

## **Culture and Tourism Tax**

**Frequently asked questions and answers at a glance**

### **The culture and tourism tax from A to Z**

#### **What is taxed by the culture and tourism tax?**

The tax applies to the procurement of accommodation units in return for remuneration. This includes e.g. rooms in hotels, motels, B&Bs and guesthouses. It is not relevant whether or not a room is actually used for an overnight stay. This means that dayrooms are also included. Overnight stays related to an essential business occasion will not be taxed. The tax only applies to short-term accommodation with a duration of less than two months.

#### **Who is affected by the culture and tourism tax?**

The culture and tourism tax is levied in the form of an indirect tax. This means that accommodation establishments are liable for payment and may in turn include the tax in the overnight guest's bill. However, there is no obligation to pass the tax on to the guest.

#### **Who has to pay the culture and tourism tax?**

The culture and tourism tax only applies to private travellers. In July 2012, the Federal Administrative Court stipulated that overnight stays relating to an essential business occasion may not be affected by this tax. According to the latest draft, business travellers shall provide the accommodation establishment with documentation stating the reason for their overnight stay. This can be done e.g. by using the official electronic template, available at <http://www.hamburg.de/contentblob/3691382/data/kttg-3.pdf>. The accommodation establishment will then be exempted from the payment of tax for the respective guest.

#### **How much is the culture and tourism tax?**

The tax rate is calculated on the basis of the net payment for an overnight stay (excluding VAT), while rates shall be graded according to price: as of 1 January 2013, the tax rate per overnight guest per day will be graded between 0.50 Euro (for an accommodation price from 25.00 Euro) and 4.00 Euro (for accommodation prices of up to 200.00 Euro), and for every further 50.00 Euro net payment or part thereof, a subsequent fee of 1.00 Euro applies. For instance, an overnight stay costing 250.00 Euro will be levied with a tax of 6.00 Euro. Accommodation establishments are not liable to pay tax on overnight stays by business travellers.

#### **Is the culture and tourism tax itemised on the bill?**

While this is not mandatory, the individual accommodation establishment may indicate on the bill that the culture and tourism tax is included. Example: "Net price for accommodation: 46.00 Euro (including 1.00 Euro culture and tourism tax)."



Revenues shall be reinvested in tourist attractions

### Information service

## Where can I find further information on the culture and tourism tax?

To obtain further information on the culture and tourism tax, please visit

[www.hamburg.de/steuern](http://www.hamburg.de/steuern) or call our telephone hotline on +49 40 - 42843 -6960 / -6961

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**Editorial by Senator Frank Horch**

The culture and tourism tax has been a topic of debate – not only in Hamburg. This is understandable and legitimate. Therefore it is important to clearly identify the pros and cons of this tax. Hamburg as a tourism location will effectively benefit from this tax, as we will financially strengthen Hamburg Tourismus GmbH and the Hamburg Convention Bureau, and we will expand our services for our guests. We will promote events with a touristic appeal. We will draw more cruise liner passengers to Hamburg for overnight stays. And of course we will report on our experience in the use of resources.

But it is of course also true that hotels will be exposed to an increase in expenditures. Yet, in view of the current provisions, I feel that these expenditures remain reasonable. We will provide you with active support and assist you with any questions you may have regarding the practical implementation of the new provisions. I would like to ask you to make use of this offer – in your own interest, and in the interest of your guests. Hamburg's secret of success has always been the close collaboration between the trade sector and the city. If we maintain this collaboration, we will be able to add another chapter to our success story – whether it is, as some may say, in spite of the culture and tourism tax – or, as I perceive, also owing to the culture and tourism tax.

## **Introduction of a culture- and tourism tax in Hamburg**

### **The “Hamburg model”**

On 1 January 2013, the Free and Hanseatic City of Hamburg introduces a culture and tourism tax, thereby implementing what has become known as the “Hamburg model”: revenues from the tax shall be allocated to the realms of culture, sports events and tourism marketing, with the aim of promoting Hamburg's image and, ultimately, also the tourism industry. The Hamburg Senate has committed itself to maintain transparent communications with the tourism sector. Before making any decisions regarding the allocation of resources, the Senate will seek advice from industry representatives. The tourism industry shall expressly and sustainably benefit from the revenues.

#### **Putting the well-being of our guests first**

All institutions involved in the tourism industry – and thus, above all, guests to the city – shall benefit from the “Hamburg model”. One key objective should always be borne in mind: guests to Hamburg should be burdened as little as possible by the introduction of the culture and tourism tax. Instead, they should benefit from the use of the tax – for only happy guests return.

#### **International metropolitan cities have been paving the way**

By introducing a culture and tourism tax, Hamburg is following suit of international metropolitan cities, among them New York, Barcelona, Venice, Amsterdam and Zurich. In some of these cities, a tourism tax has been levied for several years now. Thus, for any experienced traveller visiting Hamburg, a tourism charge is not a novelty.



For any globetrotter, the tax is not a novelty

## Tax rates

# Calculating the culture and tourism tax

The tax rate for the culture and tourism tax is calculated on the basis of the net price (excluding VAT) that is paid per person for an overnight stay. Extra services such as breakfast are not assessed.

The tax is levied per overnight guest as follows:

<b>Net price (room rate)</b>	<b>Tax rate</b>
up to 10.00 Euro	0,00 Euro
up to 25.00 Euro	0.50 Euro
up to 50.00 Euro	1.00 Euro
up to 100.00 Euro	2.00 Euro
up to 150.00 Euro	3.00 Euro
up to 200.00 Euro	4.00 Euro
250.00 Euro and more	
For net prices above 200.00 Euro, the tax is increased by 1.00 Euro for every further 50.00 Euro net payment or part thereof.	

If a room is used by several persons, the total cost of the room shall generally be apportioned according to the number of persons.

## **Culture and Tourism Tax**

**What are the trade associations' demands?**

### **Industry representatives present their views**

**Thomas Magold,  
Chairman of Tourismusverband Hamburg e.V. (Hamburg Tourism Association)**

“Hamburg’s culture and tourism tax is a local expenditure tax and may thus be levied for private overnight guests only. For the hotel trade and the Hamburg Revenue Authority, this results in a considerable administrative burden. What is more, demarcation problems will also occur. Tax-related data protection issues will also have to be clarified. In the view of the Hamburg Tourism Association, it is thus uncertain whether this tax will remain in existence, and if so, for how long. Yet, when compared with other municipalities, it is positive that the political decision-makers are seeking dialogue with the industry. In this context, they plausibly state that the revenues, which may not be earmarked in the strictest sense, will not flow into the overall budget. Instead, these shall be reinvested in cultural, sports and tourism projects. Another positive point is the fact that industry representatives will be able to pronounce on funded projects.”

**Prof. Dr Hans-Jörg Schmidt-Trenz,  
CEO of the Hamburg Chamber of Commerce**

“Hamburg is introducing a tax on private overnight stays in accommodation establishments, this has been politically decided. A non-compulsory contribution would have been the better, less bureaucratic alternative. Unfortunately, this model was not capable of winning a majority in the hotel industry. Hence the focus of our attention should now be set on the future: what we need is a means of implementation that is as simple as possible, and targeted expenditure. When applying the tax, hotels should not be required to take on inquisitional roles. But also a uniform tax transfer should be possible. And, above all, the tax cannot be allowed to be swallowed up by Hamburg’s overall budget. This additional burden will only be accepted by hotels and guests if the new resources are solely used for the purpose of increasing the touristic appeal of the city. This is also the reason why tax revenues should only be used for projects deemed nationally or, even better, internationally attractive. Based on this claim, if such projects are from the realms of culture, sports or entertainment – it should develop over time. By no means should this result in long-term subsidies for chronically loss-making projects or institutions. The allocation of funds shall be measured on the basis of audience interest – and not on the level of political pressure.”

## **The culture and tourism tax in practice**

### **The new tax in operation**

On 1 January 2013, the Free and Hanseatic City of Hamburg introduces a culture and tourism tax. The tax applies to remunerated private overnight stays in accommodation establishments such as hotels, B&Bs, youth hostels or private rooms. The purpose of this tax is to promote Hamburg's cultural and touristic attractiveness.

#### **Basis of assessment**

The culture and tourism tax is based on the net payment per person for an overnight stay (excluding VAT). Extra services such as breakfast are not assessed. For further details on the basis of assessment, please refer to the information box on page 1.

#### **Tax liability**

The accommodation establishment is liable for payment of the tax. The operator of an accommodation establishment may include the culture and tourism tax in the guest's bill. The operator is obliged to submit a quarterly tax declaration to the revenue office and deduct the relevant tax. The deadline for submitting tax declarations is the fifteenth day of April, July, October and January. The relevant revenue office for the whole Hamburg region is the Revenue Office for Transaction Tax and Property located at 11 Gorch-Fock-Wall.

#### **Exemption clause for business travellers**

Overnight stays for business travellers are exempted from the tax. Business guests should submit a dedicated confirmation documenting the overnight stay as essential for professional or business-related reasons. (For details regarding the confirmation, please refer to the Q&A section on page 4). Such confirmation must be supplied to the accommodation establishment on the day of departure at the latest. Employees may submit an employer's confirmation; self-employed persons may submit a self-declaration.

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#### **Examples from around the world**

### **Zurich, Barcelona and New York**

By introducing a culture and tourism tax, Hamburg is following suit of international metropolitan cities such as New York, Barcelona or Zurich. In some of these cities, the tourism tax has been levied for several years now. So how is the tax designed in these cities?

## **Amsterdam (The Netherlands)**

Amsterdam's tourism tax is levied on all non-residents who stay in a hotel, boarding house or a holiday apartment. Persons staying overnight at camping grounds or occupying boat mooring points are also subjected to the tax. Up until now, a tax rate amounting to five percent of the net price for an accommodation unit has been levied. For 2013 and 2014, a temporary increase to 5.5 percent is planned. The tax applies to business and leisure travellers and is paid to the local authority.

## **Barcelona (Spain)**

In Barcelona, hoteliers are obliged to subject their guests to a fee of up to 2.50 Euro per night. The fee rate is graded according to the star rating of the hotel (one to three stars: 0.75 Euro, four stars: 1.25 Euro, five stars: 2.50 Euro). The tax only applies to stays of up to seven consecutive days. Minors of up to and including 16 years are exempted from the tax.

## **New York (USA)**

Hoteliers in New York City are obliged to pay the city a tax of USD 1.50 per overnight stay per room. Furthermore, they are subjected to the New York City Hotel Room Occupancy Tax (HROT), which is based on the price of the room. The maximum HROT rate amounts to USD 2.00, plus a charge of 5.875 percent of the price for the overnight stay. (The charge only applies to room rates of USD 40.00 per night and more). Long-term stays of 180 consecutive days or more are exempted from the HROT.

## **Venice (Italy)**

The tourism tax in Venice is calculated per overnight stay. The basis of calculation is graded according to high season and low season, three different city zones, and the hotel's star rating. The tax is levied for a period of up to five consecutive nights and is lifted on the sixth night. The estimated tax for a five-star hotel in the "historic centre" zone during the high season amounts to 5.00 Euro per night. The tax is halved in the low season. There are certain exceptions, e.g. children under the age of ten, or bus drivers with 25 or more passengers. Minors between the age of eleven and sixteen are subjected to half the tax. The revenues shall benefit touristic projects in the Venice municipality.



New York introduced the tax years ago

## **Zurich (Switzerland)**

Guests to Zurich are levied with a city tax of CHF 2.50. The tax is then paid by the hoteliers to Zurich Tourism, the city's tourism organisation. Hoteliers are not obliged to charge the fee; they can decide on a voluntary basis. The amount is paid in full to Zurich Tourism and is then invested in marketing the city of Zurich internationally. In 2011, almost 60 percent of Zurich Tourism's total budget was generated via the city tax.

## **Interview**

### **Three questions to Dietrich von Albedyll, Chairman of the Executive Board of Hamburg Tourismus GmbH**

**On 1 January 2013, Hamburg introduces a culture and tourism tax. Generally, how does this affect tourism in Hamburg?**

Dietrich von Albedyll: Hamburg's tourism sector shall expressly benefit from the culture and tourism tax. The resources generated through this tax shall be used in the realms of culture, in sports events and tourism marketing. Ultimately, this means that we are investing in Hamburg's attractiveness and image. All institutions involved in tourism, and thus our guests in particular, will benefit from this tax. We are aware of the challenges that hoteliers are facing and we will provide support to the best of our ability. Hamburg's hotels are the backbone of the positive development of tourism in Hamburg. More than ever, it is now the time to closely collaborate.

**What changes can guests to Hamburg expect from 1 January 2013?**

Dietrich von Albedyll: By introducing a culture and tourism tax, Hamburg is following suit of international metropolitan cities such as New York, Barcelona and Zurich. Some of these cities have been levying this tax for several years. Thus a tourism tax is not a novelty for any experienced traveller visiting Hamburg. The tax only applies to overnight stays by private persons, who will not be faced with any visible changes. At the same time we need to encourage business travellers to disclose the reason for their overnight stay. We are currently working on a solution, in close collaboration with DEHOGA.

**Being the tourism organisation of the Free and Hanseatic City of Hamburg, Hamburg Tourismus GmbH (HHT) is responsible for destination marketing and the city's touristic image. How does HHT keep guests to Hamburg informed?**

Dietrich von Albedyll: Our aim is to provide transparent communications and to integrate all stakeholders into the process. The rationale for our work is the well-being of our guests, for only happy guests return. We are also actively engaging in dialogue with the travel industry and tourism economy outside of Hamburg in order to keep them up-to-date on the current status. Another major information channel is our website ([www.hamburg-tourism.de](http://www.hamburg-tourism.de)), which provides information on our industry-related service offers.