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# **Comparison of tax reliefs, tourist taxes and VAT thresholds in Europe**

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A study for the Cut  
Tourism VAT  
campaign

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## Introduction

For approximately 20 years, the UK's VAT rate for the hospitality and tourism sector has remained one of the highest in Europe. Despite much research, lobbying and representation to central government, much of it providing clear evidence of the benefits of a reduction in the standard rate of VAT to the economy, the UK government has not reduced the rates.

The campaign continues to gain increased interest and backing from MPs and the issue was discussed in the House of Commons on 11 February 2014, with 25 MPs from all political parties debating the case for a reduction in VAT rates initially for accommodation and visitor attractions.

Yet despite a lively debate led by Margaret Ritchie MP, the case did not convince the Treasury minister David Gauke of the benefits that the reduction would bring to the economy. Of the 25 MPs who spoke in the debate, 23 were in favour of the cut while two frontbenchers were not in favour. Written responses from HM Treasury identify objections to the case put forward.

During the debate, the Exchequer Secretary, Mr Gauke, stated:

*“Several other member states have chosen to implement a reduced rate of VAT on tourism, but the Government have yet to find any evidence of a causal link between VAT rates and tourism activity.*

*Comparisons with other countries tend not to take into account the significant VAT reliefs that the UK provides for cultural attractions and public transport, or the other tourist taxes that other member states choose to levy. In addition to the sector-specific reliefs, the UK's VAT registration threshold is the highest in the EU.*

*Therefore, many tourist attractions do not have to charge any VAT to their customers.”*

This report presents the findings of an area of research to help counter this objection.

## Methodology

The following methodology was employed to prepare this study:

- Desktop analysis of existing research and papers on the reduced VAT campaign
- Internet research and analysis of VAT information
- Scenario comparison of costs and taxes across a selected group of other member states

## Tax Reliefs on Cultural Attractions

VAT is exempt on entrance fees to cultural attractions managed by public bodies or not-for-profit organizations; these include museums, galleries, art exhibitions and zoos and theatrical, musical or choreographic performances of a cultural nature.

However, attractions and amusement parks in the UK operated on a for-profit basis are still subject to the full rate of VAT being applied compared to other VAT systems across Europe and despite being popular holiday activities. The extract from the European Commission's publication *VAT Rates Applied in the Member States of the European Union (January 2014)*<sup>1</sup> provides a breakdown of the rates applied.

7.	Admission to cultural services (shows, cinema, theatre)	[ex]	20	15	25	[ex]	20	13	[ex] <sup>30</sup>	5,5	5 <sup>31</sup> 13 <sup>32</sup>	[ex]	10	[ex]	[ex]	[ex] <sup>33</sup>	3	27	5	6	[ex]	8	[ex]	9	9,5	20	10	6	20
		6				7		6,5 <sup>34</sup>	21	20	25	9		5	21 <sup>35</sup>	21					10		13			[ex]			

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## II. APPLICATION OF REDUCED VAT RATES BY THE MEMBER STATES TO THE CATEGORIES OF GOODS AND SERVICES CONTAINED IN ANNEX III OF VAT DIRECTIVE 2006/112/EC

Category	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
Admission to amusement parks	6	20	15	25	19	20	13	21	10 <sup>36</sup>	25	9	22	5	21	21	3	27	18	6	10	8	23	9	9,5	20	10	25	20

In addition, it is an EU rule that wholly not-for-profit cultural attractions cannot charge VAT which is applied across all Member States. By contrast, as commercial or for-profit attractions are subject to full rate VAT in the UK, this causes a huge distortion in the market.

## Findings

Nine member states including Germany, Spain and Ireland provide exemptions to admission fees to cultural services. In relation to amusement parks, France applies a 10% VAT rate on entrance fees unless there is no cultural theme where the full amount of VAT is levied.

To ascertain the position of UK amusement/theme parks with other European countries comparison was made between the Association of Leading Visitor Attractions (ALVA) 2012 listing of the visits made to visitor attractions in membership with ALVA<sup>2</sup> with the Themed Entertainment Association's (TEA) 2012 Global Attractions Attendance Report<sup>3</sup> which compares amusement parks across the world on performance and number of visitors. This report identified that Alton Towers, Legoland Windsor and Thorpe Park were ranked 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> respectively amongst the top 20 parks across Europe.

While the most visited attractions in the UK were managed or operated by public bodies or not for profit organizations, if the number of visitors to these cultural attractions is compared with some of the major UK amusement parks, Alton Towers, Legoland Windsor and Thorpe Park,

<sup>1</sup> VAT Rates Applied in the Member States of the European Union (January 2014)

[http://ec.europa.eu/taxation\\_customs/resources/documents/taxation/vat/how\\_vat\\_works/rates/vat\\_rates\\_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/taxation/vat/how_vat_works/rates/vat_rates_en.pdf)

<sup>2</sup> Association of Leading Visitor Attractions <http://alva.org.uk/details.cfm?p=598>

<sup>3</sup> Themed Entertainment Association's (TEA) 2012 Global Attractions Attendance Report

[http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/\\_documents/2012%20Theme%20Index%20Combined\\_1-1\\_online.pdf](http://www.aecom.com/deployedfiles/Internet/Capabilities/Economics/_documents/2012%20Theme%20Index%20Combined_1-1_online.pdf)

rank 8th, 10th and 12<sup>th</sup> respectively with Alton Towers attracting approximately the same amount of visitors as the Tower of London.

Attraction	Number of visitors
British Museum	5.5m
Tate Modern	5.3m
National Gallery	5.1m
Natural History Museum	5.0m
V&A	3.2m
Science Museum South Kensington	2.9m
Tower of London	2.4m
Alton Towers	2.4m
National Portrait Gallery	2.1m
Legoland Windsor	2.0m
National Museum of Scotland	1.9m
Thorpe Park	1.8m

It could be argued that amusement parks are an intrinsic and historic part of UK culture and cultural attractions in their own right. The origins of many of the amusement parks lie in the travelling fairs, circuses and expositions including those created for the original Crystal Palace in 1851. The Legoland parks are based on a much loved toy that many UK children and adults will have fond memories and experiences of and, while being originally from Denmark, has become a part of UK culture. Indeed, the majority of the UK's key visitor attractions are displayed in Lego at Legoland Windsor.

Therefore, they provide the potential for visitors, families and schoolchildren to learn about the development of social history especially if specific educational events, exhibitions or heritage festivals are provided and which tie in with the national curriculum.

According to Visit England's report *Visitor Attraction Trends in England 2012*<sup>4</sup> attractions that hold public events continued to report stronger increases in gross revenue in 2012. Gross revenue increased by 4% among those holding public events compared to those that did not.

While not for profit managed attractions are well visited and generate significant revenue, unlike those managed by for profit private companies, they do not provide the potential to increase revenue and create jobs without charging entrance fees or raising admission charges which may have the adverse affect of deterring visitors. Many of them are free of charge to enter.

Those that are free of charge to enter have the potential to attract more visitors especially during recessions. This has been presented in Visit England's *Tourism Business Monitor 2014 Visitor Attractions Report – Wave 1 Post-Christmas and New Year*<sup>5</sup> which identified that smaller

<sup>4</sup> *Visitor Attraction Trends in England 2012*

[http://www.visitengland.org/Images/VA%202013%20Trends%20in%20England%20-%20Full%20Report\\_FINAL\\_tcm30-38296.pdf](http://www.visitengland.org/Images/VA%202013%20Trends%20in%20England%20-%20Full%20Report_FINAL_tcm30-38296.pdf)

<sup>5</sup> *Tourism Business Monitor 2014 Visitor Attractions Report – Wave 1 Post-Christmas and New Year*

[http://www.visitengland.org/Images/Visitor%20Attractions%20Jan%202014\\_tcm30-40424.pdf](http://www.visitengland.org/Images/Visitor%20Attractions%20Jan%202014_tcm30-40424.pdf)

and free attractions have benefited from an increase in local and domestic visitors, whilst overseas visitors were more likely to increase visits to paid attractions.

As set out in Annex 3 of Council Directive 2009/47/EC of 5<sup>th</sup> May 2009 (which amended Directive 2006/112/EC as regards reduced rates of VAT), labour intensive services including hotels, other forms of visitor accommodation and tourist attractions qualify for a reduction in VAT. A study by the International Association of Amusement Parks and Attractions (IAPPA) is being finalized to assist in ensuring that amusement parks continue to qualify for a reduction in VAT. This is intended to assist members' national campaigns on maintaining or securing reduced rates.

## Passenger Transport tax reliefs

Passenger transport tax reliefs are applied to

- any vessel carrying at least 12 passengers,
- Post Office vehicles,
- any scheduled flight or
- from a place within to a place outside the United Kingdom or vice versa, to the extent that the services are supplied in the United Kingdom.

Passenger transport	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
<b>Domestic transport:</b>																												
<i>Air</i>	6	20	15 <sup>11</sup> 21	[ex]	19	20	13	10	10	25	[ex]	10	19	12	21	3	27	0	21	10	8	6	24	9,5	20	10	6	0
<i>Sea</i>	6	20	N/A	[ex]	19 7 [-]	20	13	10	10	25	[ex]	10	9	12	21	N/A	N/A	0	6	N/A	8	6	24	9,5	N/A	10	6	0
<i>Inland waterway</i>	6	20	15 <sup>11</sup> 21	[ex]	19 7	20	13	10	10	N/A	[ex]	10	19	12	21	3	27	N/A	6	10	8	6	24	9,5	20	10	6	0
<i>Rail</i>	6	20	15 <sup>11</sup> 21	[ex]	19 7	20	13	10	10	25	[ex]	10 [ex]	N/A	12	21	3	27	N/A	6	10	8	6	24	9,5	20	10	6	0
<i>Road</i>	6	20	15 <sup>11</sup> 21	[ex]	19 7 25	20	13	10	10	25	[ex]	10 [ex]	5 9 19	12	21	3	27	0 18	6	10	8	6	24	9,5	20	10	6	0

GOODS and SERVICES	BE	BG	CZ	DK	DE	EE	EL	ES	FR	HR	IE	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	UK
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## Findings

The UK is very favourable compared to other member states although Ireland is the only other member state that has a more favourable rate as it has exempted passenger transport from VAT. However, in the UK, the standard rate of VAT is still applied to passenger transport in the following circumstances

- to, from or within a place of entertainment, recreation or amusement or a place of cultural, scientific, historical or similar interest, if the provider of the transport is also supplying the right of admission to that place
- in any vehicle between a car park and an airport terminal, if the provider of the transport is also connected to the person providing the car parking
- in an aircraft when the flight is advertised or held out to be for the purpose of providing entertainment, recreation or amusement, the experience of flying or the experience of flying in a particular aircraft.

This would seem to mean that any transport provided by attractions from a station to the attraction itself would be liable for standard rate VAT if a fare is charged.

## Tourism Tax

Analysis was undertaken of the joint HOTREC/Brewers of Europe report *The Hospitality Sector in Europe*<sup>6</sup> which assesses the economic contribution of the hospitality services across 31 countries. The report findings and statistics were compiled from statistics from Eurostat and identified the following tourism taxes:

Country	Tourism Tax	Reduced VAT Rate
Austria	Overnight accommodation including campsites Provincial basis €0.15-€2.18 pppn	Yes
Belgium	City level – varies between municipalities Determined at hotel/borough level Approx 10% of room rate Ex – hotels in Brussels pay amount per room per year based on hotel size and classification	Yes
Bulgaria	Hotels/accommodation tax on overnight stays €0.50-€1.50 depending on type of establishment Resort tax €8 per stay in Bulgarian Littoral resorts Annual license depending on type/scale of operation up to €250 per annum	Yes
Croatia	Sojourn tax €0.25-€1.00 depending on category of establishment and season	Yes
Czech Republic	€1.00 per night	Yes
Denmark	None	No
Cyprus	None	Yes
Estonia	None	Yes
Finland	None	Yes
France	€0.20 (camping and 1* hotels) €1.50 (4-5* hotels)	Yes
Germany	Bed taxes in certain cities €0.25-€5.00 per person <b>or</b> 5% of bill depending on type, room rate and location	Yes
Greece	None	Yes
Hungary	Approx €1.50 per night Varies regionally Owners of hotel buildings are subject to tax in proportion to size of hotel Budapest – calculated as a percentage of room rate which increased from 2% in 2000 to 4% in 2014	Yes
Ireland	None	Yes
Italy	Tassa di soggiorno €0.35-€5.00 per night depending on region Based on star rating levied on a set number of nights	Yes
Latvia	None	Yes

<sup>6</sup> *The Hospitality Sector in Europe, HOTREC/Brewers of Europe*

[http://www.brewersofeurope.org/docs/publications/2013/the\\_hospitality\\_sector\\_in\\_EU\\_09-2013\\_ld\\_v2.pdf](http://www.brewersofeurope.org/docs/publications/2013/the_hospitality_sector_in_EU_09-2013_ld_v2.pdf)

Country	Tourism Tax	Reduced VAT Rate
Lithuania	Applied to 2 resorts only Hotels and apartments €0.30-€0.60	No
Luxembourg	None	Yes
Malta	None however, was proposed at 50c pppn 2010 – eco-contribution tax of 50c per tourist has been introduced Payable on arrival in Malta Permit required to put tables and chairs on public land	Yes
Netherlands	Set amount by grade and accommodation type in most municipalities Some municipalities charge % on hotel charges sometimes variable by hotel grade and accommodation type €0.55-€4.76 pppn	Yes
Norway	None	
Poland	None	Yes
Portugal	None	Yes
Romania	0.5% - 5% in each municipality regardless of hotel grade City municipalities charged per night Resort municipalities charged on first night Applied to visitors 18+ Changed to 1% for whole of the country	Yes
Slovakia	City tax on hotels €0.50-€1.65 pppn depending on municipality regulations	No
Slovenia	€0.60-€1.25 pppn Varies by location and hotel grade Some reductions/exemptions apply for children but vary according to location	Yes
Spain	Catalonia only €0.75-€2.50 pppn depending on location and grade for stays up to 7 nights Children under 16 are exempt	Yes
Sweden	None	Yes
Switzerland	Complex system based on a % amount determined by grade of hotel Proceeds go towards BA revenues and Kurtaxe <b>BA revenues</b> finance tourism advertising and maintain regional infrastructure <b>Kurtaxe</b> contributes towards improving the tourism experience Each canton can determine their own tax model in addition so some locations can have 3 taxes	
Turkey	None	
UK	None although a license is required to serve alcohol	No

## Findings

- 17 countries have a tourist related tax which are not applied or calculated consistently:
  - some are applied locally while others are on a national basis
  - some apply it only to one or two locations while others apply to certain cities
  - some are based on hotel rating/type while others are based on overall cost
- 14 countries that operate a reduced VAT rate have introduced a tourist tax
- 11 countries that operate a reduced VAT rate do not charge a tourist tax
- 2 countries (Slovakia and Lithuania) do not operate a reduced VAT system but do charge a tourism tax
- Other duties are levied which relate to foodstuff including sugar and fat taxes
- The taxes range from €0.15 to €5.00

While some EU member states (14) have introduced a tourist tax to deal with the recession, reduce deficit or encourage more spend in the industry, an almost equal number (11) of others with a reduced rate have not identified the need to introduce a tourist tax

With the majority that do levy a charge being governed and set at local level, and sometimes to only particular cities or regions, the effect on the overall economy is potentially difficult to quantify, but this effect is likely to be limited. In addition, these could place more of a burden on these areas to attract more visitors to help the country overall to the detriment of other regions/cities

Tourism taxes are viewed in a negative light. In its position paper on the emergence of different tourism taxes<sup>7</sup>, HOTREC, the association that represents the hotel, restaurant and café industry at European level, identifies that when tourism taxes are introduced, “in most cases this income is simply used to reduce budget deficits in general.”

Where a tourism tax is being introduced, HOTREC recommends that revenues should exclusively be used for investing into the tourism infrastructure and marketing... making more tourists come and spend money. An example of this is provided in the Swiss tourism tax system where part of the revenue generated is invested in tourism offerings and experiences as well as infrastructure.

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<sup>7</sup> <http://www.hotrec.eu/publications-positions.aspx>

## Scenario Comparison of Taxes For Selected Member States

Taking the VAT rates and tourism taxes into consideration a comparison of the UK's situation was made with five other European countries – France, Germany, Ireland, Italy and Spain using a hypothetical scenario of the total costs and total taxes incurred by a tourist from America on a four night trip to a major city in each of these countries. In addition to the taxes discussed earlier, the scenario comparison also takes into account the other costs and taxes involved ie air fares and associated taxes and visa entry fees where applicable. All figures are in Euros for ease of comparison. A full breakdown is provided at Annex A.

At a glance the overall costs, taxes and taxes as a percentage of the overall trip costs are provided below:

Country	City	Total Cost	Total Tax	Tax %
UK	London	3,480	310.75	8.93%
Germany	Berlin	3,120	186.82	5.99%
Italy	Rome	3,126	170.31	5.45%
France	Paris	3,054	156.50	5.12%
Spain	Madrid	3,292	159.20	4.84%
Ireland	Dublin	3,297	109.08	3.31%

The UK is the highest in comparison with the other countries being nearly 3% higher than Germany and over 5.5% compared with Ireland which is the lowest of the comparator countries, who removed the airport tourist tax on 1 April 2014.

These comparisons are based on major cities in each of the countries, however, as identified in the analysis of tourism taxes, smaller regions or towns within each of these countries may apply a different tax set at a local level. In addition, in some countries alternative rates of VAT are levied on longer distances undertaken on public transport and tourists may take day visits to attractions and towns of cultural interest which require them to travel long distances on the train, for example.

Therefore, a second comparison was undertaken consisting of a scenario of a tourist staying in a smaller destination together with a day trip by rail from the town to another town over 50km to visit an attraction, the results of which are provided in the table below. A full breakdown is provided in Annex B.

Country	Town	Total Cost	Total Tax	Tax %
UK	Warwick	3,530	310.75	8.80%
Italy	Ravello	3,176	187.31	5.90%
France	Le Touquet	3,104	161.50	5.20%
Germany	Hanau	3,170	156.32	4.93%
Spain	Denia	3,342	164.20	4.91%
Ireland	Kerry	3,347	109.08	3.26%

Even with stays outside the main cities, the results of the comparison are very similar to the earlier scenario comparison in that the UK remains almost 3% higher than the next country, which in this instance is Italy. Germany ranked lower as it only applies tourist taxes to a number of cities whereas Italy and France apply it to most local authorities/municipalities; the maximum tourism tax rate has been applied to each of these examples in Italy and France as there is a variation of rates quoted for these specific areas and hotels.

Ireland remains the lowest of the comparator countries.

## VAT thresholds

Analysis of thresholds from an EU source provided on the Your Europe VAT – Basic Details page of the Your Europe website [www.europa.eu/youreurope/business/vat-customs/buy-sell/index\\_en.htm](http://www.europa.eu/youreurope/business/vat-customs/buy-sell/index_en.htm) is provided below.

### ANNEX 1: THRESHOLDS (MARCH 2012)

Member State	Threshold for application of the special scheme for acquisitions by taxable persons not entitled to deduct input tax and by non-taxable legal persons <sup>1</sup>		Threshold for application of the special scheme for distance selling <sup>2</sup>		Exemption for small enterprises <sup>3</sup>	
	National currency	Euro equivalent	National currency	Euro equivalent	National currency	Euro equivalent
Belgium	€11.200	-	€35.000	-	€5.580	-
Bulgaria	20.000 BGN	10.226	70.000 BGN	35.791	50.000 BGN	25.565
Czech Republic	326.000 CZK	13.318	1.140.000 CZK	46.570	1.000.000 CZK	40.851
Denmark	80.000 DKK	10.730	280.000 DKK	37.557	50.000 DKK	6.707
Germany	€12.500	-	€100.000	-	€17.500	-
Estonia	€10.226	-	€35.151	-	€15.978	-
Ireland	€41.000	-	€35.000	-	€75.000 or €37.500	-
Greece	€10.000	-	€35.000	-	€10.000 or €5.000	-
Spain	€10.000	-	€35.000	-	None	None
France	€10.000	-	€100.000	-	€81.500 or €32.600	-
Italy	€10.000	-	€35.000	-	€30.000	-
Cyprus	€10.251	-	€35.000	-	€15.600	-
Latvia	7.000 LVL	9.932	24.000 LVL	34.052	35.000 LVL	49.659
Lithuania	35.000 LTL	10.137	125.000 LTL	36.203	100.000 LTL	28.962
Luxembourg	€10.000	-	€100.000	-	€10.000	-
Hungary	2.500.000 HUF	9.164	8.800.000 HUF	32.257	5.000.000 HUF	18.328
Malta	€10.000	-	€35.000	-	€35.000 or €24.000 or €14.000	-
Netherlands	€10.000	-	€100.000	-	None	None
Austria	€11.000	-	€35.000	-	€30.000	-
Poland	50.000 PLN	12.592	160.000 PLN	40.293	150.000 PLN	37.774
Portugal	€10.000	-	€35.000	-	€10.000 or €12.500	-
Romania	34.000 RON	8.071	118.000 RON	28.012	119.000 RON	28.249
Slovenia	€10.000	-	€35.000	-	€25.000	-
Slovakia	€13.941,45	-	€35.000	-	€49.790	-
Finland	€10.000	-	€35.000	-	€8.500	-
Sweden	90.000 SEK	10.190	320.000 SEK	36.232	None	None
United Kingdom	70.000 GBP	€1.843	70.000 GBP	€1.843	70.000 GBP	€1.843

<sup>1</sup> See Article 3(2)(a) of Directive 2006/112/EC, as amended.

<sup>2</sup> See Article 34 of Directive 2006/112/EC, as amended.

<sup>3</sup> See Articles 284 to 287 of Directive 2006/112/EC, as amended. This scheme is reserved for taxable persons established within the territory of the country.

## Findings

While the UK's threshold has increased in 2013/2014 to £79,000, it remains one of the highest in the EU. This increased to £81,000 in 2014/2015 with a deregistration threshold of £79,000.

According to figures provided by the Office for National Statistics (ONS) from the Inter-departmental business register 2008-2012, sourced from People 1<sup>st</sup> State of The Nation Report 2013<sup>8</sup>, in 2012 the number of individual businesses in the UK hospitality and tourism industry was 181,500 with 12,400 hotels and 500 visitor attractions. 52% of visitor attractions employed

<sup>8</sup> Page 12

[http://www.people1st.co.uk/webfiles/Research/State%20of%20The%20Nation/2013/SOTN\\_2013\\_final.pdf](http://www.people1st.co.uk/webfiles/Research/State%20of%20The%20Nation/2013/SOTN_2013_final.pdf)

between 1-4 employees and 18% employed 5-9 employees. Therefore, the majority of businesses within this sector can be classed as small or medium enterprises.

In addition, the Department for Business, Innovation and Skills annual Business Population Estimates 2013<sup>9</sup> estimate that at the start of 2013, there were approximately 4.9 million UK private sector businesses, over half of which (2.7m) are non-employers that are not registered for either VAT or PAYE.

In their report Tourism Sector VAT Analysis: A Report on the Impact of Reduced VAT Rates on British Visitor Accommodation, Attractions and The Wider Economy<sup>10</sup>, Deloitte, Wason and Nevin identified that high VAT rates could be a disincentive to growth especially for SMEs near to the VAT registration threshold. This remains an issue even with an increase in the registration threshold.

Research of individual companies on Companies House / Due Diligence websites has identified that

- the information freely available is restricted to general company information and filing dates
- not all attractions are companies – sole traders, partnerships and local not for profit community attractions are not listed
- turnover is not always available as it is not a mandatory requirement.

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<sup>9</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/254552/13-92-business-population-estimates-2013-stats-release-4.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/254552/13-92-business-population-estimates-2013-stats-release-4.pdf)

<sup>10</sup> <http://www.cuttourismvat.co.uk/wp-content/uploads/2013/08/Tourism-Sector-VAT-Analysis-14-page-SUMMARY-070211.pdf>

## Conclusions/Next Steps

### Cultural attractions and amusement parks

The continuation of levying the full VAT rate for commercial amusement parks compared to wholly not-for-profit parks and attractions distorts the market significantly, giving the wholly not-for-profit attractions and parks an unfair advantage.

Further analysis and findings from the IAPPA report can be analysed and utilized to assist in the case for the reduction of VAT for amusement parks and attractions in the UK.

### Tourist Taxes

The UK appears to have a high rate of tax on tourists compared to other EU countries. Reducing VAT on tourism would lessen the extent of the difference. It would also enable lower prices to be charged to tourists, thereby stimulating demand, as well as making funds available for investment in labour and facilities.

### Tax Take Analysis

The comparison of tax take in both scenarios used indicates that even without a specific tourist tax applied per location, visitors pay the most in tax for their visits to the UK.

These are only two scenarios with a small amount of activities being undertaken. Therefore, consideration could be given to analysis of a further range of scenarios/models including some member states with localized tourist taxes, to strengthen the case that the UK remains one of the highest taxed countries in terms of tourism.

### VAT thresholds

Consideration could be given to:

- Undertaking further analysis of status, size, turnover through:
  - existing research reports
  - survey of sample of businesses

A common theme that has been identified in a number of the comparisons is that Ireland, the UK's nearest geographical competitor is one of the EU countries to reduce VAT for admission to amusement parks, exempting passenger transport and the removal of the airport passenger tax.

A further in-depth analysis and comparison could be undertaken exploring areas including the reasons for the reduction, benefits and performance.

## ANNEX A

### Assumptions/Scenario

One Tourist from Tampa, Florida visiting each city based on:

- 4 nights in a 4\* hotel at a cost of €200 per person per night on a bed and breakfast basis
- 2 rail fares from airport to hotel/ hotel to airport based on €10 single journey
- 16 single fares to attractions/sightseeing at €5 per ticket
- 8 meals at an average of €25 per day (lunch and dinner)
- alcohol consumption at dinner of €15 bottle of wine
- visiting 4 private sector attractions at an average admission price of €25 per attraction
- 1 visit to amusement park at average admission price of €25
- 1 visit to the theatre

In Euros																									
Country	City	Flight	Tax	Entry Visa	Tax	Accommodation	Tax	Tourism Tax	Rail fare	Tax	Public Transport	Tax	Meals	Tax	Alcohol	Tax	Attraction	Tax	Amusement Park	Tax	Theatre	Tax	Total Cost	Total Tax	Tax %
UK	London	2245	83.75	0		800	160	0	20	0	80	0	100	20	60	12	100	20	25	5	50	10	3480	310.75	8.93%
Germany	Berlin	1885	48.67	0		800	56	40	20	1.4	80	5.6	100	19	60	11	100	0	25	4.8	50	0	3120	186.82	5.99%
Italy	Rome	1891	35.81	0		800	80	8	20	2	80	8	100	10	60	6	100	10	25	5.5	50	5	3126	170.31	5.45%
France	Paris	1819	25.25	0		800	80	6	20	2	80	8	100	10	60	12	100	5.5	25	5	50	2.75	3054	156.5	5.12%
Spain	Madrid	2057	26.95	0		800	80	0	20	2	80	8	100	10	60	6	100	21	25	5.3	50	0	3292	159.2	4.84%
Ireland	Dublin	2062	7.53	0		800	72	0	20	0	80	0	100	9	60	14	100	0	25	2.3	50	4.5	3297	109.08	3.31%

**ANNEX B**

**Assumptions/Scenario**

One Tourist from Tampa, Florida visiting each city based on:

- 4 nights in a 4\* hotel at a cost of €200 per person per night on a bed and breakfast basis
- 2 rail fares from airport to hotel/ hotel to airport based on €10 single journey
- 16 single fares to attractions/sightseeing at €5 per ticket
- 1 return rail journey to a town over 50km for sightseeing
- 8 meals at an average of €25 per day (lunch and dinner)
- alcohol consumption at dinner of €15 bottle of wine
- visiting 4 private sector attractions at an average admission price of €25 per attraction
- 1 visit to amusement park at average admission price of €25
- 1 visit to the theatre

In Euros																												
Country	Town	Flight	Tax	Entry Visa	Tax	Accommodation	Tax	Tourism Tax	Rail fare (<50km)	Tax	Rail fare (>50km)	Tax	Public Transport	Tax	Meals	Tax	Alcohol	Tax	Attraction	Tax	Amusement Park	Tax	Theatre	Tax	Total Cost	Total Tax	Tax %	
UK	Warwick	2245	83.75	0		800	160	0	20	0	50	0	80	0	100	20	60	12	100	20	25	5	50	10	3530	310.75	8.80%	UK
Germany	Hanau	1885	48.67	0		800	56	0	20	1.4	50	9.5	80	5.6	100	19	60	11	100	0	25	4.8	50	0	3170	156.32	4.93%	Germany
Italy	Ravello	1891	35.81	0		800	80	20	20	2	50	5	80	8	100	10	60	6	100	10	25	5.5	50	5	3176	187.31	5.90%	Italy
France	Le Touquet	1819	25.25	0		800	80	6	20	2	50	5	80	8	100	10	60	12	100	5.5	25	5	50	2.75	3104	161.5	5.20%	France
Spain	Denia	2057	26.95	0		800	80	0	20	2	50	5	80	8	100	10	60	6	100	21	25	5.3	50	0	3342	164.2	4.91%	Spain
Ireland	Dingle	2062	7.53	0		800	72	0	20	0	50	0	80	0	100	9	60	14	100	0	25	2.3	50	4.5	3347	109.08	3.26%	Ireland

France and Italy apply tourism taxes in most regions. Therefore the maximum has been used for this scenario