《Lou: Hotel price hikes unrelated to tax reform》

China's initiative to replace its business tax with a value-added tax will be implemented next month,as part of a wider push to reform the country's tax system. But some hotel industry analysts believe some large hotel operators -- especially foreign hotels -- are using the change as an opportunity to increase room prices. Finance Minister Lou Jiwei says that's not true.

"I have noticed some reports on this. Hotel operators adjusting their hotel prices is totally a management behavior and has nothing to do with our tax reform," Lou said.

Lou says replacing the business tax with a value-added tax won't add burdens to hotel operators. Hotels with annual revenues of less than 5 million yuan will be levied a value-added tax rate of 3 percent. That's down 40 percent from their previous 5 percent tax rate. Hotels with annual revenues of more than 5 million yuan will be levied a value-added tax rate of 5.66 percent. That's also lower than their previous 6 percent tax rate.

Minister Lou says the reforms will actually lower operational burdens for hotels. He says allegations of room price hikes due to the reforms are groundless.