



The European hotel sector strongly hit by Thomas Cook's insolvency asks national authorities to delay VAT payments on unpaid hotel services

The insolvency of the Thomas Cook group and of some of its local brands has strongly hit the hotel sector across Europe, with hundreds of hotels facing immediate closure and several hundreds of millions of Euros of losses reported so far as a result of unpaid bills and massive cancellations. In the most affected countries, the hotel sector needs public authorities to delay payment of VAT on hotel services left unpaid as a result of Thomas Cook's insolvency.

"In many European countries, a large number of hotels had a high share of clients booked through Thomas Cook. Thomas Cook's bankruptcy results in strong immediate losses and depressed occupancy rates for the remainder of 2019 and beyond. Requesting to pay VAT now on bills left unpaid would threaten the short-term viability of many hotels. We therefore call on public authorities to postpone the payment of VAT due on invoices which have not been paid yet" said Christian de Barrin, CEO of HOTREC.

Hotels with major contracts with Thomas Cook face serious difficulties, notwithstanding VAT which is now requested to be paid although the situation makes that Thomas Cook's bills have not been paid. While they are requested to accommodate normally the tourists which were staying as part of a holiday package at the time of Thomas Cook's bankruptcy, they will face long delays to receive payments from insurance and guarantee funds in Europe. Moreover, they will not receive compensation for tourists not booked through a typical holiday package nor for the massive cancellations resulting from Thomas Cook's closure.

What is HOTREC?

HOTREC represents the hotel, restaurant and café industry at European level. The sector counts in total around 2 million businesses, being 99,5% small and medium sized enterprises (91% are micro enterprises, i.e. employing less than 10 people). These businesses make up some 60% of value added. The industry provides some 11,9 million jobs in the EU alone. Together with the other tourism industries, the sector is the 3rd largest industry in Europe. HOTREC brings together 43 national associations representing the interest of this industry in 31 different European countries.

For further information: www.hotrec.eu

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