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Scottish Parliament
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9 May 2017

Dear John

AIR DEPARTURE TAX (SCOTLAND) BILL

Further to my initial letter to you of 21 March 2017 I am writing to the Committee to provide the Scottish Government's response to the two recommendations the Committee made in its Stage 1 report on the Air Departure Tax (Scotland) Bill to the Finance and Constitution Committee.

Recommendation 1: *“Accordingly, the Committee recommends that the Scottish Government bring forward amendments at Stage 2 which make detailed provision for exemptions from the definition of “chargeable passenger” and “chargeable aircraft”. This would afford Parliament the best opportunity for full and effective scrutiny of this significant aspect of the Bill’s policy.*

Scottish Government response: Other than an exemption for passengers flying from all Highlands and Islands airports (which, as explained in the Scottish Government's response to the Finance and Constitution Committee's Stage 1 report on the Bill, cannot be legislated for until it has been notified to and assessed by the European Commission under State Aid rules), the Scottish Government will bring forward Government amendments to the Bill at Stage 2 providing for passenger and aircraft exemptions under Air Departure Tax.

Recommendation 2: *“The Committee therefore recommends that the Scottish Government considers bringing forward an appropriate amendment at stage 2 to more closely align the power in section 10(2) with its stated policy intention of enabling the Scottish Ministers to make provision relating to the core structure of ADT, as provided for in section 9 of the Bill, which does not relate to tax bands or tax rate amounts.”*

Scottish Government response: The Scottish Government considers that section 10(2) of the Bill as currently drafted, and when read in its context with section 10(1) and 10(3), is consistent with the policy intention of providing a secondary legislation power to make provision relating to the structure of the tax beyond defining tax bands and setting tax rate

amounts, and as such does not plan to bring forward an amendment at Stage 2 with regards to this provision.

I would like to thank the Committee again for the detailed scrutiny it gave to the Air Departure Tax (Scotland) Bill at Stage 1.

I am copying this letter to Bruce Crawford MSP, the Convener of the Finance and Constitution Committee.

A handwritten signature in black ink, appearing to read 'Derek Mackay', written over a light blue grid background.

DEREK MACKAY