

MOT for aircraft? It's actually a tax

OPSGROUP Team
12 December, 2022



We had a question sent in about “MOT’ and three things crossed my mind.

One - I need to get my car’s MOT booked, it is due really soon, thanks for reminding me (*possibly something only UK folk will get*).

Two - Do aircraft have to have MOTs? I don’t think they do.

Three - Ah, they mean Mineral Oil Tax... of course... I’ve definitely heard of that...

What is MOT, and why do you need to know about it?

So, MOT (in aviation) stands for **Mineral Oil Tax**, which basically means a big tax on your fuel.

It also goes by the names TIPP, TICPE, fuel tax, excise tax, excise duty, fuel duty tax, oil tax... you get the idea.

It is usually added to the fuel price so you’re paying it without knowing you’re paying it. The MOT can be as much as **43% of your fuel bill**, so if you don’t know about it you might want to.

Good news though - you might be able to reclaim some of it.

Can I reclaim it?

The rules seems to be that if you are one of the following then yes, you probably can:

- A private air charter company
- An executive airplane-leasing company
- A business who owns its own private jet which is used for business purposes only

Some countries specify that you must be a 'non-established aircraft operator'.

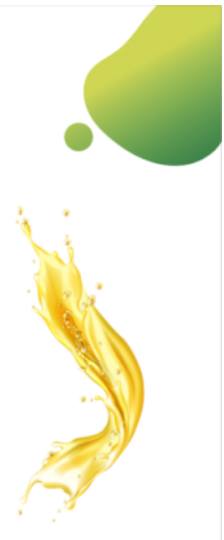
Great, I'm one of those. So where can I reclaim it?

Here is a handy table to give you some idea of where you might be able to:

MINERAL OIL TAX RECLAIMABLE EXPENSES

Valid until December 2021

	MOT Exempt Tax on Fuel	How far back can I claim MOT?	MOT Deadline	How far back can I claim VAT?	VAT Deadline	VAT Percentage Rate	Fuelling Services ¹	Landing & Handling Fee	Parking	Flight Training	Navigator / Route Changes	Aircraft Purchases & services	Travel Expenses (Hotels, Restaurants, etc)
COUNTRY	MOT EXPENSE				VAT EXPENSE								
AUSTRALIA	No	-	-	4 Years	-	10%	✓	✓	✓	✓	✓	✓	✓
AUSTRIA	Yes	Jan 2020	31 Dec 2021	Jan 2021	June 2022	10% / 20%	✓	✓	✓	✓	✓	✓	✓
BELGIUM	Yes	Jan 2019	31 Dec 2021	Jan 2021	June 2022	6% / 21%	✓	✓	✓	✓	✓	✓	✓
CANADA ²	Yes	2 Years	On Invoice Date	2 Years	On Invoice Date	5% - 10.5%	✓	✓	✓	✓	✓	✓	✓
CROATIA*	Case	-	-	Jan 2020	June 2022	13% / 25%	✓	✓	✓	✓	✓	✓	✓
DENMARK	Case	Jan 2018	31 Dec 2021	Jan 2021	June 2022	25%	✓	✓	✓	✓	✓	✓	✓
FINLAND	Case	3 Years From Current Quarter	On Invoice Date	Jan 2021	June 2022	10% / 24%	✓	✓	✓	✓	✓	✓	✓
FRANCE	Yes	Jan 2019	31 Dec 2021	Jan 2021	June 2022	10% / 20%	✓	✓	✓	✓	✓	✓	✓
GERMANY*	Yes	Jan 2020	31 Dec 2021	Jan 2021	June 2022	7% / 19%	✓	✓	✓	✓	✓	✓	✓
ICELAND	Case	-	-	Jan 2015	June 2022	11% / 24%	✓	✓	✓	✓	✓	✓	✓
IRELAND	Case	-	-	Jan 2021	June 2022	9% / 23%	✓	✓	✓	✓	✓	✓	✓
ITALY*	No	-	-	Jan 2021	June 2022	10% / 22%	✓	✓	✓	✓	✓	✓	✓
JAPAN	N/A	N/A	N/A	Prospective	Registration	10%	✓	✓	✓	✓	✓	✓	✓
LUXEMBOURG	Case	-	-	Jan 2021	June 2022	3% / 17%	✓	✓	✓	✓	✓	✓	✓
MALTA	Case	-	-	Jan 2021	June 2022	7% / 18%	✓	✓	✓	✓	✓	✓	✓
MONACO	Case	-	-	Jan 2021	June 2022	10% / 20%	✓	✓	✓	✓	✓	✓	✓
NETHERLANDS	Case	5 Years From Current Quarter	On Invoice Date	Jan 2017	June 2022	9% / 21%	✓	✓	✓	✓	✓	✓	✓
PORTUGAL*	Case	3 Years	On Invoice Date	Jan 2022	June 2022	6% / 23%	✓	✓	✓	✓	✓	✓	✓
SAUDI ARABIA*	N/A	N/A	N/A	Jan 2020	Sep 2021	5%	✓	✓	✓	✓	✓	✓	✓
SOUTH KOREA	Case	-	-	Jan 2021	June 2022	10%	✓	✓	✓	✓	✓	✓	✓
SPAIN*	Case	4 Years	On Invoice Date	Jan 2021	June 2022	10% / 21%	✓	✓	✓	✓	✓	✓	✓
SWEDEN	Case	Jan 2021	31 Dec 2021	Jan 2021	June 2022	6% / 25%	✓	✓	✓	✓	✓	✓	✓
SWITZERLAND	Yes	30 Days	On Submission	Jan 2021	June 2022	3.8% / 8%	✓	✓	✓	✓	✓	✓	✓
UAE*	N/A	N/A	N/A	Jan 2020	Sep 2021	5%	✓	✓	✓	✓	✓	✓	✓
UNITED KINGDOM	N/A	N/A	N/A	July 2020	Dec 2021	20%	✓	✓	✓	✓	✓	✓	✓



YES VAT IT is certain of the processes and is successfully recovering the Mineral and Oil Tax (MOT).

CASE We believe there could be an opportunity to claim your fuel tax. Assessed on a case by case basis.

***RECIPROcity** These countries require reciprocity to offer refunds, so only companies based in certain countries can claim. Only applicable to VAT refunds.

¹ VAT refunds on Fuel may be recoverable from the Tax Office or the Supplier depending on whether the claimant meets certain criteria.

² Besides Federal Excise Tax, Provincial Fuel Tax is also recoverable in some provinces.

NOTE: This is intended as an approximate guide only; some of the items may only be claimable in part.

vatit.com

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We nabbed this from VATIT, hope they don't mind (it is out of date)

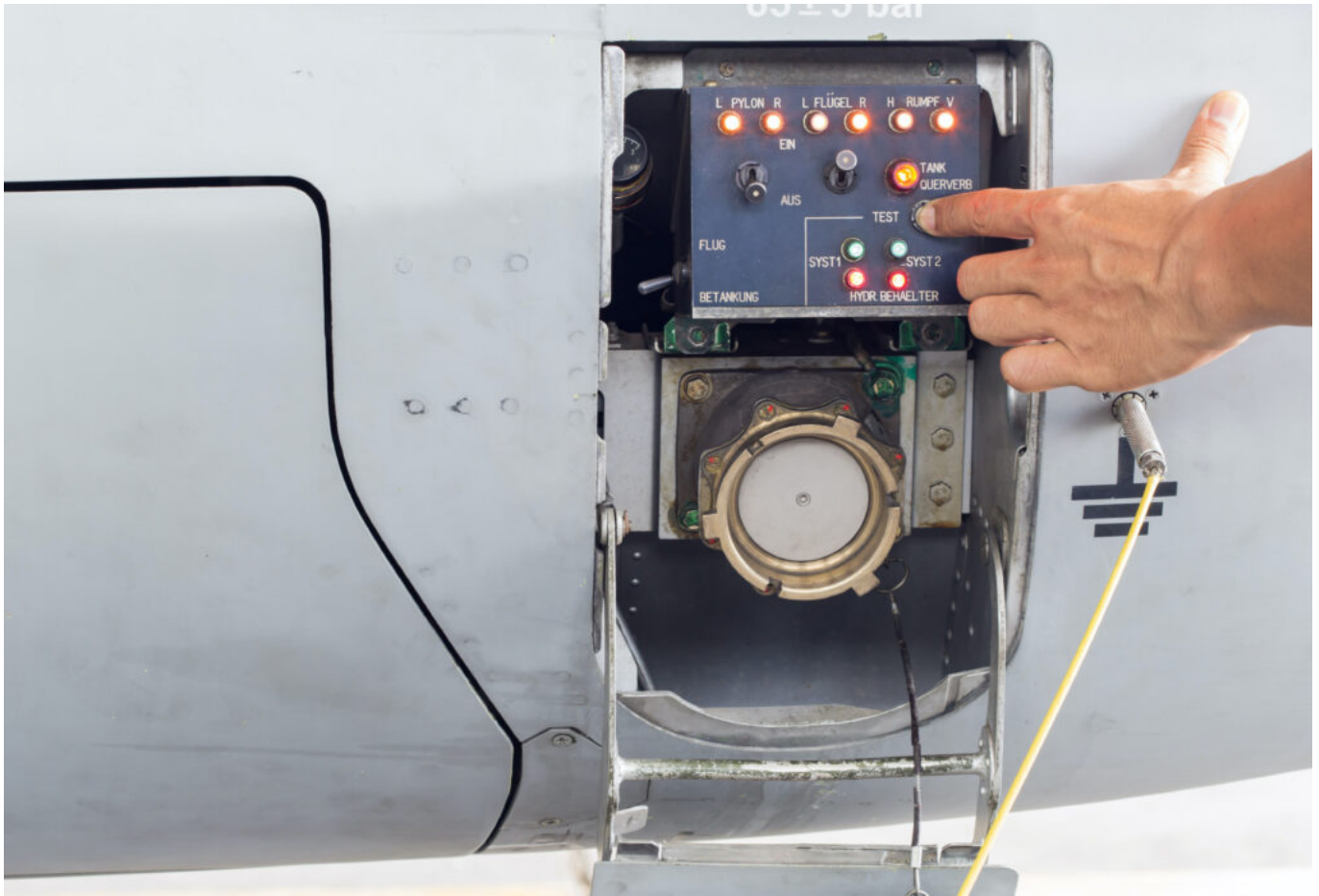
I don't see a 43% in there, but a fair few in the 20% region. So some big savings to be had, if this does apply to you.

If I should be exempt can I just not pay it?

You can't reclaim it everywhere - some places just don't have an exemption at all, and in some places you can't reclaim after paying, so you have to make sure it is taken off the bill before you pay.

So make sure:

- Your crew know about it, and to ask about it.
- Make sure your AOC is available for crew to show to fuelers to confirm they are exempt.
- Make sure the fueling company and customs have the right info on your flight so everyone knows you're exempt.



There he is, dialling in the tax code...

Tell me more about all this.

Well, that is actually all we really know on it.

The cost, as we said, is often added in at the fuel truck, and the rules for reclaiming it seem to be a little 'uncoordinated' (messy!) This is particularly the case, it seems, for France, Germany and Austria.

So much so that the EBAA wrote this very thorough guide on the legal impact of the 'European Energy Taxation Directive on Business Aviation in Germany, France and Austria'.

In case the word 'thorough' put you off reading it, here's our little, much less thorough summary of it:

- It is an analysis of the legal impact of the European Energy Taxation Directive on Business Aviation in **Germany, France and Austria**.
- It says that states can exempt aviation fuel from excise duties (tax), provided aircraft are used for purposes other than **private pleasure flying**.
- **But it isn't always consistently applied or understood**, and operators have to provide a whole load of info which is often very annoying, verging on impossible.
- **It also takes ages to get the money back**, so folk are missing out on interest which doesn't seem very fair.

There is a lot of info in the guide (we won't try and re-write it all out) but it is definitely worth a read if you are running into difficulties reclaiming your MOT in any of these three spots.

The main issue in France

France won't let you reclaim it if the **passenger is also (directly or indirectly) the owner of the aircraft** carrying them, but of course it isn't that simple. What they define as 'commercial' is often confusing, and it gets even messier for charters.

The main issue in Germany

No-one is entirely sure how it is all applied in Germany, it seems to be **really inconsistent and dependent on where you file** your reclaim. It is also very complicated when it comes to corporate flights.

And it hasn't been decided whether to apply it to training flights, maintenance flights or positioning flights...

The main issue in Austria

Austria apparently have **the worst 'burden of proof' on the operator** of any country.

Basically you have to disclose loads of information, including stuff about your passengers, which could breach any NDAs you have. So it might be worth highlighting this to them and saying *"if we try and get you money off the fuel, we're going to have to share loads of info about you, is that ok?"*

OK, I know enough. How do I reclaim it?

You need to make sure you have your AOC to hand (to prove you are worthy of exemption) along with the purchase invoice (showing the MOT levied) and fuel delivery notes (showing the correct aircraft registration, signed etc).

Some but not all countries allow for retrospective refunds which is why not paying it where possible is a better option. For those that do, you have to **submit your claim to the local customs office** (there isn't a centralised claims office), and there are deadlines for this.

Gimme some links

We shall. We discovered **VATIT** who have the title of *"world leading expert in aviation tax"* (self-titled). We got a lot of this info, including that rather handy table, off their site so reckon **they might be the folk to talk to**. Here's their website, and here is a very useful post they wrote on **Canadian Excise Duties on Fuel Bills** if that's something you want to find out about as well.

The EBAA posted the legal guide we mentioned above so also worth getting in touch with them if you have some specific questions or concerns.