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France’s Court of Accounts proposes doubling restaurant VAT to 20% in 2027

A budget report estimates the change could raise €4.6 billion if lawmakers approve it as part of a broader fiscal plan

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France’s Court of Accounts has proposed raising the value-added tax on restaurant services to 20% in 2027, a change that would double the current 10% rate for the sector if it were adopted and could directly affect menu prices, operating margins and

consumer demand across the hospitality industry.

The proposal appeared in a budget report published on Monday, November 9, in which the court set out a series of short-term and medium-term measures aimed at helping restore France’s public finances. According to the court, one option for 2027 would be to move restaurant services and certain other activities from the reduced 10% VAT rate to the standard 20% rate. It also presented an alternative: raising the general intermediate VAT rate to 13%. The court said those two options would generate an estimated €4.6 billion and €4.3 billion, respectively.

The court did not announce a legal change, and the proposal does not take effect automatically. Any VAT increase would require legislative action by the French government and Parliament. The court itself said its work was meant to inform the public debate and offer documented options to policymakers, not impose decisions.

For restaurants, the proposal matters because VAT is a direct component of final prices and cash flow. A move from 10% to 20% would affect a sector that has operated for years under a lower rate than the standard one. Businesses would have to decide whether to pass the higher tax on to customers, absorb part of the increase in already tight margins, or adjust staffing, investment or other costs. The report does not set out how individual operators would respond, but it makes clear that the measure is being examined as a revenue-raising tool for 2027.

The VAT proposal is part of a broader package. In the November 9 report, the Court of Accounts said it had gathered 18 measures from its own work and from the Council on Mandatory Levies that could begin producing effects in 2027. It estimated the potential yield of that package at between €32 billion and €38 billion. The court said the selection was built around two principles: spreading the adjustment across the state, the social security system and local authorities in proportions close to their share of public spending, and giving priority to spending cuts.

The report comes after earlier warnings by the court about France’s fiscal position. It said the worsening economic outlook had increased the urgency of restoring public finances. It also said some of the measures in its package overlap with provisions already presented in the draft financial laws for 2027, with an estimated value of

between €11 billion and €14 billion, although the final yield would depend on the version eventually adopted.

Alongside the short-term proposals, the court also presented 13 longer-term measures that it said could feed into a future multiyear public finance law. Those ideas focus on stronger medium-term budget planning, tighter control of public spending across different levels of government and better financial coordination between public administrations.

A separate note published with the report focused on tax expenditures, which the court described as a growing source of strain on public finances. It said the cost of tax expenditures had almost doubled over 20 years, rising from €54.6 billion in 2005 to €105.6 billion in 2025 on a constant-scope basis and in current euros. According to the court, France had 474 such tax measures in 2025, and they now account for more than one-quarter of state tax revenue.

The court said those figures show the need for tighter control over tax breaks, including limits on their duration and cost and more regular evaluations of their effectiveness. That broader argument is relevant to the restaurant VAT proposal because the lower rate is one of the tax mechanisms now being examined in the search for additional revenue.

By placing restaurant VAT among the options for 2027, the Court of Accounts has moved the sector into the center of France’s budget debate. The measure remains a proposal, but it puts restaurants and hospitality operators on notice that a major tax increase is being considered as part of the government’s wider effort to repair public finances.