1 Family Foundation

Tourism Taxes With Purpose

How Governments Can Capture and Create Value for People, Places and Planet with Tourism Taxes and Levies



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Table of Contents

Editorial Column 1

Foreword 2

Executive Summary 3

Reader's Guide 7

Data & Methodology 10

PROLOGUE: OUR VISION FOR TOURISM & COMMUNITIES

Chapter Zero: The Per Cent 12

PART ONE - CAPTURING VALUE FROM TOURISM

Chapter 1: A Taxonomy of Tourism Taxes 16

Chapter 2: Mapping the Landscape 24

Chapter 3: The Mechanics of Implementation & Collection 30

Chapter 4: Designing for Success 36

PART TWO - CREATING VALUE WITH TOURISM TAXES

Chapter 5: People Focus 40

Chapter 6: Regenerating Places 43

Chapter 7: Public Engagement and Empowerment 47

Chapter 8: Policymaker Guide to Creating Value with Tourism Tax 50

Glossary of Terms 59

Named taxes, funds and bodies 63

References 65

EDITORIAL COLUMN

About This Report

Tourism Taxes With Purpose is a White Paper with a mission to harness the potential of global travel and tourism to act as a catalyst for social innovation, community building and nature preservation around the planet.

The report is published by **One Family Foundation** in the Netherlands under the leadership of Jeroo Billimoria, founder and Board Member. Bram Van Eijk, Veerle Klijn, Irene Basile and Kelly Hillah formed the editorial group.

Group NAO, the Copenhagen-based strategy and ideas bureau, served as co-authors and editors, bringing research that mapped tourism taxes around the world today, their best use cases, and principles for creating tourism levies that generate value for people, places and the planet. The work has been done by advisors Stella Tomeckova and Etay Schwartz in collaboration with Group NAO's co-founder Peter Rømer Hansen and with contribution from Marco Lucero, Cuidadores de Destinos (Chile).

The publisher and editors wish to thank the **advisory group** for their valuable input and perspectives. In particular, the following academic experts provided several rounds of comments: James Mak (University of Hawai'i; UHERO), Robert D. Ebel (Georgia State University), Frank Haas (Hawai'i Tourism Authority), Paul Brewbaker (TZ Economics), Jaume Rosselló Nadal and María Sard Bauzá (University of the Balearic Islands), and Mohcine Bakhat (University Hassan II Casablanca) and Yusuke Ishiguro (Barcelona School of Tourism, Hospitality and Gastronomy). Authors are also grateful to Lorena Villar (UN Tourism), Jamie Sweeting (Planeterra) Sérgio Guerreiro (Turismo de Portugal) and Pavnesh Kumar (PATA), Julie Reimann (OECD) and Randy Durband (Global Sustainable Tourism Council) for their constructive feedback.

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Foreword

A Message To Decision Makers

Travel and tourism are one of the world's fastest-growing economic sectors. Every year, more than 1,5 billion journeys are made across borders, alongside countless more within them. Each leaves something behind – an environmental footprint, an economic contribution, a cultural exchange, a memory, or at times, additional pressure on the destination itself.

This White Paper begins with a simple conviction: that a small, well-designed visitor contribution could become a powerful mechanism for investing in places, people, and our planet, helping sustain the natural, cultural and social assets on which tourism depends.

We call it the Power of One Per Cent, and it is an invitation to imagine:

What if governments and industry agreed, even provisionally, to direct a modest share of tourism revenue, deliberately, transparently and locally, towards community development, cultural preservation, and environmental regeneration? For most travellers, a tourism tax or visitor contribution may appear modest on the hotel bill. At scale, however, its potential impact could be transformative.

We offer this vision at a crucial moment. The climate crisis accelerates faster than our governments adapt. Inequality between and within nations widens, while the tourism industry depends on the long-term resilience of the places in which it operates. The window to act with intention is open now. These challenges create an opportunity to think differently about how tourism revenues are governed and invested.

This report draws extensively on Europe and North America, where the data is richest, and tourism taxes are most established. However, we believe, and argue throughout, that the fundamental design principles of effective taxation, including clear purpose, transparency, local governance and community voice, are relevant in any global context. This is especially true in the Global South, where arrivals are rising, institutions are being built, and there remains an opportunity to design well from the outset.

The paper is addressed to ministers and mayors, finance officials and tourism leaders, and the social innovators reimagining what travel can build. One Family Foundation invites you to test these ideas, adapt them to your context, and share what you learn. The conversation, like the opportunity, is only just beginning.



Jeroo Billimoria
Founder, One Family Foundation
Convener, Government Council for Social Innovation

IN SHORT

Executive Summary

Taxes With Purpose

Travel and tourism now support one in nine jobs worldwide and generates around 10% of global GDP. Across much of the world, tourism taxes are already a reality. The challenge is no longer whether to levy them, but how to design, govern and invest revenues wisely and progressively for measurable public good and sustainable development.

This paper maps tourism taxes across all continents and reveals a landscape that is highly diverse, largely undocumented, sometimes fiercely debated and often misunderstood. Most importantly, it finds that the potential of tourism taxes as a source of funding for social and community development, nature regeneration and inclusive governance remains largely untapped.

The paper's central argument is that tourism taxes are a powerful instrument to create positive impact not only by supporting global travel and tourism, but also for producing wider benefits for communities and natural environments on which tourism depends.

The Vision: The Power Of One Per Cent

Tourism is a global growth industry. Direct visitor spending will reach an estimated USD 2 trillion in 2026. Airline passenger revenue is forecast at USD 751 billion, according to the International Air Transport Association (IATA) and spending on accommodation is estimated at USD 1-2 trillion.

We ask a simple and potentially transformative question: *what if one per cent of all tourism spending was invested with purpose, for people, places and the planet?*

Applying a one per cent levy to the expenditure outlined above would generate an estimated USD 20-22 billion annually. It is a figure large enough to be transformative and small enough to represent a modest addition to a hotel bill. Importantly, it does not require global consensus to achieve. Tourism taxes are already levied in most countries, often at rates well above one per cent, and they are typically decided, collected and spent locally.

The one per cent approach is not an international treaty to be negotiated, but a standard that can be adopted, destination by destination.

This report explores the *Power of One Per Cent* through a careful analysis of the global landscape and international practices today. The key observations are summarised below.

Key Observations

- **Generally, tourism taxes do not deter tourists.** On the contrary, evidence suggests that revenue from such taxes is often reinvested in better tourism infrastructure and community development. Findings are broadly consistent across sources and international experience. Studies from diverse places such as Manchester (UK), Hawaii, Venice, Barcelona, Rome, Florence and Padua have reached the same conclusion: tourism demand is relatively insensitive to price changes, and most levies are too small to deter a booking decision or affect demand for a destination. There are exceptions, notably when tourism taxes, VAT and fees form a substantial part of travel costs. In some cases, it is because the taxes are intentionally designed to deter visitor numbers.

- **Tourism taxation is a global practice.** Our country-level mapping identified tourism-specific taxes in 29 of 54 African states, 19 of the 38 Asian nations with available data, and 16 of the 18 largest Latin American economies. Approximately 24 European countries operate accommodation taxes, while more than 120 of the 150 largest US cities levy a dedicated lodging charge. What varies is not whether destinations tax visitors, but whether they do so visibly, purposefully and locally.

- **The instruments differ highly by region and country.** Europe favours differentiated per-night accommodation charges, most often as a fixed rate. Latin America relies overwhelmingly on departure taxes folded invisibly into the air ticket. Africa and Asia lean toward USD-based turnover levies and fees collected at the border. These are administrative choices. Turnover levies and border-collected charges are often easier to enforce where hotel registration systems might be incomplete.

- **A large, untapped opportunity lies in the Global South.** Africa (excluding Egypt and Libya) welcomed 75 million international arrivals in 2024, eight per cent above pre-pandemic levels, yet reported only USD 42 billion in tourism receipts. Vietnam receives 17.5 million visitors a year and levies no dedicated tourism tax. Our conservative modelling suggests a single mid-sized African capital city could raise over USD 9 million annually net of collection losses, and a busy coastal resort zone more than USD 19 million. Against constrained public budgets, these sums are not marginal. What is missing is not the arrivals base, but the collection systems needed to collect and deploy these revenues effectively.

- **Where the money goes decides whether the tax endures.** Earmarking revenues for investment and reinvestment appear to be the most important predictor of public acceptance. For visitors, willingness to pay (WTP) rises sharply when revenue is visibly linked to conservation, heritage protection or local services, and declines when it disappears into public finances. Earmarking and ring-fencing revenues is also crucial for industry stakeholders and residents. This reinforces the principle that tourism taxes should not only be dedicated to their clearly defined purposes but also retained for investment in the destinations where they are generated.

- **Legitimacy is built with public participation.** The Balearic Islands offer perhaps the cleanest natural experiment in tourism taxation. The 1999 Eco-Tax was repealed after inadequate consultation. Its 2016 successor, introduced after genuine public engagement and governed by a multi-actor commission with a four-language public portal, has invested EUR 845 million (USD 981 million) - including EUR 83 million (USD 96 million) in affordable housing and more than 400 public homes: same islands, same industry, very different outcomes. The variable was the public engagement process.

- **Tourism tax systems vary in complexity.** Many tourism taxes are unnecessarily complex, with a wide range of differentiation factors such as seasonality, accommodation type, demographic variables and more. In the extreme, these combinations result in 2,148 possible tax rates across a single city (Verona). By contrast, Berlin applies just one universal tax rate of 7.5%. There is little evidence that rate differentiation changes visitor behaviour. However, it might matter for elected political leaders and for the public in general, who expect tourism impacts to be managed.

Recommendations for policy makers

Despite the widespread use of tourism taxes worldwide, comparative data remain surprisingly limited. Are they such a black box in our otherwise institutionalised and digital national economies? Why do so many governments and international organisations know so little about this substantial and central revenue stream in the global travel and tourism industry?

Comparative data on the revenue they generate and how those revenues are allocated remains surprisingly limited. In many jurisdictions, tourism tax revenues are neither systematically reported nor presented in a manner that facilitates comparison across regions and countries. As a result, intergovernmental institutions, researchers and policymakers lack a clear understanding of the scale, distribution and use of this increasingly important revenue stream.

Our primary recommendation at the intergovernmental level is to address the need for systematic data collection and reporting on tourism tax revenues and their allocation across local, regional and national levels. Establishing a common evidence base is fundamental to informed policymaking, international comparison and assessing policy effectiveness.

For policymakers at national and local levels, we have identified five lessons to distinguish tourism-tax systems that earn legitimacy and deliver lasting impact for the destination:

1 **Clear purpose.**

Policy must clearly state the purpose and expected impact of the taxes and communicate impacts and outputs continuously. Studies across Turkey, Italy, and Spain converge: acceptance among visitors and residents is usually high for taxes tied to environmental protection, heritage preservation, culture, or destination services, and low if the taxation is perceived as just another source to fill general government budget gaps.

2 **Ring-fence the revenue.**

A stated purpose is only credible if the money follows it. Legal earmarking, fixed allocation formulas and independent oversight are the mechanisms that carry intent into practice. Good examples include New Zealand's International Visitor Conservation and Tourism Levy, which operates under a formal investment plan with fixed annual allocations, and Norway's 2025 Act on Visitor Fees, which routes all revenue to the municipality that levied it, subject to an approved use plan.

3 **Keep it simple and partner with platforms.**

Most countries generally rely primarily on an online travel agency (OTA) platform-based collection, as it substitutes one professionalised intermediary for thousands of individual micro-operators. To illustrate, Copenhagen's 2019 data-sharing agreement with Airbnb formalised an estimated DKK 339 million (USD 52 million) in previously unreported rental income across 22,000 hosts.

4 **Keep rates modest.**

Only a few destinations, such as Amsterdam and Bhutan, seem to apply rates with the clear objective of reducing tourism. In both cases, they are steep. However, for long-term revenue and legitimacy, the charges are generally marginal against total trip spend. The literature converges on two to five per cent of accommodation cost. Rates should most often be in percentage - as opposed to a fixed fee - to follow market fluctuations as well as inflation. Rates are adjustable, which is underpinned by the observation of generally rising accommodation rates since COVID.

5 **Build legitimacy through public participation.**

Consultation without real local engagement quickly becomes a box-ticking exercise and blind to local needs. This is why Barcelona directs up to 66% of city tourism-tax revenue to community projects, including a EUR 100 million (USD 116 million) school climate plan reaching 55,000 pupils, under an advisory council of 60 members drawn from neighbourhoods, business, unions and civil society. Edinburgh consulted for eight years before its levy took effect in July 2026, with 85% of residents supporting it.

In conclusion, this White Paper finds that tourism taxes and levies hold vast potential to fund not only better and more sustainable tourism, but also stronger communities, social innovation and change and environmental regeneration. Realising this potential will require national and local decision makers and stakeholders to come together and fully implement the vision and practices outlined in this report.

Reader's Guide

This report can be read in different ways, depending on your interests and the time you have.

- **If you are a policymaker with just 15 minutes,** read the Executive Summary and Chapter Zero (page 3). Then jump to Chapter 4 for the design principles and Chapter 8 for the policymaker's guide. That's the paper's argument in its shortest form.

- **If you're a researcher or want to dive in deep,** you should read all of Part One from Chapter 1 to 4. Chapter 1 sets out how it's organised, Chapter 2 maps the global landscape, Chapter 3 covers how tourism taxes are collected in practice, and Chapter 4 turns the evidence into design principles. From there, Part Two shows, through practical cases, how tourism taxes generate value worldwide and conclude with core principles for growing destinations with tourism taxes.

- **If you're a community leader or social innovator looking for inspiration and case studies,** you may wish to begin with Part Two (Chapters 5 -7). Chapter 5 covers how tourism revenue can improve life in the community, including housing, social services, and the workforce. Chapter 6 covers how tourism taxes can regenerate places, including the environment, heritage and sustainable destination infrastructure. Chapter 7 covers aspects of governance, transparency and community voice.

This paper was written to be read, not simply referenced. It is grounded in evidence and informed by practice, but avoids unnecessary academic language in favour of clear, accessible communication. We have written this White Paper with conviction, not because the challenges are simple or the answers universal, but because the weight of the evidence warrants it. We aim to provide perspective, insight and inspiration to a wide range of readers, from national policymakers and destination managers to community members seeking to use tourism taxes to regenerate their towns and protect local assets.



Table of Abbreviations

Abbreviationt	Meaning
AETIB	*Agència d'Estratègia Turística de les Illes Balears* (Balearic Islands Tourism Strategy Agency)
AHLA	American Hotel & Lodging Association
API	Application programming interface
CLIA	Cruise Lines International Association
CTiC	City and Tourism Council (Barcelona)
DKK	Danish krone
DMF	Destination Marketing Fee
DMO	Destination management organisation
ETOA	European Tourism Association
EU	European Union
EUR / €	Euro
GBP / £	British pound sterling
GDP	Gross domestic product
GST	Goods and services tax
HOTREC	Hospitality Europe (European association of hotels, restaurants and cafés)
IATA	International Air Transport Association
IDR	Indonesian rupiah
JPY / ¥	Japanese yen
KPI	Key performance indicator
MAT	Municipal Accommodation Tax (Toronto)
MMWCA	Maasai Mara Wildlife Conservancies Association

Abbreviationt	Meaning
MRDT	Municipal and Regional District Tax (Canada)
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
OTA	Online travel agent
PACT	Protected Areas Conservation Trust (Belize)
PATA	Pacific Asia Travel Association
RM	Malaysian ringgit
STR	Short-term rental; also the hospitality data firm STR cited in Chapter Zero
TDT	Tourist Development Tax (Florida)
TEF	Tourism Enhancement Fund (Jamaica)
TID	Tourism Improvement District
TRSP	Tourism Revenue Sharing Programme (Rwanda)
UHERO	University of Hawai'i Economic Research Organization
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	World Tourism Organization, now UN Tourism
USD	United States dollar
VAT	Value-added tax
WTTC	World Travel & Tourism Council
MRDT	Municipal and Regional District Tax (Canada)

OUR APPROACH

Data & Methodology

This paper provides a structured synthesis of how tourism taxes are designed, collected and spent across countries and jurisdictions worldwide. By combining a proprietary global mapping of tax regimes with a review of the academic and institutional reports, we uncover design choices, funding frameworks and governance arrangements that connect tourism taxes to social development.

We aim to offer comparative evidence for policymakers, destinations, industry, communities and international development partners who are seeking to understand tourism taxation and its potential as a source of sustainable development funding around the world.

What We Did

Building on previous research from both One Family Foundation and Group NAO, we first compiled additional academic and institutional literature on tourism taxation, prioritising peer-reviewed research and publications from prominent multilateral bodies and industry experts. We cross-checked substantive claims and reported outcomes across several independent sources wherever possible.

For Part One, we defined the scope of tourism taxes for this study as taxes applicable specifically to tourists and the tourism sector. The analysis focuses primarily on accommodation taxes, while also looking at airline and cruise passenger taxes and access fees for nature and cultural heritage attractions.

Second, we built a country-level mapping of tourism tax regimes across multiple national jurisdictions. For Africa, Asia and North America, the mapping is Group NAO's proprietary research, compiled from national tax codes, public institution press releases and industry and news reporting, where needed. For Europe, we also draw on NAO's data partner Trippz, whose live database of tourism taxes and visitor levies covers all EU member states. For Latin America, the research was conducted by our local partner Cuidadores de Destinos, led by Marco Lucero.

For Part Two, we selected destination case studies across

For Part Two, we selected destination case studies across three dimensions: people, places and the planet. We prioritised established frameworks where available evidence allowed. We synthesised findings across the mapping, the literature, and the cases to identify the current state of the art, as well as best practices, for tourism tax design and revenue use.

Our data sources

The paper draws on multiple sources of information:

1. **Multilateral and institutional publications**, primarily from the OECD, UN Tourism, the World Economic Forum and the World Bank
2. **Peer-reviewed academic literature** and industry publications
3. **Major studies and commissioned reports** produced by consultancies and international organisations, including PwC, McKinsey & Company, HVS Global Hospitality Services, the ***International Air Transport Association (IATA),*** the American Hotel & Lodging Association (AHLA) and the Cruise Lines International Association (CLIA)
4. **National tax codes, government statistics and policy documents**
5. **Group NAO's and its partners' proprietary knowledge bases and datasets,** including Trippz's global database of tourism taxes and original research under-taken by Cuidadores de Destinos
6. **Media reporting**, where primary or institutional sources are unavailable or inaccessible

Throughout the work, we prioritised the most credible sources, particularly official multilateral reports, peer-reviewed academic literature, and official industry documents.

Limitations and confidence

Every synthesis of this scope has limitations, as it depends on accessible evidence whose quality, availability, and geographic coverage vary by region and topic. In many jurisdictions (particularly in the Global South), primary tax documentation is often not published in an accessible form, and third-party independent observations are lacking or incomplete. In addition, material may be available only in local languages, creating practical limitations for the research underlying this paper.

At the same time, tourism-tax regimes themselves are moving targets – rates are continuously updated, exemptions revised, and new investments of revenue are introduced, while existing ones are abandoned.

While inherent limitations exist and should be kept in mind, this paper nonetheless offers a rich account of today's tourism tax landscape, including how taxes are designed and collected and how revenues are invested.



PROLOGUE: OUR VISION FOR TOURISM & COMMUNITIES

Chapter Zero

The Power of One Per Cent



PROLOGUE: OUR VISION FOR TOURISM & COMMUNITIES

The Power of One Per Cent

Global travel and tourism is a large, resilient growth industry, accounting for roughly 10% of global GDP and 376 million jobs worldwide in 2026. It represents one in nine jobs globally (WTTC, 2026).

Now *imagine* if it were also a steady catalyst and source of funding for social innovation, sustainable development, nature regeneration and democratic governance in communities around the planet. *Imagine* if community leaders, social entrepreneurs and environmental changemakers could call on a new grand funding mechanism parallel to conventional public funding, international development aid and private philanthropy. *Imagine* a more equal distribution of the value tourism creates beyond direct employment and reinvested profits. *Imagine* a way for billions of domestic and international travellers to contribute a small amount to support one of the good purposes mentioned above each time they visit a new community, city, or destination. *Imagine* if tourism destinations could capture just a fraction of visitor spending, reinvest it locally through democratic decision making, and use it for the public good.

- A steady catalyst and source of funding for social innovation, sustainable development, nature regeneration and democratic governance in communities around the planet
- A new funding mechanism that community leaders, social entrepreneurs and environmental changemakers could call upon, alongside public funding, international development aid and private philanthropy
- A means of achieving a more equitable distribution of the value created by tourism, beyond direct employment and reinvested profits
- A way for billions of domestic and international travellers to contribute a small amount each time they visited a community, city or destination, in support of positive social and environmental outcomes
- A mechanism through which destinations could capture a small fraction of collective visitor spending and reinvest it locally, through democratic decision-making and for public good

Imagine if industry and public sector leaders came together and decided to invest just 1% of all tourism spending on accommodation, along with collected contributions from visitors arriving by air and sea, progressively for people, places and the planet.

With total direct visitor spending estimated at USD 2 trillion globally in 2026 (UNWTO/WTTC), the promise and potential of the one per cent is significant for social change and sustainable development. Even when broken down further, on accommodation spending alone (USD 1-2 trillion, estimated by STR and Phocuswright), air travel tickets (USD 751 billion in 2026 according to IATA) and leisure cruises (likely in the range of USD 70-100 billion in ticket sales, multiple sources), one per cent adds up. As a simple thought experiment, the potential investment available for people, places and the planet could amount to approximately **USD 20-22 billion annually.**

Of course, this number is only napkin math. Some will argue that a global one per cent contribution is both politically unrealistic, commercially implausible, and simply too ambitious for today's fractured world. We disagree.



A Realistic Utopia

We believe there is a strong case for taxing tourism with purpose, and we consider 'the power of one per cent' to be a realistic utopia for several reasons:

- **First, tourism taxes are not a new concept.** They are already in place in many – "if not most – of" the world's countries. They take many forms, go by many names, and are applied to many tourism-related activities (see Chapter 2).

- **Second, tourism taxes are most often higher than 1%, often in the range of 3–5%.** Revenues are reinvested for a variety of purposes, including tourism development, community wellbeing, social good, environmental protection, and climate action. Again, the idea of 'tourism giving back' to the destination where it takes place is therefore not new. But it needs revitalisation through a broader vision of its potential.

- **Third, ringfencing the 1% does not require global consensus.** Tourism taxes are generally easier to collect than VAT and income tax. While most common in Europe and the USA, tourism taxes suit developing economies and the Global South, where governments often face constraints in tax administration and revenue collection. As we shall see, tourism taxes are best decided, collected, governed and reinvested locally.

The Power of One Per Cent is both a vision and a call to action. It's a gold standard for global and local leaders to adopt as a minimum practice, generating sustained investment in community infrastructure, social innovation projects, environmental initiatives and other assets that make destinations genuinely worth visiting and genuinely liveable for those who call them home.

Imagine USD 20-22 billion invested in clean beaches, education and skills development for tourism workers, communal cultural centres, local clinics, nature rewilding, public transport, community arts programmes, democratic spaces and social enterprises. All from just one per cent.



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Part One

Capturing Value from Tourism

THE FOUNDATIONS

Chapter 1

A Taxonomy of Tourism Taxes



THE FOUNDATIONS

A Taxonomy of Tourism Taxes

This chapter sets out the working vocabulary used throughout the report. It defines what counts - and, equally important, what does not count — as a tourism tax. It introduces the main types of tourism tax, maps them to the stages of the traveller's journey, and identifies where misconceptions cluster. Two ideas anchor this chapter. First, the naming matters, because it can determine who is taxed, who collects, and, increasingly, where the money goes. Second, the design choices behind any tourism tax are political choices about the relationship between visitors, hosts, and the public purse. A shared taxonomy is the ground on which those choices become clear and able to drive better futures for everyone involved.

Tourism taxes are not new. Accounting for 10% of world GDP, travel and tourism attracts considerable interest from political leaders and lawmakers because of its economic and fiscal importance. In 1998, the UNWTO identified over 40 different taxes levied on tourism activity worldwide, with nearly three-quarters of studied destinations having increased tourism taxes in the preceding five years (Chang et al., 2011). Since then, tourism taxation has increased dramatically, spanning all continents and a myriad of tax regimes, collection systems and use purposes.

Yet despite the growth of tourism taxes, there is remarkably little agreement on what to call them or how to classify them. One jurisdiction calls it a ***bed tax***; another calls it a ***sojourn tax***, a ***city tax***, a ***Kurtaxe***, a taxe de séjour, a tourism contribution, or a sustainability levy. What one country classifies as a service fee or visitor contribution, another classifies as a departure tax. The result is a fragmented landscape in which stakeholders often talk past each other.

Defining Tourism Taxes

A useful starting point is the OECD's 2014 definition, which distinguishes tourism taxes from general taxation by their base. It defines them as '***indirect taxes, duties and charges that primarily affect tourism-related activities***, with revenues arising either from general instruments such as VAT and import duties or from specific instruments such as ***hotel and restaurant taxes, airport taxes, visa fees and taxes on arrivals and departures***' (Group NAO, 2024, p.21).

Alternatively, UNWTO describes them as taxes '***applicable specifically to tourists and the tourism sector or, if not specific to the tourism sector, those which are applied differently in tourist destinations***. (Rosselló-Nadal & Sard, 2026). In other words, these are taxes that fall primarily on tourists.

For this report, we adopt the latter, narrower definition to focus on the specific and direct taxes on tourism and travel, rather than more general levies such as VAT. We also distinguish tourism taxes from other levies by examining whether they are specifically designed to target tourists and tourism activities.

This approach allows us to isolate the levies intentionally imposed on tourists or travellers, from the moment a trip is booked until the moment they return home. This includes accommodation taxes, passenger levies on aviation and cruise travel, nature or heritage access fees where these are structured as levies rather than purely commercial charges, and tourism charges imposed in Tourism Improvement Districts. A Tourism Improvement District is a geographically defined area in which tourism businesses, most commonly hotels, agree to pay an additional assessment that is pooled and reinvested to strengthen the destination.

VAT, which many countries also apply to tourism consumption, falls outside the scope of this report (Group NAO, 2024, p.21). That said, tourism taxes should always be considered in the wider context of VAT, which varies considerably between countries.

In many countries, tourism-related goods and services are subject to reduced VAT rates and, in some cases, tourist refund schemes. For example, all but two EU member states apply reduced VAT rates on visitor accommodation. In Luxembourg, visitors booking hotel accommodation pay VAT at only 3%, compared with the standard VAT rate of 17% (VAT Update, 2021). In Denmark, by contrast, the full 25% VAT rate applies.

One distinct feature of tourism taxes is worth flagging at the outset because it shapes everything that follows: They are by nature directed at visitors – international and domestic alike - and ***not levied on residents*** which, unusually for taxes, often makes them popular with local voters and their electorates precisely because they can promise revenue without imposing domestic pain (Soares et al., 2022) (Group NAO, 2024, p.10).

Five Categories of Tourism Taxes. One stands out.

Across the tourism tax spectrum, five categories of tourism taxes emerge with sufficient regularity to warrant their own taxonomy in this report.

Accommodation taxes are the most common form of tourism taxation. They are levies applied to short-term overnight stays, either charged as a flat fee or as a percentage of the accommodation price (Maráková et al., 2025).

The **flat-fee model** charges a fixed amount per person or per room per night. For example, Prague levies a charge equivalent to USD2.30 per person per night for all visitors, regardless of the accommodation price (Xie, 2025).

The **percentage model** charges a proportion of the room price. Amsterdam, for example, applies a tax of 12.5% of the room price (City of Amsterdam, 2026). A small minority of jurisdictions combine the flat-fee and percentage-based approaches. New York City, for instance, applies a percentage component of 5.875% of the room total payment, in addition to a tiered flat fee ranging from USD0.50 to USD2 per day per room (City of New York, 2026; NYC Department of Finance, 2026).

The choice between the two is not merely technical. Flat fees tend to be lower. They are administratively simpler and more stable because they depend only on occupancy, not room price, but they do not increase with inflation or rising room rates. Percentage taxes, by contrast, follow revenue fluctuations and inflation but are more volatile (Hazinski, 2025). They can be harder to collect in environments with limited institutional capacity.

In practice, accommodation taxes have become widespread. More than 24 European countries have introduced them in some form (Göktaş & Çetin, 2023; ETOA, 2026), and similar measures have emerged across the Americas, Asia, Africa, and Oceania. Data from our partner, Trippz, suggest that fixed-fee models predominate at the municipal level in Europe. Most municipalities collect tourism taxes as a fixed fee (75%), whereas only one in four collects them as a percentage-based tax.

These data matter because they show that Europe's municipalities generally leave money on the table by collecting fixed fees rather than percentage rates.

Importantly, most accommodation taxes incorporate regulatory design elements that differentiate rates by accommodation type, number of hotel stars, locality, season, length of stay, or visitor types. For instance, children, long-stay campers, and pensioners are commonly exempt (HOTREC & Syntesia, 2025). In some cases, these arrangements become extremely detailed and highly complex. Verona, for instance, has over 2,000 effective tax rates. At the other end of the spectrum, a city like Berlin applies a single universal rate of 7.5% across all accommodation types, according to Trippz data.



Passenger levies on aviation are the second major category of tourism taxes. These taxes are charged on passenger arrivals or departures, excluding service-related airport charges (European Commission, 2017). Notably, passenger taxes are one of the few options for taxing commercial aviation, where international rules limit what governments can levy. Because international agreements like the Chicago Convention and EU Directive 2003/96/EC limit the taxation of aviation fuel and international flights at large, passenger levies remain the dominant fiscal lever available to states in the aviation sector (Sonnenschein & Smedby, 2019).

Like accommodation taxes, passenger taxes often vary according to distance, cabin class or both (European Commission, 2017). For example, Germany charges EUR 13.03 (USD15.03) per ticket for short-haul flights, EUR 33.01 (USD38.04) for medium-haul, and EUR 59.43 (USD69.02) for long-haul, as of July 2026

(Generalzolldirektion, 2026). In contrast, Japan introduced a flat ¥1,000 (USD6.41) International Tourist Tax per departure in 2019, increasing it to ¥3,000 (USD19.24) in 2026 (National Tax Agency of Japan, 2018).



Cruise passenger taxes form a smaller but rapidly growing category, levied when passengers call at a port. The typical structure is either tonnage-based (levied on the ship's net tonnage) or head-based (per passenger), and some ports and countries apply both (Group NAO, 2024). As with aviation, these taxes are separate from service-based port charges. Rates vary widely. For instance, Amsterdam charges EUR 15 (USD17.42) per day per passenger, Alaska around USD48.78, Australia AUUSD59.59 (USD41.81) and the Bahamas BUSD13.94 (USD13.94). (WEONCRUISE, 2026). Because these taxes are generally applied at each port of call, the cost can add up quickly during a one- or two-week cruise.

Nature and heritage access fees are charges imposed on visitors for entry to, or use of, a defined natural or cultural asset, with the revenue directed, in whole or in part, toward the conservation, maintenance, or management of that asset (Cárdenas-García et al., 2022). Such assets include natural parks, beaches, rivers, historic buildings, monuments, and similar attractions.

Academic literature suggests this form of tourism charge enjoys the highest levels of visitor acceptance compared with other forms of tourism taxation. (Cárdenas-García et al., 2022). However, the distinction between an ***access fee*** (payment for use of a defined asset) and a ***tax*** (a general fiscal transfer) is not always clear. This matters for both legal characterisation and the visitors' perception of fairness. Locals can also pay access fees, so in some cases they are not strictly a tourist levy.

Nonetheless, tourists still pay these charges, so they are relevant to this paper even though they vary. Nature and heritage access fees have been adopted worldwide. For example, Indonesia's Gili Trawangan imposed a dive tax of USD 3 per diver and USD 1 per snorkeler for the use of the marine environment (Dodds et al., 2010).



Tourism Improvement Districts (TIDs) stand out because they are voluntary, not decided by the government, but by industry and community stakeholders. Arguably, they form a distinct category because they are not, strictly speaking, levies. In the United States and Canada, TIDs function as so-called industry self-assessment mechanisms.

Local hotels and tourism businesses agree to collect a small charge, remit it, and direct it toward destination development, marketing, cultural activities, events, placemaking or other community purposes. Stakeholders typically decide and oversee the model through representation on the governing board (Group NAO, 2024; Fei, 2025). The United Kingdom also adopted this model when Manchester became the first UK city to levy a per-night charge on hotel stays from April 2023, working around the absence of central-government authorisation by using a Tourism Improvement District framework (Anguera-Torrell et al., 2025).

Whether such industry-led models should be regarded as tourism taxes or as a distinct category of voluntary contribution remains open to debate. Nevertheless, they have demonstrated considerable potential and are often seen to have a considerable impact. Recently, the number of TIDs in the United States has grown to 226, collectively generating approximately USD 820 million a year (Civitas, 2025).

See overview of the 4+1 types of tourism taxes below.

4 + 1 Categories of Tourism Taxes

Family	Tax Base	Rate Structure	Collection	Example
1. Accommodation tax	Short-term overnight stay	Flat or percentage	**Collection point:** At check-in / out **Collector:** Accommodation provider or OTA platforms	**Amsterdam:** 12.5% of room price **Prague:** €2 / person / night
2. Aviation passenger levy	Departure per passenger	Flat, or tiered by distance	**Collection point:** At booking **Collector:** Airline / booking provider	**Japan:** flat ¥3,000 / €16.20 **Germany:** €13.03 short / €33.01 medium / €59.43 long-haul
3. Cruise passenger tax	Passenger at a port of call	Tonnage or head-based	**Collection point:** At the port **Collector:** Port or municipal authority	**Amsterdam:** €15 / passenger **Alaska:** €42 / passenger
4. Nature & heritage access fee	Entry to a natural or cultural site	Per entry or per use	**Collection point:** At the site **Collector:** Site operator	**Gili Trawangan, Indonesia:** USD 3 / diver, USD 1 / snorkeler
+1. BID / TID contribution	Voluntary: set by local business boards	Small per-night or turnover charge	**Collection point:** At point of sale **Collector:** Tourism business, remitted to an industry board	**Manchester:** £1 / room / night

Taxes along the Traveller Journey

What do the various types of tourism taxes look like in practice, and where will visitors encounter them? The table below shows that tourism taxes can be collected in many forms, at many touchpoints, and they can add up throughout a trip.

Tourist Tax Customer Journey

Booking

- Passenger taxes on the airline ticket.
- Arrival fee on the ticket.
- Fee on visa applications.

Arrival

- Passenger tax / arrival fee at the airport.
- Passenger tax upon cruise disembarkation.
- Collection of road taxes / transit fees at border crossings.

Accommodation

- Accommodation taxes (e.g., bed tax or city tax) on the hotel bill.
- Tax / deduction on Airbnb rentals.
- Taxes on shelter accommodation in nature.

Experiences & Consumption

- Taxes for active recreation in nature (e.g., fishing and hunting licenses, hiking permits, etc.).
- Taxes for access to cultural-historical attractions or national parks.
- Framework conditions for tax-free shopping.

Departure

- Departure taxes at airports, ports, and border crossings.
- Refund of VAT upon departure (tax-free shopping).

Differentiated VAT for Tourism

Considering all tourism taxes across a traveller's journey highlights three crucial aspects.

First, it exposes the *cumulative burden* across a single trip. For example, a traveller flying long-haul to a European city could conceivably pay a departure tax at origin, an arrival tax on landing, a nightly accommodation tax throughout the stay, nature access fees at attractions and a further tax on departure. Similarly, a cruise ship passenger might visit several destinations during a cruise holiday, meaning they would pay a tourism tax several times, at each port. This reality underscores the importance of considering the overall tax burden on tourism when introducing new tourism taxes, from the perspectives of both the tourism industry and the destination's competitiveness.

Second, considering the whole journey highlights the *point of visibility to the taxpayer*. In this context, aviation taxes are typically absorbed into the ticket at booking. They are largely invisible to travellers at the point of decision. In contrast, accommodation taxes are typically paid at check-out and are more visible, as are fees for access to nature parks and cultural heritage sites (European Commission, 2017). This visibility is important for both transparency and policymakers seeking to influence behaviour.

Third, at the political level, the table illustrates **how countries can optimise the value generated by tourism** and potentially establish goals for how, where and how much revenue tourism should generate for the public good. This goes beyond traditional policy objectives focused on increasing bed-night numbers and highlighting the number of jobs created and the indirect tax revenues. Taken together, the many sources of public income generated across the visitor journey might even serve as a single, overarching KPI for tourism policymakers.

Three Common Misconceptions

Debate around tourism taxes keeps returning to three common misconceptions, and each needs to be directly addressed:

1. Tourism taxes reduce visitor numbers.

While this belief is widespread, the evidence does not support it as a general claim. One of the most recent studies —a study of Manchester's £1 tax (USD1.35) - found no statistically significant effect on demand, average daily rate, occupancy, or revenue in the 18 months following implementation (Anguera-Torrell et al., 2025).

This aligns with earlier findings as Bonham et al. (1992) and Bonham and Gangnes (1996) reported negligible impacts of the Hawaii hotel room tax; Heffer-Flaata et al. (2021) detected no measurable effect in Venice or Barcelona; Biagi et al. (2017) found tourists in Rome, Florence and Padua were not sensitive to price increases from tourist taxes (Anguera-Torrell et al., 2025; Göktaş & Çetin, 2023).

However, two important associated considerations must be kept in mind. First, some literature suggests that **aviation taxes may differ**, curbing both ticket demand and visitors' spending once they arrive. Yet little conclusive evidence supports this, with several analyses finding that taxes have little, if any, effect on passenger traffic.

Reports that say otherwise tend to be part of airline lobbying (du Boucher & Miele, 2026; Thießen & Brützel, 2025). Second, and more importantly, **destination substitutability matters**. Taxes bite harder where alternative destinations are comparable, accessible and untaxed, a point developed in the tax-competition literature focused on the Italian coast (Cavallero & Zagler, 2025; Chang et al., 2011).

To explore the relationship between tourism taxes and visitor demand in more detail, go to the section: Tourism Taxes & Tourism Demand at the end of this chapter.

2. Tourism taxes are only relevant to overtourism hotspots.

While most media coverage and case study literature concentrate on popular hotspots like Venice, Barcelona, the Balearics, or Amsterdam, all of which are experiencing problems of so-called overtourism, the general perception is that tourism taxes will help relieve pressure. Yet, policymakers may introduce tourism taxes for many reasons, of which overtourism is only one.

For instance, Slovakia's accommodation tax operates in 905 municipalities and functions primarily as a destination management financing tool in an emerging destination economy, rather than as a measure to address overtourism (Maráková et al., 2025). Bend, Oregon uses lodging-tax revenue to fund trail restoration and river cleanups through Visit Bend's Bend Sustainability Fund, while Kissimmee, Florida channels its revenues into a Tourism Enhancement Grants programme for local cultural events (Fei, 2025). Manchester introduced its

TID-based tax precisely to boost its tourism economy, not restrain it (Anguera-Torrell et al., 2025).

Even some of the strongest voices for taxation as an instrument to tackle overtourism note that taxes are only justifiable if they reflect the costs of managing tourism's impacts. Therefore, they should not be unduly absorbed into general government budgets to fill fiscal gaps (Nepal & Nepal, 2021). In short, overtourism is one policy problem tourism taxes can address, but it is by far not the only one.

Paradoxically, tourism taxation may not effectively address overtourism because tourist demand is inelastic (Rosselló-Nadal & Sard, 2026). More fundamentally, tourism taxes represent a contribution to stewardship, resilience and the creation of shared value from visitors who temporarily consume and benefit from public, cultural, social and natural assets that local communities maintain throughout the year. In this way, tourists can remain welcome visitors in a community through a fair and proportionate contribution to the destination and its natural environment.

3. Differentiating the tourism tax structure changes visitor behaviour.

Many tourism taxes incorporate regulatory design features that differentiate charges by according to factors such as accommodation type, classification of the establishment (number of stars), seasonality, length of stay, city zoning, or visitor demographics, while commonly exempting children or pensioners.

However, evidence that such differentiation has a noticeable impact on visitor behaviour is at best very limited (HOTREC & Syntesia, 2025). Instead, differentiated tax structures may add an unnecessary layer of complexity. Trippz data shows, for instance, that Verona's heavily differentiated and layered tourism tax structure results in more than 2,148 effective tax-rate options when multiplying design parameters. By contrast, Berlin applies a single universal tax rate of 7.5% for all at any time and under all circumstances.

On the other hand, from the consumer side, differentiation may matter for how tourism taxation is percevied. In a study from Istanbul, respondents explicitly objected to flat, undifferentiated rates on grounds of fairness and equity. One traveller stated that a one- or two-star hotel guest and a five-star hotel guest cannot be asked to pay the same tax and instead argued for a percentage-based structure tied to room price (Cetin et al., 2017).

The wider literature on tourist tax acceptance confirms that acceptance depends more on perceived fairness than on how much revenue a tax raises (Cetin et al., 2017; Soares et al., 2022). Thus, while there is little evidence that differentiation changes visitor behaviour, it may be important for shaping the perception and acceptance of tourism in the destination.

In Detail: Tourism Taxes & Tourism Demand

Tourism taxes tend to impact tourism demand less than one may think; still, the reality is complex.

Across numerous studies, well established tourism taxes at their current, largely marginal rate seem to show no measurable effect on visitor numbers, hotel occupancy, or revenue. The synthetic-control study of Manchester's £1 accommodation tax finds no significant change in demand, average daily rate, occupancy, or revenue in the 18 months after implementation, and concludes that consumers appear insensitive to levies of this size (Anguera-Torrell et al., 2025).

The same pattern runs through earlier studies. There was no measurable effect on tourist arrivals or overnight stays in Rome, Florence, or Padua after tourist taxes were introduced (Biagi et al., 2017); no significant effect on UK arrivals to major taxed destinations such as Paris, Milan, Palma de Mallorca, Venice, or Barcelona (Heffer-Flaata et al., 2021); no material impact on hotel receipts from Hawaii's early hotel room tax (Bonham & Gangnes, 1996).

The underlying mechanism can be understood through price sensitivity. In general, international tourism demand tends to have limited price elasticity, meaning that a marginal increase in the total cost of the trip due to tourism taxes, at current typical rates, will normally not affect tourism inflows to the destination (Rosselló-Nadal & Sard, 2026). However, this finding hinges on specific conditions:

The rate must be marginal in relation to the trip cost. Most accommodation taxes fall in a USD1-USD6 per-night range, which is dwarfed by transport, accommodation and food costs. However, if the rate rises significantly and becomes a substantial part of the total trip cost, demand will likely decline (Rosselló-Nadal & Sard, 2026).

The destination must not compete primarily on price. Price flexibility varies by destination. Major tourism hotspots and destinations that compete on unique heritage and landmarks tend to have lower price

elasticity because tourists strongly prefer visiting those places. Therefore, cities like Paris, Milan and Palma de Mallorca show no significant tax effect, unlike secondary destinations dominated by low-cost carriers, like Naples and Girona, which have been found to experience some negative effect on demand (Heffer-Flaata et al., 2021).

This pattern reflects the availability of alternatives. Destinations with unique market appeal absorb the tax more easily. In contrast, substitutable destinations, often coastal sun and beach destinations, might see a minor decrease in tourism volume (Rosselló-Nadal & Sard, 2026.

Equally, off-season travel tends to be slightly more price sensitive due to lower demand and often discounted prices in the low season. Here, during the low season, tourism taxes might have a slightly more negative impact on demand (Rosselló-Nadal & Sard, 2026).

The overall fiscal burden must not already be high. Where other fiscal instruments are already high, notably VAT, the margin for additional tourism taxation will be limited without negative impacts for businesses. For instance, in some US destinations, there can be multiple layers of taxes, such as city, county, and state sales taxes, on each bed night on the hotel bill. In Europe, visitors may encounter a 20%+ VAT rate, with a 3-5% accommodation tax on top. In these cases, the industry will argue that it will deter visits to the destination (HOTREC & Syntesia, 2025).

Beyond these general observations, one must also remember that price sensitivity is not evenly distributed. Business travellers are relatively inelastic (PwC, 2017). Budget travellers are generally more sensitive to increases in travel costs than high-income visitors (Rosselló-Nadal & Sard, 2026), and domestic visitors also tend to be more sensitive to price changes than international visitors.

For example, in Sardinia, the introduction of the accommodation tax was associated with an apparent decline in domestic overnight stays, while no measurable effect was observed on international demand (Biagi et al., 2017). At the same time, short trips are more elastic than long ones (Rosselló-Nadal & Sard, 2026). These realities underline the complex impacts of tourism taxes on tourism demand, with effects that vary by circumstance. Nonetheless, the one-sided conclusion that tourism taxes decrease tourism demand does not hold across the spectrum.

Importantly, the empirical findings referenced here are almost entirely based on Western Europe and North American cases and literature.

Emerging destinations arguably tend to compete more directly with similar destinations in the region on price, and their visitor mix includes more regional traffic from nearby markets. These factors are likely to make them more vulnerable to potential negative effects of tourism taxes.

In any case, destinations - north and south - should know their own price flexibility in the context of both the regional competition and their fiscal burdens already applied to the tourism industry before deciding on a tourism taxation rate. In addition, communicating the intended purpose to the public should always be a primary concern. Various studies show that willingness to pay tourism taxes is higher when the proceeds are credibly committed to specific, meaningful purposes like heritage conservation or nature protection (Cetin et al., 2017; Göktaş & Çetin, 2023)



TOURISM TAXES AROUND THE WORLD

Chapter 2

Mapping the Landscape



TOURISM TAXES AROUND THE WORLD

Mapping the Landscape



Tourism taxation is a well-established practice in most countries in the form of accommodation taxes, and taxes per passenger on flights and cruises. Beyond tax-levying Europe, the US sometimes applies multi-layered collection of state, city and community taxes on accommodation. In African countries, many also tax air and cruise passengers. Sixteen of the 18 largest Latin American economies impose a fixed charge on flight tickets, whereas charges on overnight accommodation are less common. In Asia, however, major tourism economies like Singapore, South Korea and Vietnam levy relatively few tourism-specific taxes, further illustrating the fragmented nature of the landscape.

Any attempt to provide a global overview of tourism taxes faces significant challenges. The field is highly complex and diverse. Moreover, no international register of tourism taxes exists, no standardised reporting of the revenue they raise, and no agreed methodology for distinguishing tourism-specific levies from the general taxes that also apply to visitors. Even in the well-documented European context, "there is a general lack of good data, monitoring, evaluation and analysis of the impact of tourism taxes" (Group NAO, 2024, p. 46).

Where official breakdowns are sought, they are often unavailable, forcing analysts to work from proportional estimates and normalised per-night figures (Maráková et al., 2025). The mapping that follows therefore draws on a range of sources, pieced together from national tax authorities, industry associations, academic studies, and our own country-level mapping.

Europe – Widespread, Locally Administered, Highly Diverse

Accommodation taxes are the main form of tourism taxation in Europe. More than 24 European countries now levy them, and roughly 75% of the most-visited cities have an accommodation tax (Maráková et al., 2025; Group NAO, 2024, p.33). Many are imposed by national framework legislation, while collection occurs at the local or regional level. Among the EU member states that levy an occupancy tax, all but Malta administers it through city, municipal, or provincial government (European Commission, 2017). According to Trippz, more than 6,000 municipal entities in Europe actively collect them.

Across Europe, accommodation taxes are levied as either fixed-fee or percentage-based charges. Most common are fixed fees, collected by almost 75% of municipalities, while around 25% apply a percentage fee. For example, Rome charges between EUR 3 and EUR 10 (USD3.5-11.60) per person per night, depending on the accommodation type (Pruys, 2026). The percentage model reaches 7.5% in Berlin (VisitBerlin, 2026) and 5% in Vienna, with a planned increase to 8% from July 2027 (City of Vienna, 2026).

Some jurisdictions combine the two. Amsterdam, for example, charges 12.5% on room rates and EUR 15 (USD17.42) on cruise passengers (City of Amsterdam, 2026). Rates are also typically differentiated, by accommodation standard, location, and season (HOTREC & Syntesia, 2025; Group NAO, 2024).

In addition to accommodation taxes, several European countries levy taxes on passengers. Although fewer jurisdictions levy them, per-passenger revenue aggregate yields can be considerable. Within the EU-28, only a handful of member states operate a departure tax under a strict definition, with France, Germany, Austria and the UK as the most significant (European Commission, 2017). Where these taxes are well established, they can generate significant revenue. For instance, the UK's Air Passenger Duty raised approximately £679 million (USD917 million) in 2025–26 (HM Revenue and Customs, 2025).

Cruise passenger taxes generate the lowest aggregate revenue of the three main European tourism tax categories, but are the fastest growing, with both the number of levying destinations and the rates themselves increasing (Group NAO, 2024). Per-port charges remain relatively low in Europe at around USD2–5 per passenger, although Amsterdam is a clear outlier charging EUR 15 (USD17.42) per day (WEONCRUISE, 2026). Rates can

also vary by season. Greece, for example, charges between USD4 and USD23 per passenger in Mykonos depending on the month (WEONCRUISE, 2026).

North America – Good Reporting, Great Fiscal Scale

In North America, accommodation taxes are levied at scale and generate substantial revenue. In the United States, hotels were projected to generate roughly USD26.4 billion in lodging-related taxes in 2024, including occupancy taxes, sales taxes on room revenue, and tourism improvement district fees. These form a subset of USD54.4 billion in state and local taxes generated by the hotel sector (AHLA, 2024).

The 25 US states that report lodging-tax revenues separately generated about USD4.1 billion in the fiscal year 2024, having stabilised after the post-pandemic rebound, with New York City alone accounting for approximately USD725 million (Hazinski, 2025). More than 120 of the 150 largest US cities impose a dedicated accommodation tax, and all impose some form of tax on room revenue. (Hazinski, 2025).

In addition, many states apply sales tax on accommodation. These taxes are often quoted as part of the total tax rate levied on lodging accommodations (Hazinski, 2025). Overall, lodging taxes in the US are widespread: 48 of 50 states have an existing tax, except Alaska and California, where no tax is charged (Hazinski, 2025).

Additionally, cruise taxes are common across North America and are typically higher than those levied in Europe. For example, although Alaska does not charge a lodging tax, it imposes a USD34.50 charge per cruise passenger, with an additional USD5 fee per passenger in the Municipality of Juneau. (WEONCRUISE, 2026). Hawaii also imposes an 11% tax on cruise fares on days when a ship is docked in Hawaiian ports (dos Santos, 2026). In Canada, tourism taxes vary by province. In addition to the Goods and Services Tax (GST), additional taxes such as a Municipal and Regional District Tax (MRDT) often apply, directing revenue mostly towards promoting and supporting local tourism (Tourguide Canada, 2026). For example, Toronto levies a Municipal Accommodation Tax of 6% (City of Toronto, 2026).

Destination Marketing Fees (DMFs), similar to Tourism Improvement District (TID) taxes, also fund joint marketing campaigns for local business initiatives. (Tourguide Canada, 2026). These types of charges are applied together. For example, in Alberta, visitors may pay a 4% municipal tax, plus a 3% hotel levy in the form of a DMF, while an additional 2% Tourism Improvement Fee applies in Banff. (Tourguide Canada, 2026).

Tax structures vary considerably across regions and can also vary between municipalities within the same province. For instance, Manitoba levies a 5% accommodation tax in Winnipeg and Thompson, but not elsewhere in the province (Tourguide Canada, 2026).

Africa: Accommodation Taxes Spreading

Data shortages seem most prevalent in the Global South. Nevertheless, our country-level research as of July 2026 shows that tourism taxation is considerably more established even in the Global South than the European-centric literature suggests. However, the quality of the underlying documentation varies.

More than half of Africa's 54 countries (29) operate a confirmed tourism-specific tax or levy, with a further 12 countries applying indirect or partial tourism charges. The dominant model is a percentage-based levy on accommodation or tourism turnover, though flat fees are used in some destinations. For example, Rwanda introduced a 3% accommodation tax from 1 July 2025, with an additional 2% hotel levy in Kigali. Eswatini applies a 3% bed levy, while Zambia and Lesotho apply 1.5% levies on accommodation and tourism services. Kenya charges a 2% tourism levy alongside county-level per-night hotel charges of USD1–3.

Flat per-night accommodation taxes also exist in Cabo Verde (USD2.90 per person per night, capped at 10 nights), Mauritius (USD3.50 per night from October 2025), Seychelles (a sustainability levy of USD5.80–7.30 per night), and São Tomé and Príncipe (USD3.50 per night).

Some countries levy charges on entry rather than on overnight stays. Examples include Botswana's USD 30 tourism levy, collected at border posts since June 2023, which forms part of a broader high-value, low-volume tourism strategy. São Tomé and Príncipe charges an entry fee of approximately USD23.

Rwanda and Uganda charge substantial fees for gorilla trekking permits, which can cost up to USD1,500 per visitor. In Rwanda, permit fees vary by the visitor's residency status, with different rates applying to Rwandan and East African citizens, African nationals, foreign residents, and international visitors.

Aviation levies are also common across Africa. However, these revenues are generally channelled towards improving airport infrastructure or security fees exclusively (such as in Nigeria), rather than funding other tourism or community development projects. As a result, they are not typically conceived as taxes on tourism or tourists themselves.

Asia: Generally Divided on Tourism Taxes

In Asia, despite data quality issues, tourism-specific taxes appear common. According to our research, 19 countries and territories operate a confirmed tourism-specific tax, while a further nine apply some form of indirect charges. Ten countries have no dedicated tourism tax, while the remainder have limited available information or limited tourism activity due to ongoing conflicts. Across the 19 taxing countries, the instruments employed vary widely.

Bhutan's Sustainable Development Fee of USD100 per person per day is among the world's highest tourism levies. It is designed primarily to support its low-volume tourism model rather than maximise revenue. (McKinsey & Company, 2024). Bali introduced a one-time entry levy of IDR 150,000 (USD10) in February 2024, on top of Indonesia's 10% national hotel tax. Thailand is set to introduce a Tourist Entry Fee of USD8 -10 in 2026, but the implementation date remains uncertain. Malaysia charges a flat RM10 (USD2.50) per room per night to foreign guests, the Maldives combines a Green Tax of USD6 –12 per night with a 17% tourism goods and services tax, and Japan pairs its departure tax with a rapidly expanding set of municipal accommodation taxes across more than 20 cities and prefectures.

Some Asian countries charge tourist levies on aviation. In the Philippines, economy-class travellers pay USD26, while business-class travellers pay USD43 in a tourist-specific levy, whose funds are later reinvested back into tourism. Notably, a significant group of major destinations, including Singapore, South Korea and Vietnam, levy no dedicated tourism tax, relying instead on GST or VAT. In several cases, they also actively offer tourists VAT refunds to compete on price.

Latin America – High Disparity between Countries

In Latin America, the patterns diverge from those observed elsewhere. According to our research, 16 of the 18 largest countries charge visitors some form of tourism tax. The most common instrument is a departure or airport tax incorporated into airline tickets. For example, Nicaragua collects USD42 on exit, Guatemala USD30 and Venezuela approximately USD72.

Three sub-regional models of tourism taxation coexist across the region. First, Central America and Mexico tend to combine tourism-related charges and lodging taxes, reaching 22% in Guatemala, 20% in Mexico, 19% in Honduras and 18% in El Salvador. These are layered on top of federal or state-level fixed charges such as Mexico's Derecho de No Residente (roughly USD53) and Quintana Roo's Visitax (approximately USD16) (Cuidadores de Destinos, personal communications, 2026).

Second, several South American countries use tax exemptions to encourage international tourism. Seven of the ten countries examined, namely Chile, Uruguay, Argentina, Colombia, Peru, Bolivia and Ecuador, exempt or refund lodging VAT for foreign tourists. Uruguay offers a comprehensive package including zero VAT on hotels, gastronomy refunds, and tax-free shopping (Cuidadores de Destinos, personal communications, 2026).

Third, some destinations rely mainly on access and entry fees rather than taxing bed nights. For example, the Galápagos Islands' entry fee doubled to USD200 in 2024 after remaining unchanged for 26 years, while Machu Picchu's foreign-visitor surcharge rose again in May 2026, with the increment earmarked for heritage conservation (Cuidadores de Destinos, personal communications, 2026).

The region is also seeing an emerging wave of new tourism taxation initiatives. Examples include Montevideo's USD1-per-night tasa introduced in October 2025; Brazil's framework enabling coastal cities to levy accommodation taxes from January 2026; Mexico's phased cruise fee rising from USD5 to USD21 between 2025 and 2028; and Argentina's ecotasas in Bariloche and Puerto Iguazú. However, a ruling in Argentina's Supreme Court found aspects of the scheme unconstitutional, simultaneously exposing the legal fragility of such subnational instruments (Cuidadores de Destinos, personal communications, 2026).

Strong Case for Tourism Taxes – with Limitations

Our mapping of tourism taxation provides a strong case for expanding and strengthening tourism taxes in both developed and emerging economies. Tourism remains one of the fastest-growing sectors in the global economy. Further, there is a sizable, untapped potential in improving the design features of tourism taxes – including optimising rate structures, greater use of percentage-based charges rather than fixed rates and simpler frameworks with fewer design parameters. These issues are explored further in the next chapter.

Two patterns emerge from our mapping that bear directly on the report's recommendations. First, the most common instruments in emerging markets are percentage levies on turnover and entry or departure fees, rather than the differentiated per-night accommodation taxes that dominate in Europe. This difference reflects

administrative capacity as much as policy preference, since turnover levies and border-collected fees are generally simpler to enforce than systems that rely on hotel registrations that may be incomplete in less developed markets.

Second, the greatest untapped potential lies in the destinations with strong and growing visitor arrivals but no dedicated tourism tax instruments. Africa (excluding Egypt and Libya) welcomed 75 million international arrivals in 2024, 8% above pre-pandemic levels, yet earned only USD 42 billion in tourism receipts. Countries such as Vietnam, which recorded 17.5 million arrivals in 2024, operate large visitor economies without any tourism-specific levy (World Tourism Organization, 2025). These examples suggest immense untapped potential for tourism taxation.

However, these findings should be interpreted with caution. Of the 49 Asian jurisdictions we examined, 11 yielded no verifiable information on tourism taxation. In some cases, this is because tourism activity is limited; in others, no reliable English-language fiscal documentation could be found.

In Africa, seven countries fell into the same category, and several otherwise confirmed entries rely on single sources such as travel blogs or forum posts rather than official records. In addition, ongoing geopolitical conflicts in some cases constrain available information or tourism in general.

The deeper problem is not that rates are hard to find, but that revenue is rarely published. Many Global South destinations either do not collect reliable accommodation statistics or do not report the tax revenue those statistics underpin. Structural features of these economies compound this. High informality and weak tax compliance mean tourism receipts often fail to translate into government revenue.

For example, studies of South Africa and Morocco find that tourism sector earnings are statistically insignificant in explaining overall tax revenues, with the size of the informal economy proving far more decisive (Huseynli, 2026). Similarly, some taxes exist in legislation but go unenforced. Yemen's nominal Tourist Tax, for instance, exists in IATA ticket codes but has no practical relevance amid the country's ongoing armed conflict.

The Scale of Opportunity in Global South

Despite barriers, tourism taxes hold a large, untapped potential in the Global South. To indicate the scale of that opportunity, we model three representative Global South destination archetypes under a deliberately modest accommodation tax. The projections below are illustrative, underpinned by stated assumptions about arrivals, average length of stay, a conservative per-night rate and a collection-efficiency discount to reflect the enforcement realities described above. They are intended to convey order of magnitude, not precision.

Potential accommodation tax revenue scenarios

Destination Archetype	Arrivals	Avg. Nights	Tax / Night	Gross Revenue	Net Revenue 75% collection efficiency
Mid-sized African capital	600,000	4	**USD5.00**	**USD12.00m**	**USD9.00m**
Coastal resort zone	750,000	7	**USD5.00**	**USD26.25m**	**USD19.69m**
Heritage city	1,000,000	3	**USD5.00**	**USD15.00m**	**USD11.25m**

Note. Gross annual revenue = arrivals × average nights × tax per night. Illustrative modeling by the authors. Arrivals and length-of-stay assumptions are representative archetypes calibrated against 2024 regional arrivals data (UN Tourism, 2025). The mid-sized African capital is modeled on Accra, Ghana, and Kigali, Rwanda, assuming half of annual international arrivals stay in the city (Rwanda Development Board, 2024; Obeng, 2025); the coastal resort zone on Zanzibar, Tanzania (Owere, 2025); and the heritage city on Siem Reap, Cambodia (Manet, 2025). Per-night rates sit at the conservative end of the observed Global South range in our research, and the collection-efficiency discount reflects documented informality and compliance constraints (Huseynli, 2026).

Even on these cautious assumptions, a single mid-sized capital could raise over USD 9 million annually net, and a busy coastal resort zone more than USD 19 million. These sums, in the context of the constrained public budgets documented across the Global South, are far from marginal. What seems largely missing across much of the Global South are the collection systems to capture it.



ROLL OUT & COLLECTION

Chapter 3

The Mechanics of Implementation & Collection



ROLL OUT & COLLECTION

The Mechanics of Implementation & Collection

The distance between the on-paper taxation framework and the payment that leaves a visitor's wallet is where many policy aspirations are realised or lost. Between the two lies the machinery of collection – the operators who invoice the guest, the platforms that intermediate the booking, the tax authorities who most often receive the remittance, and the receiving governance structures that also decide what happens next. In this chapter we examine how tourism taxes are collected in practice, the governance arrangements that shape where the money goes, and the common failures and pitfalls, with particular attention to constraints in the Global South.

Two Collection Models

Focusing on accommodation as the most prevalent form of tourism taxation, taxes reach the public purse through two dominant channels. In the ***operator-collected*** model, accommodation providers act as tax agents. They add the levy to the guest bill, hold the proceeds and report and remit them to local or regional authorities on a monthly or quarterly cycle. This remains the default for most European cities (HOTREC & Syntesia, 2025).

In the ***platform-integrated*** model, online travel agents (OTAs) such as Book-ing.com or Airbnb collect the tax directly from the guest when the booking is paid, which may be at reservation or closer to the stay depending on the platform and property, and remit it to the tax authority before the payment reaches the host's account. An increasing number of European countries, including large tourism economies like France, Italy, the Netherlands, and Portugal, require platforms to collect on behalf of hosts, a rule adopted in response to persistent short-term-rental noncompliance (European Commission, 2017).

In the United States, Airbnb now collects and remits lodging taxes in every state except Hawaii. As an example, Delaware's 4.5% short-term rental tax, in force since January 2025, is built entirely around the platform collection principle (Hazinski, 2025). Altogether, given the market share of platforms with global players like Booking.com, Airbnb and Expedia, the platform-integrated model constitutes a significant portion of tourism tax collection across markets today.

The two models are not interchangeable; they are supplementary. Operator collection captures direct bookings and group travel and works where the accommodation sector is largely formal, licensed and audited. Platform collection captures most of the market through search and self-booking, to the extent that major online platforms cooperate with authorities.

The case of Copenhagen is instructive on this point. Before the Danish tax authority reached a data-sharing agreement with Airbnb in July 2019, an estimated 339 million DKK (approximately USD 52 million), potentially reaching 658 million DKK (approximately USD 102 million), of Copenhagen-area rental income across more than 22,000 hosts went unreported. Once the agreement took effect, host listing propensity fell by 14%, and listing prices rose by 11%, suggesting that enforced transparency both formalised the revenue and repriced the market (HOTREC & Syntesia, 2025).

Intermediaries & Tourism Tax Collection

Between the accommodation provider and the tax authority sits a growing layer of specialist intermediaries that collect, hold, remit and report tourism taxes on behalf of others. Within these, two forms dominate. The first is the dedicated compliance vendor, such as Trippz, a Dutch company that automates tourist tax determination, guest registration and government reporting across many countries. It collects the levy from the guest into a payment provider's escrow account and releases it to the municipality on a schedule determined by authorities (Trippz 2026; ETOA 2026).

Its US counterpart, Avalara, registers properties and calculates, files and remits lodging taxes for professional managers (Avalara, 2026). Such firms exist because the tourism tax landscape is highly fragmented and hard to navigate even for multinational OTAs and booking platforms. Manual, paper-based compliance and control by individual operators is insufficient and cannot scale (Team Invenna, 2023).

The second form is OTAs acting as collection agents. Airbnb reports collecting and remitting tourism taxes on behalf of hosts in more than 650 jurisdictions worldwide, amounting to approximately USD17.3 billion in 2014. Of this total, roughly USD13.5 billion was collected in the US, including around USD2.7 billion in 2025 alone (Airbnb, 2026).

The legal basis is twofold. Marketplace facilitator statutes in more than 30 US states now require short-term rental marketplaces to collect lodging tax elsewhere, platforms negotiate voluntary collection agreements (Sokolowsky, 2025). However, the coverage is uneven and firm-specific. The same property can have tax auto-collected on Airbnb but not on Booking.com, because agreements are struck jurisdiction-by-jurisdiction and platform-by-platform (Gribadan, 2026).

Such arrangements can concentrate a public revenue function with a few private actors on terms the public sector did not fully write. For instance, in North Carolina, Airbnb typically remits monthly occupancy tax revenues in aggregate, without per-property detail. This limits the government's ability to verify whether it collected the correct tax (McLaughlin, 2022). Nonetheless, intermediaries tend to significantly increase efficiency in the fragmented tourism-tax ecosystem.

Local vs National Frameworks

Beyond the collection channel, governance choices about who sets the rate, who collects, who allocates and who spends the revenue shape outcomes as much as the rate itself. In this context, three models characterise and determine the roles at the local and national levels:

- **Extended Local Mandates.** In many countries, local authorities set both the rate and the collection mechanism with little central oversight, resulting in significant variation across regions. Federal or decentralised systems like in Germany, Belgium and Spain often grant local governments substantial autonomy in designing tourism taxes (HOTREC & Syntesia, 2025). In practice, this means that, for instance, German cities diverge sharply in how tourism taxes are designed, with Frankfurt charging per person per night while Bremen or Bochum instead charging a percentage of the room rate (Göktaş & Çetin, 2023). Slovakia's accommodation tax is similarly locally administered, with each of its over 900 municipalities free to set its own per-night rate without any minimum or maximum imposed by national authorities (Maráková et al., 2025).
- **National Frameworks with Local Implementation.** In this middle-ground model, the national government does not levy the tax itself but establishes the legal boundaries within which municipalities can operate. France and Italy both operate this way. A national framework specifies which municipalities may levy a tourism tax, sets applicable exemptions, and caps rates and total revenue collected, while municipalities decide whether to impose it and how to collect it (HOTREC & Syntesia, 2025). Norway's 2025 Act on Visitor Fees similarly takes this hybrid form. A national law authorises municipalities experiencing a high degree of tourism pressure to introduce a 3% accommodation fee, with all revenue flowing to the municipality, but only after the Ministry of Trade, Industry and Fisheries approves the investment plan (OECD, 2026).
- **Standardised National Frameworks.** Under this approach, a single, uniform charge is applied nationwide, much like VAT, with no local rate-setting discretion. For example, Malta introduced the first scheme in June 2016, an Eco-Contribution on Accommodation of EUR 0.50 (USD0.58) per person per night, capped at EUR 5 (USD5.80) per stay (HOTREC & Syntesia, 2025). Such uniform schemes have drawn certain equity criticism, since they apply the same rate to both heavily touristic hubs and rural peripheral areas (HOTREC & Syntesia, 2025). Beyond accommodation charges, national taxes on cross-border travel also fall into this category. Prominent examples include Japan's International Tourist Tax, collected by airlines and cruise lines. The tax funds tourism infrastructure (National Tax Agency of Japan, 2018), and New Zealand's International Visitor Conservation and Tourism Levy (for nature preservation) is collected at entry to the country (OECD, 2026).

Local vs National Frameworks

Another important distinction in the mechanics of tourism taxes concerns how the tax revenue is allocated. There are two main approaches to how the tax revenue can be used:

- **Earmarked revenue** ties tourism tax revenues to a defined set of tourism-related uses, often through a dedicated fund or governing body. For example, the Balearic Islands' Sustainable Tourism Tax channels its revenue into a fund overseen by the multi-actor Sustainable Tourism Promotion Commission, which then approves specific projects, typically centred on environmental projects, water management and

heritage preservation (Fuster-Uguet et al., 2026). Similarly, New Zealand earmarks proceed from its International Visitor Conservation and Tourism Levy to fund conservation and visitor infrastructure (OECD, 2026).

- **Overall, the case for earmarking rests heavily on legitimacy.** Tourists and residents tend to be significantly more supportive of a tax when they can see it funding conservation, infrastructure or heritage projects that directly benefit the destination.

- Academic studies of resident attitudes in Crete and Hawaii show that scepticism toward tourist taxes often traces back to how funds are collected and allocated (Rosselló-Nadal & Sard, 2026). At the same time, academic studies from Turkey show that visitors' willingness to pay is higher when they perceive a meaningful purpose behind the tax (Cetin et al., 2017).

Discretionary allocation is an alternative approach, which directs tourism tax revenue into the general municipal or national budget, with no legal requirement to spend it on (tourism-)specific purposes. Amsterdam exemplifies this model. There, the tourist tax revenues are not earmarked for tourism promotion but are absorbed into general municipal budgets. A similar approach is common in Germany, where Kurtaxe revenues typically support general city services like public cleaning and transport that only indirectly serve tourists (HOTREC & Syntesia, 2025).

Similarly, in many US municipalities, authorities may use and distribute tourism tax revenues at their discretion among general, special, or debt service funds.(Hazinski, 2025). Sometimes, revenue can also be partly or fully diverted from the locality where it was collected and allocated at a national level (HOTREC & Syntesia, 2025).

Importantly, a crucial trade-off of legitimacy and consumer buy-in versus fiscal flexibility arises between the two approaches.

Earmarking secures political and sectoral acceptance of a new tax, particularly when framed as a ring-fenced fund with industry involvement in how it is spent, but it also constrains a government's ability to redirect the money to other pressing needs (OECD, 2026; European Commission, 2017).

Discretionary allocation, by contrast, preserves that flexibility but risks the measure's legitimacy. When tourists and residents can no longer trace where the taxes go, support tends to erode, since transparency (which earmarking typically links to) helps people view tourism funding positively rather than as an extractive charge (Fei, 2025). Research also indicates that tourists are more likely to accept and support tourism taxes earmarked for local infrastructure, heritage preservation, or environmental purposes (Rosselló-Nadal & Sard, 2026). Visitors' willingness to pay rises when revenue is visibly tied to an explicit, meaningful purpose (Cetin et al., 2017) and falls sharply when it disappears into the general budget.

This matters because poorly communicated or non-transparent taxes can deter tourists from revisiting a destination and increase resistance to tourism taxes when revenue impacts nonlocals unfairly (Rosselló-Nadal & Sard, 2026; Gössling et al., 2018). It is crucial to ensure that the taxes are not perceived solely as 'yet another fiscal burden' on the industry, but rather a socially accepted leverage of the destination's resilience and stewardship. Equally important is a transparent, well-communicated demonstration of how the collected funds help achieve these goals.

Trade-off between two tourism-tax revenue allocation models

	Earmarking	Discretionary Allocation
Pros	• Higher legitimacy and buy-in • Transparent and traceable • Better received, especially when tied to heritage or environment	• Full fiscal flexibility • Revenue redirectable to other needs
Cons	• Constrains ability to redirect funds	• Legitimacy erodes when funds are untraceable • Seen as unfair when it targets non-locals • Can deter revisting
Core trade-off	Maximises legitimacy and buy-in	Maximises fiscal flexibility

Community Consultation & Legitimacy

Beyond earmarking, community consultation is the other mechanism that can help secure legitimacy and support for tourism taxes. The Balearic Islands are a prime example. Their original 1999 Eco-Tax was heavily criticised for failing to involve industry stakeholders in sufficient consultation before its introduction, leaving them with insufficient notice even to inform existing customers. This fuelled hostile industry messaging and contributed to the tax's repeal (European Commission, 2017).

By contrast, its 2016 successor, the Sustainable Tourism Tax, was introduced only after a period of extensive public consultation. In turn, this measurably increased buy-in from tourism-sector stakeholders and was paired with a multi-stakeholder governing commission and a public-facing website in four languages disclosing exactly how much revenue was raised and which projects it funded (European Commission, 2017).

The broader evidence points the same way. Early notification and genuine stakeholder engagement improve both industry buy-in and design quality (European Commission, 2017), while public participation reduces the risk of non-acceptance by aligning implementation with affected communities' priorities before the tax lands (Cárdenas-García et al., 2022).

That said, initial consultation does not guarantee durable legitimacy on its own. A recent governance study of the Balearic Sustainable Tourism Tax found that despite its participatory design, growing public demand for tourism degrowth and distributive justice seem to have been somewhat marginalised in practice. Arguably, sustainability rhetoric has been used to legitimise continued tourism growth rather than to redirect it (Fuster-Uguet et al., 2026). This underscores that sustaining legitimacy over time requires ongoing community consultation, inclusive governance, and frequent impact assessment. (Fuster-Uguet, et al., 2026).

Academic literature further emphasises creating advisory boards and local funds, administered by multiple actors including industry members, NGOs, local authorities, and local communities, as best practice (Cetin et al., 2017). In this context, the city of Edinburgh is an inspiring case, where community voice has played a role before, during, and after tourism tax introduction. It continues to shape the way tax revenue is spent *(to read more about this case, go to Chapter 7)*.

The Informal Economy Challenge

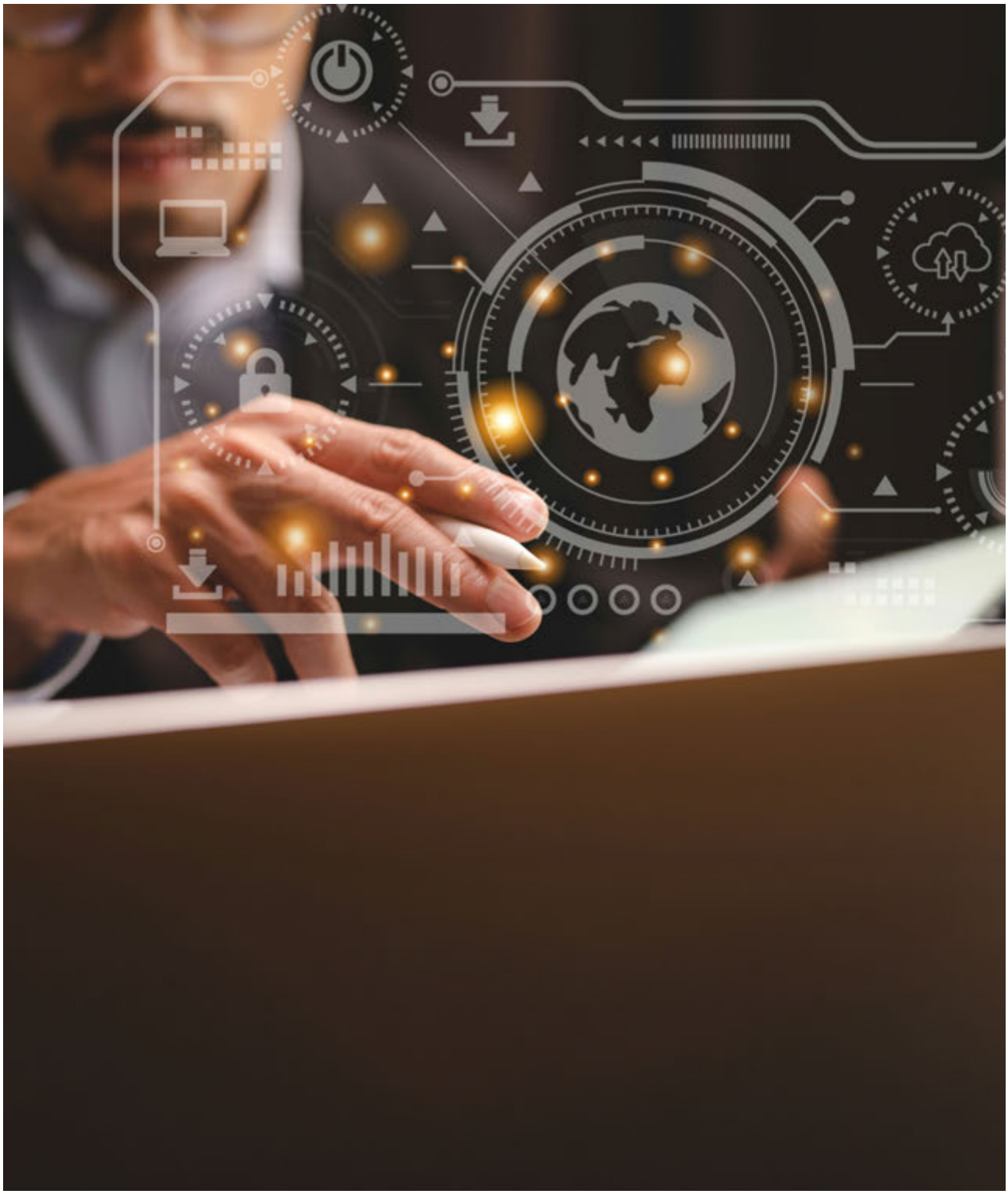
The informal economy is a key challenge for implementation and collection, particularly in developing countries. Research across countries finds that high levels of informality and tax evasion significantly weaken public revenue systems (Huseynli, 2026). For instance, in Morocco (Africa's largest tourism destination) and South Africa (Africa's fourth largest tourism destination), tourism revenues do not translate into measurable tax collections because informality, seasonality, and investment incentives keep large parts of the sector outside the fiscal net (Huseynli, 2026). A study from Indonesia similarly reports a large informal sector undermining effective value capture from hotels (Mahadevan et al., 2017).

In these cases, the most concrete and documented approach to strengthen collection is through global booking platforms. Governments can play an important role in setting up the regulatory and administrative frameworks defining how platforms must collect, report and remit. Especially in the case of short-term rentals (STRs), the booking platforms, not the many individual hosts, provide the most effective point for tax collection (European Commission, 2017).

Digital Tools as a Way Forward

A promising instrument for improving tourism tax collection, even in lower-resource settings, are digital tools and process. For example, Montenegro's Tourist Information System adopted in July 2025 is designed to enable automatic monitoring, better records, and effective identification of informal tourism activities, while also reducing the administrative burden on both authorities and businesses (OECD, 2026). Mexico's DataTur portal similarly combines free, transparent public reporting, covering estimated lodging tax income alongside broader tourism statistics, with dedicated diagnostics and toolkits to help smaller tourism businesses adopt digital tools. It directly targets the capacity gap that keeps informal operators outside the tax net (OECD, 2026).

In 2026, Chile adopted the MapaTurismo platform, a self-developed, low-load cloud system that automatically extracts information from websites where formal application programming interfaces (APIs) don't exist. The platform demonstrates that real-time reporting dashboards do not necessarily require large public investment to implement (OECD, 2026). More broadly, leveraging similar digital tools across destinations has strong potential to move towards more effective and efficient tourism taxation, even where resources are scarce.



POLICY ADVICE

Chapter 4

Designing for Success



POLICY ADVICE

Designing for Success

As we have seen, the tourism taxation landscape is fragmented, differentiated and complex. As a result, how can tourism taxes be designed to serve their purpose effectively and benefit the destination? Across the tax systems we have studied worldwide, we identified six design choices that distinguish dynamic tourism tax systems from those that are less functional and impactful. We present these as good-practice principles rather than universal prescriptions. The appropriate rate, governance form and administrative model will vary by destination scale, tourism intensity and institutional capacity. But the underlying design logic, which we discuss in this chapter, we argue, is universal across countries and destinations.

1. Purpose First

First and foremost, define the purpose of the tax. Clarify what it is intended to achieve, whether to cap visitor numbers, fund infrastructure, shape tourism for the future, or generate a case for investment in environmental, social or community projects.

Communicate the tax's purpose to residents and visitors in accessible language. Be specific about how the revenue will be used. Willingness to pay tends to rise when revenues are visibly linked to a defined purpose and decline sharply when they disappear into the general budget.

Studies across Turkey, Italy and Spain converge on the same finding: acceptance is high for taxes earmarked for specific causes, like environmental protection, heritage preservation or destination public services (Cárdenas-García et al., 2022; Cetin et al., 2017; Durán-Román et al., 2021; Göktaş & Çetin, 2023).

Counter-cases confirm the principle. Sweden's air passenger duty was widely criticised because revenues went to the general government fiscus, with no clear link between the tax base and its intended purpose (Sonnenschein & Smedby, 2019). Generic revenue-raising does not build the political coalition a tourism tax needs to survive in the long term. Acceptance follows fairness, which is anchored in mission-based revenue use (Rosselló-Nadal & Sard, 2026).

2. Earmark & Ring-fence

A stated purpose is only credible if the tourism tax revenue is used for that purpose. Ring-fencing through legal earmarking, fixed allocation formulas and independent oversight can ensure that intentions are realised in practice. If purpose is the underlying design principle, then ring-fencing can be the mechanism that carries it into practice. Without it, tourism tax systems often fail to deliver on their stated objectives. In Iceland, for example, the accommodation tax originally financed the Tourist Site Protection Fund, but the 2015 Public Financial Management Act prohibited earmarking the revenues. Therefore, revenues now flow to the general state budget, with tourism allocations reset annually through political negotiation (HOTREC & Syntesia, 2025). Other models, by contrast, establish legal earmarking with fixed allocation formulas and independent oversight.

New Zealand's International Visitor Conservation and Tourism Levy operates under a formal Investment Plan with fixed annual allocations to conservation and tourism (OECD, 2026). Stakeholder buy-in improves substantially when revenue is credibly earmarked to the tourism sector and administered transparently (HOTREC & Syntesia, 2025).

Yet, one caveat remains. In the eyes of national decision makers, ring-fencing can constrain the government's political and fiscal flexibility to redirect funds elsewhere. Funds earmarked for a specific purpose by democratic decision can't easily be diverted to unrelated uses (OECD, 2026).

3. Keep It Simple

Even though tourism taxes are notoriously complex, administrative complexity can, in worst cases, lead to their failure. Excessive differentiation can easily multiply effective rates without proportional benefit, while increasing the administrative burden. As shown, Verona now applies 2.148 effective tax rates across the city, compared with Berlin, which applies only one.

Three actions reduce the risks:

1. Policymakers should resist the urge to differentiate the rate beyond what the specific policy purpose requires.
2. Opting for platform-based collection, especially wherever the accommodation sector is fragmented.
3. Leveraging custom-built digital tools along the way.

Overall, it is recommended to start with one simple, well-designed framework with a few universal rates, with differentiation added later if political demand requires.

4. Rate It Right

The right rate depends on the purpose of the tax. For revenue and legitimacy, keep it low, normally 3 - 5%, to stay functionally invisible to price-inelastic tourism demand. To protect revenues against inflation and keep taxation progressive (relative to accommodation prices), set the rate as a percentage rather than a fixed amount. For demand management, rates need to be set according to demand.

Where policymakers intend the tax to curb congestion or overtourism, current rates are often set far too low to have any measurable dampening effect (Calveras & Sákovics, 2025). As for local sentiment, studies suggest that perceptions of a fair taxation rate rise with the severity of congestion at the destination (Chang et al., 2011).

On the demand side, studies suggest that tourism taxes generally have little effect on travel decisions. However, there are exceptions. For example, two identical coastal beach destinations that compete for the same visitors are likely to be more sensitive to price increases than a unique cultural city or a major business destination. (European Commission, 2017; Heffer-Flaata et al., 2021). Rates should therefore reflect both the policy goal and the destination's competitive position.

5. Keep It Local

A clear recommendation is to involve communities in both decision making and spending. Experience shows that tourism taxes are more likely to succeed when local people are consulted and revenue is used locally. Consultation is not enough if the money is not retained locally, while spending alone may not address local needs. Both are important.

Tourism tax revenues should primarily benefit the destination where they are collected, as well as the wider communities that support tourism. Some revenue may also be transparently allocated to underserved areas. When local stakeholders and residents can see where the money is being invested locally and in the broader ecosystem, political ownership follows, and tourism support tends to increase.

Barcelona, which dedicates up to 66% of city tourism-tax revenue to community projects and financed 78 projects in 2025 alone, is a good example (Group NAO, 2024; Barcelona City Council, 2026). Norway's 2025 Act on Visitor Fees institutionalises the same logic upstream, where all revenue flows to the municipality that levies the tax (OECD, 2026). On the governance side, community consultation is what often distinguishes legitimate tourism tax systems from those that are later discontinued.

While the Balearic Islands' 1999 Eco-Tax was repealed after inadequate consultation, the 2016 Sustainable Tourism Tax has endured through continuous, genuine engagement with local communities and shows that durable acceptance comes not only from economic design but from democratic process (HOTREC & Syntesia, 2025).

6. Measure & Publish

Publishing clear, user-friendly dashboards listing projects, funding amounts, and outcomes in plain language can turn an abstract idea of a tourism tax into a visible contribution to the community. This can also help shift the resident narrative from 'tourism is a burden to us' to 'tourism has a real and monetary upside'.

Most sources agree that transparency is non-negotiable. Tourism tax revenues should be tracked and published publicly so residents and other stakeholders can see how the money is being used. As one source notes, tourism funding only builds trust when people can see what it's doing (Fei, 2025). This finding applies across the tourism tax literature and different types of taxes (OECD, 2026; Surgawati et al., 2025).

Another strong example of transparency driving public trust is the successful Balearic Sustainable Tourism Tax, which paired its 2016 relaunch with a dedicated public website disclosing exactly how much revenue it raised, and which projects the money funded. The website lists all committee representatives and publishes the information in four languages, ensuring both residents and the two main tourist groups can access it (HOTREC & Syntesia, 2025). However, in most places, the trail of tourism-tax revenue runs cold, and reports remain buried in government archives, if they exist at all (Fei, 2025).

Part Two

Creating Value With Tourism Taxes

CASES FOR PEOPLE AND COMMUNITY

Chapter 5

People Focus



CASES FOR PEOPLE AND COMMUNITY

People Focus

Local communities often bear many of the costs of tourism. These can include congestion, price pressure on housing and everyday goods, strain on public infrastructure and services and displacement in neighbourhoods with high visitor demand. All these factors can negatively impact residents, because much tourism takes place in public spaces and in the communities where people live.

While residents experience these impacts, much of the economic benefit may flow to tour operators, real estate owners, digital platforms and governments, with no guarantee that it will be reinvested in the communities most affected by tourism. Yet well-designed tourism taxes can return a small share of tourism-generated value added to the communities that bear most of the corresponding costs.

This chapter examines how tourism tax revenue can benefit the people who live in tourism destinations. Specifically, the case studies show how to balance and improve the lives of locals, focusing on housing affordability, community infrastructure and social services, local employment, training, and workforce inclusion.

Tourism Tax for Affordable Housing: Balearic Islands

The Balearic Islands have faced a strained housing market for a long time, consistently ranking at the bottom of Spain's housing affordability index. Now, proceeds from the local Sustainable Tourism Tax are working towards better housing affordability, funding 18 housing projects totalling over EUR 83 million (USD 96.3 million) since 2018

The Balearics have struggled with tourism-induced price pressure on housing for years. The islands rank at the bottom of Spain's housing affordability index, and local rents have been increasing by a staggering 22% on average per year (Agència d'Estratègia Turística de les Illes Balears [AETIB], 2025). At the same time, 28% of residents have been looking for a home, and only 10% have achieved their housing goals as of early 2026 (Carter, 2026).

However, revenues from the Sustainable Tourism Tax are now being directed to help mediate the problem. Introduced in 2016, the tax has seven areas of focus: training, destination improvement, environment, social welfare, research, cultural heritage, and responsible tourism. It primarily aims to achieve environmental development and protection, promote sustainable tourism, recover historical heritage, support scientific research, promote training and employment and acquire and rehabilitate housing for social renting. The projects it funds are published on its Illes Sostenibles portal, available in Spanish, Catalan, English, and German (AETIB, 2026b).

Of the EUR 845 million (USD981 million) in total tourism tax revenue invested, EUR 83 million (USD96.3 million) went to affordable housing, the third-largest investment category (AETIB, 2026a). The funds have supported the development of more than 400 public housing units across the islands, built to strict environmental and energy-efficiency standards. In addition, they often offer subsidised rentals to ensure access for the most vulnerable populations (AETIB, 2026a).

In 2025, the proceeds also helped demolish obsolete tourism establishments across the islands, freeing up space for additional public housing construction (Newsroom Spain, 2025). Finally, tourism tax revenues also fund an ongoing public guarantee programme that reduces the down payment barriers to securing a mortgage. The public guarantee covers 15-20% of the housing purchase value (AETIB, 2025), helping locals gain a foothold in the housing market.

Tourism Tax for Social Infrastructure: Barcelona, Spain



Barcelona is one of Europe's most visited cities, welcoming over 26 million tourists in 2025. However, high visitor numbers place considerable pressure on the city, including a housing crisis and deteriorating social infrastructure. Proceeds from the city's tourism tax help offset tourism's footprint, most recently through the School Climate Plan to upgrade and renew Barcelona's public schools.

The negative impacts of mass tourism are evident in Barcelona. With 1.6 million residents and more than 26 million annual visitors, the city faces a 16:1

tourist-to-resident ratio, contributing to challenges ranging from rising prices and a housing crisis to strained public and social services and infrastructure (Madden, 2026).

In 2024, the situation resulted in widespread anti-tourist protests (Ott, 2025). To manage these pressures, Barcelona levies an accommodation tax of EUR 6 - EUR 12 (USD7 - 14) per night based on accommodation type, alongside a recently increased cruise passenger charge of EUR 30 (USD35) per passenger (Abend, 2026).

Tourism tax revenues also fund public services and social infrastructure. Since 2024, proceeds have financed the School Climate Plan, which upgrades critical social infrastructure and ensures comfortable educational facilities amid climate challenges. The programme covers 170 public educational facilities over six years, installing heating, air conditioning, and air renewal systems, as well as solar panels that will produce part of the energy needed to run this equipment (Barcelona City Council, 2024). The total cost of EUR 100 million (USD 116 million) is entirely financed by tourist tax revenue (Barcelona City Council, 2024).

More than 55,000 students are expected to benefit from the project initiative (Barcelona City Council, 2024). At the same time, the plan lowers energy costs by EUR 1.1 million (USD 1.29 million), promotes decarbonisation and delivers a considerable emissions reduction in the broader fight against climate change (Barcelona City Council, 2024).

Tourism Tax for Workforce Formalisation: Jamaica

Limited access to quality employment, high employee turnover, and informal employment remain challenges across many sectors and destinations. Since 2005, Jamaica's Tourism Enhancement Fund has sought to address some of these issues through programmes financed by tourism tax revenue, including formalisa-tion and certification training, internship programmes, an innovation incubator, and connecting the tourism industry with local businesses.

In 2005, Jamaica established the Tourism Enhancement Fund (TEF) to promote sustainable growth and development in the tourism sector and ensure prosperity for the whole country (Ministry of Tourism, n.d.). Entirely financed by tourism taxes, specifically the USD20 air passenger tax and the USD2 cruise passenger fee per person, the fund collected over USD 60 million in 2024/2025 (Tourism En-hancement Fund, 2025).

One key focus has been human capital development and innovation. In 2018, to translate tourism inflows into stable employment opportunities, the fund created the Jamaica Centre for Tourism Innovation. This department supports improvements in the visitor experience and the labour market by facilitating professional development programmes for tourism workers, running an internship programme for youth, and connecting young workers to the industry (Tourism Enhancement Fund, 2025).

The programme has trained and certified more than 20,000 individuals and, through the TEF Summer Internship Programme, placed 1,000 students in tourism internships each year (Office of the Prime Minister Communications, 2025). All these initiatives must be seen in the context of Jamaica's high youth unemployment rate, which stood at 14.5% as of 2024 (World Bank, 2024).

Moreover, TEF established the Tourism Entertainment Academy to drive sustainable careers for young entertainers in music and comedy, and the Innovation Incubator, which develops innovative ideas in tourism products and technology for commercialisation and provides training and mentoring to young entrepreneurs (TEF, 2026; Office of the Prime Minister Communications, 2025).

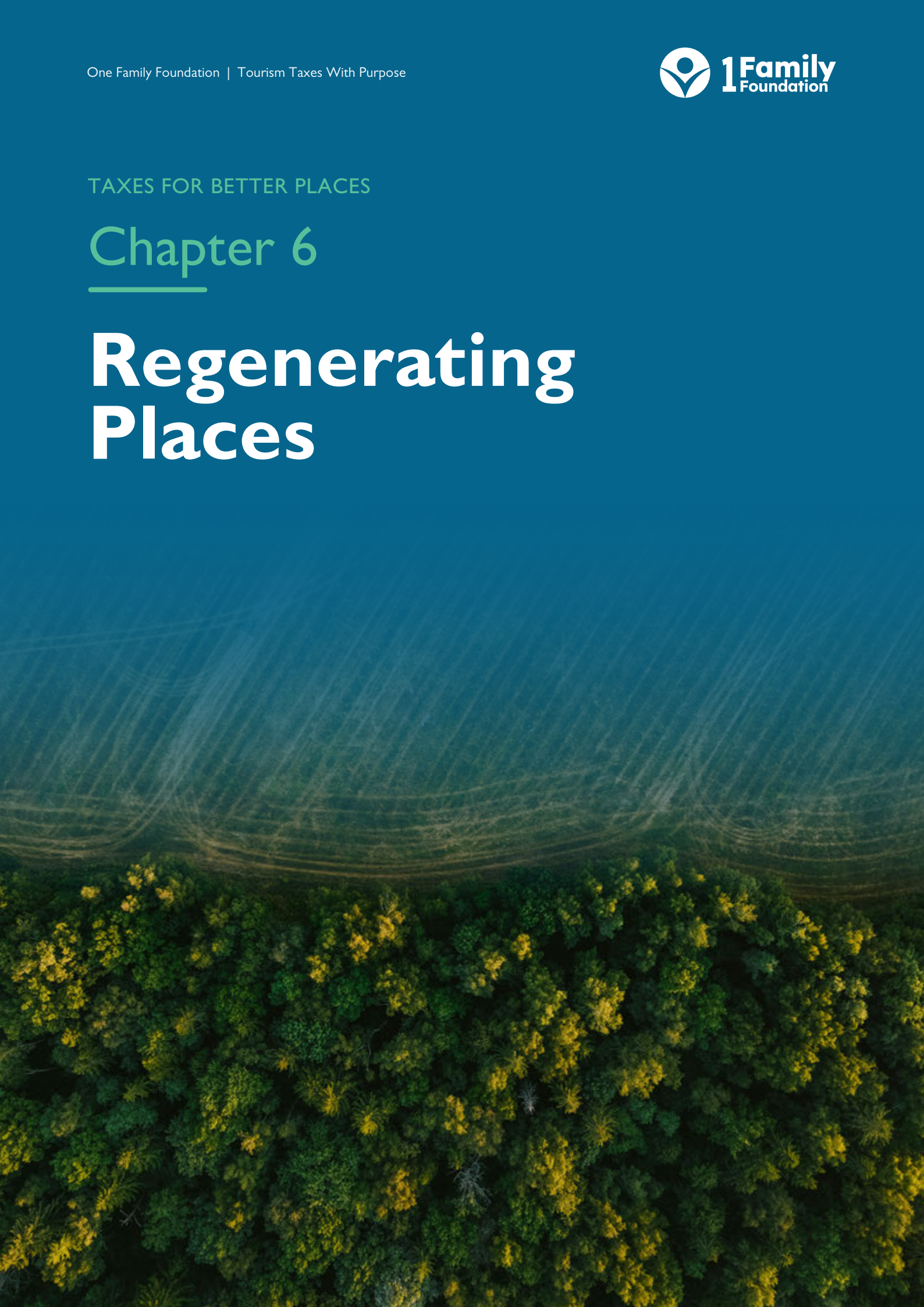
In addition, TEF runs the Agri-Linkages Exchange that connects local farmers to tourism buyers. According to TEF, this has helped Jamaica's agricultural sector increase employment and produce additional output valued at over USD 400 million in 2024 alone (TEF, 2025). The TEF programmes demonstrate how tourism tax revenue can enhance not only the visitor experience through development of the tourism sector and its workforce, but also the labour market and human resources in local communities.



TAXES FOR BETTER PLACES

Chapter 6

Regenerating Places



TAXES FOR BETTER PLACES

Regenerating Places



Tourism taxes can be a powerful tool for renewing and safeguarding the place on which tourism depends. Destinations are not inexhaustible assets: coral reefs can bleach, savannas can be degraded, ancient city walls can crumble. A destination's economic proposition is inseparable from the condition of its environmental and cultural fabric. When properly designed and managed, tourism taxes can help protect these assets and support their regeneration.

In this chapter, we treat regeneration more broadly than maintenance alone. It encompasses biodiversity conservation, cultural heritage preservation, sustainable tourism infrastructure, and, ultimately, the long-term stewardship of destinations. The following three cases illustrate what is possible when tourism revenue is ring-fenced and used successfully for these purposes.

Tourism Taxes for Biodiversity Conservation: Belize

The Belize Barrier Reef, the largest in the Western Hemisphere and a World Heritage Site, accounts for about 30% of Belize's GDP, largely through tourism. Since 1996, the country has protected the reef through the Protected Areas Conservation Trust (PACT), financed by a tourist charge levied on international visitors. Today, Belize's marine protection system is among the best in the world, with more than 103 designated reserves spanning 250,000 hectares, supported in part by tourism tax revenues.

Tourism's direct contribution accounts for 15% of Belize's GDP, with a broader contribution constituting over 41% of GDP (BCCI, 2019). The single largest attraction for visitors is the Belize Barrier Reef, the largest reef in the Western Hemisphere, a World Heritage Site, and a place with one of the highest levels of marine biodiversity in the Atlantic Ocean. The reef itself accounts for 30% of GDP through tourism and fisheries (Casey & Schuhmann, 2019).

In 1996, Belize established the Protected Areas Conservation Trust (PACT) to protect this marine environment, which is crucial for both tourism and the broader economic well-being of this Caribbean country. Tourism taxes, specifically a passenger fee charged on all international visitors upon departure, have financed the initiative. The original USD3.75 fee was raised to USD20 in 2017 (Casey & Schuhmann, 2019). This decision generated controversy, with critics fearing the increase would cripple tourism in Belize. Yet the opposite proved to be true. Empirical research found that most visitors were willing to pay higher fees provided the proceeds were earmarked for conservation. The average amount visitors said they would pay was well above the USD20 fee, and tourist arrivals increased after the fee increase (Casey & Schuhmann, 2019).

With the tourist tax revenues, PACT has been financing the national protected areas system. Today, that system is widely regarded as one of the best worldwide, with 103 designated reserves, 18 protected areas, and more than 250,000 hectares in total (Casey & Schuhmann, 2019; Anderson, 2024). Over the years, PACT directed over USD32 million for biodiversity conservation in Belize, under a management structure that brings together a variety of stakeholders, spanning the tourism industry, government, and academia (PACT, 2020)

In 2026, PACT and the Belize Tourism Board launched an initiative for 'tourism enhancement' in protected areas, aiming to promote sustainable tourism while improving protected area management (Belize Tourism Board, 2026). Thus, the proceeds of the tourism tax are not only used for biodiversity protection but also to sustainably support the very source of the revenues – tourism itself. Belize shows not only how tourism taxes can protect the environment on which tourism depends, but also that tourists are willing to pay when the tax's purpose is clearly communicated. Most importantly, it shows that tourism and nature conservation can coexist in a mutually enhancing and sustainable way.

Tourism Tax for Cultural Restoration: Kyoto, Japan

Kyoto, with more than eight million tourists annually, was the third city in Japan to introduce an accommodation tax. Its main goal has been to preserve its rich cultural heritage increasingly threatened by both natural deterioration and

the impacts of crowds of tourists. In the seven years since the tax was introduced, revenue has funded efforts to restore some of the 40,000 traditional wooden houses and small temples and now supports the protection of the city's numerous UNESCO World Heritage sites.

In 2018, Kyoto followed Tokyo and Osaka to introduce an accommodation tax. Its original three-tier structure was modified in 2025, resulting in a five-tier progressive structure effective in March 2026, with fees reaching ¥10,000 (approximately USD61) per person per night for rooms priced at ¥100,000 or above, the highest rate in Japan. In line with that, the annual lodging tax revenue is forecasted to reach USD88 million in 2026 (Kyoto City 2026; Pilastri, 2026).

Since its introduction, the tax's primary goal has been to preserve Kyoto's cultural heritage and integrity. Thus, the tax has helped restore the city's smaller temples and some of the 40,000 traditional wooden Machiya houses, of which 700 to 800 were lost every year as recently as 2018 (Saunders-Wyndham, 2026). In addition, several measures were taken to improve visitor experiences, such as a street signage system in the historical Gion district, which helps direct tourists to less congested routes to moderate overwhelming crowds (Saunders-Wyndham, 2026).

With the accommodation tax hike, the city now aims to restore and protect the 17 UNESCO World Heritage sites it houses, earmarking most of the tax revenues, in addition to smaller goals like improved infrastructure for both residents and tourists (Lim, 2026). While the success of these efforts is yet to be seen, Kyoto already shows that tourism tax can be a key instrument for protecting precious cultural heritage amid both the toll of time and severe tourism pressure.

Tourism Tax for More Sustainable Tourism: Maasai Mara, Kenya

Kenya's Maasai Mara National Reserve is internationally renowned for its excep-tional wildlife and for hosting part of the annual Great Migration, one of the world's largest wildlife migrations, during which vast herds of wildebeest, zebra, and other animals move through the wider Mara-Serengeti ecosystem. Together with Tanzania's Serengeti, the reserve provides critical habitat for a wide range of species, including many of Africa's most iconic large mammals. Tourism rev-enues, including visitor fees, play an important role in supporting wildlife con-servation and habitat protection, while also generating income for local landown-ers and Maasai communities through community-based conservation partner-ships.

Between the 1960s and the 1990s, resident wildlife in Maasai Mara declined by roughly 60% due to expanding commercial farming, drought, poaching, livestock competition, and other pressures (Ogutu, 2000; Sopia & Nelson, 2018). In response, the Maasai Mara Wildlife Conservancies Association was established. The initiative created partnerships between hundreds of individual Maasai landowners and tourism operators, creating a network of community conservancies and protected areas. Landowners receive lease payments funded primarily by tourism revenue, while the conservancies support wildlife protection and regulated land use (Sopia & Nelson, 2018; Maasai Mara Wildlife Conservancies Association [MMWCA], n.d.).

Consistent with many protected areas in Africa, the Maasai Mara has a tiered fee structure that differentiates between Kenyan citizens, East African residents, and international visitors, reflecting both conservation funding objectives and domestic access considerations.

Through the association, individual landholdings are pooled and leased to tourism operators. Visitors staying in conservancies surrounding the Maasai Mara National Reserve pay conservation or access fees that vary by location and season, ranging from approximately USD100 to USD285 per person per day. These fees generate revenue for wildlife conservation while providing income for participating Maasai landowners.

Proceeds from these charges fund reserve management and directly compensate individual local Maasai landowners, who received, on average, USD235 per month by 2018, making up over USD4 million of annual landowner income (Sopia & Nelson, 2018).

The arrangement creates a unique shared value model – a beneficial circle of tourism, wildlife sustainability and local well-being. Tourist access fees finance not only wildlife protection. They also provide a stable income for local Maasai communities, giving them an incentive not to pursue commercial farming or sell their land. In addition to monthly lease fees, Maasai communities receive a daily fee for each tourist that visits the conservancies. These proceeds are then typically used for investment in education or other community development objectives (Masai Mara, n.d. -b)

Overall, the Maasai Mara National Reserve offers a unique example of monetising access to nature and tourist fees to support interconnected conservation, community and economic goals. Hosting more than 1.5 million animals during the migration season (Masai Mara, n.d. -a), local wildlife benefits from reduced commercialisation and savanna restoration, as well as improved reserve management. Tourism operators enjoy well-managed access to pristine nature, and local communities benefit from higher well-being through stable income and social development projects.

Tourism Tax for Disaster Relief and Coastal Resilience: Florida, USA

Florida's Tourist Development Tax is the most developed instrument in the United States for turning visitor levies into disaster recovery. When hurricanes strike the state's tourism-dependent coasts, counties draw on the tax to rebuild beaches, piers and shoreline infrastructure.

Florida's 67 counties may levy a Tourist Development Tax (TDT) on short-term accommodation under the 1977 Local Option Tourist Development Act, codified at Chapter 125.0104 of the Florida Statutes (Local Option Tourist Development Act, 2026). The statute sets out a narrow set of permitted uses, including beach improvement, maintenance, renourishment, restoration, and erosion control, including shoreline protection. (Local Option Tourist Development Act, 2026). The beach and shoreline authorisation has also made the TDT the state's principal mechanism for financing coastal disaster recovery.

Major hurricanes have repeatedly struck Florida's Gulf Coast, while much of its tourism economy is concentrated on the shoreline. After Hurricane Ian struck in September 2022, the tourism sector suffered an estimated USD8 billion loss (Cerullo, 2022). Lee County saw Fort Myers Beach, Sanibel Island and Captiva Island devastated. In response, it directed millions in TDT funds toward beach and shoreline projects and moved to rebuild the destroyed Fort Myers Beach Pier at a cost of over USD14 million (Fort Myers Beach Observer and Beach Bulletin, 2026).

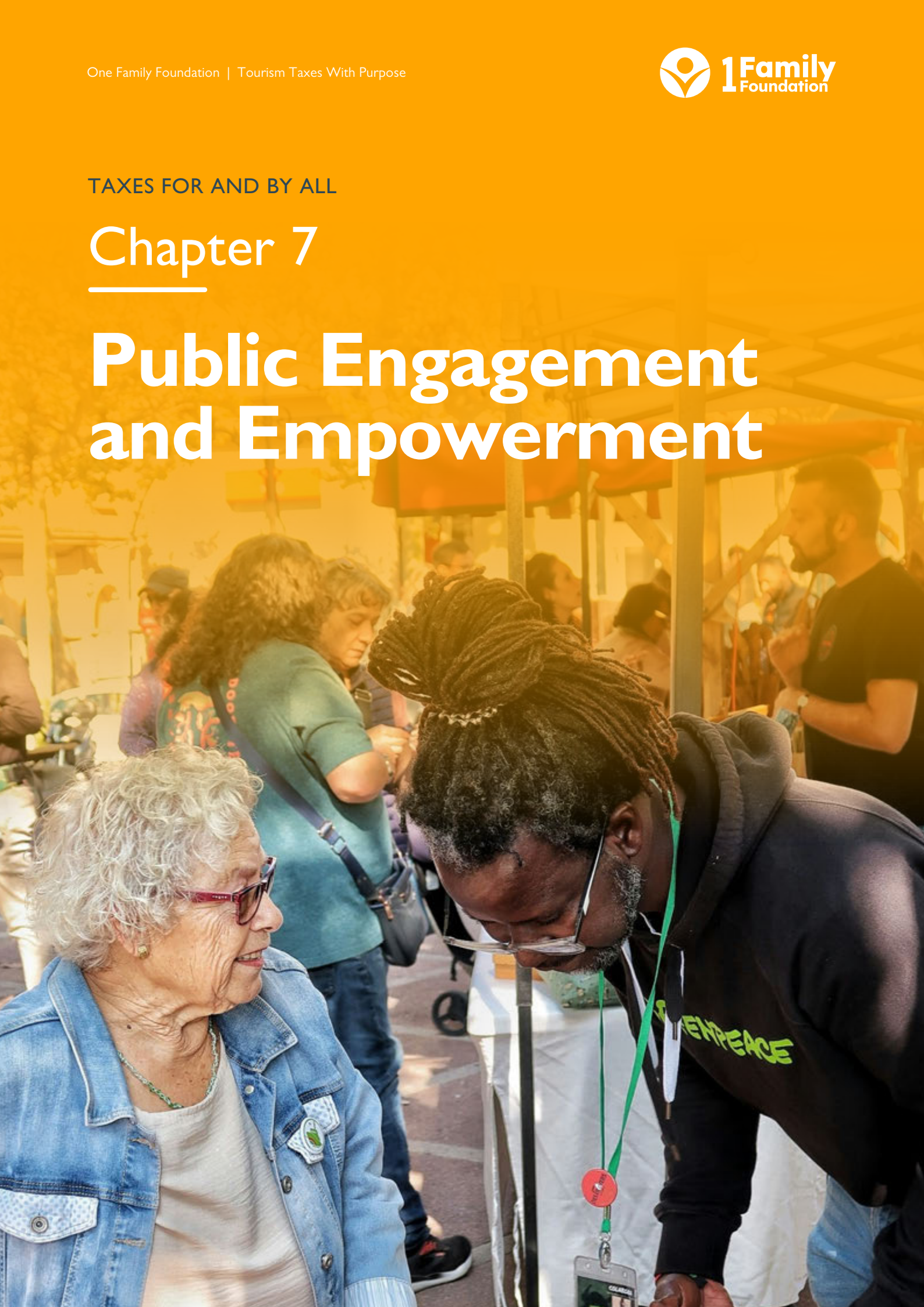
A larger commitment followed the 2024 storm season. Battered in succession by Hurricanes Debby, Helene and Milton, Pinellas County allocated more than USD125 million in tourism-tax revenue to restore a 35-mile stretch of shoreline spanning Clearwater Beach, Indian Rocks and the Redington coastlines (The Associated Press, 2025). Manatee County followed in June 2026 with USD6.18 million in TDT for recovery and renourishment of Anna Maria Island, which was also destroyed by the 2024 hurricanes (King, 2026). In this way, Florida's TDT is a central instrument for disaster relief and community resilience that could serve as a model for many nations and regions in the Global South vulnerable to natural disasters and extreme weather.



TAXES FOR AND BY ALL

Chapter 7

Public Engagement and Empowerment



TAXES FOR AND BY ALL

Public Engagement and Empowerment

The way a tourism tax is governed is hard to separate from the tax and its purpose. Multi-actor commissions, transparency systems, consultation processes, and administrative quality all shape what a tourism tax can do for the local community. Three cases below illustrate key elements that ensure participatory governance: a multi-stakeholder decision-making body to advise political allocation, a statutory transparency framework to safeguard disclosure, and a consultation architecture to ensure tax revenues are directed toward the most pressing needs of the local populations impacted by tourism.

Multi-Stakeholder Governance: Barcelona, Spain

Barcelona has become one of Europe's most popular tourist destinations and, amid growing local opposition to overwhelming tourist numbers, one of the most discussed cases of tourism tax imposition. Collecting over (USD 91.6 million) in just six months of 2025, Barcelona's revenue investments are guided by the City and Tourism Council, a formal body of stakeholders from across the city, its districts and sub-sectors of the visitor economy, along with representatives from academia.

The Government of Catalonia first introduced a tourism lodging tax in 2012, aiming to promote Catalonia's – including Barcelona's – tourism competitiveness. Later, the tax became a governance tool for sustainability, managing tourism impacts, and giving back to residents (Barcelona City Council, n.d. -b). In 2016, the Barcelona City Council established the City and Tourism Council (CTiC), which serves as an advisory and participatory body in tourism matters, including the use of tourism tax revenues (Barcelona City Council, n.d. -a), which funds more than 70 projects annually as of 2026 (Barcelona City Council, 2025).

CTiC is a public participation body to ground tourism policies in local needs and preferences. It includes diverse stakeholders, specifically representatives of local communities and neighbourhoods, the tourism business sector, commerce, cultural and sports associations, municipal political groups, trade unions, environmental organisations, social groups, expert advisors and municipal technical staff. It has 60 members (Barcelona City Council, n.d. -a). CTiC develops strategic plans and programs for the city and advises Barcelona City Council on its strategic priorities and initiatives regarding tourism. Barcelona's City Council still formally decides, regulates, and oversees tourism policy and its execution. At the same time, the CTiC provides advice and input for discussion on the planning and management of tourism in the city (Barcelona City Council Tourism Department, n.d.).

In addition to advising the City Council and proposing concrete tourism policy initiatives, CTiC produces studies on sector issues and an annual tourism report (Barcelona City Council Tourism Department, n.d.). As such, the CTiC is involved in all decisions regarding the allocation of tourism tax revenues and broader tourism policies within the city. This helps ensure democratic participation of local representation across stakeholder groups in key decisions that affect how Barcelona welcomes, manages and taxes tourism.

Transparency Framework for Tourism Tax: Rwanda

In 2005, Rwanda established the Tourism Revenue Sharing Programme, which directs revenue from tourist nature access fees to communities around the country's national parks, under a public statutory formula and subject to an independent academic review. This approach has since demonstrated that transparency infrastructure does not need to be costly or digitally elaborate to deliver public accountability.

Rwanda formalised its Tourism Revenue Sharing Programme (TRSP) in October 2005, when the Office Rwandais du Tourisme et des Parcs Nationaux (now the Rwanda Development Board) allocated 5% of nature access fees from the country's national parks to community projects in the surrounding districts (Snyman et al., 2023). In 2017, as the Volcanoes gorilla-trekking permit fee doubled from USD750 to USD1,500 (for international visitors), the TRSP allocation also doubled from 5% to 10% (Rwanda Development Board, 2017; Snyman et al., 2023).

The programme covers 14 districts and 51 sectors around Rwanda's four national parks, with a total population of approximately 1.4 million (Snyman et al., 2023). Today, the fund backs more than 60 projects

annually, up from five projects at the programme start in 2005. Rwanda and Uganda are the only African countries with a formal tourism revenue-sharing policy (Snyman et al., 2023)

The TRSP's structure comprises four important transparency elements. First, the TRSP uses a set revenue-allocation formula to allocate funds to areas linked to each of Rwanda's four national parks. Second, the programme has a codified process for project selection: communities develop project proposals, and a District Technical Committee screens and shortlists them. The Park Revenue Sharing Committee makes the final selection of projects to be funded (Snyman et al., 2023). Third, annual reports publish the number and purpose of community projects supported, and the value of the funds invested in them (Rwanda Development Board, 2024; 2025). Finally, the government commissions independent academic reviews of TRSP, most recently the 15-year review to inform future programme revisions (Snyman et al., 2023).

Unlike our example from the Balearic Islands, whose Illes Sostenibles platform publishes details on all supported projects, Rwanda's TRSP lacks an elaborate digital platform. The programme's recent 15-year review found shortcomings in transparency, selection criteria and the listing of decision-makers. It recommended strengthening monitoring and evaluation and communicating it publicly (Snyman et al., 2023). Yet these weaknesses surfaced because of the programme's overall transparency, showing how Rwanda delivers a degree of public oversight and accountability.

Co-designing with the Community: Edinburgh, UK

In July 2026, Edinburgh became the first British municipality to levy a statutory accommodation tax. Enabled by Scotland's 2024 Visitor Levy Act, the process involved an extensive prior community consultation, bordering co-creation. The levy will continuously be managed according to democratic governance principles, involving a variety of actors in oversight and decision-making

In 2024, the Scottish Visitor Levy Act officially gave local municipalities power to impose a tourism tax on accommodation in their jurisdictions. At the same time, it required local decision-makers to consult the wider community, along with stakeholders and representatives from tourism businesses, before making regulations under the Act. In this way, community consultation has been institutionalised in the very legal foundations for Scotland's tourism tax.

Still, Edinburgh's own consultation record precedes the legal mandate by several years.

As early as 2018, the city began engaging stakeholders and commissioned research into residents' opinions to surface sentiments and preferences about a potential tourism levy (City of Edinburgh Council, 2018). Continuing the engagement over time, in 2024, after the Visitor Levy Act passed, Edinburgh held an official 12-week consultation period in which both online and in-person engagement took place to help develop a final scheme for the planned tourist charge.

The consultation covered topics including defining the area, duration, and objective of the planned scheme; the levy rate (fixed or percentage); its future governance; the types of accommodations included and more (City of Edinburgh Council, 2025b). The online consultation received over 4,500 responses and documented that, overall, 85% of residents were mainly supportive of the levy, with 60% fully in favour (City of Edinburgh Council, 2025a).

The draft scheme was adapted based on the consultation output and formally accepted in 2025. In it, the Visitor Levy Forum – where local communities are mandatorily represented – was established as the governing body (City of Edinburgh Council, 2025a). The 5% accommodation tax has been in force since July 2026, and its proceeds were agreed by public mandate to fund programmes including heritage restoration projects, city infrastructure improvement and affordable housing, all in accordance with the consultation and the Visitor Levy Forum (City of Edinburgh Council, 2026). While the tax is still new, the City Council has already affirmed its commitment to ongoing engagement and to involving communities in spending decisions in their local areas (City of Edinburgh Council, 2026).



GUIDE FOR POLICY MAKERS

Chapter 8

How to Create Value with Tourism Tax Revenue



GUIDE FOR POLICY MAKERS

How to Create Value with Tourism Tax Revenue

In this closing chapter, we lay out a nine-step pathway that governments can follow to generate value with tourism taxes, from the first diagnostic to the periodic revision and monitoring of the framework in operation. Each stage has a specific purpose, either reducing risk or maximising positive impact for people, places and the planet. The evidence base for tourism taxation is substantial, and it supports a conclusion we return to throughout this White Paper: what separates durable tourism-tax regimes from fragile ones is not the rate or the country's income level, but the integrity and purposefulness of design across all nine stages.

Step 1: Diagnose & determine the purpose

The first task is as political as it is analytical. Any government or local destination authority must understand and actively manage how tourism evolves, ,not only as an economic sector, but as an ecosystem embedded in society. Sometimes the challenge is to grow the visitor economy; sometimes it is to balance it, or to reshape it to the challenges and opportunities of the global market or the local community.

In every case, the first step is to define the purpose, goals and objectives of a tourism tax initiative. Purpose guides a tourism levy's life cycle and shapes the value it can generate and its perceived legitimacy. In this context, willingness-to-pay evidence from across destinations confirms that visitors accept levies far more readily when they are linked to a clear purpose (Göktaş & Çetin, 2023; Cetin et al., 2017; Dodds et al., 2010).

Following the declaration and consensus on purpose comes the often-difficult political process of deciding how funds will be allocated and distributed – not only by purpose, but also among relevant stakeholders at various administrative levels. In practice, this can often lead to competitive friction in the ecosystem.

Fundamentally, policymakers must analyse and decide which stakeholders are best qualified and positioned to create the intended impact and ideally base the legislative framework on their conclusion. Even so, questions about which stakeholders should receive funding, and in what proportions, tend to remain open for debate even after legislation is in place. This reinforces the observation that tourism taxation, for better or worse, is a highly dynamic policy area.

Step 2: Convene & decide together

Tourism levies touch many parts of government and many interests beyond it. Step 2 should bring the stakeholders into the same room in a dialogue designed to inform and inspire the process ahead. Stakeholders should include representatives from the tourism industry, commerce, culture, social organisations, alongside community groups, academia and relevant authorities. Convening involves formal consultation followed by shared deliberation, allowing affected parties to help shape the instrument and its mission before it comes into force.

Nor does this stage end at launch. Durable levies keep stakeholder and community consultation alive throughout their lifetime. Importantly, convening does not eliminate opposition but can convert a levy from something perceived as imposed on an industry into a negotiated, shared vision for the future we can create together (Fuster-Uguet et al., 2026; HOTREC & Syntesia, 2025).

Step 3: Choice of tax model(s)

Only after diagnosis and convening with key stakeholders should a government choose an appropriate tax instrument. Importantly, the choice should be made against a range of alternatives. A no-new-tax option, reform of existing charges, reallocation of current revenues, or improved collection may be just as effective as introducing a new levy. The right approach is the one that best serves the purpose and stakeholder concerns identified earlier.

If introduction of a new tourism tax is desirable, policymakers should select the optimal design, which will inevitably depend on the specific circumstances, such as the outlined goals (for example, visitor management vs sector support vs heritage preservation) and who the implementing body is (city, region, or national

government). Although hybrid approaches are possible, four main models are commonly used, largely mirroring the different types of tourism tax: the lodging-based tax is levied on short-term overnight stays, either as a flat fee or as a percentage of the room rate. It is often progressive, with higher rates applied to more expensive accommodation.

The lodging-based tax

The lodging-based tax is levied on short-term overnight stays, either charged as a flat fee or a percentage of the room price. It is often progressive, with higher rates applied to more expensive accommodation. Often, it is recommended that the destination set the rate as a percentage charge rather than a flat rate to safeguard against inflation, since percentage rates generally yield more. (To explore more technical details, see Chapter 1.)

Advantages:

In areas where accommodation providers are highly formalised, or most accommodations are often booked through OTA platforms, accommodation taxes can be fairly easy to administer with relatively high compliance. They also scale with longer stays, aligning with the longer impact a visitor has on the destination. Differentiation parameters can also be applied easily, for example, exempting visitors who are underage or pensioners. In general, however, it is not recommended to adopt too many differentiation parameters because the impact of differentiation is questionable, at best unknown, but always associated with administrative burdens. (See Chapter 4: Designing for Success).

Disadvantages:

Accommodation taxes rely on the compliance of the accommodation provider and, where relevant, the cooperation of booking platforms. Where many informal rentals or fragmented market conditions exist, or where cooperation with platforms is not possible, collection and compliance can be a significant challenge. In destinations where day visitors generate a large share of tourism activity rather than overnight guests, a different tourism tax may be more appropriate. Another issue is equity, especially if a single flat fee is applied across travellers. In that case, the tax would be regressive, affecting budget travellers as much as premium travellers. This can be solved with a percentage rate.



Entry-based tax

Entry-based tax is charged when tourists enter (or leave) a country or region, as a flat fee per trip or, less commonly, as a per-day fee based on planned duration. It is typically administered at the national level and collected via visa issuance, immigration or port fee on arrival, or embedded in airline tickets at the point of sale. Depending on its design, it may also be classified as an aviation or cruise passenger fee. To explore more technical details on aviation and cruise passenger levies, see Chapter 1.

Advantages:

An entry fee casts a wide net, ensuring every foreign tourist contributes, including short-stay and day-trip visitors that lodging-based taxes tend to miss. Once integrated with existing border or ticketing procedures, administrative overhead is relatively low: airlines and immigration systems tend to have payment infrastructure, and the tax can be integrated and remitted at a single point rather than across dispersed operators. This also makes revenue easier to forecast and adjust. Because the fee is paid once, usually upfront, it also carries less risk of taxation fatigue or negative perception for the visitor than charges encountered repeatedly during a stay. Additionally, if the levy is significant enough and charged per trip, it may incentivise longer stays to make paying the tax 'worth it,' increasing the value tourism generates.

Disadvantages:

A flat entry fee treats all visitors identically regardless of stay length, raising equity questions. A visitor staying for two weeks pays the same as a day guest, despite generating very different demands on local infrastructure and services. Compliance depends on embedding the fee in a mandatory step; when it is left to voluntary in-destination payment or a stand-alone portal, compliance is harder to ensure.

Diplomatic considerations may also constrain design. Bilateral visa waivers, regional trade agreements, and reciprocal free movement arrangements often require exempting or discounting certain nationalities, which can complicate uniform application and raise politically sensitive questions about who can be exempt and who cannot. Finally, high entry fees risk deterring price sensitive travellers, especially where a comparable neighbouring destination charges little or nothing. However, for certain countries, this can be a strategy. For example, Bhutan's USD100 Sustainable Development Fee per person per day, paid on entry to the country, drives a deliberate high-value, low-impact tourism model (Visit Bhutan, n.d.).



Activity-based levies

Activity-based levies apply to specific visitor segments that typically create outsized impacts or require specific management and service costs, such as national park visits, safari and dive permits, and similar activity-based charges. Rather than levying all tourists uniformly, they targets those whose activities most directly generate the costs the revenue is intended to address, aligning with the 'polluter pays' principle. In terms of the general taxonomy, we could relate those most closely to access fees. To ex-plore more technical details on access fees, see Chapter 1.

Advantages:

Because sector-specific levies are tightly tied to the activities they fund, they often have high legitimacy with both visitors and residents. Tourists paying a natural park entry fee can see directly what the money protects, and willingness-to-pay research consistently shows that tourists pay fees for unique, specific experiences like natural or cultural heritage and would often accept even higher ones. The instrument's precision also makes ring-fencing straightforward: revenue can be channelled to a conservation trust, a heritage fund, or a specific management body, tied directly to the asset the levy relates to, reducing the risk of disappearance or dilution into the general treasury.

Disadvantages:

Activity-based levies miss all tourists who do not participate in the taxed activity, which limits their reach as a revenue source. More often, howev-er, they are debated because they might risk discriminating against certain visitor groups when the experience in question is considered a public good. In Canada, for instance, official policy states that all Canadians can experience nature. High access fees to the country's national parks might undermine this principle.

Administratively, each site or activity often requires its own collection and enforcement infrastructure, which multiplies overhead relative to a single central charge. Where revenue is not credibly ring-fenced or independently audited, the link between visitor payment and stated purpose may quickly undermine the instrument's legitimacy.



Hybrid models

Hybrid models combine two or more of the above approaches, either layered within a single jurisdiction or differentiated by season or visitor profile. Rather than committing to a single instrument, a destination can apply the mix that fits the distinct segments of its visitor economy.

Advantages:

Hybrid models allow governments to fine-tune both revenue and behaviour across a diverse tourism landscape. A federal country can let regions choose the instrument that fits their tourist profile – lodging tax in urban centres, park fees in conservation areas, cruise fees at port cities – under a common national framework. Seasonal or dynamic pricing lets a destination raise the charge when congestion is greatest and lower or waive it in off-peak periods, using the tax as a tool for demand management as well as revenue. Visitor-profile differentiation, such as differential rates for regional neighbours or exemptions for groups of domestic visitors, allows equity and diplomatic considerations to be built into design. The overall effect is greater flexibility than any single instrument can offer.

Disadvantages:

The principal issue is complexity. Multiple overlapping charges can confuse tourists and administrators alike, and where communication is poor, the cumulative burden can feel arbitrary or excessive even when each charge is moderate. Coordination can also be demanding. National, regional and local authorities must agree not only on their own rates but on the combined visitor burden, which may require governance mechanisms that many destinations lack.

Step 4: Model Revenue

Before enacting a chosen tourism tax, governments and destination leaders should model the numbers, including gross revenue, collection losses, administration costs, the effect of exemptions, behavioural risks to demand and distributional effects across residents and visitors. In this context, sound modelling can enable effective fine-tuning of the tax to the defined purpose (for example, congestion decrease vs revenue generation without affecting tourism volume) and stronger evidence-based decision making. In contrast to today's broad discourse that 'tourism tax decreases tourism flow, caps growth and hurts the tourism industry', modelling allows practical work with the empirical finding that current tourism tax rates are generally too low to affect relatively inelastic tourism demand (Anguera-Torrell et al., 2025).

Step 5: Design governance structures

An appropriate governance mechanism is essential to make a tourism tax sustainable and legitimate in the long term. In this stage, policymakers should consider whether to establish a dedicated fund or use existing grant structures such as the local destination management organisation. They should also determine decision rights over funds, the local-national allocation formula (where relevant), criteria for projects supported by the tax revenue, monitoring and audit mechanisms, reporting, and any need for grievance arrangements.

Governance is resilient because it is fixed in statute and vested in dedicated bodies, rather than left to the discretion of the government of the day. Statutory formulas, official bodies, and legally binding rules carry over across changes of administration. Importantly, pursue a multi-stakeholder governance body to ensure tourism tax revenues are managed democratically and meet the needs and concerns of those most affected by tourism. For inspiration, see the case of Barcelona in Chapter 7.

Step 6: Legislate

After analysing and deciding the tax's governance structure at the local level, it's time to propose and adopt the instrument in law and build the practical apparatus to implement it. Agreements with operators or booking platforms, data standards, payment and remittance systems and enforcement procedures should all be charged at this stage. Legislation is the point at which political intention becomes societal practice and institutionalisation. The outcome is seldom better than the process that preceded the legislative adoption.

Step 7: Pilot

Ideally, ambitious systems should be tested before they are scaled. Begin in one destination, or with a single instrument, before wider roll-out so potential design flaws surface when the cost is manageable, and the scale is flexible enough for adjustments. This is particularly relevant in destinations with limited administrative capacity, to ensure public capability matches how the tourism tax is designed and what it aims to achieve. A good example is Norway's current legislation, which allows only municipalities with excessive tourism pressure and high tourism-associated costs to collect tourism taxes, arguably leaving the door open for a wider rollout later.

Step 8: Measure, review and publish – at project level

After a tourism levy begins, it must be continuously monitored and reported at both the aggregated level and, critically, the project level. Ideally, allocations are project-based and branded with project identities, targeted to specific places, with amounts, timelines and specific outcomes.

Aggregated reporting is imperative, but not enough. Detailed output is key to ensure continued alignment with the tax purpose and legitimacy in the eyes of residents and visitors, who can then see what the tourism tax gives back to the destination. The results should also be subject to independent review, and stakeholders' sentiment should be continuously consulted. Where publication is at project level, and review is built into statute, drift is caught early; where either is absent, drift can be progressive and hard to reverse.

Step 9: Adapt & iterate

The final stage does not close the loop; it keeps it going. Evidence from measurement and review should feed back into the design and inform thinking on rates, fund allocation, and governance structures so that the system can be adjusted continuously. Adaptation is essentially an ongoing political act of improving the system in response to what the empirical evidence and impact show, to keep the tourism tax durable, legitimate and impactful over time.

Time to Act!

Tourism taxes are among the few instruments available to a destination that can meet visitor pressure and mediate the burden of tourism. But tourism taxes are much more than that.

They offer countries and destinations an opportunity to capture and create value from steadily growing global travel and tourism. When designed with purpose and intention, tourism taxes and levies can genuinely catalyse social change, sustainable living, cultural expression, heritage preservation, nature protection, climate action, and more.

This report shows what is possible, and many more good examples exist. Coral reefs destroyed by tourism are being protected. Traditional houses that were disappearing are being restored. Families who could no longer afford to live in their own city are moving into public homes financed by the visitors who elsewhere compete for the same space. Unemployed young people are being upskilled and certified into new careers.

Communities that had no voice in how tourism reshaped their neighbourhoods now sit at the table where the decisions are made. This results from systematic efforts by governments, communities, civil society, businesses, and international partners to agree on a desired future and translate it into real action.

- **Governments** hold the pen on statute, and statute is what makes tourism tax purpose and process durable. The decision to institutionalise a tourism tax – with well-defined purposes and frameworks is probably the single most consequential act any government can take on this question of how to grow tourism for the benefit of people, places and the planet.

- **Communities** possess something governments might miss or skew – the knowledge of what tourism actually costs the people who live in a destination. Every advisory seat claimed, every consultation response submitted, every counterproposal published adds to that knowledge and helps build better practices and more balanced visitor ecosystems.

- **Civil society organisations** – whether focused on the environment, human rights, democracy, or something else entirely – often have the standing and the continuity to hold a tourism-tax regime to its own promises across decades and bring their expertise to the decision-making table. They often display dedication, innovation, specialised knowledge, and local support at a level no public authority can match.

- **Businesses** are often positioned as the tourism tax's fierce opponents, but this report suggests the opposite can also be true. Across the US, 226 examples show private businesses taking the lead by establishing Tourism Improvement Districts, which work as voluntary business contributions (per guest or overnight) and serve the same purposes as the official tourism tax frameworks covered in the White Paper. When taxes or TIDs are well designed, businesses see the revenues as a collective investment in the ecosystem they depend on in the first place.

- **International development partners and intergovernmental institutions** are uniquely placed to elevate what no single nation or destination can move alone – the shared evidence base. Above all, our report raises the big mystery: why are tourism taxes such a black box in our otherwise institutionalised and digital national economies? Why do neither the EU, OECD, the UN, nor the World Bank know so little, if anything, about this substantial and central revenue stream in the global travel and tourism industry?

Our number one call at the intergovernmental level is to address the need for systematic data on accumulated revenue streams and their allocation by purpose and distribution at local, regional, and national levels. This is fundamental.

Only then can we move on to funding independent evaluations, translating governance best practices into local languages, providing guidance, and building cross-destination learning networks among Global South destinations facing the same pressures. Over time, this becomes the connective tissue that lets the field learn from itself.



Glossary

Glossary of Terms

Term	Definition
Access fee	See *Nature and heritage access fee*.
Accommodation tax	A levy on short-term overnight stays, charged as a flat fee per person or room per night, as a percentage of the room price, or both. The report's primary category of tourism tax. Also called bed tax, city tax, lodging tax, occupancy tax, sojourn tax or tourist tax.
Activity-based levy	A charge on visitors taking part in a specific activity with outsized impact or management cost, such as park visits, safaris or diving. Closest to access fees in the taxonomy.
Arrival tax	A charge levied when a traveller enters a country, often included in the air ticket or collected at the border. See also *Departure tax*, *Entry-based tax*.
Average daily rate (ADR)	Average room revenue earned per occupied room per day; a standard measure of hotel performance.
Bed tax	See *Accommodation tax*.
City tax	See *Accommodation tax*.
Collection architecture	The legal rules, systems and intermediaries a destination needs to actually collect a tourism tax from visitors.
Collection efficiency (collection losses)	The share of legally due tax that is actually collected; the remainder is lost to evasion, informality or weak enforcement. Used as a discount in the report's revenue models.
Compliance vendor	A specialist firm that calculates, collects, holds, remits and reports tourism tax on behalf of accommodation providers (e.g. Trippz, Avalara). See also *Intermediary*.
Conservancy	Land pooled from individual landowners and managed for wildlife, typically leased to tour operators, as in the Maasai Mara.
Cruise passenger tax	A levy on cruise passengers for their presence at a port of call, charged per passenger (head-based), per ship tonnage (tonnage-based) or both. Excludes service-based port charges and is paid at each port.
Cumulative tax burden	The total of all tourism taxes a traveller pays across a single trip, from booking to return.
Day visitor	A visitor who does not stay overnight and so is not captured by accommodation taxes.
Demand management	Using a tourism tax rate to reduce visitor numbers or congestion rather than mainly to raise revenue.

Departure tax	A charge levied when a traveller leaves a country, usually folded into the air ticket; the most common instrument in Latin America.
Destination management organisation (DMO)	The body responsible for managing and promoting a destination; a possible administrator of tourism tax revenue.
Destination Marketing Fee (DMF)	A Canadian charge, usually collected by hotels, that funds joint destination marketing; similar to a TID charge.
Differentiation (regulatory design)	Varying the tax rate by accommodation type, star rating, zone, season, length of stay or visitor demographics. The report finds little evidence that it changes visitor behaviour.
Discretionary allocation	Directing tourism tax revenue into the general municipal or national budget, with no legal requirement to spend it on specific purposes. The opposite of earmarking.
Drift	The gradual departure of revenue use from a tax's stated purpose, most likely where project-level reporting and statutory review are missing.
Earmarking	Legally tying tourism tax revenue to defined uses, often through a dedicated fund or governing body. See also *Hypothecation*, *Ring-fencing*.
Effective tax rate	In this report, each distinct rate a visitor can face once all differentiation parameters are combined (e.g. 2,148 in Verona, one in Berlin).
Entry-based tax	A charge on entering (or leaving) a country or region, flat per trip or per day, collected through visas, immigration, port fees or airline tickets.
Equalisation (solidarity) share	A transparent portion of revenue passed to underserved areas beyond the destination that collected it.
Extended local mandate	A governance model in which local authorities set both the rate and the collection method with little central oversight (e.g. Germany, Slovakia).
Flat-fee model (fixed fee)	An accommodation tax charged as a fixed amount per person or per room per night. Simple and stable, but does not rise with inflation or room prices.
Global South	Lower- and middle-income countries, mainly in Africa, Asia and Latin America; the report's focus for untapped potential.
Head-based tax	A cruise passenger tax charged per passenger. See *Cruise passenger tax*.
Hybrid model	A tax design combining two or more instruments (e.g. lodging, entry and activity-based charges), layered or varied by season or visitor profile.
Hypothecation	Dedicating tax revenue by law to a specific purpose; used in the report as a synonym for earmarking.

Informal economy	Economic activity outside registration and taxation, such as unlicensed rentals; a major barrier to collection in the Global South.
Intermediary	Any third party between the accommodation provider and the tax authority that collects and remits tax, mainly compliance vendors and booking platforms.
Kurtaxe	German term for a local visitor tax, originally levied in spa and resort towns. See *Accommodation tax*.
Lodging-based tax	The term used in Chapter 8 for the accommodation tax model. See *Accommodation tax*.
Lodging tax	See *Accommodation tax*. Common in US usage.
Marketplace facilitator statute	A US state law requiring short-term rental platforms to collect and remit lodging tax on behalf of hosts.
Mother KPI	The report's proposed headline indicator for tourism policy: the total public income generated across the visitor journey.
National framework with local implementation	A governance model in which national law sets eligibility, exemptions and caps, while municipalities decide whether to impose and collect the tax (e.g. France, Italy, Norway).
Nature and heritage access fee	A charge for entry to, or use of, a defined natural or cultural asset, with revenue going wholly or partly to its conservation or management.
Occupancy tax	See *Accommodation tax*.
Online travel agent (OTA)	A booking platform such as Booking.com, Airbnb or Expedia. In the report, often the collection agent for accommodation tax.
Operator-collected model	A collection model in which accommodation providers add the tax to the guest's bill and remit it to the authority, typically monthly or quarterly.
Overtourism	Visitor pressure that exceeds what a destination and its residents can sustain, causing congestion, price pressure and strain on services.
Passenger levy on aviation	A tax based solely on passenger departures or arrivals, excluding service-related airport charges, usually differentiated by distance or cabin class.
People, places and planet	The report's three impact dimensions for tourism tax revenue: communities, destinations and the environment.
Percentage model	An accommodation tax charged as a share of the room price. Follows inflation and prices, but revenue is more volatile.

Platform-integrated model	A collection model in which booking platforms collect the tax at booking and remit it before paying the host.
Polluter pays principle	The principle that those whose activities create costs should bear them; the rationale for activity-based levies.
Power of the One Percent	The report's central vision: investing 1% of global tourism spending, roughly USD 20–22 billion a year, in people, places and planet.
Price elasticity of demand	How strongly demand responds to a change in price. Tourism demand is generally price-inelastic: small taxes barely change visitor numbers.
Progressive tax	A tax whose amount rises with the price of the accommodation, so higher-spending visitors pay more.
Regeneration	In the report, more than maintenance: biodiversity conservation, heritage preservation, sustainable infrastructure and balanced destination development.
Regressive tax	A tax that weighs more heavily on lower-spending visitors, e.g. a single flat fee charged to budget and premium travellers alike.
Renourishment (beach)	Restoring an eroded beach by adding sand; a permitted use of Florida's Tourist Development Tax.
Ring-fencing	Restricting revenue to its stated purpose through legal earmarking, fixed allocation formulas and independent oversight. The report also uses it to mean keeping revenue in the destination.
Shared value	Value created jointly for tourism, nature and local communities, as in the Maasai Mara conservancy model.
Short-term rental (STR)	Private accommodation let to visitors for short stays, usually via platforms; a key compliance challenge.
Social licence	The acceptance from local communities that the tourism industry depends on to operate.
Sojourn tax (taxe de séjour)	See *Accommodation tax*. *Taxe de séjour* is the French term.
Standardised national framework	A fully centralised governance model with one uniform charge nationwide and no local rate-setting (e.g. Malta).
Substitutability	How easily visitors can switch to a comparable, untaxed destination. Higher substitutability makes demand more price-sensitive.
Synthetic control method	A statistical technique that builds a comparison case from weighted untreated units to estimate a policy's effect; used in the Manchester study.

Tax competition	Destinations competing for visitors through lower tax levels.
Taxation fatigue	Visitors' negative reaction to paying many small charges repeatedly during a trip.
Tonnage-based tax	A cruise passenger tax calculated on the ship's net tonnage. See *Cruise passenger tax*.
Tourism Improvement District (TID)	An industry self-assessment mechanism in which local tourism businesses agree to collect a small charge and direct it to destination development. Decided by industry, not government; 226 exist in the US.
Tourism receipts	Spending by international visitors earned by the destination country.
Tourism tax	As defined in this report (following UNWTO): taxes applied specifically to tourists and the tourism sector, or applied differently in tourist destinations, with an explicit policy intention to target tourism. Excludes general taxes such as VAT.
Tourist tax	See *Accommodation tax*.
Traveller journey	The stages of a trip, from booking to return home, at which a visitor may encounter tourism taxes.
Value-added tax (VAT)	A general consumption tax. Outside the report's definition of tourism tax, but often applied to tourism at reduced rates or refunded to visitors.
Visitor contribution	A softer term for a tourism tax, stressing the visitor's share in funding the destination.
Visitor economy	The full set of businesses and activities that serve visitors to a destination.
Voluntary collection agreement	A negotiated agreement under which a booking platform collects tax for an authority without a legal obligation to do so.
Willingness to pay (WTP)	The maximum amount a visitor is prepared to pay. In the report, WTP rises when revenue is visibly tied to a meaningful purpose.

Named taxes, funds and bodies

Name	Description
Act on Visitor Fees (Norway, 2025)	National law letting municipalities under high tourism pressure levy a 3% accommodation fee, with all revenue kept locally under a ministry-approved use plan.
Air Passenger Duty (UK)	The UK's aviation departure tax; raised about £679 million in 2025–26.
Chicago Convention	The 1944 Convention on International Civil Aviation; with EU Directive 2003/96/EC, it limits taxation of aviation fuel, leaving passenger levies as states' main option.
City and Tourism Council (CTiC), Barcelona	A 60-member advisory body, set up in 2016, that advises the City Council on tourism policy and the use of tourism tax revenue.
DataTur (Mexico)	A public portal reporting tourism statistics and estimated lodging tax income, with toolkits for small businesses.
Derecho de No Residente (Mexico)	A federal non-resident visitor fee of about USD 53.
Eco-Contribution on Accommodation (Malta, 2016)	A uniform national charge of €0.50 per person per night, capped at €5 per stay.
Eco-Tax (Balearic Islands, 1999)	The islands' first tourism tax, repealed after inadequate consultation; the report's counter-example to the 2016 Sustainable Tourism Tax.
Ecotasa (Argentina)	Local environmental visitor charges in Bariloche and Puerto Iguazú; Argentina's Supreme Court ruled the scheme unconstitutional.
Gorilla permit	A high-value nature access fee for gorilla trekking in Rwanda and Uganda, up to USD 1,500 per visitor.
Green Tax (Maldives)	A per-night charge of USD 6–12, combined with a 17% tourism goods and services tax.
Illes Sostenibles	The Balearic Islands' public portal, in four languages, disclosing Sustainable Tourism Tax revenue and every funded project.
International Tourist Tax (Japan)	A flat departure tax, ¥1,000 from 2019 and ¥3,000 from 2026, collected by airlines and cruise lines to fund tourism infrastructure.
International Visitor Conservation and Tourism Levy (New Zealand)	A national levy collected at entry, earmarked for conservation and tourism under an investment plan with fixed annual allocations.

Machiya	Kyoto's traditional wooden townhouses, about 40,000 of which are targeted by accommodation tax-funded preservation.
MapaTurismo (Chile, 2026)	A low-cost cloud platform using web-scraping for real-time tourism reporting.
Municipal Accommodation Tax (MAT), Toronto	Toronto's 6% tax on accommodation.
Protected Areas Conservation Trust (PACT), Belize	A trust set up in 1996 to fund Belize's protected areas, financed by a departure fee on international visitors (USD 3.75, raised to USD 20 in 2017).
School Climate Plan (Barcelona)	A €100 million programme, fully funded by tourist tax, upgrading climate systems in 170 public schools.
Sustainable Development Fee (Bhutan)	A USD 100 per person per day charge supporting Bhutan's "high value, low impact" model; used for volume management.
Sustainable Tourism Promotion Commission (Balearic Islands)	The multi-actor body that approves projects funded by the Sustainable Tourism Tax.
Sustainable Tourism Tax (Balearic Islands, 2016)	The successor to the 1999 Eco-Tax, introduced after public consultation; has invested €845 million across seven focus areas, including housing.
Tourism Enhancement Fund (TEF), Jamaica	A fund set up in 2005, financed by a USD 20 air passenger tax and USD 2 cruise fee, supporting workforce training and innovation.
Tourism Revenue Sharing Programme (TRSP), Rwanda	A 2005 programme sharing 10% (originally 5%) of national park fees with surrounding communities under a public formula.
Tourist Development Tax (TDT), Florida	A county-level tax on short-term accommodation under the 1977 Local Option Tourist Development Act; a principal source of coastal disaster recovery funding.
Tourist Information System (Montenegro, 2025)	A digital system for automatic monitoring of tourism activity and identification of informal operators.
Visitax (Quintana Roo, Mexico)	A state-level fixed visitor charge of about USD 16.
Visitor Levy Act (Scotland, 2024)	Law empowering Scottish councils to levy an accommodation tax, with mandatory prior consultation.
Visitor Levy Forum (Edinburgh)	The governing body for Edinburgh's 5% visitor levy, with mandatory community representation.

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