

**Tourism industry expresses “grave concern” about an increase in the VAT rate to 13.5% with 20,000 businesses impacted and up to 24,000 livelihoods at risk**

**- Industry representative group says VAT hike will be inflationary, putting jobs at risk and halting the sector’s recovery -**

**Ireland – February 17<sup>th</sup>, 2023:** The Irish Tourism Industry Confederation (ITIC) has come out strongly urging Government not to increase the sector’s VAT rate at the end of the month. The VAT rate currently at 9% is scheduled to increase to 13.5% which Elaina Fitzgerald Kane, Chair of ITIC, has said would be *“extremely detrimental to jobs, livelihoods and business & particularly in regional Ireland”*.

An economic report by Economist Jim Power commissioned by ITIC last month found, in the event of an increase in the VAT rate, a decline of 10% in employment within the tourism sector in 2023, which would represent a loss of around 24,000 jobs. Furthermore, the report stated that, due to low margins, a Vat increase would be passed onto consumers adding 4.1% to the price of accommodation and food services.

Eoghan O’Mara Walsh, CEO of ITIC, responding to suggestions of an impending VAT hike, urged Government to hold its nerve *“Increasing VAT on 20,000 businesses already under significant cost pressures is daft and dangerous. The decision should be deferred until the end of the calendar year”*.

O’Mara Walsh pointed out that the tourism and hospitality sector was largely made up of SMEs and was regional Ireland’s largest employer: *“The sector was fully closed or partially closed for nearly 2 years during the pandemic and is at a very vulnerable stage. Full recovery is not expected until 2026 & this will be pushed out even further if VAT is increased”*.

Irish tourism’s current VAT rate of 9% is on a par with other European countries and ITIC argue that any increase would damage competitiveness at the time when costs of business are in the main higher than our European counterparts and escalating with greater pace.

Fitzgerald Kane warned that businesses would not be able to absorb a VAT increase such are the cost pressures elsewhere: *“Everything from the price of a coffee, to a lunch with friends, to a wedding venue is going to be more expensive if the VAT rate increases. This would run completely counter to Government’s desire to ease the cost of living. We strongly urge Government to leave the 9% VAT rate unchanged so that tourism recovery can stay the course.”*

**ENDS**

**Irish Tourism Industry Confederation**  
**PRESS RELEASE**  
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**About the Irish Tourism Industry Confederation:**

The Irish Tourism Industry Confederation was founded in 1984 and is the umbrella group representing the leading tourism interests in Ireland. Its members come from key tourism stakeholders across the public and private sector and include Aer Lingus, Irish Ferries, daa, Shannon Group, Irish Hotels Federation, Incoming Tour Operators Association, Guinness Storehouse, Restaurants Association of Ireland, Vintners Federation of Ireland and Association of Visitor Experiences & Attractions amongst others. A full list of member organizations can be seen on [www.itic.ie](http://www.itic.ie).

Tourism is Ireland's largest indigenous industry and is a critical component of the export economy. Key tourism facts in 2019 (last full year pre=pandemic):

1. Worth €9.2 billion annually
2. 9.68 million international staying visitors in 2019
3. Tourism employed 265,000 nationally in 2019
4. 1 in 9 jobs nationally are in tourism & hospitality sector
5. According to Fáilte Ireland, for every euro spent by tourists 23c is generated in tax