VAT treatment of the hire of a room

This document should be read in conjunction with section 46 and paragraph 11 of Schedule 3 to the VAT Consolidation Act, 2010.

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Introduction

This guidance sets out the VAT treatment of the hire of a room.

An amendment in Finance Act 2025 ensures that the hire of a room by all providers is liable to VAT at the standard rate.

For detailed information on the VAT treatment of guest and holiday accommodation and the letting of immovable goods please see Revenue's guidance on the VAT treatment of guest and holiday accommodation and the VAT treatment of letting of immovable goods.

1 Hire of a room

In accordance with settled CJEU case law the hire of a room is not considered to be the letting of immovable goods.

1.1 VAT rate applicable in hotels prior to 1 January 2026

Prior to 1 January 2026, where a supply consisting of the hire of a room takes place in a hotel, it comes within the meaning of a 'letting of a room in a hotel or guest house' as provided for in paragraph 11(a) of Schedule 3 to the VAT Consolidation Act, 2010(VATCA) and on that basis, the supply of the room is liable to VAT at the reduced rate. This reduced rate of VAT applies to the hire of the room only and not to any other supplies associated with the service being provided.

However, the hire of a room, in any other establishment does not come within the scope of the application of the reduced rate of VAT. The hire of a room in a conference venue, for example, is liable to VAT at the standard rate.

Example 1

A hotel hires a ballroom to a concert organiser in 2025. The hire of the ballroom to the concert organiser is liable to VAT at the reduced rate.

1.2 VAT rate applicable from 1 January 2026

Paragraph 11(a) of Schedule 3 to the VATCA was removed by Finance Act 2025 with effect from 1 January 2026. Therefore, from 1 January 2026, the hire of a room, in a hotel or guesthouse, is liable to VAT at the standard rate.

The standard rate of VAT applies to the hire of a room in all venues.

Example 2

A hotel hires a ballroom to a concert organiser in 2026. The hire of the ballroom to the concert organiser is liable to VAT at the standard rate.

Example 3

A hotel hires a meeting room to a customer in 2026. The hire of the meeting room to the customer is liable to VAT at the standard rate.

2 Conference organisers

A conference organiser includes anyone who is involved in organising a conference whether this is, for example, a hotel hosting the conference, or a professional conference organiser. The provision of such services is liable to VAT at the standard rate.

Example 4

A hotel hires a room to Company A for the purposes of a business conference. The hire of the room to Company A is liable to VAT at the standard rate. Prior to 1 January 2026, the hire of the room is liable to VAT at the reduced rate.

Example 5

A convention centre hires a room to Company B for the purposes of a business conference. The hire of the room to Company B is liable to VAT at the standard rate.

Example 6

A professional conference organiser arranges a business conference for Company C. The services provided to Company C are liable to VAT at the standard rate.

3 Payments in advance

It is common that advance payments or part payments are made in respect of the hire of a room. Such payments may be received before the date of a change in a VAT rate in respect of services which are not supplied until on or after the rate changed.

Where an advance payment is received in respect of the hire of a room, the supply is subject to VAT by reference to the rate in force at the time the invoice relating to the payment is issued, or ought to have been issued, whichever is the earlier.

For further information in relation to the procedures to be followed by VAT registered traders when changes in VAT rates take place please see Revenue's guidance on VAT treatment of changes in rates of vat.

Example 7

A hotel hires a room to Company D for the purposes of a business conference to be held in March 2026. Company D is required to make an advance payment in November 2025. The VAT due on this payment will be at the reduced rate. The VAT due on the final payment in March 2026 will be at the standard rate.

Example 8

A hotel hires a room to a customer for an event to be held in March 2026. The customer is required to make an advance payment in November 2025. The VAT due on this payment will be at the reduced rate. The VAT due on the final payment in March 2026 will be at the standard rate.