



Krakow needs a tourism tax

2023-09-20

The tourism tax is a type of a public levy collected in tourist towns, charged to those who stay there. Such levies are collected in most tourist destinations in Europe and all over the world.

Local tax in Krakow

There are no laws in Poland under which a tourism tax can be collected. Under the Law on Local Taxes and Levies (uniform text, Journal of Laws 2023.70), in Poland it is only possible to collect local levies from those staying in a given city for leisure, health or tourism purposes, provided that the cities have all of the following:

1. A favorable climate
2. An attractive landscape
3. The appropriate tourism, leisure and training facilities.

The Municipal Council decides whether to introduce a local charge in a given area. This local levy was collected in Krakow between 2004-2015, but it was discontinued when the environmental protection regulations changed and Krakow together with its metropolis was no longer able to charge it under those laws. In Poland, the maximum rate for a local levy is PLN 2.80, and as of 1 January 2024 it will be PLN 3.22 per overnight stay.

Krakow has been endeavoring to have this tourism tax introduced for many years now.

For Krakow to be allowed to continue collecting a local levy “independent of climatic conditions”, the Krakow City Hall proposed introducing a *tourist fee* by amending the Law on Local Taxes and Levies and the Law on Income of Local Government Authorities.

In 2017, Krakow prepared proposals for amendments to the above laws and sent them to the Association of Polish Cities, which then submitted them to state authorities. A conceptual plan was also sent to the Ministry of Sports and Tourism. Under the plan, the tourism levy would be optional for municipalities, and would be capped by the Ministry of Finance, provided that the conditions for cultural and landscape value and infrastructure necessary to welcome visitors in a given area were met, excluding the environmental aspects required for the local levy.

The Krakow City Mayor has made numerous appeals to relevant ministries responsible for tourism to introduce the tourism tax in Poland. The last such appeal was made to Kamil Bortniczuk, Minister of Sport and Tourism, on 4 August 2023.

Representatives of Krakow City Hall and the Association of Polish Cities have used the platform provided by all industry discussions, interviews, meetings and conferences related to the life of the



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city to provide information about the solutions being created.

Promises made by the heads of the Ministry of Sports and Tourism that the tourism tax would be introduced soon offered a lot of hope, but unfortunately, the tourism tax still has not been introduced in Poland.

Benefits of the tourism levy:

The rate of the tourism levy or tax varies throughout European countries, depending on the laws in effect in those countries and decisions made by authorities competent to set the rate. On average, for example in the Czech Republic, it is EUR 0.67 and EUR 3.15 in Switzerland.

The Ministry of Sports and Tourism announced that the tourism levy would be PLN 5 per overnight stay.

It is estimated that the tourism tax could generate over PLN 50 million for Krakow in 2024. Under the laws amended in line with the proposal submitted by Krakow and the Association of Polish cities, the funds raised by the tourism tax would be allocated to the municipal budget, and the City Council could decide to spend it on projects congruent with sustainable tourism policy, and making conditions more comfortable for residents and visitors.

Ongoing funding is required to rebuild the post-pandemic tourist traffic, cover increasing operating costs of attractive tourist cities and municipalities, and ensure that both residents and tourists who stay there temporarily can live comfortably. The proceeds generated by the tourism levy could be used to this end.