

Issues that fall within the competence of the Ministry of Finance

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With regard to the –critical to the tourism sector– issues that fall within the competence of the Ministry of Finance, the Greek Tourism Confederation (SETE) has proposed a VAT reduction on the entire tourism package, the abolition of the overnight stay tax, the enhancement of the public investments programme to improve the functioning of destinations, the regulation of short-term leases and the overall improvement of the competitiveness of the Greek tourism product.

In brief, the proposed measures are:

VAT Reduction: Tourism is the only export product of Greece that is subject to VAT due to the fact that it is consumed within the country. Currently, VAT on accommodation and on parts of the catering business is 13% and the rate on domestic air and sea fares stands at 24%. Increased VAT creates a competitiveness deficit and –combined with the high borrowing cost for businesses in our country– actually poses a threat on the viability of businesses, especially the smaller ones.

Overnight Stay Tax: According to the figures provided by the Independent Authority for Public Revenue (AADE), in 2018 the assessed Overnight Stay Tax was about EUR 135 million, compared to a budget of EUR 74 million. Moreover, in the summer season peak quarter, the assessed tax amounted to approximately EUR 69 million, almost covering the entire budgeted amount. For 2019, figures are available only for the first quarter and show a slightly upward trend for assessed revenues, with EUR 2.2 million pertaining to the month of January (the tax began to be implemented in February 2018). The said tax must either be entirely abolished or only be applied to the third quarter and be contribution-based.

Reductions in corporate income tax: The proposal involves the introduction of a single tax rate of 20% on net profits; if profits are distributed (through dividends), the additional charge should not exceed 5%. Moreover, the tax advance rate (100%) is draining liquidity at a time when the bank problem has not been solved yet.

Public Investments Programme: Public investments are crucial for the residents' standard of living and often have a multiplier effect on private investments. Especially in tourist areas, public investment planning ought to consider tourism figures so that the development of tourism does not have a detrimental impact on the residents' quality of life (improvement of roads, ports, airports, etc.).

Ensuring the functionality of the country's main transport infrastructures and the competitiveness of their charges: Airports and ports constitute the main entry and traffic gateways for visitors and must function efficiently; they must also have charges which are competitive when compared to those of neighbouring countries.

Short-term leases / illegal accommodation: So far, the current regulation (article 84 of Law 4472/2017) has not been implemented effectively. The scale of this activity now makes it part of the Greek tourism product and requires that it be addressed with rules which ensure equity of treatment –in terms of taxation and social insurance– with core and other types of accommodation but which also ensure that these accommodations meet the minimum health and safety standards. Moreover, inspections should be intensified in order to trace any illegal accommodation facilities and impose the prescribed penalties.