




Accommodation Tax In The City Of Košice – Initial Stage Of Research

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Abstract

Motivation: The authors focused on one of the local taxes in Slovakia, namely the accommodation tax, which represents a source of own income for Slovak municipalities. Although its budgetary importance is not significant from a national perspective, it is important from the perspective of the budgets of individual cities. Despite this, there is a lack of comprehensive research on this tax as a source of income, which represents a research gap within the Slovak Republic.

Aim: The aim of the article is to identify the trend in accommodation tax revenues from 2010 to 2023 at a selected local level (city of Košice), thereby confirming the assumption of the growing importance of that revenue, as well as identifying possible influencing factors.

Results: The results of our research showed that the potential of the tax as a source of income for municipalities has not yet been fully utilized - which is an argument for the justifi-



cation of further research. The following legislative factors influencing the income from this tax were identified: the method of determining the tax rate, the scope of exempt overnight stays, the possibility of transferring the collection of the tax from the accommodation provider to digital platforms as accommodation intermediaries, and as non-legislative factors, the ability of the city to control tax obligations and the city's policy in the field of tourism development (increasing the attractiveness of the city as a tourist destination), while the significance and correlation of the above factors will be the subject of further follow-up research.

An interesting result of the research is also the identification of discrepancies between the available data of the Statistical Office of the Slovak Republic and data from the regional database (city of Košice) due to the application of different reporting methodologies, which may result in a distortion of the actual situation or statistically differentiated results.

Keywords: tourist taxes, accommodation tax, tax revenue, tax policy, Slovakia

JEL: K34, M38, R11

1. Introduction

Local taxes represent an important institute in the self-governing life of a municipality. They may be present in particular tax system in a material (according to their substance) or also formal form (if the legislation itself uses the notion of local tax) (Vartašová & Červená, 2024, p. 29). The concept of local taxes is very well elaborated in Czech literature, e.g. by Mrkývka (2003), according to which a local tax may be that which revenue accrues to the local budget, or only that imposed and administered by a local authority, or that collected by local authority given that it is capable of determining at least some of its elements (e.g. tax rate). Similarly, Polish theory distinguishes the revenue accrual principle, the municipal competence principle and, as the most narrow, only the payment labelled as local tax by the legislator (Kornberger-Sokołowska, 2001).

In Slovakia, it is the Constitution itself that determines that municipalities should finance their needs predominantly from own resources (art. 65 para. 2) and that taxes are state and local (art. 59). Local accommodation is one of the local taxes that has been introduced in Slovakia as part of fiscal decentralisation by the Act No. 582/2004 Coll. on local taxes and local fees for municipal waste and small construction waste as amended ("Local Taxes Act") to provide municipalities with own local revenue sources. Even though there is still a vivid debate on how successfully local taxes fulfil the role of relevant municipal revenue source (Vartašová & Červená, 2022, p. 204; Liptáková & Rigová, 2021, p. 313; Vartašová, 2021, pp. 173–174; Klimovský & Nemec, 2021, p. 369 et seq.; Papcunová et al, 2020, p. 13), yet, their importance is present also in the light of the Slovakia's obligations under the European Charter of Local Self-Government (Románová, Radvan & Schweigl, 2019). Not only is the fiscal function the most relevant role of local taxes, it is their



existence itself that secures a certain level of independence (fiscal autonomy) of municipality and thus secures its immanent functioning and fulfilment of its tasks – that is the constitutional dimension of local taxes (Vernarský, 2022, p. 52). However, not the least important are the regulatory, distributional and other functions (Vartašová & Červená, 2024, p. 23).

The need for discussion on accommodation tax in Slovakia reflects the complex relationships between tax policy, economic growth and competitiveness. Although changes in tax policy, especially in accommodation tax rates, are often influenced by regional economic conditions and the need to support tourism, accommodation tax has been the matter of the research usually within the local taxes context only (Vartašová & Červená, 2022) and despite the long tradition of this tax in Slovakia, a complex evaluation of the tax and its revenues is missing. In Slovakia, according to the data of the Ministry of Finance of Slovak Republic, this tax was imposed in 2023 by 34.6% of municipalities and cities (998), including major cities and municipalities in tourist destinations, hence, the tax is relatively broadly applied.

For this reason, the authors performed an initial analysis of the detailed data on characteristics of the accommodation tax in the particular case of the city of Košice, the second largest city in Slovakia and the seat of the author's workplace – the University of Pavol Jozef Šafárik in Košice¹ with the aim of identifying the trend in accommodation tax revenues in the period from 2010 to 2023 at a local level of city of Košice, thereby confirming the assumption of the growing importance of its revenue for the city, as well as identifying possible influencing factors.

2. Literature review

Accommodation taxes are typical representatives of worldwide applied tourist-oriented taxes (Dwyer, Forsyth, Dwyer 2010, 539). In Slovakia, as well as in many other countries, it is applied as a local tax. These taxes do not play an important role in the local budgets of municipalities in Slovakia, as well as in other Visegrad countries² in general (Vartašová & Červená 2022), however, their importance is significant in specific municipalities/cities which are predominantly tourist-oriented (Ambrus & Gróf 2021; Vartašová, Červená & Olexová 2022, p. 438; Dziuba & Życzkowska 2024, p. 471).

¹ The reason for the targeted selection was the cooperation with the city of Košice, which provided us with primary data, with the aim of providing the obtained results to the city of Košice, with the prospect of improving the collection of accommodation tax with a potential positive impact on the city of Košice's own revenues.

² While in Slovakia and Hungary, they have a formal denomination of taxes, in Czech Republic and Poland, they are formally designated as fees, however, according to the academia, they are rather of a tax not a fee nature (Radvan 2018; Marková 2005; Dowgier 2020) or fees with tax nature (Etel & Popławski 2012).



With the existence and spread of online digital platforms, the question of how their interference in accommodation provision in terms of taxation should be reflected by the states has started to be posed. This issue has also been addressed by academia worldwide. Pomp (2019) has dealt with voluntary tax collection by Arbnb; Bibler, Teltser, Tremblay (2020), Garz and Schneider (2023a and 2023b) with tax enforcement and voluntary payment of tax by accommodation facility providers. In the Visegrad countries, Radvan and Kolářová (2020), Plzáková and Studnička (2021), Janovec (2023) and Pahl et al. (2024) were dealing with wider aspects of existence of digital platforms and their influences on accommodation or tourist-oriented taxes. Also in Slovakia that issue has been dealt with by e.g. Mazúr (2019), Simić (2022) and Vartašová, Červená and Olexová (2022). The reason of this newly-dated academic works is mostly that Slovakia is the first among Visegrad countries to legislatively incorporate digital platforms in the process of collecting local accommodation tax, nevertheless, this regulation is connected to certain imperfections causing its non-application in practice, as found by Vartašová and Červená (2025).

This dimension emphasizes the potential of local tourist taxes and determines the need for complex research on such taxes.

3. Methods

Firstly, the analysis of relevant legislation has been performed. Since the actual tax regulation is two-tier, we analysed the state-adopted regulation – Local Taxes Act, which enables municipalities to impose local accommodation tax in their territory and set its rates by local law (generally binding regulation – “GBR”) as well as the local legislation of the city of Košice, through which the city sets its local tax policy. The method of legal text analysis was used to identify legislation-related causes of revenue developments.

Based on available data from national statistics (Statistical Office of the Slovak Republic – “SO SR”) and data provided by the city of Košice, research was carried out using exploratory data analysis to identify the trends of accommodation tax revenue for the period 2010 to 2023 at a selected local level (city of Košice), thereby confirming the assumption of growing importance of that revenue and identifying possible factors of influence. Trend analysis was used to visualize the direction of development (trend) of the data in the period under study. The selection of the appropriateness of a particular trend line was assessed based on the primary visual assessment of the individual data over the period of interest and the value of the coefficient of determination R^2 . For this purpose only, the COVID-19 pandemic period (years 2020 and 2021) was omitted from the source data to eliminate data bias by significant statistical outliers disrupting the normal trend except for the “ratios



of paid tax to overnight stays” where an omission would not be justified. To evaluate the trend, a polynomial trend line ($n=2$) was used for the values of “paid tax” with $R^2=0.818$, a polynomial trend line ($n=3$) was used for the values of “share of paid accommodation tax in city’s current revenues” with $R^2=0.6115$, polynomial trend line ($n=3$) for the values of “share of paid accommodation tax in city’s tax revenues” with $R^2=0.5134$, polynomial trend line ($n=4$) for the values of “total overnight stays” with $R^2=0.0337$, polynomial trend line ($n=3$) for the values of “taxed overnight stays” with $R^2=0.7965$, polynomial trend line ($n=3$) for the values of “share of exempted overnight stays” with $R^2=0.9037$, polynomial trend line ($n=3$) for values of “share of paid accommodation tax in total number of overnight stays” with $R^2=0.8544$, polynomial trend line ($n=3$) for values of “share of paid accommodation tax in number of taxed overnight stays” with $R^2=0.7111$. Among these, the least reliable representation of the trend was obtained for “total overnight stays”, where greater reliability could not be achieved given the data, which is evaluated in the Results section. The trend lines include the prognosis for consequent period of one year. Marginally used was the comparative method to illustrate situation in other cities for the purpose of comparison of selected factor (share of accommodation tax revenues in city total tax revenues).

Data available from the SO SR comprised the number of stays in Slovakia per year, the number of stays in Košice per year and the yearly number of accommodation facilities. The data from the city comprised annual revenue from the tax, current and tax revenues of the city on annual basis, number of monthly and annual stays, number of monthly and yearly taxed and relieved stays, and number of monthly accommodation facilities registered with the city for the accommodation tax purposes.

In this initial research stage, we focused on identifying the patterns, trends, and anomalies in the data that would enable the identification of aspects for further evaluation and formulation of the hypothesis to be tested by statistical methods. The article is therefore conceived as the initial stage of comprehensive research in which the significance and correlation of factors influencing accommodation tax revenue will be examined.

Limitations of the research: Since the research was targeted at a specific city, it was not possible to generalize the results obtained for all municipalities/cities in Slovakia, due to independent tax policy of each particular municipality/city (e.g. tax rates, exemptions, external factors like size, location, attractiveness, etc.), which was also not the aim of this research. The research was not extended to more cities due to the absence of a central database of accommodation tax data, since the data analysed are of internal nature; follow-up research could be extended to other cities, on condition that comparable data is provided. The statistical significance of the impact of the identified factors (tax rate changes, exemptions) was not further investigated at this stage of the research; no further statistical methods (correlation



and regression analysis) were applied to the data obtained. Another limiting factor is the consideration of only the position of the city as tax administrator without confronting it with the view of the accommodation tax payers as the entities directly affected by the tax.

4. Legislative background

4.1. National legislation and its development

The original regulation (from 2004) was relatively simple³, however, the provisions of the Local Taxes Act regarding the regulation of accommodation tax have been amended seven times⁴ and most of these changes had substantial impact on the application of this tax.

The scope of the tax was amended twice - from 15 October 2014 it changed from “paid temporary accommodation of a natural person in a facility providing temporary accommodation services” (art. 37), referring to act No. 455/1991 Coll. on trade business (Trade Licensing Act) as amended, to “paid temporary accommodation under articles 754 to 759 of the Civil Code in an accommodation facility, which is a hotel, motel, boatel, hostel, guesthouse, apartment house, spa house, health resort, accommodation facility of natural health spas and spa treatment facilities, tourist hostel, cottage, building for individual recreation, log cabin, bungalow, campsite, minicamp, campsite, family house, apartment in an apartment building, in a family house or a building serving multiple purposes” (art. 37). Since 11 December 2021, “other facilities providing paid temporary accommodation to a natural person” (art. 37) has been added to the previous list.

From 11 December 2021, the definition of the taxpayer was amended to the effect that if the operator of the facility cannot be determined, the taxpayer shall be the owner of the property or its part in which paid temporary accommodation is provided to a natural person and should such be owned by several persons, each of them shall be the taxpayer with joint and several liability for the tax. It was also established that a taxpayer is not an expatriate under the Asylum Act (reflecting the situation of Ukrainian refugees).

³ Subject to accommodation tax was the paid temporary accommodation provided to a natural person in a facility providing temporary accommodation services; the taxpayer was a natural person who temporarily stayed in the facility for a fee; the tax base was the number of overnight stays; the tax rate was determined by the municipality and was paid – collected and remitted by the operator of that facility. The municipality had to establish the details of the tax, in particular the tax rate, the scope and method of keeping records, the method and deadlines for tax collection, the requirements for the confirmation of tax payment, and exemptions by means of generally binding regulations.

⁴ By the acts No. 517/2005 Coll.; No. 538/2007 Coll.; No. 460/2011 Coll.; No. 484/2013 Coll.; No. 268/2014 Coll.; No. 470/2021 Coll.; and No. 178/2022 Coll.



The tax base was amended with effect from 11 November 2021, together with a technical change from 15 June 2022, so that the tax base is the number of overnight stays, but with a “maximum of 60 overnight stays of one taxpayer with one tax remitter in one calendar year” (art. 39). This change was significant, as until then the tax was based only on the object of the tax – i.e. paid temporary accommodation, however, this temporary nature was not defined in any way, not even by reference to the accommodation contract under the Civil Code, which has been referred to in the law since 2014.

Since 1 January 2014, a municipality can also “establish a different tax rate for parts of the municipality or its individual cadastral territories” (art. 40 para. 2) by a GBR. Another new regulation from 11 December 2021, was the possibility of establishing a flat tax rate in the GBR (a tax rate per bed per calendar year) which is calculated as the product of the flat tax rate and the largest accommodation capacity of the facility in the last year; changes in accommodation capacity during the calendar year are not taken into account. This, however, applies only if the taxpayer agrees to it, but the benefit is relief from the registration obligation. The flat tax is levied by decision and is payable in instalments if preferred.

From 11 December 2021, the determination of the origin and termination of tax liability has also been added using “the first date of provision of paid temporary accommodation to a natural person” and “the date of termination of the provision of paid temporary accommodation to a natural person” (art. 41). Since then, the legal regulation regarding the notification obligations (on the origin and termination of tax liability, the tax base, record keeping, and assumption of the duty to collect tax by the tax remitter’s representative) have been significantly expanded. The legal regulation has also been supplemented by the determination of the tax according to tools in case the tax remitter fails to comply with the reporting obligation. In such a situation, the tax base is “the product of the accommodation capacity of the facility (number of beds) at the time of determining the tax and the number of days in the calendar year for which the tax remitter did not comply with the reporting obligation” (art. 41d para. 2).

The most significant change since 11 December 2021 was the establishment of the tax remitter’s representative, being “a natural person or legal entity that mediates paid temporary accommodation between the taxpayer and the tax remitter through the operation of a digital platform (offering facilities providing paid temporary accommodation in the territory of the municipality)” (art. 38 para. 3). The municipality may conclude an agreement with the representative of the tax remitter on the requirements of the scope and method of keeping records (of natural persons to whom paid temporary accommodation was provided), the method of collecting the tax, the requirements of the confirmation of payment of the tax, the deadlines and the method of remitting the tax to the municipality. The tax remitter is



obliged to notify that “instead of him, the tax is collected in part or in full by his representative, who assumes the fulfilment of the tax obligation on behalf of him” (art. 41a para. 3); thus, the tax remitter’s “tax base shall be reduced by the tax base that his representative assumed on behalf of the taxpayer” (art. 41a para. 4). The tax remitter’s representative shall notify the municipality of the assumed tax base within the period and in the manner established by the municipality in a GBR. The representative of the tax remitter shall collect the tax from the taxpayer on behalf of the tax remitter and remit it to the account of the tax administrator. Payment to the account of the tax administrator shall be deemed to be the tax paid.

The authorised competencies of municipalities were gradually modified, as well. From 1 December 2005, the municipality was allowed to establish not only exemptions but also tax rebates, and from 1 December 2007, it was empowered to determine details regarding the requirements and deadline for the tax remitter’s reporting obligation. From 1 December 2012, the concept of empowering provisions changed, as the municipality was no longer authorised to establish details only concerning articles 37 to 41 of the Local Taxes Act, but to the entire tax regulation, and the original scope of individual empowerments was stated as a demonstrative calculation (with the wording “in particular”). Further changes occurred since 11 December 2021 in the context of a significant expansion of tax legislation - the municipality would mainly only establish the requirements of the reporting obligation (since the deadline was already established by law), the tax rate or various tax rates, the flat rate tax, the method and deadlines for remitting the tax, exemptions, and rebates. The scope and methods of keeping records were already established by law.

4.2. Local legislation in the city of Košice and its development

Effective from 1 January 2005, a local accommodation tax was introduced in the city of Košice by the GBR No. 69 of 7 December 2004. The tax rate was 25 SK per person and each overnight stay. According to the GBR, exemptions were provided to a wide range of persons, namely (a) blind persons, helpless persons, holders of a severely disabled person’s card and their guides, (b) owners of facilities for individual recreation located in the city, their spouses, direct relatives, siblings and spouse of these persons and their children, (c) persons under 18, persons receiving old-age pensions and civil service pensions, persons to whom child allowances were due, soldiers in basic service and persons performing civil service, (d) direct relatives and siblings of the accommodation provider and his/her spouse, and the spouses of these persons and their children, (e) students attending school and foreign exchange student internships, and finally f) persons residing in company dormitories for a long term (more than 1 month). The accommodation provider



was required to notify the tax administrator in writing of the establishment and termination of the activity of the accommodation facility no later than 15 days thereof and was subsequently obliged to submit reports on the tax collected for the past calendar month within 10 days after the end of the calendar month and to pay the tax collected within the same period. The tax remitter was obliged to keep a book of accommodated guests. The GBR was characterized by several imperfections, such as the incorrect terminology used by the city in this regulation (incorrect name of the tax – “stay tax” instead of accommodation tax, the term “tax is not paid by” instead of tax exemption, the term “lodger” instead of tax remitter or accommodation provider, etc.), which, apparently, were still based on the former local fee for a stay in a place of concentrated tourism.

This regulation was replaced by GBR No. 104 of 11 September 2008, effective from 1 January 2009. The tax rate was increased to EUR 1 and the group of persons exempt from the tax was narrowed to (a) holders of the cards for the severely disabled person and severely disabled person with a guide) card and their guides, (b) persons under 18 and persons above 70, (c) full-time students under 26 if continuously preparing for the future profession, (d) long-term accommodations lasting more than one month. The deadline for the tax remitter to submit a report and remit the collected tax was extended from 10 to 15 days, but a duty to submit a formalized monthly statement of the tax collected for the previous calendar month on the form specified by the city was introduced, and, in addition to the book of accommodated guests, a duty to keep a special record of accommodated guests exempted from tax (with relevant documents proving the reason for the exemption) was added. This GBR was amended three times, first by Resolution No. 446 of 10 December 2012, when the rate was increased to EUR 1.5 with effect from 1 January 2013, by Resolution No. 3 of 8 December 2014, when Local Taxes Act amendment of the definition of accommodation facilities needed to be reflected, and by Resolution No. 203 of 3 October 2019. The last one amended the tax exemption for long-term accommodation with effect from 1 January 2020, so that the exemption no longer applied to all stays over one month, but applied only for periods exceeding 30 days, and the first 30 days were already subject to tax. The mandatory data recorded by the accommodation facility operator was also expanded, but the obligation to keep a special record of tax-exempt accommodations was abolished. The possibility of sending a report on the collected tax, including a monthly tax statement, to the tax administrator electronically, was introduced.

The third GBR regulating the accommodation tax in Košice was GBR No. 229 of 17 March 2022, which entered into force on 1 May 2022. First of all, the tax base was changed, where, as a result of the amendment to the Local Taxes Act, a uniform taxation limit of no more than 60 overnight stays was introduced. A detailed structure of the data of the notification obliga-

tion when starting to provide paid temporary accommodation in an accommodation facility was introduced. Only the exemption due to the duration of accommodation was removed from the scope of exemptions due to the aforementioned unification of national legislation. This fresh GBR has also been amended, namely by Resolution No. 43 of 15 December 2022, which increased the tax rate to EUR 2.50 with effect from 1 January 1 2023. Effective from 1 January 2025, the tax rate will rise to EUR 3.50.

5. Results

5.1. State-provided vs. municipal-provided data

Even though on a smaller scale, we see from the data of the SO SR (Chart 1) that Košice copy the pattern for Slovakia as regards the amount of tourist (overnight) stays, where we can indicate development compatible with global influences. After 2008, the decline of the economy caused by the modern global financial and real estate crisis emerged, and another significant drought in tourism in the period after the COVID-19 pandemic started in 2019, which completely paralyzed the whole world, including Slovak tourism.

The period starting with the year 2013, for which the city of Košice was officially titled the European Capital of Culture (ECOC), appeared to be very positive in terms of the development of culture and tourism not only in Košice (Šebová et al., 2014). The subsequent decline in 2014 visually confirms the conclusions of ECOC impact surveys in some cases on no or short-term decline in tourism in the region (Gomes & Librero-Cano 2018; Richards, 2000). The number of overnight stays in 2016, when Košice was the first city in Slovakia to be titled the European City of Sport, is less visible in the data of the SO SR. Several sporting events were organized, but according to data from the Statistical Office, they did not attract a significant amount of tourists. The next apparent peak in the number of overnight stays was in 2019 when a significant tourist-relevant event – the 83rd Ice Hockey World Championship took place in Košice and Bratislava.

The period between 2020 and 2021 was marked by the mentioned pandemic, while from 2022, the end of pandemic measures and the beginning of war attacks on Ukrainian territories combined with the state-subsidized accommodation provision to Ukrainian refugees reflected in the increasing number of overnight stays again since 2022, however, yet not to the pre-pandemic level. Despite the significant decrease in overnight stays during the COVID-19 period, the number of accommodation facilities decreased only very slowly (Chart 2), which might be attributed to the subsidies from the government rescue packages compensating for lockdowns and anti-economic anti-pandemic regulations to protect the health and lives of the citizens.

Next, we compared the indicators of tourism in the period from 2010 to 2023 published by the SO SR with the data provided by the city of Košice (Chart 2). Since the Statistical Office focuses only on natural and legal persons providing temporary accommodation in accommodation facilities of the tourism industry for whom the provision of accommodation is a business income and who are registered in the Register of Accommodation Facilities of the Statistical Office, the municipal data differ, as they include also the private accommodation providers and other types of facilities. The difference is significant, though. Moreover, such discrepancies make any complex research on a comparative basis of Slovak towns and municipalities hardly possible, as municipalities do not publish these data in any central database.

The state data catch only 37% of stays (guest nights) on average for the researched period in Košice and differences are also in not catching the same peaks of their development, noticeably in the period of 2012-2013, where the state data show a peak in 2013 when Košice was the ECOC, but the municipal data show a peak the year before, then in 2016, i.e. in which the city of Košice was awarded the title of the European City of Sport, and finally in 2023, after the pandemic recovery (Chart 2). The very same situation is as regards the number of accommodation facilities. Only the peak of establishing the new facilities towards 2019 (anticipating the accumulation of visitors in Slovakia due to the upcoming Ice Hockey World Championship) can be seen in both datasets. Moreover, in 2023, a post-pandemic boom of new accommodation facilities is visible from the municipal data only (red curve Chart 2).

The fact that these significant shares of visitors were not captured also by the data collected by the state is largely related to the existence of private occasional accommodation options and the fact that the state statistics are not covering it shows a significant gap in the understanding of the tourists' behavior and the distortion of the overall data, as well.

5.2. Data of the city

Firstly, we analysed the data on accommodation tax revenues in general (Chart 3). We identified the clear trend of increasing tax revenues in the monitored period with a very well fitting trend line ($R^2=0.818$) with the equation $y = 1592,2x^2 + 24761x + 237261$ showing an accelerating growth (with omission of the Covid-19 pandemic years of 2020-2021) (Chart 4). We identified different periods from the viewpoint of volume of revenues (2010–2012, 2013–2022, since 2023) (Chart 3 - main axis), which, in our opinion, may be attributable to the amendments of tax rates in 2013 (raise from EUR 1 to EUR 1.5 per night/person) and in 2023 (raise from EUR 1.5 to EUR 2.5 per night/person).

In terms of the share in the city's total current revenues, the accommodation tax revenues appear to be rather unstable component of the city's



budget, although the trend⁵ is increasing (Chart 4). Concerning the share in the city's tax revenues, where the overall trend is also slightly increasing, however, with a rather medium reliability ($R^2=0.5134$) (Chart 4), even more unstable development is visible with clearly identified stages defined by the effectiveness of the tax rate increase (2010-2012, 2013-2022, potentially from 2023 onwards), where, in the first stage, the share ranged between 0.32 and 0.34% and in the second stage between 0.42 and 0.52%. In the subsequent period (excluding the COVID-19 and post-COVID period – 2020 to 2022), a significant increase is visible in 2023 (0.63%), where no tendency can be identified yet, except for the post-2020/2021 crisis recovery.

As regards the number of overnight stays, this is unstable (Chart 5) and no trend can be identified ($R^2=0.0337$), meaning that the results in particular years are rather random (Chart 6). However, we perceive as a fundamental positive that since 2020 the share of exempt overnight stays has started to decrease (a clear decreasing trend with a strong fit of the trend line with the equation $y = -0,0018x^2 + 0,0069x + 0,6486$ and value of $R^2=0.9037$) and the absolute number of taxed overnight stays is raising (increasing trend with still a very well fitting trend line with the equation $y = 140,5x^3 - 1416x^2 + 11731x + 300198$ and value of $R^2=0.7965$), and we believe that the change in national and local legislation regarding the regulation of the object of the tax (exemption of only over 60 nights) has clearly had a significant impact on that. On the other hand, the change in local legislation in the form of narrowing the exemptions since 2020 has not reflected in a positive impact on the share of taxed overnight stays, perhaps also due to the Covid-19 pandemic. There was a noticeable higher share of short-term stays (standard tourists) in 2016 and 2019 (during the European Capital of Culture and the Ice Hockey World Championship). However, it is necessary to point out that the average values of exempt overnight stays were strikingly high on a long-term basis - until 2021 they were at the level of 55% and above with a maximum of 67.9% in 2012; in 2023 their share fell to 39.4% (Chart 5).

The best years in terms of the number of taxed overnight stays were 2023, 2022, 2016, and 2019 (Chart 5) which do not correspond with the total number of overnight stays. From the numbers, we see the reviving of tourism after the pandemic (together with legislation amendment) and a positive effect of internationally relevant events in the city (ECOC and Ice Hockey Championship) (Chart 5).

Looking at the attractiveness of the particular months (Chart 7), the lowest number of overnight stays is in the time of summer holidays, where the shortage of long-term (exempt) accommodation, we assume students, is not replaced by a sufficient amount of short-term accommodations. On the other hand, the share of taxed overnight stays is the largest in the summer, so it cannot be concluded that tourists do not visit the city in the summer at all.

⁵ $y = 7E-06x^3 - 0,0002x^2 + 0,0013x + 0,0017$.

However, this does not happen to such an extent that their volume would reach the level of long-term accommodation.

The absolute highest number of taxed overnight stays is in September (perhaps due to the still-summer season and the organization of the International Peace Marathon at the beginning of October) and overall in the summer/autumn season. Not all events of a cultural or sports nature, however, have an impact on tourist visits. For example, the traditional June Art Film Fest Košice probably does not have it according to these data, since June had achieved relatively high values of taxed overnight stays even before 2016 when this festival began to be organized in Košice) (Chart 7).

The absolute highest number of overnight stays were identified in January 2016⁶, followed by October 2012⁷, April 2016⁸, June 2023⁹, April 2010, September 2010, May 2019, October 2019¹⁰, and May 2023 (Chart 8).

The absolute highest number of taxed overnight stays was reported in January 2016, followed by June 2023, August 2023, September 2022, April 2016, September 2023, July 2023, August 2022, October 2022, and October 2023 (Chart 9). Here, a significant impact of the change in legislation is felt, when from 1 May 2022, overnight stays up to 60 days instead of up to 30 days are taxed). Besides these months, we identified above-average values compared to the rest of the given year in April, September and November 2010, October 2012, May and June 2019. Should the amendments in taxable stays did not occur, the peaks would probably have, in principle, overlapped the results for the total number of overnight stays (Chart 8).

The ratios of tax revenue to the number of total and taxed overnight stays (Chart 10) have increasing trends with a very well fitting trend lines with equations $y = 0,0013x^3 - 0,0273x^2 + 0,202x + 0,0136$ ($R^2=0.8544$) and $y = 0,0013x^3 - 0,036x^2 + 0,335x + 0,3686$ ($R^2=0.711$), respectively, with significant drops in 2016 and 2022 for the latter (when there was a significant increase in the number of overnight stays and the number of taxed overnight stays, but the tax revenue paradoxically decreased). For 1 euro of tax revenue, the city of Košice needed up to 3.64 overnight stays in 2010 (1.42 of non-tax-exempt overnight stays), while in 2023 only 0.91 overnight stays (0.55 of non-tax-exempt overnight stays), which indicates an impact of tax exemptions and the tax rate on the revenue of the tax.

⁶ The opening events within Košice - the European city of sports 2016.

⁷ International Peace Marathon and the White Night, accompanying event of International Peace Marathon (organised since 2010), but also Diversity festival (as part of the Košice – European Capital of Culture 2013 program).

⁸ Warm-up match Slovakia – Russia before the Ice Hockey World Championship, Dafodil run (within Košice - the European city of sports 2016).

⁹ June is the month of the beginning of the Košice cultural summer.

¹⁰ International Peace Marathon and the White Night.

5. Conclusions

Based on the analysis of national legislation, we have come to the conclusion that the state is partly increasing the weight it attributes to this local tax, mainly by gradually refining the legal regulation (e.g. by legislatively defining short-term accommodation), as well as by trying to reflect modern trends that have a significant impact on the collection of this tax (by including digital platforms in the tax collection). Although, as Vartašová and Červená (2025) point out, the last mentioned step in the form of including digital platforms in the tax collection has not been appropriately addressed by legislation and has not been applied in practice so far, with one exception. Despite this, it is, in our opinion, an important signal about the perception of the need of cities and municipalities to collect this local tourist tax. Nevertheless, this should also be reflected at the level of statistical reporting.

By comparing numerical data from national statistics (Statistical Office of the Slovak Republic) and data reported by the city of Košice, a discrepancy was identified – a distortion of the number of short-term (tourist) overnight stays due to the application of a different methodology, which at the national level does not include data from private accommodation providers not registered in the Register of Accommodation Facilities of the Statistical Office of the Slovak Republic, even though we can currently observe an increasing trend of tourist accommodation offered by private persons through digital platforms. The data monitored by the state, however, for example in the city of Košice, captured only an average of 37% of overnight stays and 76% of accommodation facilities in the monitored period. Although from the perspective of national statistical data reporting, the resulting difference may be perceived as insignificant, from a municipal perspective we consider it crucial, moreover, creating a problem in the case of comparative and complex research. It is therefore not possible to clearly evaluate/assess whether the development of short-term accommodation in the city of Košice is following the national trend/development in this segment, even though based on the data reported by the Statistical Office of the Slovak Republic we could come to such a conclusion. Yet, both sets of data have consistently confirmed only such a fundamental factor as the negative impact of the Covid-19 pandemic on the number of short-term overnight stays - the extreme decline recorded in 2020 and 2021 as well as the recovery of tourism after the pandemic (2022 and 2023).

On the contrary, the analysis of local legislation and the quantitative indicators leads us to the conclusion of an insufficient use of the potential of the tax by the city of Košice. Although the assumption of the growing budgetary importance of the accommodation tax in terms of tax revenues of Košice has been confirmed (documented by the trend of tax revenues), this still remains at a low level (does not even reach 1%). Based on the data from cities' final



accounts, there are cities in the Eastern-Slovak region which results are vastly better, like the city of High Tatras, where the share of accommodation tax revenues reached in 2023 as much as 30.5% of tax revenues, however, these are specifically tourist-oriented destinations with much less share of shared taxes or real property tax revenues. Thus, their situation is not comparable. Moving to more comparable cities, even the city of Poprad and the city of Bardejov, despite smaller in size but relatively very well tourist-situated, reached only 1.04% and 1.6% of tax revenues (2023), respectively. A comparable example for the city of Košice might be the city of Prešov, as the third largest city in Slovakia, located in the same region, which accommodation tax revenues reached in 2023 only 0.18% of tax revenues.

The reason for the unsatisfactory long-term situation in Košice, in our opinion, was mainly the inappropriately chosen policy regarding the extremely broadly set regulation of tax exemptions, the impact of which was visibly limited only after the legislative change conditioned by the amendment of national legislation. Until 2021 they were at the level of 55% and above with a maximum of 67.9% in 2012 which speaks for itself. We have only recorded a significant increase in the share of taxed overnight stays in the last two years (in 2023 the share of untaxed stays fell to 39.4%).

We also consider the absence of any significant upward trend in the total number of overnight stays as negative, which hypothetically indicates that the city as the tax administrator is either not able to adequately audit the proper declaration of the tax (fulfillment of the reporting obligation by accommodation facility operators) or that there is no real growth in the number of tourist overnight stays, which will not have a positive impact on the income from the accommodation tax in the future. Despite reaching the third highest nominal revenue in accommodation tax in Slovakia in 2023, the results of our initial data analysis show that increasing tax revenues is achieved not by increasing the number of overnight stays, but by increasing tax rates (which raised 2.5 times in the analyzed period and is rising to 3.5 since 2025¹¹). In our opinion, such a policy setting is not sustainable in the long term and will potentially contribute to increasing the tax gap on this tax. This may also be supported by the use of digital platforms (Garz & Schneider, 2023a; Garz & Schneider, 2023b), since they, as accommodation intermediaries, “anonymize” the real provider and thus, in the event of non-declaration of tax, create an obstruction (make auditing more difficult) for the tax administrator, although from the perspective of tourists and accommodation providers, the use of digital platforms is apparently beneficial. For this reason, it is necessary to achieve real implementation of the amended legal regulation consisting in transferring tax collection to digital platform

¹¹ What has put it on par with the capital Bratislava and the High Tatras, but it is questionable whether it reaches the tourist attractiveness of these cities.



operators (Vartašová & Červená, 2025). A much more positive and hopeful result is the decreasing trend in the share of exempted stays, which may improve the city's profit from this "missed-opportunity" tax.

The significance of the identified primary factors will be verified in the subsequent stage of combined research, which provides also space and justification for examining/verifying the impact of distinctive traditional and other events held in the city of Košice (such as the International Peace Marathon).

In the above context, we see as possible tools leading to more efficient tax collection in the future, in particular minimizing the scope of exemptions, simplifying the administrative burden, and the real involvement (in accordance with existing legislation) of digital platforms in the taxation process, since the city of Košice (and other Slovak cities except Bratislava) currently does not apply this legislative option.

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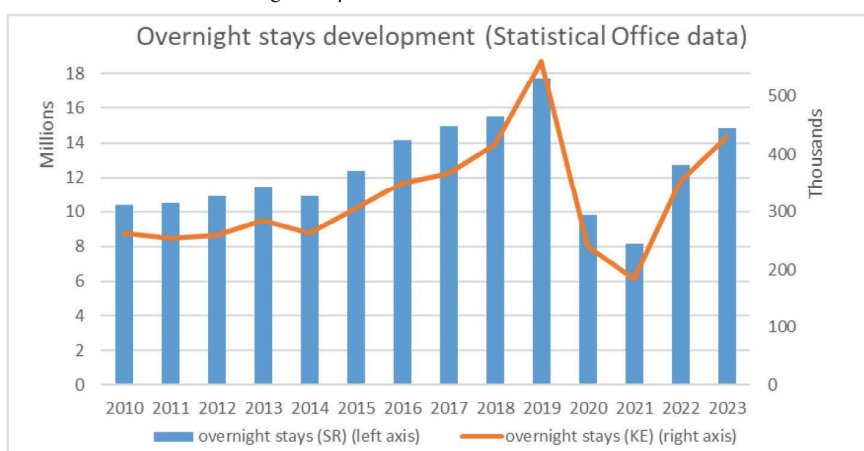


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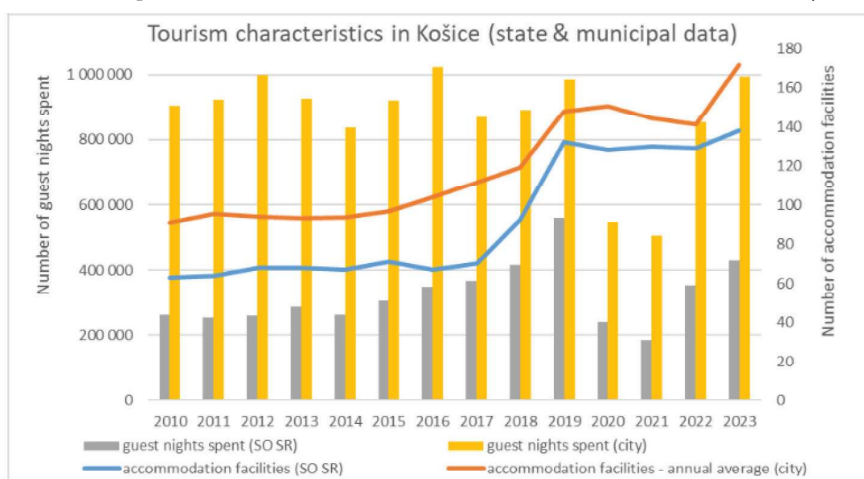
Appendix

Chart 1. Number of overnight stays in Slovakia and Košice



Source: Own preparation.

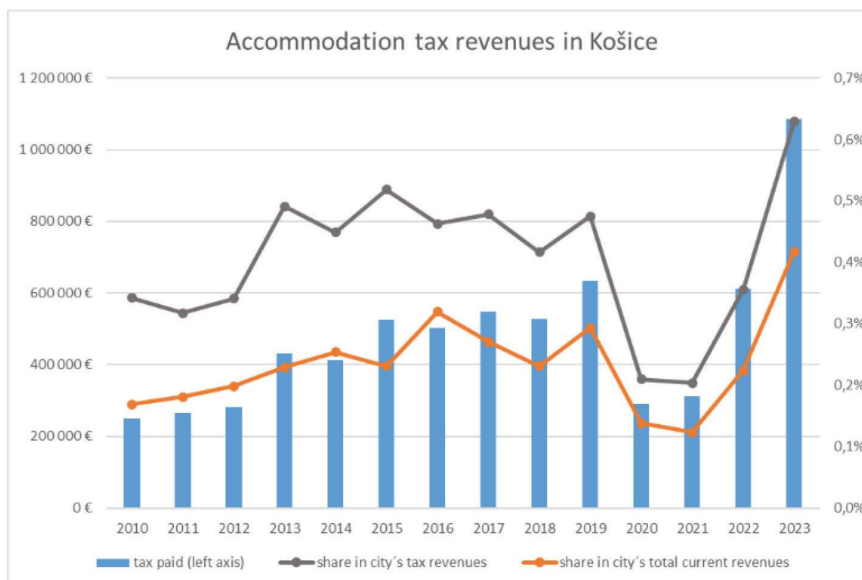
Chart 2. Comparison of tourism indicators in Košice based on the state's and the city's data



Source: Own preparation.

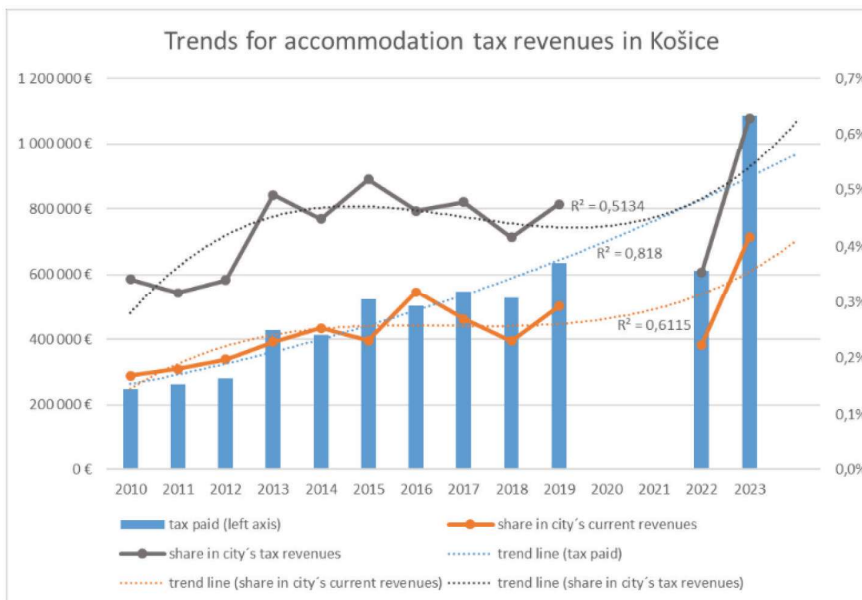


Chart 3. Accommodation tax revenues in Košice



Source: Own preparation.

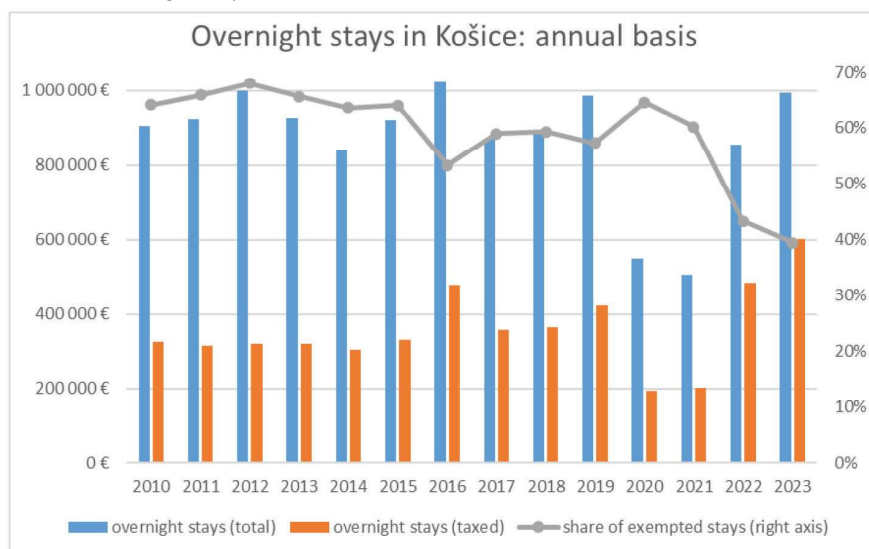
Chart 4. Trends for accommodation tax revenues in Košice



Source: Own preparation.

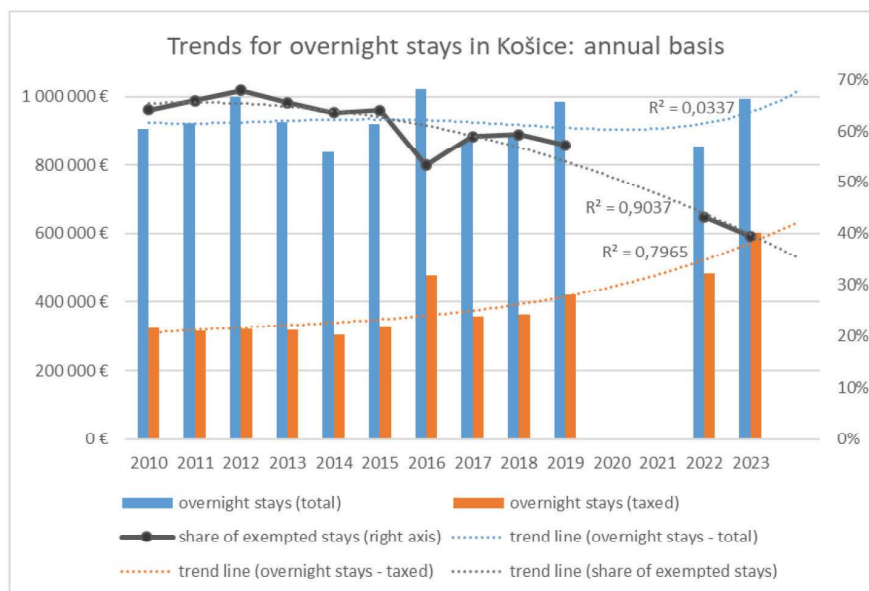


Chart 5. Overnight stays in Košice on annual basis



Source: Own preparation.

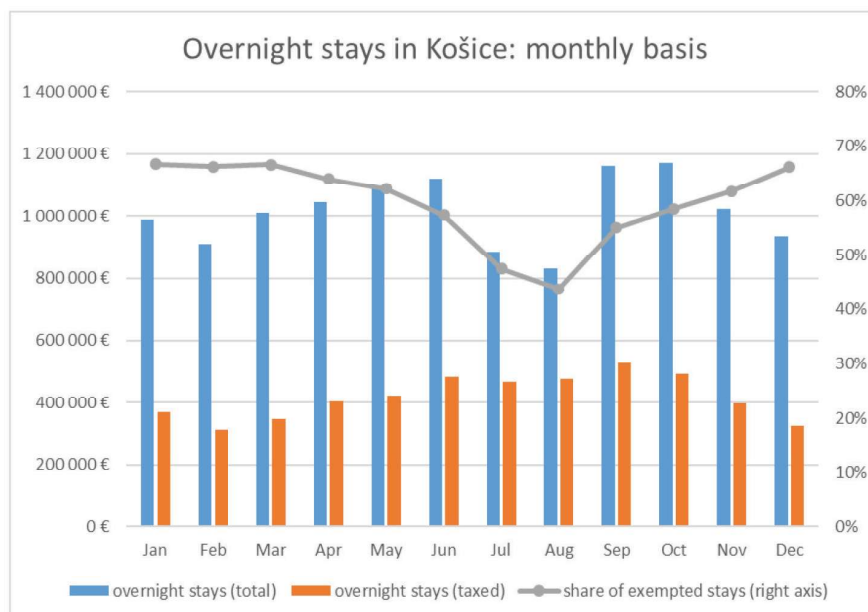
Chart 6. Trends for overnight stays in Košice on annual basis



Source: Own preparation.

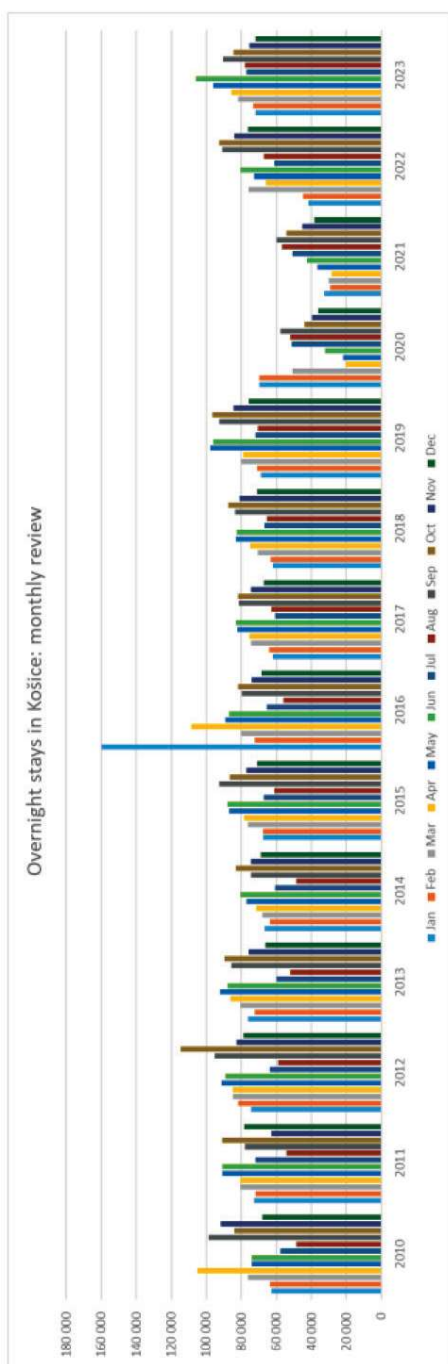


Chart 7. Overnight stays in Košice on monthly basis



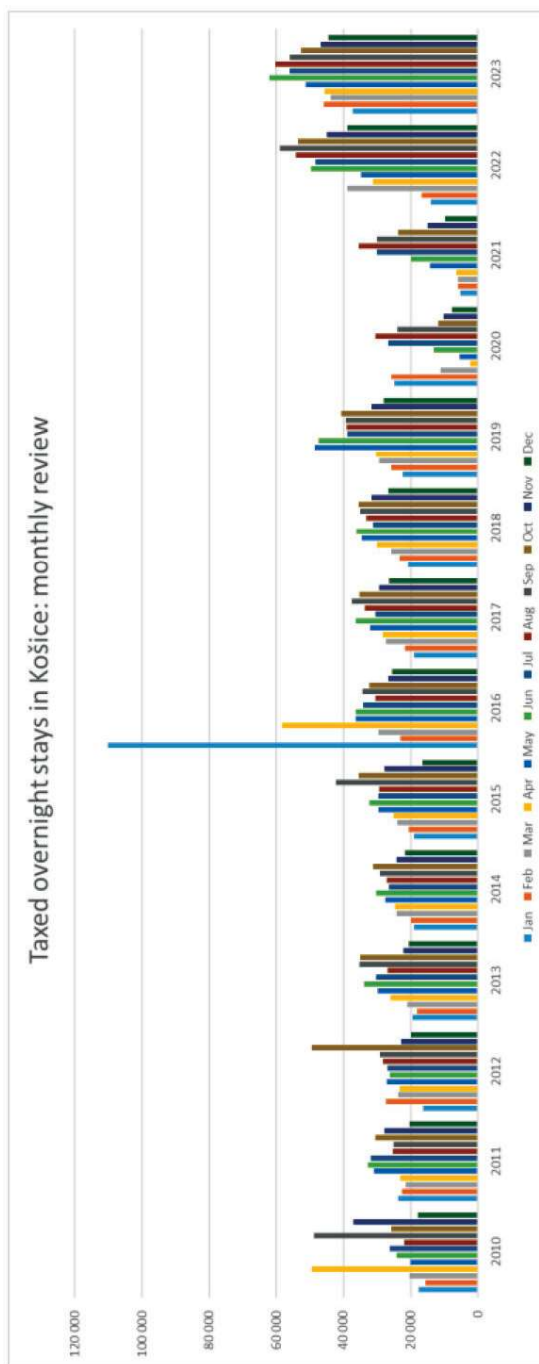
Source: Own preparation.

Chart 8. Monthly review of number of overnight stays in Košice



Source: Own preparation.

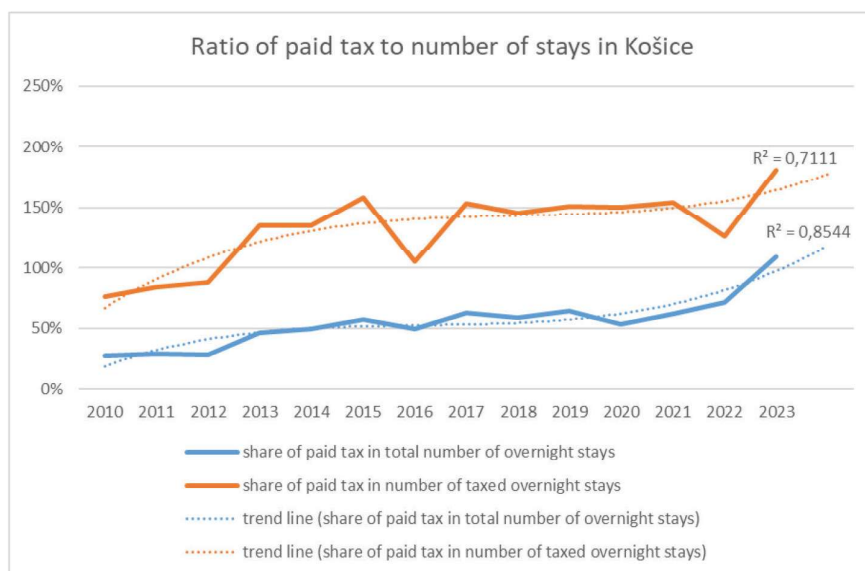
Chart 9. Monthly review of number of taxed overnight stays in Košice



Source: Own preparation.



Chart 10. Ratio of paid tax to number of overnight stays in Košice



Source: Own preparation.