

PRESS RELEASE

HOTREC VAT and hospitality seminar Budapest 19 January 2007

In the presence of EU Commissioner Kovacs, the European hospitality industry reiterates its call for the application of reduced VAT rates to hotel and restaurants services in all EU countries.

Since 1992, the objectives of HOTREC¹ have been and will remain, to obtain – on a definitive basis –:

- At European level, the possibility for all Member States to apply reduced rates to accommodation and restaurant services; and
- At national level, the application of reduced VAT rates to accommodation and restaurant services.

At a seminar organised on 19 January 2007 in Budapest, Mr. László Kovács, EU Commissioner for Taxation, reminded the participants that reduced VAT rates are generally considered as effective instruments to achieve the objectives of the Lisbon agenda: increased growth, more jobs and competitiveness.

The European Commission is to issue by 30 June 2007 a report on the impact of reduced VAT rates to locally supplied services, including restaurant services. This deadline prompted the organisation of this seminar on “VAT and the hospitality sector”, which was attended by over a hundred representatives of national Parliaments, of national governments and of the national hospitality associations.

EU Commissioner Kovács reminded the participants of the various efforts in the past years to move to a definitive sustainable system of VAT rates, but also of the difficulties for 27 governments to reach a unanimous decision. The June 2007 report will, hopefully, be the starting point for a renewed debate and the search for a definitive viable solution for VAT rates for all sectors, bearing in mind the Lisbon objectives: increased growth, more jobs and competitiveness.

1

HOTREC represents the hotel, restaurant and café sector at European level. This sector counts 1.4 million businesses and provides 7.5 million jobs in the EU alone. HOTREC brings together 38 National Trade and Employer Associations representing the interest of the sector in 24 different European countries.

After the speech by EU Commissioner Kovács, the situation and recent – fortunate or less fortunate – developments in the following seven countries were presented: Portugal, France, Hungary, Czech Republic, Germany, Finland and Iceland. The latter case presented the participants with the most excellent scenario: from 1 March 2007, the VAT rate for restaurant and accommodation will be lowered to 7% from respectively 24.5% and 14%. An example which many national hospitality associations would like to see copied in their own countries!

The various speeches and interventions elaborated on the various arguments in favour of the application of reduced VAT rates to the hospitality services and which were summarised in a brochure issued in 2005 by HOTREC under the titles:

- Impact on employment;
- A societal issue;
- Subsidiarity;
- Promotion of exports;
- Competitiveness compared with third countries; and
- Stability of State revenue.

At the end of the meeting, the HOTREC President, Mr. Bernd Geyer, confirmed the determination of all HOTREC member associations to continue the fight for the application of the lowest possible VAT rates to hotel and restaurant services in all EU countries.

More information on this seminar and the documents which were made available can be obtained from the HOTREC secretariat.