



HOUSE OF COMMONS

LONDON SW1A 0AA

22nd November 2021

Dear Anthony,

RE: VAT FOR HOSPITALITY AND TOURISM

Thank you for your recent correspondence in respect of your concerns regarding VAT for the hospitality and tourism industries. I have read your comments on this issue with interest.

I welcome that the Chancellor listened to the calls from the hospitality sector to keep the temporary reduction in VAT (5 percent from 20 percent) for hospitality and tourism businesses, which had previously been extended until the 31st March 2021, in place until the 30th September 2021 when it changed to 12.5 percent and will remain so until the 31st March 2022.

To help support hospitality businesses through this difficult time, businesses have benefited from a combination of grants, funds, Government-backed loans and a Business Rates holiday. This has included business interruption loans, Bounce Back Loans and the Coronavirus Job Retention Scheme (CJRS) which supported over 1.4 million hospitality jobs.

I also welcome that businesses will be able to spread their deferred VAT repayments over eleven smaller interest-free repayments. This will benefit almost half a million businesses that have deferred £30 billion worth of VAT this year.

I recognise that in the past some EU Member States had implemented a lower rate of VAT on tourism and hospitality to the UK. However, comparisons with these countries tended not to take into account the significant VAT reliefs the UK provided for cultural attractions and public transport, or other tourist taxes that some Member States choose to levy. Additionally, the UK's VAT registration threshold is high when compared to EU Member States, so many tourist attractions did not have to charge any VAT to their customers.

Once again, thank you for having taken the time to contact me and if I can ever be of any further assistance to you then please do not hesitate to contact me again.

With best wishes,

TOM PURSGLOVE MP
MEMBER OF PARLIAMENT
CORBY & EAST NORTHAMPTONSHIRE