



VAT on catering

The improvement in Greek tourism competitiveness ratings noted in 2011 was mostly due to the reduction in VAT on accommodation. However, the fact that the VAT rate on catering services was raised to 23% in early 2011 had negative repercussions on the competitiveness of the Greek tourist product, affecting the rest of the season and impacting on the competitiveness of the Greek tourism product well into 2012. When it comes to All Inclusive holidays in particular - where catering accounts for around 30% of the overall cost- the 10% increase in the VAT rate resulted in an almost 3% rise in the final price of All Inclusive Holidays and a 10% rise in the cost of extras consumed by visitors of Greece. SETE and other players in the sector had given advance warning that the rise in VAT on catering to 23% would increase tax evasion and reduce the forecast tax revenues. For us, a 13% rate of VAT on all catering services in the new tax law is a top priority.