



## Press Notice

**UNDER EMBARGO UNTIL 00.01 FRIDAY 1 OCTOBER**

### **Hospitality and tourism sector bodies unite to call for a permanent lower rate of VAT to help boost recovery**

*Trade bodies call on Chancellor to keep VAT at 12.5% to help businesses rebuild post-pandemic*

Leading trade associations representing the UK's hospitality and tourism sectors have joined forces to call on the Chancellor Rishi Sunak to introduce a permanent lower rate of VAT for these fragile sectors, helping to safeguard their future, protect jobs and to accelerate the UK's economic recovery.

Under Treasury plans, hospitality and tourism VAT rises to 12.5% from today (1st October) and will return to its pre-pandemic level of 20% come April 2022, just as next year's peak season begins for much of the sector. Now the trade bodies - UKHospitality, the British Beer and Pub Association, the British Institute of Innkeeping, Tourism Alliance and the Association of Leading Visitor Attractions - are warning that unless VAT remains permanently low at 12.5%, the Government risks derailing the recovery at a time when businesses are still in survival mode.

Across the course of the pandemic, hospitality and tourism were the hardest hit sectors, with spend down £100bn, 12,000 businesses permanently closed and 660,000 jobs lost. However, the reduction in VAT helped protect hundreds of thousands of jobs and allowed many businesses to stay open and serving customers when permitted to trade.

A survey of the trade associations' members covering 815 businesses operating tens of thousands of venues found that:

- The reduced rate of VAT has been vital to businesses, with over three-quarters (77%) stating it is important or crucial to viability
- Businesses will use the current reduced VAT rate for an array of productive purposes, including 6 in 10 who will invest in their businesses; half who will use it to meet costs of complying with Covid-secure guidance; along with paying suppliers and creditors and keep prices more affordable
- Similarly, if the reduced rate were to continue to apply beyond April 2022, 70% would use the saved costs to maintain business investment

- Returning VAT back to 20% in April 2022 would have serious consequences; 6 in 10 businesses said it would likely lead to cutbacks and job losses; with one in ten saying it could cause their business to close
- If VAT on tourism and hospitality were to remain at 12.5%, analysis suggests it would increase business turnover by an average of 8.8% and boost business investment by an average of 12%.

In a joint statement, the trade bodies said: “Businesses are at a perilous stage of their recovery after what’s been a devastating 18 months. Costs are increasing and there are numerous operational challenges for them to deal with, specifically around labour and product supply. A reduction in VAT has helped many of our businesses survive to this point and was most welcome. However, the return of VAT to its pre-pandemic level next year would curtail investment, restrict growth, set back our tourism recovery and risk yet more painful job losses.

“We’re now calling on the Chancellor to commit to introducing a permanent 12.5% rate of VAT in his upcoming Budget, later this month. This will help protect jobs and continue the support for our hospitality and tourism businesses which contribute hugely to the nation’s economic and social wellbeing.”

**ENDS**

### **Notes to editors**

#### **UKHospitality**

[UKHospitality](#) is the trade body representing the UK’s hospitality sector, representing over 700 companies, operating around 70,000 venues in a sector that employs 3.2 million people. The body speaks on behalf of a wide range of leisure and ‘out-of-home’ businesses, from FTSE 100 enterprises to niche groups and independent single-site operators – covering pubs, restaurants, hotels, nightclubs, contract catering, leisure parks, visitor attractions and coffee shops.

**For further information, please contact:**

[ukhospitality@fsc.uk.com](mailto:ukhospitality@fsc.uk.com)

#### **British Beer & Pub Association**

The British Beer & Pub Association is the leading body representing Britain’s brewers and pub companies. The Association is more than a century old and was originally founded as the Brewers’ Society in 1904. Our members account for some 90 per cent of beer brewed in Britain today, and own around 20,000 of the nation’s pubs. The Association is also calling for the lower VAT rate to be extended to beer and all drinks sold in pubs and the wider hospitality sector.

**For further information, please contact:**

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#### **British Institute of Innkeeping**

The BII is the leading independent licensee support organisation for individuals working in hospitality, with 10,000 individual members running premises across the UK - predominantly tenanted, leased, managed and freehold pubs. The organisation provides expert helplines, online business support, and guidance on key industry issues, and savings on a range of supply deals for its members, keeping pubs thriving in the heart of every community.

**For further information please contact:**

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#### **Tourism Alliance**

The Tourism Alliance is the Voice of the Tourism Industry, comprising 65 Tourism Industry Organisations that together represent some 200,000 businesses of all sizes throughout the UK. The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism in order to maximise its contribution to the economy.

**For further information, contact:**

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**The Association of Leading Visitor Attractions**

ALVA's members are the UK's most popular, iconic and important museums, galleries, palaces, castles, cathedrals, zoos, historic houses, heritage sites, gardens and leisure attractions. They comprise over 2200 tourist sites, hosting over 121 million domestic and overseas visitors in 2019.

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