

Press release

Reduced VAT rates for restaurants – EU text officially adopted!

Brussels, 5 May 2009

“Today, 5 May 2009, will be remembered by the European hospitality industry”, declared Mr. Kent Nyström, President of HOTREC*, with the utmost satisfaction. *“Finally, it will be possible for all Member States to decide to apply a reduced VAT rate to restaurants”,* an option that HOTREC has been fighting for during the last 17 years. The definite agreement reached today by the 27 Finance Ministers of the EU gives all Member States the option to apply reduced VAT rates to meals as well as accompanying beverages served in restaurants. The new text will enter into force on the first day of the month following that of its publication in the Official Journal.

“To have this option is a great success and opportunity for the European hospitality industry. Now it is up to the Member States to allow their economy and their tourism industry to benefit from this new option. The fact that several countries have already agreed on or are considering lowering the VAT rate for restaurant services shows that this option corresponds to a true demand, particularly in these times of economic crisis”, added Mr. Nyström.

The extension of the option to cover also beverages is very important for the hospitality industry, and especially for the restaurants in Italy, Luxemburg, Portugal and Spain. In such countries, the reduced VAT rate currently applies to meals as well as non-alcoholic and alcoholic beverages. Should the standard rate have had to be applied to alcoholic drinks, as it was originally proposed by the Commission, hundreds of thousands of establishments in these four countries would have been forced to increase prices to the detriment of the consumers.

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* HOTREC represents the hotel, restaurant and café industry at European level. It counts 1.6 million businesses, with 92% of them being micro enterprises employing less than 10 people. The micro and small enterprises (having less than 50 employees) in the hospitality industry representing 99% of businesses make up some 62% of value added. The industry provides some 9 million jobs in the EU alone. HOTREC brings together 40 National Associations representing the interest of the industry in 25 different European countries.