

# IATA submission to the differentiation of the Dutch aviation tax internet consultation

The International Air Transport Association (IATA), the trade association for the world's airlines, represents more than 340 airline members and accounts for over 83% of total global air traffic. IATA welcomes the opportunity to respond to the consultation on the proposed differentiation of the Dutch aviation tax, leading to increases in the passenger tax, specifically for long-haul flights.

In summary,

- IATA opposes any aviation-specific taxes exclusively targeting the industry and its passengers, noting that this proposal will increase the State's general tax revenues by EUR248 million per annum by 2027 and reduce the benefits that aviation can deliver to The Netherlands.
- We emphasize that the proposed increase in taxation of either short-haul or long-haul flights is unlikely to lead to emissions reductions but will introduce additional operational inefficiency and underutilization of seat capacity provided by the airlines.

## The impact of taxation on passengers, the environment and the economy

IATA, on behalf of the industry, strongly opposes any aviation-specific taxes to be paid by airlines in the countries where they operate. Taxes which exclusively target a specific sector (i.e. airlines and their passengers) with the aim of increasing the revenue entered a State's general fiscal budget are contrary to the rights of equality before tax law and public charges and are typically of a confiscatory nature.

Airlines operate within a context of high fixed operating costs, volatile fuel prices, and intense competition. In its latest report, IATA forecast the industry's net profit is just USD 7 per passenger flown<sup>1</sup>. With such slim margins, any increase in costs, such as the higher taxation proposed by the Dutch Government, would create competitive distortions across states and may have unintended consequences. In this regard, IATA would like to raise awareness about the real impact of additional taxation on the passengers, the environment, and the overall economy.

**Economy** – While the government's intention is to increase revenue, it fails to consider that higher prices will reduce demand and impact the country's wider economy and revenue sources. Tax revenue will be offset by indirect effects from lost traveller spending in hotels, restaurants and the rest of the travel and tourism value chain. Additionally, the proposal will have so-called induced and catalytic impacts reflecting losses from reduced spending and economic activity on goods and services across the economy more broadly. It is possible that these adverse impacts more than offset the revenue increase from the tax.

Air transport significantly contributes to the economy of the Netherlands. In total, it supports 402,400 jobs and contributes EUR 38.1 billion a year to the Dutch economy, equivalent to 3.6% of total GDP. In 2023, 24.4 million passengers departed internationally from the Netherlands. Air connectivity, and particularly the hub function of Schiphol Airport is vital for Dutch economic development, enabling dynamic business activities and improving living standards. It supports the reduction of poverty and enhances cultural diversity. Excessive regulation and taxation put these benefits at risk.

**Competition** – Imposing a differentiated tax rate to specific countries creates a market distortion. This disadvantages airlines operating in higher-tax regions compared to those in lower-tax regions, leading to an uneven playing field. Higher taxes increase operational costs for airlines, potentially leading to higher ticket prices for passengers and reduced competitiveness for airlines based in the high tax jurisdictions.

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<sup>1</sup> <https://www.iata.org/en/pressroom/2024-releases/2024-12-10-01/>

**Environment** – A tax does not guarantee a beneficial return to the environment. Usually used to bolster State budgets, the money collected by taxing airlines and their passengers does not benefit the users, infrastructure, environmental outcomes or research programs.

IATA supports consistent and harmonized global regulations to foster a shared regulatory level playing field that supports the energy transition of the industry. On the contrary, national taxation policies and initiatives distort air transport demand, and compromise the overall development of air transport and connectivity while not providing any environmental benefits.

The 193 International Civil Aviation Organization (ICAO) contracting States, including The Netherlands, agreed to implement the Carbon Offsetting and Reduction Scheme for International Aviation or CORSIA, as the only market-based mechanism to address international aviation emissions. In doing so, they expressly rejected any levies or taxes as an effective means to address carbon emissions from aviation.

The aviation industry is committed to reducing its carbon footprint and achieving ambitious sustainability goals through various initiatives, in particular the [Fly Net Zero](#) program which seeks to achieve net-zero carbon emissions by 2050. This involves (i) Sustainable Aviation Fuels (SAF), expected to contribute 65% of the emissions reduction, (ii) new Technologies, including electric and hydrogen-powered aircraft, contributing 13%, (iii) operational efficiencies, improvements in infrastructure and operations, contributing 3%, and (iv) Offsets and Carbon Capture making up the remaining 19%. The crucial role of a supportive policy backdrop in achieving this transition is outlined in the IATA Net Zero CO<sub>2</sub> Policy Roadmap<sup>2</sup>. Such policies should be formulated in a transparent, non-discriminatory and clear way while addressing the challenge at core.

The financial impact of the proposed tax increase will limit operators' ability to invest in newer, cleaner, and quieter aircraft and technology, delaying fleet renewal and the associated environmental benefits. In that regard, the industry welcomed the decision of Sweden in September 2024 to completely abolish its passenger tax as of 1<sup>st</sup> of July 2025. The Swedish Government acknowledged that the tax was not the right instrument to support aviation in their focus on providing crucial connectivity while addressing long-term decarbonization efforts. This decision recognizes that the taxation of passengers is counterproductive both from economic and sustainability perspectives.

Considering all the above, IATA strongly opposes this unfair proposal to increase the aviation tax in The Netherlands that places discriminatory financial burdens on a particular group and fails to consider the intricate nature of the aviation industry and its catalyst effects on the economy. IATA respectfully invites the Government to reconsider its proposal.

In addition, IATA would be pleased to engage in an ongoing dialogue with the national authorities to discuss alternative policy solutions that constructively and effectively address the impact of air transport on the environment, not decreasing Dutch aviation's connectivity, efficiently tackling aviation's environmental footprint, and enabling the sector to deliver its full value to society.

Sincerely yours,

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<sup>2</sup> IATA Net Zero CO<sub>2</sub> Emissions Policy Roadmap, September 2024, accessible [here](#).