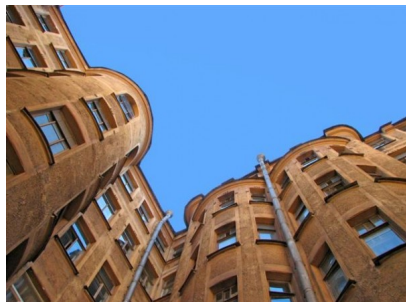


FRANCE: INCREASED TAXES HARMFUL TO HOSPITALITY



A French professional organization that represents hotels, restaurants and clubs, raised alarm about the significant economic difficulties that French businesses of the sector have to face thanks to increasing taxes.

For the first half of 2013, the French Union of Trades and Hospitality Industry (UMIH) stated that all economic indicators are in the red warning against “a major risk of crisis during the second half of 2013 and also in 2014.”

Bankruptcy rate of companies of this sector reached records with an increase of 7% for the first nine months of 2013 compared to 2012. Furthermore, the turnover continues to decrease. With a fall in 3.5% of their turnover, hotel, trade and restaurant industry are the three most negatively affected sectors in France, after public works and manufacturing industries.

According to the representatives of UMIH the increase in taxes is not tolerable anymore. **Currently the sector is getting ready for an increase in the VAT rate for the hotel, trade and restaurant industry that will take effect on 1 January, 2014.** The VAT rate was doubled in less than three years, but the industry also faces the “écotax” for the heavy goods vehicles, the tax on sweet drinks, the tax on beer, the coming tax on energy drinks, as well as the rise of local taxes.

According to Roland Héguy, the president of UMIH, the sectors are weighing down under the “new taxes and the new measures that come to weaken more and more our companies and employees”. He said that “in France thousands of SME and small businesses have to close down”.

He warned that “the hemorrhage is going to become larger from the 1 January 2014. We are going to see the biggest social problems in the history of our sector: 1 point of VAT is 10 000 jobs destroyed”.

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