



# World Travel & Tourism Council Tax Barometer

Number 7  
February 1999

TRAVEL & TOURISM  
Creating Jobs

**CAR RENTAL BAROMETER**  
(Five Day Car Rental)

**Highest WTTC Index**

Delhi	210
Osaka	167
Tokyo	167
Bombay	167
Boston, Mexico City	150

**Highest Tax Rate**

Delhi	49.41%
Brussels	25.93%
Prague	25.76%
Vienna	24.92%
Paris	23.92%

**Highest Tax Amount**

Delhi	\$247.05
Vienna	\$178.39
Athens	\$137.04
Stockholm	\$125.41
Helsinki	\$121.64

**LODGING BAROMETER**  
(Four Night Hotel Stay)

**Highest WTTC Index**

Sydney	999
Tokyo	267
Osaka	267
Bombay	200
Mexico City	180

**Highest Tax Rate**

Copenhagen	25.00%
Prague	23.07%
Buenos Aires	21.00%
Bombay	20.00%
Delhi	20.00%
Cairo	19.12%

**Highest Tax Amount**

Buenos Aires	\$272.16
Delhi	\$271.04
Bombay	\$264.15
London	\$224.45
Copenhagen	\$190.74

**TOTAL BAROMETER**  
(One Standardized Five Day /  
Four Night International Trip)

**HIGHEST WTTC INDEX**

Sydney	630
Osaka	206
Tokyo	204
Bombay	189
Mexico City	165

**HIGHEST TAX AMOUNT**

Delhi	\$556.52
Buenos Aires	\$406.95
London	\$379.72
Copenhagen	\$365.25
Bombay	\$350.58

**HIGHEST TAX RATE**

Delhi	\$556.52
Buenos Aires	\$406.95
London	\$379.72
Copenhagen	\$365.25
Bombay	\$350.58

**MEALS BAROMETER**  
(4 Days - 12 Meals)

**Highest WTTC Index**

Nairobi	600
Manila	294
Tokyo	267
Osaka	267
Cairo	184

**Highest Tax Rate**

Copenhagen	20.00%
Stockholm	20.00%
Helsinki	18.03%
Prague	18.03%
Brussels, Buenos Aires	17.36%

**Highest Tax Amount**

Copenhagen	\$64.31
Paris	\$60.08
Stockholm	\$56.70
Brussels	\$56.12
Buenos Aires	\$55.69

**AIRPORT BAROMETER**  
(One International Arrival  
and Departure)

**Highest WTTC Index**

Jakarta	455
Sao Paulo	255
Bangkok	250
Rio de Janeiro	231
Beijing	225

**Highest Tax Rate**

Chicago	4.97%
Honolulu	4.59%
Montreal	4.52%
Cairo	4.36%
Los Angeles	4.21%

**Highest Tax Amount**

Chicago	\$68.75
New York	\$54.41
Cairo	\$53.53
Boston	\$49.84
Miami	\$43.15



March 1999

*Executive Committee*

**Chairman**

Harvey Golub  
*American Express Company*

**Vice-Chairmen**

Donald J. Carty  
*American Airlines*

Lord Marshall of Knightsbridge  
*British Airways plc*

G rard P lissou  
*Accor S.A.*

**Committee Members**

Daniel Affolter  
*Kuoni Travel Holding Limited*

Sir John Egan  
*BAA plc*

Andr  Jordan  
*Lusotur S.A.*

Sol Kerzner  
*Sun International*

J. W. Marriott, Jr.  
*Marriott International, Inc*

P.R.S. Oberoi  
*The Oberoi Group*

Frank A. Olson  
*The Hertz Corporation*

Sir Ian Prosser  
*Bass plc*

Vincent A. Wolfington  
*Carey International, Inc.*

**Immediate Past Chairman**

Robert H. Burns  
*RHB Holdings Limited*

**Chairman Emeritus**

James D. Robinson III  
*RRE Investors, LLC*

**President**

Geoffrey H. Lipman  
*World Travel & Tourism Council*

Welcome to the latest WTTC Tax Barometer. Tax Barometer No. 7 presents our regular summary of recent tax changes (17 increases and 3 decreases over the past six months), as well as a whole new perspective on Travel & Tourism taxation.

After nearly five years of analysis, holding prices and exchanges steady at June 1994 levels; Barometer No. 7 has been recalibrated to highlight a more current level (February 1999) of travel services costs and exchange rates. This recalibration clearly highlights today's absolute amount of Travel & Tourism taxes paid by our standardized visitor and their relationship to total travel costs. In one case, the amount of taxes paid for the standardized five-day business trip totals \$556.52, while in another case the total taxes paid exceed 27% of the total bill.

By providing this additional clarity in the absolute and relative tax bill, the recalibrated index now reflects the impact that inflation, currency movements, changes to supply / demand and changes to relative cost between travel components have had at each of the 52 destinations tracked over the past five years. In some cases where travel service prices have increased and taxes were fixed, the barometer reflects a deflationary generated tax reduction. In other cases where travel service prices have decreased and taxes were fixed, the barometer reflects an inflationary generated tax increase. In these cases, the WTTC Tax Barometer has moved from its Fall 1998 result as a result of structural tax decisions that were made long ago, rather than the imposition or reduction of taxes over the past six months. In either event, this newly recalibrated Tax Barometer presents a great deal of insight into the current and historical decisions that affect Travel & Tourism demand and growth.

The mathematics behind these inflationary, exchange rate and cost proportionality changes is beyond the scope of this introduction, but we have attempted to highlight later in this report those destinations where the recalibration plays a part in changing the index.

The WTTC Tax Barometer and Tax Policy Center will continue to identify and highlight all positive and negative changes affecting Travel & Tourism around the world. We hope you will continue to find this information useful and informative in the development of intelligent taxation policy, which is designed to create jobs.

As always, we welcome your comments on the WTTC Tax Barometer and encourage you to learn more about Travel & Tourism taxation issues by visiting our WTTC website at [www.wttc.org](http://www.wttc.org) or our dedicated WTTC Tax Policy Center website at [www.traveltax.msu.edu](http://www.traveltax.msu.edu).



**WTTC Registered Office:**  
20 Grosvenor Place,  
London SW1X 7TT, U.K.  
Tel: (+44-171) 838 9400  
Fax: (+44-171) 838 9050

<http://www.wttc.org>  
e-mail:  
[CreatingJobs@compuserve.com](mailto:CreatingJobs@compuserve.com)

A Company Limited by Guarantee  
Registration No. 2506591

Geoffrey H. Lipman  
President

TRAVEL & TOURISM: *Creating Jobs*

This is the seventh report of the World Travel & Tourism Tax Policy Center (TPC) presenting the status of the World Travel & Tourism Council (WTTC) Travel & Tourism Tax Barometer. The Barometer is an economic index developed to track and monitor the changes in taxes on travelers and travel companies in more than 50 high-traffic destinations worldwide. The *WTTC Tax Barometer* is sponsored by the American Express Company.

The results represent an index of taxes paid by a hypothetical "WTTC Traveler" at each destination. The base year tax rates are set as of June 1994. Prices and exchange rates were fixed to February 1999. The index numbers reflect the cumulative change in the amount of tax paid in US dollars as of February 1999. All changes (June 94 - February 99) are summarized at the end of this report.

**WTTC Tax Barometer, No. 7 shows: Travel & Tourism taxes have increased in 43 of 52 destinations since 1994. Taxes have decreased in 6 of the 52 destinations over this same period.**

With this report, the WTTC hopes to encourage decision-makers to understand the negative impact of ill advised Travel & Tourism taxation policy, and to take corrective action to facilitate industry growth, stimulate investment and create jobs.

<b>WTTC TAX BAROMETER</b>					
<i>Higher Taxes &gt; 100</i>					
<i>Parity = 100</i>					
<i>Lower Taxes &lt; 100</i>					
Sydney	▲630	Barcelona	112	Stockholm	▲103
Osaka	206	Geneva	▲112	Tel Aviv	▲102
Tokyo	204	Toronto	▲111	Santiago	102
Bombay	189	Amsterdam	111	Istanbul	101
Mexico City	▼165	Kuala Lumpur	111	Brussels	▲101
Bangkok	149	Sao Paulo	▲111	Prague	▼101
Honolulu	▲137	Paris	▲111	Seoul	101
Delhi	133	Zurich	▲110	Copenhagen	100
Montreal	127	Munich	▲110	Singapore	100
Boston	▲127	Frankfurt	110	Taipei	▼100
San Francisco	124	Rome	▲108	Nairobi	97
Buenos Aires	119	London	▲107	New York	92
Los Angeles	118	Vancouver	107	Manila	88
Chicago	116	Vienna	107	Hong Kong	82
Miami	115	Auckland	106	Athens	▲77
Jakarta	▲114	Cairo	106	Helsinki	68
Rio de Janeiro	▲112	Johannesburg	104		
Madrid	112	Beijing	103		
				<b>Recent Travel Tax Increases ▲</b>	
				<b>Recent Travel Tax Decreases ▼</b>	
				<b>(October 98 - February 99)</b>	

<b>Destination</b>	<b>TB7 Index Rank</b>	<b>TB7 Index Value</b>	<b>% of Cost Rank</b>	<b>% of Total Cost</b>	<b>Total \$ Tax Rank</b>	<b>Total Tax US\$</b>
Amsterdam	28	111	21	13.45%	29	210.98
Athens	2	77	28	14.86%	41	266.31
Auckland	19	106	22	13.71%	19	153.58
Bangkok	47	149	12	10.49%	11	132.21
Barcelona	33	112	10	10.24%	6	106.20
Beijing	16	103	29	15.32%	26	189.33
Bombay	49	189	38	17.49%	48	350.58
Boston	43	127	15	11.74%	18	152.28
Brussels	10	101	45	19.04%	42	276.04
Buenos Aires	41	119	49	20.81%	51	406.95
Cairo	19	106	48	20.68%	39	253.73
Chicago	39	116	44	19.01%	40	263.12
Copenhagen	7	100	50	21.81%	49	365.25
Delhi	45	133	52	27.14%	52	556.52
Frankfurt	25	110	36	16.72%	37	240.83
Geneva	33	112	11	10.28%	21	157.48
Helsinki	1	68	25	14.34%	38	249.39
Hong Kong	3	82	1	2.88%	2	64.27
Honolulu	46	137	20	12.71%	9	119.22
Istanbul	10	101	43	18.54%	34	221.19
Jakarta	37	114	13	10.85%	8	119.17
Johannesburg	18	104	33	16.37%	10	126.19
Kuala Lumpur	28	111	4	5.75%	1	53.07
London	21	107	47	19.55%	50	379.72
Los Angeles	40	118	26	14.53%	16	148.36
Madrid	33	112	8	10.01%	7	111.85
Manila	4	88	14	10.97%	28	199.57
Mexico City	48	165	35	16.70%	32	218.31
Miami	38	115	27	14.69%	23	173.28
Montreal	43	127	42	18.23%	12	134.33
Munich	25	110	34	16.44%	31	217.50
Nairobi	6	97	31	15.78%	35	222.93
New York	5	92	32	15.89%	46	309.67
Osaka	51	206	6	7.52%	22	169.32
Paris	28	111	18	12.20%	30	214.51
Prague	10	101	51	22.94%	33	220.41
Rio de Janeiro	33	112	19	12.64%	13	135.37
Rome	24	108	23	13.74%	36	229.32
San Francisco	42	124	24	13.94%	27	190.65
Santiago	14	102	40	17.76%	44	291.33
Sao Paulo	28	111	16	11.86%	14	144.08
Seoul	10	101	9	10.13%	17	149.01
Singapore	7	100	2	4.61%	3	76.71
Stockholm	16	103	39	17.63%	43	286.58
Sydney	52	630	7	8.39%	5	102.63
Taipei	7	100	3	5.51%	4	80.43
Tel Aviv	14	102	41	17.97%	45	297.85
Tokyo	50	204	5	7.33%	24	178.74
Toronto	28	111	30	15.58%	15	145.18
Vancouver	21	107	37	17.45%	25	179.25
Vienna	21	107	46	19.49%	47	325.48
Zurich	25	110	17	11.94%	20	155.50

Ranking (1 = Most Competitive, 52 = Least Competitive).

## WTTC TAX BAROMETER: Car Rental



Car rental taxes have increased in 27 of the 52 destinations surveyed (51% of all destinations) between June 1994 and February 1999. Only one destination (Nairobi) has decreased its car rental taxes during this same period. In this Barometer No. 7, car rental taxes increased in 8 destinations (see table).

Although they vary by destination, car rental taxes usually include VAT, sales taxes, surcharges, and/or other taxes/fees. Overall, 50 of 52 destinations surveyed impose some type of tax on the car rental transaction. However, two destinations (Beijing and Kuala Lumpur) are car rental tax-free. In general, the car rental is perceived to be a luxury purchase and is taxed at the top of the VAT rate scale.

Among the 52 destinations surveyed (on a percentage of total cost basis):

- ◆ 36 destinations charge 10% or more;
- ◆ 27 destinations charge 15% or more;
- ◆ 13 destinations charge 20% or more; and
- ◆ 1 destination charges 30% or more.

The highest car rental tax rates as a percentage of total car rental cost are:

- ◆ Delhi .....49.41%
- ◆ Brussels.....25.93%
- ◆ Prague .....25.76%
- ◆ Vienna .....24.92%
- ◆ Paris .....23.92%

After providing for a standard five-day rental as determined by Runzheimer International, six destinations charge more than \$100 in car rental taxes:

- ◆ Delhi .....\$247.05
- ◆ Vienna .....\$178.39
- ◆ Athens .....\$137.04
- ◆ Stockholm .....\$125.41
- ◆ Helsinki .....\$121.63
- ◆ Istanbul .....\$115.25

CAR RENTAL DESTINATION	INDEX VALUE	% OF TOTAL ITEM COST	TOTAL \$ TAX
Amsterdam	136	22.50%	77.44
Athens	100	19.35%	137.04
Auckland	100	16.65%	33.63
Bangkok	143	9.09%	42.50
Barcelona	104	21.58%	40.55
Beijing	100	0.00%	0.00
Bombay	167	11.79%	58.96
Boston ▲	150	7.55%	26.55
Brussels	101	25.93%	70.38
Buenos Aires	117	17.36%	54.60
Cairo	102	14.53%	31.78
Chicago	100	18.06%	74.95
Copenhagen	100	20.41%	85.19
Delhi	210	49.41%	247.05
Frankfurt	115	16.63%	49.60
Geneva ▲	105	16.32%	49.02
Helsinki	100	19.81%	121.63
Hong Kong	100	2.91%	13.50
Honolulu ▲	109	8.49%	21.33
Istanbul	100	20.95%	115.25
Jakarta	110	9.91%	55.00
Johannesburg	100	18.03%	51.56
Kuala Lumpur	100	0.00%	0.00
London ▲	108	21.57%	66.53
Los Angeles	100	7.62%	22.07
Madrid	104	21.58%	40.55
Manila	100	9.09%	37.50
Mexico City	150	13.04%	63.75
Miami	100	20.77%	35.27
Montreal	107	12.66%	24.17
Munich ▲	115	16.63%	49.60
Nairobi	89	13.79%	64.00
New York	100	11.70%	62.28
Osaka	167	4.76%	43.72
Paris	107	23.92%	72.49
Prague	100	25.76%	14.13
Rio de Janeiro	100	12.78%	49.61
Rome	103	16.67%	98.23
San Francisco	100	7.83%	29.11
Santiago	100	15.25%	72.00
Sao Paulo	100	12.78%	49.63
Seoul	100	9.09%	28.90
Singapore	100	4.31%	26.63
Stockholm	104	22.00%	125.41
Sydney	100	1.48%	3.39
Taipei	100	4.76%	15.00
Tel Aviv ▲	108	18.37%	89.92
Tokyo	167	4.76%	43.72
Toronto ▲	116	15.67%	34.61
Vancouver	100	13.42%	41.33
Vienna	104	24.92%	178.39
Zurich ▲	105	16.32%	49.02

Recent Travel Tax Increases ▲  
Recent Travel Tax Decreases ▼

## WTTC TAX BAROMETER: Lodging



Lodging taxes have increased in 42% of all destinations surveyed over the past four years. Six destinations (Athens, Helsinki, Hong Kong, Manila, Nairobi, and New York) have decreased their lodging taxes during this same period. In this Barometer No. 7, lodging taxes increased in 2 destinations (Geneva and Zurich).

In Barometer No. 6, Sydney, Australia introduced a 10% accommodations tax on lodging. Because no previous tax existed, the Sydney lodging barometer was pegged at 999.

Based on a percent of total room charges (four-night stay), five destinations charge lodging taxes which equal/exceed 20% of the final bill:

- ◆ Copenhagen .....25.00%
- ◆ Prague .....23.07%
- ◆ Buenos Aires.....21.00%
- ◆ Bombay .....20.00%
- ◆ Delhi .....20.00%

14 destinations charge less than 10% of total.

Based on a four-night stay, the WTTC traveler can expect to pay the highest lodging tax bill (exceeding \$200) in:

- ◆ Buenos Aires .....\$272.16
- ◆ Delhi.....\$271.04
- ◆ Bombay .....\$264.15
- ◆ London .....\$224.45

In two destinations (Kuala Lumpur and Singapore), the WTTC traveler pays less than \$10 in lodging taxes per night.

LODGING DESTINATION	INDEX VALUE	% OF TOTAL ITEM COST	TOTAL \$ TAX
Amsterdam	100	11.00%	105.83
Athens	56	10.16%	86.01
Auckland	100	12.50%	78.47
Bangkok	143	10.00%	58.74
Barcelona	117	7.00%	41.54
Beijing	100	15.00%	143.55
Bombay	200	20.00%	264.15
Boston	100	9.70%	65.28
Brussels	100	16.00%	134.43
Buenos Aires	117	21.00%	272.16
Cairo	100	19.12%	146.68
Chicago	100	14.90%	97.60
Copenhagen	100	25.00%	190.74
Delhi	100	20.00%	271.04
Frankfurt	107	16.00%	141.13
Geneva ▲	114	8.24%	78.44
Helsinki	36	8.00%	66.92
Hong Kong	60	3.00%	41.74
Honolulu	119	10.70%	46.55
Istanbul	100	15.00%	69.69
Jakarta	110	11.00%	52.62
Johannesburg	100	14.00%	48.82
Kuala Lumpur	100	5.00%	23.47
London	100	17.50%	224.45
Los Angeles	100	14.00%	67.62
Madrid	117	7.00%	47.72
Manila	73	10.75%	127.09
Mexico City	180	18.00%	119.90
Miami	100	12.50%	77.63
Montreal	118	15.99%	57.24
Munich	107	16.00%	111.54
Nairobi	89	16.00%	119.39
New York	77	16.40%	166.62
Osaka	267	8.00%	73.42
Paris	108	5.94%	64.55
Prague	100	23.07%	152.48
Rio de Janeiro	111	8.48%	43.17
Rome	111	10.00%	87.88
San Francisco	117	14.00%	99.68
Santiago	100	18.00%	169.77
Sao Paulo	105	8.05%	53.42
Seoul	100	10.00%	91.06
Singapore	100	4.00%	33.04
Stockholm	100	12.00%	91.00
Sydney	999	10.00%	77.42
Taipei	100	5.00%	43.29
Tel Aviv	100	17.00%	144.17
Tokyo	267	8.00%	78.98
Toronto	100	12.00%	61.92
Vancouver	100	17.00%	92.03
Vienna	101	12.80%	84.42
Zurich ▲	110	10.55%	77.90

Recent Travel Tax Increases ▲  
Recent Travel Tax Decreases ▼

## WTTC TAX BAROMETER: Meals



Meal taxes have increased in 21 of the 52 destinations surveyed since June 1994. Meal taxes have decreased in only one destination (Athens) during this same period. In this Barometer No. 7, meal taxes increased in 2 destinations (Geneva and Zurich).

In general, taxes on meals (excluding alcohol which are usually taxed at higher rates) tend to be lower than taxes on the other Travel & Tourism elements. The taxes typically collected on restaurant meals include VAT, sales taxes, and occasionally, a special tourist tax. Only two destinations (Hong Kong and Sydney) do not charge taxes on restaurant meals.

Since June 1994, meal taxes have more than doubled in:

- ◆ Nairobi.....+500%
- ◆ Manila.....+194%
- ◆ Osaka.....+167%
- ◆ Tokyo.....+167%

After factoring in the average meal charges for four days (12 meals), 2 destinations collect at least 20% of the total bill in meal taxes (Copenhagen and Stockholm).

In this same regard, six destinations collect 5% or less of the total bill in meal taxes (Boston, Taipei, Honolulu, Singapore, Hong Kong and Sydney).

MEALS DESTINATION	INDEX VALUE	% OF TOTAL ITEM COST	TOTAL \$ TAX
Amsterdam	100	5.66%	14.06
Athens	56	9.22%	19.79
Auckland	100	11.11%	22.14
Bangkok	143	9.09%	17.49
Barcelona	117	6.54%	16.24
Beijing	100	13.04%	34.91
Bombay	143	9.09%	15.67
Boston	100	4.76%	10.61
Brussels	102	17.36%	56.12
Buenos Aires	117	17.36%	55.69
Cairo	184	11.39%	21.74
Chicago	100	8.88%	21.82
Copenhagen	100	20.00%	64.31
Delhi	113	14.53%	26.64
Frankfurt	107	13.79%	33.63
Geneva ▲	115	6.98%	18.75
Helsinki	100	18.03%	50.19
Hong Kong	100	0.00%	0.00
Honolulu	100	4.00%	8.34
Istanbul	100	13.04%	21.26
Jakarta	110	9.91%	5.83
Johannesburg	100	12.28%	15.45
Kuala Lumpur	100	13.04%	19.07
London	100	14.89%	46.00
Los Angeles	100	7.62%	15.68
Madrid	117	6.54%	15.70
Manila	294	10.51%	22.28
Mexico City	150	13.04%	17.62
Miami	100	7.83%	17.24
Montreal	107	12.66%	19.58
Munich	107	13.79%	43.36
Nairobi	600	10.71%	19.53
New York	100	7.62%	26.37
Osaka	267	7.41%	29.00
Paris	111	17.08%	60.08
Prague	100	18.03%	42.05
Rio de Janeiro	100	15.25%	23.54
Rome	111	9.09%	34.16
San Francisco	100	7.83%	18.85
Santiago	100	15.25%	31.56
Sao Paulo	100	15.25%	21.98
Seoul	100	9.09%	21.38
Singapore	100	3.85%	8.17
Stockholm	100	20.00%	56.70
Sydney	100	0.00%	0.00
Taipei	100	4.76%	12.84
Tel Aviv	100	14.53%	43.62
Tokyo	267	7.41%	38.20
Toronto	100	13.04%	21.98
Vancouver	100	6.54%	9.23
Vienna	100	9.09%	23.17
Zurich ▲	115	6.98%	17.66

Recent Travel Tax Increases ▲  
Recent Travel Tax Decreases ▼

## WTTC TAX BAROMETER: Air Passenger Charges



Since June 1994, air passenger charges have increased in 46 of the 52 destinations surveyed. By far, this element of the WTTC Tax Barometer has had the largest influence in the increased cost of travel. While this news is grim, one destination stands alone by reducing its air passenger charges (Helsinki).

Taxes in this sector include international departure and arrival taxes, international passenger service and security charges and numerous miscellaneous inspection and immigration charges.

Since June 1994, air passenger charges have:

- ◆ Increased in 46 of 52 destinations, and more than
- ◆ Doubled in 12 of 52 destinations.

Relative to the total destination related cost (hotel, car rental and meals), the air passenger charges applied in five destinations account for more than 4% of total spending. The destinations in this category include:

- ◆ Chicago .....4.97%
- ◆ Honolulu .....4.59%
- ◆ Montreal.....4.52%
- ◆ Cairo .....4.36%
- ◆ Los Angeles .....4.21%

The 1997 US tax legislation has had a major impact on this list of high taxing destinations. In fact, at the top of the absolute dollar list for air passenger charges is now Chicago at \$68.75 per international arrival/departure. Nineteen other destinations charge \$20 or more per passenger.

AIR CHARGES DESTINATION	INDEX VALUE	% OF TOTAL TRIP COST	TOTAL \$ TAX
Amsterdam	108	0.87%	13.67
Athens ▲	118	1.31%	23.47
Auckland	175	1.73%	19.34
Bangkok	250	1.07%	13.48
Barcelona	125	0.76%	7.88
Beijing	225	0.88%	10.87
Bombay	167	0.59%	11.79
Boston	190	3.84%	49.84
Brussels ▲	110	1.04%	15.11
Buenos Aires	175	1.25%	24.50
Cairo	106	4.36%	53.53
Chicago	211	4.97%	68.75
Copenhagen	108	0.60%	22.00
Delhi	167	0.58%	11.79
Frankfurt	128	1.14%	16.47
Geneva	123	0.74%	11.27
Helsinki	98	0.61%	10.65
Hong Kong	100	0.41%	9.03
Honolulu	216	4.59%	43.00
Istanbul	125	1.26%	15.00
Jakarta ▲	455	0.52%	5.71
Johannesburg	180	1.34%	10.36
Kuala Lumpur	200	1.14%	10.53
London	194	2.20%	42.74
Los Angeles	216	4.21%	43.00
Madrid	125	0.70%	7.88
Manila	167	0.70%	12.71
Mexico City ▼	147	1.30%	17.03
Miami	215	3.66%	43.15
Montreal	200	4.52%	33.33
Munich ▲	132	0.98%	13.01
Nairobi	100	1.42%	20.00
New York	174	2.79%	54.41
Osaka	133	1.03%	23.17
Paris ▲	150	0.99%	17.38
Prague ▼	131	1.22%	11.75
Rio de Janeiro ▲	231	1.78%	19.05
Rome ▲	110	0.54%	9.05
San Francisco	216	3.14%	43.00
Santiago	144	1.10%	18.00
Sao Paulo ▲	255	1.57%	19.05
Seoul	113	0.52%	7.67
Singapore	100	0.53%	8.88
Stockholm ▲	133	0.83%	13.47
Sydney ▲	169	1.78%	21.82
Taipei ▼	100	0.64%	9.30
Tel Aviv	100	1.22%	20.15
Tokyo	102	0.73%	17.84
Toronto	160	2.86%	26.67
Vancouver	147	3.57%	36.67
Vienna	149	2.37%	39.50
Zurich	124	0.84%	10.92

Recent Travel Tax Increases ▲  
Recent Travel Tax Decreases ▼

## Recalibration

Tax Barometer No. 7 includes the recalibration of the WTTC Traveler's cost data for car rental, hotel and meals. It also includes more current currency exchange rates (February 1999) to more closely reflect the actual outlay of travel taxes by today's WTTC Traveler. In addition to these major enhancements, the Barometer also reflects ongoing corrections to our database from new sources of information as well as normal tax increases and tax decreases, which the Barometer was designed to identify and capture.

With this said, it is clear that the results for Tax Barometer No. 7 will vary from Tax Barometer No. 6 for a number of reasons and sometimes a combination of reasons. This recalibration is summarized on the following table.

The recalibration notes should be self-explanatory with the following exceptions:

- **Price Increase – Deflationary**

**Effect:** When prices for a service were reset at a higher level, fixed rate taxes produced a deflationary effect on the tax barometer – reducing the spread from the base (100). This happens because the old fixed tax now represents a smaller portion of the new overall cost of service.

- **Price Decrease – Inflationary**

**Effect:** When prices for a service were reset at a lower level, fixed rate taxes produced an inflationary effect on the tax barometer – increasing the spread from the base (100). This happens because the old fixed tax now represents a larger portion of the new overall cost of service.

- **Inflationary Packaging**

**Effect:** When the prices for the car, lodging and meal services were reset at new levels, the weighting between the various components changed to cause the total barometer to increase.

- **Deflationary Packaging**

**Effect:** When the prices for the car, lodging and meal services were reset at new levels, the weighting between the various components changed to cause the total barometer to decrease.

We apologize for the inconvenience of this recalibration, but hope the new results will better reflect that true cost of Travel & Tourism taxes today.

Destination	CAR			LODGING		
	TB6 Index	TB7 Index	Recalibration Code	TB6 Index	TB7 Index	Recalibration Code
Amsterdam	177	136	↑ ✘	100	100	↑
Athens	100	100	↑	56	56	↑
Auckland	100	100	↑	100	100	↑
Bangkok	143	143	↑	143	143	↑
Barcelona	107	104	↑ ✘	117	117	↑
Beijing	100	100	↑	100	100	↑
Bombay	167	167	↑	200	200	↓
Boston	100	150	▲ ✘	100	100	↑
Brussels	102	101	↑ ✘	100	100	↑
Buenos Aires	117	117	↑ ✘	117	117	↑
Cairo	101	102	↓ ✘	100	100	↑
Chicago	100	100	↑	100	100	↑
Copenhagen	100	100	↑	100	100	↑
Delhi	210	210	↑	100	100	↑
Frankfurt	139	115	↑ ✘	107	107	↑
Geneva	100	105	↑ ▲	100	114	↑ ▲
Helsinki	100	100	↑	36	36	↑
Hong Kong	100	100	↑	60	60	↑
Honolulu	100	109	↑ ▲	113	119	↓
Istanbul	100	100	↑	100	100	↑
Jakarta	110	110	↑	110	110	↑
Johannesburg	100	100	↑	95	100	↑ ✘
Kuala Lumpur	100	100	↑	100	100	↑ ✘
London	100	108	↑ ▲	100	100	↑
Los Angeles	100	100	↑	100	100	↓
Madrid	107	104	↑ ✘	117	117	↑
Manila	100	100	↑	71	73	↑
Mexico City	150	150	↑	180	180	↑
Miami	100	100	↑	100	100	↑
Montreal	108	107	↑	125	118	↑
Munich	104	115	↑ ▲	107	107	↑
Nairobi	89	89	↓	89	89	↑
New York	100	100	↑	71	77	↑
Osaka	167	167	↑	267	267	↑
Paris	107	107	↑	109	108	↑
Prague	100	100	↑	95	100	↓ ✘
Rio de Janeiro	100	100	↑	120	111	↑
Rome	105	103	↑ ✘	111	111	↑
San Francisco	100	100	↑	117	117	↑
Santiago	100	100	↑	100	100	↑
Sao Paulo	100	100	↑	113	105	↑
Seoul	100	100	↑	100	100	↑
Singapore	100	100	↑	100	100	↑
Stockholm	106	104	↑	100	100	↑
Sydney	100	100	↓	999	999	↑
Taipei	100	100	↑	100	100	↑
Tel Aviv	100	108	↑ ▲	100	100	↑
Tokyo	167	167	↑	267	267	↓
Toronto	98	116	↑ ▲	100	100	↑
Vancouver	100	100	↑	100	100	↑
Vienna	104	104	↓ ✘	100	101	↓ ✘
Zurich	81	105	↑ ▲ ✘	100	110	↑ ▲

**Recalibration Codes:**

↑ Price Increase - Deflationary Effect   ↑ Price Increase   ↓ Price Decrease - Inflationary Effect   ↓ Price Decrease  
 ✘ Correction   ■ Deflationary Packaging Effect   ■ Inflationary Packaging Effect   ■ Multiple Effects   ■ Other

n	MEAL			AIR			TOTAL		
	TB6 Index	TB7 Index	Recalibration Code	TB6 Index	TB7 Index	Recalibration Code	TB6 Index	TB7 Index	Recalibration Code
	100	100	↑	108	108		117.2	111.4	■ X
	56	56	↓	107	118	▲	68.4	77.3	▲
	100	100	↑	175	175		107.8	105.7	■
	143	143	↑	250	250		153.1	149.4	■
	117	117	↑	125	125		114.7	111.9	■
	100	100	↑	225	225		106.7	103.0	■
	143	143	↑	167	167		186.0	189.0	■
	100	100	↑	178	190	X	120.4	127.0	▲ X
	102	102	↑	108	110	▲	101.4	101.4	■
	117	117	↑	175	175		120.3	119.1	■
	184	184	↑	106	106		105.1	105.7	■
	100	100	↑	202	211	X	119.7	115.9	■
	100	100	↑	108	108		100.5	100.2	■
	113	113	↑	167	167		129.8	132.6	■
	107	107	↓	128	128		111.9	109.6	■
	100	115	↑ ▲	123	123		102.5	111.8	▲
	100	100	↑	98	98		68.7	68.0	■
	100	100	↑	100	100		66.4	81.8	■
	100	100	↓	201	216	X	127.8	137.0	■
	100	100	↑	125	125		102.6	101.4	■
	110	110	↑	227	455	▲	114.4	114.1	▲
	100	100	↑	180	180		105.1	103.8	■
	100	100	↑	200	200		108.3	111.0	X
	100	100	↑	194	194		108.4	107.2	■
	100	100	↓	201	216	X	117.6	118.4	X
	117	117	↑	125	125		115.0	112.1	■
	294	294	↑	167	167		92.5	88.1	■
	150	150	↑	147	147	▼	167.2	164.8	■
	100	100	↑	200	215	X	122.0	115.3	■
	108	107	↑ X	200	200		131.6	127.0	■
	107	107	↑	126	132	▲	107.9	109.8	▲
	600	600	↑	100	100		96.7	97.1	■
	100	100	↑	164	174	X	96.4	92.2	■
	267	267	↓	133	133		207.5	206.2	■
	111	111	↑	134	150	▲	110.9	110.9	■
	100	100	↑	136	131	▼	98.0	101.3	X ■
	100	100	↓	109	231	▲	107.8	112.5	▲
	111	111	↑	107	110	▲	109.2	107.6	■
	100	100	↑	201	216	X	128.3	124.3	■
	100	100	↓	144	144		102.9	101.9	■
	100	100	↑	100	255	▲	104.7	111.0	▲
	100	100	↑	113	113		101.0	100.6	■
	100	100	↓	100	100		100.0	100.0	■
	100	100	↑	131	133	▲	103.8	102.9	■
	100	100	↑	155	169	▲	459.9	630.0	▲
	100	100	↑	150	100	▼	107.2	100.0	▼
	100	100	↑	100	100		100.0	102.4	■
	267	267	↑	102	102		199.7	203.9	■
	100	100	↑	160	160		110.2	111.4	▲
	100	100	↑	147	147		111.1	107.0	■
	100	100	↓	104	149	X	101.6	106.7	X ■
	100	115	↓ ▲	124	124		101.0	110.2	▲

▲ Tax Rate Increase ▼ Tax Rate Decrease  
 ■ Offsetting Effects or No Change

## WTTC TAX BAROMETER: Summary of Changes

Changes reported in the Tax Barometer No. 1 (October 1995), Tax Barometer No. 2 (March 1996), Tax Barometer No. 3 (October 1996), Tax Barometer No. 4 (April 1997), Tax Barometer No. 5 (January 1998), Tax Barometer No. 6 (October 1998), and Tax Barometer No. 7 (February 1999) are summarized below. *Barometer No. 7 changes are indicated in italic.*

**Amsterdam** increased both its Airport Security Charge from NLG 6.50 to NLG 8.00 and its Passenger Service Charge from 18.20 to 18.65 in Barometer No. 3. In Barometer No. 6, the Airport Surcharge for rental cars was raised from NLG 20.00 to NLG 60.00.

The inaugural Barometer decreases in **Athens** were due to restructuring of the VAT rates charged on hotel rooms and meals. Both services were moved into lower VAT rate classifications. In Barometer No. 2, Greece reduced the VAT on restaurant meals from 18.0% to 8.0%. *In Barometer No. 7, Athens increased their Airport Development Charge from GRD 6,100 to GRD 6,700.*

**Auckland** instituted a new Terminal Service Charge of NZ\$ 10.00 in Barometer No. 3. In Barometer No. 5, Auckland increased its airport tax on international passengers from NZ\$ 15.00 to NZ\$ 20.00.

**Bangkok** introduced a new 7.0% car rental tax in Barometer No. 2 where no tax had been reported in the base year. Bangkok also increased its International Passenger Service Charge from THB 200.00 to THB 250.00 in Barometer No. 3. In Barometer No. 5, Bangkok increased its national VAT, affecting car rentals, meals, and lodging, from 7.0% to 10.0%. In Barometer No. 6, the International Passenger Service Charge was increased from THB 250.00 to THB 500.00.

**Barcelona** and **Madrid** reported 1.0% increases in the national level consumption tax in the inaugural Barometer for car rental, lodging and restaurant meals. The tax rate on car rental increased from 15.0% to 16.0%. The tax rate on lodging and restaurant meals increased from 6.0% to 7.0%. In Barometer No. 5, Barcelona introduced a new Airport Security Tax on international passengers at a rate of ESP 175.00. In Barometer No. 6, the International Departure Charge in Spain was increased from ESP 927.00 to ESP 985.00.

In Barometer No. 2, China reported an increase in its International Airport Fee from CNY 40.00 to CNY 90.00 affecting **Beijing** departures.

The inaugural Barometer change in **Bombay** can be attributed to across-the-board increases in the taxes charged on hotel rooms, car rental and meals. Sales tax on restaurant meals increased from 7.0% to 8.0%. A hotel luxury tax of

10.0% was reported for 1995 where previously only an expenditure tax of 10.0% had been reported. The luxury tax increased the total tax rate on hotel rooms to 20.0%. In Barometer No. 4, Bombay increased its sales tax on meals from 8.0% to 10.0%. In Barometer No. 5, Bombay increased the foreign travel tax from INR 300.00 to INR 750.00. In Barometer No. 6, the Foreign Travel Tax in India was reduced from INR 750.00 to INR 500.00.

In Barometer No. 5, **Boston** (also see **United States**) lowered its Arrival Facility Charge from US\$ 5.39 to US\$ 4.71 and increased its departure facility charge from US\$ 0.95 to US\$ 2.13. *In Barometer No. 7, Boston replaced a US\$ 0.30 fee with a US\$ 10.30 Convention Center Surcharge and Parking Fine Recovery fee affecting car rental rates.*

In the inaugural Tax Barometer, the International Embarkation Tax was increased from BEF 490.00 to BEF 510.00 in **Brussels**. In Barometer No. 2, Belgium increased its general VAT from 20.5% to 21.0% affecting the meal and car index only. The lodging VAT was not affected. In Barometer No. 3, Brussels increased its Embarkation Tax from BEF 510.00 to BEF 520.00. In Barometer No. 5, Brussels increased its embarkation tax from BEF 520.00 to BEF 530.00. *In Barometer No. 7, Belgium increased their embarkation tax from BEF 530.00 to BEF 540.00.*

**Buenos Aires** was affected in the inaugural Barometer by a 3.0% increase in the Argentine consumption tax. The increase was applied to all sectors in the Barometer. Barometer No. 3 reported a new Immigration Tax of US\$ 3.00. In Barometer No. 6, Buenos Aires increased the Airport Tax to international passengers from US\$ 13.00 to US\$ 18.00, and instituted a new Airport Security Tax of US\$ 2.50.

**Cairo** reported the implementation of a service tax charged on restaurant meals for 1995 in the inaugural Barometer. No similar tax was reported for the city in 1994. In Barometer No. 2, Egypt introduced an International (passport) Stamp Tax of EPG 11.00.

The inaugural Barometer change in **Chicago** (also see **United States**) was associated with an increase in the Passenger Terminal Charge collected at O'Hare International Airport.

In Barometer No. 6, both the International Passenger Service Charge and the Transportation Tax were increased in **Copenhagen** from DKK 69.90 to DKK 70.00 and DKK 65.00 to DKK 75.00 respectively.

The increase in the inaugural barometer values for the city of **Delhi** were the result of increases in tax collected on lodging and interstate taxes collected on car rentals. In Tax Barometer No. 2, Delhi reported a decrease in the meal tax from 15.0% to 7.0%. In Barometer No. 4, Delhi increased its Interstate Car Rental Tax from INR 1,000 to INR 2,000, along with an

increase in its Toll Tax from INR 10.00 to INR 15.00. In Barometer No. 5, Delhi increased the Foreign Travel Tax from INR 300.00 to INR 750.00. In Barometer No. 6, the Foreign Travel Tax in India was reduced from INR 750.00 to INR 500.00. Also in No. 6, Delhi decreased their tax on meals from 24.0% to 17.0%.

The inaugural Tax Barometer increases for **Frankfurt** and **Munich** can be attributed to increases in the International Passenger Service Charges collected on international air passengers in each of the cities. In Barometer No. 2 in Frankfurt, there was an increase in the Airport Security Charge from DEM 6.50 to DEM 8.00. In Barometer No. 3, Frankfurt increased its International Passenger Service Charge of DEM 17.50 to DEM 19.00. In Barometer No. 4, Frankfurt increased its Car Rental Fee from DEM 10.00 to DEM 20.00. In Barometer No. 5, Frankfurt increased its Passenger Service Charge from DEM 19.00 to DEM 20.00. In Barometer No. 6, the International Passenger Service Charge was increased from DEM 20.00 to DEM 20.50. Also in Barometer No. 6, the national VAT increased from 15.0% to 16.0%.

In the inaugural Barometer, the Swiss Government instituted a VAT in 1995 of 6.5% affecting many travel-related services included in the **Geneva** and **Zurich** Barometer. Switzerland increased its International Airport and Passenger Security Charge from CHF 14.50 to CHF 15.50 at Geneva in Barometer No. 3. In Barometer No. 5, Geneva increased its Airport Passenger and Security Charge from CHF 15.50 to CHF 16.00. *In Barometer No. 7, Switzerland raised their national VAT from 6.5% to 7.5%.*

In **Helsinki** the Finnish government rolled back the hotel room VAT rate from 22.0% to 6.0% in the inaugural Barometer. In Barometer No. 6, Helsinki increased their tax rate on hotels from 6.0% to 8.0%.

In **Honolulu** (also see **United States**), the state of Hawaii increased the hotel room tax one percentage point to 6.0% and introduced a fractional increase in the state sales tax on lodging during the first Barometer. *In Barometer No. 7, Honolulu added a US\$ 0.35 licensing fee to their car rental rates.*

**Hong Kong** increased its Airport Passenger Departure Tax from HK\$ 50.00 to HK\$ 100.00 in Barometer No. 3. In Barometer No. 6, Hong Kong decreased their tax rate on lodging from 5.0% to 3.0%. Also in No. 6, the Airport Departure Tax was reduced from HK\$ 100.00 to HK\$ 50.00.

**Istanbul** increased its Airport Service Charge from US\$ 12.00 to US\$ 15.00 in Barometer No. 4.

**Jakarta** reported an increase in the International Passenger Service Charge approximately equivalent to US\$ 4.00 in the inaugural Barometer. In Barometer No. 4, Jakarta increased its Passenger Service Charge from IDR 21,000 to IDR 25,000. In

Barometer No. 6, the tax rate for car rentals, meals and lodging in Jakarta was increased from 10.0% to 11.0%. *In Barometer No. 7, Jakarta increased their International Passenger Service Charge from IDR 25,000 to IDR 50,000.*

**Johannesburg** increased the tourist tax collected on lodging from SAR 2.00 to SAR 3.42 in the first Barometer and increased the International Passenger Facility Charge from SAR 35.00 to SAR 55.00. Johannesburg increased its International Passenger Service Charge from SAR 55.00 to SAR 60.00 in Barometer No. 3. In Barometer No. 5, Johannesburg increased its tourist tax on lodging from SAR 3.42 to SAR 6.00, and increased its Passenger Service Charge from SAR 60.00 to SAR 61.00. In Barometer No. 6, Johannesburg Airport increased their International Passenger Service Charge from SAR 61.00 to SAR 63.00. Also in No. 6, Johannesburg eliminated their lodging fee of SAR 6.00.

In Barometer No. 2, Malaysia increased its International Passenger Service Charge from MYR 20.00 to MYR 40.00 affecting traffic into **Kuala Lumpur**.

In late 1994, the British Government approved the implementation of both a domestic and international Air Passenger Duty. The international duty of UK £10.00 resulted in a 7.0% increase in the inaugural barometer for **London**. London decreased its International Service Passenger Charge levied on international flights from £12.82 to £10.95 in Barometer No. 3. In Barometer No. 5, London increased its Air Passenger Duty from £ 10.00 to £ 20.00. In Barometer No. 6, London reduced the International Passenger Service Charge from £8.50 to £6.50. *In Barometer No. 7, London increased the airport surcharge to £15.00, affecting car rental rates.*

The inaugural Barometer increase in **Los Angeles** (also see **United States**) resulted from a half- percentage increase in the hotel room tax to 14.5%. In Barometer No. 3, Los Angeles decreased its local sales tax on lodging from 14.5% to 14.0%.

**Madrid** (also see **Barcelona**). In Barometer No. 5, Madrid introduced a new Airport Security Tax on international passengers at a rate of ESP 175.00. In Barometer No. 6, the International Departure Charge in Spain was increased from ESP 927.00 to ESP 985.00.

The inaugural barometer increase in taxes in **Manila** was attributed to a slight increase in the sales tax charged on restaurant meals. In Barometer No. 2, The Philippine Government shifted from a sales tax to a 10.0% VAT. A meal tax of 0.75% and a room tax of 0.5% were also introduced. In Barometer No. 3, in Manila, the Passenger Terminal Fee increased from PHP 300.00 to PHP 500.00 for all departing international passengers. In Barometer No. 4, Manila increased its meal VAT from 10.0% to 11.0%.

In **Mexico City**, the national level consumption tax increased from 10.0% in 1994 to 15.0% in 1995. This resulted

in a substantial increase in the inaugural Barometer. The new tax rates were applied to car rental, lodging and restaurant meals. In Barometer No. 2, a new lodging tax was introduced at the rate of 3.0%. This tax is levied along with an existing 15.0% VAT. In Barometer No. 4, Mexico City increased its International Airport Departure Tax from US\$ 12.00 to US\$ 13.37. In Barometer No. 5, Mexico City increased its International Airport Departure Tax from US\$ 13.37 to US\$ 15.88. In Barometer No. 6, Mexico City reported an increase in the International Airport Departure Tax from US\$ 15.80 to US\$ 17.13. *In Barometer No. 7, Mexico City lowered their International Airport Departure Tax from US\$ 17.13 to US\$ 16.94.*

The reported 2.0% increase in the inaugural Barometer for **Montreal** and **Vancouver** was due to a C\$ 2.50 increase in the International Air Transport Tax imposed on international departing travelers. In Barometer No. 3, Canada instituted a new APHIS (Agricultural Inspection) charge on international passengers of C\$ 25.00 affecting the results for Montreal, Toronto and Vancouver. In Barometer No. 5, Montreal introduced a new C\$ 2.00/day lodging tourist tax. In Barometer No. 6, the Canadian Air Transportation tax was reduced from C\$ 27.60 to C\$ 15.00 which affects Montreal, Toronto, and Vancouver Airports. Also, a new Airport Improvement Fee of C\$ 10.00 was instituted in Montreal.

**Munich** (also see **Frankfurt**). In Barometer No. 2, Munich again changed its International Passenger Service Charge from DEM 11.40 to DEM 11.55. In Barometer No. 5, Munich increased its Passenger Service Charge from DEM 12.00 to DEM 14.00. In Barometer No. 6, the Airport Security Charge in Munich was lowered from DEM 8.00 to 7.50 DEM. Also in Barometer No. 6, Germany increased its National VAT from 15.0% to 16.0%. *In Barometer No. 7, Munich increased their International Passenger Service Charge from DEM 14.00 to DEM 15.00. Also in No. 7 Munich raised their airport surcharge to DEM 17.00, affecting car rental rates.*

In **Nairobi**, the tax rate on car rentals and hotel rooms was reduced from 18.0% to 15.0% in the first Barometer, while the tax rate on restaurant meals increased four percentage points to 6.0%. In Barometer No. 4, Nairobi increased its VAT on meals from 6.0% to 8.0%. In Barometer No. 5, Nairobi increased its VAT on lodging from 15.0% to 16.0%. In Barometer No. 6, in Nairobi, the tax rate for car rentals was increased from 15.0% to 16.0%, while the tax rate for meals increased from 8.0% to 12.0%.

In **New York** (also see **United States**), the City and State of New York repealed two stifling hotel taxes in the inaugural Barometer. The current tax rate is 13.25%, plus a US\$ 2.00/person night room charge.

**Osaka** raised its International Passenger Facility Fee in Barometer No. 2 from ¥ 2000 to ¥ 2600. In Barometer No. 3, Japan instituted a new 3.0% consumption tax that is levied on

both the hotel and restaurant sectors. In Barometer No. 5, Osaka and Tokyo increased its Consumption Tax, affecting the lodging, car, and meal sectors, from 3.0% to 5.0%.

The increase in the inaugural index for **Paris** resulted from a new FF 7.00 room tax charged nightly in addition to the existing room VAT of 5.5%. In Barometer No. 2, France increased its VAT rate from 18.6% to 20.6%. The “Safety and Security Tax” at Charles De Gaulles was also raised from FF 17.00 to FF 18.00, although it was offset by a 1.00 FF decrease in the Equalization Fund Tax. In Barometer No. 3, France increased its International Air Passenger Service Charge from FF 50.84 to FF 52.87. In Barometer No. 5, Paris increased its Passenger Service Charge from FF 52.87 to FF 54.00. In Barometer No. 6, the Safety and Security Charge in Paris was increased from FF 21.00 to FF 35.00. Also in No. 6, an Airport Surcharge of FF 80.00 is now charged to all car rentals. *In Barometer No. 7, the Safety and Security tax was increased from FF 35.00 to FF 39.00. Also in No. 7, Paris increased their passenger service charge from FF 54.00 to FF 61.00.*

The inaugural Barometer decrease in **Prague** resulted from a decrease in the VAT rate collected from lodging patrons. The Czech Republic has decreased the VAT from 23.0% in 1994 to 22.0% in 1995. In Barometer No. 5, Prague increased its Embarkation Tax from CZK 311.00 to CZK 346.00. *In Barometer No. 7, Prague increased their Embarkation Tax from CZK 346.00 to CZK 397.00.*

In Barometer No. 6, **Quebec** increased their sales tax (TVQ) on meals and car rentals from 6.5% to 7.5%. Lodging (TVQ) was increased from 6.5% to 8.0%.

The Embarkation Tax charged on international departures increased in **Rio de Janeiro** in the inaugural index from US\$ 15.60 to US\$ 18.00. In Barometer No. 5, Rio de Janeiro has instituted a US\$ 2.00/day tourist tax. *In Barometer No. 7, the Embarkation Tax on international passengers increased from US\$ 18.00 to US\$ 36.00.*

The inaugural increase in **Rome** was associated with a 1.0% increase in the reported VAT rate on lodging and restaurant meals and a 920 lire increase in the international embarkation tax collected at Rome airport. In Barometer No. 4, Rome decreased its Embarkation Tax from 15,000 Lira to 14,000 Lira, due to the fact that the Italian Parliament did not approve of the Italian Ministry of Transport’s 5.0% increase that was implemented May 1997. In Barometer No. 5, Rome increased its Embarkation Tax from 14,000 Lira to 15,000 Lira. *In Barometer No. 7, Rome increased their International Embarkation Tax from 15,000 Lira to 15,500 Lira.*

**Sao Paulo** has instituted a US\$ 1.26/day tourist tax and increased the Embarkation Tax on international passengers from US\$ 12.00 to US\$ 15.00 in Barometer No. 5. *In*

*Barometer No. 7, Sao Paulo's Embarkation Tax was increased from US\$ 15.00 to US\$ 36.00.*

**San Francisco** (also see **United States**) increased its local sales tax on lodging from 12.0% to 14.0% effective August 1, 1996 (Barometer No. 3).

**Santiago** increased its International Departure Tax from US\$ 12.50 to US\$ 18.00 in Barometer No. 3.

**Seoul** increased its Airport Service Charge in Barometer No. 2 from KRW 8000 to KRW 9000.

Sweden increased its International Passenger Service Charge in Barometer No. 2 from SEK 65.00 to SEK 67.50 impacting on **Stockholm**. In Barometer No. 6, the International Passenger Service Charge was increased in Stockholm from SEK 69.50 to SEK 90.00. Also in No. 6, Stockholm increased its Airport Surcharge from SEK 75.00 to SEK 104.00. *In Barometer No. 7, Stockholm increased its International Passenger Service Charge from SEK 90.00 to SEK 91.00.*

Australia increased the charge per departing airline passenger from AUS\$ 20.00 to AUS\$ 27.00, affecting **Sydney** in the inaugural Barometer. In Barometer No. 3, Sydney reported a newly instituted Noise Levy Tax of AUS\$ 3.40 on all arriving international passengers. In Barometer No. 6, Sydney introduced a new lodging tax of 10.0%. *In Barometer No. 7, Australia increased its Passenger Movement Charge from AUS\$ 27.00 to AUS\$ 30.00 and lowered its Security Charge from AUS\$ 0.60 to AUS\$ 0.42.*

**Taipei** increased its Airport Service Charge from T\$ 300.00 to T\$ 450.00 in Barometer No. 4. *In Barometer No. 7, Taipei*

*decreased its Airport Service Charge from T\$ 450.00 to T\$ 300.00.*

**Tel Aviv** increased their airport service charge to US\$ 22.00 in Barometer No.7, affecting car rental rates.

The inaugural Barometer for **Toronto** resulted from a C\$ 2.50 increase in the Air Transport Tax in that city. *In Barometer No.7, Toronto increased their fuel conservation tax to an average of C\$ 2.00/day, affecting car rental rates.* Also see **Montreal**.

In Barometer No. 3, Japan instituted a new 3.0% consumption tax that is levied on both the hotel and restaurant sectors affecting the results for **Tokyo** (also see **Osaka**).

In Barometer No. 5, the **United States** (also see individual US cities) increased several of its taxes to international passengers that effect all US cities. Those changes are to the APHIS fee to passengers from US\$ 1.45 to US\$ 2.00; a US\$ 6.00 increase to Transportation Tax (US\$ 12.00 total); a new US\$ 12.00 Arrival Tax; and the lowering of the Customs User Fee from US\$ 6.50 to US\$ 5.00.

**Vancouver** (see **Montreal**).

In Barometer No. 6, a correction was made for **Vienna**, where the hotel tax rate is 12.65% not 22.65%.

**Zurich** (also see **Geneva**). Switzerland increased its International Airport and Passenger Security Charge from CHF 14.00 to CHF 15.50 at Zurich in Barometer No. 3. *In Barometer No. 7, Switzerland raised their national VAT from 6.5% to 7.5%.*

### WTTC TAX BAROMETER — Acknowledgment —

The *WTTC Tax Barometer* has been compiled with the assistance of American Express Travel Service Offices, Members of the International Association of Visitors and Convention Bureaus and Members of the Pacific Asia Travel Association. This network of dedicated professionals can take great credit for collecting and verifying the data on which this and future reports are based.

### WTTC TAX POLICY CENTER — Contact Information —

World Travel & Tourism Tax Policy Center  
c/o Travel, Tourism, and Recreation Resource Center  
172 Natural Resources Building  
Michigan State University  
East Lansing, Michigan 48824-1222, U.S.A.  
Tel: (1 517) 432 2636  
Fax: (1 517) 432 2296  
E-mail [DHolecek@pilot.msu.edu](mailto:DHolecek@pilot.msu.edu)  
E-mail [westdav3@pilot.msu.edu](mailto:westdav3@pilot.msu.edu)  
E-mail [nikoloff@pilot.msu.edu](mailto:nikoloff@pilot.msu.edu)

Donald F. Holecek, Director  
David West, Researcher  
Alexander Nikoloff, Researcher

	Previous* Composite	New Composite	Car Index	Lodging Index	Meal Index	Airport Index
Amsterdam	117	111	136	100	100	108
Athens	68	77	100	56	56	118
Auckland	108	106	100	100	100	175
Bangkok	153	149	143	143	143	250
Barcelona	115	112	104	117	117	125
Beijing	107	103	100	100	100	225
Bombay	186	189	167	200	143	167
Boston	120	127	150	100	100	190
Brussels	101	101	101	100	102	110
Buenos Aires	120	119	117	117	117	175
Cairo	105	106	102	100	184	106
Chicago	120	116	100	100	100	211
Copenhagen	101	100	100	100	100	108
Delhi	130	133	210	100	113	167
Frankfurt	112	110	115	107	107	128
Geneva	103	112	105	114	115	123
Helsinki	69	68	100	36	100	98
Hong Kong	66	82	100	60	100	100
Honolulu	128	137	109	119	100	216
Istanbul	103	101	100	100	100	125
Jakarta	114	114	110	110	110	455
Johannesburg	105	104	100	100	100	180
Kuala Lumpur	108	111	100	100	100	200
London	108	107	108	100	100	194
Los Angeles	118	118	100	100	100	216
Madrid	115	112	104	117	117	125
Manila	93	88	100	73	294	167
Mexico City	167	165	150	180	150	147
Miami	122	115	100	100	100	215
Montreal	132	127	107	118	107	200
Munich	108	110	115	107	107	132
Nairobi	97	97	89	89	600	100
New York	96	92	100	77	100	174
Osaka	208	206	167	267	267	133
Paris	111	111	107	108	111	150
Prague	98	101	100	100	100	131
Rio de Janeiro	108	112	100	111	100	231
Rome	109	108	103	111	111	110
San Francisco	128	124	100	117	100	216
Santiago	103	102	100	100	100	144
Sao Paulo	105	111	100	105	100	255
Seoul	101	101	100	100	100	113
Singapore	100	100	100	100	100	100
Stockholm	104	103	104	100	100	133
Sydney	460	630	100	999	100	169
Taipei	107	100	100	100	100	100
Tel Aviv	100	102	108	100	100	100
Tokyo	200	204	167	267	267	102
Toronto	110	111	116	100	100	160
Vancouver	111	107	100	100	100	147
Vienna	102	107	104	101	100	149
Zurich	101	110	105	110	115	124

\*Previous Composite Index as reported in October 1998 with 1994 prices.

All other Indices (Meal, Lodging, Car, Airport, Composite) are cumulative indices with 1999 prices (June 94 - Feb. 99).

## RESEARCH METHODOLOGY

The *WTTC Tax Barometer* is designed to quantify and report the actual cost of Travel & Tourism taxes for a standardized five day, four night trip to each of 52 surveyed destinations. To provide an equal basis of comparison, the Tax Policy Center created the “WTTC Traveler” who made equivalent Travel & Tourism purchases in all 52 destinations on June 15, 1994. This approach allows the Center to standardize the basket of Travel & Tourism purchases between destinations and to isolate the tax component from the cost of the service for comparison (one destination to another and one period to the next).

To expedite the process of collecting the rate data, a combination of published information (secondary data sources) and data collected via surveys were utilized. Both surveys and secondary sources were used in establishing the base year data and reported changes for subsequent periods.

The *WTTC Tax Barometer* is a form of aggregate index known as a Laspeyres index, which freezes the consumption pattern at a particular point in time. In order to isolate the effects of changes in taxes, the *WTTC Tax Barometer* freezes both costs (and quantity consumed) at 1994 levels. This is accomplished by calculating a base year index that separates the tax amount from the purchase price. A recalibration of these levels was undertaken for Barometer No. 7, with a new base frozen at February 1999.

The WTTC Traveler created for the *Tax Barometer* is an international traveler, arriving at and departing from one of the 52 cities surveyed. While in the city, the traveler spends four nights in a hotel, rents a car for five days and consumes twelve full meals.

The index was configured to establish a baseline cost of the products/services to which the tax rates would then be applied. To isolate changes in tax rates, the price, quantity and type of goods purchased will be fixed from one period to another.

The index numbers may be interpreted in a traditional manner. For example, an index number of 120 indicates that the tax amount in US dollars has increased by 20% since June 1994. Similarly, an index number of 100 means that there has been no change in the amount of tax.

Indices like the *WTTC Tax Barometer* were once the domain of economists and fiscal policy analysts and can be somewhat difficult to understand. Now, most commercial sectors routinely use indices to monitor market conditions. For example, if the Consumer Confidence Index is high, businesses and governments can organize or plan programs which capitalize on the positive trend. Likewise, if Consumer Confidence is low, businesses and governments can make alternative plans to dampen the effects of lower purchasing.

Indices are particularly useful for monitoring changes over time. For our purposes, by holding prices and quantities of goods and services purchased constant, the effects of taxes are singled out. Similar to the U.S. Consumer Confidence Index and other international price indexes, the *Tax Barometer* will be sensitive to changes in rates and will illustrate how destination cities relate to each other over time.

## WTTC'S TAX POLICY GUIDELINES

### #1

Tax officials should compile a complete picture of individual Travel & Tourism taxes and add-on charges and compare this level with other economically strategic industries.

### #2

The Travel & Tourism private sector should be an active participant in the formulation of tax policies affecting the industry. Policy makers should seek input from the industry when considering any tax or fee on Travel & Tourism services, products, or consumers.

### #3

Taxes that directly inhibit the competitiveness and vitality of Travel & Tourism should be avoided. Consultation with the Travel & Tourism industry can help policy makers raise needed revenue while sustaining the employment and revenue base of the industry.

### #4

Policy makers should apply the same standards to Travel & Tourism exports that are applied to exported manufactured goods. International Travel & Tourism is essentially an export industry. Taxing inbound travel is equivalent to taxing an export product.

### #5

Growing the Travel & Tourism tax base should have priority over raising tax rates. Sustainable economic growth in the industry will yield increased public revenues if taxes do not hinder market processes.

### #6

Travel & Tourism development policy must be consistent and synchronized with fiscal policy. This requires an examination of the tax vehicles utilized across all sectors comprising the Travel & Tourism industry.

### #7

Travel & Tourism taxes should be easily administered and collected. Imposing taxes that are difficult to administer and collect results in increased costs to government and industry, negating or reducing net proceeds to both entities.

### #8

Education and research into the effects of Travel & Tourism taxes should be encouraged. Many policy makers are not familiar with the scope and economic power of Travel & Tourism. Every effort should be made to familiarize policy makers with the realities of Travel & Tourism tax economics. The research agenda outlined in this report attempts to highlight critical research needs.

## PRINCIPLES FOR INTELLIGENT TAXATION

A study of Travel & Tourism taxation policy by experts from the London School of Economics for the WTTC recommended five principles that public policy makers should use to guide their review of tax policy proposals and legislation:

### Equity

All economic sectors should be treated fairly with regard to taxation. Evenhanded treatment of all sectors reduces imbalances that can result in political, social and economic difficulties.

### Efficiency

Taxes must generate revenue without a significant impact on the demand for a good or service (unless the tax is designed to modify behavior). At a certain threshold, the benefits of a tax become less than the costs of reduced demand. The decrease in demand sends a debilitating wave throughout the economy as linked suppliers are affected. This negative cycle swells because of the subsequent loss of tax revenue in many sectors.

### Simplicity

Complicated taxing schemes eat up revenues through administrative costs. These costs include both those borne by government in the process of collecting and enforcing taxes and those borne by tax payers. An objective of good tax policy is to achieve the highest possible ratio of revenues generated per dollar invested in collecting the tax. Special note should be made to incorporate tax payers' costs of compliance in calculating this ratio. Simplicity in taxing also dictates that it be clear what the tax rates are and for what purposes the revenues are intended to be used.

### Fair Revenue Generation

Fair revenue generation arises from the concept of equity. In the evenhanded capturing of tax revenue, it is unreasonable to assess special fees or levies on specific goods or services. These taxes are often cloaked by language and terminology to hide their real intent. Special charges and fees may appear, on face value, to be modest. They aggregate, however, to become a cumulative and often unreasonable burden to a sector.

### Effective Stimulus to Growth

Tax incentives and disincentives should be imposed with the underlying goal of stimulating growth. Taxes that support infrastructure will ideally result in the attraction of investment and subsequent employment. When taxes become excessive, economic growth often grinds to a halt.



Many taxes on Travel & Tourism violate some or all of these “Intelligent Tax Principles.” The practical reality of these principles provides that taxes can be imposed to generate revenue, increase competitiveness, or change consumptive behavior. If taxes follow the criteria above, they will result in both increased revenues for governments and strong competitive economies.

© World Travel & Tourism Council, 1999

This Special Report sponsored by the American Express Company.

Use of data and information from this Report is authorized provided source is acknowledged.

The World Travel & Tourism Council (WTTC) is a global coalition of 100 Chief Executive Officers from all sectors of the Travel & Tourism industry, including accommodation, catering, cruises, entertainment, recreation, transportation and travel-related services. Its goals are to work with governments to promote the strategic, economic and employment importance of Travel & Tourism, to move towards open and competitive markets, to pursue sustainable development and to eliminate barriers to growth. WTTC, 20 Grosvenor Place, London SW1X 7TT, U.K., Tel: (44-171) 838 9400 Fax: (44-171) 838 9050

**Members include the Chairmen and CEOs of:** Abacus Distribution Systems/Abercrombie & Kent ★ Accor S.A. ★ Air Mauritius ★ Air New Zealand ★ Allegro Resorts ★ American Airlines ★ American Express Company ★ American International Group ★ Amsterdam Airport Schiphol ★ Arthur Andersen ★ Avis Europe ★ Avis, Inc. ★ BAA plc ★ Barceló Empresas ★ Bass PLC ★ Boeing Commercial Airplanes ★ British Airways PLC ★ Budget Rent-a-Car ★ Canadian Pacific Hotels ★ Cannery Row Company ★ Carlson Companies, Inc. ★ CD Enterprises Ltd ★ Continental Airlines ★ Diners Club International ★ Dollar Rent-A-Car Systems Inc ★ Emeco Travel ★ EuroDisney S.A. ★ Galileo International ★ Global Vacation Group ★ Globus and Cosmos Inc ★ Great Canadian Railtour Co ★ Group Pestana ★ Gulliver's Travel Agency ★ Hilton Hotels Corporation ★ Hilton International ★ Holiday Autos International ★ Iberia ★ Japan Travel Bureau Inc. ★ Kuoni Travel Holding Limited ★ LSG Sky Chefs ★ LUSOTUR S.A. ★ Mandarin Oriental Hotel Group ★ Marriott International, Inc ★ Messe Berlin GmbH ★ Microsoft Corporation ★ N.C.C. Management & Development Co., Ltd. ★ Northwest Airlines ★ Outrigger Enterprises, Inc. ★ Pegasus Systems Inc ★ Preferred Hotels & Resorts ★ PricewaterhouseCoopers ★ Rail Europe Group, Inc. ★ Republic Industries Inc/Automotive Rental Group ★ RHB Holdings Limited ★ Rolls-Royce plc ★ Rosewood Hotels & Resorts ★ Scandic Hotels AB ★ Singapore Airlines Limited ★ Sol Meliá ★ Sonae Turismo ★ Sun International ★ Superclubs ★ System One Company ★ The Hertz Corporation ★ The Oberoi Group ★ The SABRE Group ★ The Thomas Cook Group ★ Thomson Travel Group ★ Uniglobe Travel (International) Inc. ★ Vienna International Airport ★ Whitbread Hotel Company ★ XTRA On-Line ★ Promus Hotel Corporation/Harrah's Entertainment, Inc. ★ Universal Media, Inc. ★ Atlas Travel Agency ★ RCI Global Operations ★ Thakral Holdings Ltd ★ MasterCard International ★ Four Seasons Hotels and Resorts ★ Aitken Spence & Co Ltd ★ Sixt Rent a Car ★ Dolphin Management Services Ltd ★ Varig ★ Starwood Hotels & Resorts ★ Southern Sun Group ★ Swain Travel Services, Inc. ★ The Taj Group of Hotels ★ Amadeus Global Travel Distribution ★ Loews Hotels ★ The Travel Corporation ★ Enternasyonal Tourism Investments, Inc./Yapi Kredl Bank of Turkey ★ SRS Hotels ★ Steigenberger Reservation Service ★ KLM Royal Dutch Airlines ★ Travel Services International ★ Online Career Center ★ Lufthansa German Airlines ★ Carey International, Inc. ★ Air Harbour Technologies ★ East Japan Railway Company ★ Regal China Cruises Inc ★ Taylor Byrne Tourism Group ★ RRE Investors, LLC ★ TZ Associates ★



**World Travel & Tourism Council**  
20 Grosvenor Place  
London, UK SW1X 7TT  
Tel: 44-171-838-9400  
Fax: 44-171-838-9050  
Email: [CreatingJobs@compuserve.com](mailto:CreatingJobs@compuserve.com)  
[www.wttc.org](http://www.wttc.org)