

The European hospitality industry together with the European Tourism Stakeholder Alliance calls upon the long-term application of low VAT for hospitality and tourism services

Brussels, 4 May 2017 – HOTREC unveiled its [report on the benefits of low VAT](#) on job creation and competitiveness in the EU, which, in the light of the envisaged reform of the European VAT system, demonstrates the catalyst effect of low VAT on job creation, investment and growth, therefore promoting Europe's competitiveness.

The long-term application of low VAT rates on hospitality services, which almost all Member States apply to accommodation and 2/3 to restaurant services is key to sustain Europe's competitiveness as a tourism destination. Indeed, the share of international tourism arrivals to Europe has dropped from 60% to 51% between 1990 and 2015. Moreover, Europe ranks second in terms of international tourism receipts with 336,6 billion EUR behind Asia and the Pacific region, however with receipts rising at a lower level than the rest of the world, respectively 1,5% and 3,4% in 2012 and 2015, versus 4,3% and 4,4% in the world.

"We much welcome this report by HOTREC, as we trust it will provide an important contribution to the ongoing discussion on tourism taxation and its impact on the sector's capacity to contribute to economic growth and job creation" said Mr. Taleb Rifai, Secretary General of the World Tourism Organization (UNWTO). "All tourism taxation policies should be carefully measured, modelled, monitored and assessed" said Mr. Rifai.

In order to turn these negative trends to the positive, long-term application of low VAT rates are key. Indeed, low level of VAT help to sustain and create jobs in the hospitality industry, which created 2,5 million new jobs in the last decade (a 29% growth versus 7.1 in the overall economy), as well as foster investments to develop an even more qualitative and sustainable tourism offer.

"Keeping VAT for hospitality and tourism services low is crucial for the competitiveness of European tourism and its 2 million SMEs (1.8 for the hospitality sector), 91% of which being micro-enterprises" said Susanne Kraus-Winkler, President of HOTREC. "Low VAT must remain the long-term regime for such services especially as already 25 out of 28 EU Member States apply a reduced rate to tourist accommodation services and almost 2/3 to restaurant services."

A European Tourism Stakeholder Alliance composed of CLIA-Europe, ECTAA, EFCO&HPA, ETC, ETOA, EUROGITES, IAAPA, IRU and NECSTouR has joined HOTREC's call for the long-term application of low VAT rates for tourism services.

"This broad support coming from leading tourism stakeholders demonstrates the essential role of low VAT for the sector, which is already heavily regulated and taxed. The HOTREC report clearly shows that low VAT foster jobs and growth and stalling investments" concluded Christian de Barrin, CEO of HOTREC.

What is HOTREC?

HOTREC represents the hotel, restaurant and café industry at European level. This industry includes around 1.8 million businesses, of which 99% are small and medium sized enterprises (91% of them micro enterprises, i.e. employing fewer than 10 people). These businesses make up some 59% of industry value added. The hospitality industry provides some 10.2 million jobs in the EU alone. Together with the other tourism industries, the sector is one of the largest industries in Europe. HOTREC brings together 41 national associations representing the sector in 29 different European countries.

For further information: www.hotrec.eu

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