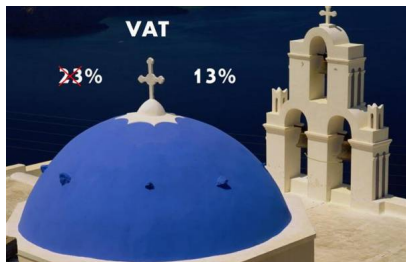


LOWER VAT IN GREECE LIKELY TO BOOST TOURISM



Tourists travelling to Greece from the 1st of August 2013 are likely to experience lower prices thanks to reduced VAT rate on catering. The rate was lowered markedly from 23% to 13%, the Greek Prime Ministers Antonis Samaras announced.

Travel trade is expected to record a boost with the lower VAT. Tourism is one of the most important branches of the Greek economy - it contributes more than 15% to the GDP. If caterers do not reflect the reduced tax rate in lower prices, Samaras threatens to raise it to 23% again.

First Reduced Rate for the Catering Industry

The high VAT rate of 23% has been in place since July 2010 (prior to which it was 18%). There was a reduced rate of 13% (previously 8%, from 2010 it was 11%) from January 2011 onward, yet as before, it did not apply to the catering industry, but only to the sale of food products including drinks, pharmaceuticals and passenger transport.

For the hotel industry, and also for medical services and newspapers, the VAT rate has been set at merely 6.5% since January 2011 (previously 5.5%).

Large Increase in Arrivals

Last year, Greece registered 15.5 million international arrivals (-5.7%). Yet the amount of travel to Greece is greatly increasing again now. In June, 14.6% more arrivals (1.96 million) were counted at Greek airports compared to the previous year.

The first half of 2013 closed with an increase of 10% arrivals (4.35 million), as the Association of Hellenic Tourism Enterprises (SETE) announced a few days ago. Many hotels reported 100% occupancy rate during the high-season months, and a high demand is also likely to be recorded for the low season in September.

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