

6.4.2 Accommodation tax

Accommodation or city taxes (also referred to as tourist or transient visitor taxes) are largely focused on tourism or accommodation providers, and are typically levied on short-term stays in paid accommodation.

Across Europe, including in for instance Paris, Berlin and Vienna, such taxes are applied to hotel accommodation in addition to VAT.

Such taxes have been introduced across the globe in response to tourism consumption and the pressures it places on the provision of public goods and services. Consumers are generally responsible for paying such taxes, while the accommodation facility is responsible for collecting them.

Tourists and other visitors get a short-term benefit from public goods and services, such as water and sewerage systems, utilities, waste facilities, parks, security and public safety services, without having contributed to their funding. The rationale behind an accommodation tax is to ensure that those guests contribute to the ongoing costs of providing these goods and services. Depending on their design, accommodation taxes may also make the tourism industry more sustainable by providing a revenue stream that can improve environmental and economic sustainability as well as improving infrastructure.

An accommodation tax can be regarded as an adaptation of the general ‘polluter-pays principle’ to a ‘user-pays principle’ that calls upon the user of resources (i.e. the tourist) to bear the cost in a more sustainable way.

Accommodation taxes are typically charged per person, per night, with significant local/municipal discretion over the rates applied. Rates across the EU Member States that apply a tax range between an average of €0.40 and €2.50 per night and vary depending on the type of accommodation.

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Recommendation

6.12 The Commission recommends the introduction of an accommodation tax. The intention to introduce this tax should be signalled early and a process of engagement with relevant stakeholders should be undertaken prior to implementation of the tax.