

AHTOP'S POSITION PAPER
IMPACT OF THE RISE OF THE COLLABORATIVE ECONOMY ON TOURIST
ACCOMMODATION IN FRANCE

1. THE AHTOP: PRESENTATION AND OBJECTIVES

Created on July 21, 2015, the AHTOP (Association pour un Hébergement et un Tourisme Professionnels) gathered within a few months nearly 30,000 professional members operating hotels or tourist accommodation companies and professional associations.

It gathers, all categories combined, innkeepers operating under notorious brands (such as the international chain Best Western, SEH, CITOTEL), independent innkeepers established throughout the national territory (in France and in its overseas departments and territories), as well as groups of management of hotels and several professional associations in the hospitality sector, including the GNI¹ which itself gathers Synhorcat², FAGIHT³ and CPIH⁴.

AHTOP's action is not exclusive and not limited to the hotel industry. It aims at gathering tourism industry players sharing the same objectives such as guesthouses, hostels, travel agencies and restaurants. The AHTOP works also with associations representing the real estate professionals' interests such as the FNAIM, UNIS and SNPI campaigning for setting up a framework for the activities of the collaborative economy players.

AHTOP aims at defending and carrying on the necessary actions in order to promote quality tourist accommodation and to achieve the goal of receiving 100 million visitors by year in 2020. This new offer will have to be based on an economy ensuring competitive fairness among the tourism industry players, specifically in taking into account the development of supporting tools related to the so-called "collaborative" economy: online intermediation platform between individuals (hereinafter the "**Platform**").

The exponential growth of the offer available on the Platforms of the collaborative economy raises numerous difficulties. Today, the authorities of the most affected countries and municipalities are trying to limit them. Thus, in the last months, the cities of Barcelona, Madrid, Amsterdam, Brussels and Berlin have adopted a regulatory framework aiming at limiting the offer of tourist accommodation rentals proposed by the collaborative economy players.

The development of the collaborative economy in the tourism accommodation sector is based on a breakdown in our consumption habits causing divisions within populations ("for" or "against") to such an extent that the municipality of San Francisco organized a referendum on the topic⁵. Moreover, the articles published in the last few months and economic studies on the topic are countless.

¹ Groupement National des Indépendants

² Syndicat National des Hôteliers Restaurateurs Cafetiers Traiteurs

³ Fédération Autonome Générale de l'Industrie Hôtelière Touristique

⁴ Confédération des professionnels Indépendants de l'Hôtellerie

⁵ http://sfgov2.org/ftp/uploadedfiles/elections/candidates/Nov2015/ShortTermRentals_Text.pdf;
<http://www.sfelections.org/results/20151103/>

AHTOP's members are perfectly aware of the fact that the collaborative economy phenomenon is part of a very broad societal movement - affecting also economic sectors - that they intent to support. AHTOP considers that the development of such a new model is of interest for the tourism sector in Europe, both in terms of diversification of the offer as well as in terms of the necessary capacity increase.

The development of the "collaborative" offer in the tourist accommodation sector is for a long term. In addition, the trend is clearly leading to the professionalization of the offers proposed by the suppliers using the Platforms. The AHTOP also notes that some of those Platforms have an increasing and significant place in particular through the active role they play in the intermediation between lessors and travelers and the very offensive marketing actions that some Platforms are implementing to attract as much users as possible.

The tourist accommodation offer on the Platforms constitutes now a more and more direct and professional competition to the hotel industry and this trend will surely keep growing in the coming years.

In this context, AHTOP's objective is to anticipate the growing position that this new economic model will have in the development of tourism and instigate the measures necessary to ensure a same level playing field with the traditional tourist accommodation sector.

The AHTOP wishes to achieve this objective with the help of the public authorities, both at the national and the EU level, where legislative actions would appear to be necessary to ensure a same level playing field between the collaborative economy players and the traditional hotel industry players..

In this perspective and in order to bring its objectives at the European level, the AHTOP has decided to contribute to the works undertaken by the Commission through the public consultation organized on the Platforms and the collaborative economy.

In this context and first of all, the AHTOP would like to emphasize that it fully shares the ten recommendations made by the HOTREC in its document entitled "*Policy Paper on the Sharing Economy: Levelling The Playing Field*"⁶ that have been subject to a consensus within the hotel industry at European level.

2. THE PLATFORMS' BUSINESS MODEL

2.1 The Platforms' exponential growth

The growth of the tourist accommodation offer on Platforms is exponential. In the late 2000s⁷, the Platforms were part of the general movement towards the development of the digital sharing economy by allowing individuals to offer for rental on those Platforms all or part of their houses to travelers.

Platforms such as Airbnb, HomeAway or Wimdu have experienced a tremendous success and now offer more than 500,000 houses to rent in France, while the whole French hotel industry has about 620,000 rooms.

⁶ <http://www.hotrec.eu/policy-issues/sharing-economy.aspx>

⁷ Airbnb was created at the end of the year 2008, Home Away in 2005 and Wimdu in 2011.

The sole Airbnb Platforms currently records more than 200.000 ads in France⁸ (over 30% of the national hotel supply) and 60.000 in Paris, which represent 75% of the Parisian hotel offer (80.000 rooms) and 40% of hotel offer in Ile-de-France (150.000 rooms), making Paris the first worldwide market of this player, even though its offer was absent before 2009.

Presently, Airbnb is valued at over \$25 billion for a worldwide turnover of \$900 million according to the founder and uses huge resources to support its exponential growth⁹.

The huge success of these Platforms relies on a business model which is constantly oriented towards the search for sustained growth whatever the cost. This leads them to adopt very offensive marketing actions and sometimes very promising messages in order to gather the largest number of users as possible, no matter their profile, either individuals from all socio-professional categories or professionals.

2.2 A growth at all costs strategy

All the Platforms linked to the collaborative economy globally benefit from a particularly positive reputation either from the public authorities or from their users whose number is growing. However, some distinctions must be made between the different players of the collaborative economy.

The Directorate General for Enterprise of the French Ministry of Economy, Industry and Digital (DGE) noted in its recent report on the collaborative economy¹⁰ that there are different types of players.

- (i) the players of the collaborative economy acting in a social and/or environmental objective. They are companies or NGOs with a development based on the research of alternatives to traditional entrepreneurial development strategy and a will for restrained and measured growth;
- (ii) "start-up" companies operating on a market model which aim to expand rapidly to reach a critical size (acquisition/creation of a community);
- (iii) conventional companies which are more and more interested in the collaborative economy and who develop more sensitive and exploratory initiatives.

The AHTOP wants to underline the offensive development strategy of Platforms that operate on a merchant model. The growth strategy of these Platforms consists in supporting as much as possible the dynamics of the network effect specific to the digital economy that relies on the principle according to which the greater is the installed base of users, the stronger will be the attraction of new users.¹¹

In this perspective, the Platforms are looking for as much attractive membership conditions as possible for users, which are, on the one hand, lessors putting their properties on the Platform and on the other hand, travelers addressing to lessors through the Platform.

⁸ « *Renting occasionally a dwelling has nothing illegal* », Interview of Nicolas Ferrary, CEO France Airbnb, Newspaper Le Monde, July, 1st 2015.

⁹ <http://fr.reuters.com/article/technologyNews/idFRKCN0TA0DN20151121>

¹⁰ Directorate General for Enterprises, Economic studies, Final Report of the month of June 2015, « *Prospective : issues and perspectives in the collaborative consumption* » ; p. 232 and following

¹¹ On that topic, cf. Economic Analysis Council's Note of October 2015 and the study « *Grow fast or die slow* » of the firm McKinsey, April 2014.

This growth at all costs strategy is the model followed by new digital giants such as Airbnb, Uber or Google. On this topic, a recent study of McKinsey entitled "*Grow fast or die slow*" highlights the growth strategy sustained by players of this new economy and the interest they get from it in terms of impacts on margins and the valuation of those companies.

The race to attractiveness leads these Platforms such as Airbnb to adopt, on the one hand, a positioning and an active support in the placement and management of the ads of their lessors and, on the other hand, a very offensive marketing action on the thematic of the "sharing economy".

The AHTOP also notes that these players sometimes do not hesitate to operate their activities in breach of laws and to turn a blind eye on the practices of their users. It is now essential that public authorities remain vigilant with respect to the excesses triggered by this growth at all costs strategy applied by these players and undertake all the necessary measures to make them liable for the particularly active role they have in intermediating between both sides of their Platforms (for instance lessors and travelers).

Finally, notably in the area of tourist accommodation sector, this race for growth is recently accompanied by concentrating movements among the main players of online travel. For instance, the online travel giant Expedia, announced its intention to acquire HomeAway, the parent company of the Platforms Abritel and Homelidays, specialized in the tourism accommodation. This alliance aims to enable both models (OTA and Platforms) to converge for further strengthening their market power to the detriment of traditional players which are far from having the financial capacity to achieve such acquisitions.

2.3 The Platforms' offensive marketing actions

The DGE noted in its recent report on the collaborative economy as far as Platforms following the merchant model are concerned that these players engage themselves today into a "communication war" to conquer customers on the different markets, supported by raising spectacular fund.¹²

Indeed, Platforms use considerable resources in order to build a speech in support of their growth strategy to convince users to go on their site rather than using traditional real estate agents for the lease of a property or stay in a traditional hotel for travelers.

Namely, Airbnb engaged into a fundraising of approximately €1.5 billion in 2015¹³. Given the low capitalistic intensity required by the functioning of a Platform (whereas the hotel industry supports very large fixed costs), the Platform should be able to allocate a very important part of that amount to the organization of lobbying and communication campaigns aimed at persuading public authorities and civil society on the merits and the interest they have to support and take part into the so-called "sharing economy".

For instance, to reach the largest number of travelers, Airbnb argues that: "*An Airbnb host rents the house in which he lives*"¹⁴. Through this message, Airbnb places its actions in the trend of the "sharing economy". In other words, this platform guarantees the traveler that he will live in the conviviality spirit he is looking for.

¹² Directorate General for Enterprises, Economic studies, Final report of the month of June 2015, Etudes économiques, Rapport final du mois de juin 2015, « *Prospective : issues and perspectives in the collaborative consumption* » ; p. 232 and following

¹³ http://www.lesechos.fr/28/06/2015/lesechos.fr/021170768689_airbnb-va-annoncer-une-leevee-de-fonds-de-1-5-milliard-de-dollars.htm

¹⁴ Airbnb economic study entitled « *Airbnb, the economic impact in Paris and its districts* ».

What is proposed is sometimes very far from reality. A significant number of offers concern entire houses falling even more within the scope of the activity of furnished tourist accommodation leasing rather than the concept of homestay as it is put forward by the Platforms to attract travelers¹⁵.

To reach as many potential lessors as possible, Airbnb asserted that its action should bring "*a financial support to households*"¹⁶. Again, the reality of lessors' profiles on Airbnb is diverted so as to make all individuals likely to place their properties on Airbnb believe that their profile matches with the owner's typical profile on Airbnb. That is not the case at all. Many of the lessors are multi-owner professionals or real estate agents (some of them would offer more than a hundred apartments for rent)¹⁷.

Furthermore, Airbnb argues that: "*80% [of travelers] want to explore a specific area*" - "*70% of Airbnb housings are outside of the main hotel districts*"¹⁸. These messages aim to persuade potential users that the housing profile placed on the Platform would correspond to housing outside of the tourist areas. Again, the message is intended to gather the largest base of users on the Platform through a misleading information since the highest concentration of Airbnb housing is located in the most prestigious area, namely central Paris: 1st, 3rd, 4th, 6th district and 18th district¹⁹.

Finally, Airbnb supports the idea that "*The overall economic impact induced by Airbnb totaled 185 M € - 1100 induced jobs in Paris*" and "*In parallel to the rise of Airbnb, occupancy rates and average prices per night of hotels in Paris hotels reached record levels*"²⁰.

These findings which have for purpose to put forward a positive feeling about Airbnb to the detriment of traditional actors in the tourist accommodation are also diverted. They only intend to convince the public authorities that the action of those Platforms such as Airbnb would not cause any harm to the hotel industry either in terms of revenue or in terms of employment. Such assertion is wrong.

Indeed, the growth of Airbnb and its generated revenues largely replace the traditional tourist accommodation and the hotel industry in particular, while the level of employment resulting from the collaborative industry remains very low because this model is based on the allocation by individuals of their free time to rent their own property.

3. IMPACT ON THE HOTEL BUSINESS

Direct competition between Platforms and the traditional tourist accommodation has obviously a significant impact on the occupancy rate and the level of activity of hotel operators. This is accentuated by a legal and regulatory framework which is less restrictive and less frequently respected by the Platforms and their users.

¹⁵ On that topic, please refer to the survey « *Airbnb, Rising Rent, and the Housing Crisis in Los Angeles* » of the Lane Institute in Los Angeles. In this survey, the Institute states that only 11% of Airbnb's revenues result from rented rooms at households. However, 35% of Airbnb's revenues result from real estate professionals which publish their ads.

¹⁶ Airbnb economic study entitled « *Airbnb, the economic impact in Paris and its districts* ».

¹⁷ Article from Les Echos dated October, 25th 2015: « *In Paris, 20% of Airbnb hosts run multiple ads* ».

¹⁸ Airbnb economic study entitled « *Airbnb, the economic impact in Paris and its districts* ».

¹⁹ Article from Les Echos dated October, 25th 2015: « *In Paris, 20% of Airbnb hosts run multiple ads* ».

²⁰ Airbnb economic study entitled « *Airbnb, the economic impact in Paris and its districts* ».

Thus, the development of the offer of tourist accommodation through Platforms resulted into a first decline of the traditional hotel industry business in the whole French territory. The total number of overnight stays decreased by 0.8% in 2014 (representing €67.7 million)²¹, despite the favorable increase of tourism consumption in France before the attacks of November²². In 2015, the report of customers from the hotel industry sector is even greater. In a recent study, the UMIH²³ noticed that in the first semester 2015, the recorded overnights have decreased by 2.8%²⁴.

Since the beginning of the phenomenon, members of AHTOP find that the development of Platforms has generated a decrease of their income that can go up to 30% in the year 2015, regardless of the attacks.

Similarly, the Xerfi Institute underlined recently, based on the work of the University of Boston that the loss of business of the hotel industry was due to the rise of the collaborative economy²⁵. Boston University researchers have demonstrated the link between the development of the collaborative economy and the decrease of occupancy rates as well as the income of the traditional hotel industry. They found out a decline in the income which amounted to over 10% from the panel of hotels studied in four years, which is considerable given the very high fixed costs in the hospitality industry²⁶.

Other studies such as the one from Credit Suisse²⁷ and STR²⁸ for the city of New York came to the same conclusions. The MKG Institute noted that 72% of innkeepers believe that the development of Platforms will have a negative impact on their business²⁹.

Furthermore, there is a real proximity between the prices charged by the lessors present on the Platforms (for a short term rental of furnished property) and the tariffs charged by innkeepers. This is contrary to common beliefs and against what can be said or written. Indeed, whatever the category of the accommodation in question, this proximity results into, on the one hand, an increase of competition link between Platforms and professional tourist accommodation and encourages owners to abandon the long-term rent for this new business model, on the other hand.³⁰

²¹ Results of the touristic activity of the year 2014 of the Regional Tourism Comity.

²² As regards the occupancy rate: for instance for Paris and Ile-de-France, after having stagnated in 2012 (79,6%), the occupancy rate of parisian hotels has experienced a light decrease in 2013 (minus 0,7% point, up to 78,9%) according to Insee's information, the occupancy rate of hotels in Ile-de-France and in Paris. (http://www.insee.fr/fr/regions/idf/default.asp?page=conjoncture/specifique/conj_hotel_ser_occup.htm).

²³ Union of Professions and Industries in the Hotel Business

²⁴ Short renting - « *From a cool collaborative economy to a not cool crawling industrialisation* », UMIH / GNC - October 2015.

²⁵ Study of Xerfi, « *the new concepts in the economic accomodation* », April 2015.

²⁶ Georgios Zervas (School of Management) et Davide Proserpio (Computer Science Department), Boston University, « *The Rise of the Sharing Economy: Estimating the Impact of Airbnb on the Hotel Industry* », 7 May 2015 - <http://people.bu.edu/zg/publications/airbnb.pdf>

²⁷ <http://qz.com/341292/new-york-city-hotel-rooms-are-getting-cheaper-thanks-to-airbnb/>

²⁸ <http://www.tendancehotellerie.fr/articles-brevs/marketing-distribution/5097-article/etude-de-cas-airbnb-a-new-york-airbnb-represente-une-veritable-concurrence-des-hotels>.

²⁹ <http://hospitality-on.com/actualites/2015/01/08/hebergements-alternatifs-lhotellerie-en-voie-duberisation/>

³⁰ The APUR (the Parisian workshop for cityplanning) has noticed that the average price of a furnished good in Paris is of an average of 178 euros and the median price is 140 euros, which is very close to prices charged in the hotel business in Paris (between 150 and 200 euros per night approximately). The APUR noted, however, that the online proposed tariffs proposés for reservations are far from the one charged on the market of the long-term lease. The price can be doubled. In such conditions, it stems much more profitable for an individual or a professional to rent his good via a platform for online reservations for short-term rather than renting for a long-term. This phenomenon leads to a decrease of the offer of lease of furnished goods for a long term in Paris and consequently, an inflation of rents in Paris.

This competition will continue to intensify in the coming years. It will also include segments which remained dedicated to traditional hotel industry such as business tourism up to this day. For instance, Airbnb just launched a business travel service dedicated to professionals and indicates already gathering 1,000 of the largest companies in the world as regular clients³¹.

4. THE SITUATION OF COMPETITIVE UNFAIRNESS

With the development of Platforms, the ATHOP noted one thing among others: the direct competition they engage in with professional tourist accommodation and real estate agents is obvious. However, competition between Platforms, the hotel industry, as well as other professionals such as real estate agents and travel agencies is largely affected on several aspects.

On the one hand, the lessors which are present on the Platforms with their offers of tourist accommodation, in a very significant number of cases, do not meet the legal requirements (such as the licensing regime for the change of use of their livings as well as safety rules of public access buildings), tax requirements (submitting their income to taxes) and employment law requirements that are imposed to them.

On the other hand, the Platforms do not always respect the legal framework that is applicable to the different services they offer to their users (real estate intermediation, provision of payment services, insurance, etc.).

In addition, Platforms whose main goal is to increase their users base in order to be the most attractive possible, do not undertake any action to ensure their customers (the lessors) comply with regulatory and tax requirements imposed to them. In that regard, the Platforms hide behind an alleged "passive" intermediary role to get out of their liability.

Beyond these differences of regulatory framework, and especially, the ignorance of these frameworks by the Platforms, the latter do not offer to consumers the guarantees provided by other players with whom they are competing.

Finally and in addition to the above, there is also a clear difference between the capitalistic intensity needs required by the running of hotels and the business operated by the Platforms. When innkeepers must undertake numerous investments to renovate their hotels and recruit qualified staff in sufficient numbers to provide a quality service to consumers, the fixed costs borne by Platforms are very low.

The dysfunctions noted above are not limited to the French territory. Several major tourist places are facing the same situation.

With respect to France, the inadequacy between the legal requirements and the Platforms model as well as the absence of competitive fairness with regard to other professions of the real estate intermediation sector or the tourism industry has recently attracted the attention of public authorities:

- (i) the Ministry of Foreign Affairs, through the Promotion of Tourism Council: recently raised the need to regulate the sector in order to enable the different models of accommodation rentals to be on a same level playing field³²;
- (ii) the Government, through the mission given to Mr Pascal Terrasse (MP) in the perspective of the proposal of a new act on the new economic opportunities³³;

³¹ <http://www.challenges.fr/entreprise/20150721.CHA8058/quand-airbnb-cible-les-voyages-d-affaires-et-le-business.html>.

³² Cf. Promotion of Tourism Council's report « 20 out of 20 en 2020 - 40 measures to take-up a challenge » dated June, 11th 2015, p. 40.

- (iii) the Senate, through its Report on the collaborative economy³⁴, which noted that a large number of Platforms users did not meet their tax requirements;
- (iv) the DGE, which recently took the criticisms of the traditional players on the distortions of competition resulting from the non-implementation and non-compliance of legal requirements by the Platforms and their users³⁵.

Given such a distortion, competition between Platforms has disastrous consequences on the occupancy rate within the hotel industry, the level of activity of hotel operators and consequently on employment.

It is urgent to act in order to preserve the level of quality service in tourism sector, the level of employment / training and the quality of infrastructures now offered by the hotel industry and professional and traditional tourist accommodation industry as a whole.

5. AHTOP'S RECOMMENDATIONS

Throughout its different works, the AHTOP noted that the legal, regulatory and fiscal constraints borne by professionals in the hotel industry, but also those borne by other industries (real estate agents and travel agencies) are of particularly stringent nature compared to the one of the collaborative economy players.

These constraints give rise to imbalanced situations to the detriment of the tourist accommodation industry. The lessors who are present on these Platforms are not subject to the same constraints as the players of the traditional tourist accommodation due to the unsuitability of the regulatory framework to the economic model called "collaborative".

Therefore, the AHTOP considers it is essential that public authorities, whether at the EU or national level, acknowledge the existence of the disruption caused by the development of the collaborative economy and the behavior of the collaborative economy players in the tourist accommodation sector.

Therefore, the AHTOP proposes hereafter some recommendations with the intent to restore some competitive fairness between traditional hotel industry and the collaborative economy. Beyond these recommendations, the AHTOP considers that it is also essential to make the Platforms liable for the active role they play in the intermediation between the two faces of the platforms (lessors and travelers).

Finally, AHTOP attached to this document the different amendments it suggested to the French public authorities in the recent months within the context of the various parliamentary works currently pending in France (see Annex).

5.1 **Adaptation to the legal framework applicable to furnished tourist accommodations lessors**

Today, there are various laws in France governing the use of short-term accommodation and imposing compliance with some obligations and formalities: authorization for the change of use of the accommodation building under the Code of Building and Housing, authorization to change the destination under the Town Planning Code, reporting obligation under the Code of Tourism or requirements on fire safety and accessibility for the disabled.

³³ Press release of Manuel Valls dated 8 October 2015 related to the mission of Pascal Terrasse, deputy of Ardèche, on the collaborative economy.

³⁴ Report of information of the Senate n° 690 dated September, 17th 2015.

³⁵ Directorate General for Enterprises, Economic studies, Final report of the month of June 2015, Etudes économiques, Rapport final du mois de juin 2015, « *Prospective : issues and perspectives in the collaborative consumption* » ; p. 232 and following

Overall, the French body of legislation governing the rental of short-term accommodation areas appears relatively complete.

However, one may note the following: (i) the lessors acting within the framework of the collaborative economy rarely comply with all of these prior obligations and formalities; (ii) several legal requirements have a very restrictive scope which does not enable the competent authorities (notably municipalities) to conduct an efficient control.

For example, when an individual rents his residence for more than four months a year, he has to obtain a permit for changing the use of its premises and has to declare it to the City council according to the Code of Tourism. Controlling such a situation is particularly burdensome for the concerned administrations, while the Platforms through which the property is rented have all the necessary information.

To make the Platforms liable as well as their users, the AHTOP considers appropriate to charge them with the following obligations.

The first of these obligations has for purpose to make the Platform liable as soon as a lessor intends to use the platform. The Platform should be imposed to request from the lessor the delivery of four documents:

- A certificate of ownership of the property or an authorization from the owner to sublease the property;
- A certificate of conformity of the property to the applicable standards to public establishments (ERP) notably in terms of accessibility and security when the real estate reaches the French regulatory threshold (15 persons) and/or to comfort standards for any furnished accommodation³⁶. This certificate might be issued by an approved body;
- When required, a certificate of the delivered authorization to change the use (permanent or temporary);
- When required, the receipt of declaration of furnished accommodation in accordance with the Tourism Code.

A second requirement would lead to allowing the competent authorities to monitor the compliance of the leasing activities through the Platforms. In this regard, the AHTOP considers that the Platforms should have an obligation to keep and provide relevant administrations (municipalities and tax services) with a file inventorying the various short-term rental transactions on their website with the indication for each lessor of the number of properties, rental periods and corresponding revenues.

Moreover, it should be imposed on Platforms a role in detecting law breaches. The Platforms should be under the obligation to inform the competent authorities of any case of legal infringement so that they implement their investigation powers or even they undertake any other appropriate actions.

Finally, the AHTOP considers it essential to ensure that the lessors using Platforms comply with the reporting obligations imposed to them. Indeed, the Code of Tourism imposes to lessors an obligation of prior declaration to the municipalities where the property is located to rent their secondary residences. Now, with the development of the collaborative economy, we notice a strong increase of primary residences' leases which, in fact, are or become secondary residences. Such development also leads for non-professional individuals to difficulties in understanding the regulations that apply to them or to a reluctance to comply with it.

³⁶ Decree n° 2015-981 dated July, 31st 2015 *fixing the list of elements required in a furnished room.*

To remedy these abuses, the AHTOP considers as essential to generalize the reporting obligation to all rentals of furnished tourist accommodation, whether it is a primary or secondary residence. It is also essential to raise the amount of the penalty in the event of a lack of reporting that now seems to be not a good deterrent.

5.2 The liability of Platforms in their intermediation activities

Platforms consider generally playing a passive role in the intermediation between their users and hide themselves behind their status of mere host to be exempt from any liability with regards to them, and also with regards to public authorities and other economic players.

However, it results from the AHTOP's works that Platforms today have an active role in the intermediation between lessors and travelers.

In that regard, there exist in France different legal regimes applicable to professionals in the intermediation sector. Thus, beyond the sole liability resulting from civil law, their active role results into bringing in their activities within the scope of two regulated professions: estate agents and travel agents.

a) The role of real estate intermediation through the Platforms

Beyond the sole technical provision of making available a virtual market place between lessors and travelers, the Platforms make available to lessors tools to optimize the visibility of their ads and tools for optimizing their performance (advice on pricing, yield management, marketing advice). The Platforms offer legal intermediation services (legal assistance and definition of cancellation policy) and financial services (collection of funds for third parties). The Platforms also make available to users guarantees and claims management administration.

Given these elements, the AHTOP considers that these Platforms now act as real estate agents between lessors and tenants. However, the Platforms do not meet the specific requirements applicable to real estate professionals.

In France, the profession of real estate agent is governed by the Hoguet Law No. 70-9 of January 2, 1970 which is of public order and aims at protecting individuals whether they are sellers, buyers, lessors or lessees vis-a-vis the real estate intermediaries.

The Hoguet Law provides a number of obligations for professionals in the real estate intermediation, namely access to the profession conditions (notably in terms of training and ability, financial capacity, insurance guarantees, keeping records of transactions and orders, etc.).

b) The intervention of Platforms in the organization of trips

Similarly, the Platforms do not seem to comply with the regulatory framework related to the organization of travels applicable in France. Indeed, the Code of Tourism provides that any person who assists in the organization of services provided during travel, such as booking rooms either in hotels or in local tourist accommodation is subject to various professional obligations.

Apart from the obligation of registration, travel agents are subject to a strengthened regime of their liability towards travelers (strict liability either the contract is concluded on or offline). However, the reading of the current general terms of Platforms shows that they do not intend to comply with such obligations of strict liability.

Compliance with this regulation seems all the more justified with the extension of the field of activity of Platforms, some of them develop on their website solutions for businesses as part of a business tourism activity³⁷.

c) *Adaptation of the current legal framework to the active intermediary role of Platforms*

Insofar as the Platforms do not comply with the provisions applicable to professionals of the real estate intermediation or those applicable to travel agencies, the AHTOP considers that those who play an active role in the intermediation between lessors and travelers and that charge a service as such, should not be able to hide behind the regime of non-liability of the contents on the grounds of the sole quality of host.

It is therefore important that the intermediation activities of Platforms are governed in the same way as the one of the real estate agents or the travel agencies. It may be relevant to harmonize all reporting requirements that all intermediaries are subject to, whether they are traditional players (real estate agents, administrators, travel agencies ...) or Platforms.

5.3 Strengthening the control of taxes applicable to Platforms' users

The difference of tax treatment between the collaborative model and the traditional tourist accommodation contributes to the lack of any competitive fairness between these different players.

The problem here is twofold: not only lessors using the Platforms are not always inclined to submit their activities to the tax regime applicable to them, but the Platforms, themselves, due to the dematerialization of their activities can locate most of their income in states where taxation is more favorable than in France.

On this last point, the Commission has recently opened several cases against various Member States which granted favorable regimes for various actors (Ireland, Luxemburg). The AHTOP welcomes these initiatives of the Commission involving several actors in particular and encourages it to persevere and to generalize such procedure designed to restore a fair tax treatment of companies across the EU.

The operation of a hotel business, a "para-hotel" business and the lease of premises furnished by an individual are already regulated from a tax standpoint since many years in France by very comprehensive laws and regulations.

However, the very strong development of the collaborative economy leads to a proportional increase of tax fraud cases.

This was found by the Finance Committee of the Senate noting in its report on the collaborative economy: *"In principle, taxpayers must report their incomes resulting from these activities, as required by the law (cf. infra), and many indeed fulfill this obligation as long as the collected amounts are significant. However, in many cases, the incomes resulting from the collaborative economy by private individuals are not reported to the tax authorities and therefore not taxed. (...) A 2014 survey showed that only 15% of respondents declare or intend to declare their incomes from the collaborative economy"*³⁸ (emphasis added).

³⁷ <http://www.challenges.fr/entreprise/20150721.CHA8058/quand-airbnb-cible-les-voyages-d-affaires-et-le-business.html>.

³⁸ Report of information of the Senate n° 690 dated September, 17th 2015 on «*the collaborative economy: propositions for a simple, fair and efficient tax regime*».

Therefore, actions and legislative changes should focus on the means used to effectively collect the taxes due for those activities. The public authorities have also recognized the need to implement suitable means for collecting tax in the context of development of the collaborative economy.

Indeed, the Platforms can now be employed in the collection of the tourist tax and the implementation of reporting formalities. The Senate Finance Committee has, in addition, recommended the creation of a structure that will aim at communicating to the tax authority the amount of income associated with the collaborative economy.

In addition, in view of the Platforms' growth at all costs strategy and the investments implemented by Platforms to encourage lessors to bring their properties to rent on their sites, the AHTOP considers that these Platforms should have the charge to inform their lessors on the tax regime applicable to them.

Thus, to improve tax collection, the AHTOP recommends that governments strengthen information requirements for Platforms in respect of tax obligations for lessors. It can be contemplated that after consulting the National Tax Administration, Platforms succinctly describe the tax regime applicable to the lease of furnished property.

Furthermore, the AHTOP considers that, similarly to the system in force in the United States, Platforms should be obliged to transfer to the tax authorities' information on income received by the users.

In this respect, the AHTOP highlights the proposal made by the Senate Finance Committee consisting in the establishment of an independent third party platform to which Platforms would transfer information on the incomes received by their users due to their different activities (sale of goods, services, lease etc.). The third independent platform would calculate the aggregate income of every person (all activities being confused) and transfer it to the tax authorities once a year, in order to establish a pre-filled statement of each taxpayer, provided that the aggregate income to be above a certain threshold to be defined.

Finally, the AHTOP recommends that Platforms communicate to this third independent platform not only the income received by the lessor but also the information according to which that they have or have not complied with other legal obligations. The lessor who does not comply with its legal obligations would be sanctioned from a tax point of view; the third independent platform would surcharge the rental income by x%. This mechanism should be such as to encourage the lessors to comply with their legal obligations.

5.4 Strengthening the control of Platforms' users as regards labor law

Although there is in France a regulatory framework for the social situation of Platforms' users, as part of its work, the AHTOP found out the existence of a social distortion between the undertakings within the professional tourist accommodation sector and the lessors of furnished goods, which mainly results from:

- for the usual lessors of furnished goods, whose revenues should be declared and be subject to social security contributions, the scarcity of controls;
- for the occasional lessors of furnished goods, which are not subject to any registration requirement, the lack of control of payment of social contributions.

The current legislation includes reporting and control systems enabling to ensure, on the one hand, that the social contributions payable in respect of certain income from leasing of furnished goods are actually levied and, on the other hand, no independent or salaried activity is hidden. One should ensure the effective application of those provisions, and ensure that the range of sanctions provided by law is effectively implemented each time a situation of breach is identified.

To ensure the fair application of declarative rules of professional activity and the fair sanction for failure to comply with them, it would be appropriate to act on the direction and the recurrence of controls led by Unions of social contributions and family allowances. Such action could be undertaken in collaboration with the Central office for social security organizations and the National Authority of Control, which ensure the monitoring of activities related to policies of control and fight against fraud.

The AHTOP also considers it appropriate to intervene with the government, so that the occasional lessors are placed on a same level playing field as the undertakings of the professional accommodation sector in terms of contributions and social security contributions payment, in due proportion to the frequency of their leasing business and the income resulting from it.

In this respect, the AHTOP recommends the creation of an ad hoc professional status of "occasional lessor" enabling an affiliation to a basic regime and to the corresponding compulsory complementary regimes.

AHTOP also recommends the establishment of an obligation to pay specific contributions, such as the "solidarity" contribution at the expense of Platforms and/or occasional lessors of furnished goods, intended to support the finances of social security and/or unemployment insurance organization. These contributions could be introduced through an amendment to the social security budget law. It would be either ad hoc contributions, or the extension of existing contributions, which base would correspond, for the lessors, to the gross income resulting from the occasional leasing, and for Platforms, to financial flow compensation constituting a tax base.

5.5 The issues raised in the insurance field

Relating to insurance law, which is a particularly well regulated field, it results from the work of AHTOP that some Platforms would offer guarantees to their users that could be classified as insurance transactions and/or distribution of insurance products. However, the exercise of insurance activities and distribution of insurance products remain subject to prior authorization, which does not seem to be the case for some Platforms.

In this respect, the AHTOP considers it appropriate that the prudential supervisory authorities examine this issue and pursue the Platforms which do not respect the rules applicable to insurance and insurance mediation activities.

Subsequently, while the hotel industry players must subscribe an insurance policy, in consideration of many obligations with regard to their customers, it is unlikely that the lessors have insurance coverage adapted to the repeated reception of travelers.

In addition, the guarantee that can be offered by Platforms can encourage lessors to not adapt their own insurance coverage and to exonerate from additional costs, whereas the guarantees that they receive from the Platform are not in adequacy with the incurred risks.

The AHTOP highlights the risks incurred by the lessors who would consider that their insurance policies cover their leasing activities via the Platforms. The result of renting or subletting a property is to modify the risk initially declared and accepted by the insurer. In this context, it shall be the duty to the lessor (or sub-lessor) to declare this new activity of (sub) lease to his insurer. Otherwise, his insurance contract may be considered as null and the lessor might be deprived in whole or part of the guarantee.

To overcome this risk, it could be considered to require at least the subletting tenants to ensure themselves against risks related to the sublease of the property in the online intermediation Platforms.

Simultaneously, the AHTOP considers that it is essential that the Platforms be held liable for the risks taken by their users. In that regard, one may provide for an obligation for the Platforms to verify that the lessor has an adequate insurance policy covering the risks associated with his activity.

5.6 The issues raised with regard to payment services

Some Platforms offer to their customers a service which consists in centralizing on the Platform the payments made by customer-tenants in favor of customer-lessors and give these amounts to the lessors less the commission of the Platform. Some Platforms subcontract this collection function to a dedicated subsidiary, which sometimes is located outside France.

From the banking and financial law perspective, this part of the activity of the Platforms could be included in the regulated business of payment services supply, whether exercised by the Platform or through a dedicated subsidiary.

Today this approach is adopted by several Member States, including France, and which was endorsed by the European legislator in the recent adoption of the new Directive on Payment Services to be published in the Official Journal (Recital 11 and Article 3 b)).

In France, such an activity is covered by the monopoly reserved for certain French administrations and payment service providers with an administrative authorization issued (i) in France or (ii) in a State of the European Economic Area, subject to the fulfillment of reporting formalities for the exercise of payment services in France based on the freedom to provide services.

In addition, the intermediation activity in payment services is a regulated activity that is reserved to intermediaries who have completed a registration procedure with the register of intermediaries held by the ORIAS, which means to meet some competence criteria, insurance conditions, and in particular to have an establishment in the French territory. Any violation of this monopoly is punishable under criminal law.

It may be relevant to draw the attention of the national banking regulators on the activity of payment services provider by the collaborative economy players, particularly through the European Banking Authority in their capacity as supervisory authorities in the field of payment services, responsible for ensuring that persons exercising payment and payment intermediation services respect the banking and financial regulation and protection of consumers and all users of payment services.

5.7 The necessary Platform's liability towards consumers

As the DGE³⁹ has rightly pointed out in its report relating to the collaborative economy, it is essential that the collaborative economy players improve and strengthen the information available to individuals.

In this regard, in France there already exist a number of rules specifically applicable to Platforms. For example, the Article 134 of Law No. 2015-990 of 6th August 2015, creating the Article L. 111-5-1 of Consumer Code which already provides some information obligations for the Platforms, notably concerning their conditions of use, the quality of the users and the rights and obligations of the parties in civil and tax matters. In addition, another proposal of act (the one prepared by Axelle Lemaire) has planned to strengthen these obligations and clarify their terms.

The AHTOP considers that these initiatives constitute good examples that could be extended at European level.

The AHTOP shares the DGE's position which aims at ensuring that the Platforms invite suppliers to declare themselves as professional or not, to control the statements made by these suppliers and to take into consideration the consequences of different status of these suppliers (professional or individuals).

It is particularly important that professionals who operate through the Platforms may be required to comply with the provisions of consumer law. In this regard, it is essential to set clear income thresholds above which the suppliers will be considered as professionals.

As another example, a Platform considering that its role is only purely technical should clearly indicate to consumers that in case of the lessor's failure, the consumer will not benefit from any special protection from the Platform.

The AHTOP considers it necessary to clarify the responsibilities of different stakeholders. Thus, when they put in relation a lessor and a traveler, the Platforms consider having only purely technical role and as such they can benefit from the liability limitations that apply to hosts.

As noted above, the AHTOP considers that many Platforms play an active role in the intermediation between the two faces of one platform and get a regular income from it. Therefore, the Platforms should, in one way or another, be held liable and participate in the economic risks related to the tripartite relationship between lessor - platform - tenant.

However, Articles 12-15 of Directive 2000/31/EC apply today on a distributive basis: for example, purely technical intermediaries cannot be held responsible for illegal content present on their sites unless they had knowledge thereof; but when they adopt an active role in online offers, exceeding the role of a single host, the exemption from liability that they benefit from is no longer applicable to them. As a consequence, the hosting services Platforms meeting the criteria set by the Court of Justice of the European Union in the judgment "L'Oréal against eBay" of 12th July 2011 should not claim to obtain a host status.

³⁹ Directorate-General for Enterprise, Foresight: "Challenges and opportunities of collaborative consumption."

Finally AHTOP considers that it would not be a matter of going against the Article 15 of the Directive, which prohibits the submission of hosts to a general and systematic monitoring obligation of content. However, the Platforms should be obliged to ensure that access to suppliers to their services is subject to a prior control of their compliance with their legal obligations, such as verifying that the lessors have all the documents required by the current legislation. It would be therefore appropriate to make the Platforms liable for any legal breach committed by the suppliers and from which they gain benefit.

Annex

Amendments proposals regarding the prior declaration
of short-term rentals and guest rooms offers
and the publicity of its registration

Additional articles

Article L.324-1-1 of the French Tourism Code is written as follows:

“Anyone who offers a touristic furnished accommodation for short term rental, classified or not in the sense of this Code, has to make a prior declaration to the mayor of the city in which the accommodation is located¹.

When the declarant is not the landlord of the furnished accommodation, the declaration contains the authorization of the said property’s landlord.

The mayor gives a registration number to the declaration and delivers a waybill. This registration number is mentioned by every reservation or renting or peer to peer services for the purpose of short-term rentals².”

Article L.324-4 of the French Tourism Code is written as follows:

“Anyone who rents one or more guests rooms has to make a prior declaration to the mayor of the city in which the property is located.

When the declarant is not the landlord of the concerned accommodation, the declaration contains the authorization of the said property’s landlord.

The mayor gives a registration number to the declaration and delivers a waybill. This registration number is mentioned by every reservation or renting or peer to peer services for the purpose of short-term rentals.”

¹ Unchanged paragraph

² This wording is in accordance with Article L.2333-34 of the French General Local Authorities Code regarding the collection of the tourist tax

Amendment proposal

Additional article

Following the last paragraph of Article L.631-7-1-A of the French Building and Housing Code, a new paragraph written as follows is inserted:

“The owner of residential premises who rents it for short-term rentals to occasional customers who do not take up residence shall justify, when necessary, being the owner of the premises to the professionals who, by electronic means, ensure reservation or renting or peer to peer services for the purpose of short-term rentals³. Failure to substantiate being the owner of the premises is punished, for the lessor and the said professionals, according to Articles L.651-2⁴ and L.651-3⁵”.

BRIEF STATEMENT

This amendment imposes on the owners of residential premises who punctually rent to occasional customers to justify their rights to the intermediation platform. The purpose is to prevent the rent of touristic furnished accommodations by their tenants, which is forbidden without the owner’s authorization. This amendment also sets forth sanctions in case of non-compliance with this article, for tenants that had hidden their capacity of tenant, and for the intermediation platforms that had forgotten to check the capacity of owner of the lessor.

³ This wording is in accordance with Article L.2333-34 of the French General Local Authorities Code regarding the (voluntary) collection of the tourist tax

⁴ *“Anyone who infringes Article L.631-7 or does not comply with the requirement or the obligations imposed by the said Article shall face a fine of 25 000 euros.*

This fine is pronounced upon request from the public prosecutor by the president of the Tribunal de Grande Instance whereby the premises are located during an interlocutory proceeding; this fine is fully paid back to the township whereby the premises are located.

The president of the court orders the return of the premises to private housing purpose under a specific delay. At its expiration, the president may order the payment of a penalty up to 1 000 euros per day and per useful square meters illegally transformed. This fine is fully paid back to the township whereby the premises are located.

After that period, the Administration can proceed on its own motion, at the offender’s expenses, to the occupants’ expulsion and order to perform the necessary repair works”.

⁵ *“Anyone who, for one of the declarations provided by Title I (chapter II), II (chapter I), III and IV of this book, except Articles L.612-1, L.631-1 à L.631-6, L.641-12 and L.641-14, or any text related to their implementation, has willfully made false statements, anyone who, relying on fraudulent manoeuvres, has covered up or attempted to cover up the premises to declare, is subject to criminal sanctions up to a one-year sentence, and a 80 000 euros fine, or one of these two sanctions only.*

The criminal court shall also terminate the Contract and expulse the irregular tenants”.

Amendment proposal

Additional Article

1° Following Article 242 of the French General Taxes Code, a new Article 242 bis written as follows is inserted:

“The professionals who, by electronic means, ensure reservation or renting or peer to peer services for the purpose of short-term rentals located in France shall communicate to the tax authorities, on a yearly basis, the total amount of incomes perceived by the lessors”.

2° At paragraph 1 of I of Article 1736 of the French General Taxes Code, following the words “not complying with the obligations set forth in Article 240”, the words “in article 242 bis” are inserted.

3° At paragraph 1 of Article 1729 B of the French General Taxes Code, the words “declaration set forth in Article 242 sexies” are replaced by the words “declarations set forth in Articles 242 bis and 242 sexies”.

BRIEF STATEMENT

This amendment imposes on online accommodations renting platforms to communicate to the tax authorities the incomes perceived by the lessors *via* the service they provide. The communication of the rental revenues perceived by the lessors using online renting platforms shall be made annually.

This measure aims at encouraging the taxpayers to declare their rental revenues and easing the verification work of the tax authorities.

As a matter of fact, as outlined by MM. Bouvard (MP), Carcenac (MP), Chiron (MP), Dallier (MP), Genest (MP), Lalande (MP) and Mongolfier (MP) in the report, made on behalf of the Finance Committee, “L’économie collaborative, propositions pour une fiscalité simple, juste et efficace” (2015), individuals “*can generate important turnover, and deliberately choose to exonerate themselves from their tax obligations, aware of the low risk of control*”. This amendment aims at reducing the loss of tax earnings for the State.

Paragraphs 2° and 3° of this amendment define the sanctions applicable in case of failure or delay in executing this obligation.

Amendment proposal

Additional Article

At Article L.324-2-1⁶ of the French Tourism Code, following the words “*informs the lessors of the prior obligations to declare or to ask for an authorisation set forth by these articles*”, the words “*as well as the tax obligations resulting from the rental of premises*” are inserted.

BRIEF STATEMENT

This amendment aims at imposing on the professionals who, by electronic means, ensure reservation or renting or peer to peer services for the purpose of short-term rentals on behalf of lessors to inform the latter of their tax obligations resulting from the rental of premises.

The purpose of this measure is also, when rental revenues’ declarations are insufficient, to ease the Tax Authorities’ work in proving the deliberate infringement.

⁶ Article L.324-2-1 of the French Tourism Code in the current version précises: “*Anyone who does or assists, against payments, through mediation or negotiation or through a peer to peer platform, to rent premises ruled by Articles L.324-1-1 of the present code and by Articles L.631-7 et seq. of French Building and Housing Code, informs the lessor of the prior obligations to declare or to ask for an authorization set forth by these articles and must obtain from the lessor, prior to the rental, a sworn statement that the lessor respects these obligations*”.

Amendment proposal

Additional article

At paragraph I of Article L.2333-34 of the French General Local Authorities Code a second paragraph written as follows is inserted:

“Professionals who, by electronic means, ensure reservation or renting or peer to peer services for the purpose of short-term rentals on behalf of lessors are severally liable with the latter, to pay taxes calculated in accordance with Articles L.2333-29 to L.2333-31 and the surcharges set forth by Articles L.2333-38 and L.2333-46”.

BRIEF STATEMENT

This amendment modifies Article L.2333-34 of the French General Local Authorities Code in order for the online accommodation renting platforms to be severally liable for the payment of the tourist taxes with the lessors as well as for the surcharges in case of payment delay or refusal to declare.

Such a measure aims at stimulating the online renting platforms to collect the tourist tax so that they will not be severally liable in case of non-reimbursement by the lessors. The purpose here is to increase the effectiveness of the collect of the tourist tax. Indeed, as it is underlined by the report on taxation on short-term rentals dated 9th July 2014⁷, in Paris *“95% of the tourist tax is collected by the hotel industry and only 5% is collected by other type of accommodation, whereas the hotel industry only welcomes 50% of the tourists”*, which can create a distortion of competition among the operators of this market..

This measure only concerns the “real” tourist tax, i.e. tax based on the number of nights actually booked by the tourists. Indeed, as parliamentary debates with regard to Article 67 of the 2015 Finance Act⁸ have outlined, *“the matchmakers being unable to know the “permanent” capacity of certain premises, applying the tourist tax on a lump-sum basis would have led to additional problems.”*

⁷ Information report handed in accordance with article 145 of the Regulation by the Committee of finance, general economy and budgetary control as a conclusion of the works carried out by “Mission d’évaluation et de contrôle sur la fiscalité des hébergements touristiques” presented by Mrs Rabin (MP), MM Woerth (MP) and Straumann (MP) and MM Carré and Clays (Committee’s Presidents) - National Assembly, 9th July 2014.

⁸ Law n°2014-1654 of 29th December 2014 as Finance Act for 2015, general report of the Senate on behalf of the Finance Committee on the project of Finance Act for 2015, by M. Albéric de Mongolfier, Tome III. Article 67 allows platforms to collect tourist tax.

Amendment proposal

Additional article

1° Following the second paragraph of Article L.2333-38 of the French General Local Authorities Code, a new paragraph written as follows is inserted:

“In case of failure, delay, insufficiency in declaring, default or delay in paying the collected tax, surcharges provided by Articles 1728 to 1729 B and 1730 of French General Taxes Code are also applied”.

2° Following the second paragraph of Article L.2333-46 of the French General Local Authorities Code, a new paragraph written as follows is inserted:

“In case of failure, delay, insufficiency in declaring, default or delay in paying the collected tax, surcharges provided by Articles 1728 to 1729 B and 1730 of French General Taxes Code are also applied”.

BRIEF STATEMENT

This amendment strengthens the sanctions applicable in case of

- failure, delay, insufficiency in declaring the tourist tax
- default or delay in paying the tourist tax.

This measure aims at reinforcing the efficiency in recovering tourist taxes in order to prevent distortion of competition among the operators of the market.

This amendment only concerns “reality” tourist tax, i.e. tax based on the number of nights actually booked by the tourists, as well as the lump-sum tourist tax.

Amendment proposal

Additional article

1° Following the second paragraph of Article 1649 quarter E of French General Tax Code, new paragraph written as follows is inserted:

“Centres require from their subscribers, when they repeatedly rent furnished accommodations for short-term rentals to occasional customers who do not take up residence to communicate the documentation attesting that they respect the obligations provided by Articles L.123-1 to L.132-4 and to Articles L.631-7 and L.631-7-1 of the French Building and Housing Code as well as decree n°2015-981 dated 31 July 2015 listing the furniture elements composing a furnished accommodation”.

2° In the fourth paragraph of Article 1649 quarter E of the French General Tax Code, the words *“a copy of the report is transmitted”* are replaced by *“a copy of the report as well as the documentation mentioned in the third paragraph⁹ are transmitted”*.

BRIEF STATEMENT

This amendment aims at stimulating the lessors to respect their regulatory obligations with regard to accommodation rentals. The lessors will then accordingly address the relevant chartered management centres in order to transmit the documentation mentioned below to the Tax authorities. In case of failure to do so, the lessors will not benefit from the tax advantages reserved to the subscribers of chartered management centres such as an exemption of surcharge of their tax bases.

More precisely, the documentation that will have to be sent to the Chartered management centres are, when required, the authorization to change the purpose of premises intended for residential use turned when turned into touristic furnished accommodations as well as all the documentation proving the respect of the safety rules applicable to public access building and to the minimum comfort of furnished accommodations norms.

⁹ New paragraph provided in 1° of the present amendment ;