



Report to the Finance Strategic Policy Committee Accommodation Tax

Background

At the November meeting of the Finance SPC the matter of an accommodation charge as referenced in a discussion on the report of the Commission on Taxation and Welfare. An Accommodation Charge / Hotel Bed Tax / Transient Visitor Levy has been the subject of previous reports considered by the Finance SPC. The SPC members requested that a report be brought to a future meeting outlining the potential yield from an accommodation charge in the Dublin City Council area.

Data used in report

Data used in this report was sourced from The Dublin Economic Monitor which tracks monthly hotel data through STR (hospitality benchmark data providers) for the Dublin region. The most recent data available is for 2022 year to date. The data refers to hotels only, that is does not include bed and breakfasts, self-catering and accommodation types. Rates estimates are based on the DCC rates records. Data was also provided by Aidan Sweeney, IBEC.

A bed night would typically refer to room occupancy and point to a rate per person per night. A bed room might have varying occupancy from single to family.

Potential Charge

Table 1 below illustrates a potential yield of €10.2m from an Accommodation Charge based on 1% of the cost of accommodation, using data from year to date January to October 2022, a ten month period. On a strict pro rata basis, this would result in a potential yield over 12 months of €12.2m

Table 2 below illustrates a potential yield of €11.1m from an Accommodation Charge based on 1% of the cost of accommodation, using data from a running twelve month period from November 2021 to October 2022. The difference between the data for each period can be related back to the impact of the pandemic.

Table 1 - January to October 2022 (10 months)

Average Daily Rate	Supply (rooms)	Occupancy	Income	1% of Income
€171.21	7,576,187	78.50%	€1,018,238,396	€10,182,384

Table 2 - Running 12 Months Nov 21 to Oct 22 (12 months)

Average Daily Rate	Supply (rooms)	Occupancy	Income	1% of Income
€166.10	9,038,226	74.20%	€1,113,927,009	€11,139,270

Rates from Accommodation Providers

It is important to recognise that accommodation providers currently discharge rating liabilities to DCC. In 2023 commercial rates income of €18.3m will be raised in respect of these businesses.

Next Steps

The Finance SPC considered the introduction of a Hotel Bed Tax in Dublin prior to the Covid 19 pandemic. The matter was also discussed by previous Finance SPCs. The introduction of a Hotel Bed Tax / Transient Visitor Levy is listed in the Finance SPC's work programme 2019 to 2024. Requests made to Government in the past by Dublin City Council to enact legislation facilitating the introduction of a hotel bed tax at local authority level were not successful. As it stands, Dublin City Council does not have the legal capacity to introduce, enabling legislation is required to progress.

The SPC members are asked to consider an agreed approach to proceed, incorporating full engagement and partnership with interested parties including Government, hotel / accommodation providers, other Dublin Local Authorities and Tourism Bodies.

Kathy Quinn

**Head of Finance
With responsibility for ICT
19th January 2023**