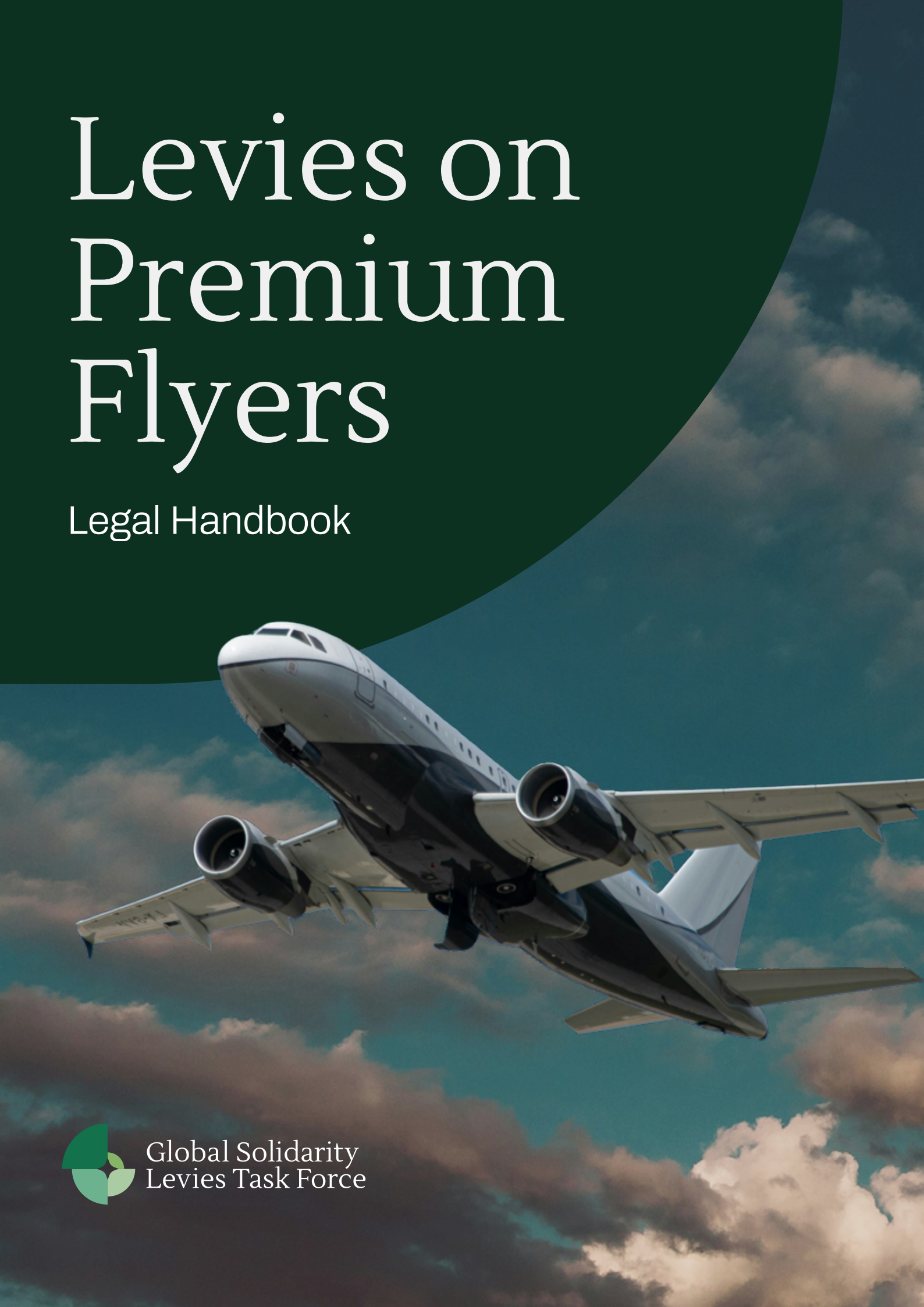
Levies on Premium Flyers

Legal Handbook



Global Solidarity
Levies Task Force

Contents

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For People and the Planet.

Consultation Draft
Nov 2025

CHAPTER 1

Executive Summary

Properly designed aviation taxes can raise predictable revenue for climate and development finance, while reinforcing fairness and solidarity. The evidence is clear: business and first-class seats can triple the footprint of an economy ticket, while private jets emit up to 14 times more per passenger-kilometer than commercial flights, justifying the focus on premium flyers.

Aviation is one of the world's most unequal sources of emissions: a tiny minority of frequent flyers and private jet owners generate a staggering share of climate damage, while most people never set foot on a plane. Yet this luxury pollution remains undertaxed, shielded by outdated exemptions and implicit subsidies.

The result is a carbon-intensive sector treated as if it were beyond the reach of fair taxation.

This Legal Handbook sets out a practical path to change. It advances two targeted measures that are technically feasible, politically defensible, and consistent with international law:

1. levies on premium air travel and
2. taxes on private jet fuel.

These measures are rooted in the polluter-pays principle and align with standards of equity in taxation. They focus responsibility not on ordinary travelers, but on those most able to contribute – and most responsible for disproportionate emissions.

These measures are not speculative. Many countries already apply various forms of air travel passenger ticket levies and fuel taxes on jet fuel, with designs that withstand international legal and trade scrutiny. Legal analysis and existing practices confirm their compatibility under the Chicago Convention, air service agreements (ASAs), WTO law and European Union (EU) law. The comparative mapping presented here – including of implementation by Barbados, Belgium, Denmark, France, Germany, India, Kenya, Lebanon, Malaysia, the Maldives, Mexico, the Philippines, the UK, and others – shows the range of workable models. The drafting guidance then provides ready-to-use legislative text for governments seeking to move quickly, with a particular focus on premium air travel passenger ticket levies that are differentiated by class and distance bands, and on excise taxes for uplifted kerosene for private jets.

> “A tiny minority of frequent flyers and private jet owners generate a staggering share of climate damage

The political moment is now. COP30 in Belém offers governments the chance to prove that climate solidarity is more than rhetoric.

This is more than a technical manual – it is an invitation to act. By embracing fair, progressive, aviation taxes as a part of an international coalition of the willing this year, governments can help close the gap between climate ambition and finance while correcting one of the starkest inequities in global emissions.

CHAPTER 2

Introduction and Context

Aviation is among the most carbon-intensive forms of transport, yet its emissions are concentrated in a relatively small share of high-income, frequent flyers and private jet users. Addressing this imbalance through targeted levies is technically feasible, consistent with international law, and politically timely, as governments seek new and equitable mechanisms to mobilize climate finance at and beyond COP30.

The Global Solidarity Levies Taskforce: For People and the Planet (GSLTF) was launched at COP28 in 2023 to explore progressive tax measures that generate predictable revenue for climate and development, while ideally also discouraging greenhouse gas emissions. Following consultations with governments, experts, and civil society in early 2025, the GSLTF identified levies on premium air travel and private jet fuel as among the measures with the greatest potential for multi-country adoption by COP30 in November 2025.

These measures are designed to advance three intertwined goals

1. Generate new and predictable revenue for climate finance and development,
2. Align tax burdens with both ability to pay and contribution to climate impact, and
3. Incentivize a shift toward lower-emission forms of transport,

Prepared on behalf of the GSLTF secretariat, this Legal Handbook aims to provide governments with a practical foundation for negotiating and implementing progressive, internationally coordinated levies on premium air travel and private aviation fuel.

The Legal Handbook distills comparative experience with aviation taxation from national practices, international legal frameworks, and recent climate-related fiscal innovations. Specifically, the Legal Handbook is intended to:

- Explore and explain the policy and legal rationale for aviation taxation
- Map existing examples of premium air travel levies and private jet fuel taxes
- Discuss the legal feasibility and address common legal and policy objections
- Explore technical considerations in legislative design
- Define core elements suitable for coordinated multilateral adoption, providing model legislative text and identifying optional national design features
- Set out a roadmap for implementation ahead of COP30

Together, these elements provide a pathway for governments to reach consensus at COP30 and translate commitment into action.

CHAPTER 3

Policy and Legal Rationale

As governments seek new and predictable sources of finance for climate action, aviation taxation emerges as a technically feasible and politically viable option. This section examines the policy and legal rationale for selected aviation taxes, with particular emphasis on levies on premium air travel and private jet fuel.

3.1 Aviation Taxes: Definition and Variation

Aviation taxes are obligatory, non-punitive fiscal charges imposed by public authorities on the operation, use, or emissions of civilian aircraft and air transport services. In practice, these measures take a wide variety of forms. The diversity of types of aviation taxes can be distinguished along several dimensions, including:

- **Nomenclature**: often termed taxes, levies, duties.
- **Purpose(s)**: may range from general revenue mobilization to funding specific infrastructure or servicing related debt, and in some cases they may be designed to offset environmental, public health, or climate externalities.
- **Source of Law**: introduced through general tax codes, customs regulations, or sector-specific aviation, energy, or climate legislation.
- **Tax base**: linked to passenger departure, the uplift of fuel, the movement of aircraft, or specific emissions.

- **Differentiation:** structured as flat or escalating charges; varied by distance, use, or impact; applied differently for nationals vs foreigners; or segmented by class of travel.
- **Payee**: levied on passengers, airlines, aircraft operators, or fuel suppliers.
- C**ollection point**: collected directly from the liable party or via intermediaries such as airlines or airports.
- **Allocation or use of revenues**: proceeds may feed into general treasuries or be earmarked for specific purposes, including climate, infrastructure, or public health

3.2 Prioritizing Taxes on Premium Air Travel and Private Jet Fuel

Among the wide range of aviation-related tax measures, two stand out as especially promising for coordinated international adoption: levies on premium air travel and taxes on private jet fuel. These measures align with principles of fairness, feasibility, and effectiveness more strongly than other aviation taxation options.

Premium air travel levies are justified on both equity and environmental grounds. Premium cabins account for a disproportionately large share of aviation's climate impact: a business-class seat typically has 2–3 times the carbon footprint of an economy seat, and first class can be even higher, due to the greater space and weight per passenger.[1] At the same time, premium-class passengers are generally wealthier, unlikely to change their behaviour because of price (inelastic demand) and more able to contribute to climate finance. Levies targeted at these segments can therefore deliver the greatest climate and equity dividends, while mobilizing substantial new revenue from those most able to pay.

Private jet fuel taxation addresses one of the most visible and inequitable forms of luxury emissions. Private aviation produces 5–14 times more emissions per passenger-kilometer than commercial flights, yet remains

1 Sola Zheng et al., ***Designing an Equitable Aviation Climate Levy*** (International Council on Clean Transportation, 2025), 13, https://theicct.org/publication/designing-an-equitable-climate-levy-mar25/; Sola Zheng, ***Demand Response to Aviation Carbon Pricing in Canada*** (International Council on Clean Transportation, 2024), 7, https://theicct.org/publication/demand-response-to-aviation-carbon-pricing-in-canada-apr24/; New Economics Foundation, "Europe-Wide Frequent Flying Levy Would Raise €64bn without Any Cost to Majority of People," New Economics Foundation, October 17, 2025, 5, https://neweconomics.org/2024/10/europe-wide-frequent-flying-levy-would-raise-64bn-without-any-cost-to-majority-of-people.

largely untaxed.[2] Private jet users are among the wealthiest global travelers, often flying short distances where lower-emission alternatives exist. Fuel taxes or levies on private jet departures would directly price these outsized emissions, correct a glaring gap in the tax system, and generate revenue from a group with very high capacity to pay.

Together, premium air travel levies and private jet fuel taxes offer three distinct advantages over other aviation tax options:

1. **Equity** – they target those most able to pay and most responsible for disproportionate emissions.

2. **Visibility and political salience** – luxury emissions are increasingly in the public spotlight, making these measures more politically defensible than generalized taxes on all passengers.

3. **Feasibility** – both can be implemented using existing ticketing and fuel-supply systems, and both have precedents in national practice that demonstrate compatibility with international legal frameworks.

Prior research undertaken by CE Delft and commissioned by the GSLTF assessed the potential fiscal and climate impacts of several types of aviation levies, including their revenue generating potential, climate impact, distributional impacts, spill-over effects, and legal hurdles.[3] That analysis further underscored the potential advantages of well-designed aviation ticket levies and private jet fuel taxes.

In particular, the analysis found that a ticket levy and a fuel levy for private jets are the two most legally feasible options, and recommended that these two measures be implemented in tandem to reap their complementary benefits. The burden of each tax falls most on those most able to pay, with the ticket levy offering high revenue-generating potential and climate impact efficiency, and the private jet fuel levy offering high revenue impact efficiency and an exclusive tax burden on high-income individuals with high ability to pay.

2 Andrew Murphy et al., "Private Jets: Can the Super-Rich Supercharge Zero-Emission Aviation?," T&E, September 9, 2025, https://www.transportenvironment.org/articles/private-jets-can-the-super-rich-super-charge-zero-emission-aviation; Daniel Sitompul and Dan Rutherford, ***Air and Greenhouse Gas Pollution from Private Jets, 2023*** (International Council on Clean Transportation, 2025), https://theicct.org/publication/air-and-ghg-pollution-from-private-jets-2023-jun25/.

3 Martijn Blom et al., ***A Fair Share from Aviation: Solidarity Levies in Aviation: Options for a Coalition of the Willing***, CE Delft (2025), https://solidaritylevies.org/aviationstudy/.

CE Delft specifically recommended carefully-designed (and legally feasible) passenger ticket levies that increase with distance traveled and are higher for premium class travelers, to create a clearer connection between passengers' CO2 emissions and the levies they pay. Complementing premium ticket levies with private jet fuel taxes would incentivize fuel efficiency improvements, particularly if well-designed with clear plans for collecting and administering the tax.

Taking these considerations into account, levies on premium passengers and private jet fuel are the most promising focal points for a multilateral agreement on aviation taxation ahead of COP30.

3.3 International Legal Principles Supporting Aviation Taxation

Grounding aviation taxation in established international legal principles ensures both legitimacy and defensibility. By imposing levies on premium air travel and private jet fuel within accepted doctrines of environmental, climate, and tax law, governments can demonstrate that these measures are not novel innovations, but the natural application of widely recognized norms of fairness, responsibility, and precaution.

3.3.1 Environmental Law: Normative Principles

Polluter Pays Principle (PPP)

The Polluter Pays principle was first articulated by the OECD in 1972 and reaffirmed in the Rio Declaration (Principle 16).[4] It requires that those who cause environmental harm bear the costs of its prevention and remediation, and is widely operationalized in the OECD, the EU, and national and international environmental tax regimes. Aviation levies clearly operationalize this principle by internalizing the climate costs of emissions-intensive air travel, particularly from premium and private aviation that has so far enjoyed implicit subsidies.[5]

Prevention and Precautionary Principles

The Principle of Prevention obliges states to avoid causing transboundary environmental harm, a duty recognized in

4 OECD, ***The Polluter Pays Principle: Definition, Analysis, Implementation*** (OECD, 2008), https://doi.org/10.1787/9789264044845-en; "The United Nations Conference on Environment and Development: Annex I Rio Declaration on Environment and Development," August 12, 1992, https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_CONF.151_26_Vol.I_Declaration.pdf; Hans Wiesmeth, "Market-Oriented Policy Tools," in ***Implementing the Circular Economy for Sustainable Development*** (Elsevier, 2021), https://doi.org/10.1016/B978-0-12-821798-6.00016-8.

5 "Can Polluter Pays Principles in the Aviation Sector Be Progressive?," ***IEEP AISBL***, November 22, 2022, https://ieep.eu/publications/can-polluter-pays-principles-in-the-aviation-sector-be-progressive/.

the Stockholm Declaration (1972).[6] The precautionary principle, enshrined in the Rio Declaration (Principle 15), requires anticipatory action to prevent serious or irreversible harm even where scientific certainty is incomplete.[7] Aviation levies operationalize these principles by acting now to discourage emissions from luxury travel, rather than waiting for uncertain technology shifts.[8]

Intergenerational Justice

Principle 3 of the Rio Declaration highlights the duty to protect the environment "for present and future generations."[9] Aviation emissions are disproportionately generated by a relatively wealthy minority today but impose costs borne by vulnerable populations and those not yet born. By targeting luxury emissions, aviation levies reflect the normative international environmental law principle favoring distributive fairness across generations.

3.3.2 Climate Change Law: Normative Principles

Equity

Equity has been central to the UNFCCC since its adoption, shaping debates over burden-sharing and fairness in mitigation and finance.[10] Aviation levies apply equity by focusing obligations on those most responsible for emissions – frequent flyers and private jet users –while sparing the majority who fly rarely or not at all. This aligns with climate law's emphasis on fairness between and within states, as well as across income groups, and mirrors how climate finance contributions are often calibrated to capacity and responsibility.[11]

Common but Differentiated Responsibilities (CBDR)

The principle of CBDR, codified in Article 3 of the UNFCCC and reaffirmed in the Paris Agreement (Art. 2.2), recognizes that all states share responsibility for addressing climate change but with differing

6 United Nations, "United Nations Conference on the Human Environment, Stockholm 1972," United Nations, United Nations, https://www.un.org/en/conferences/environment/stockholm1972.

7 "The United Nations Conference on Environment and Development: Annex I Rio Declaration on Environment and Development."

8 Cato Sandford and Chris Malins, ***Staying Aloft: Support Mechanisms for "Sustainable Aviation Fuels" in the United Kingdom and European Union*** (International Council on Clean Transportation, 2025), https://theicct.org/publication/support-mechanisms-for-saf-in-the-uk-and-eu-jul25/.

9 "The United Nations Conference on Environment and Development: Annex I Rio Declaration on Environment and Development."

10 "United Nations Framework Convention on Climate Change | UNFCCC," 1992, https://unfccc.int/process-and-meetings/united-nations-framework-convention-on-climate-change.

11 New Economics Foundation, "Europe-Wide Frequent Flying Levy Would Raise €64bn without Any Cost to Majority of People."

capabilities.[12] Aviation levies are consistent with this principle: they can be coordinated multilaterally to confront the shared challenge of aviation emissions while still allowing flexibility in national design, rates, revenue use, or phasing. This dual character – common in purpose, with some flexibility for differentiation in design – makes them especially well-suited for plurilateral agreements such as those being advanced under the GSLTF.[13]

3.3.3 Tax Law: Normative Principles

Ability to Pay & Progressivity

The ability-to-pay principle has deep philosophical roots, articulated by Adam Smith in 1776: "subjects ... ought to contribute ... in proportion to the revenue which they respectively enjoy."[14] It underpins modern taxation theory and systems and justifies progressive fiscal measures, as reflected in progressive income taxation since the 19th century, and modern legal scholarship further confirms its egalitarian and utilitarian foundations.[15] Recent research supported by the World Bank also shows that citizens in multiple countries report higher willingness to pay taxes when they perceive their tax systems to be progressive, supporting not only the normative case for progressivity but its practical political feasibility.[16] In aviation, premium passengers and private jet users clearly have greater financial capacity and contribute disproportionately to emissions. Differentiated levies therefore reflect both ability to pay and the principle of progressivity, protecting low-income, occasional travelers while targeting luxury travelers and their emissions.[17]

Non-Discrimination and Neutrality

Non-discrimination and neutrality are complementary foundational principles of domestic tax systems worldwide, requiring equal treatment of taxpayers in comparable circumstances and that taxes not distort

12 "United Nations Framework Convention on Climate Change | UNFCCC"; "The Paris Agreement | UNFCCC," 2016, https://unfccc.int/process-and-meetings/the-paris-agreement.

13 Martijn Blom et al., A Fair Share from Aviation: Solidarity Levies in Aviation: Options for a Coalition of the Willing, CE Delft (2025), https://solidaritylevies.org/aviationstudy/.

14 Adam Smith, ***An Inquiry into the Nature and Causes of the Wealth of Nations*** (1776), accessible at https://en.wikisource.org/wiki/The_Wealth_of_Nations/Book_V/Chapter_2.

15 An Act to Provide Internal Revenue to Support the Government and to Pay Interest on the Public Debt. Part 1: Public Laws, Pub. L. No. US 12 Stat. 432 (Chapter 119), 432 (1862), https://www.govinfo.gov/app/details/STATUTE-12/STATUTE-12-Pg432-4; Michael Pressman, "'The Ability to Pay' in Tax Law: Clarifying the Concept's Egalitarian and Utilitarian Justifications and the Interactions between the Two," ***N.Y.U. J. Legis. & Pub. Pol'y*** 21 (2018): 141.

16 Christopher Hoy, "How Does Progressivity Impact Tax Morale? Experimental Evidence across Developing Countries," ***Journal of Development Economics*** 172 (January 2025): 103398, https://doi.org/10.1016/j.jdeveco.2024.103398.

17 Sola Zheng et al., ***Designing an Equitable Aviation Climate Levy***; New Economics Foundation, "Europe-Wide Frequent Flying Levy Would Raise €64bn without Any Cost to Majority of People."

economic choices absent objective justification.[18] They are commonly built into tax design, tax treaties and trade agreements, and international and EU law.[19] Aviation levies can comply by applying equally to all passengers and operators under the same conditions, while differentiating on objective criteria, such as seating class or aircraft type, where the distinctions rest on rational bases such as emissions intensity and ability to pay.

Corrective Taxation and Subsidy Reform

Corrective, or Pigouvian, taxation is a long standing principle in public finance: taxes are legitimately applied where market prices fail to reflect environmental or social costs.[20] Aviation currently benefits from broad exemptions from fuel excise duties and VAT, which constitute implicit fossil fuel subsidies and distort competition with lower-emission modes such as rail.[21] Targeted aviation levies are a first step to address these distortions and advance international commitments under the G20 and the Sustainable Development Goals to phase out inefficient fossil fuel subsidies.[22]

3.4 States' Legal Obligations

Aviation taxation is not only a matter of fiscal and environmental policy design. It is also aligned with and informed by states' binding legal obligations under international law to address greenhouse gas (GHG) emissions. As international aviation emissions continue to grow, governments face increasing scrutiny regarding their compliance with climate, human rights, and environmental law. Premium air travel levies and private jet fuel taxation can therefore be justified not only as permissible but as required measures to meet international obligations.

18 ***Tax Design for Inclusive Economic Growth***, OECD Taxation Working Papers no. 26, vol. 26, OECD Taxation Working Papers (2016), https://doi.org/10.1787/5jlv74ggk0g7-en; Parthasarathi Shome and International Monetary Fund, eds., ***Tax Policy Handbook*** (Tax Policy Division, Fiscal Affairs Dept., International Monetary Fund, 1995).

19 Niels Bammens, ***The Principle of Non-Discrimination in International and European Tax Law***, vol. 24, IBFD Doctoral Series (IBFD, 2012), https://doi.org/10.59403/3s7eyvc; Dennis Weber and Pasquale Pistone, eds., ***Non-Discrimination in Tax Treaties: Selected Issues from a Global Perspective***, vol. 14, EC and International Tax Law Series (IBFD, 2016), https://doi.org/10.59403/2vhpvky.

20 Arthur C. Pigou, ***The Economics of Welfare***, Repr. from the 4. ed., London, 1932 (AMS Pr, 1978); Thomas Helbling, "What Are Externalities? What Happens When Prices Do Not Fully Capture Costs," ***Finance and Development***, December 2010; Ruud De Mooij and Michael Keen, "Taxing Principles: Making the Best of a Necessary Evil," ***Finance & Development***, December 2014.

21 Michael Keen et al., "Planes, Ships and Taxes: Charging for International Aviation and Maritime Emissions," ***Economic Policy*** 28 (April 2013): 701–49, https://doi.org/10.1111/1468-0327.12019.

22 Eduardo Posada et al., ***Fossil Fuel Subsidy Reform in Aviation and Shipping*** (International Institute for Sustainable Development, 2025), https://www.iisd.org/publications/report/fossil-fuel-subsidy-reform-aviation-shipping.

3.4.1 Climate Treaty Obligations

Climate Treaty Obligations require signatory states to take affirmative actions to address climate change.

Paris Agreement

Under Articles 2 and 4 of the Paris Agreement, states have committed to holding global warming well below 2°C and pursuing efforts to limit it to 1.5°C.[23] These commitments apply to all sectors of the economy, including international aviation, which – though not directly referenced in the Agreement – is covered within states' Nationally Determined Contributions (NDCs).

Failure to take action on aviation risks undermining compliance with the "highest possible ambition" standard required under Article 4(3).[24] Fiscal measures such as levies and fuel taxation represent practical policy tools available to states to operationalize this obligation.

The customary principles of environmental law discussed in the Subsection 3.4 – particularly the Polluter Pays Principle and the Precaution and Prevention principles – are also relevant in considering this obligation. The luxury aviation of private jets and premium travel represents disproportionately high emissions per passenger, making targeted fiscal measures a direct application of the Polluter Pays Principle. The duty to prevent transboundary harm is a rule of customary international law. The precautionary principle (Rio Declaration, Principle 15) requires states to act in the face of scientific uncertainty, especially where risks of serious or irreversible harm exist, such as climate change.[25] Aviation levies thus contribute to discharging this duty.[26]

Although the Kyoto Protocol (1997) referred international aviation to the International Civil Aviation Organization (ICAO), states remain the duty bearers for regulating emissions. ICAO's market-based mechanism, CORSIA (discussed in Section 7), does not displace states' independent responsibility under international climate treaties.

23 United Nations. ***Paris Agreement***. UN Doc. FCCC/CP/2015/10/Add.1 (2015).

24 Ibid.

25 United Nations. ***Rio Declaration on Environment and Development***. UN Doc. A/CONF.151/26 (1992).

26 See also, International Institute for Environment and Development (IEEP). ***Can Polluter Pays Principles in the Aviation Sector be Progressive?*** (Brussels: IEEP, 2022).

3.4.2 Human Rights Obligations

A growing body of jurisprudence links climate inaction with violations of fundamental human rights. In KlimaSeniorinnen v. Switzerland (2024), the European Court of Human Rights held that inadequate mitigation measures breach the right to family and private life (Article 8 of the European Convention on Human Rights), and that states have positive obligations to address climate change.[27] Aviation is a significant and inequitable contributor to climate harms; fiscal measures targeting luxury aviation can therefore be defended as steps to uphold human rights obligations.

UN human rights bodies (Office of the High Commissioner for Human Rights, UN Special Rapporteurs) have also emphasized states' obligations to adopt equitable measures in line with common but differentiated responsibilities (CBDR). Targeting luxury aviation directly operationalizes equity while protecting access to essential mobility.

Together, these obligations provide a strong normative basis for aviation taxation. States are legally bound to reduce aviation emissions as part of their Paris Agreement commitments. International law requires action consistent with the Polluter Pays and precautionary principles; and Human rights law strengthens the argument for equitable, progressive measures that target luxury emissions. Therefore, aviation taxation is not only legally permissible but arguably a necessary measure to enable states to meet their international obligations.

27 European Court of Human Rights (ECtHR). ***Verein KlimaSeniorinnen Schweiz and Others v. Switzerland***, App. No. 53600/20 (Judgment of 9 April 2024).

3.4.3 ICJ Advisory Opinion on the Obligations of States in respect of Climate Change

In July 2025, the International Court of Justice issued its Advisory Opinion on the Obligations of States in respect of Climate Change, answering questions referred by the UN General Assembly (Resolution A/77/276).[28] The Court held that states bear a duty of due diligence to regulate private-sector GHG emissions – including through fossil fuel production and consumption – and that failures to discharge that duty may give rise to legal responsibility.

In particular, the opinion reaffirmed that states must uphold the no-harm rule and prevent transboundary environmental damage, and that wealthy or capable states have differentiated obligations to act more ambitiously and assist vulnerable states. Because aviation emissions are inherently cross-border, this reinforces a legal foundation for policies that internalize aviation's externalities, such as fuel taxation or passenger levies. The Court also emphasized that states may incur international responsibility (e.g. cessation, guarantees, reparations) for acts or omissions inconsistent with these obligations.

Hence, adopting private jet fuel taxes and premium aviation levies aligns not merely with policy discretion but with a recognized international legal duty: these instruments operationalize the ICJ-anchored obligations of prevention, equity, and accountability. In the context of climate law as now interpreted by the ICJ, aviation taxation is not simply permissible but it can be an important component of a state's binding obligations to protect the climate system.

28 International Court of Justice, Advisory Opinion on the Obligations of States in respect of Climate Change, 23 July 2025, ICJ Rep. (2025), available at https://www.icj-cij.org/case/187; UN General Assembly, Resolution A/77/276: "Request or an advisory opinion of the International Court of Justice on the obligations of States in respect of climate change" (2023), 77th session, https://digitallibrary.un.org/record/4008332 .

CHAPTER 4

Legal Feasibility of Imposing Premium Air Travel Levies and Private Jet Fuel Taxes

A central question in designing international aviation levies is whether such measures are legally permissible under existing international frameworks. This section evaluates the feasibility of two types of aviation taxes as prioritized in Section 3:

- **(Premium) Passenger Air Travel Levies** – including higher rates for premium class passenger tickets, with rates differentiated by distance, and in some cases reduced rates for specific categories of nationals.
- **Private Jet Kerosene Taxes** – excise-style charges on fuel uplifted for non-commercial aviation.

The key legal concern raised in policy debates is whether these measures might contravene obligations under the Chicago Convention, European Union (EU) law, World Trade Organization (WTO) law, or bilateral Air Services Agreements (ASAs).

This analysis shows:

- Passenger levies are permissible provided they are applied in a non-discriminatory manner between foreign and domestic operators. Differentiation by class of service and distance bands are not prohibited by international law. EU law currently prevents higher passenger levies on intra-EU flights than on domestic flights.
- Private jet kerosene taxes are likewise feasible, as Article 24 of the Chicago Convention only restricts taxation of fuel already on board, not fuel uplifted prior to departure, and most ASAs do not cover private jets. In the EU, restrictions on fuel taxation also do not apply to private pleasure-flying.

4.1 The Chicago Convention and the ICAO

The international legal framework for civil aviation is anchored in the Convention on International Civil Aviation (the “Chicago Convention”), adopted in 1944 and now ratified by 193 states. The Convention established the International Civil Aviation Organization (ICAO), a specialized UN agency headquartered in Montreal, to oversee its implementation and to promote safe and orderly development of international civil aviation. ICAO issues Standards and Recommended Practices (SARPs), as well as non-binding policy guidance, and administers the network of bilateral and multilateral agreements that govern international air transport.

For taxation, the Chicago Convention contains two provisions especially relevant to aviation levies:[29] Article 15, which requires non-discrimination in charges for airport or air navigation facilities, prohibiting a state from imposing higher fees on foreign than on domestic carriers and prohibits states from imposing a right of entry or transit or exit to foreign carriers; and Article 24, which prohibits taxation of fuel already on board an aircraft arriving from another contracting state, but does not prevent taxation of fuel uplifted within the taxing state.

These articles are often cited as barriers to new forms of aviation taxation. However, as the analysis below shows, their scope is limited, and many states have successfully introduced both passenger levies and private aviation fuel taxes in compliance with the Chicago Convention.

29 Chicago Convention on International Civil Aviation (1944), 9th Ed., ICAO Doc 7300/9 (2006), https://www2023.icao.int/publications/Documents/7300_9ed.pdf.

Box 1

The Chicago Convention and Aviation Taxation

In the aftermath of World War II, governments saw aviation as vital for rebuilding economies, restoring trade, and fostering international cooperation. The 1944 Chicago Convention therefore prioritized facilitation over taxation, exempting aircraft, fuel onboard of the aircraft, and spare parts from duties and charges to ensure routes could reopen without friction. These exemptions were later reinforced by ICAO model clauses and policies, which extended relief from profit, capital, and indirect taxes in the interest of supporting international air services. Over time, this framework became embedded in thousands of bilateral agreements, entrenching a de facto global norm against taxing at least some aviation fuel and operations. The logic was clear in the 1940s – taxation risked retaliation and fragmented regimes at a fragile moment of trust-building – but today the resulting tax-free status of international aviation appears increasingly out of step with climate policy priorities, and is now open to reconsideration.

4.1.1 Charges vs. Taxes under the Chicago Convention

The Chicago Convention, as interpreted by non-binding ICAO policies (see Subsection 4.1.5 below), draws a fundamental distinction between charges for services and taxes.

- Charges are levies "designed and applied specifically to recover the costs of providing facilities and services for civil aviation" (e.g., landing fees, air traffic control charges).[30] ICAO Policy on Charges for Airports and Air Navigation Services specifies that charges should be cost-related, transparently assessed, and apply without discrimination.

30 International Civil Aviation Organization, ***ICAO's Policies on Charges for Airports and Air Navigation Services***, 10th ed, ICAO Doc 9082 (2024), https://www.icao.int/sites/default/files/2024-12/9082_cons_en.pdf.

- Taxes, by contrast, are levies that are "designed to raise national or local government revenues, which are generally not applied to civil aviation in their entirety or on a cost-specific basis."[31]

Since differentiated passenger levies and kerosene excises do not aim at recovering costs, but rather are revenue-generating measures, they fall into the tax category.

In practice, states may use various terms to describe charges. Many passenger levies are labeled as charges or as "fees" (e.g., the Maldives' Airport Development Fee), but because they are not tied to the actual cost of airport services, they can be considered taxes. In other words, substance prevails over label: what matters is purpose and structure, not nomenclature.

Differentiated passenger levies and kerosene excises clearly fall into the tax category.

4.1.2 Article 15 – Non-Discrimination

Article 15, read in conjunction with Article 11,[32] requires that airport and air navigation charges shall not be imposed in such a manner as to discriminate between aircraft of the same nationality engaged in international air navigation.

Because both passenger ticket levies and fuel excise taxes under consideration are taxes (see Subsection 4.1.1), the provisions of Article 15 – which refer to charges, not taxes – are not directly applicable. However, Article 15 arguments are sometimes invoked against differentiated passenger levies, so it is prudent to address them in the alternative.

Even if Article 15 were applied by analogy, the key obligation is non-discrimination between foreign and domestic carriers on the same route. Passenger levies – even if differentiated by distance, class, or ticket price, as discussed in Section 5 below – apply equally to all carriers serving the same route. A premium-class passenger flying Air France and one flying Emirates both pay the same surcharge under France's Solidarity Tax. No discrimination arises in principle.

31 Ibid.

32 Chicago Convention, Article 11 : "Subject to the provisions of this Convention, the laws and regulations of a contracting State relating to the admission to or departure from its territory of aircraft engaged in international air navigation, or to the operation and navigation of such aircraft while within its territory, shall be applied to the aircraft of all contracting States without distinction as to nationality, and shall be complied with by such aircraft upon entering or departing from or while within the territory of that State."

Differentiated passenger levies would remain consistent with Article 15, read in conjunction with Article 11, so long as they apply uniformly across airlines and do not favor national carriers. Differentiation by distance, class, or passenger category is thus legally permissible under the Chicago Convention.

4.1.3 Article 15 – Prohibition of Charges for the Right of Entry, Exit or Transit

Article 15 prevents states from imposing "fees, dues or other charges (. . .) 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 of property thereon".

The Convention and ICAO policies remain unclear as to whether the terms "fees, dues or other charges" under Article 15 also include taxes.

Whereas some legal scholars have interpreted this clause as applying to both charges and taxes - thus prohibiting any air transport tax when they are to be paid "solely to obtain the right to exit from the territory" of the taxing state,[33] existing case-law in EU Member States interpret this provision as an extension of the non-discrimination clause designed to prevent protectionist tariffs, but not to prohibit any passenger or other forms of taxes:[34]

- The Dutch Supreme Court upheld a decision by the Court of Appeal in the Hague, finding that Article 15 does not prohibit levies for which there is no clear and specific benefit in return such as the Dutch aviation tax.[35]
- The German Fiscal Court of Hesse did not rule on whether the German aviation tax (Luftverkehrsteuer) could be qualified as a "due" or a "similar charge" within the meaning of Article 15. It nevertheless held that the tax did not breach Article 15 as it was not levied in return for the right to enter, transit through, or exit German territory, as those rights are granted irrespective of tax payment.[36]

33 For an in-depth discussion of the legal debate see D. Mei, "The Recognition of Taxes Under Article 15 of the Chicago Convention" in J. Górski and Y. Zhao (eds.), ***Aviation law and government : navigating global challenges and conflicts***, Routledge, 2025.

34 The authors were able to identify only one instance in which a national court annulled a ticket tax for its incompatibility with Article 15 (Belgium Council of State, B.A.R. Belgium, NV Sabena and Deutsche Lufthansa AG v Municipality of Zaventem, 3 May 2005, 144.081, https://ilbc.be/?p=42). This interpretation has not been followed by other EU courts in more recent decisions.

35 Netherlands Supreme Court, 10 July 2009, 08/04121. https://uitspraken.rechtspraak.nl/details?id=ECLI:NL:HR:2009:BI3450

36 Fiscal Court of Hesse, 3 June 2015, 7 K 631/12, paras 62-69. https://openjur.de/u/2188729.html. For a diverging interpretation see U. M. Erling, "The German Air Transport Tax: A Treaty Override of International Law", 2015, 10 FIU L. Rev. 467.

This interpretation is supported by states' practices. As will be explored in Section 5, multiple states have imposed passenger taxes and other forms of cost-independent taxes on air transport, which have not been challenged under Article 15. This widespread practice indicates that Parties interpret Article 15 as allowing countries to tax air transport for cost-independent purposes. Pursuant to the Vienna Convention on the Law of the Treaties, this widespread practice by states parties to the Chicago Convention should be considered in interpreting Article 15 of the Chicago Convention.[37]

This reading finds backing in the ICAO Policy on Taxation in the Field of International Air Transport (Doc 8632), which recognizes that the Chicago Convention did not attempt to "deal comprehensively with tax matters".[38]

4.1.4 Article 24 – Fuel Exemptions

Article 24(a) of the Chicago Convention provides that:

"Fuel and lubricating oils (...) 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 charges."

It is essential to clarify the scope of this provision at the outset: this exemption applies only to fuel already on board upon arrival, not to fuel uplifted in the taxing state prior to departure.

ICAO policy recommends the extension of the exemption, based on reciprocity, to the intake of fuel. However, this recommendation is non-binding on states.[39] Contrary to a widespread misconception, taxation of fuel uplifted domestically is thus permissible under the Chicago Convention.

37 Indeed, pursuant to Vienna Convention, Article 3(3)(b), subsequent practices by Contracting States in the application of a treaty must be taken into account when interpreting the treaty's provisions. United Nations. ***Vienna Convention on the Law of Treaties*** (1969), https://legal.un.org/ilc/texts/instruments/english/conventions/1_1_1969.pdf

38 ICAO Doc 8632, ICAO's Policies on Taxation in the field of International Air Transport, 3rd ed., 2000, Introduction, para. 2.

39 Some states have already clarified that, while they support the policies set out in Doc 8632, they reserve the right to levy tax on the intake and consumption of fuel. See for example Germany's declaration in the Supplement to ICAO Doc 8632, p. 79, https://www2023.icao.int/publications/Documents/8632_3ed_sup_aug21_en.pdf .

In practice, many states have opted to exempt commercial international flights from fuel taxation via domestic law or bilateral ASAs, but this is a matter of policy choices, not an absolute prohibition based on the Chicago Convention.

Private jet kerosene taxes levied on fuel uplifted before departure are fully consistent with Article 24. What is prohibited is taxing fuel already on board arriving international aircraft.

4.1.5 ICAO Policy Guidance

ICAO has adopted Policies on Taxation in the Field of International Air Transport (Doc 8632), in which it states that "each Contracting State shall reduce to the fullest practicable extent and make plans to eliminate ... all forms of taxation on the sale or use of international air transport."[40] This language has sometimes been cited by industry associations as evidence of an international consensus against aviation taxation.

However, as mentioned, ICAO policy recommendations do not share the legal status of the Chicago Convention and therefore are not legally binding on Contracting States.[41] States routinely depart from these recommendations. Indeed, dozens of ICAO member states already impose passenger levies and, in some cases, fuel duties on non-commercial aviation, notwithstanding the ICAO's guidance.[42]

For instance, passenger air travel levies are already applied in Barbados, France, Kenya, and dozens of other jurisdictions. Many apply explicit class-differentiation or premium surcharges, including France, India, Lebanon, Malaysia, the Maldives, the Philippines, and the UK. Private jet kerosene taxation is implemented across all EU countries. It is less common elsewhere but exists in Australia, Canada, Guatemala, Japan, Thailand, the US, and Vietnam.

40 International Civil Aviation Organization, "ICAO's Policies on Taxation in the Field of International Air Transport (Doc 8632, 3rd Ed.)" 2000, https://www.icao.int/sites/default/files/2025-02/8632_cons_en.pdf.

41 See T&E, Taxing Aviation Fuel in Europe. Back to the Future?, 2020, 57, https://www.transportenvironment.org/uploads/files/2020_06_Study_for_TE_Taxing_aviation_fuel_final.pdf.

42 Opportunity Green (2024) reached the same conclusion in its aviation fuel tax briefing. https://www.opportunitygreen.org/aviation-fuel-tax-paper.

4.2 EU Law

The EU provides an additional legal framework that shapes Member States' ability to impose aviation levies. Two bodies of law are particularly relevant: the Energy Taxation Directive (ETD),[43] which governs fuel taxation, and the Treaty provisions on the internal market, which prohibit discriminatory taxation and barriers to trade.

4.2.1 Fuel Tax and The Energy Taxation Directive (ETD)

The ETD establishes minimum excise duty levels for energy products. Article 14(1)(b) requires Member States to exempt fuel used for commercial aviation, except for domestic flights or for flights to the territory of another Member State with which they have a bilateral agreement. The same article provides that this exemption does not apply to "private pleasure-flying" aviation, leaving such fuel fully taxable.

"Private pleasure-flying" is defined by the ETD as the "use of an aircraft by its owner or the natural or legal person who enjoys its use either through hire or through any other means, for other than commercial purposes and in particular other than for the carriage of passengers or goods or for the supply of services for consideration or for the purposes of public authorities."[44] Jurisprudence from the Court of Justice of the European Union (CJEU) clarifies that this definition covers not only "leisure" flights but also private jet flights undertaken for "business" purposes, when these flights are not "directly used for the supply of air services for consideration."[45]

This means that the main criteria is the non-commercial purpose of the flights. Furthermore, the Court specified that the chartering of an aircraft with fuel, as a commercial activity, can only give rise to the tax exemption provided for in Article 14(1)(b) where the aircraft is directly used by the lessee or charterer for the supply of air services.[46]

The EU has therefore deliberately chosen to subject private pleasure-flying to standard energy taxation. In 2006 and 2007, the European Commission even refused a request from various EU Member states

43 European Union. Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity ("ETD"). Official Journal of the European Union L 283, 31 October 2003, 51–70.

44 ETD, Article 14(1)(b) subpara. 2.

45 CJEU. ***Case C-79/10, Systeme Helmholz GmbH v. Hauptzollamt Nürnberg***. Judgment of 1 December 2011.

46 CJEU. Case C-250/10, Haltergemeinschaft LBL GbR v. Hauptzollamt Düsseldorf. Judgment of 21 December 2011.

to continue to partially or fully exempt fuel used for private pleasure flying from excise duties,[47] and in 2012 took action against Ireland for continuing to grant exemptions.[48]

Thus, pursuant to the ETD, EU Member States have to apply the minimum excise duties set by the directive to fuel used for private pleasure-flying. As an illustration, Germany applies excise duties on kerosene used by private non-commercial aircrafts under the Energiesteuergesetz (Energy Tax Act, §27 (2) 1.). Ireland also taxes aviation gasoline (avgas) and kerosene for private use under the Finance Act 1999, sections 94 and 100.

Proposals to revise the ETD[49] may further tighten the framework by phasing out exemptions including for commercial aviation fuel.[50]

Thus, private jet fuel taxes are fully compatible with EU law under the ETD, provided the definition of "private jet" aligns with the EU definition of "private pleasure-flying" and does not extend to commercial use.

4.2.2 Differentiated Passenger Levies Under EU Law

Tax measures may affect the EU internal market. Under the Treaty on the Functioning of the European Union (TFEU), the EU therefore enjoys a shared competence in taxation matters with Member States (Article 4) and is competent to harmonize indirect taxation under Article 113.[51] However, so far, the EU has not harmonized passenger aviation taxes.[52]

47 Communication from the Commission to the Council in accordance with Article 19(1) of Council Directive 2003/96/EC (operation of private pleasure craft and private pleasure-flying), COM/2007/0107 final, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52007DC0107&from=cs.

48 CJEU. ***Case C-55/12, Commission v. Ireland***. Judgment of 18 July 2013, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A62012CJ0055&qid=1759110243242. In this case, the Court of Justice found that Ireland had failed to fulfil its obligations under the ETD by continuing to grant an exemption from excise duty on fuel used by disabled persons for motor vehicles.

49 Commission Proposal for a Council Directive restructuring the Union framework for the taxation of energy products and electricity (recast), https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021PC0563&from=EN.

50 See also, "Revision of the Energy Taxation Directive (ETD) | Legislative Train Schedule," European Parliament, August 15, 2025, https://www.europarl.europa.eu/legislative-train/spotlight-JD22/file-revision-of-the-energy-taxation-directive; "Revision of the Energy Taxation Directive (ETD): Questions and Answers," Text, European Commission - European Commission, July 31, 2021, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3662. The Commission's "Fit for 55" revision proposal would phase in a minimum rate for intra-EU aviation fuel and align rates with climate ambition; it sits alongside ticket-tax/VAT options assessed in the EU's 2021 aviation taxation study. That study also modelled a €330/1,000 L excise for intra-EEA flights and stepped ticket taxes, finding sizable emission cuts and revenue potential, with limited GDP effects. Rui Neiva et al., ***Study on Taxation of the Air Transport Sector: Final Report for European Commission (DG TAXUD)*** (Ricardo, 2021), https://taxation-customs.ec.europa.eu/system/files/2021-07/Aviation-Taxation-Report.pdf.

51 European Union. ***Consolidated Version of the Treaty on the Functioning of the European Union***. ***Official Journal of the European Union*** C 202, 7 June 2016, 47–199.

52 Harmonisation in the field of indirect taxation would not prevent Member States from introducing other types of indirect taxation, provided that they are not similar to harmonised taxes (for instance when it comes to VAT: CJEU, 31 March 1992. Case C-200/90, Dansk Denkavit ApS and P. Poulsen Trading ApS, para11).

Member States may therefore introduce differentiated passenger levies so long as they comply with provisions of the EU Treaties, particularly regarding (i) the freedom to provide services (Article 56 TFEU), (ii) the principle of non-discrimination (Articles 18 and 21 TFEU), and (iii) EU state aid rules (Articles 107 and 108 TFEU).

(i) Under Article 56 TFEU, measures that make the provision of cross-border services more onerous than that of comparable domestic services are precluded unless they are justified by compelling reasons of public interest, necessary and proportional.[53] Pursuant to this principle, the CJEU found that aviation taxes imposed by Greece[54] and Portugal,[55] which favored domestic flights over intra-EU flights, were incompatible with Article 56 TFEU. Thus, while Article 56 TFEU admits the possibility of restrictions on the freedom to provide services when these are duly justified on environmental grounds and comply with the principle of proportionality,[56] the CJEU has yet to uphold any aviation taxation scheme based on environmental grounds that differentiates between domestic and intra-EU operations.

(ii) Under Articles 18 and 21 TFEU, passenger taxes must comply with the principle of non-discrimination, which includes the prohibition of discrimination based on nationality or residence.[57] Applying these principles, the Commission initiated infringement proceedings against Malta for imposing a discriminatory passenger tax levied only on passengers beginning an international journey from Malta, but not on passengers that had started the journey outside Malta.[58]

53 CJEU. Case 205/84, ***Commission v Germany***. Judgement of 4 December 1986, para. 38, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:61984CJ0205

54 CJEU. Case C-70/99, Commission v. Portugal. Judgement of 26 June 2001. Portugal had imposed a tax on intra-EU flights three times higher than for domestic flights. The Court stressed that Portugal had failed to show any objective differences between services provided on domestic and intra-Community flights that could justify a charge three times higher, nor had it demonstrated that such a disparity was necessary and proportionate.

55 CJEU. Case C-92/01, Georgios Stylianakis, Ellineko Dimosio. Judgement of 6 February 2003. Greece had imposed a higher tax on flights exceeding 750 km, which effectively only applied to non-domestic flights. Greece had similarly failed to show that those taxes compensate airport services necessary for the processing of passengers and that the cost of those services provided to passengers flying to other Member States was proportionately higher than the cost of those services necessary for the processing of passengers on domestic flights.

56 See for the analysis of case-law, A. Pirlot, "Exploring the Impact of EU Law on Energy and Environmental Taxation", in: C. HJI Panayi, W. Haslehner, E. Traversa (eds.), Research Handbook in European Union Taxation Law (2020), section 3.

57 The Commission launched infringement proceedings against Portugal for imposing an airport tax only to non-residents, https://ec.europa.eu/commission/presscorner/detail/en/memo_18_4486

58 "Airport tax at Malta Airport: Commission takes Malta to the Court of Justice", https://iftta.org/news/airport-tax-at-malta-airport-commission-takes-malta-to-the-court-of-justice/

(iii) Further, under EU state aid rules (Article 107 and 108 TFEU), state aids, including in the form of tax reductions, must be notified and approved by the Commission which assesses whether they are compatible with the EU treaty. In the area of aviation tax, the Commission declared an Irish taxation scheme incompatible as lower tax rates were applied for flights to airports located less than 300 km from Dublin airport, which was found to unduly advantage Irish airlines.[59]

It follows from EU case-law that levy rates applicable to flights to EU destinations should in principle be the same as for domestic flights. Should a Member State choose to introduce a distinction between domestic and intra-EU flights, it should be carefully designed, objectively justified and approved by the Commission under EU state aid and other EU rules.

Overall, differentiated passenger levies – including higher rates for premium classes, long-haul flights, or private jet passengers – are legally feasible under EU law. The key design requirement is that differentiation be based on objective criteria (distance, class, aircraft type), applied equally to all operators, regardless of nationality or residence (of the operator or passenger) and do not favour domestic flights over cross-EU flights.

Several Member States already impose differentiated air passenger duties, which appear to comply with these EU law principles :

- United Kingdom (APD, prior to Brexit, aligned with EU rules) uses distance bands and class of service multipliers.
- France (Solidarity Tax, revised in 2025) applies both distance and service-category distinctions, including specific higher rates for private jets. Intra-EU flights are subject to the same rate as domestic flights.
- Germany applies a three-band distance levy. Intra-EU flights are subject to the same rate as domestic flights.

59 Flights shorter than 300km from Dublin Airport were taxed at €2 per passenger, whereas longer flights were taxed at €10 per passenger. https://ec.europa.eu/commission/presscorner/detail/en/ip_11_734. It is worth noting that Art. 107(2)(a) TFEU allows Member States to grant tax reductions/exemptions for residents of EU peripheral regions as "state aid having social character", subject to the conditions set out in the Commission Guidelines on State on airports and airlines (2014). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=planjo:20140328-018

In conclusion, under EU law:

- Passenger levies (flat, distance-based, class-based, or hybrid) are permissible under EU law, as long as they do not restrict cross border intra-EU flights compared to domestic flights.
- Private jet fuel taxation is expressly provided by the ETD.
- The only clear prohibition under current EU law is fuel taxation of commercial international aviation, but this does not affect the measures under consideration in this report.

4.3 International Trade Law: WTO GATT and GATS Agreements

Aviation levies must also be assessed against the international trade framework, particularly the World Trade Organization (WTO) agreements. Two regimes are most relevant: the General Agreement on Tariffs and Trade (GATT 1994) for goods, and the General Agreement on Trade in Services (GATS) for services, including air transport.

WTO disciplines are binding and enforceable through the WTO's dispute settlement system. A measure inconsistent with GATT or GATS could expose a state to litigation or retaliatory measures. This section briefly assesses the relevance of these trade agreements and their implications for aviation passenger levies and private jet kerosene taxation.

4.3.1 GATT and Private Jet Fuel Taxation

Fuel is a traded good; therefore, taxes on kerosene uplifted domestically fall under the domain of GATT. The following three provisions are most relevant:

- **Article III:2–4** (National Treatment on Internal Taxation and Regulation) prohibits discrimination between imported and "like" domestic products. A kerosene tax applied equally to all fuel, whether refined locally or imported, and does not disadvantage imported kerosene in practice, is GATT-consistent. Conversely, if a measure were to tax only imported aviation fuel or exempt domestically refined kerosene, this would likely breach Article III.

- **Article I** (Most-Favoured Nation, MFN): Requires that advantages extended to one WTO member be extended to all. Exempting fuel imported from certain trading partners (outside a regional agreement) could raise MFN concerns.
- **Article XX** (General Exceptions). Even if a fuel tax were challenged, WTO jurisprudence permits non-discriminatory environmental taxes under Article XX(b) ("necessary to protect human… life or health") and XX(g) ("relating to the conservation of exhaustible natural resources"). The Appellate Body in US – Gasoline confirmed that fuel quality regulations could qualify as conservation measures if applied in an even-handed way.[60]

A kerosene tax on private jet fuel is WTO-compatible if it is applied equally to all suppliers, regardless of origin, and structured in a non-discriminatory manner. Environmental justifications would further support its legality, provided the measure is applied in good faith.

4.3.2 GATS and Premium Air Travel Levies

Passenger levies should be consistent with GATS because air transport is classified as a service. GATS Annex on Air Transport Services excludes traffic rights and services directly related to traffic rights, but it does not exclude the sale and marketing of air transport services, which includes ticketing.

Two key obligations apply:

- National Treatment (Article XVII): Requires that foreign service suppliers (airlines) receive treatment "no less favourable" than domestic suppliers. A departure tax that exempts the flag carrier but applies to foreign carriers would likely violate Article XVII. Similarly, if a departure tax appears neutral on its face but disproportionately impacts foreign carriers – for example, due to differences in route structures, passenger profiles, or operational patterns – it may constitute de facto discrimination and violate Article XVII.
- Most-Favoured Nation (Article II): Requires equal treatment of all WTO members. A levy must apply uniformly across carriers, regardless of nationality. Country-specific exemptions (e.g. reduced tax for passengers from particular states) would likely breach MFN.

60 United States – Standards for Reformulated and Conventional Gasoline, Appellate Body Report, adopted 20 May 1996, WT/DS2/AB/R. https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds2_e.htm

Although the WTO has not adjudicated a case directly on aviation passenger levies or private jet fuel taxes, other disputes shed light on the principles involved:

- **Chile – Taxes on Alcoholic Beverages (DS87/DS90):** confirmed that differences in taxation must not indirectly protect domestic producers;[61] by analogy, an aviation levy structured neutrally by distance, class, or emissions intensity (rather than by carrier nationality) would be permissible.
- **US – Taxes on Gasoline (DS2)**: found that a regulation applying different standards to imported vs. domestic gasoline violated national treatment.[62] The implication is that aviation levies must be structured to apply equally to foreign and domestic operators.

Passenger levies with banding (distance, class, premium/private jet tiers) are WTO-feasible so long as they avoid distinctions based on airline nationality or passenger origin and do not disproportionately disadvantage certain foreign operators in practice. As with the GATT, environmental exceptions may also support the levies' legality.

4.4 Air Services Agreements (ASAs)

Bilateral and multilateral Air Services Agreements (ASAs) form the backbone of international aviation law outside the Chicago Convention. They govern market access, route rights, capacity, and sometimes fiscal treatment. Many ASAs include "taxation" or "charges" provisions, often granting exemptions for fuels, lubricants, and spare parts on international flights. These clauses vary in scope but usually require reciprocal treatment between the contracting states.

4.4.1 Implications for Premium Air Travel Levies

ASAs focus primarily on fuel and operational charges, not on per-passenger duties. Passenger-based levies (like APD in the UK, Solidarity Tax in France) are widely implemented without successful ASA challenges. As long as levies are applied on a non-discriminatory basis – that is, to all carriers operating similar routes – they are in principle consistent with ASA obligations. Differentiation by class of travel or distance band does not trigger ASA issues because it applies to all passengers equally.

61 WTO Appellate Body Report, Chile – Taxes on Alcoholic Beverages, WT/DS87/AB/R WT/DS110/AB/R (1999), available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds87_e.htm.

62 WTO Appellate Body Report, ***US – Gasoline***, WT/DS2/AB/R (1996), available at: https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds2_e.htm

4.4.2 Implications for Taxing Private Jet Fuel

The Chicago Convention (Art. 24) already exempts fuel on board upon arrival from duties and taxes. ASAs can potentially go further, granting exemptions for fuel uplifted in the taxing state, provided it is used on international services. This creates a potential barrier for taxation of kerosene used by commercial carriers but does not extend uniformly to private or non-scheduled aviation.

A standard clause, found in the ICAO Model ASA (2003), reads: "Each Party shall on the basis of reciprocity exempt a designated airline of the other Party to the fullest extent possible under its national law from...customs duties, excise taxes,...on aircraft, fuel, lubricating oils, consumable technical supplies,...taken on board aircraft of the designated airline of one Party in the territory of the other Party and intended for use in operating the agreed services."[63] The term "airlines" refers to air transport enterprises offering or operating an international air service, while an "air service" is defined as "any scheduled air service performed by aircraft for the public transport of passengers, mail or cargo".[64] Private jet flights, as referenced in the context of fuel taxation in this Legal Handbook, designate non-scheduled non-commercial flights. They do not fall under this definition and are thus excluded from the scope of the exemptions under the ICAO Model ASA.

This language has been operationalized in many ASAs such as in the UK–UAE ASA (2019 Art. 8(1)) or in the ASEAN-China ASA (2010, Art. 17).

Other ASAs have adopted a different wording, exempting also commercial non-scheduled flights (commonly referred to as "charter" flights) from fuel taxation.[65] Private jets, as non-scheduled non-commercial flights, remain excluded from the scope of this exemption.

Preliminary research therefore suggests that most ASAs exclude non-commercial flying from their fuel tax exemptions. For ASAs which might also exempt non-commercial flying from fuel taxation, these exemptions clauses would most probably be subject to reciprocity, as is typically the case with fuel tax exemptions. Studies have shown that this condition should be interpreted as an agreement

63 ICAO Model Air Services Agreement, fuel exemption clause (Art. 13), available at: https://www2023.icao.int/Meetings/atconf6/Documents/Doc%209587_en.pdf

64 The ICAO Model ASA refers to the definitions of "airline" and "air service" in Article 96 of the Chicago Convention, as interpreted by ICAO Doc 7278-C/841, Definition of Scheduled International Air Service.

65 For instance, see the EU-US Open Skies Agreement, Art 11(2)(c)) or EU-Israel Air Services Agreement, Art 9(2)(c).

between Parties that if one Party begins to tax fuel, the other may do so too.[66] Finally, States may also re-negotiate their ASAs or negotiate protocols to exclude private aviation from exempted categories.[67]

Overall, for differentiated passenger levies (distance- or class-based, as surveyed in section 5), ASAs do not typically limit policy options: they generally regulate market access, tariffs, and operational rights, not the design of passenger-based taxation. For kerosene taxation, ASAs restrict policy space for international commercial carriers, but domestic aviation and non-commercial/private jets remain taxable. In practice, EU Member States, the United States, and other jurisdictions have applied domestic excise taxes or VAT to private aviation fuel without ASA conflict, confirming that the exemptions for commercial aviation are read narrowly.

4.5 Overall Feasibility of Aviation Taxes

The legal review across the Chicago Convention, WTO/GATS, Air Services Agreements (ASAs) and EU law demonstrates that both differentiated passenger levies and private jet kerosene taxes are legally feasible within existing international and domestic frameworks. Each body of law sets some boundaries, but none foreclose the levy designs explored in the next section of this Legal Handbook.

Passenger-based levies, including those differentiated by class or distance, are well-established in multiple jurisdictions. They do not conflict with Art. 15 of the Chicago Convention, provided they are applied uniformly and transparently. Fuel taxes may be more constrained by ASA exemptions for international commercial carriers, but private jet flights and domestic uplift remain within the policy space of states.

At the EU level, the ETD enshrines the exemption of commercial aviation kerosene from taxation but explicitly excludes the taxation of fuel for "private pleasure-flying" from that exemption. States may also impose non-discriminatory passenger levies and airport charges, provided EU Treaties principles are respected.

66 Opportunity Green, ***Publication: Clearing the Air on How We Tax Aviation Fuels*** (2024), https://www.opportunitygreen.org/publication-clearing-the-air-on-how-we-tax-aviation-fuels; Jasper Faber et al., ***Taxing Aviation Fuels in the EU*** (CE Delft, 2018), https://www.transportenvironment.org/uploads/files/2019_02_CE_Delft_Taxing_Aviation_Fuels_EU.pdf.

67 Such re-negotiations have for example been conducted by the EU on behalf of Member States in order to bring bilateral ASAs between Member States and third countries in compliance with EU law: https://transport.ec.europa.eu/transport-modes/air/international-aviation/external-aviation-policy/horizontal-agreements_en

WTO rules impose only general non-discrimination requirements (MFN and National Treatment), which passenger levies and kerosene taxes can satisfy if structured to avoid nationality-based distinctions.

Overall, the feasibility test is passed for both types of aviation taxes, provided states ensure:

- Uniform application across carriers (avoiding nationality or residency distinctions);
- Taxation is confined to fuel uplifted within the taxing jurisdiction;
- Transparency and consistency in rate-setting and earmarking;
- Legislative language distinguishing the “taxes” from “charges” tied to services;
- Within the EU, non-discrimination in the taxation of domestic and intra-EU flights.

The legal feasibility of these measures is therefore strong, and governments have the authority to move forward without awaiting new international law.

CHAPTER 5

Mapping Existing Aviation Taxes: Selected Examples

Aviation taxation is not a blank slate. Many jurisdictions already levy charges on air passengers or aviation fuel, though designs vary widely by legal basis, rate structure, and policy rationale. Mapping this landscape shows that progressive approaches to aviation taxation are not only possible, but already operational in multiple contexts.

Existing measures can be grouped into two main categories most relevant to the GSLTF agenda: (i) differentiated levies on air travel (including for premium class travel), and (ii) taxation of jet fuel used in private aviation.

The comparative review in this section highlights variations in tax design, identifies best practices, and illustrates how different legal traditions have accommodated aviation levies without breaching international obligations. This mapping exercise provides a foundation for developing model provisions and guiding principles for multilateral adoption.

5.1 Taxonomy of Differentiated Air Travel Levies

Air travel levies have been introduced in a variety of jurisdictions, but they differ in both design logic and distributional effects. This section discusses flat taxes and a range of differentiated levies, including those that vary regionally, by distance, as a percentage of fare, by class of travel, or in multiple ways (hybrid). The subsections that follow also highlight specific examples.

5.1.1 Flat Passenger Ticket Levies and Departure Taxes

The simplest type of passenger ticket levies are simply designed as flat taxes applied equally to all departing passengers without differentiation (e.g. a basic departure tax). Examples of single-rate flat taxes include:

- Colombia: a flat "Exit Tax" or "Airport Rate" of US $49 is applied to departing international passengers, and a reduced rate applies to domestic departing passengers.[68]
- Marshall Islands: travelers between ages 12 and 60 pay a departure fee of $20.[69]
- Honduras: a flat "Airport Tax" of $49 applied per departing international passenger.[70]
- Jamaica: originating in 1963, a flat "Travel Tax" (currently US $35) applies uniformly.[71]
- Netherlands: Dutch "Air Passenger Tax" applies to departing passengers at a rate of 29.4 Euros (~US $34.5).[72]
- Japan: Departure tax called an "International Tourist Tax" of 1,000 yen (~US $6.79) "to expand and enhance the country's tourist infrastructure."[73]

68 "Aeropuerto Internacional El Dorado | Bogotá, Colombia," February 2, 2021, https://eldorado.aero/.

69 "Travel to Marshall Islands | Marshall Islands," https://www.un.int/marshallislands/marshallislands/travel-marshall-islands.

70 "Entry Requirements - Honduras Travel Advice," GOV.UK, https://www.gov.uk/foreign-travel-advice/honduras/entry-requirements.

71 "Airline Passenger Taxes," ***Jamaica Customs Agency***, n.d., https://jca.gov.jm/individual/passenger/airline-passenger-taxes/; "Jamaica - Full Restrictions, Travel Regulations, Coronavirus Regulations, Travel Bans - Travelbans," https://travelbans.org/en/north-america/jamaica/full-restrictions.

72 Netherlands Tax Administration, "Dutch Air Passenger Tax | Tax Administration," https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/belastingdienst/business/air-passenger-tax/dutch-air-passenger-tax/dutch-air-passenger-tax.

73 Japan National Tourism Organization, "International Tourist Tax | Travel Japan | JNTO," Travel Japan, 2018, https://www.japan.travel/en/plan/international-tourist-tax/.

Box 2

FIJI's significant flat, non-differentiated ECAL earmarks funds for climate

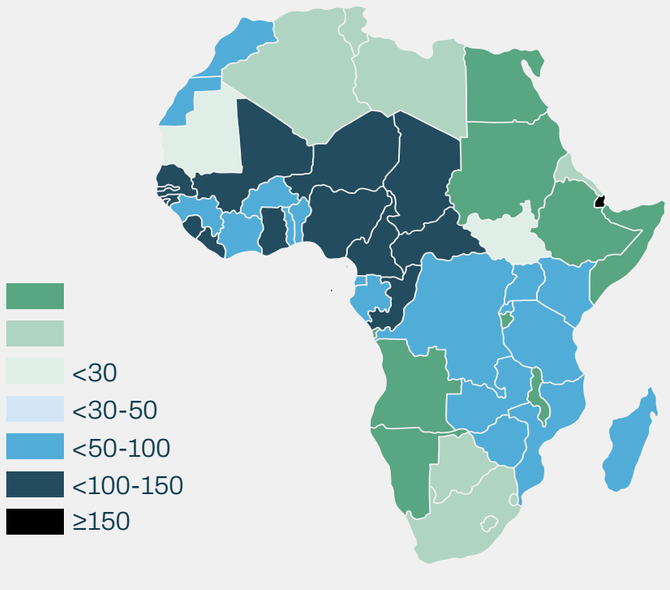
A unique example comes from Fiji. The country's flat Airport Departure Tax (ADT), long applied to departing passengers, was reformed as part of an Environment and Climate Adaptation Levy (ECAL), which dedicates a portion of ADT revenues directly to climate resilience and adaptation projects.

This earmarking strengthens the legitimacy of the levy and ensures that those contributing to aviation emissions help fund the communities most affected by their impacts. In addition, Fiji has continued to raise the rates of the ADT, which was increased in 2024 and again in 2025, and now stands at $200.

Departure taxes are also significant on the African continent, and most are flat levies. The African Airlines Association (AFRAA) reports that passengers paid an average of US $68 in taxes on international departures in 2024, with substantial variation across the continent and some of the highest taxes in Gabon ($297.7), Sierra Leone ($294.0), Nigeria ($180.0), and Djibouti ($168.7).[74]

74 African Airlines Association (AFRAA), AFRAA Taxes and Charges Study Review 2024: Better Skies for Africa (2025), 6, https://www.afraa.org/wp-content/uploads/2025/06/Taxes-Fees-and-Charges-Study-2024.pdf

Figure 1: Map of average international departure ticket taxes, charges and fees per country across the African continent, in USD as of 2022.



Source: African Airlines Association (AFRAA, 2023).[75]

Notably, these taxes apply to all passengers (with limited exceptions), not just passengers in premium class cabins.

While flat taxes are easiest to administer, they do not respond to issues of equity and ability to pay, nor do they align the tax with the environmental impact of aviation in line with the polluter pays principle or the concept of corrective taxes.

5.1.2 Passenger Levies with Rate Differentiation by Country or Region

While flat taxes are straightforward, differentiated designs can more effectively reflect both the environmental footprint of flights and the differing abilities of passengers to pay.

75 African Airlines Association (AFRAA), "Airlines Taxes and Charges in Africa: Article on Study Done by the African Airlines Association," African-Skies, May-July 2023, 38, https://www.afraa.org/wp-content/uploads/2023/05/Airline-taxes.pdf.

One simple way in which passenger air travel levies might be differentiated is by applying different rates domestically versus internationally, or regionally versus further abroad. One example of the former is Kenya's current Passenger Service Charge, which tax international travel at higher rates than domestic travel. Other countries like Tanzania and Chile currently apply lower charges for domestic flights, likely reflecting both equity concerns and the shorter distances of internal flights. Similarly, China applies a lower Civil Aviation Development Fund surcharge to domestic passengers compared to international departures, as does Japan with its Passenger Service Facility Charge (PSFC).

Box 3

KENYA's APSC taxes international travel more than domestic

Kenya imposes an Airport Passenger Service Charge (PSC), with lower rates for domestic flights and higher rates for international departures:[76]

- Tax type: Destination-based passenger levy
- Scope: All passenger departures from Kenyan airports
- Rates (2025):
  - Domestic: KES 500 (~US $3.50)
  - International: US $50
- Exemptions: Transit passengers, infants under 2 years

By distinguishing between domestic and international travel, Kenya's system indirectly reflects distance while also serving equity objectives by keeping charges lower for domestic passengers, who are more likely to be lower-income nationals.

76 Marketing Team | UAS International Trip Support, ***Kenya Increases Airport Passenger Service Charge***, News, March 8, 2016, https://www.uas.aero/kenya-increases-apsc/; "IATA Rejects Barbados' New Travel Taxes," https://thevincentian.com/iata-rejects-barbados-new-travel-taxes-p15614-149.htm.

Beyond a domestic-specific rate, many countries have reduced levy rates for travel within their region. For instance, some regional economic communities in Africa have adopted preferential rates among their members. This has reduced the average ticket levy for departures within sub-regions from US $66 to US $57.4.[77]

Barbados is another good example of this sort of differentiation by region. With a structure that effectively halves the tax burden for regional passengers, encouraging Caribbean regional travel while still raising significant revenues from travel further afield.

77 African Airlines Association (AFRAA), "Airlines Taxes and Charges in Africa: Article on Study Done by the African Airlines Association," 40.

Box 4

BARBADOS' Regional Differentiation in Passenger Levies

Barbados introduced an Airline Travel and Tourism Development Fee (ATTDF) in 2018 and also has an Airport Service Charge. Since 2023, rates for each vary according to whether the passenger's destination is within the Caribbean Community (CARICOM) or outside the region:[78]

- CARICOM passengers (regional travel):
  - US $35 ATTDF + US $20 Airport Service Charge = US $55 total.
- Extra-regional passengers (all other destinations):
  - US $70 ATTDF + US $35 Airport Service Charge = US $105 total.

These fees do not appear to have adversely impacted flight demand or tourism. Barbados demonstrates how regional differentiation can balance development and tourism objectives: protecting affordability for nearby travel and regional integration, while leveraging higher rates for long-haul flights that have greater environmental footprints and passengers with higher ability to pay.

In the EU, countries that impose passenger levies also apply the same rates for destinations across the EU as domestically, even if they apply different rates elsewhere, as they are bound to not discriminate within the common market of the EU (as discussed above in section 4.2).

78 Carolyn O'Dell, "New Airline Travel and Tourism Development Fee | Barbados Airport," ***Barbados Barbados***, June 28, 2018, https://www.barbadosbarbados.com/news/new-airline-travel-tourism-development-fee/; Kathryn Folliott, "Barbados Works with Partners to Make Sure New Fees Don't Put a Damper on Bookings," ***Travelweek***, September 5, 2018, https://www.travelweek.ca/news/barbados-works-with-partners-to-make-sure-new-fees-dont-put-a-damper-on-bookings/; Barbados Ministry of Tourism and International Transport, "Government Reduces Airport Service Charge," 2023, https://tourism.gov.bb/News/Press-Releases/Government-Reduces-Airport-Service.

5.1.3 Distance-Based Passenger Levies

While an approach that differentiates between national or regional flights vs international or non-regional flights can serve as a proxy for taxing longer-haul flights more heavily, as in the Kenya and Barbados examples above, an even more efficient mechanism is to tax at different rates based on the distance of the flight.

In this distance-based passenger levy model, passengers pay a fixed charge that varies only by flight distance. Governments typically do not measure or calculate the exact distance, but instead define distance "bands" – for example, short-haul, medium-haul, and long-haul – with rates increasing significantly as distance grows. A simpler but cruder version of this approach distinguishes only between domestic and international flights, assuming (often but not always correctly) that domestic journeys are shorter.

All passengers within the same band pay the same amount, regardless of ticket price, cabin class, or airline. This makes the levy simple to administer and ensures stable, predictable revenue. It also partially aligns with environmental goals, since distance bands serve as a rough proxy for emissions: long-haul flights pay more than short-haul, sending at least a partial climate signal.

However, this design has important limitations. Because the tax does not distinguish between premium and economy seating, it fails to account for the greater emissions per passenger from premium cabins. Nor does it reflect passengers' differing abilities to pay: an economy traveler of modest means taking a long-haul trip pays the same levy as a high-income first-class passenger. As a result, distance-based levies partially, but not fully, reflect the Polluter Pays Principle and fall short of equity in distributional terms.

This approach is most widely used in Europe, particularly among EU and Nordic countries. For instance, Denmark recently reintroduced a differentiated air passenger tax with three distance bands (domestic, medium-haul, long-haul), positioning it as one of the best examples in Europe.

Box 5

DENMARK's passenger levy distinguishes EU, medium-, & long-haul rates

Denmark reintroduced its differentiated Air Passenger Tax in 2025, with three distance bands and uniform charges within each band.[79]

- Tax type: Distance-based passenger levy
- Scope: All passenger departures from Denmark
- Rates (2025):
  - Domestic and intra-EU: DKK 30 (~US $4.71)
  - Medium-haul (countries listed, generally within a 7-hour flight): DKK 250 (~US $39.28)
- Long-haul: DKK 300 (~US $47.11)
- Exemptions: Children under 2 years, transit passengers

This banded system is relatively simple to administer, generates predictable revenue, and aligns charges with emissions to some degree. However, the lack of class differentiation means economy and premium passengers pay the same within a given band.

79 Danish Customs and Tax Administration (Skatteforvaltningen), "E.A.11.5 The amount and calculation of the tax - info.skat.dk," 2024, https://info.skat.dk/data.aspx?oid=2397862&chk=219529; Danish Customs and Tax Administration (Skatteforvaltningen), "Passenger Charges Skat.Dk," Skat.Dk | Skat.Dk, Skat.dk | skat.dk, August 29, 2025, https://skat.dk/en-us/businesses/taxes-and-duties-on-goods-and-services/passenger-tax-on-airline-travel.

Belgium provides somewhat of a counter-example, where it instead taxes short-haul flights more than long-haul flights.

Box 6

BELGIUM's Embarcation Tax discourage aviation for short distance travel

Belgium's Embarcation Tax was recently updated in 2025, consolidating three distance bands into two:[80]

- Tax type: Distance-based passenger levy
- Scope: All passenger departures from Belgium
- Rates (2025):
  - Short haul below 500km: €10 euros (~US $11.72)
  - Beyond 500km: €5 euros (~US $5.76)

By taxing short-haul flights at a greater rate than long-haul, the tax can potentially encourage passengers traveling shorter distances to consider alternatives to aviation that are less emission-intensive, e.g. road or rail.

80 Code des droits et taxes divers, art. 162 (Belg.), as reinstated by Loi du 28 mars 2022, and amended by Loi 18 juillet 2025, ***Monitor Belge***, 29 July 2025, https://www.ejustice.just.fgov.be/mopdf/2025/07/29_1.pdf#page=7; SPF Finances (Belgium), "FAQ TILEA : Taxe Sur l'embarquement Dans Un Aéronef (Version 2)," July 28, 2025, https://www.minfin.fgov.be/myminfin-web/pages/public/fisconet/document/e89398e0-d681-4910-a47f-b056d5723364#_Toc204345481.

5.1.4 Ad Valorem (Percentage of Fare) Passenger Levies

Under an ad valorem system, the levy is charged as a fixed percentage of the ticket price. Ad valorem levies often resemble VAT or sales taxes and may be embedded in those regimes with distinct rates for air travel, or structured as a distinct excise tax, duty, or fee.

Because premium-class tickets cost more, this model indirectly collects more revenue from wealthier, higher-emitting travelers while sparing those who purchase economy fares. In this sense, it partially operationalizes the ability-to-pay principle without the need for explicit class differentiation.

Ad valorem levies also tend to capture some measure of distance, since long-haul tickets are generally more expensive than short-haul ones. But this link is indirect and imperfect: a discounted long-haul ticket may face lower tax than a full-fare short-haul business ticket, despite the opposite emissions profile. Thus, while the tax may reflect distance to some degree, it does so only crudely.

The model has other advantages: it scales automatically with inflation and fare changes, and it avoids the need for governments to define or police cabin categories. However, revenue is volatile, fluctuating with market fares, and the climate signal is weak because liability reflects ticket price rather than actual emissions.

Mexico is one example of this approach, with the country applying a 16% VAT on domestic tickets, applying that rate to a reduced 25% of the price of international tickets (resulting in the equivalent of 4% VAT) plus a separate airport use flat tax that distinguishes between domestic and international travel. The United States applies a 7.5% federal excise tax on domestic (and near-border) tickets but not international. Similarly, Canada applies its sales taxes on domestic air travel only and South Africa applies VAT on domestic tickets but exempts international travel, highlighting the diversity of approaches.

Box 7

MEXICO collects ad valorem VAT on domestic flights and a reduced VAT on international flights

Mexico applies a 16% Value-Added Tax (VAT) to domestic tickets and a reduced VAT (equivalent of 4% of fare) to most international passenger tickets (while also collecting airport use fees that are higher for international rates).[81] While VAT is not typically considered an aviation tax, it is a part of the overall revenues Mexico generates from aviation.

- Tax type: VAT (ad valorem)
- Scope: Domestic air tickets / International air tickets
- Rate: 16% of fare / 4% of fare
- Exemptions: Certain cargo-only flights, government/ military transport

Because the tax applies uniformly as a percentage of fare, it indirectly places a greater burden on premium travelers, while also reflecting distance to a limited extent (since long-haul fares are generally higher). It also applies some VAT on international flights, which most countries do not. However, the reduced VAT for international flights does not help to align cost with distance of travel. Nonetheless, the separate airport use fees, which are nearly double for international flights, partially compensate for that.[82]

81 Ley del Impuesto al Valor Agregado, Art. 1o (2021).

82 Aeropuerto Internacional de la Ciudad de México, ***Tarifas***, August 15, 2013, https://www.aicm.com.mx/aicm/negocios/tarifas, https://www.aicm.com.mx/aicm/negocios/tarifas.

Box 8

USA's Excise Tax levies a percentage of the fare value for US flights

The United States imposes several different passenger-based aviation taxes, including:[83]

- Federal Excise (Ticket) Tax for Domestic Passenger Tickets: a 7.5% ad valorem tax applied to the base fare of domestic flights
- Flat domestic segment fee of $5.20 per flight leg
- International departure or arrival tax of $22.90 per passenger (with reduced amounts for departure or arrival in Hawaii or Alaska)
- Locally imposed Passenger facility charges[84]

While none of these tax measures are differentiated for premium class passengers, the percentage-based, ad valorem Federal Excise Tax indirectly but effectively ensures that premium class passengers are taxed at a higher rate than economy class passengers. Higher fares for premium class tickets lead to higher taxes paid, aligning loosely with ability to pay.

83 U.S. Code 26 U.S.C. § 4261: Imposition of Tax (2025), https://uscode.house.gov/view.xhtml?hl=-false&edition=prelim&req=granuleid%3AUSC-2000-title26-section4261&num=0; "Current Aviation Excise Tax Structure and Rates | Federal Aviation Administration," https://www.faa.gov/budget/aatf/current-aviation-excise-tax-structure-and-rates.

84 "U.S. Code 49 U.S.C. § 40117: Passenger Facility Charges," 2025, https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-2007-title49-section40117&num=0.

Overall, ad valorem levies provide a possibly feasible way to generate progressive effects while maintaining simplicity, but they do not specifically aim to fully align with normative principles of polluter pays or equity. Changes to ad valorem taxes, given their similarity to VAT, can nonetheless create other practical or political challenges if changes need to be addressed in the context of broader revisions to tax laws or VAT legislation.

5.1.5 Passenger Levies Differentiated by Class of Travel

A class-based system explicitly imposes higher fixed charges on business- and first-class passengers compared to economy travelers. In some cases, “premium” is defined simply as “non-economy” (a single surcharge applied equally to business and first class), while in others, governments distinguish between multiple premium tiers (e.g. economy vs. business vs. first).

Given the emergence of premium economy classes, there is also a question on how to account for this new class. No precedent exists so far, but given that premium economy is an older form of business class and significantly more expensive than economy, it may be sensible to include premium economy in the definition of business class.

An additional class of levy can be designed for private jet passengers, with significantly higher rates in recognition of the extreme emissions intensity of such travel.

This design is the most direct way to ensure progressivity in aviation taxation: it deliberately targets luxury consumption and the higher emissions intensity of premium seating while protecting lower-cost, lower-emission travel. It directly operationalizes equity by asking luxury travelers to contribute more, while also internalizing their greater emissions as corrective taxation.

Lebanon’s Airport Departure Fee, as introduced in 2017, is a clear example, and it distinguishes across three classes of travel.

Box 9

LEBANON’s Airport Departure Fee distinguishes by travel class

Lebanon’s 2017 Budget Law introduced an airport departure fee (Law No. 45/2017, Article 59), amended in 2019 and 2024 with higher rates reflecting fiscal austerity. Rates are charged per passenger depending on seating class:

Class of Travel	Fee (LBP 2017)	Approx USD (2017)
Economy	LBP 50,000	~US $33
Business	LBP 110,000	~US $73
First Class	LBP 150,000	~US $99

(Note: because of currency adjustments in Lebanon in recent years, it is not clear the exact tax rates in 2025.)

The Maldives offers an even more robust example, with higher rates. Its Departure Tax and Airport Development Fee both share an identical structure that includes three primary rates: a lower rate for economy class passengers, a higher rate for business class passengers, and an even higher rate for first-class passengers. A fourth rate applies even greater taxes on passengers in private jets, with a fifth rate for Maldivian national travelers flying on economy flights only is significantly reduced compared to the normal economy rate as well. The system is transparent, politically salient, and administratively straightforward, though it still requires consistent cabin definitions across carriers.

Box 10

MALDIVES' passenger levies distinguish between premium classes

Since 2022 amendments to the Airport Taxes and Fees Act, the Maldives has had two primary aviation taxes, each levied on passengers departing from the Maldives:

- Airport Development Fee (ADF)
- Departure Tax

The ADF was introduced in 2016 and applies only to passengers departing the Maldives via Velana International Airport in Malé, the main international gateway to the Maldives.

In contrast, the Departure Tax applies to passengers departing the Maldives from any airport. The Departure Tax was introduced in 2022 and replaced an earlier Airport Service Charge (ASC) that levied a flat tax of US $25 per foreign passenger and US $12 per Maldivian passenger from December 2016 to December 2021 (repealed on 31 December 2021).[85]

Since 2022, the rates for the ADF and the Departure Tax have each been differentiated by fare class, with reduced rates for Maldivian nationals traveling in economy class. Both fiscal instruments have also followed an identical rate schedule, such that passengers departing from Malé's airport are subject to roughly double the overall aviation taxes as passengers departing from smaller airports.[86]

In addition, 2024 amendments to the Airport Taxes and Fees Act significantly increased the rates for all departing passengers except Maldivian nationals traveling in economy class, who are still subject to the lowest rates for both the ADF and the Departure Tax.[87]

Box 10 continues

85 "ATF (Airport Taxes and Fees) - MIRA - Maldives Inland Revenue Authority," https://mira.gov.mv/Pages/View/whatisairporttaxesandfees.

86 "ATF (Airport Taxes and Fees) - MIRA - Maldives Inland Revenue Authority."

87 "Airport Taxes and Fees Act (Consolidated) (as amended in 2024) Sections 2-1(a)2 and 3(a)(3) (Maldives), https://mira.gov.mv/Legislations/View/airport-taxes-and-fees-act-consolidated.

Box 10 cont.

The current rate schedule as of 1 December 2024 for the each of these measures – the ADF and the Departure Tax – remains identical and is as follows:

Travel Class	Maldivian Passengers (USD)	Foreign Passengers (USD)
Economy	12	50
Business	120	120
First Class	240	240
Private Jet	480	480

Notably, the Maldives aviation taxes distinguish between premium classes on commercial aircraft. First class is taxed at double the rate of Business class, which is already significantly more than Economy class. Further, private jet passengers are taxed at double the rate of First class passengers.

Exemptions:[88]

- **ADF**: Passengers with diplomatic immunity and transit passengers on "direct transit" (those who are arriving and departing on flights with the same flight number).
- **Departure Tax**: Passengers with diplomatic immunity, transit passengers and children below the age of 2 years.

The Philippines Travel Tax offers another alternative for differentiating by class of travel. While rates are lower than the rates in the Maldives, the Philippines case includes notable carveouts for equity, and an earmarking of revenues. However, in contrast to the Maldives, it does not apply the levy to foreigners visiting for short-term stays.

88 "Airport Taxes and Fees - MIRA - Maldives Inland Revenue Authority," https://www.mira.gov.mv/Pages/View/FAQ_AirportTaxesandFees.

Box 11

THE PHILIPPINES' Travel Tax differentiates by both class & nationality

The Philippines imposes a Travel Tax under Presidential Decree No. 1183 (as amended), administered by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA). The levy applies to Filipino citizens, permanent residents, and foreign nationals staying in the Philippines for ≥1 year.

Passenger Category	Economy Class	First Class
Full Travel Tax	PHP 1,620 (~US $29)	PHP 2,700 (~US $48)
Business	PHP 1,620 (~US $29)	PHP 1,620 (~US $29)
First Class	PHP 1,620 (~US $29)	PHP 1,620 (~US $29)
Private Jet	PHP 1,620 (~US $29)	PHP 1,620 (~US $29)

Design features:

- **Class-based differentiation** (first class taxed nearly double economy).
- **Residency/nationality-based scope** (Filipino nationals and long-stay foreigners only).
- **Revenues earmarked**: 50% to TIEZA (tourism development), 40% to higher education subsidies, 10% to cultural agencies.
- **Specifies only two classes** – Economy and First Class but does not explicitly address the rates for classes in between (e.g. Premium Economy or Business).

This levy is notable for its specific earmarking and built-in social progressivity through reduced rates for minors, journalists, and dependents of overseas workers.

These examples demonstrate distinct options with respect to taxing premium passenger travel. Lebanon's example illustrates a simple, straightforward approach. The Maldives example includes more significant tax rates and covers a broader range of fare classes. Finally, the Philippines levy integrates notable earmarking and equity features.

5.1.6 Hybrid: Premium Class Rate for an Ad Valorem Passenger Levy

This model combines an ad valorem tax with explicit class-based differentiation. A percentage levy is applied to ticket price, but at different rates depending on cabin class – for example, a lower percentage for economy tickets and a higher percentage for business or first-class tickets.

This hybrid approach ensures that taxation reflects both the scale of expenditure (through the ad valorem element) and the luxury profile of premium seating (through class differentiation). It therefore captures both ability to pay and, to some extent, distance, since long-haul fares are typically higher.

India provides the clearest example. Its Goods and Services Tax (GST) applies at 5% to economy tickets but 12% to non-economy tickets. The dual structure makes the levy progressive and responsive to ticket price, though it adds some complexity for administration.

Box 12

INDIA's new GST rates increase ad valorem levies on premium air travel

Since 2017, India's Goods and Services Tax (GST) regime applies varying percentage-based tax rates to air travel, with higher GST on business and first-class tickets compared to economy tickets. The system provides a working example of class-based differentiation, implemented through ticketing systems and enforced via airline reporting.

Like other goods and services taxed under the GST, air travel is taxed in percentage of the cost of the service, as an ad valorem tax.

Until September 2025, premium class tickets have been taxed at 12%, while economy tickets have been taxed at 5%. (An Input Tax Credit is also available to partially offset this tax.) On 3 September, the GST Council announced the decision to apply major GST rate reforms. The new rate scheme raises the GST rates on non-economy class air tickets from 12% to 18% and is effective as of 23 September 2025.[89] Economy class air tickets are not affected and remain taxed at the 5% rate.[90]

While this is one way to address premium class levies and incorporate an imperfect proxy metric – fare amount – for greatest contributions to climate harm and ability to pay, it may not be as readily applicable to most country contexts.

89 Ministry of Finance, Republic of India, "Recommendations of the 56th Meeting of the GST Council Held at New Delhi, Today," Annexure-IV: Services: Transportation Sector S.No.1, 107, September 3, 2025, https://gstcouncil.gov.in/sites/default/files/2025-09/press_release_press_information_bureau.pdf.

90 Travellers of India, "18% GST on Premium Flight Tickets & 12% on Economy Flights," Flights, ***Travellers of India***, September 5, 2025, https://www.travellersofindia.com/gst-impact-flight-tickets-premium-ticket-tax-india-2025/; "GST Impact on Air Travel: Do You Have to Pay Extra GST If Your Travel Date Is after September 22, 2025?," ***The Economic Times***, September 4, 2025, https://economictimes.indiatimes.com/wealth/tax/gst-impact-on-air-travel-do-you-have-to-pay-extra-gst-if-your-travel-date-is-after-september-22/articleshow/123694913.cms.

Nonetheless, as noted above, changes to ad valorem taxes, given their similarity to VAT, can nonetheless create other practical or political challenges if changes need to be addressed in the context of broader revisions to tax laws or VAT legislation.

5.1.7 Hybrid: Premium Class Levies with Region- or Distance Differentiation

A second type of hybrid system combines distance banding with cabin-class differentiation. Under this model, rates escalate both by distance traveled and by seating class, creating a matrix of charges. This makes the levy strongly progressive: economy passengers on short-haul flights pay the least, while first-class passengers on long-haul flights pay the most.

This design closely aligns with both the Polluter Pays Principle (longer flights, which generate more emissions, incur higher charges) and the principle of equity (premium travelers pay more within each band). It most fully integrates both environmental responsibility and fairness across income groups, while also effectively implementing a form of corrective taxation. It is more complex to administer but remains workable, as demonstrated by leading examples.

The United Kingdom's Air Passenger Duty (APD) and France's Solidarity Levy on Air Tickets are both leading examples, while Malaysia's Departure Levy is a simpler version of this hybrid that distinguishes only the ASEAN region and elsewhere.

The UK applies different rates for economy, premium economy/ business, and first class across multiple distance bands, with a highl progressive rate structure.

Box 13

UK's APD taxes based on both distance and travel class (by seat depth)

The United Kingdom's Air Passenger Duty (APD) was enacted in the UK Finance Act of 1994, but rates have increased over time.[91] Currently rates are differentiated by both distance to destination and class of travel.[92] The latest rates are as follows for 2025 and 2026:

Rates from 1 April 2025 (in GPB, with approximate USD conversion)

Destination Band	Reduced rate (economy)	Standard rate (all premium)	Higher rate (private jets)
Domestic	£7 | $10	£14 | $19	£84 | $113
Band A	£13 | $18	£28 | $38	£84 | $113
Band B	£90 | $122	£216 | $292	£647 | $873
Band C	£94 | $127	£224 | $302	£673 | $909

Box 13 continues

91 The Finance Act 1994 as Amended (U.K.), 1994, Chapter IV, https://www.legislation.gov.uk/ukpga/1994/9/part/I/chapter/IV.

92 "Rates for Air Passenger Duty," GOV.UK, April 1, 2025, https://www.gov.uk/guidance/rates-and-allowances-for-air-passenger-duty.

Box 13

Rates from 1 April 2026 (in GPB, with approximate USD conversion)

Destination Band	Reduced rate (economy)	Standard rate (all premium)	Higher rate (private jets)
Domestic	£8 | $11	£16 | $22	£142 | $192
Band A	£15 | $20	£32 | $43	£142 | $192
Band B	£102 | $138	£244 | $329	£1097| $1481
Band C	£106 | $143	£253 | $342	£1141 | $1540

The bands are based on the distance between London and the capital city of the final destination of passenger travel. Domestic flights within the UK incur the lowest APD tax rates, followed by Band A for short-haul destinations under 2,000 miles. Since 2023, Band B is for medium-haul destinations of 2001 to 5,500 miles and including all EU and EEA destinations, and Band C is for long-haul destinations more than 5,500 miles away from London.

Within each band, reduced rates apply to economy seating (defined by seat pitch <1.016m/40 inches), standard rates to all other classes (corresponding to all premium options), and higher rates to private jets (aircraft over 20 tonnes carrying fewer than 19 passengers).

Exemptions include:[93] Children under 16 years of age, Transit passengers and connecting flights, departures from specific Scottish airports, crew members.

Like the UK example, France's Solidarity Levy on Air Tickets likewise escalates both with distance and cabin class. These systems represent some of the most developed models of progressive aviation taxation currently in practice.

93 "Exemptions from Air Passenger Duty," GOV.UK, https://www.gov.uk/guidance/exemptions-from-air-passenger-duty.

Box 14

FRANCE's Solidarity Tax is a levy based on travel class and distance, with elevated rates for private jet passengers

France revised its Aviation Solidarity Tax in 2025 with new rates differentiated by distance and service category, which effectively defines classes of travel.[94]

Final Destination	Service Category	Tax (euros)	Tax (approx USD)
European or assimilated destination	Normal	€7.4	$9
	With additional services	€30	$35
	Business aircraft with turboprop	€210	$246
	Business aircraft with turbojet engine	€420	$492
Intermediate destination	Normal	€15	$18
	With additional services	€80	$94
	Business aircraft with turboprop	€675	$791
	Business aircraft with turbojet engine	€1015	$1189
Long-haul Destination	Normal	€40	$47
	With additional services	€120	$141
	Business aircraft with turboprop	€1025	$1201
	Business aircraft with turbojet engine	€2100	$2460

Box 14 continues

94 Loi n° 2025-127 du 14 février 2025 de finances pour 2025 (1) (France), Article L422-22; "Section 2: Taxe Sur Le Transport Aérien de Passagers (Articles L422-13 à L422-40) - Légifrance," https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000044595989/LEGISCTA000044599467/#LEGISCTA000044602753.

Box 14

By distance, three bands are applied: the lowest levies are applied for short-haul destinations including domestic flights (including overseas departments), intra-EU flights, and flights within the EEA; an intermediate band applies to medium-haul destinations, being countries outside the EEA, where the main airport of the capital city is less than 5,500km of distance from Paris airport; and the highest levies apply to long-haul destinations at a distance of more than 5,500 km from Paris.

Within each band, four service categories further differentiate pricing. The lowest two apply to commercial aircraft: a category of "normal" which applies to economy flights and a "with additional services" category that applies to all premium flights. In addition, private plane passengers are charged significantly higher rates across two service categories, each labeled "business aircraft," referring to non-scheduled commercial services. These apply to passengers on private planes with seating for 19 or fewer passengers: one for aircraft with a turboprop engine and the highest rates for aircraft with a turbojet engine, which would yield more significant emissions over the same route. These distinct rates for two types of private jets is a unique feature of the French passenger tax system.

Exemptions include: Children under two years of age, Cargo flights, flights following a technical or weather stop, and non-commercial operators.

From 2006 until 2024, France's solidarity levy has been earmarked for UNITAID and global health, and, from 2020, also to climate and environmental funds. Rates were increased significantly in 2025, but the legal earmarking was removed.[95]

95 Ministère de l'Économie, "Loi de Finances 2025," ***République Française***, 2025, https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000051168007; ***Code des impositions sur les biens et services***, France, Art. L. 422-22 and Art. L. 422-40, https://www.legifrance.gouv.fr/codes/section_lc/LEGITEXT000044595989/LEGISCTA000044599467/#LEGISCTA000044602753; One Stop Tax Shop: Airport Taxes (Guichet Unique), "Notice_TS_EN_2025," Instructions for Drawing Up the "Solidarity Rate" Declaration for the Tax on Air Passenger Transport (Article L. 422-20 CIBS), March 1, 2025, https://www.ecologie.gouv.fr/sites/default/files/documents/Notice_TS_EN_2025.pdf; Unitaid Advocates Network (UAN), GFAN Unitaid Primer, June 2025, https://unitaidadvocatesnetwork.org/resource/gfan-unitaid-primer/; Friends of the Global Fund Europe, Global Solidarity Levies in Real Life Lessons from the French Taxes on Aviation and Financial Transactions (2025), https://friendseurope.org/wp-content/uploads/2025/06/Note_SolidarityLevies_FoGFE.pdf. .

Box 15

MALAYSIA'S Departure Levy differentiates by distance and class of travel

Malaysia introduced its Departure Levy Order 2019 (effective 1 September 2019), creating a distance- and class-differentiated aviation tax. Rates apply to all outbound international flights:

Destination	Economy	Business/First Class
ASEAN countries (≤ 2,500 km)	RM 8 (~US $2)	RM 50 (~US $12)
Non-ASEAN (> 2,500 km)	RM 20 (~US $5)	RM 150 (~US $36)

Design features:

- Distance-based differentiation between ASEAN and non-ASEAN flights.
- Clear surcharge for premium classes relative to economy.
- Levy collected by airlines and remitted to Malaysia's Customs Department.

Exemptions: children under 24 months, domestic flights, passengers in transit (<12 hours).

This model mirrors the UK/France hybrid system but with simplified distance bands (regional vs international) and relatively low nominal rates – reflecting Malaysia's sensitivity to aviation competitiveness.

5.1.8 Key Distinctions Across Passenger-Based Levies

National practice differs on the key question of how to tax passenger travel. Distance-band levies are simplest and send a coarse climate signal (longer trips pay more) but do not address the disproportionate emissions of premium-class travel or ability-to-pay. Ad valorem (percentage of fare) taxes are administratively light and indirectly progressive (as premium fares lead to higher tax) yet tie liability to price rather than a closer proxy to emissions like distance and ticket class. They also can be tougher to implement internationally, and can be volatile. Class-based surcharges most directly target luxury consumption and higher per-seat emissions, but require clear cabin definitions and sometimes more complex rate tables.

Hybrid models, and particularly the distance and class hybrid best aligns with polluter-pays and equity goals, at the cost of added design and communication complexity.

Workable premium class passenger levies have been implemented in various forms and in various contexts. These range from simple, straightforward models, like in Lebanon, to the more detailed and progressive rates in the Maldives, to the hybrid models in India, the UK, France, and Malaysia. The implementation across regions and types of countries suggests great opportunity for the global coalition. It has been successfully implemented in a small island country (the Maldives) and with complex progressive banding in high-income states like the UK and France. In middle-income states like Malaysia and the Philippines, implementation has incorporated other innovations: Malaysia has relied on regional simplifications akin to the Barbados model, and the Philippines stresses equity exceptions and earmarking, like the French example. Taken together, these examples underscore that distance- and class-differentiated aviation taxation is administratively feasible across very different political and economic contexts, while aligning fiscal needs with principles of equity and climate responsibility.

Table 1: Taxonomy of Differentiated Passenger Air Travel Levies

Type	Fiscal Design	Representative Countries	Example Spotlight
Flat rate passenger ticket levies & departure taxes	Simple. Single rate for all passengers.	Colombia, Fiji, Honduras, Italy, Jamaica, Netherlands, Portugal, et.al (e.g. Africa region)	Fiji (climate-specific earmarking with a high rate), countries across the African continent
Passenger levies with rate differentiation by country or region	Relatively simple, but with increased rates beyond country borders or region	Kenya, Barbados	Kenya (domestic vs international PSC), Barbados (Caribbean region vs other international), Belgium (Embarcation Tax with elevated rate for short-haul to encourage ground transport)
Distance-based passenger levies	Levy based on distinct distance bands (short-, medium-, long-haul)	Austria, Belgium, Chile, China, Denmark, Germany, Japan, Sweden, Tanzania	Denmark (3-band APD, including EU + domestic; medium-haul up to 5500km, and long-haul)
Ad valorem (percentage of fare) passenger levies	Same % rate applied to ticket price (premium fares taxed more in absolute terms)	Canada, Mexico, South Africa, US	Mexico (16% VAT, int'l + domestic), USA (Federal excise tax, domestic only)
Premium passenger levies differentiated by class of travel	Higher fixed fee for premium cabins; may distinguish business vs first, or lump "non-economy	Lebanon, Maldives, Philippines	Lebanon (simple ADF by econ/biz/1st) Maldives (higher rates, private jets, reduced tax for nat'ls), Philippines (equity exceptions, earmarking)
Hybrid: Premium levies + % of Fare	Ad valorem tax, but with varying % rates by class	India	India (GST: 5% economy, previously 12% for non-economy, now 18%)
Hybrid: Distance + Class	Distance bands combined with class differentiation	France, Malaysia, UK	UK (strong rates, seat measurements), France (earmarked for global health, climate), Malaysia (simplified regional hybrid)

Taken together, these five cases demonstrate the diversity of workable hybrid levy designs – ranging from high-income jurisdictions with complex banding (UK, France) to middle-income states applying simpler regional or class-based rules (Malaysia, Lebanon), and even to systems that combine class and nationality with earmarked revenues (Philippines). Each underscores that distance- and class-differentiated aviation taxation is administratively feasible across very different political and economic contexts, while aligning fiscal needs with principles of equity and climate responsibility.

5.2 Private Jet Kerosene Fuel Taxes in Practice

Private aviation represents a disproportionately carbon-intensive form of transport, with emissions per passenger-kilometer up to 14 times higher than commercial flights.[96] Yet in most jurisdictions, the kerosene fuel used by private jets remains untaxed. As a result, luxury private aviation continues to enjoy implicit fossil fuel subsidies. Targeted taxes on private jet kerosene are therefore both an equity measure and a corrective fiscal tool. It can also be a complement to passenger ticket taxes.

Virtually all conventional jet fuel is kerosene-based fossil jet fuel (including Jet A, Jet A-1, Avtur), with limited exceptions currently, as classified under international customs and energy tax law as "aviation turbine fuel" (ATF). Accordingly, fuel taxes in this report focus on kerosene.

At the same time, modern policy design increasingly excludes sustainable aviation fuels (SAF) and non-petroleum alternatives from taxation in order to incentivize their deployment. SAF should be narrowly defined to avoid of becoming an easy to exploit loophole: legal and consumer-protection analysts warn that SAF claims could be vulnerable to "greenwashing" risks across the value chain (feedstocks, indirect land-use change, double counting, and credit bundling), exposing airlines and financiers to misrepresentation if policy or marketing relies on unverified SAF attributes. Currently, CORSIA and ETS both define what is considered SAF and eSAF and which products and processes can be used in their production. SAF claims nonetheless need to be carefully assessed, and there is significant risk in embedding generous SAF incentives in tax law that could outpace assurance frameworks.[97]

96 Andrew Murphy et al., "Private Jets"; Daniel Sitompul and Dan Rutherford, ***Air and Greenhouse Gas Pollution from Private Jets, 2023***.

97 Opportunity Green, ***Legal Risks of Misleading 'Sustainable Aviation Fuel' (SAF) Claims: What Airlines and Investors Need to Know*** (Opportunity Green, 2025), https://www.opportunitygreen.org/publication-legal-risks-advertising-sustainable-aviation-fuel-saf.

For conventional aviation fuels, the tax base is typically units of kerosene fuel (in liters) or units of energy (e.g. gigajoules), applied when fuel is uplifted before departure.

While international commercial aviation has long benefited from sweeping exemptions under national and/or international law (as discussed in Section 4), private and non-commercial flights are typically not covered by these exemptions and generally can be taxed.

Unlike passenger levies (Subsection 5.1), where rates differ by distance bands and classes, kerosene taxation is more uniform in policy design. This section nonetheless explores some of the differences across jurisdictions implementing private jet fuel taxation, including:

- whether or not they tax fuel uplifted by private jets traveling both domestically and internationally;
- the rate at which kerosene is taxed; and
- whether there are specific links to a climate or solidarity purpose.

5.2.1 EU Member States: Harmonizing Private Jet Fuel Taxes for International and Domestic Flights

As explained in Subsection 4.2, the European Union's Energy Taxation Directive (ETD) of 2003 establishes minimum excise tax duty levels for energy products, including kerosene used for private pleasure-flying. Specifically, since 2010 it has required that Members State impose a tax of no less than 330 EUR (€) per 1,000 liters (L) of kerosene uplifted for private pleasure-flying.[98] (For comparison, diesel fuel shares the same minimum rate, while unleaded petrol is taxed in the EU at no less than €359/ 1,000 L. [99]) Such taxes are required to be imposed on private jets regardless of whether they are flying domestically or internationally.[100]

Some EU Member States have chosen to keep their kerosene excise duty at or near that same €330/1,000 L rate set by the ETD for the last

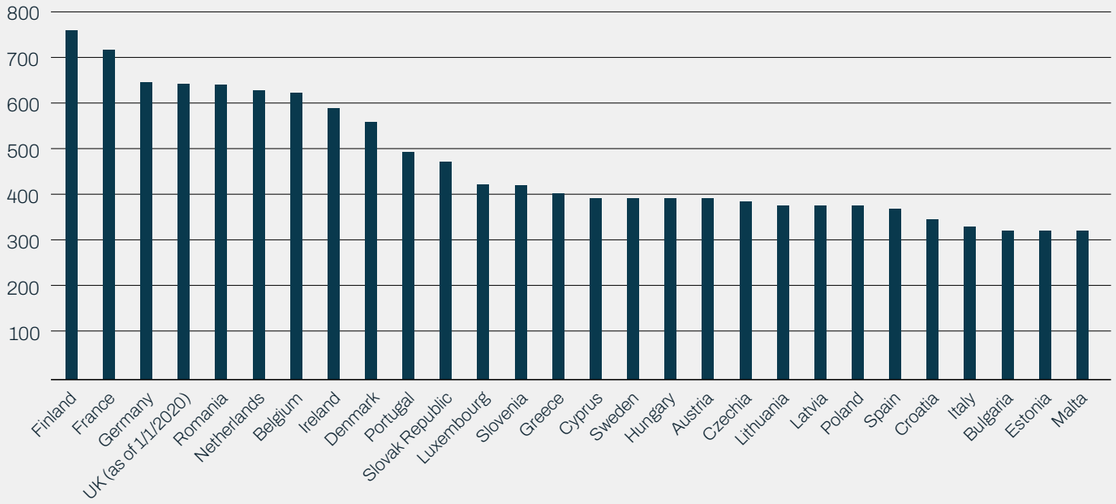
98 Council Directive 2003/96/EC of 27 October 2003 Restructuring the Community Framework for the Taxation of Energy Products and Electricity (2003), https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2003:283:0051:0070:EN:PDF.

99 Ibid.

100 In contrast, Member States must exempt from taxation any kerosene fuel uplifted for air navigation other than in private pleasure-flying unless the tax is only applied domestically or subject to a waiver agreed upon in a bilateral agreement between Member States. Ibid. To our knowledge, no EU Member State applies an excise tax on kerosene uplifted for domestic commercial flights, though Norway and Switzerland do. Transport & Environment, Aviation's tax gap (2023), 18, https://te-cdn.ams3.cdn.digitaloceanspaces.com/files/tax_gap_report_July_2023.pdf.

fifteen years. This includes Malta, Estonia, Bulgaria, Italy, and Croatia.[101] In contrast, other Member States have acknowledged that the ETD sets a floor not a ceiling, and have instead increased the taxes they impose on private jet fuel. As of October 2025, Finland was imposing the highest rates at €766.3/1,000 L uplifted – more than double the ETD minimum – followed by France at a rate of €725.6/1,000 L. Germany, Romania, Netherlands, and Belgium follow behind in the mid-600 euros per 1,000 L uplifted.[102]

Figure 2: EU Private Jet Kerosene Fuel Excise Taxes (2025)



Source: European Commission, Taxes in Europe Database v4 (as of July 1, 2025), with French update (September 30, 2025).[103]

Across the 27 current EU Member States, the country average rate of private jet kerosene tax is just over €469.49/1,000 L (~US $546.29). (For comparison, a recent analysis found that the average excise duty on unleaded petrol across EU countries in 2025 was €558/1,000 L while the average average excise duty on diesel was €458/1,000 L.[104])

101 European Commission, Taxes in Europe Database v4, Indirect Taxes: Energy products and electricity: Kerosene (01 July 2025), https://ec.europa.eu/taxation_customs/tedb/#/home.

102 Ibid.

103 Ibid. Ministère de l'Économie, des finances et de la Souveraineté industrielle et numérique de la République Française, Circulaire du 30 septembre 2025: Droits et taxes applicables aux produits énergétiques à compter du 1er octobre 2025 (DA 25-042) (September 30, 2025), https://www.douane.gouv.fr/la-douane/informations/bulletins-officiels-des-douanes/da/25-042.

104 Adam Hoffer and Jacob Macumber-Rosin, "Diesel and Gas Taxes in Europe, 2025," Tax Foundation Europe, August 12, 2025, https://taxfoundation.org/data/all/eu/diesel-gas-taxes-europe/.

Germany offers an example in line with the EU framework. Commercial flights are exempt under both German law in conformance with the EU Energy Taxation Directive, but private jets (private pleasure-flying) must pay full excise Other European states, follow a similar approach: excise is applied broadly but exemptions are carved out for commercial carriers only.

Box 16

GERMANY has long imposed energy tax rates to private kerosene fuel

Germany's Energiesteuergesetz (Energy Tax Act, 2006, as amended) codifies the country's energy excise framework. Under Article 2(3), kerosene used in "nichtgewerbsmäßige Luftfahrt" (non-commercial aviation) is subject to the standard energy tax rate, currently €654.50/1,000 L. Commercial aviation fuel is exempt under both the Act and the EU ETD, but private jet operators are required to pay full excise at the time of fuel uplift. Enforcement is handled by customs authorities, ensuring relatively high compliance. Germany's law has been in force since 2006 and is an example of an EU Member State's compliance with the ETD, with a durable, administratively simple precedent for taxing private jet fuel at standard national rates.

France offers another prominent example. Kerosene for private leisure jet use is again excluded from exemptions available to commercial carriers, meaning private jet operators must pay the Energy Products Excise Tax at the standard rate. The measure ensures that private operators contribute on par with other fossil fuel consumers, though it is framed as energy taxation rather than aviation policy.

Box 17

FRANCE consolidated energy taxes in 2022 and raised tax rates for kerosene fuel used for non-commercial flights in 2025

France transitioned from an older tax to the new Accise sur les produits énergétiques (APE or Energy Products Excise Tax) in 2022, consolidating its energy taxes under its Goods and Services Tax Code. The change did not alter the substantive rule: kerosene used in private and non-commercial flights remains subject to excise duty, currently €725.6/1,000 L, while commercial international aviation fuel continues to be exempt.[105] Like the German example, the French case demonstrates how general energy excise regimes can be leveraged to ensure private aviation bears fiscal responsibility without establishing a dedicated aviation tax.

105 Ministère de l'Économie, des finances et de la Souveraineté industrielle et numérique de la République Française, Circulaire du 30 septembre 2025: Droits et taxes applicables aux produits énergétiques à compter du 1er octobre 2025 (DA 25-042) (September 30, 2025), https://www.douane.gouv.fr/la-douane/informations/bulletins-officiels-des-douanes/da/25-042.

Currently, the highest rates of kerosene fuel excise taxes for private jets across the EU and around the world are found in Finland.

Box 18

FINLAND taxes private jet kerosene at a higher rate than other countries

For years, Finland has been a leader in taxation of the uplift of private jet kerosene.

Under the Act on Excise Duty on Liquid Fuels, Finland charges an excise duty of €766.3/1,000 L on recreational and non-commercial flying.[106] At more than double the EU minimum, this rate is the highest in the EU and the world.

It is worth noting that the EU is currently undertaking a process to revise the ETD, as part of the EU's Fit for 55 Initiative. As part of this revision, increases to the taxation of kerosene fuel have been proposed, along with an indexing of the rate so that it increases with inflation.[107]

5.2.2 Non-EU Approaches to Private Jet Fuel Excise Taxes

Outside the EU, private-jet fuel taxes are not subject to a harmonized minimum tax that applies to both international and domestic travel. Instead, many jurisdictions tax only domestic uplifts and exempt international fuel.

106 Parliament of Finland, Act amending the Annex to the Act on Excise Duty on Liquid Fuels (1224/2023), 21 December 2023, https://www.finlex.fi/fi/lainsaadanto/saadoskokoelma/2023/1224; Parliament of Finland, Act on Excise Duty on Liquid Fuels (1472/1994), https://www.finlex.fi/eli?uri=http://data.finlex.fi/eli/sd/1994/1472/ajantasa/2023-12-21/fin .

107 Proposal for a Council Directive Restructuring the Union Framework for the Taxation of Energy Products and Electricity (Recast), COM/2021/563 final § Art. 21(1) and 5, and Annex 1, Table A (kerosene rates) (2021).

The rates of taxation tend to be lower than the EU minimum (330€/1,000 L) applied to private jets in the EU. In the United States, the Internal Revenue Code imposes a federal excise tax of $0.244 per gallon (≈ €55/1,000 L) on aviation kerosene used in non-commercial operations, collected at the point of sale by fuel suppliers. Canada has a similar tax. The Excise Tax Act applies an excise duty of CAD 0.04 per liter (≈ €24/1,000 L) of uplifted aviation fuel.[108] In Australia, aviation kerosene fuel excise taxes are levied at a rate of 0.03556 AUD/L (≈ €21.70/1,000 L) for domestic flights.[109] Japan's rate is roughly similar (see box below), and Guatemala's is much lower (see box below).

Box 19

JAPAN's Aircraft Fuel Tax (Domestic-Only Private Jet Coverage)

Japan levies an Aircraft Fuel Tax on aviation fuel loaded in Japan; the statutory rate is ¥26,000 per 1,000L (≈ €150/1,000 L), and the tax is administered monthly against uplift volumes.[110] International flights are mutually non-taxed as a matter of policy/practice. This means private and other non-commercial flights pay the domestic rate, while international uplifts do not.

108 Canada Revenue Agency, "Current Rates of Excise Taxes," guidance, June 22, 2017, https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/currate/current-rates-excise-taxes.html.

109 Australian Taxation Office, "Excise Duty Rates for Fuel and Petroleum Products," July 30, 2025, https://www.ato.gov.au/businesses-and-organisations/gst-excise-and-indirect-taxes/excise-on-fuel-and-petroleum-products/excise-duty-rates-for-fuel-and-petroleum-products; Australian Taxation Office, "Legal Database - View: Excise Guidelines for the Fuel Industry: 7 REMISSIONS, REFUNDS, DRAWBACKS AND EXEMPTIONS," June 27, 2025, https://www.ato.gov.au/law/view/print?DocID=SAV%2FFUEL%2F000088PiT=20250627000001&utm.

110 Aircraft Fuel Tax Law (Japan), https://laws.e-gov.go.jp/law/347AC0000000007/.

Box 20

GUATEMALA: Statutory Excise on Aviation Kerosene

Guatemala levies an excise, Impuesto a la Distribución de Petróleo y Combustibles (IDP) – on specified fuels per US gallon. The law expressly lists kerosene and jet engine kerosene (avtur/turbosina) at Q 0.50/gal each (≈ €15.5/1,000 L), with aviation gasoline at Q 4.70/gal.[111] It captures private jet fuel on domestic uplift – thought at very low levels compared to the EU's ≥€330/1,000 L floor.

5.2.3 Emerging Climate- or Solidarity-Framed Levies

A smaller set of measures that resemble fuel taxes but explicitly frame the taxes as climate or solidarity instruments (and often earmark the revenues) also merits consideration. This model provides the clearest link to fairness and responsibility in international climate finance. These climate-framed instruments boost visibility and legitimacy (especially when earmarked), particularly where administrative simplicity and transparency are critical.

While not yet law, a proposed Brazilian bill presents a good example. In June 2025, members of the governing coalition introduced the Contribuição de Responsabilidade Climática sobre Transporte Aéreo de Luxo (CRC=TAL, or Climate Responsibility Contribution on Luxury Air Transport) bill.[112] The draft law combines (a) a kerosene tax on private jets, calculated by emissions tonnage, and (b) an ad valorem surcharge on premium commercial tickets. Revenues would flow into the National Climate Change Fund. This design mirrors recommendations by the Global Solidarity Levies Taskforce (GSLTF) and CE Delft's 2025 study,

111 Congreso de la República de Guatemala. Ley del Impuesto a la Distribución de Petróleo Crudo y Combustibles Derivados del Petróleo (Decreto N.º 38-92) Art. 12, 25 May 1992. https://www.minfin.gob.gt/images/archivos/leyes/tesoreria/Decretos/DECRETO%20DEL%20CONGRESO%2038-92.pdf

112 Institui a Contribuição de Responsabilidade Climática sobre Transporte Aéreo de Luxo, incidente sobre jatos privados e passagens aéreas em classes executivas e superiores, e dá outras providências, PL n.3234/2025, Congresso Nacional do Brasil (2025), https://www.camara.leg.br/proposicoesWeb/prop_mostrarintegra?codteor=2948722&filename=PL%203234/2025.

which advocated for hybrid measures blending fuel and passenger taxation for maximum equity and revenue.[113]

Two other examples from South East Asia also demonstrate the value of framing and earmarking: Vietnam's Environmental Protection Tax on "flight fuel", and Thailand's jet fuel excise tax that integrates a carbon price. Together, these emerging measures suggest that taxing private jet fuel is both administratively feasible and can be linked to fairness and climate responsibility.

Box 21

VIETNAM's Environmental Protection Tax (EPT) Covers "Flight Fuel"

Vietnam's Environmental Protection Tax sets a per-liter charge on specified fuels, including "flight fuel" (aviation turbine fuel). For calendar year 2025, the National Assembly Standing Committee kept the reduced EPT of VND 1,000/L for flight fuel (≈ €37/1,000 L), with kerosene at VND 600/L.[114] The 2025 rates are in Resolution No. 60/2024/UBTVQH15 (Official Gazette Jan. 11, 2025) continuing the post-COVID reduction; prior guidance shows the cut was proposed/extended through 2024 as well.[115] This is a domestic uplift measure; international uplift is generally relieved through customs/exports practice rather than the EPT text. Vietnam provides an example of a national fuel-tax instrument that explicitly names aviation fuel, though at rates far below EU minima, and structured as an environmental levy.

113 Martijn Blom et al., ***A Fair Share from Aviation: Solidarity Levies in Aviation: Options for a Coalition of the Willing,*** CE Delft (2025), https://solidaritylevies.org/aviationstudy/.

114 "Vietnam Gazettes Resolution Setting Environmental Protection Tax Rates for 2025," Bloomberg Tax, January 28, 2025, https://news.bloombergtax.com/daily-tax-report-international/vietnam-gazettes-resolution-setting-environmental-protection-tax-rates-for-2025.

115 The National Assembly Standing Committee of the Socialist Republic of Vietnam, No. 60/2024/UBTVQH15, accessed September 30, 2025, https://static3.luatvietnam.vn/uploaded/vietlawfile/2025/1/resolution_60_2024_ubtvqh15_manuscript_040125101355.pdf.

Box 21

THAILAND Embeds a Carbon Price in its Jet Fuel Excise Tax

Thailand levies excise on jet fuel. The longstanding headline rate is THB 4.726/L (≈ €121/1,000 L).[116] During 2020–2023, the government temporarily reduced domestic jet-fuel excise to THB 0.20/L (≈ €5.1/1,000 L) for COVID recovery by Ministerial Regulations published in the Royal Gazette; the normal rate later resumed. In 2025 the Cabinet approved a draft to embed a carbon price within oil excise (including jet fuel), keeping the total excise unchanged while earmarking a THB 200/tCO_2 component (for jet fuel: THB 0.498/L inside the THB 4.726/L).[117] Publication in the Royal Gazette finalizes the rule. Thailand shows how carbon pricing can be nested inside existing fuel excise without changing the pump price.

5.2.4 Comparison of Private Jet Fuel Taxes

The examples surveyed show that private jet kerosene taxation is no longer a uniquely European practice. While the EU's Energy Taxation Directive remains the only regime with a binding minimum rate, a growing number of jurisdictions – from Japan and Australia to Canada, Guatemala, Vietnam, and Thailand – have demonstrated that such taxes can be implemented, even if often limited to domestic uplift and at lower rates.

These experiences also illustrate that design choices matter: integrating private jet fuel into general excise systems ensures administrative simplicity, while climate- or solidarity-framed levies create visibility and can channel revenues toward environmental or social goals. Although effective rates remain uneven – from as little as a few dozen euros to more than €750 per 1,000 L – the trendline is clear: governments around the world are experimenting with private jet fuel taxation, offering valuable precedents that can be built upon in future regional or global frameworks.

116 "Thailand Set to Implement Carbon Tax on Oil and Petroleum Products," accessed September 30, 2025, https://globaltaxnews.ey.com.

117 "Thailand: Thai Cabinet Approves Carbon Tax on Oil and Oil Products," https://insightplus.bakermckenzie.com/bm/tax/thailand-thai-cabinet-approves-carbon-tax-on-oil-and-oil-products.

TABLE 3: Summary of Private Jet Kerosene / Fuel Taxes

Type	Fiscal Design	Representative Countries	Example Spotlight
EU-Harmonized Private Jet Fuel Excise Taxes	Apply to private jet fuel uplifted for domestic or international flights; must be above the minimum rate of €330/1,000 L rate set by the ETD in 2010	All EU countries (with Finland, Germany, Romania, Netherlands, Belgium taxing at highest rates)	Germany (Energiesteuergesetz excise on private jet kerosene) France (distinct excise rules for private aviation kerosene, recently increased) Finland (highest rates)
Non-EU Approaches to Private Jet Fuel Taxes	Some may only apply to uplift for domestic flights; many are below the EU minimum rate	Australia, Canada, Guatemala, Japan, US, et.al.	Japan (domestic-only private jet coverage) Guatemala (statutory excise tax on aviation kerosene)
Emerging Climate- or Solidarity-Framed Levies	New fiscal instruments that explicitly target private/business aviation fuel or combine fuel with passenger elements	Brazil (proposed), Thailand, Vietnam	Vietnam (environmental protection tax covers "flight fuel") Thailand (embeds a carbon price in its jet fuel taxation)

CHAPTER 6

Technical Considerations in Legislative Design

Designing aviation levies requires careful attention to domestic legal compatibility, sound tax policy principles, administrative feasibility, and political sustainability. While international law sets the outer boundaries of feasibility (as discussed in Section 4), the considerations in this section determine whether a measure is workable and legitimate in practice.

6.1 Domestic Legal Framework

Implementing aviation levies requires anchoring them within a country's domestic tax system, ensuring compatibility with constitutional requirements, fiscal codes, and existing aviation statutes. Passenger levies are often created through general finance acts or specific air transport statutes, as illustrated by the UK Air Passenger Duty in the Finance Act of 1994 or the Maldives' Airport Taxes and Fees Act of 2016.

Fuel excises, by contrast, are more often integrated into customs and excise legislation, as in the U.S. Internal Revenue Code §4081 or Canada's Excise Tax Act. Some jurisdictions have opted for hybrid measures, establishing dedicated legislation to address both passenger and fuel taxation, with Brazil's proposed 2025 PL 3234/2025 on luxury aviation being a prominent recent example.

Key domestic law issues typically include determining which ministry or agency has the authority to impose and collect such levies, whether earmarking revenues for climate or social purposes is legally permissible, and how to coordinate tax powers across national and subnational governments in states with federal systems.

6.2 Tax Policy Design and Economic Rationale

A sound aviation levy must be guided by clear normative principles. The polluter-pays principle requires that taxes reflect relative emissions, imposing higher burdens on premium passengers and private jet flights, which produce disproportionately greater emissions per passenger. Equity and progressivity considerations reinforce this rationale, ensuring that wealthier travelers contribute a fairer share of climate finance. Neutrality is equally important, as taxes should not distort competition between carriers or unfairly favor domestic over foreign operators.

The choice of tax base is central to design. Per-passenger levies remain the simplest and most predictable option, and they are already widely used. Differentiation by class of travel and distance travelled aligns cost with emissions and ensures progressivity. There may also be a need to differentiate based on region or based on nationality in specific contexts.

Per-liter fuel levies are particularly effective for private jet flights, since they directly link payment to fuel consumption and can be monitored at the point of uplift. In some cases, hybrid options that combine passenger differentiation with fuel levies provide the strongest climate signal, while also spreading administrative and political costs.

Definitions are particularly important for effective tax policy design. In particular, clear definitions of classes of premium travel, of distance-bands, and of private jet flights are critical.

Distributional and competitiveness impacts must also be considered, and studied in advance. Premium and private travel make up a very small share of overall passenger numbers, yet they account for a disproportionate share of emissions. This targeting enhances fairness while minimizing negative effects on average travelers. Concerns about competitiveness are often overstated. Peer reviewed and EU Commission-commissioned studies suggest that demand responses to modest, regionally coordinated aviation levies are generally limited: for the UK's APD, estimated elasticities are inelastic for many

destinations,[118] and EU-wide modeling shows moderate traffic effects when rates are modest and applied broadly rather than unilaterally.[119] Studies by CE Delft have found that premium travelers show relatively low price sensitivity, meaning that the risk of diversion or "carbon leakage" is more limited.[120]

6.3 Administration and Enforcement

The collection of aviation levies depends on the type of tax, and effective administration depends on clear collection points and alignment with existing reporting systems. A practical approach is to integrate collection into existing customs and excise channels, or for passenger levies, through the digital ticketing and billing systems already used by airlines and airports. For example, France's solidarity levy is collected directly from carriers alongside standard ticket charges, while the Maldives applies private jet fuel taxes through airport customs authorities. For kerosene excise taxes, countries can rely on existing mineral oil or fuel duty frameworks, ensuring that uplifted volumes are declared digitally using ICAO-standard product codes (e.g., Jet A1 under CN 2710). Enforcement can be strengthened through routine reconciliation of uplift records, electronic fuel manifests, digital invoicing by fuel providers, and penalties for under-declaration or misclassification.

Passenger levies are collected at the point of ticket sale by airlines and remitted periodically to the tax authority. Fuel levies are collected at the point of uplift by fuel suppliers or fixed-base operators, making them practical to administer in private aviation markets where volumes are small and well documented.

Oversight responsibilities are usually shared between tax authorities, which manage collection and audit, and aviation authorities, which ensure compliance through flight manifests, permits, and airport operations. Denmark's 2025 reform of its Air Passenger Duty demonstrated how a civil aviation authority can coordinate with the tax administration to improve compliance monitoring. In the United States, IRS audits of aviation fuel suppliers provide a model for fuel-based levies.

118 Neelu Seetaram et al., "Air Passenger Duty and Outbound Tourism Demand from the UK," *Journal of Travel Research* 53, no. 4 (2014): 476–87.

119 CE Delft and Directorate-General for Mobility and Transport (European Commission), Taxes in the Field of Aviation and Their Impact; A Study on Aviation Ticket Taxes.

120 Idem.

Tax avoidance risks must be addressed at the design stage. Passenger levies can be undermined through ticketing strategies such as hidden-city ticketing or complex routing. This can be mitigated by applying the levy to the point of first departure in the country. Fuel levies carry the risk of tankering, where operators uplift excess fuel abroad to avoid taxation.[121] This risk can be minimized by setting similar rates across countries and at a regional level, requiring transparent reporting of fuel uplift volumes, and encouraging tax cooperation. With modern electronic ticketing and customs systems, enforcement is manageable and relatively low-cost.

6.4 Political Considerations

The political feasibility of aviation levies depends less on their legal defensibility than on how they are framed, communicated, and perceived. Experience from Europe, Africa, and small island states suggests that aviation levies can succeed when governments emphasize fairness, climate justice, and solidarity, while providing transparent assurances about revenue use. Four interlinked considerations stand out:

6.4.1 Narrative Framing

Beyond technical design, successful adoption often depends on the story governments tell. While fairness and "polluter pays" remain central frames, experience suggests that adding broader narratives increases resonance:

- **Climate justice**: Ensuring luxury emissions contribute to global adaptation and loss-and-damage finance.
- **Level playing field**: Correcting distortions between aviation and lower-carbon modes like rail or bus transport.
- **Solidarity and leadership**: Positioning the levy as a contribution to global climate responsibility, showcasing leadership ahead of COP30.
- **Tax justice**: Ensuring the more wealthy contribute at the level of their capacities to fund public goods.

121 Eurocontrol, *Fuel Tankering: Economic Benefits and Environmental Impact* (2019), https://www.eurocontrol.int/sites/default/files/2020-01/eurocontrol-think-paper-1-fuel-tankering.pdf.

By combining these frames, governments can present aviation levies not simply as revenue tools, but as measures of responsibility and equity in global climate governance and tax justice.

Governments should frame levies as climate justice measures targeting elite, high-emission flyers. Premium-class passengers and private jet users account for a disproportionate share of aviation's carbon footprint yet have historically enjoyed broad tax exemptions. Positioning levies as a correction of this imbalance can resonate with both domestic and international audiences. Public opinion polling in France, the UK, and the Netherlands shows stronger support for charges framed as "polluter pays" or "fair share" measures rather than as generic taxes.[122]

6.4.2 Revenue Transparency and Earmarking

Transparency in revenue use and revenue earmarking can significantly bolster public support. Linking new aviation levies to tangible outcomes – such as climate adaptation, loss and damage finance, or just transition measures – creates a clear narrative that funds are not absorbed into general budgets but instead support urgent climate action. Earmarking levy proceeds for visible climate or development purposes has proven effective in France, where solidarity tax revenues are channeled to UNITAID and climate funds, and in Fiji, where the Environment and Climate Adaptation Levy support adaptation projects. Governments should publish annual reports detailing revenues raised, disbursements made, and impacts achieved. Such measures create a feedback loop that sustains legitimacy and reduces opposition from both the public and industry stakeholders.[123]

6.4.3 Tourism and Connectivity

Concerns that aviation levies may harm tourism or regional connectivity are often overstated. For passenger levies this is expected because premium ticket passengers have low elasticity of demand.[124] Evidence from the UK Air Passenger Duty and CE Delft impact studies shows that modest levies – typically representing less than 1% of the ticket pricehave minimal impact on overall passenger demand. For example, the UK Treasury found that a £13 short-haul levy reduced demand by less than

122 See e.g., Ed Hodgson, ***Navigating Public Opinion on Aviation and Climate***, n.d.; Dynata, for Greenpeace and Oxfam, "Public Support for Profit Taxes on Oil and Gas Corporations and the Super Rich to Pay for Climate Damages: Survey Results," June 19, 2025, https://docs.google.com/presentation/d/1hfc-JBUKA906tuE_z-mz4JyMlPJkyadd8XxyWX3fAFPI.

123 France, Code Général des Impôts art. 302 bis K; Fiji, Finance Act 2015, s. 21.

124 Martijn Blom et al., A Fair Share from Aviation: Solidarity Levies in Aviation: Options for a Coalition of the Willing, CE Delft (2025) 23, https://solidaritylevies.org/aviationstudy

0.5%.[125] Similarly, in spite of increases to premium passenger tax rates this year, the Maldives saw passenger numbers continue to increase.[126] To address sensitivities in tourism-dependent economies, governments may phase in lower initial rates or apply targeted exemptions for lifeline routes, while maintaining a trajectory toward coalition minimums.[127]

6.4.4 Coalition Solidarity

At the international level, a unified narrative is critical. Coalition members can amplify their message by coordinating communication in advance of COP30, presenting levies as part of a global solidarity financing package. Joint announcements, shared talking points, and synchronized rollout can strengthen political momentum and mitigate fears of unilateral disadvantage. Linking national measures to multilateral commitments also positions states as leaders in equitable climate finance. This dimension will be explored in greater depth in Section 8, which sets out the roadmap for coalition adoption and oversight.

6.5 Sequencing, Phase-In, and Rate Adjustment

Successful levy design requires gradualism and predictability. Many countries have introduced low initial rates to build public and industry acceptance before scaling up. Denmark's 2025 aviation tax reform, for example, began with modest rates and a clear timeline for increases.

Policy coherence is also important. Aviation levies should complement other climate measures, including incentives for sustainable aviation fuels and carbon pricing mechanisms. Over time, adjustments should be institutionalized. Indexing levies to inflation or mandating reviews every three to five years ensures that the fiscal signal remains effective. Built-in escalation mechanisms provide flexibility to ratchet up ambition while minimizing political disruption. Finally, planned review of the policy after a specified amount of time ensures opportunities to learn and recalibrate.

125 UK HM Treasury, 2011 Review of APD

126 Fathimath Zidhna, "Airport Tax Revenue Surges as Tourist Arrivals and New Tariff Rates Boost Maldives' Aviation Income," Maaldif English Edition, September 7, 2025, https://en.maaldif.com/9370/.

127 Martijn Blom et al., A Fair Share from Aviation: Solidarity Levies in Aviation: Options for a Coalition of the Willing, CE Delft (2025), 37 https://solidaritylevies.org/aviationstudy/.

CHAPTER 7

Drafting Guidance: Core Elements and Optional Features

This section builds on the questions of legal feasibility in Section 4, the examples of real world in Section 5, and the technical considerations in Section 6 to advance with legislative drafting. The goal of this section is to offer ready-to-use models for enacting aviation levies, while leaving room for tailoring to distinct national contexts.

The section is structured around the two core aviation levy mechanisms discussed in Section 5:

1. **Passenger Air Travel Levy** (Subsection 7.1) targeting premium-class and long-distance travelers through differentiated ticket-based charges.

2. **Private Jet Fuel Levy** (Subsection 7.2) applying excise-style taxation to kerosene uplifted for private aviation, with progressive features to reflect the disproportionate emissions of luxury flying.

These model texts are neutral drafting templates. They borrow from best practices across jurisdictions already implementing aviation levies – such as the UK Air Passenger Duty, France's Solidarity Tax, the Maldives' differentiated Airport Taxes, India's GST, the U.S. federal fuel excise, and Brazil's 2025 luxury aviation bill – while remaining adaptable to diverse legal systems and administrative capacities.

7.1 Model Text: Premium Air Travel Passenger Ticket Levy

This section sets out model legislative text for a Premium Air Travel Passenger Ticket Levy, drawing on comparative practice from existing national frameworks. The objective is to provide a flexible yet robust template that can be adapted to different legal systems.

7.1.1 Purpose and Scope

Clause 1 (Purpose).

The purpose of this Act is to establish a Premium Passenger Air Travel Ticket Levy on departing passengers, in order to:

(a) mobilize revenues for climate and sustainable development finance;
(b) reflect the environmental and social costs of air travel; and
(c) ensure that higher-income and higher-emitting travelers contribute proportionately.

Clause 2 (Scope).

1. This Act applies to all passengers departing on commercial aircraft from airports located within [Country].

2. Exemptions may be provided for:
   - children under two years of age;
   - medical evacuation flights;
   - diplomatic and official state travel;
   - transit passengers meeting defined criteria.
   - [travel within a specified regional bloc;]
   - [hard-to-reach areas;]
   - [residents of island states;]
   - [others as needed]

[Note: Most passenger levies worldwide adopt a broad scope with limited exemptions, e.g. UK APD and France's Solidarity Tax.]

7.1.2 Rate Structure

Clause 3 (Rate Design).

The Levy shall be assessed according to two parameters:

(a) Class of travel (economy, premium economy, business, first class, small unscheduled commercial flights); and

(b) Distance-based bands (short-haul, medium-haul, long-haul) based on travel to final destination (not to stopovers);

[Notes:

A Premium Air Travel Passenger Ticket Levy should at minimum include distinct rates for non-economy flights, ideally with differentiation between business class and first class. Each class of travel should be clearly defined, keeping in mind that airlines may evolve their categorisations, nomenclature, and definitions over time. In order to capture all premium classes and reduce risks of tax avoidance loopholes, it is recommended to tax business classes and equivalent classes with additional services as well as first classes and equivalent, or consider a seat-measurement-based approach (as in the UK). Another alternative could be "tickets for cabin classes other than economy or first class." Regardless, the definition should aim to encompass all possible commercial designations that incorporate tangible benefits for the customer as a package and that elevate the customer's overall flight experience to something significantly superior to standard economy class.

Countries may opt to tax economy class travellers at a lower rate than business class as well, as countries with premium ticket levies currently do. Countries may also opt to tax passengers on small unscheduled commercial flights at a higher rate than first class.

Distance bands should also be thoughtfully considered and clearly defined, keeping in mind any provisions for domestic flights and regional blocs, and then defining reasonable bands. For instance, France defines short-haul as 1,500km or less, medium-haul as 1,500-5,500km, and long-haul as 5,500km or more.

Additional variations can also be considered as well. For example, additional frequent flyer surcharge rates could be layered on, as an additional aviation tax element. This could be a progressive, per-flight levy that rises with an individual's annual flight count, with surcharges by distance and cabin class (e.g., US $0 on first two flights; then US $50 to US $400 steps.[128]]

128 New Economics Foundation, "Europe-Wide Frequent Flying Levy Would Raise €64bn without Any Cost to Majority of People," New Economics Foundation, October 17, 2025, https://neweconomics.org/2024/10/europe-wide-frequent-flying-levy-would-raise-64bn-without-any-cost-to-majority-of-people. (Modelled EU-wide, the FFL can deliver a large share of near-term demand-side reductions; revenues would be recycled to just-transition funds, green infrastructure, and climate-vulnerable regions. This dovetails neatly with differentiated passenger taxes: national ticket tax can keep distance/cabin bands, while the EU-level FFL adds a fairness layer that targets frequent flyers, preserving access for occasional travelers and addressing equity concerns that blunt flat ticket taxes. NEF also suggests the FFL could replace national ticket taxes if revenues are fairly shared across governments.)

Clause 4 (Rate Schedule).

1. The Minister of Finance shall, by regulation, prescribe the applicable levy amounts.

2. The rate schedule shall provide for higher charges for:

- longer distances;
- premium-class tickets, differentiated between premium economy/ business and first class where applicable;
- passengers on small planes on unscheduled commercial flights

3. The rate schedule shall also include periodic adjustment for inflation.

[Notes:

In countries where ground transportation is a competitive alternative to flying, customers may wish to increase rates on short-haul flights above those on medium-haul, such that passengers are incentivized to take road or train transport.

Examples of elements of the Rate Schedule structure include:

- *Distance banding: Denmark (Act L 184/2024, entering into force 2025).*
  - *Distinctions for domestic flights: UK's Air Passenger Duty (UK Finance Act of 1994 as amended)*
  - *Distinctions for regional blocs: EU countries; Malaysia in ASEAN (Departure Levy Order 2019 (effective 1 September 2019))*
  - *Taxing short-haul at a higher rate: Belgium's Embarcation Tax (2025)*
- *Class-based surcharges: Maldives (Airport Taxes & Fees Act 2016, amended 2022 & 2024); Lebanon's Airport Departure Fee (Law No. 45/2017, Article 59), the Philippines' Travel Tax (under Presidential Decree No. 1183 (as amended)).*
  - *(All examples include taxes on Economy classes.)*
  - *Taxing small planes on unscheduled commercial flights: France's Solidarity Tax (2025)]*

7.1.3 Model Rates

TABLE 4: Sample Rate Schedule
(illustrative, reflecting hybrid distance + class differentiation[129])

Destination Band	Economy	Business Class	First Class	Small unscheduled commercial flights
Domestic (and EU for EU Member States)	US $10	US $30	US $40	US $200
Short-haul (<1,500 km)	US $15	US $60	US $100	US $400
Medium-haul (1,500–5,500 km)	US $40	US $175	US $300	US $1,000
Long-haul (>5,500 km)	US $75	US $250	US $400	US $1,200

[Notes:

Values are indicative only. Each state must calibrate rates according to revenue needs, political acceptability, and international benchmarks. While the table above sets out specific levy amounts for different types of tickets, these rates should be read in conjunction with the average ticket price for business and first class and equivalent classes. It may also be useful to compare them to the average taxation on other fuels.

Countries can choose to define whether Premium Economy should fall under Economy or have its own rate structure.

The most equitable and climate-effective approach is a hybrid structure, combining distance bands with class-based surcharges. This reflects both the higher emissions of long-haul flights and the disproportionate luxury footprint of premium seating. Applying some tax to short-haul flights may also serve as a corrective tax to make such flights more

129 Similar examples of passenger levies differentiated by class of travel can be found in Subsections 5.1.3, 5.1.5, and 5.1.7.

competitive with train travel (which, for example, is subject to VAT, energy taxes, and track access charges in the EU, while international commercial flights are exempt from VAT, distorting the choice between these two travel options).[130]

The model rates here align closely with the UK's Air Passenger Duty, France's Solidarity Tax, and the Maldives' passenger taxes as leading options that are politically durable and administratively feasible approaches to taxing premium air travel:

- *France's Solidarity Tax: €120 (~US $141) on long-haul premium tickets. France is also applying significantly higher rates across two services categories of small unscheduled commercial flights*[131] *tickets, with rates varying from $246 (short-haul) to $2,460 (long-haul).*
- *Maldives Airport Taxes (ADF + Departure Tax): applies higher rates to business (US $120) and first-class travelers (up to US $240), justified as a climate resilience measure. The Maldives also applies a further elevated rate of $480 per ticket for passengers on "private jets."*[132]
- *UK Air Passenger Duty (APD): increased rates apply a tax of up to £244 (~US $329) for long-haul business/first tickets starting in April 2026. The UK also includes a Higher Rate for passengers on smaller planes (planes of 20 tonnes or more equipped to carry fewer than 19 passengers), for which the rate will soon range from £142 (~US $192) for short-haul to £1,141 (~US $1,540) for long-haul.*

These cases demonstrate political acceptability of rates well above $100 per passenger on premium long-haul travel.

Countries may also choose to further specify rates at a more detailed level with more distance bands, or by linking directly to expected greenhouse gas emissions (or carbon dioxide equivalent) associated with a specific seat on a specific flight, data that many major airlines already calculate and share with the passenger or purchaser of the ticket.

Countries may also raise the level of the taxes over time, including through indexing the rates to inflation (CPI) or carbon price changes.]

130 Greenpeace European Unit, Flying Cheap, Paying Dear: How Airlines Undercut Rail and Fuelt He Climate Crisis: Ticket Prices of Planes vs. Trains: A Europe-Wide Analysis (2025), https://www.greenpeace.org/eu-unit/issues/climate-energy/47717/low-cost-flights-up-to-26-times-cheaper-than-trains/.

131 Both categories are labeled "business aircraft" referring to non-scheduled services. These apply to passengers on private planes with seating for 19 or fewer passengers: one for aircraft with a turboprop engine and the highest rates for aircraft with a turbojet engine, which would yield more significant emissions over the same route. These distinct rates for two types of private jets is a unique feature of the French passenger tax system.

132 Note: the definition of "private jet" in this context may be distinct from the definitions considered below in the context of excise taxes on uplifted kerosene.

7.1.4 Collection and Administration

Clause 5 (Collection Mechanism).

1. Collection of the levy shall be as follows:

(a) For commercial aviation passengers, the Levy shall be collected by air carriers at the point of ticket sale and remitted to the Tax Authority.

(b) For private jets, the Levy is remitted to the [civilian aviation authority / national tax authority] based on flight records and manifests on a monthly basis, subject to civilian aviation authority oversight and tax authority audits.

2. Carriers shall maintain and submit periodic returns detailing:

- number of passengers by class and distance band;
- total levy collected;
- exemptions granted

Clause 6 (Oversight and Enforcement).

1. The Tax Authority may audit carrier returns and impose penalties for non-compliance.

2. Airlines shall keep records for a minimum of [X years].

[Note: The UK's APD model demonstrates effective airline-based collection, minimizing administrative burden on passengers.]

7.1.5 Revenue Use (Optional Feature)

Clause 7 (Earmarking).

Revenues from the Passenger Air Travel Levy shall be allocated to [Climate Fund / Sustainable Development Fund], with annual reporting on disbursements.

[Note: In the past, France's Solidarity Tax earmarks revenue for UNITAID for global health and later on climate funds. Fiji's Environment and Climate Adaptation Levy directs proceeds to climate resilience (Finance Act 2015, s. 21). The preferred option is to dedicate the proceeds to a Fund that has a separate, independent legal status, but this may vary depending on domestic legal framewwork.]

7.1.6 Commentary

This model text is designed to be modular. A state may implement a simple flat levy (as in Barbados), a highly differentiated structure (as in the UK or Maldives), or a hybrid. The design allows both revenue sufficiency and climate justice objectives to be reflected in legislative drafting. However, adopting a premium air travel levy differentiated by distance is likely to better meet objectives outlined in the purpose.

7.2 Model Text: Private Jet Kerosene Tax

This section sets out model legislative text for a Private Jet Kerosene Tax, drawing on comparative practice from national fuel excise regimes. The objective is to provide a clear and adaptable template that can be integrated into existing energy or excise tax frameworks, while ensuring consistency with international law and alignment with climate objectives.

7.2.1 Purpose and Scope

Clause 1 (Purpose).

The purpose of this Act is to establish an Excise Duty on aviation kerosene used as a fuel for private and non-commercial flights, in order to:

(a) ensure that high-emitting private aviation contributes proportionately to climate finance;

(b) align aviation taxation with the "Polluter Pays" Principle; and

(c) incentivize the uptake of sustainable aviation fuels (SAF) and other non-petroleum alternatives.

Clause 2 (Scope).

1. This Act applies to all aviation turbine fuel of petroleum origin uplifted within [Country] for use in private jet flights. "Private jet flights" refer to non-commercial flights operated by an aircraft:

(a) with a maximum certificated take-off mass not exceeding 50 tonnes or with a seating configuration of fewer than 19 passenger seats; and

(b) conducted other than as part of a scheduled public air transport service [to be further defined], including:

(i) flights operated for business or leisure on a non-commercial basis, i.e. not as part of paid air transport services (e.g. selling seats on a flight or charging the customer for transport of goods);

(ii) positioning or empty-leg flights.

[Note: Given the lack of a common definition and the risk of loopholes giving rise to tax avoidance, we recommend that the coalition agrees on one. This is a first suggestion, consistent with international law and based on existing practice – to be discussed among coalition members and further revised.

Any definition should take into account the following objectives:

- *Ensure the definition covers all forms of aircraft operations independently of the ownership structure of the aircraft: full ownership, fractional ownership, leasing and rental arrangements, unscheduled flights, etc.;*
- *Ensure the definition encompasses all forms of non-commercial flying including where an entity sells individual seats on a flight to a related party or employees of a related party (i.e. entities within the same corporate group);*
- *Minimise loopholes and ensure consistent implementation across coalition countries.]*

2. Exemptions may be provided for:

- humanitarian, medical evacuation, and disaster relief flights;
- state, diplomatic, and military aircraft;
- raining flights not involving passengers;
- aircraft powered exclusively by SAF or other non-petroleum fuels.

[Examples:

- *Germany's Energy Tax Act (Energiesteuergesetz §2, §27) applies excise duties to kerosene used in non-commercial aviation.*
- *United States Internal Revenue Code §4081 imposes a federal excise of US $0.244/gal on aviation kerosene for non-commercial use.*
- *Canada Excise Tax Act, Schedule I establishes a per-liter fuel duty with higher effective rates for general aviation.*
- *Guatemala's Impuesto a la Distribución de Petróleo y Combustibles (IDP), captures aviation fuel deliveries on domestic uplift, including private jets, unless an explicit exemption applies.]*

7.2.2 Rate Structure

Clause 3 (Rate Design).

The duty shall be assessed per unit of fuel uplifted, expressed in liters (L), and set at a rate sufficient to reflect environmental costs.

Clause 4 (Rate Schedule).

1. "The rate of duty on kerosene [classified under EU Combined Nomenclatures 2710 19 21 and 2710 19 25], when used for non-commercial aviation, is set at $[X] per liter, indexed annually to the [HICP/CPI] from [base year], and [adjusted in line with the national carbon-price].

2. The Minister of Finance shall, by regulation, adapt and prescribe any updates to the applicable duty rates.

3. The schedule shall provide for:

- a base rate per liter of kerosene for all private aviation;
- potential higher rates for turbojet aircraft compared to turboprop aircraft;
- periodic adjustment for inflation or carbon price benchmarks.

[Notes:

Brazil's PL 3234/2025 (Contribuição sobre Transporte Aéreo de Luxo) proposes a CO_2-linked formula for private jet kerosene.

France's Code des Douanes (art. 265) historically distinguished excise rates across fuel types and remains a relevant reference point for kerosene.

In the EU, excise duties shall apply to kerosene classified under CN codes 2710 19 21 and 2710 19 25, when used for non-commercial aviation purposes. Rates are typically expressed per 1,000 L in the EU but may vary from country to country.]

7.2.3 Model Rates

TABLE 5: Sample rates (illustrative)

Fuel Type	Rate per Liter (USD equivalent)	Notes
Kerosene and kerosene-based jet fuel	$0.84	This rate is more ambitious than current and proposed minimums under the EU ETD, in line with ambitious examples around the world, including in Finland and France.
SAF / non-petroleum	Exempt or signifi-cantly discounted	Explicit incentive for fuel switching, though this requires monitoring given SAF greenwashing critiques

[Notes:

Rates are indicative only and a floor. More ambitious Coalition countries could increase these rates.

Could also approach rate design by way of a carbon-cost benchmark (what the tax is "worth" per liter of CO_2), for instance:

- *Jet A/Jet A-1 emits ~2.5 kg CO_2 per liter (3.15 kg CO_2/kg × ~0.8 kg/L ≈ 2.5 kg CO_2/L).*
- *Implied per-liter charge = carbon price × 0.0025 tCO_2/L.*
    - *€100/tCO_2 → ~€0.25/L*
    - *€150/tCO_2 → ~€0.375/L*
    - *€200/tCO_2 → ~€0.50/L*
    - *€400/tCO_2 → ~€1/L*

Each state must calibrate according to revenue needs, climate objectives, and regional benchmarks.

For reference: US = $0.064/L; Canada = $0.04/L; Germany = €0.654/L (~$0.76/L) USD on non-commercial kerosene. Refer back to Subsection 5.2.

States may also raise the level of the taxes over time, including through indexing the rates to inflation (CPI) or carbon price changes.

Excise laws should clearly define the taxable base as fossil kerosene under CN 2710 codes, while excluding certified SAF and non-petroleum alternatives. This avoids inadvertently taxing low-carbon fuels but ensures that all fossil aviation turbine fuel (ATF) remains covered. Given the high risk of greenwashing in SAF markets (e.g. double counting, unverifiable feedstocks, weak credit schemes), exemptions should be limited to fuels validated under robust certification systems (EU or ICAO-recognized). Recommended approach: Apply excise to all kerosene by default and exempt only certified SAF via clear Measurement, Reporting, and Verification (MRV) standards, with periodic review..

7.2.4 Collection and Administration

Clause 5 (Collection Mechanism).

1. The Duty shall be collected by fuel suppliers and fixed-base operators (FBOs) at the point of uplift.

2. Suppliers shall remit the levy to the Tax Authority within [X days] of sale, accompanied by digital returns specifying volumes, aircraft registration, and operator identity.

Clause 6 (Oversight and Enforcement).

1. The Tax Authority shall maintain electronic systems to reconcile supplier declarations with flight manifests.

2. Audits may be conducted at both supplier and operator levels.

3. Penalties for non-compliance may be scaled according to aircraft value or fuel volumes underreported.

[Note:

United States IRS audit powers demonstrate robust fuel-supplier oversight.

Denmark's 2025 passenger duty reform illustrates integrated reporting between civil aviation and tax authorities, a model transferable to fuel levies as well.]

7.2.5 Revenue Use (Optional Feature)

Clause 7 (Earmarking).
Revenues from the Private Jet Kerosene Tax may be allocated to [Climate Fund or other fund], with annual public reporting.

[Note:

Brazil's proposed Bill PL 3234/2025 proposes earmarking for social and climate funds. Fiji's Environment and Climate Adaptation Levy (Finance Act 2015, s. 21) offers a precedent for linking aviation-related taxation to resilience finance.]

7.2.6 Commentary

This model text emphasizes administrative feasibility, climate alignment, and equity. By taxing fuel uplifted domestically for private aviation, states avoid conflict with international law and ensure that revenues are drawn from a luxury sector with high emissions intensity. Exempting SAF also creates a direct incentive for decarbonization, but see Notes in Subsection 7.2.3 as well.

Private jet fuel taxes should be designed for simple collection and high compliance. The most effective model is to levy excise at the point of fuel uplift, using existing customs and tax channels that already monitor mineral oils.

Enforcement relies on:

- Licensed fuel suppliers reporting sales and remitting excise;
- Customs controls at airports to verify volumes;
- Electronic invoicing or digital fuel delivery notes to reduce tax evasion and avoidance.

This approach minimizes administrative burden, aligns with current energy tax practice, and ensures that private jet operators cannot bypass liability.

Together, these elements provide a flexible legislative template that balances climate ambition, political acceptability, and international legal compliance.

7.3 Equity and Differentiation

A core principle of international taxation is that measures should be designed equitably, balancing climate responsibility with developmental realities. Aviation levies are especially sensitive, as they intersect with both climate justice and economic sovereignty.

To ensure fairness, drafters may incorporate distance-based brackets, class multipliers (business/first class or equivalents for those classes/cabins other than economy), or wealth-sensitive proxies (e.g., higher surcharges on private jet departures). Many jurisdictions exempt certain categories of passengers for humanitarian, medical, or diplomatic reasons, ensuring the levy does not fall disproportionately on vulnerable groups. Where solidarity objectives are central, drafters can explicitly earmark revenues for international climate funds or adaptation measures, thereby hard-wiring equity into the statute itself.

For small island developing states (SIDS), least developed countrie (LDCs) and remote regions, air connectivity is often a lifeline. Exemptions or reduced rates for short-haul and lifeline routes are therefore justified and consistent with climate equity frameworks. Precedents exist: the UK Air Passenger Duty provides exemptions for certain Scottish airports, and France's Solidarity Tax exempted medical and lifeline flights. The Maldives also has reduced economy rates for nationals. Fiji earmarks revenues for adaptation, underscoring that fairness can be achieved through both rate differentiation and revenue use. Further, consideration could be given to applying rates that are differentiated by income group. The IMF has previously suggested this for economy-wide carbon pricing (differentiation between low-income, middle-income and high-income carbon prices).[133]

Progressivity can also be built into levy design. Premium passengers and private jet users – typically the wealthiest, highest emitters – can bear higher per-passenger or per-liter charges without significant risk of leakage.

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133 Parry, Ian W.H., Simon Black, and James Roaf. "Proposal for an International Carbon Price Floor Among Large Emitters." Staff Climate Notes 2021/001, June 18, 2021. International Monetary Fund. https://doi.org/10.5089/9781513583204.066.

7.4 Institutional and Legal Commitments

For levies to function effectively, they must be underpinned by clear institutional and legal commitments.

At the national level, authority is usually shared between civil aviation regulators (providing data and oversight) and tax or customs administrations (collecting and enforcing). Denmark's 2025 reform provides a strong example of such dual oversight.

At the multilateral level, compliance mechanisms can draw on established aviation and climate frameworks. ICAO's CORSIA is an offsetting scheme for international aviation CO_2 growth above a baseline, and that system already requires fuel-use and emissions monitoring.[134] In practice, however, CORSIA only covers emissions above 85% of 2019 levels, meaning it addresses less than a quarter of projected international aviation emissions by 2030, however it is still an important effort to price carbon in the aviation sector: 130 states have declared their adherence to CORSIA, and 99% of international emissions are currently reported under this scheme. Offsetting costs are low (a few euros per transatlantic ticket), providing almost no real decarbonisation incentive. NGOs and EU institutions have criticized the scheme as environmentally ineffective and structurally biased towards industry interests. The key lesson is that offsetting cannot substitute for actual emissions reductions.

Additionally, the EU Emissions Trading Scheme demonstrates how verified flight-level data can be used to assess liabilities.[135]

Aviation levies could build off of these reporting systems. Transparency is essential: states should publish annual reports on levy revenue, exemptions granted, and disbursements. Tax cooperation across implementing (and perhaps even non-implementating) states is recommended.

134 International Civil Aviation Organization, "Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)," accessed September 26, 2025, https://www.icao.int/CORSIA.Note: Independent assessments find CORSIA relies on low-integrity offsets and excludes a large share of emissions (notably domestic and baseline-below-trend years), delivering minimal near-term abatement while risking lock-in of cheap credits. Civil-society reviews conclude it should never substitute for direct measures (fuel taxation, ETS expansion, ticket levies) because it adds little price signal and weak environmental integrity. CORSIA is thus complementary at best, not a core decarbonization tool. See, e.g., Andrew Murphy, ***Why ICAO and Corsia Cannot Deliver on Climate: A Threat to Europe's Climate Ambition*** (Transport & Environment, 2019), https://www.transportenvironment.org/uploads/files/2019_09_Corsia_assessement_final.pdf; Opportunity Green, ***Legal Risks of Misleading 'Sustainable Aviation Fuel' (SAF) Claims***.

135 Urios, J. et al., ***Can Polluter Pays Principles in the Aviation Sector Be Progressive?*** (2022), https://ieep.eu/publications/can-polluter-pays-principles-in-the-aviation-sector-be-progressive/.

7.5 Summary of Model Rates of Prioritized Aviation Taxes

The following represents a summary of the two main types of prioritized aviation taxes discussed in this Legal Handbook, along with the model rates:

	Business class* Passenger Ticket Levy *(or any other class with additional services, excluding first and equivalent)	**First Class* Passenger Ticket Levy** *(or equivalent classes)	**Small unscheduled commercial flights Passenger Ticket levy**	**Private Jet Excise Tax on Uplifted Kerosene** (non-commercial flights)
Short-haul (<1,500 km) tickets	$60	$100	$400	$1,200
Medium-haul (1,500–5,500 km) tickets	$175	$300	$1,000	
Long-haul (>5,500 km) tickets	$250	$400	$1,200	
Rationale and international examples	Rates are informed by and in line with rates in several existing passenger ticket levies that are differentiated by class of travel, notably the leading examples of France, the Maldives, and the UK. Several countries with flat tax passenger levies also apply rates at a similar scale, e.g. Nigeria ($180) and Djibouti ($162). It also specifically includes separate rates for First Class passengers, as Lebanon, the Maldives, and the Philippines do. Elevated rates for small unscheduled commercial flights are included in line with examples from the UK and France. (The Maldives also imposes an elevated rate for "private jets".)			Existing kerosine tax rates in France (€0.7256/L, equivalent to US $0.84/L) and Finland (€0.7663/L, equivalent to US $0.89/L) inform the proposed rate and demonstrate the feasibility of implementing a rate in this range. This rate corresponds to an implicit carbon price of $336 / tCO2. This is higher than recent estimates of the current social cost of carbon (estimated to be $289[136] / tCO2 in Dec. 2024). Another reference point is the proposed International Maritime Organization (IMO) Net-Zero Framework, which has proposed a scheme in which ships will be charged a penalty of $380 per metric ton on every extra ton of CO2 equivalent they emit above a fixed emissions threshold.

136 Frances C. Moore et al., "Synthesis of Evidence Yields High Social Cost of Carbon Due to Structural Model Variation and Uncertainties," Proceedings of the National Academy of Sciences 121, no. 52 (2024): e2410733121, https://doi.org/10.1073/pnas.2410733121.

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