

PRESS RELEASE

17th May 2016

Malta Chamber illustrates position on Tourism Tax

The Malta Chamber of Commerce, Enterprise and Industry, in representation of its members in the Tourism Business Section including the following organisations: The Federated Association of Travel and Tourism Agents (FATTA), the Federation of English Language Teaching Organisations Malta (FELTOM), the Malta Association of Hospitality Executives (MAHE) and the Professional Diving Schools Association (PDSA), has illustrated its position on the matter of the proposed implementation of the Tourism Tax during a press conference on Tuesday 17th May.

President Anton Borg said that the Malta Chamber and the afore-mentioned organisations were in favour in principle of the proposed bed-tax and the setting up of a fund to improve the tourism product. He however explained that they were opposed to the way it was being implemented, as this would bring about unnecessary burdens on the industry, and would certainly leave a bad taste with patrons, damaging Malta's touristic product.

Anton Borg said that Package Holiday tourists make up 44% of tourist arrivals in Malta and the tourism operators whose market is mainly package holiday tourists, will be faced with situations where their fully paid up clients will be asked to pay the new tax by the accommodation provider, who is legally responsible to collect it.

These tourists, who would have booked on the understanding that all their costs are covered, will not take lightly to an added expense, however small, and will in most instances refuse to pay. In such situations, rather than risk upsetting their clients and the Package Travel operators who booked them, the local tourism providers will end up absorbing the tax themselves.

Mr Borg said that in order to avoid this, Government should exempt accommodation providers from collecting the tax from tourists who would have booked comprehensive package holidays before the 1st of May 2016. All other tourists would be expected to pay the eco-contribution from the 1st June.

This exemption would be in place only for a few months and would replace the 15% concession for any uncollected contributions.

Anton Borg also said that host family accommodations today account for around 11.7% of total tourist bed nights and an estimated 9.8% of total tourist expenditure. The proposed tax-collection process will prove to be excessively burdensome for these families and will continue discouraging these families from offering their services in the future.

For this purpose, the President called for host family accommodations to be exempted from this tax.

In view of the hasty implementation of the tax, Mr Borg also said that Hotel Management Staff should not be held responsible or liable for any uncollected Eco Contributions in situations where un-cooperative tourists refuse to pay.

In conclusion, the Malta Chamber made it clear that for future reference, whenever Government intended to introduce a new tax, it would do well to consult with all the elements in the industry affected, in order to mitigate any damage this would potentially result in.

END