

HIGH TAXES TO IMPACT GREEK TOURISM



Greek tourism is booming. Since 2013 the industry has been setting new records every year. It is soon expected to make up a quarter of the country's GDP. However, the new high taxes might have a negative impact.

Tourism has set a record in Greece last year, with more than 26 million tourists visiting the country. In 2016 there were 24.8 million visits, most from Germany. Since 2013, the number of foreign tourists has grown annually.

On the shoulders of tourism, Greece has fought the economic crisis. **But now a new tax threatens to torpedo the most important sector of the country.** Since the beginning of the year, there is the so-called "sleeping tax".

Now, tourists have to pay from 50 cents to 4 euros, depending on the accommodation rating. The business consulting firm Grant Thornton expects the tax revenues of 156 to 160 million euros.

At the same time, Greek tourism is threatened with a fiasco. The country's most important industry, which is expected to account for nearly a quarter of the GDP in ten years, is threatening to lose millions of euros in revenue. In addition, 6174 jobs will be eliminated, the experts from Grant Thornton say.

In particular, the timing of the introduction is considered risky. Egyptian and Turkish tourism is on a rise and will compete with Greece for tourists. Although the Greek island of Kos recorded a 25% increase in bookings, in the same period, bookings in Hurghada in Egypt increased by 61%. The Turkish city of Antalya registered an increase of as much as 99%.

Greece has a disadvantage. The tourism industry is heavily taxed: 29% tax on profits, 24% on tourism services and 13% VAT on overnight stays. All these taxes are also present in other tourism strongholds but are much lower.

Greek tourism has been able to attract tourists from abroad even during the economic crisis, especially through price reductions. These price cuts, however, could be eliminated because of numerous taxes. Thus, holidays in Greece could become more expensive again.

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