
Comparative Analysis of Official Revenues from Agritourism in Italy and Poland

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Abstract:

Purpose: The main aim of this article is to compare the official revenues from agritourism and their determinants for Italian and Polish farms. It answers the following questions: How significant were agritourism revenues related to farm net income for farms in Italy and Poland in 2004-2022? How much does the size of the farm (measured by economic size) affect the revenues from agritourism? What is the relationship between Italian and Polish agritourism revenues and other production, economic and financial categories, and do the results for these two countries differ?

Design/Methodology/Approach: The research is based on data for Italian and Polish farms from the FADN (RICA) database. We used all available data from the years 2004-2022. The panel data models are estimated.

Findings: Revenues from agritourism are not high according to official data but depend on the economic size of the farm. After conducting panel regression, it turns out that the revenues from agritourism in Italy depend on the utilised agricultural areas and subsidies. However, in Poland, they depend on the total output and inputs. The models are distorted because agritourism farms do not show complete revenues from agritourism. It should be assumed that most of these revenues are non-invoiced.

Practical Implications: The official revenues from agritourism is not a significant source of income for farms in Italy and in Poland. The practical implications provide actionable insights for policymakers, farmers, and rural development organizations, emphasizing the potential of agritourism to support economic sustainability in rural areas.

Originality/Value: Our article makes several significant contributions to the literature on agritourism, especially in the context of Poland and Italy. Our article provides a unique comparative analysis between two countries with different approaches to agritourism regulation. In doing so, it shows the impact of regulatory and cultural diversity on income from this activity. This is a valuable contribution, as it allows us to understand how different legal systems and state support can shape the scope and potential of agritourism as a source of income. The article analyses the impact of factors such as the economic size of the farm, subsidies, total farm product and agricultural area on agritourism income. We have identified revenue underestimation, which shows the problem of under-registration of revenues from agritourism, especially in Poland.

Keywords: Agritourism, FADN, family farm, Italy, Poland, revenues.

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1. Introduction

Agritourism is popular all over the world. In addition to benefiting the tourists, who have the opportunity to relax on the farm and in the countryside, it enables farmers to generate additional income and provides benefits to the local economy. It also promotes respect for the natural and cultural environment of the countryside and contributes to the multifunctional and sustainable development of these areas.

Data from the Global Agritourism Market Report 2024 indicates that the global agritourism market will grow from US\$ 56.92 billion in 2023 to US\$ 60.89 billion in 2024 and reach US\$ 79.9 billion by 2028 (Agritecture, 2023).

Agritourism includes all forms of tourism related to agricultural and farming activities. The term itself, consisting of a combination of the words ‘agri’ and ‘tourism’, accurately illustrates the scope and essence of this field of activity (Sznajder and Przezbórska, 2006). The idea behind this form of tourism was to introduce an additional activity (namely, tourism) to a farm where agricultural activity is already being carried out.

Uglis and Jęczmyk (2009) indicate that agritourism is one of the forms of entrepreneurship in the countryside involving the provision of tourism services by a farming family on a functioning farm. Gil *et al.* (2013) emphasise that it is an activity carried out in a functioning agricultural facility for recreational, educational, or entertainment purposes.

In addition to renting out accommodation, farmers can also earn income from additional activities such as bonfires, rallies, sleigh rides, educational activities, the sale of food products produced on the farm, the preparation of meals, or the sale of folk art and handicraft products.

Providing tourism services on a farm is not a new phenomenon. In some parts of Europe, it has existed for over a century (Jęczmyk and Uglis, 2023). The origin of

the word ‘agritourism’ is often attributed to Italy, where, in the 1970s and 1980s, staying on a farm became a popular way to relax and explore the countryside (Gralak and Kacprzak, 2021). In Poland, on the other hand, this type of tourism has become popular since the mid-1990s (Roman and Niedziółka, 2017).

Agritourism is developing fast in Poland and Italy, and comparing its development in Italy and Poland, one can see both similarities and significant differences due to the local traditions and approaches to this activity.

In 2021, the number of agritourism farms in Poland was more than 8,000 with 90,000 beds (Bacsi and Szálteleki, 2022b), while in Italy, there were more than 25,000 farms offering agritourism services (Grillini *et al.*, 2024). This activity involves both the provision of accommodation and accompanying services and is performed on farms engaged in crop and livestock production (Jaszczak, 2010).

Thus, agritourism regulations have a long tradition in Italy and are characterised by extensive and comprehensive provisions, which fundamentally distinguishes them from the modest Polish regulations in this field. In Poland, agritourism regulations are not systemic and have been adopted in a non-harmonised and haphazard manner for the purposes of various laws (Kapała, 2007).

In Italian law, there is a provision for establishing and operating agritourism farms, which must meet specific requirements, reserving the name ‘agritourism farm’ for establishments adapted to these requirements (Jaszczak, 2010). Italian national law regulates agritourism, which is unique in the international arena (Santucci, 2013). In Polish law, agritourism has not been clearly and explicitly distinguished either as a category of agricultural activities or as a separate legal category (Kapała, 2010).

2. Literature Review-Background

Farm diversification sets broad processes in motion that aim to maintain operations and improve economic performance (De Rosa *et al.*, 2019). It unfolds through three pathways, including: agricultural diversification (new and alternative crops, often combined with the use of marketing strategies focused on niche markets and direct sales), income diversification (shifting farm resources to off-farm activities), and structural diversification (starting new on-farm activities) (Arru *et al.*, 2021). The traditional source of the farm family's livelihood, which is agricultural income, is increasingly supplemented with, among other things, off-farm sources related to the farm, such as agritourism (Kania and Bogusz, 2016).

This form of tourism offers farmers the opportunity to diversify and generate additional income through on-farm tourism activities and helps to supplement their low agricultural incomes (Streifeneder and Dax, 2020). Unstable farm incomes and the desire to diversify income sources have added to the importance of agritourism

as an alternative opportunity to generate income for farmers (Baby and Kim, 2024), which offers a range of socio-economic benefits such as employment, education, additional income, and tax benefits (Bhandari *et al.*, 2024). Agritourism thus helps to reduce migration and retain a younger population in rural areas, in addition to being closely linked to agricultural production and traditional rural activities. These sectors have a mutually beneficial influence on one another (Bacsi and Szálteleki, 2022a).

One primary motivation for farmers to engage in agritourism is to generate additional income or some other form of monetary incentive (Nickerson *et al.*, 2001). Despite a growing body of research on agritourism, there are inconclusive reports on the potential benefits of the industry, particularly the perceived benefits for the providers of agritourism services (Tew and Barbieri 2012).

While most farms generate profits through agritourism activities, farmers consider agritourism to be crucial to the day-to-day operations of their businesses rather than to achieve higher profits (Dhungana and Khanal, 2023). Attracting visitors is one of the objectives of agritourism, which is intended to increase revenue. More revenue will result from increased direct sales of products and services. Thus, the number of visits to the farm each year can affect the farm's profitability (Bhandari *et al.*, 2024).

Among the economic benefits, agritourism provides an additional income stream for farmers and rural communities, enables employment for locals, and promotes local economies (Table 1). First of all, the main benefit for the farmer is an additional source of income, as this activity augments the farmer's existing, so-called disposable income.

Besides, thanks to the inflow of funds from outside the farm, the farmer's capital is increased, making it possible to undertake capital expenditures, most of which are for construction investments and the repairing of buildings and equipment. Increased sales of fruit, vegetables, other plant or animal products, and regional products enable the farmer to maintain production at least at the current level, with higher quality, or to increase output without allowing the quality to deteriorate (Gralak and Kacprzak, 2021).

Bacsi and Szálteleki (2022b) argue that this form of tourism can affect farm performance in terms of income, profitability, and productivity, but caveat that there are not many studies that prove the economic benefits of agritourism, and most of these studies have been conducted on agritourism in the United States.

On the other hand, Roman and Niedziółka (2017) stress that the development of agritourism in Poland most often increases the farm's income and raises the quality of life for the rural population. As for Italy, agritourism can increase the turnover of the farm, but it cannot outweigh its main agricultural activity (Arru *et al.*, 2021) because the income generated or the work spent on agritourism and "agriculture-

related activities" cannot be higher than that of the leading agricultural activity, i.e., the production of food/feed/energy goods (it is up to the farmer to choose the prevalence criterion) (Arru *et al.*, 2021). There are no such restrictions in Poland.

Table 1. *Economic Benefits of Agritourism*

Income diversification	allows farmers and rural communities to diversify their sources of income beyond traditional agriculture, farm stays, tours, workshops, and events generate additional income streams, reduces dependence on a single source of income and makes them more resilient
Job creation	agritourism activities often require additional staff, need for employment, e.g. tour guides, hotel staff, and workshop instructors, creates local employment opportunities, reduces migration.
Support for local businesses	creates demand for various goods and services in the community, benefits local businesses such as restaurants, craft shops, accommodation providers, and transport services.

Source: Own study based on Solimar International, 2024.

The main aim of this article is to compare the revenues from agritourism and their determinants for Italian and Polish farms in the years 2004-2022.

3. Materials and Methods

Data on agritourism revenues and other information were obtained from the Farm Accountancy Data Network (FADN, RICA). The FADN collects data about the production, economic, and financial situation of farms in the EU in the years 2004-2021. The FADN collects data about production, economic, and financial situation of farms in the EU from 2004 to 2021.

There is no complete information about year 2022 (it ends as of November 20th, 2024). Reports from the following countries are missing: 1. Croatia, 2. Germany, 3. Greece, 4. Malta, 5. Slovenia and 6. Spain. The United Kingdom is included in the years 2004-2020 and excluded in 2021-2022.

This database provides information, among others, about revenues, costs, taxes, production conditions, assets, liabilities, investments, subsidies, and cash flow. It should be emphasised that FADN is the only official database for which the data are collected according to uniform rules. Farms included in this database constitute a statistically representative sample of commercial agricultural holdings operating in the European Union.

A single farm in the FADN database is a unit created based on the aggregated

average information calculated from 15 farms. This situation occurs because the principle of data secrecy is applied. This approach makes it impossible to identify an individual farm from the specific information (FADN, 2024).

It should be emphasised that the presented data on agritourism revenues are based on invoiced data. In this sector, some transactions take place in the grey market. A side effect of this study is the demonstration that official data are incomplete, and most of the income from agritourism activities remains hidden.

The research was conducted in two parts. In the first part, the average revenues from agritourism were compared for Italy, Poland, and the average farm in the EU. The time range was 2004-2022. Then, these revenues and the average share of revenues from agritourism in the family farm income were presented according to the economic size of the farm along with total revenues from output, inputs, farm net income, and utilised agricultural area.

This statement was made for Italy and Poland in 2022. The average EU results were also presented here. In the second part of this research, relations between the revenues from agritourism and other production, as well as economic and financial determinants, were estimated. In this way, a panel data analysis was performed in the years 2004-2022. Separate models were created for Italy and for Poland.

The study is divided into two parts with the following questions:

- *How significant were agritourism revenues related to farm net income for farms in Italy and Poland in 2004-2022? Moreover, how much does the farm's size (measured by its economic size) affect the amount of revenues from agritourism?*
- *What is the relationship between revenues from agritourism and other production, as well as economic and financial categories in Italy and Poland, and do the results for the two countries differ?*

In this part of the study, descriptive, comparative analysis and basic methods of descriptive statistics were used. In the second part, a panel regression was made. The panel models were estimated using the Polish Gretl Program.

The most general formulation of a panel data model can be expressed by the following equation (Baltagi, 2005):

$$y_{i,t} = \alpha_i + X'_{i,t} \beta + u_{i,t} + \varepsilon_{i,t} \quad (1)$$

with i ($i = 1, \dots, N$) denoting individuals, t ($t = 1, \dots, T$) denoting time periods, and $X'_{i,t}$ denoting the observation of K explanatory variables in country i and time t .

Parameter α_i is time-invariant and accounts for any individual-specific effect not included in the regression equation. Two different interpretations may be given to the α_i . Two different basic models may be distinguished: Fixed Effect Panel Data Model (FEM) and Random Effect Panel Data Model (REM) (Arbia and Piras, 2005).

The Hausman test helps us choose between the Random and Fixed Effect Model. The idea is that one uses the random effects estimates unless the Hausman test rejects them. In practice, a failure to reject means either that the RE and FE estimates are sufficiently close so that it does not matter which one is used, or the sampling variation is so large in the FE estimates that one cannot conclude practically significant differences are statistically significant (Wooldridge, 2013).

When creating panel models for two countries, it was assumed that the panel consists of the economic size class (1-6) and the region of agricultural production. For Italy, it was 21 regions, and for Poland it was 4 regions (FADN, 2024).

The main objective of the research is to obtain the models that characterise determinants of agritourism's revenues in Italy and Poland depending on the economic size of farms. In order to estimate the models, a set of variables is used:

Y01 – Revenues from Agritourism in Italy,
Y02 – Revenues from Agritourism in Poland,
X01 – Labour Input,
X02 – Utilized Agricultural Area,
X03 – Total Output,
X04 – Total Inputs,
X05 – Taxes,
X06 – Farm Net Income,
X07 – Fixed Assets,
X08 – Current Assets,
X09 – Liabilities,
X10 – Net Worth,
X11 – Gross Investment,
X12 – Net Investment,
X13 – Cash Flow,
X14 – Subsidies.

4. Results

In the analysed period in the European Union, the average farm's revenues from agritourism were between EUR 220 in 2004 and EUR 737 in 2022, which did not exceed 2.1% of farm net income in this period (Table 2). At the same time, in Italy, average revenues from agritourism were between EUR 525 and EUR 1 733 per farm, with the share of this source in farm net income not exceeding 5%.

In Poland, on the other hand, the results were surprisingly and incredibly low, as

they ranged from EUR 29 in 2004 through EUR 113 in 2014 to EUR 36 in 2022. Therefore, their share in farm net income did not exceed 1% (Table 2). It can be concluded that the revenues from agritourism also increased but remained low.

Table 2. Official revenues from agritourism in Italy and Poland in comparison to the average results in the European Union* in 2004-2022

Years	European Union		Italy		Poland	
	Revenues from Agritourism (€/farm)	Revenues from Agritourism in Farm Net Income (%)	Revenues from Agritourism (€/farm)	Revenues from Agritourism in Farm Net Income (%)	Revenues from Agritourism (€/farm)	Revenues from Agritourism in Farm Net Income (%)
2004	220	1.23	525	2.63	29	0.48
2005	195	1.09	514	2.46	61	1.05
2006	225	1.15	520	2.42	66	0.89
2007	166	0.90	595	2.38	43	0.43
2008	196	1.23	744	3.43	50	0.61
2009	228	1.72	778	3.40	45	0.70
2010	230	1.27	797	3.47	52	0.52
2011	258	1.35	845	3.72	111	1.02
2012	226	1.17	858	3.52	109	1.00
2013	210	1.19	767	3.35	98	0.99
2014	277	1.59	1 278	3.86	113	1.30
2015	349	1.98	1 534	4.68	56	0.69
2016	386	2.10	1 459	4.33	61	0.78
2017	375	1.74	1 506	4.49	80	0.80
2018	507	2.00	1 776	4.92	81	0.77
2019	555	2.03	1 624	4.74	66	0.53
2020	453	1.67	1 130	3.04	38	0.31
2021	481	1.50	1 354	3.35	33	0.21
2022	737	1.79	1 733	4.15	36	0.15

Note: * in years 2004-2020 – EU-28; in 2021 – EU-27, without the United Kingdom; in 2022 – EU-21, without Croatia, Germany, Greece, Malta, Slovenia, Spain and United Kingdom.

Source: Own work based on FADN 2024.

These data are probably underestimated several times, as most of the revenues from agritourism have not been invoiced. This conclusion comes to mind after analysing the amounts calculated per one average farm. They suggest that throughout the year, one farm provided accommodation to 2-4 people for 2-10 days, depending on the country. This does not seem to be true.

The economic size, which is one of the criteria used to classify agricultural farms in FADN, impacted the values studied. In the EU, medium and large farms earn the most on agritourism, but for smaller ones, it is a more significant position in their budgets. It should also be added that utilised agricultural area, total output, inputs,

and farm net income increase simultaneously with the increase in economic class.

Regarding revenues from agritourism, farms from class 5 record the highest revenues, followed by classes 3 and 6. Revenues from agritourism have a relatively large share in farm net income in classes 2 and 3 (Table 3).

The situation is similar in Italy, with the proviso that farms from class 3 recorded the highest revenues from agritourism, followed by classes 5 and 6, and the share of these revenues in farm net income was the highest for farms from class 3 and 2 (Table 3).

On the other hand, the Polish data do not seem reliable. Their recognition would mean that a massive farm of 395 hectares had a guest who paid EUR 13 for his stay. Meanwhile, the miniature farm of 8 hectares received a guest who gave it an income of EUR 23. Interestingly, the average in class 3 of Polish farms was only EUR 4 in 2022 (Table 3).

Therefore, panel regression models were built where the dependent variable was revenues from agritourism – one set for Italy and one for Poland (Table 4-5). The FE and RE models were generated using the Gretl Program. In the estimated models all variables have a level of significance below 0.05.

Table 3. Revenues from agritourism and other information on farms in Italy and Poland with comparison of the average results in the European Union* according to the farm economic size in 2022

Details	Classes of Economic Size					
	1 2 000 ≤ 8 000 € Very Small	2 8 000 ≤ 25 000 € Small	3 25 000 ≤ 50 000 € Medium- Low	4 50 000 ≤ 100 000 € Medium- Large	5 100 000 ≤ 500 000 € Large	6 ≥ 500 000 € Very Large
European Union						
Utilized Agricultural Area (ha/farm)	6.7	13.9	27.9	48.4	101.8	250.4
Total output (€/farm)	9 500	22 485	52 832	102 156	308 319	1 572 961
Total Inputs (€/farm)	8 364	17 479	41 253	79 730	244 748	1 307 803
Farm Net Income (€/farm)	3 007	10 769	23 928	42 716	103 234	365 566
Revenues from Agritourism (€/farm)	29	326	1 166	884	1 905	1 131
Revenues from Agritourism in Family Net Income (%)	0.96	3.03	4.87	2.07	1.84	0.31
Italy						
Utilized Agricultural Area	-	9.9	17.0	27.1	52.5	98.8

(ha/farm)						
Total output (€/farm)	-	21 219	41 879	73 995	212 146	965 900
Total Inputs (€/farm)	-	14 639	27 557	48 135	138 674	665 419
Farm Net Income (€/farm)	-	10 992	22 259	38 711	99 657	350 008
Revenues from Agritourism (€/farm)	-	987	2 675	1 667	2 515	2 100
Revenues from Agritourism in Family Net Income (%)	-	8.98	12.02	4.31	2.52	0.60
Poland						
Utilized Agricultural Area (ha/farm)	7.8	13.1	23.6	38.8	80.0	394.8
Total output (€/farm)	10 052	22 611	52 457	110 028	287 648	2 512 831
Total Inputs (€/farm)	8 803	16 834	35 668	70 286	194 156	1 984 997
Farm Net Income (€/farm)	3 653	10 724	26 632	55 397	120 059	619 975
Revenues from Agritourism (€/farm)	23	64	4	20	37	13
Revenues from Agritourism in Family Net Income (%)	0.63	0.60	0.01	0.04	0.03	0.00

Note: * in 2022 – EU-21, without Croatia, Germany, Greece, Malta, Slovenia, Spain and United Kingdom.

Source: Own work based on FADN 2024.

For Italian models by economic size, it turned out that revenues from agritourism depend on the utilised agricultural area and it has a mainly negative effect – the fewer hectares, the higher the revenues from agritourism. They also depend on the subsidies received by farms; the higher the subsidies, the higher the revenues from agritourism.

Subsequently, they depend on the total farm output and cash flow. In the smallest farms (class 1), it was not possible to estimate the model. This means that revenues from agritourism are affected by non-economic variables or we can also suspect that the data has been distorted by hiding related revenues (Table 4).

Table 4. Panel models for revenues from agritourism in Italy according to the economic size in 2004-2022

Details	Classes of Economic Size					
	1 2 000 ≤ 8 000 € Very Small	2 8 000 ≤ 25 000 € Small	3 25 000 ≤ 50 000 € Medium-Low	4 50 000 ≤ 100 000 € Medium-Large	5 100 000 ≤ 500 000 € Large	6 ≥ 500 000 € Very Large
Number of Farms	154	398	399	399	396	245
Type of model	-	FEM	REM	FEM	FEM	FEM
LSDV R2/Theta	-	0.5454	0.8143	0.5832	0.6591	0.3926

Within R2/ corr(y,yhat)^2	-	0.1093	0.0922	0.0374	0.0416	0.0393
const	-	161.6180 (0.6647)	706.0780 (0.2365)	704.4870 (0.0643)	-67.1228 (0.9142)	903.3380 (0.7432)
02 – Utilized Agricultural Area	The independ- ent variables are not statistically significant	-151.9710 (0.0004)	-81.0710 (0.0000)	-16.2915 (0.0588)	25.8499 (0.0109)	-
X03 – Total Output		-	0.03467 (0.0001)	-	-	0.0169 (0.0028)
06 – Farm Net Income		-	-	-	0.0338 (0.0002)	-
X13 – Cash Flow		0.1067 (0.0000)	-	-	-	-0.0268 (0.0098)
X14 – Subsidies		0.2118 (0.0030)	0.1230 (0.0036)	-	0.0389 (0.0503)	-
Hausman Test		-	χ^2 (3) = 3.5749 (0.3112)	χ^2 (4) = 8.5098 (0.0366)	χ^2 (2) = 1.0092 (0.6037)	χ^2 (2) = 3.0122 (0.2218)

Note: The level of significance is in parentheses.

Source: Own calculation based on FADN 2024.

In the case of Polish models, it should be considered that the data are very distorted and the results obtained are statistically poor. This also means that revenues from agritourism are affected by non-economic variables or we can also suspect that the data has been distorted by hiding related revenues.

The proof of this is that the some models have only one variable that is not repeated in another class. For class 3, it was impossible to find a suitable model. Alternatively, it can be assumed that the revenues from agritourism is related to the total output and inputs of the farm (Table 5).

Table 5. Panel models for revenues from agritourism in Poland according to the economic size in 2004-2022

Details	Classes of Economic Size					
	1 2 000 ≤ 8 000 € Very Small	2 8 000 ≤ 25 000 € Small	3 25 000 ≤ 50 000 € Medium- Low	4 50 000 ≤ 100 000 € Medium- Large	5 100 000 ≤ 500 000€ Large	6 ≥ 500 000 € Very Large
Number of Farms	76	76	76	76	76	47
Type of model	FEM	FEM	-	REM	FEM	FEM
LSDV R2/Theta	0.2266	0.4387	-	0.0000	0.8321	0.2557
Within R2/ corr(y,yhat)^2	0.0630	0.1059	-	0.0838	0.1009	0.1365
const	-458.6900 (0.0939)	-1.8394 (0.9424)	-	-72.5569 (0.0488)	-51.4308 (0.3935)	-119.0180 (0.7760)
02 – Utilized	71.5006	-	The	-	-	-

Agricultural Area	(0.0322)		independent variables			
03 – Total Output	-	-	are not statistically significant	-	-0.0012 (0.0000)	-0.0064 (0.0156)
04 – Total Inputs	-	-		0.0016 (0.0093)	-	0.0060 (0.0170)
05 – Taxes	-	-		-	0.0435 (0.0014)	-
06 – Farm Net Income	-	-		-	-	0.0070 (0.0154)
X13 – Cash Flow	-	-		-	0.0032 (0.0000)	-
X14 – Subsidies	-	0.0169 (0.0050)		-	-	-
Hausman Test	$\chi^2 (1) = 1.4635$ (0.2264)	$\chi^2 (1) = 0.3174$ (0.5732)	-	$\chi^2 (1) = 7.8010$ (0.0052)	$\chi^2 (3) = 2.6628$ (0.4466)	$\chi^2 (2) = 1.6106$ (0.4470)

Note: The level of significance is in parentheses.

Source: Own calculation based on FADN 2024.

Summing up this part of the research, it can be concluded that revenues from agritourism increased yearly in Europe but were not an essential source of income for farms. The size of the farm has an impact on the farm's involvement in agritourism, but it also takes into account highly diverse factors. The results seem distorted, and there is a suspicion that agritourism payments stay outside the official tax system.

5. Discussion

Agritourism has a long tradition (Wojciechowska, 2022) and has developed very successfully in many European countries (Bacsi and Szálteleki, 2022a).

Italy is the only country in the European Union with specific legislation regulating agritourism, which is recognised as an agricultural activity (Santucci, 2013). In Poland, no particular regulations define an agritourism farm, only an agricultural farm (Prutis, 2015).

The COVID-19 pandemic has changed how tourists plan their trips, making agritourism a popular choice for those seeking a unique and safe holiday experience (Zawadka *et al.*, 2022). As was demonstrated in a study by Wojcieszak-Zbierska *et al.* (2020) the vast majority of respondents declaring a desire to go on a tourist trip believed that agritourism farms were an excellent place to spend their holidays. However, as our study shows, this does not translate easily into income for agritourism farms in the two countries analysed in the study.

Revenues from agritourism in both countries increased during the period under

review, showing that this activity is popular and tourists enjoy this type of holiday. However, they remain low. This can be explained by the fact that income from agritourism is only complementary to farm income. Agritourism is an alternative source of income for farmers and their families (Jęczmyk *et al.*, 2015).

This was the function it was supposed to fulfill in Poland. In Italy, it is subject to a limit (Zanetti *et al.*, 2022; Gil Arroyo *et al.*, 2013).

The low level of income from this activity in both countries suggests that not all agritourism fees are recorded. In Poland, farmers undertaking agritourism activities have many privileges; they do not have to register this activity, they are entitled to an exemption from income tax if they meet the criteria specified in the Act (Ustawa..., 1991), and have a subjective exemption from VAT up to PLN 200,000. However, they should keep simple records of income. In Italy, farmers offering agritourism services are required to record their income (Italy Law Firms, 2024).

Low revenues also indicate that agritourism is conducted only in the summer season – there is no offer related to extending the tourist season on a mass scale (Roman, 2014). Income from agritourism often low because it is usually available only in the summer season, or service providers are unable to attract a more significant number of customers (Roman and Grudzień, 2021). In addition, as Roman (2014) points out in his study, some farmers may not be educated in keeping accounts for their farms, or they run unofficial businesses.

When it comes to the number of tourists visiting these agritourism farms, they also tend to be underestimated. Taking into account official data, in 2021, Poland recorded an almost 16 percent increase in the number of overnight stays in agritourism and guest rooms with a maximum of 10 beds, and over 240,000 people took advantage of this form of recreation (I-Rolnik, 2023). On the other hand, as Galluzzo (2018) reports, an agricultural holding with no more than 10 beds or 5 rooms in the Lazio region with an opening period of 6 to 9 months can provide farmers with a fair level of income from agritourism activities.

Attracting visitors is one of the goals of agritourism, which aims to increase revenue made by the farm. More revenue will result from increased direct sales of products and services. Thus, the number of visitors arriving to the farm each year can affect the farm's profitability (Bhandari *et al.*, 2024).

The impact of total revenues from agritourism on income, production, and farm assets also varies depending on the size of the farm (Bacsi and Szálteleki, 2022b). Farm size is an essential factor influencing the process of diversification of production through agritourism activities and, secondly, farm efficiency (Galluzzo, 2015).

Zanetti *et al.* (2022) pointed out that combining agricultural diversification with non-agricultural activities is a typical strategy for small European farms. Smaller farms generate higher revenues from agritourism. The owners of larger farms have to deal with more work than the owners of smaller entities. According to Przezbórska-Skobiej and Ryś-Jurek (2024), farms with a smaller land area and less agricultural capital rely more heavily on agritourism.

The revenue of the analysed agritourism farms also depends on the received subsidies. This is related to the farmer's investment in equipping the facility and available attractions and improving the qualifications and skills that the farmer can use in the business.

In addition to economic variables, revenues from agritourism are also influenced by other non-economic variables, such as the location of the farm, the attractions offered, or the motivations for the farmer's activity. Tew and Barbieri (2012) indicate the existence of non-monetary benefits of agritourism, primarily in the context of the motivation of farming families to engage in entrepreneurial activity, as another justification for the development of agritourism.

6. Conclusion

Our research shows differences between the state of agritourism farms in Italy and Poland. In Italy, agritourism is more developed and significantly impacts farm budgets, which results from favourable legal regulations and a longer tradition. In Poland, on the other hand, the absence of systemic regulations and less emphasis on maintaining revenue records indicate a grey zone in this sector.

These conclusions summarise the results and interpretations included in the article while emphasising the critical differences between the markets in Poland and Italy and potential areas of development and challenges for agritourism as an industry in Europe.

This research was divided into two parts with the following questions, all of which were answered:

How important are revenues from agritourism in relation to farm net income for farms in Italy and Poland in 2004-2022? And how much does the size (measured by economic size) of the farm affect revenues from agritourism?

Revenues from agritourism increased in the analysed period, but remained at a low level, not exceeding 5% of total farm net income in Italy, and 1% of total farm net income in Poland. Smaller farms tend to be more interested in agritourism, although in absolute terms larger farms earn more from it. In Italy, the declared revenues from agritourism are relatively high, and in Poland, they are very low. There is a

suspicion that some of the payments are made outside the tax system.

What is the relation between Italian and Polish agritourism's revenues and other production, economic, and financial categories and do the results for the two countries differ?

The answer to this question is not entirely satisfactory. The economic size of the farm had an impact on the values studied. Revenues from agritourism in Italy depend on the utilised agricultural area and subsidies, and to a lesser extent depend on output and cash flow.

However, revenues from agritourism in Poland depend on the total output and inputs of the farm. However, the obtained models are statistically poor, which proves that revenues from agritourism are affected by non-economic variables. This data has probably been distorted by hiding related revenues outside the official tax system.

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