



# Bournemouth Area Hospitality Association

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Lyons Inquiry into Local Government Funding  
Room 3.12  
! Horse Guards Road  
London  
SW1A 2HQ

10<sup>th</sup> March 2006.

Dear Sirs,

RE: Lyons Interim Report U.K. "Bed Tax" Proposal

Bournemouth Area Hospitality Association are strongly against the Government's proposal to implement a "bed tax" on hospitality providers:-

- We are already in a very competitive environment with a local airport connecting people to foreign destinations at very low prices, the hospitality providers would almost be forced into absorbing the cost rather than putting prices up, to try and keep the dwindling market share.
- It will encourage the domestic market, our lions share of business, to holiday overseas.
- Many of our members are small businesses already under pressure with rising costs, this could lead to many businesses failing and with statistics already showing a 19% failure rate in the Hotel & Catering Business sector (Equifax 2005. Second highest increase) there is already cause for concern in 2006.
- It was our belief that the Government were looking to actively encourage new business, which seems incomprehensible that with all the increases outside of business control (22% increase in fuel bills, increases in local council tax both domestic and non domestic, water rate increases every year ) that there should even have been a discussion surrounding this new tax.
- Implementation of this tax would be unfair as there is currently no statutory registration in place to acknowledge establishments who charge guests for staying and until such time as this is implemented, yet again the unscrupulous will gain.
- It will be another burden on the trade to collect and ensure payment of this tax.

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Bournemouth Area Hospitality Association  
Registered Office: 6<sup>th</sup> Floor, Dean Park House, Dean Park Crescent, Bournemouth BH1 1HP  
Company Reg. No. 4582777

- As tourists already pay 17.5% tax on accommodation it is unfair to burden this sector with an extra 5% plus vat. It is also difficult to understand why just this sector offering bed space should be subject to extra tax, when other trades in the area benefit from tourism.

I understand having researched through my colleagues that our European partners pay overall much less tax on any accommodation they provide.

Yours faithfully

Mark Haslingden  
Chairman

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