



Dear Labour metro mayors,

As mayors of our great cities and regions you have publicly supported the proposed holiday tax which the Government want to introduce.

You have all said that it is commonplace around the world to have these taxes.

But as you know, it is also commonplace for the VAT on holidays to be far lower than in the UK. In France, Spain, Germany, and Italy the VAT is 10% or lower but here we charge a full 20%. Indeed, the only countries who charge 20% VAT along with a holiday tax are countries trying to shrink their tourism sector.

With this new proposal a family from Bootle visiting Manchester could face a tax burden of around 27% on their stay, but a trip to Berlin would incur only 14.5%.

Research from Oxford Economics estimates 33,000 jobs will be lost. That comes on top of 100,000 jobs lost in the last two years because of public policy. And the average family will pay £100-150 in extra tax on their holiday.

You have also written to the Prime Minister committing to a voluntary cap on the level of tax. My members are worried about whether that cap survives future challenges.

I am therefore writing to you as devolution pioneers who care deeply about jobs in your community to ask that you make two commitments:

- **First, that you support a 10% VAT rate for hospitality to bring us in line with our major competitors and commit to not implementing a holiday tax until we have secured that change.**
- **Second, that you support a cap in legislation on a holiday tax at no higher than 5% to prevent the inevitable creep in the level as years go by.**

This is a mainstream position to take. Cities across the world do it. And the Prime Minister agrees. In February, Andy Burnham said *"I would argue for a VAT rate more consistent with what you find in Europe because of the social value that your businesses bring to places and towns that need that life injected into them"*.

Devolution is the future. But hospitality cannot afford to pick up so much of the bill. This proposal commits the Government to a joined-up package of devolution rather than simply tax rises. I hope you can join us in calling for genuine parity with Europe.

Yours,

A handwritten signature in black ink, appearing to read 'Allen Simpson'.

Allen Simpson

CEO, UKHospitality