



MEDIA RELEASE

MHRA welcomes the ECOFIN political agreement on reduced VAT rates

The MHRA welcomes the political agreement reached at the ECOFIN Council of Ministers meeting allowing member states the option to apply a reduced VAT rate to restaurant services (amongst other services) on the basis that restaurant services are locally-supplied services that do not create significant distortion of competition on the internal market.

The political agreement reached at the ECOFIN Council is a most invaluable agreement that comes at an extremely timely moment when economic operators and consumers alike require fiscal relief. Restaurateurs need to be better able to meet their tighter cost margins whilst consumers need to maintain acceptable levels of disposable income.

A reduction in the local VAT rate applied in restaurants would significantly boost consumer demand making eating out a more attractive proposition for both Maltese families and the thousands of tourists who spend their holidays in Malta. Lower VAT rates in restaurants will also consequently have a positive spill-over effect through increased employment opportunities in the local catering and hospitality sectors. This would in turn translate into greater income tax and social security receipts improving Government revenue.

The MHRA invites Government to start direct discussions with the association at the earliest possible to secure the adoption of a reduced VAT rate for restaurant services for the benefit of the entrepreneurs in the industry and the patrons alike. The discussions should seek to identify the best way to implement a reduced VAT rate whilst also putting into place the necessary regulatory oversight guaranteeing that overall pricing levels at local restaurants are indeed cutback in proportionate terms to the fiscal reduction.

“The MHRA reiterates its full commitment - in conjunction with Government, for a transparent and efficient adoption of a reduced VAT rate in the restaurant business for the equitable benefit of all stakeholders,” said MHRA President, Mr. Kevin Decesare.

The MHRA would also like to express its gratitude to all concerned and especially our MEPs for their unwavering advocacy work across the EU institutions through the Permanent Representation of Malta to the EU, for securing the extension on avoiding levying VAT on foodstuffs and medicines.

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Wednesday, March 11, 2009

About MHRA

The MHRA has been established since 1958 and today represents 70% of all hotels in Malta and 35% of all restaurants, collectively representing an investment of over Euros 1.1 billion and employing in excess of 20,000 people. For the past 50 years the MHRA has represented the interest of hoteliers and restaurateurs on the Island acting as a lobby group to ensure that the policy decisions taken on the Island are in line with what the tourism industry needs to flourish. For more information about the MHRA visit www.mhra.org.mt or call (356) 21 318133.