

ACI, DFWC & TFWA urge UK to u-turn on decision to end airport tax free sales

Airports Council International (ACI) World has joined a chorus of industry associations calling for the UK government to reverse urgently its move to cease tax free sales at airports from 1 January 2021.

The industry was dealt a **significant blow last month** when the UK Treasury and HM Revenue & Customs issued the results of a consultation that prohibits international travellers at UK airports from enjoying tax free sales on airside products (*excluding alcohol and tobacco*) at the end of the Brexit transition period (31 December).

ACI World has co-signed a letter with the Duty Free World Council (DFWC) and Tax Free World Association (TFWA) compelling UK Chancellor of the Exchequer Rishi Sunak to reconsider the decision.



ACI World, the DFWC and TFWA have penned a letter to UK Chancellor of the Exchequer Rishi Sunak.



Alain Maingreud, President, TFWA.

MAJOR COMPETITIVE DISADVANTAGE

In a statement, ACI World Director General Luis Felipe de Oliveira said: The aviation industry will be a key driver of the UK's economic recovery from the Covid-19 pandemic but this decision by the government puts this recovery at risk.

We urge the UK government to reverse this ill-advised decision as it threatens the already perilous financial state of the airport industry with UK airports standing to lose hundreds of millions of sales, placing thousands of jobs at risk.

The letter points out that tax free products account for around three quarters of airports' retail concession revenues.

It is already well documented that this income stream contributes an approximate 34% share of non-aeronautical incomes.

Should the new policy to axe tax free sales be enacted, 'UK airports will be at a major competitive disadvantage vis-à-vis other European airports and international peers to which sales will inevitably transfer', read the joint letter.

The DFWC has been working to forge a common position with air transport bodies such as ACI World and the International Air Transport Association (IATA) to persuade the UK government to review the decision.

GLOBAL INDUSTRY CONSIDERATIONS

Indeed, ACI World has estimated a \$104.5 billion black hole for airports in 2020 and a 58.4% reduction in passenger numbers year-on-year (-5.8 billion).

Around 60% of global aviation jobs, which include duty free positions, are at airports and the sector stands to lose thousands of jobs and millions of sales should the status quo remain.

Unilateral decisions by individual governments on air transport-related matters – including duty-free regulations – cannot be taken without considering the global industry as a whole, commented DFWC President Sarah Branquinho.

The UK Government's decision to end tax free sales is an unnecessary blow as airport retailers face the worst crisis ever to impact the aviation industry.



Sarah Branquinho, President, DFWC.

TFWA President Alain Maingreud adds that the decision would heavily impact the profitability of the sector as the UK has the largest market in the world for international airport passenger traffic.

As every international journey involves another origin or destination point outside of the UK, the removal of tax free sales will simply lead to unfavourable economic outcomes not only for the sector but the UK as a whole.

At a time when it has never been more important to protect revenue and jobs, this decision damages UK-based brands and their ability to sell to international travellers in the UK and beyond. It places the viability of the entire industry at risk.

The UK remains locked in negotiations with the EU over a trade deal, although a no-deal scenario looks increasingly likely as Prime Minister Boris Johnsons 15 October deadline creeps nearer.

The redrawing of key parts of last year's withdrawal deal with the EU via the Internal Markets Bill and the jeopardy it could cause to the Northern Ireland Protocol has been the source of significant contention.

To read the joint letter in full, [**click here**](#).