



## The tax on summer holidays 2017

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This summer millions of British families will head off for a well-earned holiday. But before they do many of the simple but important purchases they make are subject to tax. Items such as clothes are subject to VAT, whilst travel insurance purchases are hit by Insurance Premium Tax (IPT). Air Passenger Duty means that relative cost of ticket taxes in the UK is the highest in the developed world.

New calculations by the TaxPayers' Alliance show that taxes make up a significant proportion of the cost of holidays.

### Key findings

- The total 2017 tax bill for holidays abroad will be more than **£3.1 billion**
- The average UK holidaymaker will pay **£68.74** in holiday taxes
- A family of four taking a holiday in Spain will pay **£137.27** in holiday taxes
- A family of four taking a holiday in Florida will pay **£261.27** in holiday taxes

### Total taxes charged on holidays abroad

Item	Tax charged (£)	Number of travellers	Tax per traveller (£)
Total APD charged on holiday flights	911,014,664	41,238,641	22.09
VAT on pre-holiday shopping	2,157,620,725	47,548,601	45.38
Insurance premium tax paid on travel insurance	60,244,078	47,548,601	1.27
<b>Total</b>	<b>3,128,879,466</b>	<b>47,548,601</b>	<b>68.74</b>

**Taxes charged for a family holiday to Spain (two adults, two children under 16)**

Item	Tax charged (£)
Total APD charged on holiday flights	26.00
VAT on pre-holiday shopping	106.20
Holiday Insurance Premium Tax	5.07
<b>Total holiday tax</b>	<b>137.27</b>

**Taxes charged for a family holiday to Florida (two adults, two children under 16)**

Item	Tax charged (£)
Total APD charged on holiday flights	150.00
VAT on pre-holiday shopping	106.20
Holiday Insurance Premium Tax	5.07
<b>Total holiday tax</b>	<b>261.27</b>

**2016-17 APD Rates**

Destination	Reduced Rate (£)	Standard Rate (£)	Higher Rate (£)
Band A (0-2,000 miles)	13	26	78
Band B (2000+ miles)	73	146	438

**2017-18 APD Rates**

Destination	Reduced Rate (£)	Standard Rate (£)	Higher Rate (£)
Band A (0-2,000 miles)	13	26	78
Band B (2000+ miles)	75	150	450

Reduced rate: for travel in the lowest class of travel available on the aircraft

Standard rate: for travel in any other class of travel

Higher rate: for travel in aircraft of 20 tonnes or more equipped to carry fewer than 19 passengers

**Holidays taken by air**

Item	Europe (short-haul)	Other (long-haul)	Total number of holidaymakers
Holidays by air by UK residents	34,269,118	6,969,253	41,238,641
Air Holidays by under 16s	1,917,806	390,036	2,307,842
Air Holidays by over 16s	32,351,312	6,579,487	38,930,799
<b>APD (£)</b>	<b>420,567,056</b>	<b>490,447,608</b>	<b>-</b>

## Representative basket of pre-holiday purchases, with VAT charge

Pre-holiday shopping expenses were estimated using a representative basket of goods likely to be purchased before departure. Separate estimates were made for adults and children. Guide prices were found using listings from lower-cost vendors; this may result in a slight underestimation of the VAT figure. The ratio of adults to children was found using data provided by the ONS and applied to the total number of holiday makers.

Item	Adults		Children	
	Price (£)	VAT (£)	Price (£)	VAT (£)
Sun cream	8.00	1.60	8.00	1.60
Sunglasses	30.00	6.00	7.50	1.50
Summer dress	30.00	6.00	0.00	0.00
Sarong	10.00	2.00	0.00	0.00
Razors	10.50	2.10	0.00	0.00
Shaving foam	3.50	0.70	0.00	0.00
Toothpaste	2.50	0.50	1.25	0.25
Aftershave/perfume	40.00	8.00	0.00	0.00
Haircut	17.50	3.50	10.00	2.00
Deodorant	2.75	0.55	0.00	0.00
Session on a sun bed	7.00	1.40	0.00	0.00
Pairs of shorts	20.00	4.00	8.00	0.00
2 T-Shirts	30.00	6.00	10.00	0.00
Swimming costume	15.00	3.00	8.00	0.00
Pair of flip flops	12.00	2.40	5.00	0.00
Per person	238.75	47.75	57.75	5.35
Number of holiday makers	44,887,635	2,143,384,553	2,660,967	14,236,172
<b>Total (£)</b>				<b>2,157,620,725</b>

## Total Insurance Premium Tax on travel insurance for holidays abroad

Destination	Europe (short-haul)
Budget travel insurance per person	6.34
Holidays abroad	47,548,601
Estimated spend on travel insurance (Total)	301,220,389
Insurance Premium Tax	20%
<b>Insurance Premium Tax (£)</b>	<b>60,244,078</b>

## Sources and Methodology

Growth in number of holidaymakers was extrapolated using the ONS's [Overseas Travel and Tourism](#) dataset. The number of holidays taken by air increased by 8.1 per cent in the first quarter of 2017 compared to the same period in 2016. It has been assumed that the number of holidays taken by air will increase by the same amount in all quarters.

The number of holidaymakers under the age of 16 was calculated using the ONS's [Travelpac data series](#). In 2016, 6.7 per cent of holidaymakers were under 16, and 5.6 per cent of holiday makers who travelled by air were under 16.

Travel data is presented in calendar years. The 2016-17 rates of APD were used for travel in the first quarter of 2017 and 2017-18 rates thereafter.

A family of four was considered to be two adults and two children under the age of 16.

The cost of travel insurance was the median quote offered by a popular price comparison website.