2026 Tourism Levy Report

February 2026

Produced by: Deborah Heather, CEO of Visit Isle of Man

GD: 2026/0025

Contents

1. Introduction - Context & Strategic Aim

Visit Isle of Man (V-IoM) is the Destination Management Organisation tasked with growing the number of visitors, driving average spend and delivering economic and exchequer benefit for the Island.

Tynwald supported the V-IoM 2022 – 2032 strategy ‘Our Island, Our Future’, the opportunity around which covers economic drivers already mentioned as well as ambitions around product, market and quality development.

The work of V-IoM, however, has much broader outcomes. For example, V-IoM supports resident engagement, quality of life, positions *‘Isle of Man plc’* through off Island consumer communications and supports the delivery of relocation targets and attracting new businesses to the Island through driving awareness.

- Government budget for 2025/26: £1.46b; V-IoM allocation: £2.7m (0.18% of total) including Welcome Centre services.
- Increased exchequer benefit: £18m (2023–2025) vs £4.3m (2014–2018) adjusted for inflation.
- Economic Strategy goal: generate £200m additional annual income by 2032. V-IoM target: 500,000 visitors by 2032, would contribute 25% of that goal.
- Visitor numbers are steadily growing, and most importantly, there continues to be significant opportunity to increase market penetration.
- Average spend has nearly doubled post-pandemic. Revenue growth: +80% by YE 2025 vs YE 2018.

2. Executive Summary

The purpose of this report is to provide an update to Tynwald, following the approval of the following Motion at the July 2025 sitting:

> *That Tynwald notes the existing milestone in the Island Plan to investigate a Tourism Levy Pilot, with funds raised being utilised for developing, supporting or promoting the Island's visitor economy and the Island as a visitor destination; and that the Department for Enterprise should consult with businesses within the visitor economy and report to Tynwald by February 2026.*

In responding to this Motion, Visit Isle of Man has engaged directly with a broad range of industry representatives and undertaken research into the operation of Levies in other jurisdictions.

V-IoM requests a mandate to continue to develop a recommended solution to work in conjunction with V-IoM's ambitions to develop a sustainable digital and marketing partnership with stakeholders on Island.

Globally, the best examples of Tourism Levies (TLs) provide invaluable resource through which to grow or manage tourism. In the case of the Isle of Man funds raised could be focused on driving visitor economy growth. Additional funds generated through any Levy could also be used to improve the product, for example, protecting and developing heritage railways and national heritage sites, developing cultural and art initiatives or funding the upkeep of the Raad Ny Foillan coastal path.

A TL may represent a significant opportunity for the Island from both a social and economic perspective. While recognising the importance of the hearts and minds campaign to support engagement and delivery, V-IoM believes that any solution does not need to be a "tourism tax," but rather a partnership between stakeholders, Islanders, and visitors. It is proposed as a sustainable funding mechanism to accelerate delivery.

VIoM recommends that any Levy introduced in the Isle of Man is a collaborative, not punitive, focus on partnership, integrated registration, visitor engagement and regenerative/purposeful tourism approach.

- Global trend: TLs are becoming increasingly common worldwide, with the UK moving toward enabling regional TLs.
- Almost all EU destinations apply a reduced level of VAT (or equivalent consumption tax) on tourism accommodation compared to the UK – an average of 8%. The Isle of Man already applies a lower VAT rate to accommodation and breakfast at 5%.

- The increase in tourism taxes across European destinations over the past three years has vastly exceeded the rate of inflation over this period at (11%).
- There is little correlation between the increases in tourism taxes in the European destinations and their policies on tourism – for example, Amsterdam has increased its tourism tax by 255.8% to deter tourists from visiting, while the Balearics, which have similar issues regarding over tourism, have not increased their tourism tax.
- That tourism tax increases have vastly exceeded inflation rates across Europe suggests that increasing tourism tax is seen by local governments as an easy way of generating revenue as these taxes have minimal impact on locals.
- The World Economic Forum has determined that the UK tourism industry already suffers from a lack of price competitiveness[1] – it ranks the UK as the third least competitive destination of 44 European countries.
- Given that the Isle of Man's main feeder market is UK residents, or those visiting as an extension of a UK visit our reduced VAT should provide a competitive edge and reinvestment of any levy into promotion and product should be an opportunity.

3. Tourism Levy Pilots on Island

Visit Isle of Man are aware of a number of initiatives which could be considered similar in principle to a Tourism Levy of some form, where visitors have either made a financial or in kind contribution towards charitable or volunteer initiatives linked to sustainable tourism. These included:

<u>Cruise Pilot – HX Hurtigruten</u>

- 2023: 8 cruises, 1,670 passengers; 18% joined beach clean excursions, raising £2,000 for Beach Buddies.
- 2024: 7 cruises, 1,843 passengers; 8% joined similar activities.

Insight: Positive engagement with eco-initiatives; minimal resistance to voluntary levy

<u>Island Escapes Pilot</u>

- £3 voluntary donation per booking since 2018.
- Raised £25k for Manx Wildlife Trust; £5k for Culture Vannin.
- Future plan: 'round-up' donation option for greater guest engagement.

[1] https://www.weforum.org/publications/series/travel-tourism-development-index/

Insight: Less than 1% opt-out rate, even during pandemic staycations, positive engagement between visitors and on-Island initiatives.

Key Takeaways: Voluntary levies show strong consumer acceptance, especially among eco-conscious travellers. Aligns with V-IoM's ambition to be a leading eco-tourism destination.

4. **Industry Consultation & Survey**

Following the Tynwald motion in July 2025, Visit Isle of Man conducted three in-person workshops (40+ attendees, distribution of c.700 invites) and an online survey (102 responses) to gather industry feedback on a potential Tourism Levy. The aim was to understand sentiment, identify concerns, and explore design principles for any future funding mechanism.

Stakeholders emphasised that any levy must:

- Be simple, transparent, and ringfenced for the visitor economy.
- Include ringfencing the current funding of V-IoM, to deliver more rather than remove or reduce the current level of Budget allocated to V-IoM.
- Deliver visible benefits to visitors and businesses.
- Be developed with direct and ongoing industry input via Visit Isle of Man and the Destination First Board.

In summary, therefore, whilst there was recognition of the need for increased tourism funding to deliver a sustainable visitor economy, there were concerns around the potential impact on competitiveness, any administrative burden and a clear message that the benefits should be proportional

5. Jurisdictional Comparison

A more detailed analysis of the operation of Tourism Levies in other jurisdictions is provided at Appendix 1, however, a summary is provided below:

a. Amsterdam

Amsterdam receives very high visitor volumes relative to its population, prompting strong public pressure to curb overtourism. Under the city's **Tourism in Balance** policy, Amsterdam has imposed strict limits on visitor numbers, restricted new hotel development, reduced cruise ship access, and tightened rules on tourism-related activities. The city's tourism tax—first introduced in 2007—has risen steadily and now stands at **12.5% of the room rate** for hotels, B&Bs, and rentals, with separate charges for campsites (€1.55 per person per night) and cruise passengers (€15 per visit). VAT on accommodation increased sharply from **9% to 21%** in 2026, bringing the combined burden on hotel stays to **33.5%**. Revenue from the tourism tax is **not** used to promote tourism but goes into the general budget to offset the negative impacts of tourism on public services, housing, and public space.

b. Athens (Greece)

Tourism is central to Greece's economy—representing roughly 25% of GDP pre-pandemic—and the government introduced a tourism accommodation tax in 2018 as part of national fiscal recovery measures. In 2024, this charge evolved into the **Climate Crisis Resilience Fee**, applied **per room per night** and varying by season and property type, ranging in high season from **€2 (1-2 star hotels)** to **€15 (detached houses and 5-star hotels)**. VAT on accommodation is normally **13%**, though operators renting out three or more short-term properties must charge the standard **24% rate**. Proceeds from the resilience fee are earmarked for **climate-related infrastructure**, emergency response capacity, environmental protection, and recovery from natural disasters such as floods and wildfires.

c. Balearic Islands

The Balearic Islands, especially Mallorca, face intense tourism pressures following decades of growth. The regional government has capped accommodation capacity at **430,000 tourist beds** and aims to shift towards fewer but higher-spending visitors. A **sustainable tourism tax**, introduced in 2016, ranges from **€1 to €4 per person per night** (age 16+), depending on accommodation type, with a separate €2 rate for cruise passengers. VAT on accommodation is charged at a reduced **10%**. Revenue from the tax—around €12m annually—is dedicated to **environmental protection, cultural heritage, destination improvement, research, training**, and responsible tourism initiatives. Spending is transparently reported via a dedicated public website.

d. Barcelona

Barcelona remains one of Europe's busiest urban tourism destinations and has introduced increasingly strict measures to manage visitor impacts. The city applies the long-standing **Catalonia tourism tax**, plus a **city surcharge**, with rates increased in 2025 to **€6-€11 per person per night** depending on accommodation type (higher rates for 4 and 5-star hotels). Further automatic increases will apply annually until 2029. VAT on accommodation remains at Spain's reduced **10% rate**. Tourism tax revenue is shared between the Catalan government and the city council, with Barcelona's allocation funding **public services** (transport, waste, cleanliness, security), **environmental and sustainability initiatives**, **cultural programming**, and **housing policies**, including dedicating 25% to affordable housing measures.

e. Berlin

Berlin has seen strong growth in both domestic and international tourism and applies a **citywide accommodation tax**, first introduced at 5% in 2014. This rose to **7.5% in 2025**, following the removal of the previous exemption for business travel. The levy applies across all accommodation types, including hotels, homestays, and campsites. Accommodation VAT in Germany is levied at a reduced **7% rate**, resulting in a combined tax burden of **14.5%**. Tourism tax revenue is collected by the Senate Finance Department and paid directly into the **general city budget**, meaning it is **not hypothecated** for tourism services or destination development.

f. Paris

Paris remains one of the world's most visited cities, attracting around 50 million visitors annually and generating significant economic value. Its tourism tax system is highly tiered, with **eight separate categories** based on accommodation type and quality. Rates range from **€0.65 (1-2 star campsites)** to **€15.93 (palace hotels)** per adult per night. Accommodation VAT in France is charged at a reduced **10%**. Tourism tax revenues are used extensively to fund the **maintenance of public spaces**, **public transport**, **heritage preservation**, **visitor facilities**, and **environmental sustainability projects**, supporting both the visitor experience and local community needs.

g. Rome

Rome welcomes more than 22 million visitors annually and uses its tourism tax as part of a broader **Futurama** strategy to balance visitor growth with liveability and heritage protection. The city charges a **per person per night** levy based on accommodation type, ranging from **€3 (campsites)** to **€10 (5-star hotels)**. Notably, the tax only applies to the **first 10 nights** of any stay and does not apply to children under 10. VAT on accommodation is the Italian reduced rate of **10%**. Revenue is directed toward **preserving archaeological and historical sites**, **public services and infrastructure**, **tourism promotion**, and **managing visitor impacts** across the city.

6. Conclusion

The World Economic Forum, in their 2024 Travel and Tourism Development Index[2] scores the UK as having a price competitiveness of 2.74 on a scale of 1 to 7. This is the third lowest score of 44 European countries after Iceland and Switzerland. This study has found that while people holidaying in the UK pay more than people staying in competitor destinations, the differential between the level of tax paid by visitors to the UK against the average of the competitor destinations has decreased from £7.56 in 2023 to £1.80 in 2026.

As the visitors from the UK make up circa 72% of visitors to the Island, V-IoM have an opportunity to attract the UK's existing addressable domestic market, which the New Economic Foundation[3] have recently identified as 308m room nights in 2024 and 294m in 2025.

If the Isle of Man's Accommodation and Breakfast VAT scheme at 5% enables V-IoM to grow the market through price competitiveness with the UK, the other main opportunity in introducing a tourism levy lies in engagement. Should V-IoM present a different more regenerative approach embracing our UNESCO Biosphere credentials we have a chance to develop that *'Isle of Man plc'* brand offer and create benefits to both our social and economic ambitions.

Any scheme introduced in the Isle of Man will not affect the vast majority of residents. The consultation whilst contentious for some operators, was well received by others as a mechanism for growth. V-IoM wants to develop a carrot and stick mechanism through which to deliver growth, but also quality and visitor engagement.

On the basis of the feedback through industry consultation, together with the detailed research on the operation of Levies in other jurisdictions, Visit Isle of Man will continue to work closely with industry to explore how a workable Tourism Levy may be developed for the Isle of Man and, importantly, how any Levy would be administered and reinvested in projects and initiatives which directly support the Visitor economy and those businesses which operate within it.

---

[2] WEF_Travel_and_Tourism_Development_Index_2024.pdf

[3] https://neweconomics.org/2026/02/the-disappearance-of-the-great-british-holiday

7. Appendix 1 Application of Tourism Levies in Europe

This section provides details of the tourism levy and VAT (or equivalent consumption tax) regimes for tourism accommodation in the seven competitors destinations included in this study.

i. Amsterdam

Background

Amsterdam has long been a major European tourism destination with 9m overnight visitors and 15 million day-trippers in 2024.

This has put significant pressure on a city with a population of just over 820,000 people and, in response to public pressure, the City Council approved a new policy on tourism, 'Tourism in Balance in Amsterdam' in 2021. This plan sets a maximum number of overnight stays and day visits by tourists, with a maximum of 20m visitors per year. If the number of visitors reaches 18m, the council is required to implement visitor reduction measures. Actions being taken include a halt to building new hotels, converting hotels into homes or offices, restricting boat tours, and removing cruise ship berths from the city centre.

Increasing tourism taxes is seen by the council as one of the tools it has at its disposal for implementing the new tourism plan and reducing visitor numbers.

Tourism Tax

Amsterdam first introduced a tourism tax in 2007 at the rate of 5%. This has gradually increased to 12.5% of the room rate in 2024. This tax rate applies to hotels, apartments and private individuals who use their homes for holiday rentals or B&Bs. The rate for campsites is €1.55 per person per night, and cruise passengers are charged at €15 per passenger per visit.

- Hotels, B&Bs and Rentals: 12.5%
- Camp sites: €1.55 per person per night

VAT (or equivalent consumption tax)

The VAT (or equivalent consumption tax) rate on accommodation in the Netherlands was 9% in 2025 but reverted to the standard rate (21%) on 1 January 2026.

Total Taxation

Tax	Tax Rate
Tourism Tax	12.5%
VAT (or equivalent consumption tax)	21%
Total Taxation	**33.5%**

Use of Tourism Tax

The tourist tax collected by the municipality is not used for tourism promotion or the maintenance and development of visitor facilities as this would attract more tourists which is counter to the Tourism in Balance policy. Rather, because tourism generates pressure on public space, housing, and services, the proceeds are used offset these costs in the general budget.

ii **Athens**

Background

Greece has long been a traditional tourism destination and received over 30m visitors in 2019. The dependence of the Greek economy on tourism has increased significantly from being less than 5% of GDP in 1995 to 25% of GDP in 2019 due to the Greek Government Debt Crisis in 2009 which caused significant business failures and contraction in many other sectors of the economy.

The Greek Government introduced a tourism accommodation tax in 2018 as part of austerity measures to reduce the country's debt. In 2024 the tourism tax was changed to a Climate Crisis Resilience Fee which varies depending on the season and the star rating of the room and is applied on a "per room" basis rather than a "per person" basis.

The high season tax rates range from €2.00 to €15.00 per night as follows:

- Apartments: €8.00
- Detached Houses: €15.00
- 1- and 2-star hotels: €2.00
- 3-star hotels: €5.00

- 4-star hotels: €10.00
- 5-star hotels: €15.00

Rates are lower November to March inclusive.

VAT (or equivalent consumption tax)

The Standard Rate of VAT (or equivalent consumption tax) in Greece is 24% but there is a reduced rate of 13% that applies to visitor accommodation. However, since 1 January 2024, operators that rent out three or more properties for short-term accommodation are considered professional operators and must apply the standard 24% VAT rate.

Total Taxation

Tax	Tax Rate
Tourism Tax	€2.00 - €15.00/room/night
VAT (or equivalent consumption tax)	13%
Total Taxation	13% + €2.00 - €15.00/room/night

Use of Tourism Tax

The Climate Crisis Resilience Fee is dedicated to funding projects that support the country's resilience to the impacts of climate change including the strengthening of the infrastructure, emergency services, and environmental protection. It is also allocated to funding recovery programmes resulting from natural disasters such as fires and floods.

iii The Balearic Islands

Background

Mallorca was one of the first Spanish destinations to introduce package holidays and tourism levels have grown from 3m per annum in the 1970s to a record 15.3m international visitors in 2024.

In 2022, the Mallorca council announced that it will be capping accommodation on the Island at 430,000 tourist beds to reduce overcrowding. This is part of plans to reassess the island's tourism plan so that it focuses of attracting fewer, but higher spending tourists.

Tourism Tax

A sustainable tourism tax was introduced in the Balearic Islands in 2016 with the intention of using the €12m/annum raised through the tax to protect and maintain the natural resources of the islands and make tourism more sustainable.

The tax rate ranges from €1 to €4 /person/night and is applied to all visitors aged 16+ based on the standard of accommodation that is being used. The rates are:

- Campsites: €1/person/night
- Cheap Hotels: €2/person/night
- Mid-Range Hotels: €3/person/night
- Luxury Hotels: €4/person/night

There is also a rate of €2/person/night for passengers on cruise ships using ports in the Balearics.

VAT (or equivalent consumption tax)

The Standard Rate for VAT (or equivalent consumption tax) in Spain is 21% but there is a reduced rate of 10% that applies to tourism accommodation.

Total Taxation

Tax	Tax Rate
Tourism Tax	€1 - €4/person/night
VAT (or equivalent consumption tax)	10%
Total Taxation	10% + €1 - €4/person/night

Use of Tourism Tax

The tourist tax collected in the Balearics is used for the promotion of sustainable tourism and conservation of natural areas on the Balearic Islands. This includes the allocation of funds to projects related to Training and Quality, Destination Improvement, Cultural Heritage, Environmental Protection, Social Welfare, Research and Responsible Tourism. The council has a dedicated website which shows where all funding from the tourism tax is allocated: https://illessostenibles.travel/en iv **Barcelona**

Background

Barcelona is the fourth most-visited European city with 14.5m visitors in 2024 (83% of which were overseas visitors). Under increasing public pressure, the Local Government is increasing restrictions on tourism including the use of private accommodation and tour groups from passenger ships.

Tourism Tax

There has been a tourism tax in Catalonia since 2012. The fee that the Catalonian Government charges is applied throughout the region depending on the type of accommodation with Barcelona applying an additional surcharge. The total tourism taxation rates (per visitor/night) for Barcelona were increased in May 2025 to the following levels:

Accommodation Type	
5 Star Hotel or similar:	€11.00
4 Star Hotel or similar:	€7.40
Other accommodation:	€6.00
Rental accommodation:	€8.50

These rates are set to increase annually until 2029 as part of a plan to manage tourism's impact and fund city services.

VAT (or equivalent consumption tax)

The Standard Rate for VAT (or equivalent consumption tax) in Spain is 21% but there is a reduced rate of 10% that applies to tourism accommodation.

Total Taxation

Tax	**Tax Rate**
VAT (or equivalent consumption tax)	10%
Tourism Tax	€6 - 11 /person/night

TOTAL	10% + €6 to €11 /person/night

Use of Tourism Tax

The tourism tax collected in Barcelona is split between the Catalan government and the city council. This city council's revenue is used to fund projects in four key areas:

- **Public Services:** This includes the maintenance and improvement of roads, public transport, waste management, cleaning services, and security.
- **Environmental Protection and Sustainability**: This includes projects that protect natural areas, promote energy efficiency and renewable energy including installing solar panels and climate control systems in 170 public schools.
- **Culture and Promotion:** This includes funding cultural events, preserving local traditions developing tourism offerings outside the main tourism areas.
- **Housing Policies:** 25% of the tourism tax revenue is allocated to policies aimed at addressing the city's housing shortage and ensuring affordable housing for residents.

v **Berlin**

Background

Berlin has become a popular city break destination with international visitor numbers increasing to 13m in 2024 from 12.1m the previous year. Of these, 4.7m were international visitors.

Tourism Tax

Berlin introduced a tourism accommodation tax of 5% in 2014 as a means of improving the city's finances. In 2024 the exemption for business travel was removed and, in 2025 the rate was increased to 7.5%. It applies to all accommodation types from hotels through to homestays and camping sites.

VAT (or equivalent consumption tax)

The Standard Rate of VAT (or equivalent consumption tax) in Germany is 19% but there is a reduced rate of 7% that applies to visitor accommodation.

Total Taxation

Tax	Tax Rate
Tourism Tax	7.5%
VAT (or equivalent consumption tax)	7%
Total Taxation	14.5%

Use of Tourism Tax

The Tourism Tax applied in Berlin is collected by the Berlin Senate Department of Finance and included in the city's general budget. This means that it is not hypothecated for tourism promotion or to funded tourism-related projects.

vi **Paris**

Background

Paris vies with London as the world's most popular tourism destination with 50m visitors per annum, of which 21.5m (43%) are international visitors. These visitors contribute €20.5bn to the Paris economy and support over half a million jobs in the capital.

Tourism Tax

Like many destinations, Paris applies its tourism accommodation tax based on the type and standard of the accommodation. There are eight separate categories, and therefore rates, as outlined below:

- Palaces: €15.93
- 5 Star Hotels and Furnished Rentals: €11.70
- 4 Star Hotels and Furnished Rentals: €8.45
- 3 Star Hotels and Furnished Rentals: €5.53
- 2 Star Hotels and Furnished Rentals: €3.25
- 1 Star Hotels and Furnished Rentals: €2.60

B&Bs, Youth Hostels

- 3-5 Star Campsites: €1.95

- 1-2 Star Campsites: €0.65

VAT (or equivalent consumption tax)

The Standard Rate for VAT (or equivalent consumption tax) in France is 20% but a reduced rate of 10% applies to tourism accommodation.

Total Taxation

Tax	Tax Rate
VAT (or equivalent consumption tax)	10%
Tourism Tax	€0.65 – €15.93/per adult/night*
TOTAL	10% + €0.65 – €15.60/person/night

*Includes surcharges

Use of Tourism Tax

The tourist tax is intended to contribute to the development and promotion of tourism by enabling French municipalities, including Paris, to finance expenses linked to tourist arrivals or to the protection of their natural areas. This includes:

- The maintenance and cleaning of public spaces, including parks and streets.
- The development and upkeep of public transport.
- The preservation of natural and cultural heritage.
- The creation and modernization of tourist facilities and activities, such as museums and castles.
- Sustainability and environmental initiatives, to manage the impacts of overtourism.

vii Rome

Background

Rome welcomed over 22m visitors in 2024, on which 11.7m were overseas visitors. and the local government aims to consolidate the city's position among the top European destinations with the implementation of its Futurama tourism strategy. This strategy focuses on improving the quality of the city’s tourism offering, avoiding over-tourism by reconciling the needs of visitors and residents, generating increased profitability for businesses, and ensuring the sustainability of the city's heritage.

Tourism Tax

The Rome Tourist Tax is charged per person per night and is applied to visitors staying by all tourism accommodation, ranging from hotels through to camping grounds. The amount depends on the type and standard of the accommodation:

- 5 Star hotel: €10/person/night
- 4 Star Hotel: €7.50/person/night
- 3 Star Hotel: €6/person/night
- 2 Star Hotels: €5/person/night
- 1 Star Hotels: €4/person/night
- B&Bs, holiday rentals classification: €5.00 - €6.00 depending on
- Campsites: €3.00

However, unlike other destinations, this tax only applies during the first 10 days of a visitor's stay and does not apply to children under 10 years old.

VAT (or equivalent consumption tax)

The standard rate of VAT (or equivalent consumption tax) in Italy is 22% but there is a reduced rate of 10% which applies to tourism accommodation.

Total Taxation

Tax	**Tax Rate**
VAT (or equivalent consumption tax)	10%
Rome Tourism Tax	€3-10/person/night
TOTAL	10% + €3 - €10/person/night

Use of Tourism Tax

Rome's city tax is put towards promoting the city as a tourist destination, supporting tourism services, and financing the city's infrastructure.

- Preserving historical and archaeological sites.
- Funding public services and infrastructure.
- Promoting the city as a tourist destination.
- Managing the impact of a high volume of visitors.