

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER: 193 [NW204E]

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193. Mr B R Topham (DA) to ask the Minister of Finance:

- (1) (a) What categories of tax are levied against the price of flight tickets only and (b) in each case, what is the (i) total annual income generated for the National Revenue Fund and (ii) tax income split between (aa) domestic and (bb) international air travel in South Africa;
- (2) how much will (a) domestic and (b) international air ticket prices be increased as a result of the proposed carbon dioxide tax?

NW204E

REPLY:

The following information has been submitted by the South African Revenue Service (SARS) and the National Treasury:

- (1) The taxes for the benefit of the National Revenue Fund, having an effect on the price of aeroplane tickets, are value-added tax and air passenger tax.

Value-added tax at a rate of 14 per cent is levied on the supply of services relating to transport by air domestically. VAT charged on domestic air travel is not recorded separately but is included under the heading Transport, Storage and Communications in the publication 2016 Tax Statistics by National Treasury and SARS.

Air passenger tax is imposed on passengers departing from South African airports to international destinations. A tax of R190 per passenger is imposed under section 47B of the Customs and Excise Act, 1964. A reduced tax of R100 applies for departures to Botswana, Lesotho, Namibia and Swaziland.

The revenue collected per fiscal year from air passenger tax is as follows:

- 2013/14 – R879 million
- 2014/15 – R907 million
- 2015/16 – R941 million

(2) The carbon tax aims to internalise the negative externality costs of greenhouse gas (GHG) emissions and level the playing field between carbon intensive fossil fuels and low carbon emitting sectors such as renewable energy. The carbon tax is a key instrument in South Africa's broader climate change policy response and will cover direct stationary and non-stationary emissions.

Non-stationary GHG emissions from the aviation sector is categorised into emissions from domestic and international aviation. South Africa supports a global approach to address GHG emissions from the international aviation sector which is led by the International Civil Aviation Organisation (ICAO). Enforcing regional carbon pricing measures on the international aviation sector could be disruptive and distortionary. Fuels used by international aviation will therefore be excluded from the carbon tax and not have an impact on international air ticket prices.

GHG emissions from domestic aviation will be subject to the carbon tax. The tax will be based on the GHG emissions per litre of fuel rather than emissions per air ticket sold. Assuming a 60 per cent basic tax free allowance and the carbon tax rate of R120/tCO_{2e}, the proposed carbon tax for domestic aviation will be in the region of 12c/litre. Aircraft operators will be primarily responsible for determining the level of the pass through of the carbon tax therefore; the impact of the carbon tax on domestic air ticket prices cannot be estimated at this stage.