arnecke Siebold Rechtsanwälte](#)

July 21 2010

From January 1 2011 airlines will be charged €13 per passenger for European travel and €26 per passenger for intercontinental travel. The government aims to collect around €1 billion from the measure as part of a plan to save €80 billion.

Originally, the air travel tax was to be suspended in 2010, when the airline industry joins the EU Emissions Trading Scheme. However, it now seems that regardless of the additional financial burden of buying emission allowances for carbon emissions, the tax will continue to apply.

The plan has already proved controversial. Immediately after the introduction of the tax was announced, the minister of economic affairs criticized the plan, even though it is being introduced by the Cabinet to which he belongs. The minister's fears of a decline in passenger volume and revenue are shared by the aviation industry, which remains hopeful that common sense will prevail. The German Airline Association and other industry participants have signed a resolution which appeals to the government to reverse the decision.

News of the plan could not have come at a worse time. The heavy burden of the new tax will be imposed on airlines still struggling to return to profitability after the financial downturn and the losses from the Icelandic ash cloud. It is estimated that 5 million passengers will be deterred from travelling and that up to 10,000 jobs are at stake. Moreover, the tax will be counterproductive from an environmental perspective, as travellers seeking to avoid the tax will look for opportunities to fly from neighbouring countries, which will result in an increase in road traffic and additional fuel consumption.

The tax arguably violates Article 15 of the Chicago Convention, which states that:

"[n]o fees, dues or other charges shall be imposed by any contracting State in respect solely of the right of transit over or entry into or exit from its territory of any aircraft of a contracting State or persons or property thereon."

Foreign carriers departing from an airport in Germany will be subject to the new tax. They are likely to regard it as an exit tax, which is prohibited under the convention. In addition, the tax arguably distorts competition - it particularly affects German carriers, as the majority of their flights depart from German airports.

For further information on this topic please contact [Ulrich Steppeler](#) at Arnecke Siebold Rechtsanwälte by telephone (+49 69 97 98 85 0), fax (+49 69 97 98 85 85) or email (ulrich.steppeler@arneckesiebold.de).

The materials contained on this website are for general information purposes only and are subject to the [disclaimer](#).

ILO is a premium online legal update service for major companies and law firms worldwide. In-house corporate counsel and other users of legal services, as well as law firm partners, qualify for a free subscription. Register at www.iloinfo.com.

Author

[Ulrich Steppeler](#)

