

9 reasons why 9% matters

The Irish Tourist Industry Confederation (ITIC) represents the leading tourism interests throughout the country. Tourism is performing well, however sustainable growth and jobs are predicated on a competitive industry and appropriate government policies. In that context decisions taken in Budget 2017 will be vital and in particular the need to retain the current 9% tourism VAT rate. Here are 9 reasons to retain the 9%.

Employment

The introduction of the 9% VAT rate in 2011 has reduced cost from the system. Also according to the CSO, it has helped the tourism sector create 45,260 jobs nationwide as a result of the increase in international visitors to Ireland.

Revenue

Income to the exchequer from the 9% VAT bracket has doubled since 2011 due to the growth in economic activity within the area. The policy has worked extremely well. Increasing VAT has the real risk of dampening demand.

Competitiveness

The tourism VAT rate is right-sized for Ireland; 17 out of 19 eurozone countries have tourism VAT rates of 10% or less, therefore Ireland is competitive. Any change to Ireland's tourism VAT rate would damage our competitiveness.

Growth

Tourism is an export industry, bringing in much needed overseas earnings from international visitors to our shores. Spending by international visitors when in Ireland this year is forecast to be €4.6bn – this is good for the economy and for jobs. Let's not jeopardise it.

Regionality

Tourism supports jobs nationwide – it is the only industry that can provide jobs in all parts of the country. Of the 45,260 jobs created by the industry nationwide since 2011, 32,641 have been created outside Dublin. Tourism is vital for regional balance and growth.

Cost of business

The National Competitiveness Council report has stated that Ireland is an expensive location to run a business with regards to labour, property, energy, water, waste, communications and business services. From a tourism perspective, and what is a largely open-sector, retaining competitiveness is key to continued growth. In that regard the tourism VAT rate must be retained.

Brexit

The UK's vote to exit the EU has serious repercussions for Ireland's tourism industry. 40% of all international visitors that come to Ireland do so from the UK which is Ireland's largest source market. Exchange rates have already moved 15% against us and such a period of uncertainty demands stability and competitiveness and the retention of the tourism VAT rate is critical.

Investment certainty

Due to growth in tourism there are significant capacity pressures to meet growing demand. This is very evident in Dublin and other tourism hubs where there is a shortage of hotels amongst other tourism products. To ensure private sector investment is committed certainty within tourism's tax rate is needed.

Programme for Govt.

A commitment to retain tourism's 9% VAT rate was included within the Programme for a Partnership Government which was agreed by the Government and main opposition party. Tourism is Ireland's largest indigenous sectoral employer – providing 1 in 9 jobs nationally both in urban and rural areas – and it cannot be taken for granted.

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Impact of total job creation in the
accommodation & food services sector
Q2 2011 – Q1 2016.
(Seasonally adjusted employment)



	TOTAL INCREASE
National	45,260
Carlow	539
Cavan	724
Clare	1,153
Cork	5,119
Donegal	1,588
Dublin	12,619
Galway	2,470
Kerry	1,435
Kildare	2,073
Kilkenny	942
Laois	797
Leitrim	312
Limerick	1,892
Longford	384
Louth	1,213
Mayo	1,289
Meath	1,816
Monaghan	597
Offaly	756
Roscommon	634
Sligo	584
Tipperary	1,565
Waterford	1,121
Westmeath	851
Wexford	1,435
Wicklow	1,349

Source: Central Statistics Office

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ABOUT ITIC

The Irish Tourist Industry Confederation (ITIC) represents the leading tourism interests and businesses throughout Ireland. Through independent research, analysis and interpretation ITIC aims to help the tourism sector realise its full potential.

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