

Foreword

This notice cancels and replaces Notice 550 (April 2012).

1. Introduction

1.1 What is this notice about?

This notice gives information and guidance on air passenger duty (APD). APD is a duty of Excise which is levied on the carriage, from a UK airport, of chargeable passengers on chargeable aircraft. APD came into effect on 1 November 1994.

1.2 What's changed?

This notice has been updated to cover changes:

- to rates including the APD rate increase with effect from 1 April 2013
- to the introduction of the new higher rate of APD (also with effect from 1 April 2013) that will apply to passengers on aircraft of 20 tonnes or more and equipped to carry fewer than 19 passengers
- resulting from the extension of APD to business jets and smaller aircraft, of 5.7 tonnes and over
- resulting from the devolution of certain APD rates to the Northern Ireland Assembly
- to the list of Band B destinations has also been updated to include South Sudan

We have also revised the sections on 'class of travel' and generally re-arranged the notice to make it shorter and, we hope, more user-friendly.

1.3 Who should read this notice?

This notice is primarily intended for aircraft operators. It may also be of interest to their representatives and others involved with air passenger transport.

1.4 What law covers this notice?

The primary law on APD can be found in the Finance Act 1994 (sections 28 to 44 inclusive and schedules 5A and 6), as amended. This Act also provides for the following secondary legislation:

- The Air Passenger Duty Regulations 1994 (SI 1994 No. 1738), as amended (last amendment SI 2012 No. 3017).
- The Air Passenger Duty (Connected Flights) Order 1994 (SI 1994 No. 1821), as amended.
- The Aircraft Operators (Accounts and Records) Regulations 1994, (SI 1994 No. 1737), as amended (last amendment SI No. 2012 No. 3020).
- The Air Passenger Duty (Extended Schemes) Regulations 1995 (SI 1995 No. 1216).
- The Air Passenger Duty (Designated Region of the United Kingdom) Order 2001 (SI 2001 No. 808).

Nothing in this notice changes the law.

2. Rates and structure of duty

2.1 What are the rates of duty?

APD is a duty of Excise which is levied on the carriage, from a UK airport, of chargeable passengers on chargeable aircraft. It becomes due when a flight with chargeable passengers occurs and is payable by the operator of the aircraft. The amount due is dependent on the final destination and class of travel of the chargeable passenger.

There are four destination bands, and inclusion in each band is based on geographical distance of the capital city of a country/territory from London.

From 1 April 2013 there will be three rates of APD; reduced, standard and higher for each destination band, depending upon the class of travel, making twelve different rates of duty in total. Note the different structure for NI flights.

The **reduced rates** apply where the passengers are carried in the lowest class of travel on any flight unless the seat pitch exceeds 1.016 metres (40 inches), in which case, whether there is one or more than one class of travel the standard rates apply. For further information on the class of travel please see paragraphs 2.5 and 2.6.

The **standard rates** apply where passengers are carried in any class of travel other than the lowest or where the seat pitch exceeds 1.016 metres (40 inches), unless the conditions for the higher rate below are met.

The **higher rate** applies if passengers are carried on aircraft with an authorised take off weight of 20 tonnes or more and equipped to carry fewer than 19 passengers.

2.1.1 Rates of duty (see paragraph 2.1.2 below for Northern Ireland (NI))

Destination Bands and distance from London (miles)	Reduced rate from: (for travel in the lowest class of travel available on the aircraft)		Standard rate from: (for travel in any other class of travel)		Higher rate from: (for travel in aircraft of 20 tonnes or more equipped to carry fewer than 19 passengers)	
	1 April 2012	1 April 2013	1 April 2012	1 April 2013	1 April 2012	1 April 2013
Band A (0-2000)	£13	£13	£26	£26	N/A	£52
Band B (2001-4000)	£65	£67	£130	£134	N/A	£268
Band C (4001-6000)	£81	£83	£162	£166	N/A	£332
Band D (over 6000)	£92	£94	£184	£188	N/A	£376

However, if a class of travel provides for seating in excess of 1.016 metres (40 inches) then the standard or higher (rather than the reduced) rate of APD applies.

Bands are mostly based on the distance between London and the capital city of the destination country/territory. For a list of countries/territories and the bands into which they fall see Appendix 1.

APD shall be charged on the carriage of each chargeable passenger at the rate appropriate for the place where the passengers' journey ends.

Journey means the journey from the passenger's original place of departure to the final place of destination.

The original place of departure and the final place of destination mean the original place of departure and the final place of destination indicated on the ticket.

But:

- where a journey includes two or more flights, and
- any of those flights is not followed by a connected flight.

The journey ends where the first flight not followed by a connected flight ends. See section 4.

2.1.2 Northern Ireland rates

The power to set APD rates on direct long-haul flights departing from airports in Northern Ireland was devolved to the Northern Ireland Assembly (NIA) in Finance Act 2012. With effect from 1 January 2013, the NIA have set these rates at £0.

HMRC will continue to administer the tax on behalf of the NIA.

For the purposes of this measure, a flight is deemed to be a direct long-haul flight where:

- the passenger's journey begins from an airport in Northern Ireland
- the first part of the journey is to a destination outside Band A
- that part of the journey is direct and does not connect elsewhere beforehand.

If these conditions are met, connections beyond the first part of the journey for the purposes of this specific measure will also attract the devolved rate.

APD rates for direct long haul flights originating in Northern Ireland		
Destination Bands and distance from London (miles)	Rates from 1 April 2013 (reduced/ standard/ higher)	
	Direct	Indirect
Band A (0-2000)	£13/ £26/ 52	£13/ £26/ £52
Band B (2001-4000)	£0/ £0/ £0	£67/ £134/ £268
Band C (4001-6000)	£0/ £0/ £0	£83/ £166/ £332
Band D (over 6000)	£0/ £0/ £0	£94/ £188/ £376

Example journeys:

- Northern Ireland to Newark. As Newark is a Band B destination this journey will attract the relevant Band B rate for direct flights.
- Northern Ireland connecting via London to Newark. As the first part of the journey is to a destination within Band A, this is not considered to be a direct long haul flight and the journey will attract the relevant Band B rate for indirect flights.
- Northern Ireland connecting via Newark to Los Angeles. Although this is a connecting flight, the connection takes place outside a Band A destination and the journey will attract the relevant Band B rate for direct flights.

2.1.3 Accounting for these flights on the APD return.

If you are a carrier operating routes affected by this change you will need to make some slight changes to the way you complete your return, where these flights will no longer be declared. You will instead be asked to provide the relevant information on a quarterly basis in a separate spreadsheet

Box number	Box name	
1 to 3	Band A passengers	You should complete this as normal, and include passengers (at the relevant rate) on both direct and indirect flights from NI to Band A destinations
4 to 12	Band B to D passengers	You should include in these boxes passengers (at the relevant rate) on flights from airports in GB, and passengers on indirect long haul flights from airports in NI.
13	Exempt passengers	Show the number of passengers who are exempt from APD. If you have direct long haul flights from airports in NI, then the exempt passengers on those flights should not be included here but see below.

Although you are not required to specify information direct long haul flights from NI on the APD return you will need to provide the class of travel, destination or exempt passenger numbers for such flights, on a quarterly basis to the APD Central Assurance Team (CAT), 1 Park Road, Uxbridge, UB8 1RW. Please contact the team via email APDHelpdesk@hmrc.gsi.gov.uk if you think this may apply to you.

2.2 What is a chargeable passenger?

From 1 April 2013 there are some changes to who is defined as a chargeable passenger. A chargeable passenger is anyone carried on a chargeable aircraft irrespective of whether they have paid for their carriage, which is not covered by an exemption. (see section 3 for information about exemptions)

Previous to 1 April 2013 certain rules governed whether a passenger was chargeable for APD purposes. These rules can be found at Appendix 3.

You must be able to provide evidence to support why you have not accounted for duty on anyone travelling on an aircraft.

2.3 What is a chargeable aircraft?

From 1 April 2013 all fixed wing aircraft with an authorised take off weight of 5.7 tonnes or more, fuelled by Avtur are chargeable for APD purposes. However certain flights are exempt from APD. (see section 3 for information about exemptions)

Prior to 1 April 2013 certain rules governed whether an aircraft was chargeable for APD purposes. These rules can be found in Appendix 3.

2.4 Which destinations fall into which APD Bands

From 1 November 2009 destinations are categorised into four geographical bands based on distance from London to the capital city of the destination country/territory (with the exception of the Russian Federation which is split east and west of the Urals).

A list of countries by bands is shown in Appendix 1.

New rates that apply to the new bands are shown at 2.1.1 above.

2.5 Class of travel - The basic rule

The **reduced rates** apply where the passengers are carried in the lowest class of travel on any flight unless the seat pitch exceeds 1.016 metres (40 inches), in which case, whether there is one or more than one class of travel the standard rates apply. For further information on the class of travel please see paragraphs 2.5 and 2.6.

The **standard rates** apply where passengers are carried in any class of travel other than the lowest or where the seat pitch exceeds 1.016 metres (40 inches), unless the conditions for the higher rate below are met.

The higher rate applies if passengers are carried on aircraft with an authorised take off weight of 20 tonnes or more and equipped to carry fewer than 19 passengers.

If all the passengers enjoy the same standard of comfort, service, privacy and amenities, we regard them as being in the same class of travel for APD purposes.

If the passengers enjoy different standards of comfort, service, privacy or amenities, we regard them as being in different classes of travel for APD purposes.

Further guidance on this approach is set out in section 2.6 below. If you need any further advice as to the correct liability of passengers in your particular circumstances, please contact the Helpline on **0845 010 9000**.

2.6 Class of travel - continued

2.6.1 Better seats at no extra cost on first-come first-served basis

If the aircraft has different cabins or seating areas, we do not regard the passengers as being in a higher class so long as:

- there is no extra cost for a seat in the better cabin or seating area
- the better cabin or seating area are available on a 'first come first served' basis (whether at the booking stage or upon boarding the aircraft).

2.6.2 Packages and seat-only'

Seats purchased from a tour operator as part of a package are not (all things being equal) of a different class to seats purchased on a flight only basis.

2.6.3 On-board purchases, seating preferences, off-board benefits

The following do not affect the class of travel:

- the purchase of goods and services on board (whether by way of a supplement), unless those goods or services amount to an upgrade
- paying extra for the right to chose a seat (if that seat is, objectively speaking, no better than any other)
- paying extra for a bulkhead or exit seat with extra legroom, if that space is a safety requirement
- paying extra for off-board benefits, such as pre-booking, reduced check in times, fast track through security, priority boarding, access to VIP lounges, transport to or from the airport, superior baggage allowances, provided the passenger's on-board experience, objectively speaking is no better than anyone else's
- paying extra to be seated next to an empty seat
- paying for an empty seat.

2.6.4 Upgrades

If a passenger upgrades for a fee, at any stage in the journey, we consider that they are travelling in the higher class and that the agreement for carriage has been modified accordingly.

The same applies to free upgrades if there is an element of entitlement or priority not enjoyed by other (standard class) passengers, for example in the case of 'perks' enjoyed by airline employees.

It is only where the passenger has no expectation of, or entitlement to, a free upgrade that it will not take them out of standard class for APD purposes (for example where the passenger gets an upgrade solely because they have booked early).

2.6.5 Seat pitch

Where a seat pitch exceeds 1.016 metres (40 inches), the standard rate of APD applies, unless the aircraft is of 20 tonnes or more and equipped to carry fewer than 19 passengers, then it would be higher rate.

For these purposes seat pitch means the distance between a fixed point on the seat and the same point on the seat immediately in front of it. Where there is no seat immediately in front of the seat, the seat is to be treated as having the same pitch as the seat immediately behind it.

3. Exemptions from APD

3.1 Passengers

3.1.1 Persons carrying out certain duties

Some categories of people are not regarded as passengers for APD purposes when they are engaged in duties on a flight. As such, APD is not charged on their carriage. These are:

- flight crew
- cabin attendants
- persons not carried for reward who are
- escorting a passenger or goods.
- undertaking repair, maintenance, safety or security work, or
- ensuring the hygienic preparation and handling of food and drink.

These people are also exempt if they carry out the above duties within 72 hours of the flight ending. The same exemption applies to people who begin a return journey within 72 hours after performing any of the above duties provided that they are returning to base, that is the place where they are normally stationed or from where they normally operate.

However, when these people are travelling as passengers, and are not engaged in these duties or returning to base having been engaged in such duties on a previous flight, they are passengers and are chargeable for APD purposes.

3.1.2 Young children

Children below the age of two who are not allocated a separate seat before boarding the aircraft are not chargeable passengers. If a seat is purchased for the infant then APD is chargeable.

3.1.3 Passengers carried under a statutory obligation

APD is not due on the carriage of passengers who are carried free of charge under a statutory obligation (for example persons refused admission to the UK and required to be repatriated at the airlines expense) or to inspect aircraft or crew (for example CAA flight operations inspectors).

3.1.4 Transit passengers

Any APD liability applies to the journey as a whole. When an aircraft makes a stop 'en route' and passengers do not change aircraft then no additional duty becomes due for the leg of the journey immediately after the stop.

3.1.5 Passengers on connecting flights

A passenger who has a ticket is not a chargeable passenger on the second or subsequent flight of his journey if that flight and the previous flight are connected. Different criteria govern whether the second or subsequent flight on a journey may be treated as connected, depending on whether that flight is to a domestic or international destination. These rules can be found in section 4.

Where a passenger travels in the lowest class of travel on a flight from a UK airport that subsequently connects (see provisions outlined above and in section 4) to a flight where they are not in the lowest class of travel, then the standard rate of APD will apply.

For example:

Where a passenger takes	and connects to	duty is payable at
Economy class flight to Paris	'Business' class flight to New York	Standard rate (Band B)

3.2 Flights

3.2.1 Emergency/ Public Service flights

Aircraft whose operation is related to military, police, customs or search and rescue as defined in the EU Emissions Trading Scheme Directive are excluded from APD. These definitions are contained in Annex I to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 (as amended by Directive 2008/101/EC of the European Parliament and of the Council of 19 November 2008) and also include aircraft used for:

- humanitarian flights
- flights operated under a public service obligation
- flights operated for research and training purposes.

3.2.2 Short pleasure flights

Passengers carried on flights which are intended to be of 60 minutes duration or less and which begin and end at the same aerodrome or airport are not chargeable passengers. You should measure the 60 minutes from the aircraft doors closing to the aircraft doors reopening. This includes taxiing time.

3.2.3 Scottish Highlands and Islands

Passengers carried on flights departing from airports in the Scottish Highlands and Islands region are not chargeable passengers.

This area is defined as:

- the Highland Region, Western Isles Islands Area, Orkney Islands Area, Shetland Islands Area, Argyll and Bute District, Arran, Great Cumbrae and Little Cumbrae, and
- in the Moray District, the parishes of Aberlour, Cabrach, Dallas, Dyke, Edinkillie, Forres, Inveravon, Kinloss, Kirkmichael, Knockando, Mortlach, Rafford and Rothes

The main airports found within the region of Scottish Highlands and Islands are listed in Appendix 4.

Passengers carried on flights from other areas of the UK to airports in this region are chargeable passengers and subject to APD at the appropriate rate.

3.2.4 Circumstances beyond the control of the airline

If the flight details or destination changes, for example due to bad weather or mechanical failure, the liability remains the same as if the original planned event had taken place.

Malfunctioning of an aircraft or bad weather may result in passengers being transferred to another aircraft, not necessarily operated by the same airline. In these cases a 'Flight Interruption Manifest' (FIM) will be prepared listing the passenger details. If this happens the new operator should pay any APD liability.

3.2.5 NATO flights

NATO visiting forces and NATO International Military Headquarters (IMHQ) are relieved from duties under an extra-statutory concession. APD is not due on flights made for official purposes by members of a NATO visiting force or members of a NATO IMHQ. The concession applies as follows.

Type of flight	
Wet charters: Aircraft and crew chartered from a commercial carrier. Commercial carrier deemed to be operator of aircraft.	Carriage of NATO visiting force or NATO IMHQ members on official business is exempt from APD, provided that the leasing airline has a written contract which: <ul style="list-style-type: none">• has been signed by an authorised contracting officer of the force or IMHQ, whose status as a contracting officer has been notified to the airline and to the HM Revenue & Customs office that controls the airline for APD purposes, and• contains the following declaration: 'The Air Passenger Duty liable on the movement of entitled military personnel under this contract is to be relieved under arrangements under an extra statutory concession (Notice 48, para 2.1) for the benefit of [name of the visiting force or International Military HQ inserted here]. I hereby certify that the movement of these military personnel is for official purposes'.

<p>Individual travel:</p> <p>Passengers travel on a normal scheduled or charter flight.</p>	<p>The carriage of NATO visiting force or NATO IMHQ members on official business is relieved of APD provided that the booking is accompanied by a certificate which:</p> <ul style="list-style-type: none">• individually identifies the journeys that are entitled to relief• has been signed by an authorised signatory of the force or IMHQ, whose status has been notified to the airline and to the office of HM Revenue & Customs that controls the airline for APD purposes, and• contains the following declaration: 'The Air Passenger Duty liable on the movement of the following entitled military personnel under this contract is to be relieved under an extra statutory concession (Notice 48, para 2.1), for the benefit of [name of the visiting force or International Military HQ inserted here]. I hereby certify that the movement of these military personnel is for official purposes'• the airline or agent that issues the ticket must write the reference number ESC Notice 48, para 2.1 in the top left-hand corner of the ticket. <p>The ticket-issuing agent must forward this certificate to the airline, and the airline must retain it as evidence that the passengers were not chargeable.</p>
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Aircraft operators are responsible for accounting for APD. It is therefore their responsibility to establish the authenticity of any signatories. They can check this with the APD Central Assurance Team, 1, Park Road, Uxbridge, UB8 1RW or by email to APDHelpdesk@hmrc.gsi.gov.uk.

4. Connected flights

4.1 General principles

For APD purposes connected flights are treated as one journey and APD is charged according to a passenger's final destination irrespective of the number of flights that they take to reach this, provided the flights are connected.

In the case of all connected flights, it is the first uplifting carrier who is liable for APD.

If the first flight of a connected journey is made on a non chargeable aircraft, then the whole journey is exempt from APD.

There are two sets of rules covering connecting flights for APD purposes:

- Case A covers domestic connections (a flight connecting through the UK to another flight to a UK destination), and
- Case B covers international connections (a flight connecting through the UK to another flight to an international destination).

There are 4 types of connection:		
Domestic (UK flight) to domestic (UK flight)	Case A rules	£13 or £26 APD due for whole journey, depending on class of travel.
International flight to domestic (UK flight)	Case A rules	£0 APD due.
Domestic (UK flight) to international flight	Case B rules	£13 to £188 APD due depending on final destination and class of travel.
International flight to international flight	Case B rules	£0 APD due.
Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.		

4.2 Case A domestic connections

There are three rules governing domestic connections. The rules vary slightly according to the arrival time of the first of the connected flights. In the examples below at 4.2.1 to 4.2.3 flight A is the first of the connected flights, and flight B is the second and a UK domestic flight:

4.2.1. Basic rule

If flight A is scheduled to arrive before 17.00, then, flight B is treated as connected if the booked time of departure falls within six hours of the scheduled time of arrival of flight A. For example:

Flight details	If flight A is	and flight B is	then
Paris to London, then London to Edinburgh	scheduled to arrive at London at 10.00	booked to depart to Edinburgh (Band A) at or before 16.00 on the same day	these flights qualify as connected and therefore £0 APD due.

4.2.2 Variation 1

If flight A is scheduled to arrive between 17.00 and midnight, Flight B is treated as connected if the departure is at or before 10.00 on the following day. For example:

Flight details	If flight A is	and flight B is	then
Glasgow to London then London to Belfast	scheduled to arrive from Glasgow at London at 18.30 on 1 November	booked to depart to Belfast (Band A) at or before 10.00 on 2 November	these flights qualify as connected and therefore £13 or £26 APD (depending on class of travel) due for the whole journey.

Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.

4.2.3 Variation 2

If flight A is scheduled to arrive between midnight and 04.00, flight B is treated as connected if the booked time of departure is at or before 10.00 on the same day. For example:

Flight details	If flight A is	and flight B is	then
Paris to London, then London to Edinburgh	scheduled to arrive at 01.00 on 1 November	booked to depart to Edinburgh at or before 10.00 on 1 November	these flights qualify as connected and therefore £0 APD due.

Note: For domestic connections where the airport of arrival of flight B is the same airport of departure of Flight A the flights are not connected. For example:

Manchester to Edinburgh then Edinburgh to Manchester, this flight would not be connected.

4.3 Case B international connections

Where the second of two flights (flight B) is an international flight (that is from the UK to an international destination), flight B is treated as connected if its booked time of departure falls within 24 hours of the scheduled time of arrival of the first flight (flight A). For example:

Flight details	If flight A is	and flight B is	then
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Manchester to London then London to New York	scheduled to arrive at London at 10.00 1 November	booked to depart to New York (Band B) at or before 10.00 on 2 November	these flights qualify as connected and therefore £67 or £134 APD (depending on class of travel) due for the whole journey, payable by the carrier uplifting from Manchester.
Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.			

If two or more **international** flights are connected, it is the final destination of the connected flight which determines the duty liability. If two or more international flights are not connected, then the duty liability is determined by the last destination which is not followed by a connected flight. Therefore a passenger whose ultimate destination is in a destination band with a higher rate will be liable to the lower rate of duty if he stops en route at a destination in a lower rate country for longer than 24 hours. For example:

Example 1

Flight details	If flight A is	and flight B is	then
London to Madrid then Madrid to Rio	scheduled to arrive at Madrid (Band A) at 18.00 on 1 November	booked to depart to Rio (Band D) after 18.00 hours on 2 November	as more than 24 hours have elapsed between the flights, they are not considered to be connected for APD purposes and £13 or £26 APD (depending on class of travel) is due. The class of travel occupied between MAD and RIO is irrelevant, as this second flight is outside the scope for APD.

<p>London to Madrid then Madrid to Rio</p>	<p>scheduled to arrive at Madrid at 18.00 on 1 November</p>	<p>booked to depart to Rio (Band D) at or before 18.00 hours on 2 November</p>	<p>as the second flight is scheduled to depart within 24 hours of the arrival of the first then the flights are considered to be connected for APD purposes and £94 or £188 APD (depending on class of travel) is due.</p> <p>If a higher class of travel has been occupied on either the London -Madrid and/or the Madrid -Rio leg, £188 APD is due.</p>
<p>Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.</p>			

Example 2

Flight details	If flight A is	and flight B is	then
<p>London to Dubai then Dubai to Sydney</p>	<p>scheduled to arrive at Dubai UAE (Band B) at 17.50 on 1 November</p>	<p>booked to depart to Sydney (Band D) at 23.15 hours on 2 November</p>	<p>as more than 24 hours has elapsed between the flights, they are not considered to be connected for APD purposes and £67 or £134 APD (Band B rate) (depending on class of travel) is due.</p> <p>The class of travel occupied between Dubai and Sydney is irrelevant.</p>

<p>London to Dubai then Dubai to Sydney</p>	<p>scheduled to arrive at Dubai (Band B) at 17.50 on 1 November</p>	<p>booked to depart to Sydney (Band D) at 23.15 hours on 1 November</p>	<p>as the scheduled departure of the second flight is within 24 hours of the arrival of the first then the flights are considered to be connected for APD purposes and £94 or £188 APD (Band D rate) (depending on class of travel) is due.</p> <p>If a higher class of travel has been occupied on either the London-Dubai and/or the Dubai-Sydney leg, £188 APD is due.</p>
<p>Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.</p>			

Likewise, a passenger whose ultimate destination is in a lower rate country will be liable to the higher rate duty if he stops en route at a destination in a higher rate country for longer than 24 hours.

4.3.1 Flights arriving from and departing to the same country

For international connections where the airport of arrival of flight B is in the same country as the airport of departure of flight A, the flights are not regarded as being connected. For example:

Paris to London, then London to Marseille this flight would not be regarded as being connected and £13 or £26 APD would be due depending on class of travel occupied between London and Marseille (Band A)*.

* Rates quoted in this example are for 1 April 2013 and are for illustrative purposes only.

4.4 Tickets

In addition to the time related criteria, the agreement for carriage must be evidenced by a ticket which must show the:

- airport from which the passenger intends to depart

- date and time of his intended departure, and
- airport at which he intends to arrive.

The connected flights must be detailed on the same ticket or conjunction tickets to qualify for the exemption. Tickets can only be regarded as conjunction tickets if:

- a. they are in one booklet, or
- b. where they are in separate booklets:
 - each refers to the other and states that they are to be read in conjunction, or
 - there is a summary of the flights constituting the passengers journey including the flights in question.

Although the flights may meet all the other criteria for determining whether two flights are connected, they will only qualify for the exemption if the connection is evidenced on the ticket or a flight summary.

'Scheduled time' means the time indicated in the operator's timetable for the flight at the time the ticket was issued.

'Scheduled day of arrival/departure' means the day of arrival/departure indicated in the operator's timetable when the ticket was issued.

4.4.1 Amended tickets

'Scheduled time and day' also applies when a ticket was last amended or revalidated, for example, where a passenger presents themselves at an airline desk and changes the particulars of their journey.

5. Registering for Air Passenger Duty

5.1 Who must register for APD?

If you operate chargeable aircraft which are used for the carriage of chargeable passengers from any UK airport, including Northern Ireland, you must register for APD. (See paragraphs 2.2 and 2.3.). This requirement applies if you operate direct long haul flights from Northern Ireland.

If you operate twelve flights or fewer in a year and have an annual APD liability of less than £5000, you may be eligible to use the occasional operator payment and notification process. See Para 5.7

5.2 When must I register?

The latest you can register is within seven days of a chargeable flight taking place, that is, when you carry a chargeable passenger on a chargeable aircraft. You may register before your chargeable flights commence. If you fail to notify us on time you may be liable to a penalty for failure to notify. Section 11 gives more information about penalties.

Your registration will become effective from the first day of the month in which you make a chargeable flight.

If you operate twelve flights or fewer in a year and have an annual APD liability of less than £5000, you may be eligible to use the occasional operator scheme. See Para 5.7.

5.3 How do I register?

Please contact the Helpline, phone **0845 010 9000** they will send you a form APD1 Air Passenger Duty Registration. Form APD1 is also available on our website, go to **hmrc.gov.uk**

Once you have completed the APD1 Air Passenger Duty Registration please send it to the APD Central Collection Unit at the following address:

HM Revenue & Customs
The Controller
Central Collection Unit (APD)
Alexander House
21 Victoria Avenue
Southend-on-Sea
SS99 1AA

Phone: **01702 366558** or **01702 366364**
Fax: **01702 366562**

5.4 Will I receive a certificate of registration?

Yes. Within 28 days of us receiving your completed APD1 we will send you a certificate of registration. The certificate will contain the following:

- a unique reference number. This will comprise the letters APD followed by five digits
- your name and (if different) your trading name
- the address of your principal place of business in the UK. If you do not have an address in the UK, it will be your address abroad
- the effective date of your registration

- details of your fiscal representative if you have appointed one, and
- your accounting period.

If you do not receive a reply within 28 days of sending in your APD1, please contact the APD Central Collection Unit (see paragraph 5.3).

When you receive your registration certificate please check that your details are correct. If there are any errors please contact the APD Central Collection Unit.

Please quote your APD registration number in all correspondence with us.

5.5 What should I do if I have no business establishment in the UK?

If you have no business establishment or other fixed establishment in the UK and you intend to carry or are likely to carry chargeable passengers from a UK airport on chargeable aircraft you must appoint a fiscal representative, who must be based in the UK. A fiscal representative can be appointed solely for administrative purposes (an administrative representative). Further information on fiscal and administrative representatives can be found in sections 6 and 7.

If you fail to appoint a fiscal representative we may make your handling agent jointly and severally liable for future debts. You may also incur a financial penalty. (Section 11 gives more information about penalties.)

5.6 What are my obligations after registration?

After registration you are required to:

- notify changes in your registration details
- keep records and accounts
- submit APD returns, and
- make payments of APD.

5.7 Do I need to register for a one-off flight?

If you are operating a one-off chargeable flight carrying chargeable passengers you may not need to register for APD; however you must still notify us and account for the APD due on this flight. If you do not believe that you will operate more than 12 flights in a year, and have a duty liability of less than £5000, then you should follow the procedure below. If you fail to notify us of the flights that you have made or account for the APD due then you may be required to register irrespective of the number of flights that you make.

5.7.1 Occasional operator scheme

This is a simplified combined payment and notification process.

If you operate twelve flights or fewer in a year, and have an annual APD liability of less than £5000, you may be able to register and pay on a flight by flight basis.

- On arrival at a UK airport you may be provided with the notification/return form by your Fixed Base Operator (FBO), if this is not the case you can download it from the HMRC website at **hmrc.gov.uk**.
- Prior to departure from a UK airport you should then contact APD Central Assurance Team, 1, Park Road, Uxbridge, UB8 1RW **01895 817339** or **01895 817226** or by email to **APDHelpdesk@hmrc.gsi.gov.uk**.
- You will be provided with a unique reference and guidance on payment methods.
- You should send payment with the completed notification form to HMRC within 7 days of the flight taking place. If you fail to notify us on time you may be liable to a penalty for failure to notify. Section 11 gives more information about penalties.

The occasional operator notification/return is valid for one day, so multiple flights on the same day should be accounted for and payment made on a single form. However if you make flights on different days, then you will need to complete a separate notification/return for each day.

Use of the form is not obligatory as long as all the information on it is supplied at the time the payment is made. The information may, for example, be provided on plain paper so long as it is headed 'Payment of Air Passenger Duty'. The information required is:

- Flight operators Name.
- Flight operators address, inc email and phone number.
- Aircraft registration number.
- Date of flight.
- Departure airport inc IATA code if known.
- Destination country.
- Number of people on board (Not including crew).
- Duty Payable.

and the following declaration must be noted:

'I declare that the information provided is true and complete' and it must be signed and dated by the declarant."

Example 1 single return

Arrive from France at Luton	Arrive 01/04/2013 09:00
Depart Luton for Aberdeen	Depart 01/04/2013 13:00
Depart Aberdeen for France	Depart 01/04/2013 20:00

Example 2 Multiple returns

Arrive from France at Luton	Arrive 01/04/2013 09:00
Depart Luton for Aberdeen	Depart 01/04/2013 16:00
Depart Aberdeen for France	Depart 02/04/2013 13:00

5.8 What if I only operate flights at certain times of the year?

If you only operate chargeable flights in certain months of the year, you should inform us when you register for APD. We can arrange to suspend the issue of APD returns during the months when flights are not taking place. If you make fewer than 12 flights, and have an annual APD liability of less than £5000 in a year, then you may be able to follow the procedures for the occasional operator payment and notification process, see para 5.7.

5.9 Changes to registration details

You should notify us within 30 days of any changes in your business which may affect your registration (seven days for changes of fiscal representatives, see paragraph 6.7). You may be liable to a financial penalty if you do not notify these changes. Section 11 gives more information about penalties.

You should return your certificate of registration with any amendments clearly marked and signed to the APD Central Collection Unit (see paragraph 5.3).

If you cease to operate chargeable flights, you must notify us in writing. You will need to satisfy us that you no longer intend to make chargeable flights carrying chargeable passengers.

6. Fiscal representatives

6.1 What is a fiscal representative responsible for?

A fiscal representative is responsible for ensuring that you meet all your obligations and discharge all liabilities in relation to APD. If you fail to meet these requirements your fiscal representative will be held responsible as if all obligations and liabilities were imposed jointly and severally on both of you.

A fiscal representative can also be appointed solely for administrative purposes (an administrative representative) on condition that you provide security for the duty. Further information on administrative representatives can be found in section 7.

6.2 Does a fiscal representative register for APD?

No. It is you as the aircraft operator who must register, not your fiscal representative. Your fiscal representative may complete the registration form on your behalf, but you must sign it.

6.3 Can I appoint more than one fiscal representative?

No. You may only appoint one fiscal representative to act on your behalf.

6.4 Appointing a fiscal representative

The latest you can appoint a fiscal representative is within seven days of a chargeable flight taking place. However, if you need a fiscal representative, we recommend that you appoint one before you operate a chargeable flight.

6.5 Who should notify us when a fiscal representative is appointed?

The fiscal representative must notify their appointment to the APD Central Collection Unit (their address can be found in paragraph 5.3) within seven days of appointment. If they fail to do this it may make the representative liable to a financial penalty. Section 11 gives more information about penalties.

6.6 What information must a fiscal representative provide?

If you are a fiscal representative you must supply:

- your name and (if different) your trading name.
- the name and (if different) trading name of the operator for whom you are acting.
- the address of your principal place of business in the UK (including postcode).
- your phone and fax numbers, and
- the date from which you are appointed to act for the operator.

There is no form for this purpose. You should provide this information on your own letter heading.

6.7 What if my fiscal representative ceases to act for me?

If a fiscal representative ceases to act for you and you still need one, you must appoint another representative within seven days of the previous one ceasing to act. If you fail to do so you may be liable to a financial penalty (see section 11 for more information about penalties). You should notify the change to the APD Central Collection Unit (see paragraph 5.3).

7. Administrative representatives

7.1 Responsibilities of an administrative representative

An administrative representative is a fiscal representative that has been appointed solely for administrative purposes. An administrative representative is responsible for keeping records and accounts on your behalf. They are not liable for payment of APD.

However, you can only appoint an administrative representative on condition that you provide security for the duty.

If you contravene your security requirements we will notify your administrative representative and give notice to them that with effect from seven days of that notification they will become jointly and severally liable for duty until such time as you comply with the security requirements. If however the representative knew that the security did not comply with our requirements or was responsible for the security ceasing then they become liable for duty immediately. (See section 12 below for more information on security payments.)

8. Records

8.1 Who must keep records and accounts?

You must keep records and accounts if you are:

- an operator who operates a chargeable aircraft for the carriage of chargeable passengers
- a fiscal representative nominated by an aircraft operator, and
- an administrative representative appointed by an aircraft operator.

The records may be kept anywhere but operators/representatives must make all such records and accounts available to us at the address where the trader is registered for APD.

8.1.2 What records must I keep?

You must be able to demonstrate from the records kept that the amount declared on the APD return is a true and fair account of your APD liability.

The following table shows the records you must keep:

Record to be kept:	Containing the following:	APD return
APD account	This is the main record you must keep. It is the monthly summary of passengers carried and calculation of APD due. It must contain:	
1. Passenger details:	total number of passengers carried at reduced rate for each destination band	box 1 box 4 box 7 box 10
	total number of passengers carried at standard rate for each destination band	box 2 box 5 box 8 box 11

	total number of passengers carried at higher rate for each destination band	box 3 box 6 box 9 box 12
	<p>number of passengers not chargeable for the following reasons:</p> <ul style="list-style-type: none"> • carried from airports in Scottish Highlands and Islands • transfer passengers who fulfil the terms of the Connected Flights Order • children under 2 years not allocated a separate seat before entering aircraft • carried free of charge under a statutory obligation (for example, persons refused admission to the UK and required to be repatriated at the airlines expense) or to inspect the aircraft or crew (for example, CAA flight operations inspectors), and • covered by the provisions of an Extra Statutory Concession 	box 13
	<p>total number of persons who are not chargeable:</p> <ul style="list-style-type: none"> • persons escorting a passenger or goods • persons undertaking repair, maintenance, safety or security work • persons ensuring the hygienic preparation and handling of food or drink and • persons positioning for, or returning to base following a period of duty (these need not be detailed separately) <p>(number of operating flight crew and cabin attendants who do not have to be included)</p>	
	total number of passengers carried in the period including those who are exempt, that is, gross amount carried	box 14
2. Duty declaration:	total amount of duty due at each rate	
	total amount of duty due	
	Amount, date and payment method of any duty paid	
3. Adjustments:	See paragraph 8.3 for information on errors found in records	box 15 box 16
Other records	All documents that prove passengers are not chargeable for any reason	

	Copies of any returns made to CAA and airport authorities relating to number of flights operated or number of passengers carried	
	Voyage reports, load sheets, passenger manifests	
	Flight interruption manifests	
	CAA certificate of airworthiness	
	Documents relating to any contractual arrangement for the leasing, hiring or chartering of aircraft by or to yourself	
	Invoices relating to 'Time-saver Chequebook' type tickets	
	Flight coupons	
Special Accounting Schemes records	Agreement letter from HM Revenue & Customs	
	Copies of any passenger surveys undertaken	
	Data used in compiling the scheme	
	Any additional information collected during the operation of the scheme which may be used to carry out a retrospective adjustment based on that information (this provision must be included in the special scheme agreement)	
	All supporting calculations used to complete the APD return	
Northern Ireland direct long haul flight records	<p>To be provided on a quarterly basis to the APD Central Assurance Team (CAT)</p> <ul style="list-style-type: none"> • class of travel • destination • exempt passenger numbers 	

8.1.3 Errors found in records

Where you find that your APD records contain errors, you will need to correct them.

If this notice does not fit your particular circumstances, you may need further help from the Helpline phone **0845 010 9000** or other adviser.

8.1.3.1 What are the time limits for correcting errors, claims and assessments?

You cannot adjust your APD return, or make an error correction notification, for any errors that arose in accounting periods that are outside the time limits.

Similarly you cannot make claims for amounts of tax overpaid that are outside the time limits and HMRC cannot assess for amounts of tax due that are outside of time limits.

Until 31 March 2011, the time limit for correcting errors in your APD return was three years from the date of payment for amounts wrongly paid, and three years from the end of the accounting period where there has been an underdeclaration of duty due.

The time limit for making claims was three years from the date of payment for amounts wrongly paid, and, the time limit for HMRC to assess amounts due was three years from the end of the accounting period.

These time limits were increased with effect from 1 April 2011 from three years to four. However, in order to make sure that the amounts that were out-of-time on 31 March 2011 are not brought back in-time by the change, the following transitional arrangements applies.

8.2 Transitional arrangements for the increase in time limits from three years to four years

To make sure that any error corrections, assessments or claims that were out of time at midnight on 31 March 2011 are not brought back into time because of the new four year limit, there will be a transitional period from 31 March 2011 to 1 April 2012. During this period:

- you cannot make a repayment claim for duty which was overpaid before 1 April 2008
- HMRC cannot make an assessment if the liability to duty occurred before 1 April 2008, unless the extended 20 year time limit applies
- no adjustment or error correction notification made between 1 April 2011 and 31 March 2012 can be made for any accounting period ending before 1 April 2008 in respect of underdeclarations, and, overpayments made on or after 1 April 2008.

After 31 March 2012 the four year time limit for error corrections, assessments and repayment claims will apply in full

8.3 Correcting errors on a return or document for tax periods starting before 1 April 2009 or for tax periods starting on or after 1 April 2009 where the return is due to be made on or before 31 March 2010

Where an error has led to a misdeclaration on an APD return you've already sent to us, you can correct the error by following the procedures at paragraphs 8.3.4 to 8.3.6 below.

If you **deliberately** fail to correct an underdeclaration of APD, you may be liable to a civil penalty for dishonest evasion or criminal prosecution.

8.3.1 Correcting errors on a return or document for tax periods starting on or after 1 April 2009, where the return is due to be made on or after 1 April 2010

You may be liable to an inaccuracy penalty for **careless** and/or **deliberate** errors.

Non deliberate errors can be corrected using the procedures in paragraphs 8.3.4 to 8.3.6 below.

If you correct your return according to the error correction procedure you may be liable to an inaccuracy penalty if you make a careless error but the error will be deemed to have been disclosed to HMRC if it is included in the relevant box of the APD return.

Deliberate errors cannot be corrected by including the correction in the APD return but must be notified to HMRC separately.

If you deliberately fail to correct an underdeclaration of APD and the new inaccuracy penalty regime applies, you may be liable to a deliberate inaccuracy penalty or criminal prosecution.

(See section 11 below and **factsheet CC/FS7A** for more information about the inaccuracy penalty)

8.3.2 What if I record or calculate my APD incorrectly

If you discover you've recorded an entry in your business records incorrectly and...	then...
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<p>you've not yet completed your APD account or return for the period in which you made the error</p>	<p>you can correct the error by amending your records. Simply keep a clear note to show the reason for the error, and include the correct APD figure in your APD account for the same period.</p> <p>(The correct APD figure will then work its way through to your APD return, as normal. You do not need to complete boxes 13 or 14 of the return.)</p>
<p>you've already sent us your return</p>	<p>you will need to correct the error as stated in paragraph 8.3.4</p>

8.3.3 Correcting APD errors on a return already submitted

The following adjustment and error correction methods apply to previous return errors discovered during accounting periods commencing on or after 1 July 2008.

Method	for...
1.	<ul style="list-style-type: none"> • net errors that do not exceed £10,000, or • net errors between £10,000 and £50,000 that do not exceed 1% of the APD duty due on the current APD return period in which the error(s) are discovered.
2.	<ul style="list-style-type: none"> • net errors between £10,000 and £50,000 that exceed 1% of the APD duty due on the current APD return period in which the error(s) are discovered, or • net errors greater than £50,000.

8.3.4 Method 1: for previous return net errors that do not exceed £10,000 or net errors between £10,000 and £50,000 that are within the limits described below

If the net value of APD errors you've found on previous APD returns does not exceed £10,000, or is between £10,000 and £50,000 but **does not exceed** 1% of the duty due (before adjustment) on the current APD return in which the error(s) are discovered, you can adjust your APD account and include the value of that adjustment in your current APD return by completing box 13 or 14 of your APD return and recording full details of the adjustment in your APD account.

To work out the net value of APD errors on previous returns, you should work out:

- the total amount due to us, if any, and
- the total amount due to you, if any.

If the difference between the two figures exceeds 1% of the duty due, or is greater than £50,000, you must use Method 2.

8.3.5 Method 2: for previous return net errors between £10,000 and £50,000 that exceed the limits described below for net errors exceeding £50,000

If the net value of APD errors is between £10,000 and £50,000 and exceeds 1% of the APD duty due on the current APD return in which the error(s) are discovered, or if the net value of the errors is greater than £50,000, you must inform your local office in writing of the errors. If you use this method, you must not make adjustment for the same errors on an APD return.

You should set out full details of the errors including:

- how each error arose
- the APD accounting period in which it occurred
- the APD underdeclared or overdeclared in each APD period
- how you calculated the APD underdeclared or overdeclared, and
- the total amount to be adjusted.

8.3.6 Errors - which method should I use?

If the net value of under declared or over declared errors....	then you...
<ul style="list-style-type: none">• does not exceed £10,000, or• is between £10,000 and £50,000 but does not exceed 1% of APD duty due (before adjustment) on the current APD return in which the errors are discovered.	can use Method 1
<ul style="list-style-type: none">• is between £10,000 and £50,000 and exceeds 1% of APD duty due (before adjustment) on the current APD return in which the errors are discovered, or• is greater than £50,000.	must use Method 2

8.4 What should I do if I have difficulty identifying all my chargeable passengers/ exemptions?

If you are unable to calculate your APD liability on a transaction basis using actual passenger numbers from your existing systems you may need to operate a 'Special Accounting Scheme'. It may be that you are able to identify actual passenger numbers for the majority of your transactions but you will still need to agree a special scheme for the small number or percentage of remaining transactions. More information about special accounting schemes can be found in **Notice 551 Special Accounting Schemes for Air Passenger Duty**.

If you choose to operate a special scheme please remember that the general APD information contained in this notice is also relevant.

8.5 Maintaining and preserving records

8.5.1 Where must I keep my records?

You may keep your records anywhere provided that you are able to make them available to us when and where required. Normally this will be at the address where you are registered for APD. We will normally make appointments before we visit. We will contact you to confirm the time and place of a visit and what records you should make available for inspection. You can find further information about visits in **Notice 989 Visits by Customs and Excise officers**

8.5.2 What if my records are kept abroad?

We will still need to see them. You will need to discuss this matter with us as soon as possible. We will explain, more precisely, which of your records we need to see. It may be that the records you keep in this country meet our needs. Alternatively you may wish to arrange with us for certain records to be copied prior to despatch overseas.

8.5.3 How long must I keep records?

You must normally keep your business records for six years. If however this causes you storage problems involves you in undue expense or causes you other difficulties then you should discuss the matter with us and ask if the records may be retained for a shorter period.

If you intend to use a special accounting scheme the period of retention of records will be agreed as part of the scheme.

You must have our agreement before any of your records are destroyed if they are less than six years old.

8.5.4 What will happen if I don't keep accounts and records?

If you fail to maintain records and accounts appropriate to your business, as set out in this notice or as agreed with us, you may be liable to a financial penalty. (See section 11 for more information about penalties.)

8.6 Information storage

8.6.1 Can I keep my records on microfilm or microfiche?

Yes. You do not have to keep your records in any set way provided that copies can be easily produced and there are adequate facilities allowing us to view them when required.

8.6.2 What about computer records?

As long as your records meet the requirements laid down by HMRC, you can keep them in whatever format - paper and/or electronic - that you prefer. If you do keep all or part of your records on a computer or with a computer bureau, you must make sure that your records are easily accessible to you and to a HMRC officer when they visit.

If you upgrade to a new computer system which is not compatible with your old system, you must make sure that the records held on your old system remain accessible for up to six years. If this is not possible, then you must make paper copies.

9. Returns and payments

9.1 Returns and due dates

When you register you will automatically be placed on a monthly return cycle; however, if you estimate that the amount of APD you are due to pay in a year is less than £500,000 then you may be eligible to apply for annual accounting.

If you wish to apply for annual accounting you should see notice 552 or contact APD Central Assurance Team (CAT), 1 Park Road, Uxbridge, UB8 1RW (email APDHelpdesk@hmrc.gsi.gov.uk).

9.1.1 Monthly returns

Each month you or your fiscal representative will receive an APD return (form APD2). This will cover a period of one calendar month (unless otherwise agreed, see paragraph 9.2 about non-standard accounting periods). You should complete the return in accordance with the notes on the reverse of the form and send it to the address shown. We must receive the return no later than the date shown on the front of the return. This will normally be the 22nd day of the following month. When the 22nd falls on a weekend or bank holiday the return must reach us by the **last working day prior to this**. A copy of this form is reproduced at Appendix 2.

9.1.2 Annual accounting

Under the provisions for annual accounting (see Notice 552), you will only need to submit one return at the end of the period.

If you are on annual returns you or your fiscal representative will receive an APD return which will cover a period ending 31 March. This may cover 12 months or less if you join the annual accounting scheme part way through the year. It will be issued approximately one week before the period end.

You should complete the annual return in accordance with the accompanying notes and send it to the address shown. We must receive the return no later than the date shown on the front of the return. This will normally be the 22nd day of the following month. When the 22nd falls on a weekend or bank holiday the return must reach us by the **last working day prior to this**. A copy of this form is reproduced at Appendix 2.

If you fail to submit your APD return by the due date an assessment of APD due for the period the missing return covers will be issued. (See section 10 for more information about assessments.)

9.2 Can I ask for returns to match my own accounting periods?

Yes. If you cannot account for duty on the basis of calendar months you may ask for returns to match your accounting periods. These 'non standard' accounting periods may not exceed five weeks in duration and there may be no more than twelve accounting periods in any financial year.

If your return covers a period other than a calendar month it must be submitted to us by the 22nd day following the end of your accounting period and accompanied by payment (unless you are paying by direct debit or credit transfer - see paragraph 9.3 for more information about these payment methods). When this date coincides with a weekend or bank holiday the return must reach us by the last working day prior to this. This date will be pre-printed on the return.

9.3 Payment methods

9.3.1 Credit transfer

If you choose this method of payment you will receive details along with your certificate of registration. You will still be required to send in your APD returns by the due date shown - see paragraph 9.1 for information on return due dates. You must then arrange to transfer the necessary funds by the 29th day immediately following the end of the accounting period to which the return relates. When this falls on a weekend or bank holiday you must arrange for the transfer to take place by the last working day prior to this. Please include your APD Reference number if possible when you make the transfer.

9.3.2 Direct Debit

You will need to complete a direct debit instruction which can be obtained from the APD Central Collection Unit in Southend (their address can be found in paragraph 5.3). If you choose this method of payment, you will still need to send in your APD return by the due date shown, see paragraph 9.1. The duty you have declared on the return will then be debited from your account on the 29th day following the end of the accounting period to which the return relates. When this day falls on a weekend or bank holiday the duty will be debited on the **last working day prior to this**. No advance notice will be given before an amount is debited. Please note that a direct debit can only be taken for the amount declared on a return. You must arrange an alternative method for all other payments due.

Following the introduction of a cap on 31 May 2012 by the Board of Bacs Payments Scheme Ltd (BAC) which limits the maximum value of any single Bacs transaction, HMRC are no longer able to collect Direct Debits in excess of £20 million. If you have a payment to make which exceeds £20 million, you need to make arrangements with your own bank to make sure payment reaches HMRC on the due date, by an alternative method such as CHAPS.

9.3.3 Cheque

Cheques should be crossed and made payable to 'HM Revenue & Customs only ' followed by your APD reference number and sent in with your APD return by the due date, that is the 22nd day following the end of the accounting period. When this falls on a weekend or bank holiday the cheque must be received by the last working day prior to this.

9.4 What if I make a late payment or return?

You may be liable to a financial penalty and interest if you do not submit returns or render payment in full by the due dates. Dishonoured cheques are not regarded as constituting payment having been rendered. You will find more information about penalties in section 11.

10. Assessments

10.1 What are assessments?

If you have not declared APD correctly we may issue you with an assessment for underdeclared APD. If actual figures are not available the assessment will be made using best judgement. This means that we must consider fairly all the facts put before us and make a decision that is reasonable about the amount of duty due.

Our officers can only assess errors made in accounting periods that ended Four years ago or less. In cases involving fraud or dishonesty the period to be assessed may be extended to 20 years.

10.2 When will I become liable to an assessment?

An assessment will be issued if:

- a. you fail to make the APD returns required, or
- b. it appears that such returns are incomplete or inaccurate because.
 - you fail to keep, preserve or produce any books, records or other documents, or
 - it appears that such accounts, books, records or other documents are incomplete or inaccurate.

10.3 What are the time limits for issuing assessments?

We must issue an assessment of APD according to strict time limits. The assessments must be issued within:

- one year of the facts, sufficient to make an assessment, coming to our attention, and
- four years of you becoming liable for duty, but see paragraph 8.2 for the transitional arrangements. This is extended to 20 years in cases of dishonesty.

10.4 When is payment of assessment due?

You must pay an assessment of APD immediately. They are recoverable as a debt if they are not paid.

11. Penalties and interest

11.1 What types of penalties are there?

There are four types of penalties:	
Fixed penalty	£250 chargeable for each offence
Geared penalty (1)	5% of duty involved in the offence or £250, whichever is greater

Geared penalty (2)	<p>This is a new penalty that for APD will apply to failure to give notice of liability to be registered and return or document inaccuracies. These penalties, which could be up to 100% of the duty due, depending on the circumstances of the case, will apply to returns or documents for tax periods starting on or after 01/04/2009 where the return is due on or after 01/04/2010 and where the obligation to notify arises on or after 01/04/2010.</p> <p>Further details of these penalties can be found in factsheets CC/FS7A, CC/FS7B and CC/FS11 which can be accessed from the website</p>
Daily penalty	<p>£20 per day for each day the offence continues.</p> <p>Can only be issued if a fixed or geared penalty has already been issued for the same offence.</p>

11.1.2 What categories of penalties are there?

Penalty	Legal basis	Penalty rate
Failure to give notice of liability to register (for obligations to notify before 01/04/2010)	Finance Act 1994 Section 33 & 9	5% of the duty which has become due or £250 whichever is greater
Failure to give notice of liability to register (for obligations to notify on or after 01/04/2010)	Finance Act 2008, Schedule 41	Up to 100% of the potential lost revenue (PLR) depending on the circumstances of the case. (See factsheet CC/FS11)
Failure to notify a material change in the business for example, legal entity, address	APD Regulations 1994 Paragraph 4(6) + Finance Act 1994 Section 9	£250
Failure to appoint a fiscal representative	Finance Act 1994 Section 35 & 9	£250
Failure of a fiscal representative to notify HM Revenue & Customs of his appointment	Finance Act 1994 Section 35 & 9	£250
Failure to provide security if required to do so	Finance Act 1994 Section 36 & 9	£250

Failure to render a return by the due date	Finance Act 1994 Section 38(1) & 9	£250 plus £20 for every day, after the due date, that the return remains outstanding
Failure to pay the full amount of duty due by the due date	Finance Act 1994 Section 38(2) & 9	5% of the duty due or £250 whichever is greater plus £20 for every day, after the due date, that payment of duty, in full, remains outstanding
Failure to keep/produce accounts	Customs & Excise Management Act 1979 Section 118G	£250 plus £20 for every day, after the first, for which the trader continues to fail to keep accounts
Errors/inaccuracies in return or documents.	Finance Act 2008, Schedule 24, (as amended)	Up to 100% of the PLR, depending on the circumstances. (See factsheet CC/FS7A)
Failure to notify an under-assessment	Finance Act 2007, Schedule 24 (as amended)	Up to 30% of the PLR, depending on the circumstances. (See factsheet CC/FS7B)
Evasion of duty	Finance Act 1994 Section 8	Up to 100% of the duty evaded or sought to be evaded, depending upon the circumstances
Breach of walking possession	Customs & Excise Management Act 1979 Section 117 + Finance Act 1994 Section 11	50% of the unpaid duty or penalty which gives rise to the distraint

11.1.3 Reasonable excuse

Reasonable excuse is a legal provision which applies to some APD penalties.

Where the legal provision applies no penalty is charged if it is established that you had a reasonable excuse.

The law does not define 'reasonable excuse' but our policy is to look closely at the circumstances of each case. If the action that led to the error was that of a reasonable businessman or businesswoman then there may be a reasonable excuse.

11.1.4 How will I be notified of any penalties?

We will issue you with a penalty notice. Along with this you will receive a remittance advice, showing the address to which you should make your payment. You should include this remittance advice with your payment.

11.2 Will I be charged interest for unpaid APD?

Yes. If we make an assessment of duty due from you and an assessment is in respect of:

- an underdeclaration of duty made on an APD return, or
- a previous assessment of duty which was too low.

then the whole amount assessed shall carry interest.

11.2.1 What rate of interest is payable?

The rate of interest is set by the Treasury and is geared to commercial lending rates.

11.2.2 What period will be used to calculate the interest?

The interest will be applied from the reckonable date* to the date of payment of the assessed amount. In a case where assessment could have been made in respect of the above circumstances but, before such an assessment was made, the duty due was paid, the whole amount paid shall carry interest at the specified rate from the reckonable date* until the date on which it was paid.

*The reckonable date is the latest date on which a return is required to be submitted for the accounting period to which the assessed amount or the amount paid relates.

11.2.3 Will you pay me interest?

If, due to our error, you pay too much duty and we are therefore liable to make a repayment to you, we will pay interest to you on the amount of that repayment for the applicable period. Further information on interest paid by us can be found in Notice 212 Statutory interest and repayment of overpaid excise duty.

12. Security payments

In addition to the requirement to provide security when appointing an administrative representative (see section 7 above) there is also provision in the law on APD for us to require you or your fiscal representative to provide an amount of security if we consider that the tax is at risk of being unpaid by your business. (See section 12.2 below).

12.1 Security for administrative representatives

12.1.1 How much security must I provide?

The amount of security required must cover five months average APD over a prescribed 12 month period. If you are already registered for APD, then the 12 month period begins on the day you notify us of the appointment. If you are not already registered the 12 month period begins on the day you give notice of your liability to be registered or, if it is earlier, the 12 months immediately following the date on which you first operated a chargeable aircraft carrying chargeable passengers.

If due to the seasonal nature of your business, your estimated APD liability for the 5 month period does not reflect your APD liability in your busiest period of operation, we may select a period of 12 months on which to base the calculation, which is not a calendar year, or request that you lodge a guarantee for a value based on the highest 5 month period.

If your estimated APD liability for the 5 month period is less than £10,000 or you intend to operate only one flight within the next 5 months you may, instead of providing a guarantee, lodge with us either a sum of cash or a banker's draft equal to the value of your estimate. Please contact the Central Assurance Team on 01895 817226 (or alternatively by email on APDHelpdesk@hmrc.gsi.gov.uk) for advice on where you should lodge the cash/ banker's draft.

12.1.2 Can the amount of security be varied?

Yes. We will review the amount of security on a regular basis and may increase or decrease the amount required.

12.1.3 What happens if I do not provide security?

If you fiscal representative fail to pay the required security, or any additional security which we call for, you or your will remain liable for duty payments. Equally if you provide the required amount of security but subsequently cancel the agreement (or reduce the amount of security without our agreement) then the responsibilities of your administrative representative cease to be limited and they become liable for the duty.

12.1.4 Can I appeal against the requirement to give security?

You cannot appeal against the requirement to give an initial amount of security in connection with the appointment of an administrative representative, as this is a pre-condition of the appointment. If you disagree with the form or amount of any additional security requested by us, you may request a formal Departmental review of the decision. If you are not satisfied with the outcome of the review you can then appeal to an independent tribunal (see section 13 below).

12.1.5 When must I provide security?

If you are not currently registered for APD, and you intend to operate chargeable flights and appoint a fiscal representative for administrative purposes only, you must provide security within seven days of a chargeable flight taking place; that is when you carry a chargeable passenger on a chargeable aircraft.

If you are currently registered for APD and wish to restrict responsibilities of your fiscal representative to those of an administrative representative, you must provide security as a pre-condition to the change in the representative's responsibilities. Until security is given the fiscal representative will remain liable for duty payment.

12.1.6 How long will you hold the security for?

We will hold the security until such time that you establish a presence in the UK, appoint a fiscal representative who is jointly and severally liable for the duty, or until you cease operating flights from the UK.

12.2 Security for payment of duty

12.2.1 How much security must I provide?

The amount of security you must provide is calculated using a formula that reflects the minimum time it would take us to recover the debt if, in future, you do not pay your tax. We calculate the amount of security using the most accurate information available to us at the time which may include the:

- Tax declared on tax returns.
- Tax declared on tax returns from businesses of a similar size, with similar customers in, or
- Passenger and destination information provided on your application to register.

12.2.2 Can the amount of security be varied?

Yes. We will review the amount of security on a regular basis and may increase or decrease the amount required.

12.2.3 When must I provide security?

The security is required immediately. Please contact us if you need time to make the necessary arrangements.

12.2.4 What happens if I do not provide security?

Failure to provide security or any additional security required will in all case attract a penalty of £250.

12.2.5 How long will you hold the security for?

We will regularly review the requirement and will return the security when we consider you are no longer a risk to the collection of the tax. If you have information that you feel may alter our decision to hold security, please contact us and we will reconsider the requirement.

At the very least we will review the requirement within 12 months of you providing the security.

12.2.6 Can I appeal against the requirement to give security?

If you disagree with our decision to require security described in this section you have a statutory right to an independent review of that decision. See section 13 below for further information.

12.3 When will you use the security?

If you fall behind with payments of your tax we may offset the security against the amount you owe. We may then ask you to provide a further amount of security.

12.4 How must I provide the security?

You must provide security in the form of a written guarantee from an acceptable financial institution (usually a bank). Please contact us at the address or on the phone number shown on the Notice of Requirement for advice about whether your guarantor is acceptable and the format of the written guarantee.

You, or your representative in the UK, must arrange for the guarantee, duly authorised by the guarantor, to be sent to us within the time limits set out in paragraphs 12.1.5 and 12.2.3.

If your estimated APD liability for the 5-month period is less than £10,000 or you intend to operate only one flight within the next five months you may, instead of providing a guarantee, lodge with us either a sum of cash or a banker's draft equal to the value of your estimate. Please contact us at the address or on the phone number shown on the Notice of Requirement for advice on where you should lodge the cash/banker's draft.

13. Reviews and appeals

13.1 What if I disagree with a decision?

If you disagree with an assessment or decision, you have a statutory right to an independent review of that decision. You should first request a review within 30 days of the decision, setting out clearly why you disagree and:

- draw attention to any facts that you think may not have been fully considered, or
- provide any further information.

Following a review of the decision you may then be able to appeal to an independent tribunal. (See paragraph 12.3 below)

13.2 What if I disagree with the issue of a penalty

If you wish to dispute the issue of a civil penalty, you should write to us asking us to reconsider. If you are not satisfied with the outcome of the review, you have the right to appeal to an independent tribunal. (See paragraph 13.3 below.)

13.3 Is there anything else I can do?

You can appeal to an independent tribunal. You should do this within 30 days of the decision, assessment or penalty, or within 30 days of the outcome of any review you had requested.

Further information relating to review and appeals is contained in factsheet **HMRC1** HM Revenue & Customs decisions - what to do if you disagree which can be obtained from our website or by phoning **0845 900 0404**

You can also find out more about tribunals on the **Tribunals Service website** or you can phone them on **0845 223 8080**.

Appendix 1 - Destinations by band

Band A	
Country/Territory	Capital City
Albania	Tirana
Algeria	Algiers
Andorra	Andorra la Vella
Austria	Vienna
Belarus	Minsk
Belgium	Brussels
Bosnia & Herzegovina	Sarajevo

Band A	
Country/Territory	Capital City
Bulgaria	Sofia
Corsica	Ajaccio
Croatia	Zagreb
Cyprus	Nicosia
Czech Republic	Prague
Denmark	Copenhagen
Estonia	Tallinn
Faroe Islands	Torshavn
Finland	Helsinki
France	Paris
Germany	Berlin
Gibraltar	Gibraltar
Greece	Athens
Greenland	Nuuk
Hungary	Budapest
Iceland	Reykjavik
Ireland	Dublin
Isle of Man	Douglas
Italy	Rome
Kosovo	Pristina
Latvia	Riga
Libya	Tripoli
Liechtenstein	Vaduz
Lithuania	Vilnius

Band A	
Country/Territory	Capital City
Luxembourg	Luxembourg
Macedonia	Skopje
Madeira	Funchal
Malta	Valletta
Moldova	Chisinau
Monaco	Monaco
Montenegro	Podgorica
Morocco	Rabat
Netherlands	Amsterdam
Norway	Oslo
Poland	Warsaw
Portugal	Lisbon
Romania	Bucharest
Russian Federation (West of the Urals)	Moscow
San Marino	San Marino
Sardinia	Cagliari
Serbia	Belgrade
Sicily	Palermo
Slovakia	Bratislava
Slovenia	Ljubljana
Spain	Madrid
Svalbard	Longyearbyen
Sweden	Stockholm
Switzerland	Bern

Band A	
Country/Territory	Capital City
The Azores	Ponta Delgada
The Balearic Islands	Palma
The Canary Islands	Santa Cruz de Tenerife
The Channel Islands	Encompassing the Bailiwick of Guernsey and the Bailiwick of Jersey
Tunisia	Tunis
Turkey	Ankara
Ukraine	Kiev
Vatican City	Vatican City

Band B	
Country/Territory	Capital City
Afghanistan	Kabul
Armenia	Yerevan
Azerbaijan	Baku
Bahrain	Manama
Benin	Porto-Novo
Bermuda	Hamilton
Burkina Faso	Ouagadougou
Cameroon	Yaounde
Canada	Ottawa
Cape Verde	Praia
Central African Republic	Bangui
Chad	N'Djamena
Congo, Democratic Republic of	Kinshasa

Band B	
Country/Territory	Capital City
Congo, Republic of	Brazzaville
Djibouti	Djibouti
Egypt	Cairo
Equatorial Guinea	Malabo
Eritrea	Asmara
Ethiopia	Addis Ababa
Gabon	Libreville
Gambia	Banjul
Georgia	Tblisi
Ghana	Accra
Guinea	Conakry
Guinea-Bissau	Bissau
Iran	Tehran
Iraq	Baghdad
Israel	Jerusalem
Ivory Coast	Yamoussoukro
Jordan	Amman
Kazakhstan	Astana
Kuwait	Kuwait City
Kyrgyzstan	Bishkek
Lebanon	Beirut
Liberia	Monrovia
Mali	Mali
Mauritania	Nouakchott

Band B	
Country/Territory	Capital City
Niger	Niamey
Nigeria	Abuja
Oman	Muscat
Pakistan	Islamabad
Qatar	Doha
Russian Federation (East of the Urals)	
Saint Pierre & Miquelon	Saint-Pierre
Sao Tome and Principe	Sao Tome
Saudi Arabia	Riyadh
Senegal	Dakar
Sierra Leone	Freetown
Republic of South Sudan	Juba
Sudan	Khartoum
Syria	Damascus
Tajikistan	Dushanbe
Togo	Lome
Turkmenistan	Ashgabat
Uganda	Kampala
United Arab Emirates	Abu Dhabi
United States	Washington D.C.
Uzbekistan	Tashkent
Yemen	Sanaa

Band C	
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Country/Territory	Capital City
Angola	Luanda
Anguilla	The Valley
Antigua & Barbuda	Saint John's
Aruba	Oranjestad
Ascension Islands	Georgetown
Bahamas	Nassau
Bangladesh	Dhaka
Barbados	Bridgetown
Belize	Belmopan
Bhutan	Thimphu
Botswana	Gaborone
Brazil	Brasilia
British Indian Ocean Territories	
British Virgin Islands	Road Town
Burma	Rangoon
Burundi	Bujumbura
Cayman Islands	George Town
China	Beijing
Colombia	Bogota
Comoros	Moroni
Costa Rica	San Jose
Cuba	Havana
Dominica	Roseau
Dominican Republic	Santa Domingo
Ecuador	Quito

Band C	
Country/Territory	Capital City
El Salvador	San Salvador
French Guiana	Cayenne
Grenada	Saint George's
Guadeloupe	Basse Terre
Guatemala	Guatemala
Guyana	Georgetown
Haiti	Port-au-Prince
Honduras	Tegucigalpa
Hong Kong SAR	-
India	New Delhi
Jamaica	Kingston
Japan	Tokyo
Kenya	Nairobi
Korea, North	Pyongyang
Korea, South	Seoul
Laos	Vientiane
Lesotho	Maseru
Macao SAR	-
Madagascar	Antananarivo
Malawi	Lilongwe
Maldives	Male
Martinique	Fort de France
Mauritius	Port Louis
Mayotte	Mamoudzou

Band C	
Country/Territory	Capital City
Mexico	Mexico City
Mongolia	Ulaanbaatar
Montserrat	Plymouth
Mozambique	Maputo
Namibia	Windhoek
Nepal	Kathmandu
Netherlands Antilles	Willemstad
Nicaragua	Managua
Panama	Panama City
Puerto Rico	San Juan
Reunion	Saint Denis
Rwanda	Kigali
Saint Barthelemy	Gustavia
Saint Helena	Jamestown
Saint Kitts & Nevis	Basseterre
Saint Lucia	Castries
Saint Martin	Marigot
Saint Vincent Grenadines	Kingstown
Seychelles	Victoria
Somalia	Mogadishu
South Africa	Pretoria
Sri Lanka	Colombo
Suriname	Paramaribo
Swaziland	Mbabane

Band C	
Country/Territory	Capital City
Tanzania	Dar es Salaam
Thailand	Bangkok
Trinidad & Tobago	Port of Spain
Turks & Caicos Islands	Grand Turk
Venezuela	Caracas
Vietnam	Hanoi
Virgin Islands	Charlotte Amalie
Zambia	Lusaka
Zimbabwe	Harare

Countries/territories not listed in the above tables are in Band D.

Appendix 2

[APD2: Air Passenger Duty Return](#)

[APD2 notes: Air Passenger Duty Return How to fill in your return](#)

Appendix 3

A3.1 Chargeable passengers prior to 1 April 2013

Prior to 1 April 2013, provided the operator was an Air Transport Undertaking, a chargeable passenger was anyone carried on the aircraft with the exception of certain exemptions:

- Employees.
- Young children under the age of two not allocated a seat prior to boarding.
- Passengers not carried for reward, who are carried under a statutory obligation or to inspect the aircraft or crew.
- Transit passengers.

- Connecting passengers.
- Passengers carried on short pleasure flights.
- Passengers carried on flights from the Scottish Highlands and Islands.
- Circumstances beyond the control of the airline.
- Military exemptions.

Air Transport Undertakings are defined by the Air Navigation Order 1982 as 'any undertaking whose business includes the carriage by air of passengers or cargo for valuable consideration.

Operators who were not Air Transport Undertakings were still liable to APD for any passenger carried for reward, except children under the age of two not allocated a seat before boarding.

A3.2 Chargeable aircraft prior to 1 April 2013

Prior to 1 April 2013 all aircraft (including helicopters) designed or adapted to carry persons in addition to the flight crew were chargeable for APD purposes with the exception of the following:

Type of aircraft	Description
Small aircraft	Where an aircraft is certificated as having an authorised take off weight of less than 10 tonnes or fewer than 20 seats for the passengers, then it was exempt from the duty
Private aircraft	Flights by private aircraft were not normally liable to duty unless the passengers paid for their carriage. Most private aircraft were, in any event, exempt because they satisfied the definition of 'small aircraft'. However, operators of private aircraft (including helicopters) that did not fall within the definition of small aircraft charged passengers for their carriage then they should have registered and accounted for APD.

Appendix 4 -

4.1 Scottish Highlands and Islands

List of main airports and airfields within the region of the Scottish Highlands and Islands, referred to in paragraph 3.2.3:-

Barra	Benbecula
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Campbeltown	Dornoch
Dounreay	Eday
Fetlar	Glen Forsa
Hoy	Inverness
Isle of Skye	Islay
Kirkwall	Lerwick
North Ronaldsay	Oban
Papa Westray	Plockton
Sanray	Stornoway
Strathallan	Stronsay
Sumburgh	Tiree
Unst	Westray
Wick	

This list may not be exhaustive.

Passengers carried on flights from other areas of the UK to airports in this region are chargeable passengers and subject to APD at the appropriate rate.

Your rights and obligations

Your Charter explains what you can expect from us and what we expect from you. For more information go to hmrc.gov.uk/charter

Do you have any comments or suggestions?

If you have any comments or suggestions to make about this notice, please write to:

HM Revenue & Customs
Transport Taxes Team
3C/18
100 Parliament Street
London
SW1A 2BQ

Please note this address is not for general enquiries.

For your general enquiries please phone our Helpline **0845 010 9000**.

Putting things right

If you are unhappy with our service, please contact the person or office you have been dealing with. They will try to put things right. If you are still unhappy, they will tell you how to complain.

If you want to know more about making a complaint go to, hmrc.gov.uk and under quick links, select Complaints and appeals.

How we use your information

HM Revenue & Customs is a Data Controller under the Data Protection Act 1998. We hold information for the purposes specified in our notification to the Information Commissioner, including the assessment and collection of tax and duties, the payment of benefits and the prevention and detection of crime, and may use this information for any of them.

We may get information about you from others, or we may give information to them. If we do, it will only be as the law permits to:

- check the accuracy of information
- prevent or detect crime
- protect public funds.

We may check information we receive about you with what is already in our records. This can include information provided by you, as well as by others, such as other government departments or agencies and overseas tax and customs authorities. We will not give information to anyone outside HM Revenue & Customs unless the law permits us to do so. For more information, go to hmrc.gov.uk and look for Data Protection Act within the Search facility.