Hotrec
Hospitality Europe

POSITION PAPER 3 May 2012

HOTREC position paper on the emergence of different tourism taxes, especially bed taxes across Europe

HOTREC[1] opposes the introduction of local taxes on tourists, especially bed taxes, which are penalising tourists and might seriously damage the local economy.

Bed taxes and similar taxes are more and more being introduced in the different EU Member States (mostly at local level), which are adding additional burden on the European hospitality / tourism industry.

When such taxes are introduced, in most cases this income is simply used to reduce budget deficits in general, according to the principle “tourists are not participating in local elections, therefore it is easy to ask them to pay additional money into the budget”.

Bed taxes (taxes levied on guests staying in commercial accommodation) are particularly unfair, as it is punishing tourists who, in general, are staying longer and spend more money at the destination than people, who are staying e.g. with friends and relatives or in the grey zone of not primarily commercial types of accommodation.

It is especially misplaced to connect such bed taxes to hotel classification. In countries, where hotel classification is voluntary, such system might even seduce hotels to abandon the star classification system for this fiscal reason, making guests losing one of their best established anchors for choosing their place of stay.

It should be noted that tourism activities, by themselves and without extra taxes, are already considerably contributing to the tax income in the given destination. Tourists’ expenditure in shops, restaurants, petrol stations, pharmacies, opticians etc. are directly accounting for additional tax revenue, while on the other hand tax income is realised also via the employment of people working in the tourism sector.

[1] HOTREC represents the hotel, restaurant and café industry at European level. The sector counts 1.7 million businesses, with almost 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) represent more than 99,5% of businesses and make up some 62% of value added. The industry provides some 9,5 million jobs in the EU alone. HOTREC brings together 43 National Associations representing the interest of the industry in 26 different European countries.

Decision makers should be aware that tourism taxes have the potential to distort the competitive position of destinations by increasing the cost of staying. High taxes in general, in addition with supplementary tourism taxes, are jeopardising Europe's competitiveness as a destination both for European and for third country travellers.

HOTREC, therefore, argues to abandon existing and not to introduce new tourism / bed taxes. In case it is nonetheless considered unavoidable to introduce such a tax at a destination, all enterprises benefitting from local tourism must be burdened in a fair manner and tourism stakeholders should be actively involved in the decisions on how to make best use of this revenue ("public private partnership"). Such an income should exclusively be used for investing into the tourism infrastructure and marketing (without cutting existing expenditure on tourism purposes), making more tourists to come and spend money. That shall have overall a much better budgetary effect, than losing tourists and therefore revenue in general "thanks" to taxes introduced without visibly compensating the sector and the tourists.

*

*   *