



"There are always good cases for cutting VAT on individual items. The leisure industry and the hotel industry make a very good argument"

Prime Minister David Cameron

THE EUROPEAN LEADERS

FRANCE

France reduced restaurant VAT from 19.6% to 5.5% (now 10%) in July 2009. According to the Institut National de Statistiques following the reduction:

- Employment in the hotel and restaurant industry rose by 75,000 between June 2009 and September 2011
- 40% of the VAT decrease was passed through to higher staff remuneration
- 23 per cent to went to price decreases
- 20 per cent to investments

In addition, President Sarkozy stated in February 2012 that the VAT reduction had saved 30,000 small cafes from the threat of insolvency.

GERMANY

In Germany, the VAT rate on hotels was reduced from the standard rate of 19 per cent to 7 per cent from 1st January 2010, following a 14 year campaign by the tourism industry.

- In September 2011 14,575 additional employees were counted in the accommodation sector compared to September 2009.

- In 2012 the German Hotel Association conducted a survey on 5,000 accommodation businesses and showed that since the VAT cut they had:
 - Invested €939.6 million
 - Created over 11,000 new jobs and apprenticeships
 - Reduced average room rates by 1.6 per cent
 - Those businesses planned to invest a further €827.5 million and hire an additional 6,000 employees later on in 2012

IRELAND

Ireland recently decided to retain its 9% tourism VAT rate, it had been temporarily reduced further from 13.5% in May 2011 and was due to revert back at the end of 2013. According to two main industry associations over 96% of their members had passed on the decrease.

The reduction has proved to be a major success:

- Creating over 15,000 new jobs
- Protecting existing jobs in the tourism industry
- Increasing non-resident travel from 1.817 million in the second quarter of 2012 to 1.893 million for the same period

The Campaign for Reduced Tourism VAT is led by:

