

## New Tourist Tax as a Tool for Municipalities in the Czech Republic

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**Abstract** The Czech Republic is one of many states where the new legal regulation of tourist taxes was introduced to limit the shortcomings of the original regulation. The aim of this paper is to define the opportunities and threats of the new regulation in the Czech Republic in the area of tourist taxes. To achieve the purpose of this article, the tourist tax is defined and Czech legal regulation valid until the end of 2019 and since 2020 in the given area is analysed. The hypothesis that the new regulation is perfect and ideal for the tax administration and for the municipalities was confirmed only partially. While most of the critical issues were solved and the new tourist charge is a good step for both municipalities and the tax administration, the charge rate of 21 CZK in 2020, resp. 50 CZK in the following years is not adequate. With the new regulation, municipalities got new opportunities, primarily to increase their revenues. The single tourist charge makes the system easier for all stakeholders: for municipalities, for tourists, and for quartermasters. Issues arise especially concerning the simplified evidence and the non-chargeable long-term stays. Municipalities should be particularly careful when defining the exemptions and differentiating the charge rate for specific dates in the year, or specific parts of the municipality. The unequal treatment might be seen as discrimination or even unfair public incentive.

**Keywords:** • tourist tax • tourist charge • local tax • local charge • Czech Republic

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## 1 Introduction

The tourism industry is one of the most important types of industries and economic sectors in many countries. The total contribution of the sector is already estimated at over 10% of EU GDP, the industry is directly employing 5 % of the total workforce (over 11 million jobs) and tourist arrivals are projected to grow at almost 2 % per annum over the next few years, reaching 557 million by 2030 (European Commission, 2017:15). E.g. in Portugal, the tourism GDP creates more than 14 % of the total country GDP, in Spain and in Croatia it is almost 12 %. Even in the not so popular tourist destinations, the tourism GDP exceeds 3 % of the total GDP (e.g. Austria – 6.5 %, France – 7.4 %, Iceland – 8.6 %, Slovenia – 5.3 %, Sweden – 7 %, Morocco – 6.9 %). In the Czech Republic, this ratio is 2.9 % (OECD, 2020). All the data (number of domestic, inbound and outbound tourists, number of nights, number of trips, number of enterprises and employees) prove that the tourism industry is growing quickly. This scenario is very positive. However, there are several negative issues linked with the increasing number of tourists, especially at the local level. The task of the municipalities is to ensure good services for tourists (maps, orientation signs, cleanliness of public areas, security, etc.) and for locals at the same time (not to be disturbed too much by tourists).

Taxes imposed on tourists and tourism might be very helpful, serving as a tool for municipalities to influence the number of tourists coming to the town and to deal with the positive and/or negative aspects of tourism. As any other tax, tourist taxes may have three basic functions: fiscal, regulation, and stimulation, and additional function such as income redistribution, resource allocation, and economic stabilisation (Dwyer, Forsyth, Dwyer, 2010: 540). The fiscal function seems to be the most important one, as its purpose is to guarantee the incomes of the municipal budget. However, there is no municipality with a special “tourism fund” in its budget, i.e. almost no municipality is bound to use the tourist tax revenues for tourist purposes only. The rare exceptions are Croatia, where revenues are retained by local tourist boards to fund their activities, or France, where the revenues are hypothecated to be used for expenses related to encouraging tourism. In Malta, the revenues are used for the maintenance of touristic zones. Lithuanian city of Palanga uses the revenues to fund the improvement of the city’s infrastructure and marketing of tourism. (European Commission, 2017: 36-37). The approach of not having a specific tourism fund has a logical reason: in practice, it is impossible to define what part of the expenditures for orientation signs, cleanliness of public areas, security, waste management, etc. is used for tourists and what part for locals. The Laffer curve is not applicable for tourist levies, as high tax rates (and high taxation) always means higher revenues for the government, unless there is some externality such as a very negative public (national, international) meaning of extremely high tax rates in certain cities. To conclude, tourists almost never choose the destination based on the tourist levies, as they have other preferences:

destination, location, historical and cultural monuments, other places of interest, etc. Tourists very often only find out about the tourist tax when they pay the hotel bill, some tourists do not care about the tourist tax at all. While the fiscal function is focused on revenues, the regulation function aims at the negative aspects and the limitation of behaviour and decreases the revenues. In the case of tourist taxes, the regulation function means cutting the number of tourists by imposing additional costs on their stay in the municipality. If the tourism industry in the city is unmanageable and annoys local citizens, the local government can, besides other types of regulation, increase the tourist taxes. It is then necessary to make an adequate “promotion” of the high tourist tax, so that the possible tourists choose another destination or limit the number of nights. Because if tourists are not aware of high tourist levies, they plan the journey, stay in the city, pay the tax, however, the regulation function is lost. The opposite of the regulation function is the stimulation function: low tourist tax rates may attract people to visit the municipality. Other possibilities are i.e. the catalogue of tax reductions or exemptions from taxation. The other benefit of low (or no) tourist taxes (depending on the national tax revenue distribution) may be the increase of VAT and income taxes revenues from local businesspersons. However, it is not applicable in practice, as the visibility of tourist taxes for incoming guests is low. I cannot agree with the findings of EU that “...*the sector is particularly price sensitive (and evidence would suggest it is increasingly so) so it is important that the tax regime does not hamper its competitiveness. Therefore there is an argument for keeping taxes on the sector low.*” (European Commission, 2017: 9)

It is obvious that the functions of tourist taxes are theoretically the same as of other taxes. Practically, the use of regulation and stimulation functions is limited or even impossible. Many people are coming to Venice to see the beauties of the city, no matter the tourist tax they have to pay. Compared to the prices of tickets, accommodation, food, souvenirs, etc., including VAT, the tourist tax is negligible and the rate will probably never influence the decision where to go for sightseeing or where to spend the holiday. Moreover, the legal regulation of tourist taxes is obsolete in many countries and does not correspond with the new trends in travelling. Not only regular tourists, but also participants of conferences and business meetings very often prefer airbnb types of accommodation to hotels. However, the object of tourist taxes does not always include such type of lodging. If so, it is rather difficult or sometimes even impossible for the tax administration to get information about the guests, number of nights and also about the quartermaster to impose the tourist tax. The Czech Republic is one of many states where the new legal regulation of tourist taxes was introduced to limit the shortcomings of the original regulation. The partial aim of this paper is to define the opportunities and threats of the new regulation in the Czech Republic in the area of tourist taxes. To achieve the purpose of the article, it will be necessary to define the tourist tax, as there are many types of taxes imposed on tourists or connected with tourists and different titles of these public tourist levies. For this

purpose, I will briefly analyse several public tourist payments in different countries to create the definition. Later, I will critically analyse the Czech legal regulation valid until the end of 2019 in the given area, as the Czech Republic was unique by imposing two charges on tourists. This situation was criticised for decades and the amendments came into force on January 1, 2020. The legislator believes that the new regulation is perfect and ideal for the tax administration and for the municipalities. I will use this statement as the hypothesis to be confirmed or disproved what is the main objective of this paper. Therefore, it will be necessary to analyse Czech *de lege lata* regulation and compare the regulation over time and internationally, too. At the end of the paper, I will summarize the knowledge and make conclusions using the synthetic method. I will be able to define threats for both the municipalities and the tax administrators and opportunities especially for the municipalities. I will be able to draft the necessary *de lege ferenda* regulation if it occurs necessary.

The legal research in given area was never done in the Czech Republic. The literary background is rather weak; only Radvan (2012) and Pařízková (2013) are frequently dealing with local taxes in general. However, no publication is focused on tourist taxes specifically. For the new regulation in the Czech Republic effective since January 1, 2020, there is no scientific literature at all. Internationally, there are more publications, however, mostly focused on tourism (e.g. Brumen, Gorenak, Rosi, Rangus, 2016; Próchniak, Oplotnik, Vojinović, 2016) or tourist taxes from the economic point of view (Mak and Nishimura, 1979; Hughes, 1981; Burns, 2010; Forsyth and Dwyer, 2002), and not on legal regulation of tourist taxes (with the exemption of very local issues). It is impossible to focus on existing research gaps and how this research provides solutions to those. It is not possible to critically appraise the existing theories, narrow down and develop a clear focus, and build up arguments based on the trends that these studies indicate. In certain aspects and to certain limits, author delivers message based on personal viewpoints as there is no empirical literature to support to each idea. It is more conceptual and perspective paper than a typical research paper.

## 2 Tourist Tax

There are many types of taxes imposed on tourists or connected with tourists and different titles of these public tourist payments. For the purposes of this paper, it is necessary to give the definition of the tourist tax.

In fact, legislators very often tend to find different titles for public payments. All the public payments could be called taxes *sensu largo*. This group includes taxes *sensu stricto*, contributions, insurance, tolls, duties, levies, tariffs, and many other varieties in national languages. However, in my opinion, there are just two groups of taxes *sensu largo*: taxes *sensu stricto* and charges (fees). No matter what the

term officially used in the act is, each such tax *sensu largo* has either tax or charge characteristics. A tax *sensu stricto* is an obligatory amount defined by an act with a laid down rate that is more or less regularly collected from the incomes of economic subjects to the public budgets on the irrecoverable principle. A charge is an obligatory irrecoverable amount defined by an act and collected by the state or other public corporations for certain legal acts. In contrast to a tax *sensu stricto*, this amount is irregular (*ad hoc*) and the charge-payer is eligible to ask for some consideration. However, in practice, the differences between taxes and charges are very often blurred. For the purposes of this paper, I will use the term “tax” for both taxes *sensu stricto* and charges.

Tourism industry comprises a broad range of economic activities and there are many taxes relevant for the tourist sector. Dwyer, Forsyth, Dwyer (2010: 541) define five broad areas of taxes imposed on tourist: 1. taxes on airlines and airports; 2. hotels and other accommodation; 3. road transportation; 4. food and beverages; 5. providers of tourism services. These taxes can be levied either as an *ad-valorem* tax, or as a specific (per unit) tax, may be direct or indirect. I do not want to deal with (personal and corporate) income taxes, VAT, immovable property taxes, etc. I will not deal with specific public payments at the local level such as parking fees, charges on entry for cars, boats or pedestrians, etc. The aim is to focus on specific tourist taxes. However, I have to make several exceptions (European Commission, 2017: 9). Croatia’s tourism contribution tax on the income of businesses and individuals working in the tourism sector is the only significant income tax targeted at the tourism sector. In property taxation, France grants partial exemption for property used for tourist purposes. Most EU Member States apply some form of reduced VAT rate to the key goods and services relating to tourism. Seven EU Member States apply an air passenger tax. As this is more of an ecological tax than tourist tax, the length of a journey or a class of travel often distinguishes rates. France applies two different taxes on the ski industry: a local tax on gross revenues from the operation of ski lifts and a tax on accessing cross-country skiing trails.

The following text is dealing only with the most common local tourist tax – the occupancy tax (European Commission, 2017: 9), equivalently the bed tax, or the lodging tax. The titles of the tax differ from country to country, but typically, it is charged per person and per night (Austria, Belgium, Bulgaria, Croatia, Czech Republic, France, Greece, Hungary, Italy, Lithuania, Malta, Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain). The municipality (with the exception of Malta with no regional variation) sets the tax rate. The dispersion of tax rates is enormous not only in individual countries but also within each state (from 0.10 EUR up to 7.50 EUR, depending sometimes as well on the standard of accommodation – stars – or taxpayer’s age – discounts for children or pensioners). The average range of the tourist tax in the European Union is between 0.40 and 2.50 EUR. In Romania, the tax base is the room rate with the tax rate of 1 %. In

Germany, both systems can be used; in case of the room rate, the tax rate is 5 %. Some tourist taxes are payable in person (direct tax), some are included in the price of the accommodation (indirect tax). There are several specifics linked with tourist taxes. E.g. in Brussels, hotels must pay annual fees for each room (which vary by type), passing on the charge to guests on a per person and per night basis. In some Bulgarian seaside resorts, an 8 EUR tax per person and per stay is applied. French municipalities may decide to apply not only per person and per night system, but also a flat rate due by the accommodation providers based on the capacity. In Spain, a maximum of 7 nights is applied for tourist tax payments. There is no occupancy tax in Cyprus, Denmark, Estonia, Finland, Ireland, Latvia, Luxembourg, Sweden, and United Kingdom. (European Commission, 2017: 36-37)

According to my definition, the tourist tax is an obligatory amount defined by an act with a laid down rate that is paid by the tourists and not local citizens on the irrecoverable principle to the public budgets. It is irrelevant if it is paid regularly or irregularly, with or without any consideration, or who really pays the tax as the taxpayer to the tax office. As tourists are usually not aware of their tax duties, it is typical that the amount of money is collected by the quartermaster, who could be the direct taxpayer or the payor (paying agent) collecting money from the tourist – the taxpayer. According to this definition, a tourist tax covers both taxes *sensu stricto* and charges. The tourist tax is usually a local tax (with the exception of Malta): it is determined by the municipal budget, it can be influenced (setting or modifying some of the structural elements of the tax like tax base, tax rates or correction components) by the municipality (Radvan, 2019: 150). For the definition of the tourist tax, it is irrelevant whether there is any special “tourism fund” in the municipal budget, i.e. whether the tourist tax revenues are spent on tourist purposes only or generally on all the people at the territory of the municipality.

### **3 Legal Regulation in the Czech Republic**

In this part, I will critically analyse Czech legal regulation in the area of tourist taxes. Until the end of 2019, there were two taxes (charges) on tourists in the Czech Republic, which was unique and problematic for tourists, quartermasters, tax administrators and municipalities as tax beneficiaries. This situation was criticised for decades and the amendments did not come into force until January 1, 2020.

Both abolished tourist charges and the new tourist charge are local charges, regulated by the Act on Local Charges (Act no. 565/1990 Sb., on Local Charges, as amended). Based on this Act, municipalities have the power to impose local charges by means of issuing their generally binding ordinances (local bylaw). The ordinances may not exceed the limits defined by the Act on Local Charges, the

municipality must respect the list of local charges, and it is not allowed to levy any other charge. No municipality is allowed to change any structural component of any charge as defined in the Act on Local Charges and it must respect the absolute charge rate, etc. (CZ: Constitutional Court, Pl. ÚS 20/06). The municipality has the right to modify the details for the collection of local charges, in particular to specify the charge rate, the occurrence and the termination of the charge duty, the deadlines for the fulfilment of the reporting obligation, the charge maturity, the charge relieves and eventual exemptions from charging. (Románová, Radvan, Schweigl, 2019: 608)

### **3.1 Legal Regulation until the end of 2019**

Until the end of 2019, the municipalities in the Czech Republic had the opportunity to levy two local tourist charges: the charge for spa and recreation stay and the charge for housing capacity (Radvan, Mrkývka, Schweigl, 2018: 903-904). Both charges had many similarities, e.g. they could be collected only during a certain part of the year or only in a certain part of the municipality. All municipalities, in spite of the fact that legal wording was different, could collect both charges. While the charge for housing capacity could be levied in municipalities and cities (i.e. all municipalities), the charge for spa and recreation stay was collected in spas or other recreation centres. However, even if there was no spa (as stated in the government decree) in the municipality, it became a recreation center just because the municipality imposed the charge for spa and recreation stay. For both charges, the quartermaster had a duty to keep the registration book with the information about the guest (name, surname, address, number of identity card/passport, dates of arrival and departure) for six years after the last record in the book. In case of the charge for spa and recreation stay, the reason of stay should be recorded additionally. The registration book is a good instrument to control the charge duties, especially if it is kept electronically. In practice, if both charges were levied in the municipality, there was just one registration book for both charges. No matter that the taxpayer was defined differently, the charge was in fact always paid by the guest. The taxpayer of the charge for housing capacity was the natural or legal person – the quartermaster, usually the owner or the tenant of the facility. However, in practice, the charge was included in the price of the accommodation. In case of the charge for spa and recreation stay, the taxpayer was defined as a natural person who temporarily stayed in spas or other recreation centers because of a treatment or recreation and paid for the accommodation. It was then the guest who paid the charge together with the price of the accommodation. The owner of the hotel, house, flat or apartment (the quartermaster – natural or legal person) as a payor (paying agent) had to collect the charge and send it to the municipality.

Besides the legal difference in the definitions of taxpayers, the dissimilarity was in the definition of the object of taxation as well. The charge for spa and recreation

stay was levied on temporary stays because of a treatment or recreation only, not for business purposes etc. I.e. the guest had to inform the quartermaster and prove the purpose of the stay. In practice, the guests never knew this rule, the quartermasters never asked the question of what the purpose of the stay was, the reason of the stay became unknown, and the charge was charged. In several cases, the quartermasters were cheating by recording another purpose of the stay than treatment or recreation in the registration books, collected money from the guests, but never sent them to the tax administrator – the municipal office. While the charge on spa and recreation stay could be levied in all facilities (hotels, motels, hostels, private houses and flats, camps, etc.), the charge for housing capacity could be levied only at facilities intended for temporary accommodation of guests, i.e. not in private houses and flats recently used for the airbnb types of accommodation. This unequal regulation might have been seen as an unfair and illegal incentive. Because of social reasons, the exceptions for facilities for students and pupils like student dormitories and campuses, for hospitals and spa facilities (if they did not run like hotels), and for facilities for social and charitable purposes were made. The legal regulation included several personal exemptions from the charge for spa and recreation stay: for blind people, the handicapped, young people (under 18) and old people (over 70) and people receiving children allowance.

Concerning tax rates, the charge for spa and recreation stay rate could run up to 15 CZK for a person per day. In fact per night, because the first day (the day of arrival) was free of charge. There was a possibility of a lump sum charge per week, month or even a whole year in the local bylaw, but never higher than 15 CZK for one day. The charge for housing capacity rate was at maximum 6 CZK for a bed per night. There was a possibility to negotiate a lump sum charge per year and set it in the local bylaw.

The existence of two charges focused more or less on the same taxpayers and purposes, and was comfortable neither for the taxpayers and payors nor for the tax administrators. Moreover, with the expansion of airbnb types of accommodation, the system of tourist taxes needed immediate changes, as only the charge for spa and recreation stay was applicable. The charge for housing capacity could not be collected from airbnb types of accommodation, as typical houses, flats and apartments (Demin, Juchniewicz, 2018: 340) are not the facilities intended for temporary accommodation of guests. This is in contrast with the principle of fair competition, as there is one market of temporary accommodation including the airbnb facilities and traditional hotels, hostels, etc. (Radvan, Kolářová, 2020)



### 3.2 Regulation de Lege Lata

On January 1, 2020, both local tourist charges (charge for spa and recreation stay and charge for housing capacity) were replaced by one local charge for stay. The title of the charge is not well chosen, however, it is a typical tourist charge based on the former charge for spa and recreation stay.

The substantial theoretical change is that the charge can be imposed in all municipalities, not only in spa and recreation centres (from the text above, it is obvious that there was no such limitation in practice). From the practical point of view, the fact that the quartermaster does not have to ask for the purpose of the stay is more important, as all stays are chargeable no matter what the purpose is. The taxpayer is generally the guest, but not every guest. According to the law, it is a person not registered in the municipality, i.e. person with the permanent residency in any other municipality. It means that the guest does not pay the charge if he or she for some reason stays in the hotel in his city of residence. The charge is collected by the quartermaster, who as a payor (paying agent) sends it to the tax administrator – the municipal office.

The object of charge is a paid stay provided by an individual supplier lasting less than 60 consecutive calendar days, not necessarily at the same place. The term “paid stay” seems to be better in the definition than the term “accommodation”, as accommodation is just one legal possibility of a paid stay, as defined by the Civil Code. A “paid stay” includes not only accommodation in the place designed for such activity, but also any other form of a paid stay, such as lease agreements and other innominate agreements, where any place (structure, flat, garden, meadow, etc.) is rented for money and used for a stay (in a tent, a caravan, etc.). Such regulation is perfect, as it fully covers all types of accommodation for tourists (and congress participants), all possible kinds of contracts, and especially airbnb types of accommodation. The condition of 60 days might be a problematic issue. The legislator wanted to charge only short-term stays, not typical long-term leases of flats and family houses, accommodation for employees, students, etc. However, if the stay is planned as long-term and then (because of any reason) is shorter, it is liable to charge. It should be added that it is not decisive whether the tourist really stays at a place, but what was agreed and what is provided.

The object of charge is not a stay in which personal freedom is restricted by law. It means that e.g. prisons do not have any duties connected with the charge. Other situations are exempted from charging. All the exemptions are personal. The charge is therefore not paid by blind people, children under 18 years old, patients in hospitals with the exception of spas, people taking care of children during recovery stays, people working seasonally, soldiers, police officers, and state officials in service. Other exemptions might be added by the local bylaw, e.g. for seniors, as it was typical for the former regulation.

The charge base is the number of days of stay, with the exception of the day of arrival, i.e. the number of nights. The tax rate is at maximum 21 CZK per day, which means no changes compared to the previous regulation (15 CZK + 6 CZK). However, from January 1, 2021, the charge rate can run up to 50 CZK (approx. 2 EUR). The charge rate must be specified in the local bylaw. It can be differentiated for specific dates in the year, or specific parts of the municipality, with respect to antidiscrimination rules and public incentives regulations. In my opinion, the rate is still low. For example, in Ljubljana, where I am preparing this part of my article, the tourist tax rate is 3.14 EUR per night.

The payor (quartermaster) has a duty to keep the registration book for every place, with the information about the guest (name, surname, date of birth, address, number of identity card/passport, dates of arrival and departure, amount of charge or reason for exemption) for six years after the last record in the book. This is a traditional duty and only the date of birth is newly added, because of the exemption for children. For massive sport and cultural events with more than 1000 participants, it is possible to keep the evidence to a simplified extent if announced in advance to the tax administrator. It might be helpful, but only future experience will give the evidence to analyze this institute.

#### **4 Conclusions**

The text above is not a typical research paper. That is why the conclusion cannot be the typical conclusion as expected. It is not possible to highlight how the findings from the study revealed the gaps in the literature. As this is the first paper mainly focused on legal regulation of tourist taxes (and not only in the Czech Republic), it is expected that the following research might be based on the findings concluded below. The findings are both theoretical applicable worldwide (e.g. the definition of tourist tax, functions of tourist taxes) and practical (here focused on the Czech Republic only, with certain generalization on other countries dealing with the same issues).

There are many taxes connected with tourism: general taxes such as personal and corporate income taxes, VAT, immovable property taxes, and specific taxes incl. parking fees, charges on entry for cars, boats or pedestrians, etc. This text is however dealing only with the most common local tourist tax – the occupancy tax, equivalently the bed tax, the lodging tax or the tax for stay in the Czech Republic. One of the main findings of this paper is the definition of the tourist tax. The tourist tax *sensu stricto* is defined as an obligatory amount set in the act with a laid down rate that is paid by the tourists and not local citizens on the irrecoverable principle to the public budgets. It is irrelevant if it is paid regularly or irregularly, with or without any consideration, or who really pays the tax as the taxpayer to the tax office (guest or quartermaster). The title of this public payment is not important, as the tourist tax covers both taxes *sensu stricto* and charges/fees.

Tourist tax is usually a local tax: it is determined by the municipal budget, and it can be influenced by the municipality. For the definition of the tourist tax, it is irrelevant whether there is a special “tourism fund” in the municipal budget (Gliniecka, 2018: 394), i.e. whether the tourist tax revenues are spent on the tourist purposes only or generally on all people at the territory of the municipality.

The other important conclusion is the finding that the tourist tax has mainly fiscal function and the use of regulation and stimulation functions is limited or even impossible. People are coming to the places of interest to see the beauties of the city, no matter the tourist tax to be paid. Alternatively, if tourist taxes are lower or completely abolished after Covid-19 restrictions, it is not the right way to attract tourists to visit the destination. Compared to the prices of tickets, accommodation, food, souvenirs, etc., including VAT, the tourist tax is negligible and the rate will probably never influence the decision where to go for sightseeing or where to spend the holiday. The visibility of the tourist tax for incoming guests is low. Moreover, the legal regulation of tourist taxes is obsolete in many countries and does not correspond with the new trends in travelling (especially airbnb types of accommodation). The Czech Republic is one of many states where the new legal regulation of tourist taxes was introduced to limit the shortcomings of the original regulation. Until the end of 2019, there were two tourist taxes (charges) in the Czech Republic, which was unique and problematic for tourists, quartermasters, tax administrators and municipalities as tax beneficiaries. This situation was criticised for decades and the amendments did not come into force until January 1, 2020. The legislator believes that the new regulation imposing a single charge for stay is perfect and ideal for the tax administration and for the municipalities. Is that really so?

Primarily, the tourist tax is not an obligatory tax. Municipalities are free to impose a charge for stay by means of issuing their generally binding ordinance (local bylaw). Within the legal regulation, they have the right to specify the charge rate, the charge relieves and eventual exemptions from charging, the charge maturity, etc. The charge on stay can be imposed in all municipalities without any formal limitations. All types of stays are liable to tax, no matter the purpose of the stay, the type of contract between the guest and the quartermaster, or the place where guests stay. Finally, the airbnb types of accommodation are to be charged and there is no unfair benefit for this sort of accommodation. From this point of view, the new regulation is helpful for both quartermasters as payors and for municipalities. On the other hand, the charge is definitely not a useful tool for the big cities to fight the negative aspects of airbnb types of accommodation, and it is necessary to change other legal regulations or at least enforce the existing ones.

The good practice is the indirectness of the charge: the guest as a taxpayer pays the charge together with the price of accommodation and the charge is transferred to the tax administrator – municipal office – by the quartermaster (payor). The list

of exemptions is adequate and there is no need to add additional exemptions in bylaws (e.g. for pensioners). The duty to keep the registration book is a good tool for the tax inspectors.

The most problematic issue is the charge rate: 21 CZK per night is definitely below the European average rate. Even 50 CZK as the maximum since 2021 is not an adequate rate compared to other European states. I would suggest increasing the maximum rate so that the municipalities could have a wide scale to set an individual local rate. That is why it is not possible to state that the new regulation is perfect and ideal for the municipalities. Definitely, most of the critical issues were solved and the new tourist charge is a good step for both municipalities (with the exception of the charge rate) and for the tax administration. The hypothesis stated in the introduction was confirmed partially, and disproved only concerning the charge rate.

With the new regulation, municipalities got new opportunities, primarily to increase their revenues. The single tourist charge makes the system easier for all stakeholders: for municipalities when preparing local bylaw, collecting the revenues, and controlling the duties; for tourists when paying the tourist charge; for quartermasters when collecting money from their guests. There are threats concerning especially the simplified evidence in case of massive sport and cultural events with more than 1000 participants and the non-chargeable long-term stays (over 60 days) becoming shorter and chargeable. Municipalities should be careful when defining the exemptions and differentiating the charge rate for specific dates in the year, or specific parts of the municipality. The unequal treatment might be seen as discrimination or even unfair public incentive.

In my opinion, European Commission is wrong when stating that taxes on tourists should be reduced in order to improve the competitiveness of tourist destinations and support the local tourism sector (European Commission, 2017: 7). The visibility of the tourist tax for incoming guests is low. It is possible to think about a regulation similar to air tickets: to include all payments connected with the accommodation into one final amount. VAT must be included in all European countries, as this is a harmonized regulation protecting consumers. It would be easy to include tourist taxes, too, when promoting accommodation by the quartermaster or on internet platforms (e.g. Booking.com or Airbnb).

European Commission believes that “*given the need to raise revenue on the one hand and the need to maintain competitiveness on the other, policy makers need to carefully design the tax system so as to balance these conflicting objectives*” (European Commission, 2017:7). I do not believe that tax systems are able to influence tourism and limit the negative aspects of airbnb types of accommodation. Airbnb is not a part of sharing economy anymore. The primal idea of an efficient usage of houses or flats for a short time when owners are

leaving for a holiday and other tourists are using their property is gone. Nowadays, an airbnb type of accommodation is a regular business. Investors are buying properties in the cities with the intention to rent them. The demand is higher than the supply and the prices are going rapidly up. Such situation destroys property markets in many cities. There are cities more or less successfully fighting this phenomenon limiting the number of days of renting, keeping the evidence of rented properties, increasing property taxes for rented property, etc., always connected with high fines (Tun, 2019). In the Czech Republic, one of the (bad) ideas is to have the permission of all other owners of flats in the building (ČTK, iDnes.cz, 2019). The good tool might be hidden in the decision of the Czech Supreme Administrative Court (no. 3 As 360/2017) imposing a fine for the property (used for short-term rents) not marked as an establishment used for business purposes. I am afraid that there is just one possible tool seriously affecting airbnb types of accommodation: a very high property tax on second dwellings (houses, flats, etc.).

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