



PRESS RELEASE

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Title: The Tax Burden of the Hotel Sector

A recent study conducted by the **Research Institute for Tourism (RIT)** highlights the total tax burden affecting the production cost of the hotel product.

This study was carried out as part of a research collaboration between RIT and Panteion University, under the scientific supervision of Mr. George Soklis, Assistant Professor at Panteion University. Its objective is twofold: first, to estimate the tax burden on the hotel sector through the decomposition of production costs, and second, to compare the findings with the corresponding averages across other sectors of the Greek economy.

It is emphasized that the theoretical framework of the study is based on Input-Output Analysis methods. For the empirical estimation, data from recent Supply and Use Tables of the Greek economy were used. It should also be noted that the adopted research approach evaluates only the tax burden on the production process and does not account for burdens arising from income taxation.

The study's key findings are as follows:

- Net taxes directly and indirectly affecting the production cost of the final hotel product constitute 19.1% of the total production cost, compared to an average of 10.2% for other sectors of the Greek economy.
- The share of net taxes in the production cost of the final hotel product is 87.3% higher than the corresponding share in other sectors of the Greek economy, having increased by 14 percentage points over the past decade.
- The increase in the share of taxes in the production cost of the final hotel product during the examined period is nearly double compared to the corresponding increase in the other sectors of the Greek economy (+22.4% vs. +13.3%).
- Total tax and social security burdens have also increased, now accounting for nearly $\frac{1}{4}$ of the production cost of the hotel product (23.5%), compared to approximately $\frac{1}{5}$ a decade ago (19.9%). In contrast, for other sectors of the Greek economy, the corresponding percentage stands at 15.6%, having risen by only 1 percentage point over the same period.



- 44% of the income generated by the hotel sector is distributed to other sectors of the Greek economy, compared to 28% on average for other sectors.
- On the other hand, nearly $\frac{3}{4}$ (72.6%) of the total net taxes on the cost of the hotel product burden the hotel sector production factors. This disproportionate tax burden on the hotel product has significantly intensified in recent years, as the corresponding share was 61.7% a decade ago.

Commenting on the study's findings, **RIT's President Ms. Konstantina Svinou** emphasized: "Analyzing the key conclusions of the research, the high tax burden on the hotel sector and its unequal treatment compared to other sectors of the Greek economy are clearly evident. At the same time, it becomes clear that the hotel sector generates income, which is distributed to other sectors of the economy at a nearly double rate compared to the average of other sectors.

However, this fact removes crucial tools from the country's competitiveness in tourism compared to other nations, forcing Greek hoteliers either to sell at higher prices due to unfair burdens or to absorb the costs, hindering their healthy operation. Moreover, they face additional levies, such as the excessive resilience fee, the increase in the lodging tax, and municipal fees, as well as the challenges of unfair competition from short-term rentals, which continue to operate within a gray legislative and regulatory framework".