

The tourist tax: what we know, what we don't know

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- Tourist tax



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When will it be introduced?

1 July 2016.

How much will it cost?

Between May and October it will range between 50 cents and two euros per person per day depending on the type of accommodation. The upper rate of two euros applies to five-star and four-star superior hotels, to tourist apartments of four keys or four keys superior and to what are referred to as “non-residential accommodation establishments of tourism-residential companies”. Three-star superior and four-star hotels will be 1.5 euros. One, two and three-star hotels will cost one euro. Tourist apartments with three keys, 1.5 euros, and with one or two keys, one euro.

The following are also rated at one euro: cruise ships; rural hotels; agrotourism and interior tourism accommodation. Then there are “tourist holiday homes” and “homes subject to tourist stay marketing”. Oh, and any other establishment of a “tourist character” that isn’t a hostel, pension, camping or refuge: they’re all fifty cents.

Between November and April all of these rates are discounted by 50%. After ten days of any stay, the rate is cut by 50%.

Some of this sounds confusing?

When isn’t it? It would seem, though, that villas marketed via agencies, for example, will have a two euro charge. Tourist holiday homes would appear to refer to regulated tourist accommodation that is marketed direct by owners, but this may require clarification from the ministry (and/or a lawyer).

There are properties that aren’t regulated. What about them?

Apartments and any other accommodation that are not

registered (or which cannot be registered at present) as tourist accommodation cannot attract the charge. By this, one presumes that properties rented out under terms of the national tenancy act will be exempt as these cannot be advertised as tourist accommodation even if this is the purpose. Other accommodation that is not subject to the tenancy act and which is not registered is, by definition, illegal if it is being marketed or rented out for tourism/holiday purposes.

Is anyone exempt?

Children under the age of sixteen. Tourists on subsidised, social vacation programmes under the auspices of any European Union administration. Workers who, because of the nature of their work, need to stay in tourist accommodation. Patients of the Balearic health service (and companions) who need to stay in accommodation when travelling for medical treatment.

What happens if a child has a birthday while on holiday and goes over the exempt age?

Good question. What does happen?

How's the tax going to be collected?

Another good question. One thing's for sure and that is that it will not be collected at airports or ports. Palma's Son Sant Joan (and Son Bonet for that matter), Ibiza and Minorca airports are all owned by the state, as are the ports of Palma, Alcudia, Mahon, Ibiza and La Savina. And the state, as in the national government, has not given approval for the tax to be collected at them.

Hoteliers, tour operators and cruise operators had all asked for a delay in introducing the tax until 2017 because of reservations that have been made without any tax being included in the booking price. Bringing in the tax mid-season is going to create difficulties, but the bottom line is that it is the responsibility of those responsible for accommodation to collect the tax. For hotels (and cruise ships), it is in a sense relatively straightforward but for villas and other such accommodation it is less so.

Is it the case that hotels will be bearing the cost this year?

The Majorca Hoteliers Federation had indicated that this might well be the case but has since backtracked. It may be that individual hotels or hotel chains decide to bear the cost but it would be up to them and won't be an across-the-board measure.

But will all tourists be aware of the tax?

Not necessarily, so some may well get a shock when presented with a bill, especially those travelling on tight budgets.

What about people who own properties and come and stay, say, for three months at a time but aren't residents as such? Do they pay?

It would seem not. There is no specific mention of such visitors. Plus, non-resident owners already pay tax.

And those on recreational boats that stop off for a night or so?

Now, there's a question. If they stay onboard, then it would seem not. This issue has been raised by the parliamentary deputy for Formentor. It may yet be revisited at some point.

How is a "stay" defined?

Essentially, it is the 24 hours between 12 midday and 12 midday the following day. But any part of a day over 12 hours becomes a "day". The exception is for cruise ships, many of which aren't in port for 12 hours. There is no minimum time for cruise ships: passengers pay regardless.

What's the tax revenue going to be used for?

Well, one thing that it won't be used for is building new care homes for the elderly. That idea was vetoed by Podemos and the Partido Popular. Otherwise, the purposes are environmental preservation and recuperation; promoting low-season tourism; tourism promotion; development of tourism

infrastructures; rehabilitation of cultural heritage; research and development related to tourism and economic diversification; improvements to the quality of employment and training in the tourism sector.

Some of it sounds rather vague.

It does. The messages have changed over the months leading up to approval of the tax. It now seems that it will have more of an environmental priority than had first been envisaged. But fundamentally it's all about sustainable development and sustainable tourism. Read into that what you want.

How will it be distributed?

Sixty per cent of the revenue is spread between the four islands (Majorca will get roughly 42-45% of this). The remaining 40% will be for other projects, though none of this is clear. The decisions are to be made by a committee. This hasn't as yet been formed, and there's likely to be a great deal of haggling to come regarding the make-up of this committee and then how the revenue is actually allocated.

The government says that the new tax is not like the old eco-tax (2002-2003) and that people are behind it.

Well, the old eco-tax was environmental only. It was also highly discriminatory in that the burden fell squarely on the hotels and no one else. The government's line is that tourists are now used to taxes elsewhere and so are tour operators. But it says things that aren't accurate. For example, it refers to tourist taxes elsewhere in Spain. The fact is that Catalonia is the only region to have one. Indeed, it might be said that Catalonia is one of only a few parts of Europe where there is strong "sun and beach tourism" to have a tax. Croatia has something similar, for example. Elsewhere in Spain, Andalusia, the Canaries, the Madrid Community have all ruled out a tax. Valencia is thinking about it.

Local society might be in favour, though not necessarily when it comes to having pay itself to stay in tourist accommodation (European rules mean that the tax has to apply to Balearic residents as well). But as for business, there is almost total opposition and not just from the hoteliers.

Will it last?

For the lifetime of this current government, then yes. If the Partido Popular were to be returned to power after the next election (2019), then it would probably scrap the tax, just as it scrapped the eco-tax after it won the 2003 election.

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