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A Comparative Analysis of Taxation Systems in the Top Ten Tourist Destinations Worldwide

Dünyada En Fazla Turist Ağırlayan İlk On Ülkedeki Vergi Türlerinin Karşılaştırmalı Analizi

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Abstract

Tourism taxation provides governments with a means of funding to help support public investment for tourism development. This study reveals the impact of tax types directly related to tourism—especially accommodation and air passenger taxes—on economic outcomes. This study employed a qualitative method based on a comprehensive literature review to conceptually analyze taxes in the tourism industry. It has been observed that these taxes provide significant financial contributions to local economies, but they have also been found to have potentially negative effects on the competitiveness of tourist destinations. One of the findings of this study is that tourism taxes should be used in areas such as environmental protection and public infrastructure development and that such uses can increase tourists' support for the tax. A comparative analysis of the tax types across the top ten tourist-hosting countries reveals significant differences in tax rates and indirect taxes in the tourism sector and findings show that tourism taxation strategies should be designed and implemented effectively.

Keywords: Accommodation tax, tax, tax types, tourism

Öz

Turizm vergilendirmesi, turizmin gelişmesi için hükümetlere kamu yatırımlarına kaynak sağlama imkânı sunar. Bu çalışma, özellikle konaklama vergisi ve hava yolcusu vergisi olmak üzere turizmle doğrudan ilişkili vergi türlerinin ekonomik sonuçlar üzerindeki etkisini ortaya koymaktadır. Araştırmada turizm endüstrisindeki vergileri kavramsal olarak incelemek amacıyla kapsamlı bir literatür taraması yapılmıştır. Elde dilen bulgular neticesinde bu vergilerin yerel ekonomilere önemli mali katkılar sağladığı gözlemlenmiş, ancak turistik destinasyonların rekabetçiliği üzerinde potansiyel olarak olumsuz etkiler yaratabileceği de tespit edilmiştir. Çalışmanın bulgularından biri, turizm vergilerinin çevresel koruma ve kamu altyapısının geliştirilmesi gibi alanlarda kullanılması gerektiği ve bu tür kullanımların turistlerin vergiye yönelik desteğini artırabileceğidir. Dünyada en fazla turist ağırlayan ilk on ülkedeki vergi türlerinin karşılaştırmalı analizi, turizm sektöründeki vergi oranları ve dolaylı vergiler açısından önemli farklılıklar bulunduğunu göstermekte; turizm vergilendirme stratejilerinin etkili bir şekilde tasarlanıp uygulanması gerektiğine işaret etmektedir.

Anahtar Kelimeler: Konaklama vergisi, vergi, vergi türleri, turizm

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Introduction

Tourism is one of the world's largest industries. While international tourist activity was significant in the pre-COVID era, it experienced a sharp decline worldwide with the onset of the coronavirus (COVID-19) pandemic. While activity began to increase in the post-pandemic period, it remained below pre-pandemic levels, reaching approximately 1.5 billion tourists in 2024. Total international tourism revenue reached USD 2 trillion (UN Tourism, 2025). These figures are economic indicators of tourism and tourist activity. In this context, tourism plays a significant role in economic development (Kristjánsdóttir, 2021). These increases in tourist activity also create tax opportunities for countries.

What is already known on this topic?

- *Tourism taxes provide governments with asignificant source of revenue to develop tourism infrastructure.· Tourism taxes could negatively impact the pricecompetitiveness of destinations.· The impact of a tourism tax depends on factorssuch as the destination's popularity, demand elasticity, and the pricesensitivity of the tourist profile.*

What this study adds on this topic?

- *This study focuses on tax types that directlyimpact tourism addressing the scattered information in the existing literaturewithin a holistic framework.· This study provides a clear comparison betweencountries by examining the economic consequences of tourism taxes, their impacton competitiveness, and their contributions to local revenue through acomparative analysis.· By systematically comparing the tax structuresof the top ten countries attracting the most tourists, the differences in thesecountries' tourism tax strategies have been concretely revealed.· The study offers policymakers practicalrecommendations for making tourism taxes more effective and acceptable.*

In the early stages of the development of the tourism industry, before 1960, no specific taxes were imposed on tourism. However, the number of tourism-related taxes has increased since then (Heffer-Flaata et al., 2021). The World Tourism Organization states that more than 40 tourism-related taxes are imposed in the world (Gooroochurn & Sinclair, 2005). Tourism taxation encompasses a number of indirect taxes and duties that predominantly affect activities related to the tourism sector. Taxes are classified as direct and indirect in many countries (OECD, 2014). These indirect tax revenues arising from tourism expenditures generally arise from general taxes such as import duties, sales taxes, or value-added tax (VAT), as well as specific taxes applied to tourism-related services such as accommodation, restaurant services, and airport transfers (OECD, 2014). The implementation of tourist taxes can include two basic approaches: (1) direct imposition on tourists or tourism businesses and (2) taxation of ancillary sectors such as travel and accommodation services (Heffer-Flaata et al., 2021). Some of the tourism-related taxes are as follows: Entry/Exit Taxes, Airfare Tax, Airline Fuel Tax, Departure Tax, Passenger Service Tax, Airport Security Tax, Airport Parking Tax, Transit Taxes, Night Tax, Bed Tax, Occupancy Tax, Surcharge, Sales Tax, Service Tax, Turnover Tax, Hotel and Restaurant Tax, Transient Accommodation Tax, Hotel Accommodation Tax, Fringe Benefit Tax, Payroll Tax, Liquor Taxes/Duties, Fuel Taxes/Duties, Municipality Tax, Gasoline/Fuel Tax, Purchase Tax, Specific Surcharge, Tourist Transport Tax, Visitor Attractions Tax, VAT and Sales Tax, Hospitality Tax, Eco-tourism Tax, Carbon Tax, Landfill Tax, Betting Tax, Casino Tax (Gooroochurn & Sinclair, 2005). The most common of these taxes levied for tourism are: (1) property taxes, (2) value-added taxes, (3) occupancy taxes, and (4) air passenger customs duties and departure taxes (PWC, 2017). Accommodation taxes are one of the most common indirect taxes (OECD, 2014). Accommodation taxes are generally calculated on a per-person or per-night basis.

Considering the growth in tourism, tourism taxes are an important source of financing for public services aimed at infrastructure (Doğan, 2017; Ponjan & Thirawat, 2016). Furthermore, taxes are also important for sustainable destinations (Doğan, 2017). Tourism-related taxes can be used in the following areas: (1) tourist infrastructure projects aimed at protecting the environment, (2) national and international marketing activities, and (3) encouraging tourism investments (OECD, 2014). A review of studies in the literature has addressed the topic of tourism and taxes from various perspectives. It is stated that taxes affect tourists' purchasing behavior. High VAT in tourism can reduce tourists' interest in visiting (Jensen & Wanhill, 2002). In other words, they can influence tourists' purchasing behavior, leading them to seek alternatives (Kristjánsdóttir, 2021). Furthermore, airline taxes can also cause a decrease in demand. This negatively impacts destination attractiveness and competitiveness (OECD, 2014). The impact of the accommodation tax, one of the tourism-based taxes, on tourism demand has been another topic of interest (Heffer-Flaat et al., 2021). Studies evaluating the tax from the tourists' perspective are also relevant. These studies indicate the importance of transparency regarding the intended use of tourism taxes. Furthermore, if taxes collected from tourist activity are used to improve tourist infrastructure, tourists' willingness to pay taxes is positively shaped (Çetin et al., 2017). In other words, using the tax for specific improvements makes tourists more likely to contribute additional funds voluntarily. However, a group that can be classified as sun and beach tourists is not willing to pay the accommodation tax (Heffer-Flaata et al., 2021). Furthermore, current tourism taxation policies are largely based on static equilibrium (Gooroochurn & Sinclair, 2005). It has become important in the literature on dynamic tax models that have been missing (Yang et al., 2023).

Global tourist activity and tourism revenue have led countries to focus on tax financing. As a result, countries have begun to levy various tourism-related taxes. This study focuses on the link between tourism growth and taxes, aiming to provide a comparative analysis by examining the tax policies of the top ten countries hosting the largest number of international tourists. According to international tourism data (UNWTO, 2024), these destinations include the USA, the UK, Germany, Austria, Türkiye, Spain, Greece, Mexico, Italy, and France. This holistic and comparative analysis of tourism taxation will also be considered, as will the relationship between tourist numbers and taxes. The study will examine whether there is a significant relationship between tax policies, tourist numbers, and tourism revenues. Furthermore, it will provide countries, policymakers, and researchers with the opportunity to evaluate tourism taxation from a holistic perspective, enabling them to improve their tax systems.

Material and Methods

Secondary data analysis was utilized within the scope of the study. Secondary data analysis seeks answers to new research questions through the results of studies such as data, reports, documents, etc. collected by different researchers for different purposes (Castle, 2003). Some of the studies conducted using secondary data are conducted using quantitative research methods, while others employ qualitative research methods. Examining the studies within the scope of the study that address the topic of taxes, it was observed that academics such as Çelikkaya (2011), Çetin et al. (2017), Göktaş and Polat (2019) used qualitative methods, while others such as Gooroochurn and Sinclair (2005), Surugiu and Surugiu (2017), Yurdadoğ and Albayrak (2019), and Adedoyin et al. (2023) utilized quantitative methods. The secondary data used in this study were obtained from the most recently published report to ensure the accuracy and relevance of the findings.

The study conducted a literature review, and taxes directly linked to the tourism industry were conceptually explained. In addition, the tax types and rates applied in the top 10 most visited countries were obtained using secondary data, and the tax policies were examined. According to the International Tourism Highlights 2024 Edition, the top destinations are: the USA, Germany, Australia, Türkiye, Greece, Mexico, Italy, France, the United Kingdom, and Spain (UNWTO, 2024). In addition, the types of taxes examined included corporate tax (CT), personal income tax (PIT), air passenger tax/departure tax, accommodation tax/occupancy tax, property tax, and VAT. These taxes are the most preferred tax types in tourism (PWC, 2017). Information on tax rates is presented in tables in the following sections.

Corporate Tax

Corporate income tax (CIT), also known as company tax, is a tax levied on a company's net income. It is generally applied to the operating profits remaining after deducting corporate expenses and depreciation from the company's revenues. The rate applicable to the amounts payable for CIT may vary depending on the country and/or state/territory where the business is located. The calculation for CIT involves a mix of flat rates and progressive taxation. However, CIT rates can also be determined based on the following factors:

- Income thresholds
- Types of income (e.g., passive and trading income)
- Company size
- Length of time the business has been active
- Location of the business (e.g., coastal or inland).

While CIT rates are nationally standardized in most countries, there may be instances where locally determined additional tax practices or tax reductions are offered as part of incentives. Table 1 presents the CT rates applied in the top 10 most visited countries.

*Standard Rates Applicable to All Businesses: In the US, CIT rates vary from 1% to 12% (not applicable in some states), but state CIT is deducted from the federal CIT. In France, 28% for income up to €75,000, 33.33% for income between €75,000 and €763,000, and 34.43% for income over €763,000. In the UK, 18% for businesses earning under £50,000 and 25% for businesses earning over £50,000 (as of April 1, 2023).

Basic CIT Rates: In France, 28% for income up to €75,000 and 33.33% for income over €75,000. UK: 18% for companies earning profits under 50,000 GBP and 25% for companies earning profits over 50,000 GBP (as of April 1, 2023). National Surcharges: France: 3.3% social surcharge for VAT over €763,000. Germany: 5.5% solidarity surcharge. Local Income Taxes: Spain: Variable local business and professional activities profit tax of up to 15% for companies with a turnover exceeding €1 million.

For businesses such as large accommodation establishments, chain hotels, tour operators, and travel agencies, the CT rate impacts their net income and investment attractiveness. As can be seen in Table 1, Greece has the highest CT rate at 29%, while Germany stands out as the country with the lowest at 15%. Other countries fall between these two extremes. Some countries, such as Spain and the United Kingdom, apply different tax rates for new companies or specific income levels. For example, Spain has a standard CT rate of 25%, while for newly established companies, this rate is set at 15%. In France, CT rates range from 28% to 33.33% depending on income level. Furthermore, a 3.3% social surtax is applied to CTs over €763,000. Similarly, other countries have different rates depending on income level or the company's status, and these rates are presented in Table 1.

Personal Income Tax

Since countries generally apply PIT rates to the business income earned by individuals, CT is more relevant to relatively large-scale enterprises involved in the tourism industry. Individuals who offer tourism-related goods or services—such as those providing small-scale accommodation services—are directly affected by the PIT rate. As tourism-related services tend to be labor-intensive, PIT rates on wages, self-employment income, and private businesses are particularly important. The PIT rate has an impact on labor supply. Those who provide tourism-related goods or services, such as small-scale accommodation providers, are directly influenced by the PIT rate.

(*) This is the maximum progressive scale of the withholding tax rate (the final taxation will vary depending on the autonomous

Table 1.
*CT Rates Applied in the Top Ten Most Visited Countries**

Country	Standard Rates Applied to All Enterprises	Basic Corporate Tax Rates	National Surtaxes	Local Income Taxes	Notes
USA	Federal: 21% State: 1%–12%	–	–	–	–
Germany	30%–33% (Average)	15%	5.5%	7%–17.1%	Regional tax base rates may differ from federal rates
Austria	25%	25%	–	–	–
United Kingdom	19%/25%	19%/25%	–	–	Changed on April 1, 2023
France	28%/33.33%/34.43%	28%/33.33%	3.3%	Property tax	The average rate was 36.60% between 1981 and 2024; since 2022, it has been applied at 25%
Spain	25% (Standard), 15% (New enterprises), 1%–15% (Local CIT)	25% (Standard), 15% (New enterprises)	–	1%–15%	New enterprises are subject to lower tax rates during the first two years in which they have a positive tax base
Italy	24%	24%	–	–	Companies are subject to a production tax of about 3.9%, levied locally with variable bases and rates
Mexico	30%	–	–	–	–
Türkiye	25%	25%	–	–	–
Greece	29%	29%	–	–	–

Source: PricewaterhouseCoopers LLP (PwC), 2017; PWC, 2023.

region where the taxpayer resides; in some, the maximum VAT rate reaches 54%.)

(**) 19% for residents of other European Union (EU) member states or European Economic Area countries with which there is an effective exchange of tax information.

An examination of Table 2 reveals that the lowest rate of VAT applied to individuals on average income (including state and local income) is in the United Kingdom at 20%, while the highest rate is in Austria at 42%. Other countries with a VAT marginal rate applied to individuals on average income (including state and local income) are 29% in Greece, 30% in France, 37% in Spain, 38% in Italy, and 40.5% in Germany. Furthermore, when looking at VAT as a basic personal tax, the lowest rate is 30% in France, and the highest rate is 55% in Austria. Beyond these VAT rates, France levies an additional 3% or 4% income tax on individuals earning higher incomes, depending on their income bracket, while Germany levies a 5.5% solidarity tax.

Value Added Tax

The most important indirect tax for business owners is VAT. The VAT applies to the sale of most goods and services, including those in the tourism sector. VAT is not the same as a general sales tax, as registered businesses charge output VAT on the goods and services they provide to their customers, which they can then offset against the input VAT they pay to their suppliers. It is the most harmonized tax at the European level. International travel by air and sea within the EU is subject to VAT reduction. There are also numerous zero rates and exemptions for VAT on domestic passenger transport. 25 EU countries apply reduced VAT rates on hotel accommodations and cultural services (European Commission, 2023).

In the Table 3, looking at standard VAT rates, Greece has the highest VAT rate at 24%, while Germany has the lowest at 19%. In the hotel accommodation category, the United Kingdom has the highest VAT rate at 20%, and Germany the lowest at 7%. For domestic passenger transport, Greece has the highest rate at 24%, while the United Kingdom applies 0% VAT in this category. For international air and sea passenger transport, countries such as Spain, France, Italy, Germany, the United Kingdom, Greece, and Austria apply 0% VAT, with the lowest rates in this category. In the other international passenger transport category, Greece has the highest VAT rate at 24%, while Italy and the United Kingdom apply the lowest at 0%. For cultural services, the United Kingdom has the highest VAT rate at 20%, and Italy the lowest at 10%. France applies the highest VAT rate at 10% and Austria the lowest at 13% for theme park admission. Greece applies the highest VAT rate at 24% for restaurants and catering services, while Spain, France, Italy, and Austria apply the lowest VAT rate at 10%. France has the highest VAT rate at 5.5% and Austria the lowest at 13% for sports event admission.

Finally, an examination of countries with varying VAT rates across different categories reveals that Spain, France, Italy, Germany, the United Kingdom, Greece, and Austria apply different VAT rates across various categories. This analysis reveals

Table 2.
Personal Income Tax Rates in The Top Ten Most Visited Countries

Country	General Rate(s) Applied to Individuals (Including State and Local Taxes)	Marginal Rate Applied to Individuals at Average Income (Including State and Local Taxes)	Basic Personal Taxes	Additional Charges and Local Income Taxes (If Any)	Notes
USA	37%	–	–	–	–
Germany	45% + surcharges	40.5%	Up to 45%	5.5% solidarity surcharge	40.5% is a complex calculation: progressive rates of 14%–42% apply for income between €8653 and €53,665 (estimated at 38.36%, multiplied by solidarity surcharge)
Austria	Up to 55%	42%	Up to 55%	–	–
United Kingdom	45% (basic rate starts at 20%, higher rate is 40%, and the 45% rate applies to income above GBP 125,140)	20%	Up to 45%	–	–
France	Up to 49%	30%	30%	Additional tax of 3% or 4% for high-income individuals (income above €250,000 and €500,000 respectively)	Tax deduction is granted for individuals investing in the renovation of property used for tourist accommodation. This scheme was temporary and applied to works carried out during the 2017–2019 calendar years
Spain	Up to 45%	37%	Up to 45%	–	Residents: 47% (*) Non-residents: 24% (**)
Italy	Up to 43%	38%	Up to 43%	–	–
Mexico	Residents: Up to 35% non-residents: Up to 30% for wages and varying rates depending on income type	–	–	–	–
Türkiye	–	–	Progressive brackets from 15% to 40%	–	–
Greece	Up to 45%	29%	Up to 4%	–	–

Source: PricewaterhouseCoopers LLP (PwC), 2017; PWC, 2023.

the diversity in countries' taxation policies and their tendency to apply similar VAT rates in certain categories. This diversity can be considered an important indicator reflecting the differences in national economic structures and political approaches.

Property Tax

Property tax, the oldest known type of tax (Bostan & Karakuş, 2022), is a wealth tax levied on property owned by individuals or legal entities, regardless of whether it is land, plot, building, residence, commercial structure, or other property (Organ & Çiftçi, 2015). However, from a tax perspective, property tax is the responsibility of the individual or legal entity owning the land or property. From a tourism perspective, while property tax does not directly affect the operators of rental facilities such as hotels, restaurants, agencies, etc., a high property tax rate can be considered to have an impact on rental prices (Table 4).

Occupancy Tax

The accommodation tax, also known as the tourist tax or occupancy tax, is a tax levied on visitors staying in accommodation facilities. This tax is generally a local tax, but it is collected based on the user-pays principle (Gago et al., 2006: 2). It can be said that this tax is collected to compensate for the depreciation of public services, infrastructure, and superstructure used by visitors in the destination region, and to support the social development and development of tourism infrastructure in the region (Göktaş & Polat, 2019: 147). Accommodation taxes are generally collected per person and per night stayed, but in some countries, they are also charged as a percentage of the room price. Generally, compared to occupancy taxes, the cost of the accommodation unit, and even the applicable VAT, the accommodation tax represents a very low percentage of the total accommodation cost.

Table 3.
Value Added Tax Rates in The Top Ten Most Visited Countries

Country	Standard Rate	Hotel Accommodation	Passenger Transport– Domestic	Passenger Transport– International Air and Sea	Passenger Transport– Other International	Admission to Cultural Services	Admission to Amusement Parks	Restaurant and Catering Services	Admission to Sports Events
USA	VAT is not applied in the US sales and use tax rates vary between 2.9% and 7.25%. Reduced rates are offered for the sale of certain products	–	–	–	–	–	–	–	–
Germany	19%	7%	7%, 19%	0%	0%, 7%, 19%	[ex], 7%	19%	19%	7%, 19%
Austria	20%	13%	10%, 13%	0%	0%, 10%	[ex]	13%	10%	13%
United Kingdom	20%	20%	0%	0%	0%	20%	20%	20%	20%
France	20%	10%	0%, 10%	0%	[ex], 0%, 10%	2.1%	20%	10%	0%, 10%
Spain	21%	10%	10%	0%	10%	[ex], 21%	21%	10%	10%, 21%
Italy	22%	10%	[ex], 10%	0%	0%	10%	22%	10%	10%, 21%
Mexico	16%	Reduced rate: 8%	–	–	–	–	–	–	–
Türkiye	Standard VAT rate is 20%. For accommodation services 10%	–	–	–	–	–	–	–	–
Greece	24%	13%	24%	0%	24%	6%, 24%	24%	24%	24%

Source: GVC, 2023.

*P.S. Prices are for adults. In most cases, discounted prices are available for children.

In some countries, governments, in addition to aiming to increase tourism revenue, collect taxes from visitors called accommodation taxes, tourist taxes, or occupancy taxes to offset the increased variable expenses resulting from tourism. This tax is an additional type of tax, in addition to corporate and personal taxes. The accommodation tax, tourist tax, or occupancy tax varies by country and can also vary by state, region, or municipality within a country. However, some countries, such as Greece, collect this tax during specific months, typically referred to as high season (Carey, 2024). An examination of Table 5 reveals that in countries like France and Spain, the occupancy tax is applied per person and per night, while in Mexico, the occupancy tax is 224 Mexican pesos (approximately €12.4) per person, regardless of length of stay.

Occupancy tax rates vary depending on the type of accommodation, with the lowest standardized occupancy tax per night and per person being €0.15 in Austria, and the highest rate of €10 in Greece. However, in the US, occupancy tax is calculated at a different rate on the total accommodation fee depending on the state, and in the UK, occupancy tax is not charged.

Air Passenger Tax/Departure Taxes

An international departure tax, known by various names such as air transportation, civil aviation tax, airline tax, exit tax, and international departure fee, is a type of fee or tax levied when a person leaves a country. A departure tax is essentially a tax passengers must pay to use an airport. It is also collected for many different reasons, but it often includes airport maintenance fees.

Many countries collect a departure tax only when a person departs a country by air. However, the rules for paying the tax vary depending on the country of departure. In most cases, the airport departure tax is included in the airline ticket price by the operating airline and collected at the time of ticketing. While this practice is the preferred model in many countries, in some countries, departure taxes are paid through airport immigration, passport control officers, tax payment kiosks, or ground handling agents at the operating airline. While these taxes are sometimes paid in local currency, many countries collect them in US dollars instead. The rates of taxes, known by various names such as air transportation, civil aviation tax, airline tax, exit tax, and international exit duty, can vary significantly depending on the country of departure, travel distance, or airport. However, special tax amounts or discounts are applied under bilateral agreements between countries or agreements within unions such as the EU. Therefore, tax amounts for flights departing from EU countries are generally lower than for other international flights. This tax rate is determined independently of the destination country, with France, Germany, and Italy extending this practice to all countries in the EU/EFTA region. Furthermore, tax amounts can also vary depending on the aircraft type and the passenger's class of travel (economy, business, or first class).

Table 4.
Property Tax Rates in The Top Ten Most Visited Countries

Country	Tax Base	Annual Rate	Notes
USA	There is no federal property tax in the US, but property taxes are generally applied in most states on both commercial and residential real estate owners, based on the value of the property. The tax is usually imposed at the municipal or county level, and the rates vary widely depending on the fiscal needs of the taxing authority. Personal property taxes are also levied in many states, but generally only on automobiles. A few states apply intangible property taxes on investment assets (PWC, 2025)	–	–
Germany	Combination of property value and municipal multiplier	0.26%–1%	–
Austria	Real estate value, which varies depending on the type of property	Property tax rate ranges between 0.05% and 0.2%, and municipalities may apply a multiplier of up to 500%	–
United Kingdom	Residential: Property value divided into eight bands, varies by local authority. Commercial: Determined annually by the local council, based on the estimated rental value of the business property(PWC, 2017)	Residential: Highly variable rates for each of the eight bands determined by the local authority Commercial: Standard rate 47.9% (or 46.6% for small businesses)	An additional annual tax applies for high-value residential property held through a company (£3500 (€4268.29) for property worth £500,000 (€609,756), up to £218,200 (€266,097) for property worth £20 m (€24.4 m)) (PWC, 2017)
France	1. Residential and Commercial: Ownership tax on rental value of undeveloped land. 2. Residential and Commercial: Ownership tax on rental value of developed land. 3. Commercial: Local economic contribution tax consisting of two components: (i) a progressive tax on the "added value" of the business (similar to corporate income tax), and (ii) tax on property rental value. 4. Residential: Residence tax on homeowners, based on property rental value (PWC, 2017)	Extremely variable, depending on rates set by the local municipality (and in some cases departmental and regional councils), property type, and exemptions. (PWC, 2017)	Exemptions apply for properties used as furnished tourist rentals.(PWC, 2017)
Spain	Property value	0.2%–2.5%	Very variable even within Spanish regions (e.g., local councils within the Balearic Islands apply widely differing rates)(PWC, 2017)
Italy	Property value (calculated as a multiple of cadastral value)	0.2%–1.06%	–
Mexico	Annual property taxes are collected by Mexico and all states, applied to values recorded in property tax registers, with highly variable rates	–	–
Türkiye	Property tax is calculated based on the tax value deter		
Greece	Main tax: Based on the size of land and buildings (in square metres)	Additional tax: Based on real estate value. €2–€13 per square meter for buildings; €0.0037 to €11.25 for land(PWC, 2017)	0.5% for businesses; graduated scale for individuals. A new combined property tax was introduced in 2014, but the combined property tax actually consists of two previous taxes

Source: PricewaterhouseCoopers LLP (PwC), 2017; PWC, 2023 PWC, 2025

An examination of Table 6 reveals that visitors entering or departing the country by air are exempt from taxes or are subject to certain amounts, in accordance with country-specific policies. In this context, Greece and Spain do not collect taxes from passengers, while Türkiye collects a 150 TL (€4.36) exit tax from Turkish citizens traveling abroad. Italy, however, only collects a tax of €10, €100, or €200 per person, depending on the distance traveled, from passengers traveling by private jets, and applies this tax at entry and exit. An examination of the other countries in the table reveals that taxation criteria vary depending on distance traveled and the class of the aircraft. With this information, Mexico collects approximately €65

Table 5.
Occupancy Tax Rates in The Top Ten Most Visited Countries

Country	Tax Base	Annual Rate	Notes/Special Cases
USA	Hotel or lodging tax is applied to tourists renting accommodation in most parts of the United States. Also referred to as an occupancy tax. These charges apply in hotels, motels, and guesthouses	Reportedly, the highest lodging tax is applied in Houston, where 17% of the hotel bill is paid as tax	–
Germany	Either per person per night, or based on room rate	€0.25–€5.00 or around 5% of the room rate	Varies by city. VAT is applied in addition to this tax. In some spa towns, the tax also grants access to certain facilities (spas, attractions, transportation)
Austria	Per person per night	€0.15–€2.18	Varies significantly by municipality
United Kingdom	No occupancy tax	–	–
France	Per person per night	€0.22–€4.40 (including an additional 10% regional council tax)	Varies by municipality. Municipalities may choose to apply the tax based on actual visitor nights or set a fixed fee from accommodation providers (based on capacity) to fund tourism-related expenses
Spain	Per person per night	€0.45–€2.25	Varies by city and/or region. Applied for a maximum of 7 nights
Italy	Per person per night	Above €7.00	Varies by city
Mexico	Every passenger aged 5 and above must pay a tourist tax of 224 Mexican pesos (approx. €12.4) before departing Mexico from Cancún Airport	–	
Türkiye	From January 1, 2023, Türkiye introduced a 2% Accommodation Tax	–	
Greece	Since 2018, a tourist tax has been applied per night of stay, varying by the category of accommodation, from €0.50 to €4.00. From 2024, revised to between €1.50 and €10.00	–	

Source: PricewaterhouseCoopers LLP (PwC), 2017; PWC, 2023; Carey, 2024.

from all departing passengers, regardless of distance, and the United States collects a total tax of approximately €40 from all passengers entering and exiting the country, both upon entry and exit. Austria, France, Germany, and the United Kingdom collect taxes from all passengers departing from airports. When the exit taxes in these countries are examined, it is seen that the lowest exit tax is applied in France (4.48 Euros+1.13 Euros), while the highest tax is applied in the United Kingdom (549 Euros).

Results

Tax policies serve as a fundamental instrument for maintaining economic sustainability and enhancing public revenue, while also exerting a direct and decisive impact on the development of the tourism sector. In this context, the purpose of this study is to examine the tax policies of the top ten tourist destinations worldwide, according to UNWTO (2024) data. A comparative analysis of the tax types across the top ten tourist-hosting countries reveals significant differences in both corporate and individual tax rates, as well as indirect taxes specific to the tourism sector (such as VAT, accommodation tax, and air passenger tax).

The positive impact that the diversity of tax types and the increase in tax revenues will have on the local economy, central government revenues, and local government revenues is undeniable (Rikayana, 2020: 248). Tax increases by central or local governments, particularly those stemming from tourist taxes, will facilitate relatively lower tax payments for local residents and contribute to their economic empowerment. Furthermore, locally collected taxes will contribute to the autonomous governance of local governments (Rikayana, 2020: 248). Beyond local residents or local governments, tax revenues are also used to enrich the tourist experience, or in other words, to increase destination attractiveness and contribute to sustainability.

The results show that CT rates vary across countries. Greece has the highest CT rate at 29%, while Germany has the lowest at 15%. Other countries fall between these two extremes, reflecting different approaches to encouraging tourism

Table 6.
Airport Exit Tax Rates Applied in The Top Ten Most Visited Countries

Country	Type	Base and Rate
USA	Departure Tax/Arrival Tax	International Departure Tax: $21.10 (€20) International Arrival Tax: $21.10 (€20)
Germany	Air Travel Tax	Applies to passengers departing from a German airport. Current rates: €7.47 for domestic flights and flights to EU/EFTA member states or countries in the same distance band; €23.32 for other countries up to 6000 km; €41.99 for destinations beyond 6000 km.
Austria	Air Transport Levy	Applies to passengers departing from Austrian airports. Current rates: €7 for short-haul, €15 for medium-haul, and €35 for long-haul flights
United Kingdom	Air Passenger Duty	Applies to passengers departing from airports in the UK. Current rates: Band A (0–3200 km): £13–£78 (€16–€95); Band B (over 3200 km): £75–£450 (€92–€549), depending on travel class. Business and first-class passengers pay double the lowest rates, while private jet passengers may pay up to six times more. The Scottish Government has recently been authorized to introduce its own Air Departure Tax from April 2018
France	Civil Aviation Tax	Applies to all departures from French airports. Current rates: €4.48 for mainland France, overseas territories, and EU/EFTA destinations; €8.06 for all other destinations. For business and first class: €11.25 (France, EU/EFTA) and €45.07 (all other destinations)
Solidarity Tax	Applies to passengers departing from French airports. Current rates: €1.13 for mainland France, overseas territories, and EU/EFTA destinations; €4.51 for all other destinations.	
Spain	–	No air passenger/departure tax applied
Italy	Luxury Tax	Applied to private aircraft. Charged per passenger: €10 for journeys under 100 km, €100 for 100–1500 km, and €200 for journeys over 1500 km. Applies to both departures and arrivals
Mexico	Departure Tax	Applies to all non-Mexican citizens except those with permanent residence or passengers in transit. Fee: MXN 1160 (€65)
Türkiye	International Departure Levy	Applies only to Turkish citizens. Payable at airports or online via the Turkish Revenue Administration or affiliated banks (150 TRY for 2023). Exemptions: children under seven, citizens with residence permits in other countries (including Russian work permits), and crew members of commercial road, rail, sea, and air transport vehicles
Greece	–	No air passenger/departure tax applied

Source: PricewaterhouseCoopers LLP (PwC), 2017; PWC, 2023; Airlines For America, 2023.

investment or raising revenue. Some countries, such as Spain and the United Kingdom, have been found to support entrepreneurship and economic diversity by applying reduced tax rates to start-ups or based on certain income levels. There are differences in income and VAT rates. The lowest VAT rate for average-income individuals is 20% in the United Kingdom, while the highest is 42% in Austria. Countries like France and Germany impose additional taxes on high-income groups; for example, France imposes a 3–4% additional income tax, while Germany imposes a 5.5% solidarity tax. These differences can be linked to the redistributive and social justice approaches in the countries' fiscal policies.

An evaluation of property taxes reveals that in regions with high tourism density, property taxes account for a significant portion of local government revenue. In some countries, this tax varies depending on the location of the property and its intended use. Higher rates are applied to properties in tourist areas, particularly in countries like Italy, France, and Spain. The VAT rates applied to tourism services demonstrate that some countries implement different tax policies aimed at stimulating domestic demand, while others aim to increase public revenues. The different accommodation taxes applied by countries are generally used as an additional fiscal tool to offset the increased public expenditures caused by tourism. There are also differences in the application of the air passenger tax. Spain, one of the countries that hosts the most tourists, has been found to levy no tax on both incoming and outgoing passengers. France, which hosts the most tourists, levies a tax on all outgoing passengers. The United Kingdom has the highest tax rate. An alternative approach to increasing taxation on tourism activities is to increase the VAT rates applied to typical tourism goods and services (hotels, restaurants, cafes, bars, and similar services) in most countries. Furthermore, the use of increased VAT rates requires no additional revenue collection methods, simplifying and reducing administrative costs for tourism agencies and government agencies (Gago et al., 2009).

Comparisons and evaluations of tourism taxation demonstrate that taxes can have both positive and negative effects on a destination's supply and demand. Therefore, when determining tourism taxation policies to avoid negative impacts, many factors must be carefully considered. Among these factors, it can be argued that issues such as tourism's price sensitivity, the destination or country's dependence on tourism revenues, and the tourism strategies of key competing cities or countries should be considered first and foremost. To explain this more concretely, tourists visiting the Andalusian region are observed to be more willing to pay taxes between €1 and €1.11 (Cárdenas-García et al., 2022: 589). Implementing higher taxation policies could have a direct depressing effect on demand, while on the supply side, it could lead to unethical behaviors such as tax evasion and avoidance, or to downsizing, bankruptcy, and so on.

This study has some methodological and scope limitations. The scope of the research is limited to the top ten destinations in the world that host the most tourists, as included in the United Nations World Tourism Organization (UNWTO) 2024 "Tourism Highlights" report. Therefore, destinations outside of these countries are not included in the research scope. The tax data used in the study is limited only to the most recently published official data for 2023. Possible changes in countries' tax rates in 2024 and beyond are not included in this study. The findings cover only the analysis period. Furthermore, the data are based on secondary sources, namely international reports, official statistics, and economic databases. Therefore, differences in data collection methods, calculation formats, and reporting standards across countries may create a certain degree of inconsistency in comparisons. In addition, the study was evaluated based on quantitative data, and the socioeconomic, political, or cultural contexts of countries' tax policies were not analyzed in depth. Future studies could address this issue within this scope. The study did not conduct an in-depth study of sub-sectors. In this context, researchers focused on food and beverage, accommodation, entertainment, transportation, events, etc., can examine the issue in specific areas.

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