

Organisations

b. unnamed

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Evidence Number	0.14
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A response to the request for input into the consultation process for the National Tourism Tax debate.	
<p>The current challenges facing Scotland's tourism industry are not the same in all its cities and regions. The solutions to those challenges in many cases does include raising additional finance to address problems or to resource opportunities but we do not believe that a national approach is the right answer and a national tourist tax is definitely in our view the wrong answer.</p> <p>We should of course be discussing these challenges at a local level and developing the alternative solutions. A better way of addressing those challenges lies in either a voluntary local levy or in funding bid format driven by the private sector for identified priorities and this is best organised in a partnership between private and public sector either at a regional or local level rather than a national tax. Greater collaboration is in our view the key to resourcing local priorities.</p> <p>Further too, that giving the power and responsibility to councils to raise another tax further complicates their already difficult financial annual challenge. One concern would be to what extent would a ring-fenced hypothecated tax reduce or displace the budgets that individual councils already place in support of tourism? Both Dundee and Angus Councils do a great deal in supporting Tourism and although we understand that resources are stretched and future funding is critical to growing the sector in both of our regions, we do not believe that taxing the tourist is the way forward.</p> <p>We see very few if any positives to a national tourism tax and the negatives are both real and multiple in number. The risks are high. The competitiveness in international tourism is a sensitive matter and one that we should not put at risk. International tourists could be deterred from choosing Scotland as a destination and for those who still do, their discretionary spending whilst with us in food, beverage, entertainment, attractions, retail and all associated services could fall. In terms of taxation, Tourism businesses already face increasing taxation in the large increases in business rates and we already pay the highest VAT considerably above other competitor European countries. Add to this that Seasonality outside of the major cities remains a reality and for many business profitability is already under threat. Many tourism businesses cannot afford a further additional burden. Future investment decisions for all Tourism business will be impacted and many SMEs could be tipped over the edge.</p> <p>We consider it important that adequate research is conducted into potential unknown consequences that may arise out of a National Tourism tax. The implications must be fully understood before a decision of such importance and potential consequence is made.</p> <p>Finally, on the subject of fairness when the tourism industry supports so many varied businesses from taxis to visitor attractions, restaurants and bars, retail and transport, why a bedroom tax? What about the unregulated sector of Air BnB?</p>	

There are so many negatives in the proposal and few positives.

Evidence Number	0.15
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Good evening , having read the article published on the gov website, I do not believe that such an introduction would be helpful at this time. I can see benefits from it but not at this point in our economic cycle. Once clear of Brexit and Austerity , then we could look at implementing such a tax.	

Evidence Number	0.32
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Sirs,	

As things stand, I am opposed to any transient tourist taxation being applied to Orkney.

The cost to travel to Orkney is not insubstantial, indeed it is one of the most expensive and time consuming locations in the UK to travel to. Whilst those who visit Orkney are generally tourists of a high quality/high spend demographic, it is key that we do not install any additional costs that would potentially serve to exacerbate the high costs of visiting, or even the perception thereof.

In Orkney we have (in my opinion) the highest quality of hotel accommodation within the rural Highlands and Islands, and I think that local Operators are right to make suitable charges in order to maintain and further develop this. I would worry that any potential visitor levy that would become chargeable on a 'per room per night' basis (for example) would restrict the ability of these Operators to maximise profit (that facilitates reinvestment and new development) as inevitably there's a market cap for a 'per room' rate, and an additional tax would have to be incorporated within this.

In the case of the volume cruise passenger visiting Orkney, the advantage we hold within Orkney is that we are 'islanded' (i.e. the ships must land within this local authority area, pay the dues, and the various local service fees from providers). Our Local Authority already receives substantial revenue from the visiting ships, and we should not seek to potentially add what operators may see as superfluous additional costs/taxes. Instead, as local businesses, we would be better placed to continue to focus on our various offerings, and aim to maximise revenues from these day-long visitors to the County.

In Orkney (on the whole, and unlike in other rural/island areas of Scotland) we have infrastructure that can already deal with volumetric tourism. Whilst further investment is required, this will happen over time on a demand-led basis.

Any potential 'tourist tax' collected by local businesses and paid (presumably) to Orkney Islands Council would then unfortunately disappear into the Local Authority budget, with any potential redistribution and investment being hampered by public sector bureaucracy and a risk that it would end up being used to subsidise ever tightening budgets elsewhere. The decision as to where any such reinvestment would take place would also be taken out of the hands of the local Industry, and this is perhaps the area of greatest concern for me.

Evidence Number	0.61
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<p>I write in response to the current consultation process regarding the potential for introduction of a 'tourism tax'.</p> <p>As the owner of a small business (turnover c. £300k pa) that offers outdoor activities, I strongly object to the idea of incurring yet another tax to our market, & in doing so further reducing the competitiveness of the UK product offering in comparison to that offered by many other comparable countries / markets..</p> <p>Tourism in the UK is already taxed at a level that is one of the highest across the world, with VAT AT 20%, along with levels of business rates that are a burden on many businesses that have a physical (as opposed to being mobile) location.</p> <p>In addition, as a provider of hostel / bunkhouse accommodation, with rates varying between £15.50 & £26 per person per night, any imposition of a set 'per night' levy on a bed / guest would add significant cost, & would be grossly unfair when measured against other accommodation providers, up to & including 4 & 5-star accommodation providers, that may charge hundreds or even thousands of pounds per person per night.</p>	

Evidence Number	0.90
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<p>I am writing to endorse the response of UKHospitality to the discussion on the imposition of a tourist tax in Scotland. I support the arguments in the response document and reiterate our opposition to the implementation of an additional tax on Scottish accommodation providers.</p>	

Evidence Number	1.37
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I attended the Tourism Tax Discussion event in Inverness on Monday 14 January. In view of my experience via a fact-finding mission of 'visitor payback' schemes that operate in Europe, I was encouraged to put in a response to the 'Transient Visitor Taxes in Scotland' Discussion paper. My response is below. I have kept it brief, but can supply details of my experience of a 'visitor payback' scheme in operation if anyone wishes to ask further questions	
RESPONSE TO THE 'TRANSIENT VISITOR TAXES IN SCOTLAND' DISCUSSION DOCUMENT	
SUMMARY OF RESPONSE	
What is being discussed?	
A mechanism to raise revenue from visitors in Scotland, to spend on the infrastructure that visitors and residents use on any holiday experience throughout Scotland.	
What is proposed as a solution?	
The proposal from COSLA is to add a further 2% to the tax burden of accommodation businesses, to raise money for Local Authorities to spend on such infrastructure. The Local Authorities suggest that they will consult with local business groupings to prioritise how the money raised should be spent in enhancing that visitor experience.	
Why it won't work.	
The document doesn't actually identify what the issue is that the Government is trying to solve. Is it that the Local Authorities need to raise more revenue, or is it that visitors should contribute more of a fair share to the assets they utilise on any experience within Scotland?	
No one is disputing the need for Local Authorities to have greater funding to fulfil their statutory responsibilities. What is proposed by COSLA would achieve that. What it would not achieve however, would be a pot of money to spend on infrastructure throughout Scotland, that is directly attributable to the monies raised from businesses, purported to have come via them from visitors to Scotland. Scottish accommodation businesses already transfer 20% VAT to the UK Government; more than 50% more than most the countries in Europe raise for their Governments through the same mechanism. This is just adding to that tax take.	
Detailed Analysis	
The suggestions put forward by COSLA in respect of this tax, appear to suggest that they are looking to raise further revenue for their budgets. The mechanisms open to Local Authorities to raise taxes however and their statutory responsibilities for spending that money, preclude any ability on their part to ring-fence any tax raised, to spend on a section of the economy that is outwith their main statutory responsibilities, whatever their desire to do so may be.	
To back up their suggestion that they are only doing what the rest of Europe is doing	

already, they have indicated the number of countries/cities around Europe, who they say are imposing a ‘tourist tax’ already.

They are incorrect in that assessment. The clue to that error is in the word ‘municipality’ used in most of the examples. What is collected in Europe is a ‘visitor payback’ levy. It is collected, managed and distributed by business groupings at ‘municipal’ level. A municipality being roughly equivalent in size to Badenoch and Strathspey for example, not an area the size of Highland Council.

What does work

At all times and at all levels, the money raised by ‘municipalities’ in Europe by such a ‘visitor payback’ levy, is directly linked to the visitors who stay in the area, it is spent in the area on their behalf and they are told at every turn exactly what is being raised and what it is being spent on.

Similar Examples in UK.

There are a number of ‘visitor payback’ schemes that are already operating/have operated in Scotland/UK, within the current taxation system. They range from:

- private car parks who charge motorists to park and tell them precisely what the money raised in the car park levy is being spent on to enhance their experiences;
- through accommodation levies in both the Lake District and Devon, that raised money by nightly levies on accommodation businesses to enhance the footpath networks in those areas;
- through to BID Companies, such as Inverness BID, which raises money from all businesses of a certain size, not just the accommodation sector, again to be spent on the infrastructure in the city and surrounding district.

All of these work/worked because they are/were run locally by business groupings, they were managed by such businesses, who had direct contact with the visitors, so knew exactly what was important to them. They were administered by the businesses and the visitors were told exactly what their money was being spent on.

Other Suggestions to raise levies for infrastructure enhancement.

The paper only talks about raising money through the accommodation sector, whereas, infrastructure is used by visitors who may not be staying in hotels and other accommodation businesses, but can stay elsewhere, so are just utilising infrastructure to access attractions and activities. None of these people would be contributing. The businesses they are accessing however are positive towards the tax ideas, because no-one has suggested that they pay as well.

If the problem is the need to raise further revenues to pay for infrastructure accessed by visitors, a considerable sum could be raised just by charging for attractions/activities which at the moment are provided free.

In the discussion paper, there is a table of free attractions throughout Scotland. The top 10 saw 11,525,421 visitors in 2017. A charge of only £5.00 per person would see nearly £60m raised per year. Even if an exemption scheme operated for people who live locally, a substantial amount of revenue would be generated.

In Badenoch and Strathspey, £0.5m is spent per year by Highland Council on the Highland Folk Museum. Over 60,000 visitors go to the museum annually. Again, if they only paid £5.00 per person to enter, £300k would be raised. It wouldn't cover all the expenditure, but it would go a long way, so freeing up monies for HC to spend on infrastructure for all.

Conclusion

A discussion needs to take place on 'visitor payback' levies and their ability to raise substantial revenues by willing guests who are pleased to contribute to local projects to enhance their experiences.

These schemes are successful when they are managed and administered on a local level by businesses in direct contact with their guests who are paying the levy.

There are many opportunities for visitors to contribute substantial sums to the local economy by way of entry fees to popular attractions that are at present free.

This present suggestion is the wrong tax, burdened on the wrong people, at the wrong time, to achieve the wrong outcome.

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