



Code of Practice for Airport Retailers; VAT Relief Concession

September 22nd 2016

Under the Code of Practice for airport retailers (VAT Relief Concession):

- *The benefit generated under the airport retailers' VAT relief concession is directly reflected in lower prices for passengers in store and indirectly, lowering the cost of air travel.*
 - *Retailers will provide a clear explanation to customers on how the VAT benefit is used and on when and why customers are required to present boarding cards. This explanation will be provided in store and on company websites.*
 - *All signatory retailers must make a report to the UK Travel Retail Forum (UKTRF) on how they implement this Code of Practice. All changes to retail policy on the Code of Practice must be reported on an annual basis. UKTRF will maintain a register of signatory retailers.*
 - *The Airport Operators Association (AOA) fully endorse this code and individual airports will encourage retailers to sign up to it.*
 - *Individual airports will facilitate customer enquiries about compliance with the code.*
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Context

Shopping at the airport has been very much part of the British holiday and travel experience since commercial aviation began, leading to the development of a large offer and to the creation of many retail jobs at British airports.

The income airports derive from discretionary spending at retail concessions has been a major contributor to the successful growth of British airports, allowing them to offer competitive airport charges to airlines and airline passengers, to invest in infrastructure and jobs, and to provide connectivity and choice to the British travelling public.

In 1999, intra-EU duty & tax free sales came to an end. In order to continue to offer great prices to travellers through British airports, regardless of final destination, many retailers adapted their pricing policy to spread tax savings across the entire passenger base, to the ultimate benefit of British passengers, approximately two thirds of whom are flying domestically or to EU destinations.

Airport retail takes many forms – traditional duty & tax free retailers, High Street fashion & luxury retailers, electrical & electronics stores, and news, books and convenience stores. Many of them have one thing in common – they serve 365 days a year from the first to the last flight, a unique marketplace that changes completely every day, with customers who are on the move and in a hurry, and who have access to information at their fingertips which helps them decide what constitutes good value.



Airport retailers work in a highly regulated environment. They comply with laws on taxation, with ASA (Advertising Standards Authority) guidelines on advertising standards, and with consumer legislation enforced by the Trading Standards Authority concerning information to passengers and display of goods etc.

Stakeholders have co-operated with HMRC in their 2016 review of Airside VAT Relief at UK airports. UKTRF and AOA, the representative bodies for British airport retailers and their airport partners, has taken the initiative to enshrine current best practice in an industry-wide Code of Practice to ensure even greater transparency for airport retail customers.

UKTRF and its members are keen to ensure that the British traveller continues to shop at the airport secure in the knowledge that they are getting a great deal regardless of where they are travelling.

Finally, a brief clarification on the need for presentation of Boarding Passes in airport shops:

There are two types of airside retailers: duty free shops and tax free shops.

Duty-free shops can sell goods where the excise, customs duty or VAT has been suspended. Sales in duty-free shops are tightly controlled and HMRC requires these outlets to know where the passenger is travelling to before completing a sale.

When staff at duty free shops ask a customer for proof of destination they are simply following the rules set out by HMRC to ensure that everyone pays the right duty/VAT.

Other retailers are known as tax free shops. Sales to passengers travelling to destinations outside of the EU may be zero-rated for VAT. There is nothing in VAT law that requires a traveller to produce a boarding pass to purchase goods, but without such evidence (showing the destination) the sale cannot be zero-rated and is liable to UK VAT.

For further details please contact:

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About UKTRF and AOA

UKTRF

UK Travel Retail Forum

The UK Travel Retail Forum is an industry body which represents most sectors of the duty free and travel retail business. Its members include airports, shop operators, agents and distributors and the manufacturers of wines and spirits, tobacco, beauty, confectionery and fashion products

AOA

Airport Operators Association



The Airport Operators Association (AOA) is the trade association that represents UK airports. Its mission is to see UK airports grow sustainably. It represents the views of UK airports to Government, Parliament and regulators to secure policy outcomes that help deliver our mission. The AOA represents more than 50 UK airports in the UK. For more information, please visit www.aoa.org.uk.