



Sign up as a supporter of Cut Tourism VAT by emailing us at support@cuttourismvat.co.uk and join one of the largest industry campaigns in the country

OUR CAMPAIGN

The Campaign to Cut Tourism VAT represents 46,000 businesses across hospitality and tourism in GB and NI which are calling for a reduced rate of Tourism VAT to 5% on visitor accommodation and attractions in order to create a more competitive environment for businesses to grow and thereby boost the wider economy. This would bring GB and NI into line with 33 European competitor countries, including the Republic of Ireland, which benefit from reduced Tourism VAT.

NORTHERN IRELAND CONSULTATION

As part of the Conservative-DUP Confidence and Supply arrangement agreed after the 2017 general election, the government committed to produce a "a detailed consultative report... into the impact of VAT and APD on tourism in Northern Ireland to recommend how best to build upon the growing success of that sector." This is the first time that the UK Government has formally and publicly consulted on Tourism VAT.

BENEFITS OF A VAT CUT TO NORTHERN IRELAND

Over five years, in just the visitor accommodation and attractions sector, 2,094 new jobs would be created in Northern Ireland following a reduction in VAT to 5%, and in ten years the reduction will create 2,713 new jobs.

Cutting VAT on visitor accommodation and attractions in Northern Ireland from 20% to 5% would result in a loss of Treasury income in the first year of £4.2 million. However, there would be gains from the following year and over 5 years the Treasury would gain by £32 million at current prices and by £109 million over 10 years.

These figures represent an internal rate of return of 158% over 5 years and 165% over 10. The cumulative improvement to Northern Ireland's balance of payments would be £332 million over 10 years.

Tourism Industries Compared

- Tourism VAT in the ROI has been significantly lower than in NI for more than two decades
- The population south of the border is 2.8 times that of the North, but tourism revenues in the Republic of Ireland in 2016 were 8 times those in Northern Ireland
- The average spend per visit in ROI is nearly double that of NI at £350 and £186 respectively
- 80% of the Republic's tourism income is derived from foreign visitors, making a significant contribution to the country's balance of payments.

CASE STUDY - REPUBLIC OF IRELAND

In 1986, the Republic of Ireland reduced VAT from 18% to 10% on accommodation, and from 23% to 10% on restaurant meals, giving a boost to the entire hospitality sector.

Since then, Ireland's foreign-exchange earnings from tourism have grown considerably. Having been raised in 1994 to 12.5% and in 2004 to 13.5%, in July 2011, the rate of VAT was cut from 13.5% to 9% as a "temporary measure" to stimulate tourism growth and jobs in the aftermath of the financial crisis.

What was originally intended as a temporary VAT reduction would now appear to have become a more permanent feature, leaving Northern Irish tourism operators at a permanent and very significant tax disadvantage compared to their competitors south of the border.

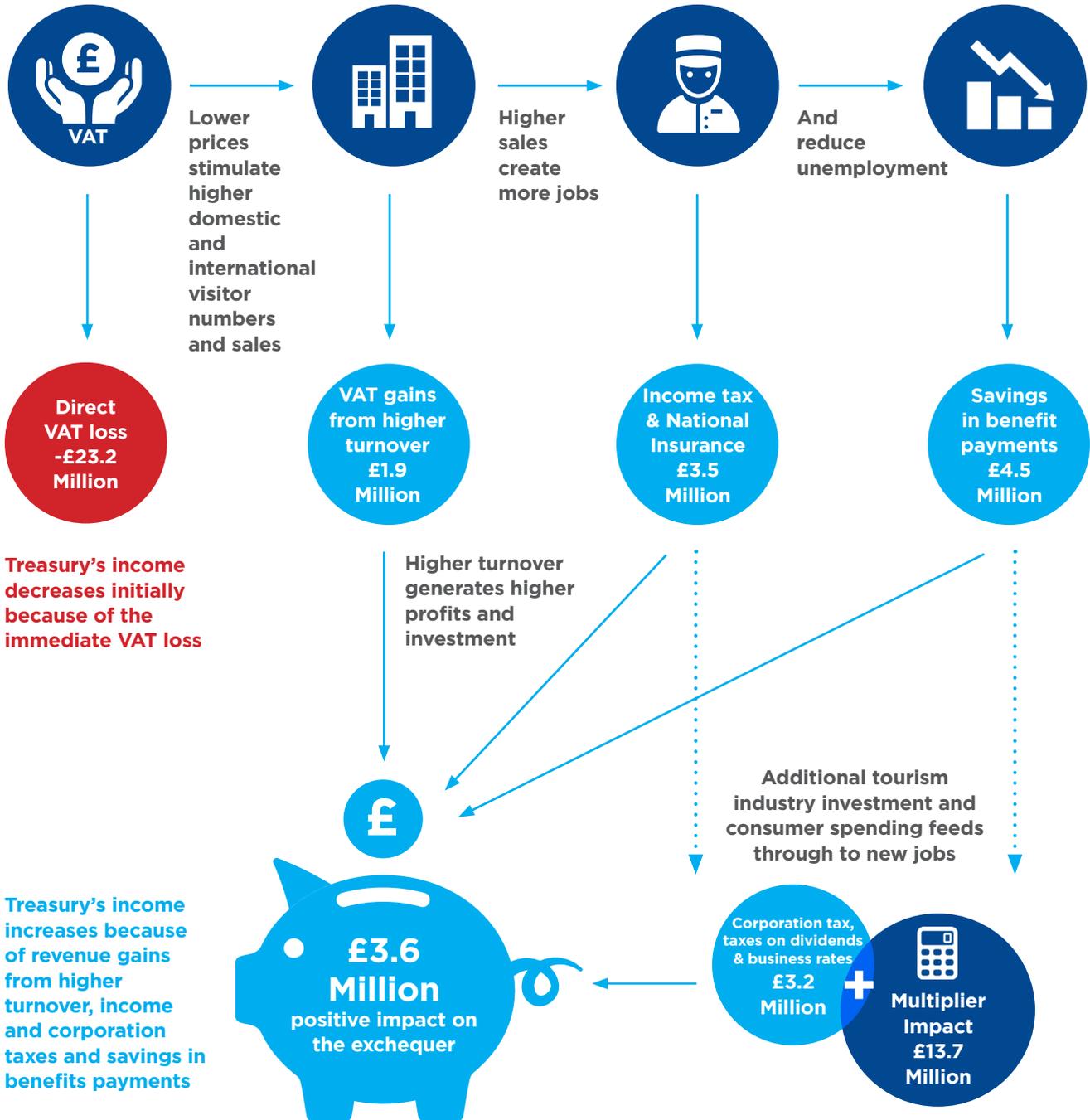
Recent reports have confirmed the benefits of the reduction to 9% to the Irish economy:

- Employment in the targeted sectors increased by approximately 30,000 with direct tourism employment up by more than 20,000
- Price pass through of the rate reduction to consumers is evident across nearly every category
- Renewed and sustained growth in overseas tourism numbers and earnings
- Increased activity levels apparent across the industry
- Improved value for money perception across all visitors
- The effect of the lower VAT rate was notably progressive, impacting positively on lower-income households

According to two main industry associations in the Republic of Ireland, over 96% of their members passed on the decrease, and over 15,000 new jobs were created. Visitor numbers also increased as compared with a previous decline in overseas visitor numbers and revenue, at a challenging time for the global economy.

The Northern Ireland Affairs Committee found significant evidence that Northern Ireland was losing out on business to the Republic of Ireland. Many tour operators are based in the Republic, send their guests on day visits to the sites of Northern Ireland and then take them back to the Republic for their accommodation for cost reasons. We believe a Tourism VAT cut for NI would encourage more visitors to stay in NI overnight.

How Treasury will gain from Reduced Tourism VAT each year (from year 4)



The Campaign is supported by:

