

Airbnb To Start Collecting Tourist Tax In Paris

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AIRBNB TO START COLLECTING TOURIST TAX IN PARIS

Rental properties in most popular city on Airbnb's home sharing platform will soon have a 'tourist tax' applied to them. Collected directly from the users of properties the tax will come into effect from 1st October 2015. Paris is the first location for the tax and it will then be applied to other French cities where the platform operates.

"The move is a result of changes to made to the 'Loi Alur' last year, which saw a raft of measures brought in to transform the French housing market," commented Camille Letuve at Athena Advisors. "It takes the collection of tourist taxes out of the hands of the owners, but is essentially designed to do two things; make it easier for owners to use Airbnb, thereby increasing the number of people who use the platform and secondly, make sure that the city receives all its tourist tax receipts."

From 1st October Tourists using Airbnb will now pay a fee of €0.83 per person per night, with Airbnb properties now being classified under the rental category of furnished lets or 'meublés touristiques non classés'.

The move is the latest in a number of recent similar tourist tax collection agreements. A similar agreement in Amsterdam came into affect in February this year, after a series of others in the US from Washington to San Francisco.

It's big business, but owners need to wary of the rules...

In the face of rising hotel costs Airbnb has grown very quickly in Paris over the last few years. "Three years ago there were only a few thousand listings and now there are over 50,000," adds Letuve. "It's no surprise really as the rent caps on long-term rentals mean that owners find it easier to generate rental returns through short-lets, even if managing them may be more intense."

Figures from an economic study carried out by Airbnb back in June 2013 show that Parisian properties on Airbnb generated €185 million towards the economy. Paris-based hosts accommodated 223,000 Airbnb users between May 2012 and April 2013 with 83% of hosts renting out the homes they live in on an occasional basis. On average Airbnb guests stay 5.2 nights and spend €865 over the course of their trip, compared to hotel guests who stay an average of 2.3 nights and spend €439. Over 27% said they would not have come to Paris or stayed as long without Airbnb.

"It's a massive business now in Paris and there are even companies being created which act as rental management providers," continues Letuve. "But owners letting through Airbnb still need to be wary of the rules."

"Owners who are residents in France can let their property out up to 3 month's of the year as a short-let, but for non-residents the rules are different. "To do short-lets, second-home owners in Paris need to ask permission from the local council of the arrondissement where the property is located, adds Letuve. "This pre-authorisation system is meant to appease lobbying hotel groups in Paris who are worried about Airbnb's swift rise and also counteract the lack of long term lets available on the Parisian market. In reality few actually request authorisation so there may be changes to this system in the near future. Any rental yields are taxed through income tax, but yields can still be very high with short term lets often able to generate two or three times that of long term lets."

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