

TRAVELING TO SPAIN? EXPECT INCREASED COSTS



Tourism has been a major influence in the Spanish economy for many years, and some tourist resorts rely heavily on the annual income from the visitors. Holidaymakers to any part of Spain will soon face increased costs, due to the recent increase of VAT. What was once a cheap holiday for many people may soon become an expensive option, which could force them to remain at home.

The increases in the VAT were announced recently by the Spanish Prime Minister, Mariano Rajoy, specifying that many items including cigarettes and clothing would be taxed by 21% instead of 18%. These increases have been introduced to help combat the countries mounting economic issues; however, it might harm tourism.

The leisure industry has typically been at a lower VAT rate; however, this will also be increased from 8% to 10%. This rate will cover food and drink in hotels and restaurants, and holiday accommodation throughout the country.

Many of the tour operators and independent hotels are concerned about the new VAT cost, and are concerned that the average family will no longer be able to afford their annual holiday in Spain. If you have booked your hotel independently, you will find that the VAT increase will be added to your bill during your stay, if you are travelling after 1st August 2012.

Package holidays will not be affected at the moment, and if you have already booked, you will see no increase of the price. However, items in the shops and eating out may be more expensive than in previous years. Average families will find it harder to have an affordable holiday, and the Spanish Tourism Commission voiced their disapproval.

This group states that the government has been insensitive, and is trying to help the economy in the wrong place. Tourism has become fragile in recent years; therefore, this increase will not be good for any of the local businesses. The rise has been described as short sighted and local businesses feel that they are being punished for the country's mistakes.

Restaurant, bar and hotel owners have attempted to keep their prices as low as possible, however, the new VAT increase risks all of their efforts. The businesses are realistic and understand that holidaymakers have a choice to go elsewhere. Spain is no longer the only option that people have, and many will make their minds up, depending on price.

Some tour operators believe that the increase was necessary, and are thankful that the VAT rise was not far steeper, as some feared it was going to be higher. Many of the hotels in Spain are hoping to absorb the costs, ensuring that tourism continues to be a profitable income for many. The amount of visitors to Spain has increased in the early part of the year, which is promising for the country.

Over 19 million holidaymakers travel to Spain every year, which is a fantastic amount for any holiday destination. British travelers make up over 12 million of those visitors, which shows that they still enjoy visiting the country. Airport taxes have also increased, which has made people wary of where they are going on holiday.

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