

PETER ALDOUS MP

(WAVENEY)



HOUSE OF COMMONS

LONDON SW1A 0AA

David Gauke MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

21st January 2015

Dear David,

VAT on Tourism

I am writing to request a VAT reduction for the tourism sector.

International competition for tourism is increasing and the UK share of the global tourism market is declining. A reduction in the rate of VAT on tourism from 20% to 5% would bring greater tax revenue, increased exports, stronger regional growth and investment, higher employment, lower and fairer prices for consumers and encourage tourism in Britain.

The Treasury's Comparable General Equilibrium model used in a 2012 report published by Treasury Advisor Professor Adam Blake, showed that a tourism VAT reduction was "one of the most efficient, if not the most efficient, means of generating GDP gains at a low cost to the Exchequer".

As I understand it, EU member states have the ability to lower the rate of VAT applied to certain goods and services and that VAT on attractions and accommodation could be reduced without any UK or EU legislation. From 1st January 2015, 25 of the 27 EU countries have reduced tourism VAT.

Whilst the recent announcement in the Autumn Statement of the abolition of Air Passenger Duty (APD) for children under 12 is a step in the right direction encouraging inbound tourism to the UK, it is important to note that it will could encourage UK residents to holiday abroad. A reduction in tourism VAT is therefore preferential in boosting domestic and foreign tourism in the UK and does not encourage middle income families to holiday abroad.

I would be grateful if you could give this matter urgent attention as providing VAT relief in tourism would be a welcome relief to hard working families and businesses across the country.

Peter Aldous

Peter Aldous
Member of Parliament for Waveney

Tel: 020 7219 7182

Website: www.peteraldous.com