

Written evidence submitted by Antony Brunt

Coronavirus is the final nail in the coffin

The UK tourism industry has been suffering for some time because VAT on serviced accommodation in the UK is 20% whereas it is as low as 5% in much of Europe.

I can stay in a Best Western Hotel in Brussels and pay 5% VAT, yet a Best Western Hotel in the UK charges 20% (except in the Palace Hotel. Douglas Isle of Man where the rate is 5%)

Tourists from Europe often exclude the UK from their holiday destinations due to our rate of tax (VAT) which has a far greater impact than the rate of exchange

The UK public are encouraged to holiday overseas rather than supporting UK traders and the UK Economy because lower VAT rates make the overseas holidays so much more attractive.

Rural and semi-rural UK hotels are perhaps worst affected as they have comparatively few business customers (who can reclaim the VAT) yet have the greatest competition from smaller B&B's and Guesthouses which are below the VAT threshold

The cut tourism VAT campaign have calculated that by reducing the rate of VAT to 5% on serviced accommodation, the increase in UK tourism spend would quickly necessitate more staff and this would reduce unemployment and benefit payments actually saving the Exchequer money. Also because more people are holidaying in the UK the VAT collection from retail shops and restaurants would increase.

The reduction in VAT to 5% on serviced accommodation would be well received by the British public, benefit UK traders, save many rural hotels from financial crisis, increase UK employment opportunities and have a neutral (or beneficial) effect on the Exchequer.

Why are we waiting !!!

NOW would be a good time to legislate VAT @ 5% on all serviced accommodation.

This would benefit traders, benefit the British Public and we believe benefit the Exchequer