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## Airbnb hit by unfair competition complaint from French hotels

A leading French hoteliers' association has lodged a formal complaint against Airbnb and other online accommodation-rental services, arguing that they compete unfairly in the country.

AhTop, which represents about 30,000 hotel companies and syndicates, said on Thursday that it had asked authorities to examine whether Silicon Valley group and more than 100 other digital platforms were paying appropriate taxes given the size of their operations in France.

It said that it had lodged the complaint with the Paris prosecutor's office in November, and that it expected a decision on whether to open a formal case "in the next few weeks". It also said that a division of the country's finance ministry was investigating the complaint.

Airbnb said that it had not been notified by French authorities but told the Financial Times: "It is disappointing — but not surprising — to see hotels attack new forms of travel that put euros in the pockets of local residents and support small businesses outside hotel districts."

It added that hotels were using "false claims and misleading information to lead smear campaigns against" it.

AhTop's complaint comes as European authorities attempt to crack down on the use of complex tax-avoidance schemes by US and other multinational companies to shift profits abroad in order to declare them in lower-tax jurisdictions.

France has led the charge, including raids on Google and Microsoft. Italian authorities claimed victory with a €318m tax settlement from Apple late last year and have also been eyeing Google.

In April, tax authorities sent US fast-food chain McDonald's a bill after taking issue with the amount of money the company's French unit paid to a Luxembourg-based affiliate for services — including its use of the fast-food restaurant brand name — which helped to reduce the group's taxable profits.



The latest complaints against Airbnb come at the same time as it is facing additional problems in the US related to allegations that some of its hosts have shown racial bias in renting out their properties.

France is one of the world's most visited countries, and it is now Airbnb's second-biggest market after the US.

But AhTop claims that the platform does not pay all the taxes that official hotels have to pay, partly because it books revenues made in France through its European headquarters in Ireland.

"We are not against these platforms at all," Jean-Bernard Falco, AhTop's president, told a press conference. "But we want them to play by the same rules of the game."

Estimates by Gide Loyrette Nouel, a French law firm, claim that Airbnb business in France generates €60m in revenues but the company only pays €90,000 due to under-reporting.

In addition to the tax complaint, AhTop, which counts hotel chain Best Western among its members, said that many of the listings on Airbnb and other digital platforms contravene French law because they are rented out for more than the maximum 120 days a year.

AhTop is also pushing for a clause to be adopted in legislation currently before parliament stipulating that such listings must be owners' primary residence — a measure it said would go a long way to undermining Airbnb's business model in Paris and other cities.

Airbnb said that its typical host in France earns €1,970 a year by sharing their space, and that more than 40 per cent say they rely on this income to stay in their homes. It added that almost a quarter of Airbnb hosts in France are self-employed or entrepreneurs, and 13 per cent are retired.