

# BUSINESS TRIPS: NEW TAXES AND FEES



Recent years have brought various changes in the field of business travel. Different new taxes and fees have been introduced which affected the behavior of business travelers. Some claim the changes have not influenced their travel habits at all, some have altered their habits in order to lower the travel expenses.

Apart from the travel services and booking and billing procedures, there are other factors that have to be taken into consideration when planning a business trip. The organizers of leading business trade fair 'Business Travel & Meetings Show' (BTMS), which takes place on 13th and 14th April 2011, have made a survey among the pre-registered visitors. **The survey deals with taxes and fees connected with business travels and looks into the impact of some new tax rules on booking business trips.** Tourism-Review.com brings you the results of the survey that were published by German server Business-travel.de.

## Flight taxes

A controversial air emission or air ticket tax was set for all outbound flights in Germany at the beginning of 2011. There are also additional distance based fees of up to € 45 per flight. Two thirds of the respondents claim that the new flight taxes do not have any influence on the planning of their business travels. However, 24.2% respondents decided to travel shorter distances by rail rather than by air.

## Bed tax

Cologne in Germany was the first German city that introduced the bed tax, which has become quite popular since then. Nowadays, following the example of Cologne 50 other cities consider introducing the bed tax. The survey showed that the bed tax has no impact on the hotel-booking behavior of 27.4 % participants.

## VAT

**The VAT rate for hotel accommodation sank from 19% to 7% at the beginning of 2010.** The drop in VAT is being discussed heavily among politicians, organizations and individual representatives of the industry. More than half of the respondents (54.2 %) claim that the lower VAT made the travel expenses more complicated and labor intensive and therefore in the end higher. 39.2% survey participants claim that the drop in VAT has no effect on their business travel expenses. The remaining respondents see the lower VAT as a positive thing.

## Extra taxes for Europe

European business travel destinations such as Barcelona or Rome introduced extra fees in hotels in the form of additional accommodation charges that reach up to € 3 per night and increased taxi fares up to € 10 per a journey. 39.3% respondents claim that the newly established fees have no influence on their business travel planning. 32% look for alternatives to save their expenses; they use public transport instead of taxis or rental cars. 29.8% decided to travel to destinations outside of Europe.

## **International regulations**

In September 2010 the US officials introduced an entry fee into the country of \$ 14 per person. In recent years, some drastic increases in fees have affected business trips to Asia. Russia has tightened the rules for issuing visas for German citizens. Nevertheless, 76.3% respondents are prepared to make as many business trips as usual.

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