

Consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax

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Ministerial Foreword

The Scottish tourism sector is a success story and makes a vitally important contribution to Scotland's economy. It employs over 200,000 people, and it is part of the fabric of certain regions and communities across Scotland. The success of the sector has created new economic opportunities for businesses in Scotland and enables people from across the world to experience and learn about Scotland.

As local MSP for Skye, Lochaber and Badenoch I have seen firsthand the positive contribution that tourism has made to my local communities, but also some of the challenges that our expanded tourism offer has created for local authorities and the communities they serve.

The Scottish Government is committed to maintaining and enhancing the tourism sector's economic, social and environmental contributions as well as delivering our National Performance Framework¹ commitment of empowered communities by devolving more power to more local levels. Creating a discretionary power to enable local authorities to apply a levy on visitors is a means of allowing local authorities to respond to local circumstances more effectively whilst also allowing local tourism offers to be enhanced.

To give local authorities this power and create a new local tax requires an Act of the Scottish Parliament. This consultation paper therefore seeks views on a broad proposition of enabling local authorities to choose to apply a levy on visitors staying overnight.

There are some important choices to make, especially in relation to the balance between national consistency and local autonomy. As we envisage the levy would be collected by accommodation providers, this consultation seeks views on how the impact on individual businesses might be minimised. There are further considerations explored, including the potential to extend the levy to other visitor activities, ensuring appropriate exemptions from the levy are implemented throughout Scotland and ensuring that the tourist industry is engaged in decisions about applying the levy and how revenues can be spent to further support the tourism industry.

I would strongly encourage everyone to respond to this consultation and I would like to thank you in advance for taking the time to do so.

Kate Forbes MSP
Minister for Public Finance and Digital Economy

¹ <https://nationalperformance.gov.scot/>

1. Introduction & Background

Tourism is one of Scotland's most important industries, helping to create wealth and jobs and build upon our strong international reputation.

In 2018, there were over 15.3 million overnight visits to Scotland consisting of 11.8 million domestic visitors (from within UK) and over 3.5 million overseas visitors. There were also just under 138 million day visits within Scotland in 2018. While overall visitor numbers are similar to those seen earlier in the decade, there were around 1.2 million more overseas visitors to Scotland than in 2011. Evidence and data on how many visitors Scotland received during 2018, where and what they visited and if they stayed overnight, in what type of accommodation they stayed is set out in **Annex A**.

There has also been significant growth in both overnight and day visitors in specific parts of Scotland, such as Edinburgh and some parts of the Highlands. This means that in some areas, there are greater pressures on the local environment and on activities that maintain and enhance the tourist experience.

These local pressures led to a number of our local authority partners, as well as the Convention of Scottish Local Authorities, calling, in the course of 2018, for the Scottish Government to create the powers to allow them to apply a 'tourist tax', should it be appropriate for local circumstances. This reflected not just the local pressures associated with sustained high numbers of visitors, but also the wider policy context of promoting greater local decision making together with the prevalence of such taxes in other countries. This latter point is demonstrated in **Annex B** which provides an overview of the visitor taxes operating across Europe, including the rate of VAT that is currently levied.

These proposals from local government prompted significant opposition from representatives of Scotland's tourism sector who were concerned that such a levy could have negative impacts on individual accommodation and supply chain businesses and on the competitiveness of the wider tourism sector across Scotland. In support of this position the sector identified rising wages, input costs and existing taxes, particularly VAT on accommodation, which is charged on holiday accommodation at the standard rate of 20 per cent. This rate is higher than in most EU countries.

A Note on Terminology

The proposal to provide local authorities with the power to apply a tax or levy on visitors is variously referred to as a local transient visitor levy, a tourist tax or a combination of similar terms. In this consultation document, we will use the term "visitor levy". Later in this consultation, we seek views on the choice of name.

1.1. The National Discussion

Recognising these circumstances, the Scottish Government engaged with a range of partners and stakeholders from the tourism industry, local authorities and the wider

business community in Scotland in a National Discussion on a transient visitor tax. This sought to bring partners together to ensure a full range of voices were heard and to participate in discussions on this complex national issue. It aimed to build a common and shared understanding of the opportunities and challenges in this area.

The National Discussion, which included six roundtable events across Scotland, each chaired by a Scottish Government Minister, ran between 23 November 2018 and 25 January 2019, and supporting evidence was published in a discussion document². Following its closure, the Scottish Government published a summary of the messages heard and readouts of the individual roundtables³, along with the written contributions received from individuals, tourism sector representatives, business organisations, local authorities, and others⁴.

Overall, the National Discussion has provided a substantial evidence base, illustrating potential opportunities and challenges associated with tourist taxes and drawing out a number of important issues and concerns. This evidence has informed the development of the Scottish Government's proposals around a discretionary local visitor levy, which will be explored through this consultation.

1.2. Towards a Discretionary Visitor Levy

As part of the agreement of the 2019-20 Draft Budget⁵, the Scottish Government committed to consult on the principles of a visitor levy and introduce legislation this parliamentary term to permit local authorities to introduce such a levy if they consider it appropriate. This commitment was part of a package of measures focussing on local tax reforms and local fiscal empowerment. Our intention is therefore to provide this power to local authorities by an Act of the Scottish Parliament that creates a local tax to fund local authority expenditure.

Our aim is that decisions about the application of the visitor levy should be for individual local authorities to make, and receipts raised must be used to fund local authority expenditure. Additionally, the National Discussion clearly indicated that funds raised from a visitor levy in an area should be spent on activities related to tourism in that same area.

1.3. This Consultation

This consultation seeks to develop our understanding of the issues and concerns highlighted during the National Discussion and help inform the development of legislation to enable local authorities to apply a visitor levy. In particular, the consultation seeks views to ensure that the legislation:

- supports the continuing success of the tourism industry in Scotland;
- provides the powers that are needed for local authorities to respond to local pressures;

² <https://www.gov.scot/publications/transient-visitor-taxes-scotland-supporting-national-discussion/>

³ <https://www.gov.scot/publications/tourist-taxes-scotland-messages-national-discussion/>

⁴ <https://www.gov.scot/publications/tourist-taxes-scotland-published-evidence-national-discussion/>

⁵ <https://www.gov.scot/publications/scottish-budget-2019-20-stage-1-scottish-greens-agreement-letters/>

- minimises the administrative and compliance burdens for those affected.

The subsequent chapters of this document build on the evidence gathered from the National Discussion, setting out considerations relating to particular aspects of establishing a visitor levy alongside questions relevant to each section. The full set of questions are also available at **Annex C** together with a copy of the response form which is also available at <https://consult.gov.scot/local-government-and-communities/visitor-levy>.

The consultation will run until midnight on 2 December 2019 after which no responses can be considered. Further information about how to respond to the consultation and how your responses will be handled can be found at **Annex D**.

2. The Policy Context

There are three key elements of policy context that drive the Government's thinking around the development of a visitor levy. These are:

- Support the sustainable growth of the tourism sector across Scotland, particularly in cities and regions which have experienced high visitor numbers in recent years.
- Strengthen local democracy through increased local decision making and more empowered communities.
- Create a new local tax power which is consistent with the Government's overall approach to taxation.

2.1. The Importance of Tourism to Scotland

Tourism is a significant part of Scotland's economy. The sector supported over 200,000 jobs in 2017 – around 8% of total employment in Scotland, or an average of 1 in 12 jobs, although this will be far higher in different areas.

Taken together, spending by overnight and day visitors in Scotland generated around £12 billion of economic activity in the wider Scottish economy and contributed around £7 billion to Scottish GDP (in basic prices). This represents about 5 per cent of total Scottish GDP.

In 2018⁶, there were over 15.3 million overnight visitors to Scotland, an increase of 3 per cent on the previous year. This included over 3.5 million overnight visitors from overseas, an increase of over 10 per cent on 2017.

Overnight visitors spent over £4.97 billion in 2018, representing a 6 per cent reduction (in nominal terms) on 2017. This included expenditure of over £2.2 billion by overseas visitors, a 3 per cent reduction in nominal terms on 2017. There were also almost 138 million trips by day visitors in 2018, spending almost £5.5 billion.

The total expenditure by domestic and non-domestic visitors in Scotland, including overnight and day visitors, was over £10 billion in 2018. Analysis using the Scottish Government's Input-Output tables⁷ indicates this directly supported £4.5 billion of Gross Domestic Product (in basic prices) in the Scottish Economy, including around £3.2 billion in the hotels, distribution and catering sector.

⁶ VisitScotland (2018), Scotland's Tourism Performance: Summary Report 2018.
<https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/2018-national-tourism-stats-summary.pdf>

⁷ Scottish Government Input-Output Tables. Estimates include adjustments for the imports purchased by the sector, and include an estimate of capital expenditure undertaken by the sector,
<https://www.gov.scot/Input-Output>

However, this also supported activity in the wider Scottish Economy through the purchases made by the sector from the wider Scottish supply chain and through the wages spent by those working in the sector and its supply chain. Purchases from the supply chain accounted for around £1.2 billion of GDP in the wider Scottish Economy, including around £400 million of GDP in Finance and Business Services. Wages spent by those working in the sector and the supply chain also supported around a further £1.3 billion of GDP.

During the National Discussion the tourism industry also raised concerns around the impact of additional taxation on their competitive position, in light of increases in costs such as the National Living Wage; increasing input costs, such as food, drink and energy; and existing taxes such as Non-Domestic Rates and VAT. Tourism industry contributions emphasised the scale of the sector's existing tax contributions, and also contributions made in different areas of Scotland to voluntary initiatives, and to funding vehicles such as Destination Management Organisations (DMOs).

Overall overnight visitor numbers in 2018 were similar to those seen in 2011. However, there has been a substantial change in composition of visitors to Scotland, with international visitor numbers, increasing by around 50 per cent between 2011 and 2018⁸ and now making up 23% of the total overnight stays.

Overnight and day visitor numbers are also concentrated in specific areas of Scotland. In 2017, there were around 4.8 million overnight visitors to Edinburgh and the Lothians – almost one third of Scotland's total, and an increase of 17 per cent on 2011, driven by increased numbers of overseas visitors⁹. The Highlands received almost 2.8 million overnight visitors, up over 20 per cent on 2011¹⁰. Edinburgh and Glasgow also received around 20 million day visitors respectively in 2017, while the Highlands received around 14 million day visitors¹¹.

This continuing success and the associated contribution to Scotland's international profile and the support it provides to communities in Scotland is welcome. However, in some areas, rapid increases in visitor number have brought concerns about pressures, and resources available for infrastructure to meet visitor expectations.

2.2. Growing the Tourism Sector in Scotland

Tourism is a key part of Scotland's economy, and the Scottish Government is committed to supporting its success within the context of its wider economic approach and the values set out in Scotland's National Performance Framework¹².

⁸ ONS (2019) International Passenger Survey; VisitEngland, VisitScotland and Visit Wales (2019) Great Britain Tourism Survey

⁹ <https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/regional-factsheets/edinburgh-and-lothians.pdf>

¹⁰ <https://www.visitscotland.org/binaries/content/assets/dot-org/pdf/research-papers-2/highlands-and-islands-regional-factsheet-2017-v2.pdf>

¹¹ <https://www.gov.scot/publications/transient-visitor-taxes-scotland-supporting-national-discussion/pages/3/>

¹² <https://nationalperformance.gov.scot/>

Scotland's Economic Strategy¹³, published in 2015, sets out the Scottish Government's framework for increasing growth and tackling inequality. Four priority areas are identified within the Strategy to direct policy action: Investment, Innovation, Internationalisation and the overarching theme of Inclusive Growth.

More recently, the Economic Action Plan¹⁴, published in October 2018, reinforces the vision in the Economic Strategy and sets out the steps that the Scottish Government is taking to lead to a more prosperous and fairer society.

Tourism is a significant contributor to these policies, including being identified, within Scotland's Economic Strategy, as a growth sector where Scotland has a potential competitive advantage. It is important in raising Scotland's profile as an open, modern and internationally-facing economy, and has an important role to play in supporting inclusive growth, given its size and reach as an employer across Scotland.

The Scottish Government therefore has an ambitious approach to growing tourism in Scotland. As well as a package of support announced in the 2019-20 Scottish Programme for Government¹⁵, an updated tourism strategy is currently being developed collaboratively between the Scottish Government, its agencies and partners in the tourism sector. This strategy builds on the collaboration with Scotland's tourism sector and our agency partners that informed Tourism Scotland 2020 (TS2020)¹⁶. TS2020 was led by the tourism industry, and aimed to make Scotland a "first-choice destination for a high quality, value for money and memorable customer experience delivered by skilled and passionate people".

2.3. Increased Local Decision Making and More Empowered Communities

The Scottish Government is committed to improving outcomes for people and communities by ensuring that they have more control over the decisions that are most important to them.

We have made great strides since the Christie Commission published its findings in 2011¹⁷. The Community Empowerment (Scotland) Act 2015¹⁸ is helping communities to expand community ownership; the Community Choices Fund has seen participatory budgeting firmly established in Scotland; and the Islands (Scotland) Act 2018¹⁹ reflects the unique needs of our island communities.

As a Government we are committed to going further. We think it is important to review how powers, responsibilities and resources are shared across national and local spheres of government and with communities. This recognises that outcomes for citizens and communities are best when decisions are taken at the right level of

¹³ Scottish Government (2015), *Scotland's Economic Strategy*
<https://www.gov.scot/publications/scotlands-economic-strategy/>

¹⁴ Scottish Government (2018), *Economic Action Plan* <https://economicactionplan.mygov.scot/>

¹⁵ www.gov.scot/publications/protecting-scotlands-future-governments-programme-scotland-2019-20/

¹⁶ Tourism Scotland 2020 Strategy <https://scottishtourismalliance.co.uk/wp-content/uploads/2019/03/Tourism-Scotland-2020-final.pdf>

¹⁷ <https://www.gov.scot/publications/commission-future-delivery-public-services/>

¹⁸ <http://www.legislation.gov.uk/asp/2015/6/contents/enacted>

¹⁹ <http://www.legislation.gov.uk/asp/2018/12/enacted>

place. The impacts from tourism are an excellent example of an inherently local issue. It is therefore right that there should be the opportunity for a local response through the democratic implementation of a visitor levy.

The Local Governance Review is key to delivering local and national governments' shared commitment to subsidiarity and local democracy. It builds upon a joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance in ways that improve outcomes in local communities, grow Scotland's economy for everyone's benefit, support communities to focus on their priorities, and help new ideas to flourish. As part of this process we sought the views of communities across the length and breadth of Scotland and also, from public sector institutions on the future of local decision making with the findings from this exercise published.²⁰

COSLA's response²¹ to the Local Governance Review set out the three empowerments that they felt needed to be delivered to strengthen local and community decision-making and democratic governance. These were community, functional and fiscal empowerment. This response builds on COSLA's position statement on a Transient Visitor Tax, published in June 2018²², which represented a very specific proposal for such fiscal empowerment.

2.4. Scottish Approach to Taxation

The Scottish Government has adopted an overarching approach to taxation which, whilst designed to be fit for the 21st century, is underpinned by four key principles developed by Adam Smith:

- **Certainty:** Certainty is important for households and businesses alike to ensure that financial decisions can be taken from an informed position on the path of future tax policy.
- **Convenience:** Decisions made on taxation should not needlessly impact on the convenience of the current system, and should seek to minimise the administrative impact and burden on taxpayers.
- **Efficiency:** As the administration, collection and enforcement of existing and new taxes involves costs for those involved, it is important that policy is designed efficiently to minimise the cost of implementation and operation.
- **Proportionality:** Proportionality to the ability to pay (often referred to as progressivity) in taxation is vital. Everyone benefits from public services and all those who can contribute are expected to do so, but those with the broadest shoulders should bear the greatest burden.

As well as Adam Smith's founding principles, the Scottish Government's approach to

²⁰ <https://www.gov.scot/publications/local-governance-review-analysis-responses-democracy-matters/>

²¹ <https://www.cosla.gov.uk/sites/default/files/private/coslasubmissionreviewoflocalgovernance.doc>

²² <http://www.cosla.gov.uk/news/2018/06/cosla-calls-more-financial-power-councils-starting-transient-visitor-tax>

tax is based on a **firm approach to tax avoidance**; and a **commitment to engagement** with stakeholders.

These principles informed our approach to those taxes which are fully devolved to the Scottish Government (presently Land and Buildings Transaction Tax and Scottish Landfill Tax) as well as our policies in relation to the Scottish Income Tax rates and bands for which collection and management remains the responsibility of HM Revenue and Customs.

Chapter 1 of this document described how a levy on visitors would, in terms of the of the Scotland Act 1998²³, be a local tax. This means that decisions about applying a visitor levy, as well as certain decisions about its design, administration and collection which are explored in subsequent chapters of this consultation, would be the responsibility of individual local authorities.

However, the Scottish Government is clear that the Scottish approach to taxation - including adherence to Adam Smith's principles, the approach to avoidance and the commitment to engage with stakeholders - should apply to any elements of a visitor levy that are set at the national level and also, to how local authorities use the powers given to them at a local level.

²³ Scotland Act 1998 <https://www.legislation.gov.uk/ukpga/1998/46/contents>

3. The Balance between Local Autonomy and National Consistency

The Scottish Government recognises that the pressures arising from visitor numbers, and the challenges facing the tourism sector in Scotland, vary across the country. From the National Discussion, as well as wider evidence, it is clear that local tourism economies vary across Scotland, reflecting the diverse range of local economic circumstances and other factors such as population, demography and rurality.

In this context, the Scottish Government's view is that the appropriate bodies to levy taxes of this nature are local authorities. The power will not extend to other bodies, such as National Park Authorities or Community Councils.

Local flexibility over tax raising and spending is very important. It is the Scottish Government's clear intention that the decision to implement a visitor levy will be entirely at the discretion of local authorities and should reflect local circumstances and priorities. **There will be no obligation for any local authority to implement a visitor levy.**

Those local authorities that have said publicly that they would be in favour of imposing a visitor levy have suggested different means of calculating liability. Some expressed a desire to levy a charge not only on overnight stays but on other activities too. However, the National Discussion also raised a potential need for a level of national consistency or a national framework enforced through the legislation, to assist with simplicity in design and operation. This is in recognition of tourism's status as a growth sector within Scotland's Economic Strategy and the potential for negative impacts for example, if a visitor levy developed in one area of Scotland impacts negatively on other areas (or Scotland as a whole).

For accommodation providers that operate in more than one local authority area, the National Discussion further highlighted that a single method of applying a visitor levy, to a common activity, would be preferable in order to minimise complexity in its administration and in the costs of compliance. The tourism industry also voiced concerns that, without a level of national oversight, local authorities might not fully take into account the specific compliance and collection challenges faced by businesses. It was also argued that consistency of approach across Scotland would be easier for tourists to understand, as different systems create potential for confusion and could lead to negative perceptions of Scotland overall.

The Scottish Government recognise these conflicting views, and overall there are a range of trade-offs between national consistency and local autonomy. Our initial position is that there should be *some* overarching design principles set out in national legislation which must be followed by all local authorities that opt to introduce a visitor levy. However, within that national framework the intention is to enable individual local authorities, working with local tourism partners, to have as much freedom to take decisions as appropriate.

This consultation therefore seeks views on a range of issues that will inform the legislation and our judgement of the optimal balance between local autonomy and control and national consistency. However, the Bill we will introduce will necessarily

set out the activity or activities that a visitor levy will apply to and we seek views in this consultation paper on a range of considerations in this area.

In subsequent chapters, where we seek views on issues around the design, application, administration of and compliance with such a visitor levy, this balance between local autonomy and national consistency will also be a relevant consideration. Additionally, this consultation seeks views on whether there should be nationally determined processes for local authorities to apply in relation to the decision to apply the levy or not and decisions around how receipts might be spent.

The Scottish Government wishes to explore how much responsibility for the design of the visitor levy should sit at the local level.

Q1. Do you think that the design of a visitor levy should be set out:

- a) wholly in a national framework**
- b) mostly at a national level with some local discretion**
- c) mostly at local level with some overarching national principles.**

☐
☐
☐

Please tick one box

Please provide a reason (or reasons) for your answer:

4. What Activity Should A Visitor Levy Apply To?

As described in chapter 3, the Bill will set out the activity or activities that a visitor levy will apply to. This chapter explores and seeks views on a range of potential activities.

4.1. Overnight Stays

The National Discussion highlighted that regions or municipalities within a number of EU member states apply a levy on overnight accommodation – see **Annex B**.

Overnight stays were the focus for much of the National Discussion. We therefore envisage a visitor levy in Scotland would apply to overnight stays in commercially let accommodation. This would be the activity to which the visitor levy would apply, with the potential for it to be collected as part of payment for the accommodation.

During the National Discussion, a range of industry stakeholders highlighted the importance of ensuring a level playing field across all types of accommodation. These included self-catering units, including short-term lets that are part of the collaborative economy, hotels, bed and breakfasts, campsites, guest houses and marinas. It is therefore intended that the visitor levy would apply to overnight stays in all types of accommodation.

Scottish Government is committed to legislating to provide local authorities with the power to apply a discretionary visitor levy.

Q2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

Yes

No

Don't know



Please provide a reason (or reasons) for your answer:

4.2. Additional Taxable Activities

The National Discussion surfaced some interest in exploring if other visitor activities could also be subject to taxation. This is because a levy based on overnight stays in accommodation would not apply to the substantial numbers of visitors who do not stay overnight but who do use local services and have an impact on local environments, facilities and infrastructure such as roads, parks, toilets, parking and public attractions. Views were expressed that a visitor levy based only on accommodation would disproportionately apply to one type of visitor, and would miss out others.

At this time the Scottish Government is not minded to expand the visitor levy beyond overnight stays. There would be significant practical difficulties with the application and implementation of this, and potentially a number of challenges to enabling it within the legislation. However, we wish to explore both the desirability and feasibility of applying a visitor levy other than in relation overnight stays before making a final decision. Other visitor activities that were suggested during the National Discussion were:

- Day visitors to a local authority area;
- Cruise ship visitors who disembark for a day; and
- Wild or rough camping, including motorhomes or caravans parked and occupied overnight in places that are not formal campsites or parking places.

Day Visitors

As day visitors also have an impact on local environments, and use many services and amenities, there was a view expressed during the National Discussion that they should also contribute towards the costs of those services and facilities.

Whilst there are strong arguments in favour of taxing day visitors, it is difficult to envisage how such a levy could actually be applied and collected in a practical manner and in a way that distinguished between local residents and visitors. For example, could a levy on day visitors be collected at the entry points to a particular area – for example pedestrian access to certain streets or at tolls to certain roads? Other alternatives suggested in the National Discussion included applying a tax to goods and services used by day visitors such as restaurants or taxis. In all such circumstances, the challenge would be distinguishing day visitors from overnight visitors and local residents.

Cruise Ship Passengers

During the National Discussion, submissions from several local authorities indicated an interest in levying a charge on cruise ship passengers. Similar to day visitors, cruise ship passengers may not stay overnight within the local authority area and in some cases, their expenditure and contribution to the local economy may be relatively limited. However, the potential for cruise ships to disembark large numbers of passengers within relatively confined areas in a short time period may result in congestion, and an impact on local infrastructure over time.

If levying a tax on this form of visitor activity were thought to be important, the Bill would require to be extended to give local authorities power to impose a disembarkation or mooring tax for cruise ships at ports in their area.

There may be a range of practical difficulties in operating such a tax effectively. In particular, the availability of alternative ports or harbours, the capacity for various ports to operate tendering services, and the scope to provide coach services between ports and attractions all open the possibility of activity being displaced between local authorities and potentially incentivise the avoidance of a visitor levy without reducing tourism pressures in particular local authority areas.

This is demonstrated by recent experience in Amsterdam, which has this type of mooring or disembarkation tax. Amsterdam²⁴ introduced a day tourist tax for transit river and sea visitors on boats that moor within the municipal boundaries of Amsterdam. In response, some cruise ships are now docking in Rotterdam instead and transporting passengers into Amsterdam by bus²⁵. Initial anecdotal evidence suggests that this is potentially causing increased traffic congestion, air pollution and road maintenance costs.

Wild or rough camping, including motorhomes and camper vans

Motorhomes and camper vans parked and occupied overnight in places that are not formal campsites or parking places are of concern to local authorities in some rural areas, such as the Highlands and Islands (including the North Coast 500 route). There would be practical difficulties to applying, collecting and enforcing a tax on such activity, especially in remoter areas.

We wish to explore if it would be feasible for a visitor levy to be extended to other visitor activities notwithstanding the challenges this might present (see section 4.2)

Q3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

Tick all boxes that apply and provide reasons where possible

Day visitors not staying overnight

☐

Please explain how a visitor levy could be applied and enforced on day visitors:

Cruise ship passengers who disembark for a day before re-joining the vessel

☐

Please explain how a visitor levy could be applied and enforced on cruise ship passengers:

Wild or rough camping, including in motorhomes and camper vans

☐

Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans:

²⁴ <https://www.portofamsterdam.com/en/shipping/day-tourist-tax-river-and-sea-cruise-passengers>

²⁵ <https://www.telegraph.co.uk/travel/cruises/news/how-new-tourist-taxes-are-targeting-cruise-passengers/>

The Design of a Visitor Levy

In chapter 3, we sought views on the overall balance of responsibilities between local authorities and central government. In chapter 4, we proposed overnight stays in commercially let accommodation should be the primary activity that a visitor levy should apply to, and invited views on whether a number of additional activities should also be within scope.

In this chapter we explore further how a visitor levy on overnight stays might be designed and administered. The answers to a number of the questions in this section may also inform the ultimate balance between local and national responsibilities.

4.3. Basis of Charge

There are a number of different ways a visitor levy might apply to an overnight stay in commercially let accommodation. Different approaches will impact on visitors differently, whilst also creating different administration and compliance concerns.

The National Discussion noted that the basis for determining a levy on overnight stays varied in those countries that already operate a charge. The broad options are:

- Flat rate per person per night
- Flat rate per room per night
- A percentage of accommodation charge
- Flat rate per night dependent on the quality of accommodation

Flat rate per person per night

This would be a fixed charge levied on each individual staying in overnight commercially let accommodation regardless of the cost of the accommodation (for instance, £1 per person per night).

The benefit of this approach is that it is relatively straightforward to explain to visitors, and to accommodation providers.

However, the charge would be levied on each individual within a party staying in commercially let accommodation, regardless of the cost of that accommodation. Those staying in low cost accommodation would pay the same as those in higher cost accommodation, this may be at odds with Adam Smith's principle of proportionality.

A charge that is based on a per person basis also requires a definitive knowledge of how many people are occupying the accommodation. Collecting this information is common practice in many European countries. The Immigration (Hotel Records) Order 1971²⁶ requires providers of accommodation in the UK to record the name and nationality of every adult using their accommodation. However, the extent of compliance with this legislation is unclear, with anecdotal evidence suggesting accommodation providers often do not know who is staying in their accommodation.

²⁶The Immigration (Hotel Records) Order 1971 <http://www.legislation.gov.uk/ukxi/1972/1689/made>

Requiring accommodation providers to record, at the very least, the number of people staying would in fact represent a shift in practice and might be difficult to enforce. The same anecdotal evidence suggested this is particularly so in self-catering accommodation where often only the name of the lead occupant is provided.

A visitor levy based on a per person charge may also be more difficult to levy in advance when a booking and payment is made and the exact liability, based on those actually staying overnight, may only be ascertained at the time of use.

Flat Rate per Room per Night

This would be a fixed charge on a per room basis that is the same regardless of the cost of the accommodation. It would have many of the same advantages and disadvantages as the flat rate per person. However, as it is based on the room there would not be the same requirement to record the number of visitors using the accommodation which suggests this approach could potentially be easier to enforce.

An extension of this approach applying to self-catering accommodation could calculate the levy on a 'per key' basis, meaning a single rate applied to accommodation of all sizes. However, this could mean that in some circumstances persons staying in self-catering accommodation with more than one bedroom could be taxed less than if they stayed in hotel rooms and pay on a per room basis.

Percentage of Accommodation Charge

Under this option the levy would be calculated as a portion of the accommodation cost of a visitor's overall bill. As it is proportionate to the cost, it would be fairer than a flat rate per person or per room. It would allow a levy to automatically reflect any seasonal adjustments to accommodation pricing, although it could arguably be a greater burden for single occupancies.

A percentage charge would be seen as a more progressive levy and potentially more in line with the Adam Smith principles of taxation (see section 2.4). An accommodation provider is likely to maintain records of all receipts for wider accounting and tax purposes, so ensuring compliance with a visitor levy charged as a percentage of the accommodation charge might be more readily achieved in retrospect.

A visitor levy calculated as a percentage of the accommodation charge may, in certain situations, impact on transparency, compliance and enforcement. For example, we are aware that in some circumstances, typically when a booking is made using a third party platform, the client may not be aware of the split between the accommodation cost and the commission charged by the booking platform. We also understand that it may not always be clear to the accommodation provider themselves how much of their own charge might apply to the cost of providing accommodation and how much relates to the cost of any meals provided.

There may also be additional considerations for compliance and auditing as a result of price variation during the year, including where dynamic pricing models apply.

Flat rate per night dependent on the quality of accommodation

This would be a flat rate which would increase incrementally in bands reflecting the quality (star) rating of the accommodation. This is potentially a more progressive approach than a simple flat rate per person or per night. However it could be difficult to operate in Scotland as the current quality rating schemes in operation, such as that operated by VisitScotland, are not obligatory and may not cover all accommodation providers. A mandatory system of assessing accommodation quality would, therefore, have to be introduced for this to apply.

We seek views from all perspectives, on each basis of charging described above. We also seek views on whether the basis of the charge should be determined nationally, or for a local authority to decide (although the decision on whether to apply the visitor levy or not would remain at the discretion of individual local authorities).

Q4: The consultation paper sets out four options for the basis of the charge (section 5.1).

Please tick which one you think would work best in Scotland? (Tick one box below)

Flat rate per person per night

Flat rate per room per night

A percentage of total accommodation charge

Flat rate per night dependent on the quality of accommodation

☐
☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.

Flat rate per person per night

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Flat rate per room

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

A percentage of total accommodation charge

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Flat rate per night dependent on the quality of accommodation

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Q6: Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?

Tick one box:

Set out in a national framework

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

4.4. Calculating the Rate

This consultation is also seeking views on how the rate of the visitor levy should be set.

Within EU member states operating visitor levies, there is substantial variation in the rates between municipalities operating a levy. The rate set may influence consumer behaviour, though this will ultimately be influenced by the extent to which the levy is passed through to visitors. Therefore, whilst consumers may tolerate a small increase in price, it will be important not to set the levy rate too high.

A further consideration is that during the National Discussion, the impact of Value Added Tax (VAT) on the competitive position of accommodation providers compared to competitors in other countries. VAT is chargeable on holiday accommodation at the standard rate (20 per cent), although there is an exception for very small traders. Accommodation providers highlighted that all but one of the EU member states that operated tourist taxes applied lower rates of VAT on accommodation compared to the UK **Annex B**.

It is likely that a visitor levy would form part of the total cost subject to VAT (i.e. VAT would be payable on the base price plus levy amount) as is the case in other EU countries where a similar levy operates. Scottish Government officials will continue to liaise with their counterparts in HMRC to discuss this treatment.²⁷

Consumer sensitivity to changes in price is likely to vary in different parts of Scotland and depending on the time of year. Understanding price sensitivity of tourists is a complex undertaking which depends on numerous factors including the nature of the tourism offer and its perceived uniqueness in the destination country (e.g. sun and sea versus cultural or sight-seeing) and availability of accommodation. This would suggest that there could be advantages to the rate being decided locally based on local economic conditions. Other factors, in determining price sensitivity, include the country of origin of the visitor (some visitors are more tolerant to price increases than others), income levels in the home country, exchange rates, and other factors.

However, there may also be advantages in having a single national rate that applies to any local authority area which chooses to apply the visitor levy, providing transparency and avoiding any economically inefficient competition between areas.

We therefore seek views on whether the rate of the visitor levy (in the context set out in chapter 3) should be set nationally or determined locally. In either case, it will be important to ensure that the approach to calculate this is transparent, including, where possible, reference to ensuring the rate generates sufficient revenue without leading to negative economic impacts.

Q7: Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?

Tick one box:

Set out at national level

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

If each local authority were able to determine the rate at which the visitor levy is charged, two further considerations arise. Firstly, under certain circumstances, it could be possible for the choices made by one local authority to have a wider impact, for example, to cause a reduction in tourism activity across other parts of Scotland. High visitor levy rates could also have broader reputational impacts on the

²⁷ A relevant factor may be whether VAT would apply to the amount charged. VAT is reserved to the UK Parliament and the operation of the scheme is matter for HMRC. We do however recognise that this issue concerns stakeholders and we will engage with HMRC on the implications of the different approaches.

perception of Scotland as a tourist destination and even, as a tax jurisdiction, which would not be in the overall interests of the Scottish economy.

This could be managed in part through a national upper limit or cap. A national constraint on visitor levy rates set by local authorities would however conflict with local autonomy and decision making.

The second consideration relates to how visitor levy rates are changed over time. Local authority autonomy to change the rate over time would allow for closer alignment between rates and local market circumstances. However, this could introduce uncertainty for accommodation providers and visitors, and increase complexity for both providers operating across local authority boundaries, and local authorities operating a levy.

As this consultation seeks views to inform the Scottish Government's approach to balancing the conflicting objectives of local autonomy and national consistency, we invite views on what, if any, national oversight might apply if decisions about the rate of visitor levy were made locally.

Q8: What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer:

Q9: If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?

Tick one box

Set out at a national level

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

4.5. Exemptions

Following the National Discussion, we believe that some exemptions should be set out in legislation so that certain groups who might be negatively impacted by a visitor levy are adequately protected and that these exemptions should be enforced fairly and consistently across Scotland. This national approach could be supplemented by allowing local authorities to apply additional exemptions to reflect particular issues within their areas.

There is great variety in the exemptions that are used in different overseas jurisdictions that have a tourism tax. Most commonly, exemptions are given to people with disabilities and their carers, children under a certain age and homeless people.

It is evident that the more exemptions that are offered, the more complicated the visitor levy becomes and the operational and administrative challenges for businesses that are required to collect and remit the levy are potentially greater.

However the Scottish Government is of the opinion that there are some groups for which it would be unacceptable for a local authority to impose a visitor levy on under any circumstances, and an exemption should apply. These include the following:

Homeless people - homeless people might be housed in temporary accommodation, such as hostels and B&Bs, and as such they could be inadvertently subject to the visitor levy.

Asylum seekers/refugees – asylum seekers/ refugees may be housed in temporary or “safe” accommodation, such as hostels and B&Bs, they could also be inadvertently subject to the visitor levy.

Travelling communities (such as Gypsy travellers and other traveller communities) - using caravan parks and campsites for whom an exemption should apply where this is their primary residence.

Victims of domestic abuse – where their normal home is unsafe for them to stay in, such persons may be placed temporarily in refuges or short term accommodation, where the visitor levy may apply.

Those placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in – when a person is temporarily rehoused when their normal residence has, for example, been damaged by fire or flood or other circumstance, they could be placed in accommodation which inadvertently subjects them to the visitor levy.

A range of other groups that have been suggested for exemption are:

- Disabled people and registered blind/deaf and their carers
- Those travelling out with their local authority area for medical care, and their carers or next of kin
- Children and young people under a certain age

- Students
- Long stay guests (e.g. people staying for more than 14 days)
- Business travellers
- Local residents (paying for overnight accommodation within the area in which they reside permanently).

In general, operation of exemptions requires a means of determining eligibility, which in some cases could be difficult to establish. For example, some members of the population do not own identification documents (such as passport or driving licence). It may therefore be more appropriate to exempt a whole accommodation type (for example all hostels). However, this may mean that some visitors who use that type of accommodation, but are not in the exempt group would also avoid the visitor levy.

The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

- Homeless people
- Asylum seekers/refugees
- Travelling communities (such as Gypsy travellers and other traveller communities)
- Victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in
- Those placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in.

Beyond these groups, other groups could be included for exemption either at the national or local level.

Q10: Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?

Tick one box below:

All exemptions should be the same across Scotland and local authorities should not have any discretion.

☐

Some exemptions should be set at national level, and some should be at the local authority's discretion

☐

Q11: Which additional exemptions from the list below do you think should be applied to a visitor levy?

Tick all that apply

Disabled people and registered blind/deaf and their carers	<input type="checkbox"/>
Those travelling out with their local authority area for medical care, and their carers or next of kin	<input type="checkbox"/>
Children and young people under a certain age	<input type="checkbox"/>
Students	<input type="checkbox"/>
Long stay guests (e.g. people staying for more than 14 days)	<input type="checkbox"/>
Business travellers	<input type="checkbox"/>
Local resident (paying for overnight accommodation within the local authority in which they reside permanently)	<input type="checkbox"/>

<p>Q12: Are there any other exemptions that you think should apply?</p> <p>Please list together with reasons below:</p>

4.6. Administration and Compliance

The National Discussion raised a number of issues around the cost of administration, compliance with a visitor levy. Administration costs in relation to taxes are generally considered to be the costs incurred by government in administering and collecting a tax, and compliance costs are those costs incurred by individuals and businesses in complying with the tax. This latter category is distinct from the direct costs of meeting the tax liability.

Compliance Costs to Accommodation Providers

The Scottish Government heard a number of concerns expressed in the course of the National Discussion from businesses about the potential compliance costs of a new visitor levy on overnight stays by visitors.

Whilst we would wish to ensure that the compliance burden or costs are minimised, we are of the initial view that an efficient mode of operation would require the accommodation provider to be the person or entity liable for collecting and remitting the visitor levy. The alternative, of making the visitor the liable party, would self-evidently create difficulties in recovering unpaid taxes once the visitor has left the accommodation.

This initial view reflects wider practice overseas although requires further consideration for circumstances where accommodation is paid for using third party agents, including internet based booking platforms. Many such booking platforms routinely apply local visitor taxes on behalf of the accommodation provider and then remit receipts directly to the local or national government levying the tax. Where these circumstances apply, we envisage the liable party or person would still be the accommodation provider who in effect procure a service from the third party booking platform or agent. However, the alternative is that the accommodation provider collects the visitor levy on the overnight stay separately to any online booking. This is therefore an area we would welcome views.

Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform

Tick one

Agree

☐

Disagree

☐

Please explain and provide any other comments on this proposal:

Whilst our objective is to minimise the compliance burden on accommodation providers, the Scottish Government recognises that businesses will need to adapt current booking and record keeping systems and adopt processes to collect the visitor levies and remit these to the appropriate local authority.

In section 5.1 above, we sought views on differing means of establishing the basis of the charge, including around how an accommodation provider might calculate individual liabilities. We would urge respondents to ensure any compliance cost considerations are included in the answers provided to the questions in that section. That section also sought views on the implications of local autonomy or national consistency on compliance.

In this section we seek views on additional considerations relating to what might be required of a business in collecting and remitting a visitor levy on overnight stays and how these impact on the compliance costs for accommodation providers. Our Business and Regulatory Impact Assessment (BRIA) will further develop our understanding of these compliance costs.

Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

Tick one box

Ongoing basis (e.g. each night)
Monthly
Quarterly
Annually

☐
☐
☐
☐

Please provide a reason (or reasons) for your answer:

It will be necessary for accommodation providers to collect information from visitors to apply the visitor levy correctly and retain records to demonstrate compliance. This information may vary depending on the basis of the charge. It will be essential that local authorities and accommodation providers comply with General Data Protection Regulation (GDPR) in handling personal data.

Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?

Please list below and explain why you think that information is needed for the four different scenarios below:

If the basis of the charge is on a:

a) flat rate per person per night

b) flat rate per room per night

c) percentage of total accommodation charge

d) flat rate per night dependent on the quality of accommodation

Local Authority Administration and Enforcement

If accommodation providers are responsible for collecting and remitting a visitor levy, the local authority must be able to receive such payments. It would require to know which businesses, premises or individuals should be remitting receipts and have powers to enforce the legislation.

It will not be possible to identify every business providing overnight accommodation from the Non Domestic Rates valuation roll or Council Tax valuation list.

Furthermore, the recent Scottish Government consultation on potential new regulatory approaches for Short-Term Lets²⁸ highlighted that there is not, at present, any registration or licensing regime that applies to such properties. Consequently, a primary challenge for a local authority will be to ensure it is able to establish which businesses, premises or individuals it would be expecting to receive collected levies from and have systems in place to receive and record levies remitted, including the ability to attribute remittances from third party agents and booking platforms.

It is therefore likely that local authorities choosing to apply a visitor levy will need to create, operate and maintain a record of accommodation providers within their area. This might for example, be based on self-declaration by accommodation providers. No policy decisions have been made in relation to the regulation of short-term lets and this consultation document reflects the current regulatory regime, although any changes to the arrangements for such properties may be a consideration for any local authority choosing to apply a visitor levy in the future.

Overall, to ensure compliance, a local authority is also likely to need powers to support enforcement actions appropriate to all accommodation types, for example to obtain relevant information and apply proportionate penalties where necessary.

Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

Please provide a reason (or reasons) for your answer:

Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Please provide a reason (or reasons) for your answer:

²⁸ [Short-Term Lets: Consultation - Scottish Government](#)

Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?

Tick one:

Yes

No

Don't Know

☐
☐
☐

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?

5. Local Decision Making

5.1. Local Authorities Wishing To Implement A Visitor Levy

Once the necessary legislation has been put in place, our objective is that any local authority in Scotland can decide to implement the visitor levy in all or part of its local authority area. The power will not extend to National Park Authorities or Community Councils.

The National Discussion suggested that local authorities, before they can decide to impose the levy, should be required to demonstrate that they have given it adequate consideration and made adequate preparations.

Q19: A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.


Do you agree or disagree with these options. (please tick the appropriate box)

If you have any other suggestion for requirements then please add these in the box below together with your reasons

	Agree	Disagree
Produce an initial statement of intention to consider introducing a visitor levy		
A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities		
Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy		
Have conducted required impact assessments		
Have assessed the administrative burden on businesses and taken steps to minimise this		
If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area		
Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority		
Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors		
The approach to collaborative decision making on revenue spending is set out in the public domain		
Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis		

The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain		
Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction		
<p>Please add any other comments on the requirements listed above</p> <p>Please list any other requirements you think might be necessary, together with reasons below:</p>		

During the National Conversation we heard views expressed that a local authority's decision to apply a visitor levy should be subject to national oversight. This conflicts with our commitment to enhance local decision making, but we accept there may be extreme circumstances where this could be appropriate and we would welcome views.

<p>Q20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?</p> <p>Yes No Don't Know</p>	
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<p>Q21: Under what circumstances should Scottish Government be able to do this?</p> <p>Please provide a reason (or reasons) for your answer:</p>

5.2. How Revenues Should be Spent

In section 1.2, we set out that the application of a visitor levy should be for individual local authorities to determine, and that receipts raised must fund local authority expenditure. Reflecting the National Discussion, such receipts should be spent on tourism related activities including responding to tourism pressures, in their local authority area. In essence, this means that revenues raised by a local authority

choosing to apply a visitor levy would be retained by that local authority and not be subject to any pooling or redistribution.

This is a radical departure from the established financing mechanisms for local government in Scotland which has a system of equalisation at its heart, intended to ensure all local authorities have the capacity to deliver equivalent levels of service. The hypothecation of receipts to spend on a particular activity is also a radical departure from the wider system of government finance in Scotland and indeed the rest of the UK.

The National Discussion highlighted the importance placed by the tourist industry on ensuring that decisions made about how revenues are spent are both transparent and engage local stakeholders. Indeed, emphasis was placed on the importance of a partnership approach between local authorities and the local tourism industry about how and where revenue is spent.

Q22: What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

Please provide a reason (or reasons) for your answer:

Q23: How might this engagement be best achieved?

Please provide a reason (or reasons) for your answer:

We are aware that requiring receipts to be spent on ‘tourism related activities including responding to tourism pressures’ is open to interpretation and could cover a broad range of activity. For example, depending on the local authority this might be extra street cleaning during the peak tourist season, additional road maintenance in response to increased traffic volumes, or additional funding for local destination promotion or, where one exists, towards a local tourism strategy. A number of local authorities across Scotland have developed distinct tourism strategies in recent years, involving participation from the local tourism industry and stakeholders.

The Scottish Government is of the view that, where such tourism strategies exist, local authorities should allocate revenues from visitor levies towards delivering the priorities articulated within these strategies.

Q24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

Yes

No

Don't Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Overall, we also consider that ensuring some degree of transparency on the way receipts are spent is essential. This might have a further benefit of securing wider community support for the local tourism industry.

Q25: What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?

Please provide a reason (or reasons) for your answer:

Q26: If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?

Yes

No

Don't Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

6. Further Considerations

6.1. Messaging and Transparency for Prospective Visitors

In the different places in Europe and around the world that have introduced a tourist tax, they have done so under a variety of names. The terms ‘transient visitor levy’, ‘tourist tax’ or ‘visitor levy’ (as used throughout this document) all refer to a charge levied on particular activities, most specifically, overnight stays in commercially let accommodation. We would like to understand if different permutations of the name might have unintended consequences, for example in not being transparent when translated into other languages or introducing some level of negative or incorrect inference.

Q27: Is the name ‘visitor levy’ appropriate for the new powers proposed in the consultation document?

Yes

No

Don’t Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q28: If not, what do you consider to be a better alternative and why?

Please provide a reason (or reasons) for your answer:

An important consideration for the effective implementation of a visitor levy is the need for transparency around the visitor levy in accommodation pricing. This includes the provision of clear information to ensure prospective visitors are aware of the visitor levy and how and when they will pay this.

Under existing law²⁹ accommodation providers already must clearly display the price of their accommodation and any VAT which applies to their prices. It may be desirable for the proposed legislation to impose a similar requirement for display of the visitor levy which applies to the accommodation.

²⁹ Consumer Protection from Unfair Trading Regulations 2008 (SI 2008/1277)
http://www.legislation.gov.uk/ukxi/2008/1277/pdfs/ukxi_20081277_en.pdf

Under existing law accommodation providers already must clearly display the price of their accommodation and any VAT which applies to their prices.

Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?

Please provide a reason (or reasons) for your answer:

6.2. Timescales for Introduction, Transition and Variation

The Scottish Government's intention is to provide local authorities with a discretionary power to allow them to decide whether to impose a visitor levy in their areas. Visitor accommodation is often booked well in advance, and in the case of, for example, conferences, this can be several years in advance.

The importance of a long lead in time was made clear during the National Discussion, to enable the industry and authorities to have time to get their systems in order. The timescales for Parliamentary scrutiny of a Bill, and for the making of any secondary legislation which may be required, mean this power is not likely to be available to local authorities until the summer season of 2021 at the earliest.

Accommodation may however be reserved and paid for before or whilst a local authority is deciding whether to impose a visitor levy. This is equally the case should a local authority choose to vary a visitor levy as part of its budget setting process. Therefore, an approach will need to be determined for handling such circumstances that ensures accommodation providers are not having to meet a significant unforeseen tax liability, that local authority revenues are not compromised and that negative messaging for prospective visitors is avoided.

Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

Please provide a reason (or reasons) for your answer:

Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?

Tick one box:

Set out in a national framework

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

6.3. Impact Assessments

As part of the legislative approach we are required to consider a number of impact assessments in order to understand the multiple ways that the new legislation might impact on a wide range of stakeholder groups across Scotland and local communities.

The impact assessments that are required are:

- Business and Regulatory Impact Assessment (BRIA)
- Equality Impact Assessment (EQIA)
- Data Protection Impact Assessment (DPIA)

A range of other impacts in relation to the Bill will also be considered, including Child Rights and Well Being, Human Rights, Sustainable Development and Environmental.

We are taking a robust evidence based approach to the development of our impact assessments as well as working in close consultation with key stakeholders and representatives of particular groups that are likely to be impacted. This is set out in more detail in the accompanying partial BRIA which consider the impact of this proposal.

The partial BRIA indicates that the main groups that will be affected by a visitor levy are:

- Visitors (both domestic and international)
- Tourism accommodation providers and their employees
- Other tourism businesses and wider economy
- Local residents and general public
- Local Authorities

Key types of impact on these groups which have been identified include:

- Visitor behaviour (spend less, stay less time, go elsewhere)
- Business behaviour (reaction to levy and reaction to change in visitor behaviour)
- Reduced visitor spend and knock on economic impacts more widely
- Improved environment for local community
- Improved perceptions of tourism held by public
- Increase in revenue available for investment by LAs
- Reputation of Scotland as a welcoming place

Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

- Visitors (both domestic and international)
- Tourism accommodation providers and their employees
- Other tourism businesses and wider economy
- Local residents and general public
- Local Authorities

Q32: In addition to what is set out in our draft BRIA are you aware of any additional impacts the visitor levy will have for any of these groups?

Please specify group and additional impact.

Q33: Are there any other groups not listed here that should be given attention in the impact assessments?

Please list and state how they will be affected.

Annex A: Background to the Tourism Industry in Scotland

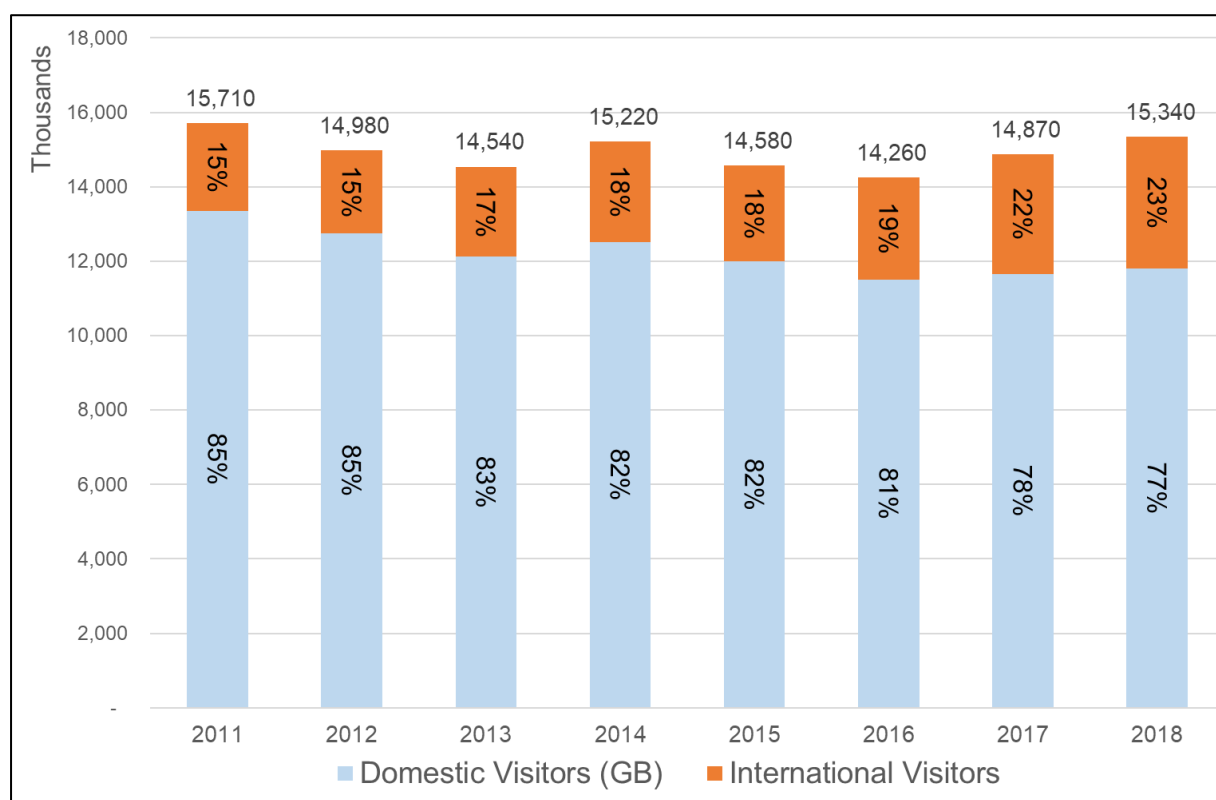
Tourism is a significant part of Scotland's economy, in terms of its size, economic contribution, and its distribution across Scotland. This Annex provides an updated overview of tourism activity in Scotland, including trends in overnight visitor numbers and day visitors, and data on the accommodation sector.

Overnight Visitors

In 2018, Scotland received an estimated 15.3 million overnight visitors, an increase of around 0.5 million (3 per cent) since 2017. There were 11.8 million (77 per cent) domestic visitors (from within GB) and 3.5 million international visitors (23 per cent) in 2018.

Although overall overnight visitor numbers were similar in 2011 and 2018, there has been notable variation over the period. The number of international visitors has grown significantly in recent years, with a 37 per cent increase compared to 2016, whilst the number of domestic visitors has fallen marginally by 2 per cent. Overall the proportion of international visitors made up 23 per cent of all visitors in 2018 compared with just 15 per cent of visitors in 2011.

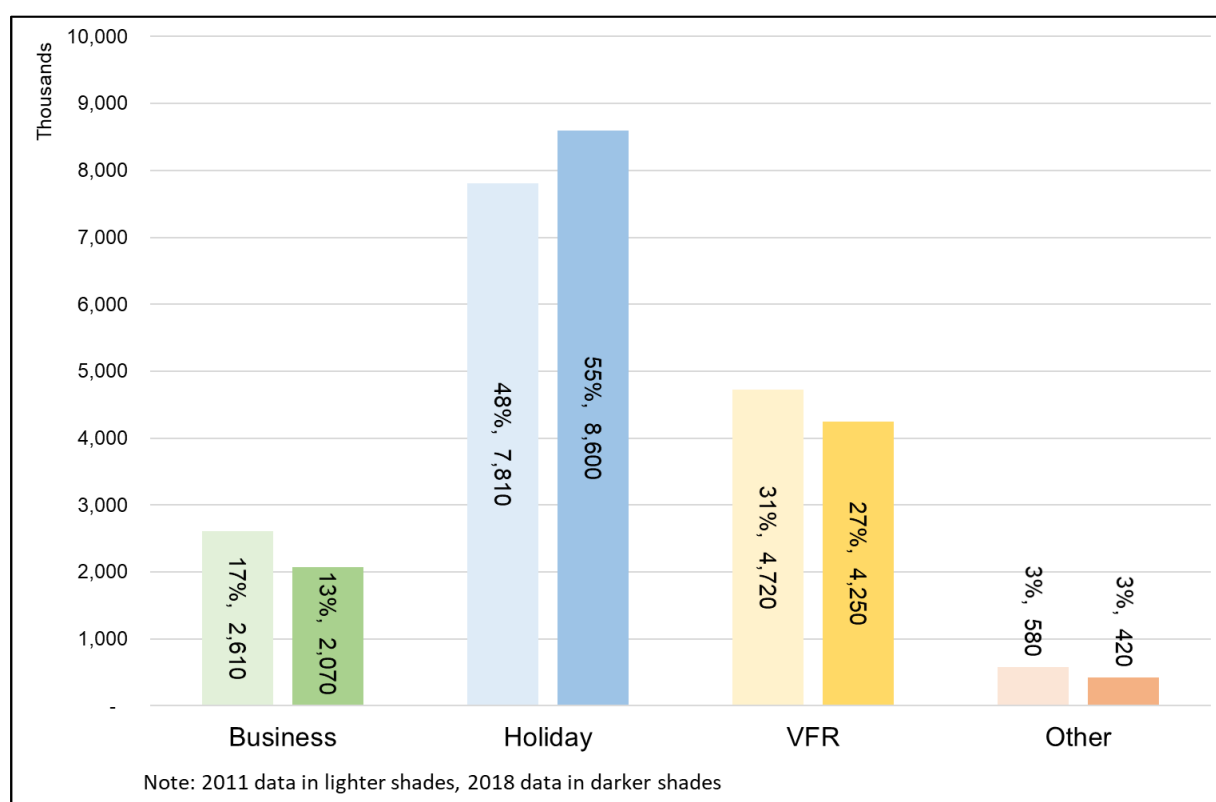
Figure 1 – Overnight Visitors to Scotland since 2011 (International and Domestic)



Source: IPS and GBTS (2019)

Figure 2 shows that over half (55 per cent) of overnight visitors to Scotland in 2018 visited for the purpose of a holiday, with 27 per cent visiting friends and family, 13 per cent visiting for business purposes and a further 3 per cent for other reasons. Compared to 2011, the number of visitors staying for the purpose of a holiday has risen, whilst the number of visitors visiting for business or visiting friends and family has fallen. The rise in holiday overnight visitors is again mainly driven by international visitors, with a 62 per cent growth in international visits for holiday purposes since 2011.

Figure 2 – Overnight visitors (2011 and 2018) by purpose of visit



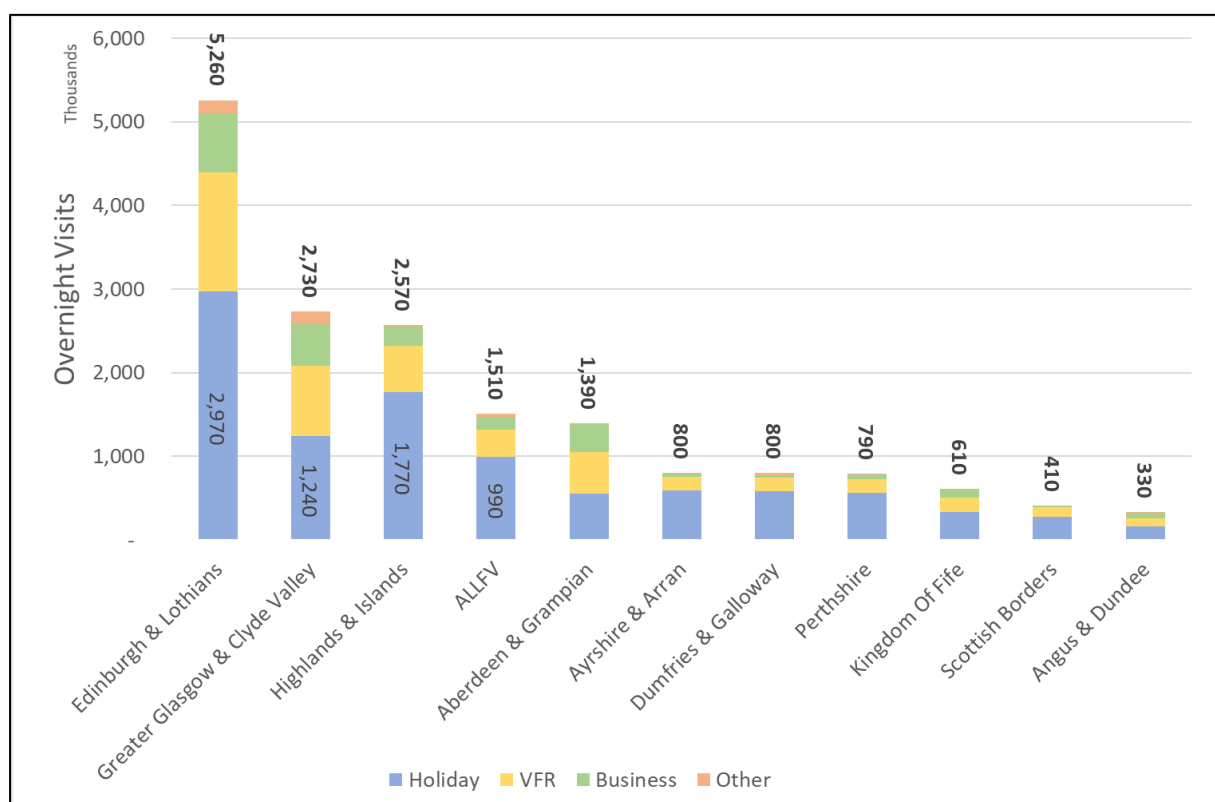
Source: IPS and GBTS (2019)

Figure 3 shows the distribution of overnight visits across Scotland in 2018³⁰, revealing significant regional concentrations of visitors. Edinburgh and the Lothians received over 5.2 million overnight visitors in 2018, 31 per cent of total overnight visitors to Scotland and an increase from 2017 where the total number of visits was below 5 million. Greater Glasgow & Clyde Valley and the Highland and Islands received similar numbers of overnight visitors overall with a 16 per cent (2.7 million) and 15 per cent (2.6 million) share of Scotland's overnight visitors respectively. The Highlands & Islands had significantly more holiday visits (1.8 million) compared to

³⁰ Note that visitor numbers for regions add up to more than the national total as the same person may spend nights in more than one location during their visit.

Greater Glasgow & Clyde Valley (1.2 million) with the majority of visitors mainly coming to visit friends and family or on business.

Figure 3 – Overnight Visitors by Region and Reason for Travel, 2018

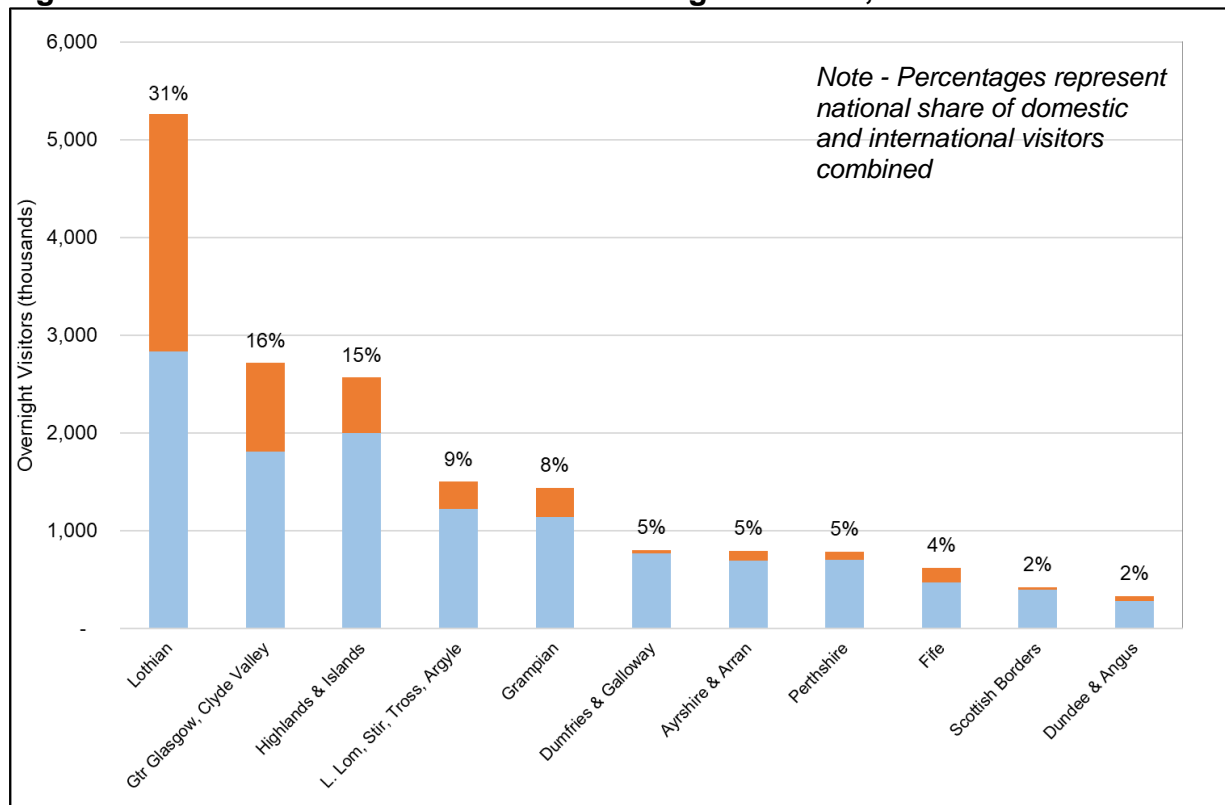


Source: IPS and GBTS (2019)³¹

³¹ ONS (2019) International Passenger Survey 2015-18, VisitEngland, VisitScotland and Visit Wales (2019) Great Britain Tourism Survey 2015-18.

Figure 4 shows that international overnight visitors are also relatively concentrated within Scotland. Edinburgh and the Lothians received around 31 per cent of total overnight visitors, but a much higher 49 per cent of Scotland's total international overnight visitors in 2018. International visitors also represented almost half (46 per cent) of total visitors to Edinburgh and the Lothians. Other areas had much lower shares of international visitors with only Greater Glasgow and Clyde Valley (18 per cent) Highlands and Islands (12 per cent) having more than 10 per cent.

Figure 4 – Domestic and International Overnight Visitors, 2018

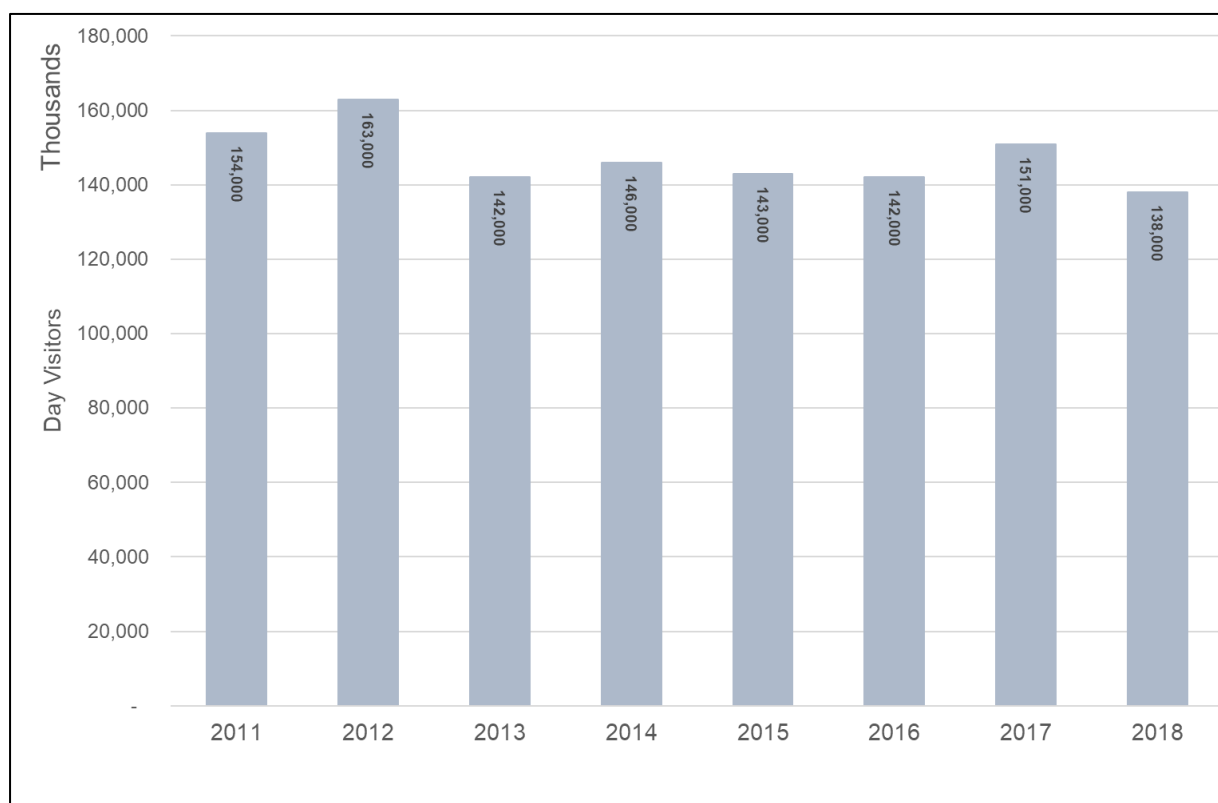


Source: IPS and GBTS (2018)

Day Visitors

Day visitors represent a significant source of tourism activity in Scotland. Scotland received an estimated 138 million day visits in 2018. Figure 5 shows that this represents a decrease of 13 million (8.7 per cent decrease) day visits since 2017. The overall number of day has remained relatively constant with an average of 147 million day visits per year between 2011 and 2018.

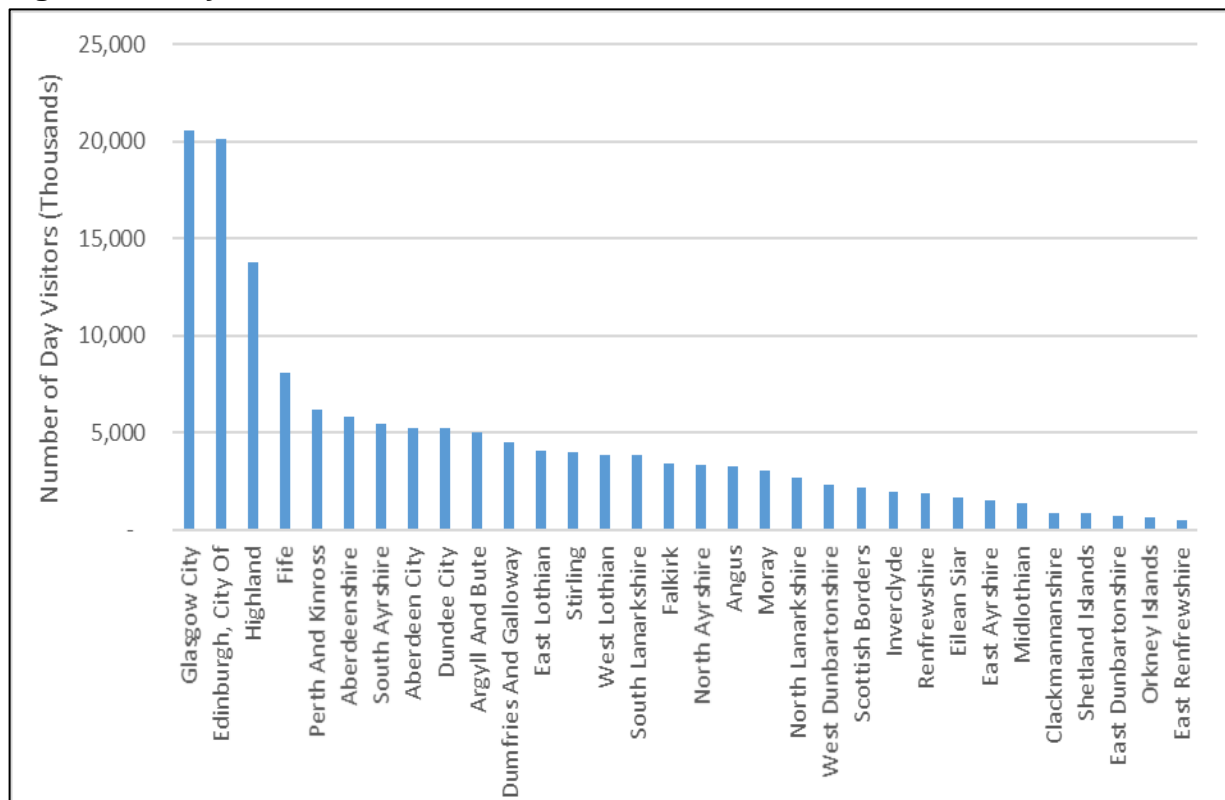
Figure 5 – Day Visits to Scotland since 2011



Source: ONS (2012 - 2018) Great Britain Day Visitor Survey

Figure 6 shows how many day visits each local authority area received in 2017. It highlights that the Glasgow and Edinburgh received the most day visitors of any authority, with an estimated 20 million day visitors each. Note that this is quite different to the distribution of overnight visitors where Edinburgh & the Lothians received the most visitors by some margin (see figure 3).

Figure 6 – Day Visits across Scotland in 2017



Source: ONS (2017) Great Britain Day Visitor Survey

Accommodation Sector

There are a range of different accommodation providers which offer visitors overnight accommodation on a commercial basis. These include hotels, guest houses, B&Bs, self-catered accommodation (both traditional and properties advertised through platforms such as Airbnb), hostels and campsites.

Accommodation providers are largely micro- or small businesses, with relatively small numbers of employees. Table 1 sets out registered business units within the accommodation sector by employee sizeband. These are business units that are registered to pay either VAT and / or PAYE.

Table 1: Accommodation, Registered Business Sites, by Employee Sizeband, 2018³²

	0-4 Employees	5-9 Employees	10-14 Employees	15-49 Employees	50+ Employees	Total
Hotels and similar accommodation	480	320	240	710	225	1,980
Holiday and other short-stay accommodation	635	125	35	35	5	840
Camping grounds, recreational vehicle parks and trailer parks	200	50	20	20	10	300
Total	1,320	495	295	765	240	3,120

Source: ONS (2018), Inter-Departmental Business Register

There are also a number of accommodation providers that do not currently generate turnover sufficient to exceed the VAT threshold. The Scottish Valuation Roll contains a list of all hotels, guest houses, hostels and most self-catered accommodation as these properties are rateable for non-domestic rates purposes (although many properties listed will benefit from relief so do not actually pay any business rates³³). Table 2 shows the number of properties registered as at April 2019, by Scottish local authority area.

³² The Inter-Departmental Business Register (IDBR) is maintained by the Office for National Statistics (ONS) and is a database of all registered enterprises operating in the UK i.e. enterprises that are registered for VAT and/or PAYE. It covers 99% of economic activity in the UK. Those excluded are small sole traders or partnerships with no employees and an annual turnover of less than the VAT threshold (£83,000 in 2017).

³³ Scottish Government (2018), Transient Visitor Taxes: Supporting a National Discussion, p15. <https://www.gov.scot/publications/transient-visitor-taxes-scotland-supporting-national-discussion/>

Table 2 – Hotels, Guest Houses, B&Bs and Self-Catering Units on the valuation roll (as at April 2019)

	Hotels	Guest Houses / B&Bs	Self-Catering Units		Hotels	Guest Houses/ B&Bs	Self-Catering Units
Aberdeen City	260	90	30	Highland	370	335	4,265
Aberdeenshire	175	55	570	Inverclyde	5	-	20
Angus	40	15	205	Midlothian	10	10	45
Argyll & Bute	175	170	1,970	Moray	90	15	410
Clackmannanshire	10	-	30	North Ayrshire	40	40	460
Dumfries & Galloway	160	65	1,265	North Lanarkshire	25	10	30
Dundee City	35	20	50	Orkney Islands	35	20	400
East Ayrshire	20	5	25	Perth & Kinross	130	85	990
East Dunbartonshire	5	-	10	Renfrewshire	15	5	30
East Lothian	30	20	215	Scottish Borders	85	40	670
East Renfrewshire	5	-	10	Shetland Islands	20	15	265
Edinburgh, City of	185	215	1,555	South Ayrshire	55	30	250
Eilean Siar	30	25	590	South Lanarkshire	35	10	80
Falkirk	35	5	60	Stirling	90	55	465
Fife	115	65	575	W. Dunbartonshire	15	10	60
Glasgow City	80	35	215	West Lothian	30	10	45
Total					2,380	1,465	15,815

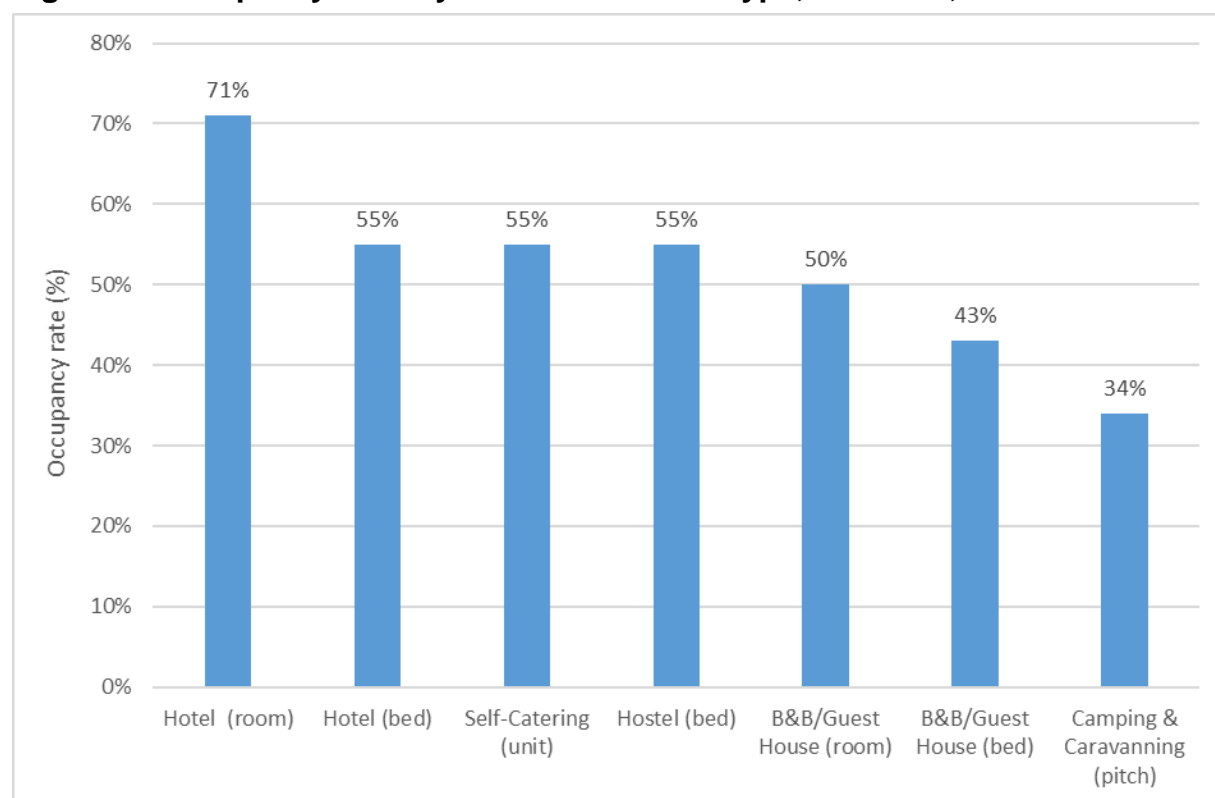
*All figures rounded to the nearest 5 properties

Data from STR³⁴ for July 2019 indicates there were around 2,100 hotels in Scotland, with a total room stock of around 75,000 rooms. Full year data for 2018 suggests that the overall room occupancy rate across Scotland's hotels was just under 77 per cent. It should be noted that the number of hotels and room stock varies significantly across different regions and local authority areas.

VisitScotland's Occupancy Survey provides information on occupancy rates across a range of accommodation types, including hotels, B&Bs and Guest Houses, Self-Catering accommodation, hostel accommodation, and caravan pitches. Figure 6 illustrates that occupancy rates vary across these accommodation types:

³⁴ For more information on data held by STR see <https://www.str.com>

Figure 6: Occupancy Rate by Accommodation Type, Scotland, 2018



Source: VisitScotland Occupancy Survey

At a Scotland level, occupancy rates for hotel rooms and beds declined between 2017 and 2018, by 2.7 per cent and 3.5 per cent respectively. However, rates were unchanged for B&Bs and Guesthouses, and rates increased for Self-Catering units (by 3.8 per cent).

Occupancy rates also vary across Scotland for each accommodation type. For instance, Hotel Room occupancy rates ranged from 82 per cent in Glasgow & the Clyde Valley to 31 per cent in the Scottish Borders. B&B and Guest House room occupancy rates ranged from 68 per cent in Edinburgh and the Lothians to 24 per cent in Greater Glasgow and the Clyde Valley, while Self Catering unit occupancy rates ranged from 64 per cent in Argyll, Loch Lomond and the Forth Valley to 31 per cent in Shetland.

Annex B: Occupancy Taxes in Selected EU Member States

The table below summarises the occupancy tax rates across EU member states with examples of some city taxes within member states. The table is based on information provided by the European Tourism Association (ETOA) in 2019³⁵. All information provided is intended for illustrative purposes³⁶.

Country / City	Tax Base	Tax Rate (approx)	VAT Rate on Hotel Accommodation	Notes
Austria	Per person, per night in most cases; % of room rate.	€0.15 - €3.80	10%	Varies by province. Exemptions vary by province and age of child. e.g. Salzburg: under 15s, business visitors to events; Tyrol: under 15s, under 18s staying in youth hostels.
Austria, e.g. Vienna	% of room rate (excluding 10% VAT, breakfast, 11% flat deduction)	3.2%	10%	Exemptions for minors, students at Vienna's Universities of technical schools; and stays for more than 3 months. Youth hostels.
Belgium	Typically per person, per night	€0.53 – c. €4.24	6%	Varies by city. Exemptions vary: e.g. Antwerp: Children under 12; Ghent: Children under 18 and Youth Hostels.
Belgium, e.g. Brussels Tourism Tax	Per unit/room per night	€3.00 - €4.24	6%	
Bulgaria	Per person per night, based on star rating and location of accommodation.	€0.10 - €1.53 [€approx]	9%	Varies by municipality. Rate set locally within a band set by the national Government. If accommodation is in a tourist resort, tax only applied to the first night. Money raised is used for tourism investment.
Croatia	Per person, per night, based on grade/category of accommodation, and season.	€0.27 - €1.35	13%	Varies by municipality; seasonal variations. Revenues are retained by local tourist boards to fund their activities. 50% discount for 12-18 year olds, youth hostels for adults

³⁵ Information published in 2019 to ETOA members <https://etoea.org/destinations/tourist-tax-rates/>. Information presented may no longer be current given ETOA has set up an observatory to monitor changes and should not be relied on commercially.

³⁶ Additional sources: Berlin.de Information for visitor's on Berlin's hotel occupancy tax; <https://www.berlin.de/sen/finanzen/steuern/informationen-fuer-steuerzahler/-steuer-abc/information-berlin-hotel-occupancy-tax-150351.en.php>;

Hamburg Tourismus Introduction of the culture and tourism tax in Hamburg <https://www.hamburg.de/fb/nav-steuern-2013/3742264/kttg2013.html>;

		[€approx]		up to 29 years of age, or members of international youth organisations. Exemptions for under 12s, school trips, disabled persons & carer.
Czechia	Per person, per night	Up to €1	15%	Varies by location.
Czechia, e.g. Prague	Per person, per day (excluding day of arrival)	€0.58 [€approx]	15%	Exemptions: Under 18s, over 70s, business travellers, disabled persons, youth hostels.
France	Per person, per night, based on hotel star rating	€0.20 - €4.00 excluding the additional 10% departmental council tax (and in Paris the 15% Regional Tax).	10%	Varies by municipality which may decide to apply the tax on the basis of actual visitor nights or to apply a flat rate due by the accommodation providers on the basis of capacity. Revenues are hypothecated to be used for expenses related to tourism.
France, e.g. Paris Occupancy Tax	Per person per night based on hotel star rating	€1 (1 star) €1.13 (2 star) €1.88 (3 star) €2.88 (4 star) €3.75 (5 star) ("Palace" 5-star hotels rate is €5 per night.)	10%	Includes 10% departmental tax, and 15% Paris Regional tax. Exemptions for under 18s, those in emergency or temporary accommodation, seasonal workers, those in premises with rent below a rate determined by the municipality.
Germany	Either per person, per night; or based on the room rate.	€0.25 - €5.00 or 5 - 7.5% of the room rate	7%	Varies by city. Baden Baden varies within city zones. In some cities VAT is applied on top of this rate. In some spa towns this allows access to certain facilities (spas, attractions, transportation). Munich does not charge a tourist tax.
Germany, e.g. Berlin City Tax	% of room rate (net cost excluding 7% VAT and breakfast); max 21 nights.	5% of room rate	7%	Exemptions: Business travellers.
Germany, e.g. Hamburg Culture and Tourism Tax	Per person per night based on net payment for the stay in €bands. For every additional €50 the rate increases by	€0 (up to €10) €0.5 (€10.01 - €25) €1 (€25.01 - €50) €2 (€50.01 - €100) €3 (€100.01 - €150) €4 (€150.01 - €200)	7%	Business travellers are exempt. Revenue to be invested in tourist, cultural and sporting projects.

	one Euro each time.			
Greece	Per room, per night. Varies by hotel star rating.	€0.50 (1 star) €0.50 (2 stars) €1.50 (3 stars) €3.00 (4 stars) €4.00 (5 stars)		Nationwide tax. Exemptions: youth hostels.
Hungary	Per person, per night; % of stay (net); % of stay (gross)	Up to max €1.57 per person, per night; or up to 4% of room rate. [€approx]	18%	Varies by city. Can vary by district within cities.
Hungary, e.g. Budapest	Per person, per night; % of stay (net); % of stay (gross)	4% of room rate (net), 4% of room rate (gross), or Per person €0.88 - €1.41 [€approx]		Exemptions: under 18s; and in some districts over 70s.
Italy	Per person, per night; cost of stay per person, per night.	Maximum of €5, except Venice and Rome which are allowed to charge up to €10. Current max charged €7 (Rome). 'Cost of stay' charges fall into 3 price bands.	10%	Varies by city. Varies by hotel star rating. Varies by maximum number of consecutive nights (e.g. Matera 2 nights; Milan 14 nights). Varies by season.
Italy, e.g. Rome City Tax	Per person, per night up to a max of 10 nights, based on star rating; max 5 nights at camping grounds.	€3 - €7	10%	Exemptions for hostels, residents of Rome, children under 10, anyone accompanying someone for health reasons, police and armed forces, 1 coach driver & 1 tour leader for groups of 23 members.
Italy, e.g. Venice City Tax	Per person, per night up to a max of 5 consecutive nights, based on accommodation type, star rating and area of city.	€0.70 - €5	10%	Reductions for January, young people aged 10-16 (50%); islands (20%, or 10% if 5-star), mainland (30%). Exemptions for under 10s, disabled persons, 1 coach driver & 1 tour leader for groups of 25 members.
Italy, e.g. Bologna	Per person, per night; including breakfast, net of 10% VAT	€3 (total €1-€70.99) €4 (total €71-€120.99) €5 (total €121+)	10%	
Lithuania	Per person, per night	€0.30- €1.00	9%	Varies by city.
Lithuania, e.g. Palanga	Per person, per night	€1	9%	Hypothecated to fund improvements of city's infrastructure and marketing of tourism.
Lithuania, e.g. Vilnius	Per person, per night	€1	9%	Exemptions: Under 18s, students, disabled persons.
Malta	Per person, per night, for a max of 10 nights.	€0.50	7%	No regional variations. Proceeds used for maintenance of touristic zones.

Netherlands	Per person, per night; % of room rate. Based on grade and type of accommodation.	€0.55 - €5.75 or up to 7% of room rate.	9%	Varies by municipality.
Netherlands, e.g. Amsterdam City Tax	% of room rate	7% of room rate (excluding breakfast)	9%	Payable by non-residents of Amsterdam. Also charges €8 per day, per person for sea and river cruise passengers; and an Entertainment Tax of €0.66 per passenger on canal boat or sightseeing tour. Exemptions: carers.
Poland	Per person, per each day started (if stay over 24 hours); charged as either a local fee or spa fee.	Up to €0.52 (Local fee) Up to €1.03 (Spa fee) [€approx]	8%	Varies by city. Some exemptions include school trips, blind people and their guides. No local fee charged if visitor pays the municipalities spa fee. Municipalities decide the local rate but rates are capped at a national level.
Portugal	Per person, per night; max nights vary, e.g. Porto and Lisbon 7 nights, Sintra 3 nights.	€1 - €2	6%	Varies by municipality. Reductions: e.g. in Cascais the visitor receives museum entrance or transportation free in return.
Portugal, e.g. Lisbon Municipal Tourist Tax	Per person, per night, up to a max 7 nights.	€2	6%	Exemptions for children under 13 and those whose trip is for medical reasons plus one extra night (and that of an accompanying party).
Romania	% of room rate (including breakfast but excluding 5% VAT)	1%	5%	Varies by municipality. Money raised is used for tourism promotion. If accommodation is in a tourist resort, the tax is only charged for the first night. Exemptions: under 18s disabled persons, students, pensioners.
Slovakia	Per person, per night	€0.50 - €1.70	10%	Varies by municipality.
Slovakia, e.g. Bratislava	Per person, per night.	€1.70	10%	Exemptions: Under 18s, over 70s, F/T student under 26, disabled person & carer.
Slovenia	Per room, per night.	Up to €2.50, plus additional mandatory promotional tax of 25%.	9.5%	Varies by municipalities. 43 municipalities have decided not to charge a tourist tax.
Slovenia, e.g. Bled	Per person, per night	€3.13	9.5%	Reductions of 50 % for children aged 7-18, youth hostels, campsites. Exemptions for children under 7.

Spain (Catalonia) NB: A tourism tax in Spain only applies in Catalonia and the Balearic Islands	Per person, per night for a max of 7 nights. Based on category of accommodation.	€0.45 - €2.25	10%	Varies between Barcelona and 'rest of Catalonia'. Money invested on tourism infrastructure and promotion. Exemptions for children under 17, IMSERSO holidays, Force Majeure.
Spain (Balearic Islands)	Per person, per night, 50% reduction after 8 nights. Based on category of accommodation, and High-Low season.	€0.50 - €4.00	10%	Exemptions for children under 16. Known as the ITS (Ecotax), money raised is spent on sustainable tourism projects.

Annex C: Consultation Questions

The Scottish Government wishes to explore how much responsibility for the design of the visitor levy should sit at the local level.

Q1. Do you think that the design of a visitor levy should be set out:

- a) wholly in a national framework
- b) mostly at a national level with some local discretion
- c) mostly at local level with some overarching national principles.

☐
☐
☐

Please tick one box

Please provide a reason (or reasons) for your answer:

Scottish Government is committed to legislating to provide local authorities with the power to apply a discretionary visitor levy.

Q2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

- Yes
- No
- Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

We wish to explore if it would be feasible for a visitor levy to be extended to other visitor activities notwithstanding the challenges this might present (see section 4.2)

Q3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

Tick all boxes that apply and provide reasons where possible

Day visitors not staying overnight

☐

Please explain how a visitor levy could be applied and enforced on day visitors:

Cruise ship passengers who disembark for a day before re-joining the vessel

☐

Please explain how a visitor levy could be applied and enforced on cruise ship passengers:

Wild or rough camping, including in motorhomes and camper vans

☐

Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans:

Q4: The consultation paper sets out four options for the basis of the charge (section 5.1).

Please tick which one you think would work best in Scotland? (Tick one box below)

Flat rate per person per night

Flat rate per room per night

A percentage of total accommodation charge

Flat rate per night dependent on the quality of accommodation

☐
☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.

Flat rate per person per night

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Flat rate per room

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

A percentage of total accommodation charge

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Flat rate per night dependent on the quality of accommodation

Implications for accommodation users:

Implications for accommodation providers:

Implications for local authorities:

Q6: Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?

Tick one box:

Set out in a national framework

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q7: Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?

Tick one box:

Set out at national level

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q8: What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer:

Q9: If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?

Tick one box

Set out at a national level

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

- Homeless people
- Asylum seekers/refugees
- Travelling communities (such as Gypsy travellers and other traveller communities)
- Victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in
- Those placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in.

Beyond these groups, other groups could be included for exemption either at the national or local level.

Q10: Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?

Tick one box below:

All exemptions should be the same across Scotland and local authorities should not have any discretion.

☐

Some exemptions should be set at national level, and some should be at the local authority's discretion

☐

Q11: Which additional exemptions from the list below do you think should be applied to a visitor levy?

Tick all that apply

Disabled people and registered blind/deaf and their carers

☐

Those travelling out with their local authority area for medical care, and their carers or next of kin

☐

Children and young people under a certain age

☐

Students

☐

Long stay guests (e.g. people staying for more than 14 days)

☐

Business travellers

☐

Local resident (paying for overnight accommodation within the local authority in which they reside permanently)

☐

Q12: Are there any other exemptions that you think should apply?

Please list together with reasons below:

Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform

Tick one

Agree

☐

Disagree

☐

Please explain and provide any other comments on this proposal:

Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

Tick one box

Ongoing basis (e.g. each night)

Monthly

Quarterly

Annually

☐
☐
☐
☐

Please provide a reason (or reasons) for your answer:

It will be necessary for accommodation providers to collect information from visitors to apply the visitor levy correctly and retain records to demonstrate compliance. This information may vary depending on the basis of the charge. It will be essential that local authorities and accommodation providers comply with General Data Protection Regulation (GDPR) in handling personal data.

Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?

Please list below and explain why you think that information is needed for the four different scenarios below:

If the basis of the charge is on a:

a) flat rate per person per night

b) flat rate per room per night

c) percentage of total accommodation charge

d) flat rate per night dependent on the quality of accommodation

Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

Please provide a reason (or reasons) for your answer:

Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Please provide a reason (or reasons) for your answer:

Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?

Tick one:

Yes

No

Don't Know

☐
☐
☐

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?

Q19: A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.

Do you agree or disagree with these options. (please tick the appropriate box)

If you have any other suggestion for requirements then please add these in the box below together with your reasons

	Agree	Disagree
Produce an initial statement of intention to consider introducing a visitor levy		
A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities		
Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy		
Have conducted required impact assessments		
Have assessed the administrative burden on businesses and taken steps to minimise this		
If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area		

Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority		
Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors		
The approach to collaborative decision making on revenue spending is set out in the public domain		
Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis		
The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain		
Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction		
<p>Please add any other comments on the requirements listed above</p> <p>Please list any other requirements you think might be necessary, together with reasons below:</p>		

Q20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?

Yes
No
Don't Know

☐
☐
☐

Q21: Under what circumstances should Scottish Government be able to do this?

Please provide a reason (or reasons) for your answer:

Q22: What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

Please provide a reason (or reasons) for your answer:

Q23: How might this engagement be best achieved?

Please provide a reason (or reasons) for your answer:

Q24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

Yes

No

Don't Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q25: What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?

Please provide a reason (or reasons) for your answer:

Q26: If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?

Yes

No

Don't Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?

Yes

No

Don't Know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Q28: If not, what do you consider to be a better alternative and why?

Please provide a reason (or reasons) for your answer:

Under existing law accommodation providers already must clearly display the price of their accommodation and any VAT which applies to their prices.

Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?

Please provide a reason (or reasons) for your answer:

Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

Please provide a reason (or reasons) for your answer:

Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?

Tick one box:

Set out in a national framework

Decided by local authorities

Don't know

☐
☐
☐

Please provide a reason (or reasons) for your answer:

Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

- Visitors (both domestic and international)
- Tourism accommodation providers and their employees
- Other tourism businesses and wider economy
- Local residents and general public
- Local Authorities

Q32: In addition to what is set out in our draft BRIA are you aware of any additional impacts the visitor levy will have for any of these groups?

Please specify group and additional impact.

Q33: Are there any other groups not listed here that should be given attention in the impact assessments?

Please list and state how they will be affected.

Annex D: Responding to the Consultation

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). Access and respond to this consultation online at <https://consult.gov.scot/local-government-and-communities/visitor-levy>. You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of 2 December 2019.

If you are unable to respond using our consultation hub, please complete the please complete the Respondent Information Form and send to:

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://beta.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so.

A consultation report will be prepared and published in early 2020. The analysis of the consultation responses will be used to inform the provisions of a Scottish Government Bill to be introduced to Parliament during 2020.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or TVLC@gov.scot

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.



Consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

<https://beta.gov.scot/privacy/>

Are you responding as an individual or an organisation?

- ☐ Individual
- ☐ Organisation

Full name or organisation's name

Phone number

Address

Postcode

Email

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- ☐ Publish response with name
- ☐ Publish response only (without name)
- ☐ Do not publish response

Information for organisations:

The option 'Publish response only (without name)' is available for individual respondents only. If this option is selected, the organisation name will still be published.

If you choose the option 'Do not publish response', your organisation name may still be listed as having responded to the consultation in, for example, the analysis report.

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

☐ Yes

☐ No



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