

TECHNICAL, ECONOMIC AND LEGAL ASPECTS REGARDING THE IMPLEMENTATION OF HOLIDAY TICKETS

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Abstract

Holiday tickets (or holiday vouchers) are value vouchers, similar to meal vouchers, which can be offered by employers to employees. They serve as a payment instrument for payment of tourist services/holidays exclusively in Romania, for the beneficiary and his/her family. Holiday vouchers are nominal and non-transferable, they are deductible and tax-free, both for the employer and for the employee. In this paper, we analyzed the legal framework for the issue and implementation of holiday vouchers, as well as economic issues related to the effects on the increase in the number of tourists and the revenues from tourism. At the same time, we analyzed the influence of introducing holiday vouchers on the decrease in unauthorized tourism in our country. To make these studies, we have used statistical data provided by The Ministry of Tourism, The National Institute of Statistics, „The Federation of Hotel Industry of Romania” (FIHR) and by „The National Association of Tourism Agencies” (ANAT). We also analyzed and interpreted a survey conducted by the Romanian Hoteliers Federation among tourists, employers, tour operators and travel agencies. According to the data, the granting of holiday allowances or holiday bonuses in the form of holiday vouchers of 1,450 RON between 1 July 2017 and 30 November 2018 allowed 1.2 million Romanians, employees of state institutions or companies in which the state is a sole or majority shareholder, to spend their holidays in the country. At the end of October 2018, the value of holiday vouchers increased to EUR 244 million, 8.4 times higher than in 2017.

Key words: holiday tickets, holiday vouchers, tourism, the legal framework

INTRODUCTION

According to the Emergency Ordinance no. 8/2009 with the subsequent amendments and completions, holiday tickets (or holiday vouchers) are value vouchers, similar to meal vouchers, which can be offered by employers to employees. They serve as a payment instrument for payment of tourist services/holidays exclusively in Romania, for the beneficiary and his/her family.

Holiday tickets are nominal and non-transferable, they are deductible and tax-free both for the employer and for the employee.

What CAN you pay with holiday tickets?

- accommodation at any of the tourist units in Romania, classified by the Ministry of Tourism

- hotel restaurant and accommodation packages

- accommodation and treatment packages

- accommodation and transport packages

- accommodation and recreation packages

What CAN'T you pay with holiday tickets?

- accommodation/stays outside Romania

- airline and coach tickets outside Romania

- accommodation in units without tourist classification

- insurance [6].

Holiday tickets are valid for 1 year from the date of issue. Holiday tickets, both on paper and electronic support, are issued only by units that are authorized by The Ministry of Public Finance. The maximum amount that can be awarded to an employee is 1,450 RON. The nominal values allowed for holiday vouchers issued on paper are multiple of 50

RON, up to 100 RON, the maximum nominal value per voucher.

Each paper holiday voucher is valid only if it has the number under which it was assigned by the issuing entity and includes at least the following:

- a) the issuer and its identification data
- b) the nominal value of the holiday voucher
- c) the employer and his identification data
- d) the name, the surname and the personal numeric code of the employee who is entitled to use the holiday voucher
- e) „the space intended for the registration of the period in which it was used and for the application of the stamp of the affiliated unit”
- f) „the interdiction of the affiliated unit from paying the cash difference between the value of the holiday voucher and the value of the package to the holiday voucher users”
- g) the validity period of the holiday voucher usage
- h) the interdiction to use the holiday voucher in other places than in affiliated units
- i) the visual identity elements of the tourism brand of Romania (Fig. 1).



Fig. 1. Example of a holiday ticket
 Source: ANAT.

The maximum cumulative ceiling of the commission charged from the employer and the affiliated unit by the issuing entities is up to 1% of the value of the holiday voucher, which contains the mandatory minimum elements [10].

MATERIALS AND METHODS

In this paper, we analyzed the legal framework for the issue and implementation of holiday vouchers, as well as other economic issues related to the effects on the

increase in the number of tourists and the revenues from tourism. At the same time, we analyzed the influence of introducing holiday tickets on the decrease in unauthorized tourism in our country. „In order to carry out these studies, we have used statistical data provided by The Ministry of Tourism, The National Institute of Statistics, The Federation of Hotel Industry of Romania (FIHR) and by The National Association of Tourism Agencies (ANAT)” [1].

We also analyzed and interpreted a survey conducted by the Romanian Hoteliers Federation among tourists, employers, tour operators and travel agencies [2].

RESULTS AND DISCUSSIONS

The granting of holiday allowances or holiday bonuses in the form of holiday vouchers of 1,450 RON between 1 July 2017 and 30 November 2018 allowed 1.2 million Romanians, employees of state institutions or companies in which the state is a sole or majority shareholder, to spend their holidays in the country.

At the end of October 2018, the value of holiday vouchers increased to EUR 243 million, 8.3 times higher than in 2017.

According to ANAT statistics, June remains the month with the highest value of vouchers issued in 2018, namely EUR 125 million.

Table 1. The effects of holiday vouchers implementation from tourists' point of view

Effects	Percentage
Rediscovering Romania as an exciting holiday destination	56.5%
Recovery of physical and intellectual energy	55.6%
Diminishing the psychological, physical and intellectual effects of fatigue	47%
Increasing work capacity/health	35.5%
Developing/Improving family relationships and balancing professional and family life	35.2%
Meeting social and cultural-educational needs	24.4%

Source: FIHR.

„According to The National Institute of Statistics, in the first half of 2018, the number of tourists increased by 4.2%. Another effect

of using vacation vouchers was the increase of 10% in unit authorization applications this year.”

The analysis and interpretation of the survey conducted by the Romanian Hoteliers Federation among tourists, employers, tour operators and travel agencies show us a lot of interesting things [2].

Effects signaled by beneficiaries are presented in Table 1.

Effects signaled by employers are presented in Table 2.

Table 2. The effects of holiday vouchers implementation from the employers' point of view

Effects	Percentage
Increasing employee motivation and loyalty to work	89.4%
Increasing employee productivity	38.2%
Increasing work capacity/health	27%
Reducing sick leave	26%
Increased efficiency	16%

Source: FIHR.

Effects signaled by tour operators are presented in Table 3.

Table 3. The effects of holiday vouchers implementation from tour operators' point of view

Effects	Percentage
Increasing customer numbers	78.5%
Growth in turnover	72.3%
Increasing the occupancy rate	72.2%
Development/Consolidation of the business	36.5%
Reducing tax evasion	21.9%

Source: FIHR.

- Effects signaled by travel agencies are presented in Table 4.

Table 4. The effects of holiday vouchers implementation from travel agencies' point of view

EFFECTS	PERCENT
Increasing customer numbers	88,3%
Growth in turnover	44,5%
Increasing the occupancy rate	39,6%),
Development/Consolidation of the business	33,2%),
Reducing tax evasion	31,7%).

Source: FIHR.

The effects of vacation vouchers on the state budget are the following ones:

•Direct Benefits: At an allocation of EUR 400 million, the State recovered direct benefits: 3.5% of revenue, 13.45% of the tax related to salaries, 7.5% of the other expenses and 12.53% from the tax on investments generated in tourism

•Indirect benefits: diminishing black work, diminishing tax evasion, increasing labor productivity (reducing absenteeism and medical leave), the tourism multiplier effect in complementary economic branches [2].

According to data centralized by the National Institute of Statistics, at the end of July 2018, „the number of accommodation establishments was 8,448 units, with 543 more than the same date of 2017. 2,820 of these were agro-tourism guest houses, 1,708 guest houses, 1,632 hotels, 696 villas, 534 bungalows, 319 hostels, 232 tourist cottages and motels and 278 other types of tourist accommodation structures. Comparing to 31 July 2017, higher increases were registered in agro-tourism guest houses (266 more), bungalows (98 more) and guest houses (42 more)”[3, 5].

43.2% of the total number of places in hotels „were in the 3-star hotels, 23.8% were in 2-star hotels, 26.9% were in 4-star hotels, 4.3% in 5-star hotels, 1.9% in 1-star hotels and 0.09% in no-star hotels. 52.2% of the hotels are rated 3 stars and 20.8% are 2 stars. Five-star hotels were 37, and 4-star hotels were 368. At the end of July 2018, there were 101 tourist accommodation establishments not classified as tourist accommodation units compared to 114 on the same date last year”. [4]

Among the tourist accommodation establishments with tourist accommodation functions, 28.1% were in the mountain resorts, 18.3% were in Bucharest, 9.1% in the seaside resorts (except Constanta), 7% in the spa resorts and 3.4% in the Danube Delta (including Tulcea), and 34.1% were in other localities and tourist routes. [7]

Among the total number of existing tourist accommodation places, Constanta County owned 25%, Brasov county 8.5%, followed by Bucharest Municipality with 6.2%, Bihor county with 4%, Prahova county with 3.8% and Suceava County with 3.5%, etc.

The number of tourist accommodation places existing on 31 July 2018 was 353,302. „The most places, 196,701, were in hotels, followed by agro-touristic guest houses with 48,602 accommodation places, tourist guest houses with 35,802 accommodation places, tourist villas with 16,602 places, hostels with 14,202 places”[4].

In 2018 we had a summer season with up to 25% higher proceeds than last year, due to holiday vouchers. Lack of events and promotion, as well as lack of workforce, were the three minuses that would have affected the season greatly if we were not saved by the holiday vouchers. The Ministry of Tourism has not carried out any promotional activity and the local authorities do not know or have the capacity to promote.

Holiday vouchers covered other "minuses".

The Romanian seaside was not ready to receive 30% more tourists. We say this by referring to the local authorities and the Ministry. Total inertia, lack of efficiency, lack of coordination in the public sector and, in particular, of real dialogue with private operators, lack of continuity in the Strategy of the Danube Delta-Seaside Association, destination management organization that generated steady and planned increases in the number of Romanian tourists and foreigners in recent years. All these are minuses, but saved by the increase in holiday vouchers.

Holiday vouchers Encouraged Romanians to travel more in the country.

The increases planned under the Strategy of the Danube Delta-Seaside Association have been achieved. Increases were also made on the segment of foreign tourists, a goal achieved by the introduction of flights and new routes brought in the last three years. However, tourists consider "inadmissible" the absence of resort maps, "not even in Romanian", information materials, bus tickets, English information panels, a published event calendar, or brochures with information about what, where and when to visit [8].

After the months of June and July were very rainy, holiday vouchers have helped greatly both seaside and mountain resorts and spa resorts, as August is probably the best month of Romanian tourism since 1989. The

introduction of holiday vouchers has encouraged Romanians to travel more in the country, to explore areas where they may not have come, and also many of those who did not go on holiday now took advantage of the free tickets and used them [4].

Holiday vouchers will contribute to a significant increase in the winter season as well.

Romania exports massively the workforce to the tourist facilities abroad and we are still discovered in all tourist areas in Romania, both in tourism and in HoReCa.

We had a very good season, especially because of holiday vouchers that brought a surplus of Romanian tourists in Prahova and that energized the tourism sector to a great extent. We noticed a good flow of tourists even in July, which was unusually rainy. We believe that granting holiday vouchers will contribute to a significant increase in the winter season as well [9].

An ascending trend is observed regarding the occupancy rate of Prahova County compared to 2017. Thus, although „the number of arrivals in the county increased very slightly, by up to 5%, compared to last year, the number of overnight stays increased by over 10% compared to the 2017 summer season”.

The occupancy rate in the county in the season just ended was 100% on weekends, during the week there was an average occupancy rate in Sinaia of over 85%; Azuga and Busteni over 75% and in the premountain area (Câmpina and Breaza) over 70%.

The occupancy rate for Mamaia was 100%

The summer season of 2018 was one of the best seasons in the last 20 years, if not the best. A great role was played by holiday vouchers, which led many employees to choose Romania as a destination for holidays and especially the Romanian seaside during the season. Linked to the seaside, „the end of the 2018 summer season, September, is also the best end of the season in the last 15-20 years. For Mamaia, the occupancy rate was almost 100% until about September 10, but also for other resorts on the Black Sea was extremely high”.

The tourism in Romania is on an upward trend, and vacation vouchers have contributed

significantly to this growth. From employees and employers to travel agencies, everyone is pleased with the holiday voucher system. The Government will also grant vacation vouchers to the public in the next two years, 2019 and 2020, but at the same value set previously for 2017 and 2018, 1,450 RON. Normally, employees in the budget system receive a holiday allowance at the level of a minimum gross national salary, which this year was 1,900 RON, and from 1 January 2019 it will exceed 2,000 RON.

This way, the Government postponed the upgrading of vouchers' value for two years, arguing that their „increase would lead to a significant negative impact on the state budget and implicitly on local budgets in the context of wage increases already produced, as well as the increase of the minimum wage in the economy”.

Holiday vouchers have been a breath of oxygen for the Romanian tourism industry (Fig. 2).



Fig. 2. Example of a holiday ticket
 Source: ANAT.

The number of accommodation units for which the classification from the tourism ministry has been increased has increased. Data so far show that there have been 15% more requests to the Ministry than in the same period last year. So, not only tourists have benefited from this measure but also hotel and guest house owners, so more and more entrepreneurs have trusted that they can invest in tourism, that this sector is profitable. The rewards offered in holiday vouchers are exempt from the employer's and employee's contributions (CAS, health fund, unemployment, accident insurance, etc.). Thus, compared to the same amount of money, it provides employers an economy of

approximately 40% of the allocated budget. At present, the maximum deductible value is 8,700 RON per year for each employee. Below is an example of comparative calculation for various holiday reward values offered to an employee:

Table 5. The effects of implementing holiday vouchers from the point of view of travel agencies

The net amount of the holiday reward granted to an employee (RON)	Case A: reward in vacation vouchers Employer Cost (RON)	Case B: Reward in money Employer cost (RON)	Savings made by the employer Case B - Case A (RON)
1.000	1.000	1.477 = 1,000 net reward + 198 employee contributions + 279 employer contributions	477
2.000	2.000	2.954 = 2,000 net reward + 395 employee contributions + 559 employer contributions	954
3.000	3.000	4.431 = 3,000 net reward + 593 employee contributions + 838 employer contributions	1.431
8.700	8.700	12.849 = 8,700 net reward + 1.719 employee contributions + 2.430 employer contributions	4.149

Source: Own calculation

CONCLUSIONS

Conclusions about the benefits of holiday vouchers:

- Employee motivation

After using the vouchers, employees return to work more restful and motivated, ready to get involved and perform.

- Savings for the business

For the value of vacation vouchers, you get deductibility in the calculation of corporate income tax and exemption from employer and

employee contributions for the granted amounts. The difference from according vouchers in place of holiday money rewards is an important investment budget for your business.

- An additional argument in salary bargaining
Holiday tickets are both an employee-valued bonus and an efficient and manageable way to offer rewards, for the company.

- Team appraisal and an enviable work environment

The holidays are one of the most popular forms of pampering and relaxation. Now, this extra-wage benefit is more affordable due to tax benefits and will certainly make a difference in employee's attitude and outcomes.

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