



BC042/17

7 September 2017

Reduced VAT rate in hospitality industry

Dear Branch Secretary,

From 2011 to 2016, the State has lost €2.2bn in Revenue due to the reduced rate of VAT applied in the hospitality industry.

This industry is notorious for low pay and poor working conditions and the ICTU has long questioned the value of this subsidy by the taxpayer to this industry.

The enclosed leaflet from ICTU makes the case for restoring the rate of VAT to this industry to bring them into line with all other sectors of the economy.

The leaflet points out that revenues in the industry are booming; that no benefit has accrued to customers; that the growth in employment in the sector is related to general macroeconomic developments and that the chief value of the reduced rate goes to firms that do not need it.

ICTU has made these arguments in the pre-Budget submission but this leaflet is an attempt to highlight an ongoing unfairness that has a hugely detrimental effect on State revenue and, therefore, on the ability to fund public services.

If the Government chooses to ignore the case made then the stock response to all demands for improved public services that they cannot be afforded will have no credibility.

Yours sincerely,

Tom Geraghty
General Secretary

**To: Branch Secretaries
Executive Committee
Standing Orders Committee**