



The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax: Analysis of responses to the public consultation exercise



PUBLIC SERVICES AND GOVERNMENT

The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax

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consultation exercise



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Executive Summary

Introduction

This summary presents notable findings from the Scottish Government's consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax. The consultation ran from 9 September to 2 December 2019. The consultation paper is available from the Scottish Government's website at: <https://consult.gov.scot/local-government-and-communities/visitor-levy/>.

In total, 1,701 responses were available for analysis. Of these, 1,202 were based on a Living Rent-related campaign and did not address any of the questions set out within the consultation directly. The main report focuses on analysis of the other 499 responses received¹. Of these, 224 were from groups or organisations and 275 responses were from individuals².

Organisational respondents have been allocated to one of 15 categories by Craigforth and Scottish Government analysts. A diverse range of organisations responded to this consultation, from international hotel groups and local authorities to independent B&Bs and community councils. The two largest groups of organisational respondents were accommodation providers, with 49 responses from hotels and 67 responses from other accommodation providers. The other accommodation providers group included B&Bs, guest houses, caravan parks and campsite businesses.

The comments of a number of individual respondents suggest that they are also connected with the tourist industry and, in particular, may be accommodation providers.

The consultation asked 33 questions, and this summary focuses on some of these. The full analysis across all the questions is set out in the main report.

The focus of the analysis was to consider the range of views submitted, rather than quantify the balance of wider public opinion. All respondents' comments have been given equal weight in the analysis.

As with any public consultation exercise, those responding generally have a particular interest in the subject area and the views they express cannot be seen as representative of wider public opinion.

The balance between local autonomy and national consistency

The consultation paper suggested that there should be some overarching design principles for a visitor levy set out in national legislation. Within this national

¹ The 499 responses include two other types of campaign response. One campaign was based on endorsing the response submitted by the British Holiday & Home Parks Association, with 23 responses submitted. The other, associated with UK Hospitality, received 45 responses.

² When completing the consultation, respondents were asked to indicate whether their response was submitted on behalf of an organisation or as an individual.

framework the intention would be to create a balance between national consistency and local autonomy. Three possible options were set out in the consultation paper and there was no clear consensus on this issue among respondents.

A visitor levy set out mostly at the local level with some overarching national principles was supported by 42% of those answering Question 1. Individuals were more likely to favour this option than organisations (50% and 31% respectively). The majority of Local authority respondents supported this approach.

A wholly national framework was supported by 36% of those responding, with organisations much more likely to support this approach than individuals (52% and 24% respectively). Accommodation providers tended to favour this approach.

A visitor levy set out mostly at the national level with some local discretion was supported by 22% of those responding.

Mostly at local level with some overarching national principles: A common theme raised by those favouring this option was that any approach needs to offer enough flexibility for the differing requirements of each local authority area to be considered. An often-connected point was that Scotland's tourism economy is also very diverse and that what might be appropriate for one area would not work in another. Those taking this view suggested that local authorities will know their area best and are best placed, therefore, to make decisions regarding a visitor levy. There was also a view that decision-making should be devolved to as local a level as possible, although there were references to the importance of having some overarching principles to underpin any approach.

Wholly in a national framework: Many of the reasons given for supporting a wholly national framework centred around simplicity – in general, for visitors or businesses. For visitors, it was suggested that a national framework would be less confusing and that a consistent approach would be more easily understood. From a business perspective, the focus was often on minimising the administrative burden, particularly on businesses which operate in more than one local authority area.

Mostly at a national level with some local discretion: The themes raised by those preferring this option were often similar to those highlighted by respondents preferring the 'mostly at local level with some overarching national principles' option. It was also sometimes referred to as being the fairest approach because it would help create a more level playing field for businesses.

The design of a visitor levy

Basis of charge

The consultation paper set out four options for how a visitor levy might apply to an overnight stay in commercially let accommodation and sought views on each (Question 4). There was no clear consensus emerging from responses to this question.

A levy based on a percentage of the total accommodation charge was preferred by the largest proportion of those responding (35%). Individuals and organisations were fairly similar in their support of this option (37% and 32% respectively). The Accommodation provider (other) group were most likely to prefer this approach.

Overall, 32% of respondents favoured a flat rate per person per night. Individuals favoured this approach more than organisations (42% and 18% respectively).

A flat rate per room per night was supported by 24% of respondents overall. Organisations were more likely than individuals to support this approach (44% and 11% respectively). Accommodation provider (hotel) respondents were particularly likely to favour this option.

The consultation explained that the fourth option (flat rate per night dependent on the quality of accommodation) would be difficult to implement given the lack of a compulsory quality rating scheme in Scotland. This option was favoured by 9% of respondents.

A percentage of total accommodation charge: Among respondents who preferred this option, the reason given most frequently was that it is fair or progressive given it is related to the ability to pay and those choosing to use more expensive accommodation would also pay more tax. A percentage charge was also suggested to be well understood, and to be a method of calculation that is widely used elsewhere. Other points made in favour of a percentage charge included that it would reflect seasonal and geographical variations in accommodation prices. A need for clarity on what is meant by 'total accommodation charge' was also noted, particularly with respect to possible inclusion of 'extras' in the figure on which a levy is calculated. Respondents who argued against a percentage charge suggested that it is too complicated, and that the room rate that a visitor levy is applied to, and associated revenue raised, may vary where differential pricing means room rates vary. A risk of a negative impacts on providers of more expensive accommodation was suggested.

Flat rate per person per night: A flat rate per person levy was frequently argued to be simple to implement and to be a mechanism used in other countries. It was also suggested to be fair, since it is individuals who make demands on services. However, a flat rate levy was argued to be regressive and unfair to those on low incomes, with a related risk of negative impact for budget accommodation providers. The tension between making a levy easier to administer and reflecting ability to pay was noted.

Flat rate per room per night: The most frequent reason given for choosing a flat rate per room charge was that this would be simple or the easiest to apply, including because the hotel industry convention is to charge per room per night. It would also be advantageous to couples and families sharing a room but more expensive for single travellers. As with a flat rate per person, it was argued to be regressive.

Flat rate per night dependent on the quality of accommodation: As for a percentage charge, a flat rate dependent on the quality of the accommodation was

argued to be fair or progressive since those selecting higher quality accommodation would pay more. However, and as noted in the consultation paper, the lack of any universally accepted rating system would present a major obstacle for a charge based on quality. Such a basis for charging was also thought likely to deter provision of higher quality accommodation.

A majority of respondents, 65% of those answering the relevant question (Question 6), thought that the basis of the charge should be set out in a national framework. The themes raised very much reflected those expressed by respondents who thought that the design of a visitor levy should be set out wholly in a national framework. Other comments addressed fairness and suggested that the basis of the charge being set out in a national framework could help avoid competition between local authorities and distortions developing in the tourism market.

The themes raised by respondents who thought that the basis of the charge should be decided by local authorities also reflected those expressed by respondents who thought that the design of a visitor levy should be mostly at a local level or mostly at a national level with some local discretion.

Calculating the rate

A majority of respondents, 57% of those answering the relevant question (Question 7), thought that the rate of the visitor levy should be set out in a national framework. In terms of the overall approach to be used, it was suggested that the national framework should set out a range within which a rate could be set, but then allow for local discretion as to the precise rate set. However, there was an associated concern that local authorities would be likely to charge the maximum rate permitted. The majority of local authorities favoured the rate being decided at the local level.

In terms of the factors to be considered to ensure the rate of the visitor levy is appropriate (Question 8), a number of the comments reflected the wider objections sometimes raised to the introduction of a visitor levy. For example, it was suggested that factors to be considered should include the competitiveness and reputation of Scotland as a tourism destination and the wider tax regime.

A general theme raised was the need for any decisions to be based on robust evidence, and there were calls for independent economic impact assessments to be carried out. Other comments addressed the local market circumstances which should be considered, with suggestions including visitor numbers, consumer price sensitivity and seasonal variations. A specific suggestion was that there should be benchmarking of the rate against rates being charged in other tourist destinations or countries or, specifically, other European or EU cities or countries.

Other comments focused on the balance between the cost of administering a levy for the local authority, and the cost to businesses of collecting the levy, relative to the revenues obtained.

Exemptions

The consultation paper suggested that there are some groups for whom it would be unacceptable to impose a visitor levy under any circumstances including: homeless

people; asylum seekers and refugees; travelling communities; and victims of domestic abuse placed temporarily in refuges or short term accommodation.

A majority of respondents, 78% of those answering the relevant question (Question 10), thought that all exemptions should be the same across Scotland and therefore set out in the national legislation. Some concerns were raised about the feasibility of administering exemptions.

With regard to a range of possible additional exemptions, the highest level of support was for an exemption for those receiving medical care outwith their local authority area and their carers or next of kin, followed by there being exemptions for children and young people or for local residents. The lowest level of support was for business travellers being exempt.

Administration and compliance

Compliance costs to accommodation providers

Respondents were evenly divided as to whether accommodation providers should be ultimately responsible for collection and remittance of a levy (Question 13). Among organisational respondents, Tourism and hospitality industry representative organisations all disagreed with the proposal as did a majority of Accommodation provider (other) respondents, while most other groups agreed or were evenly divided. The need for any remittance system to be set up in consultation with the industry and for this to involve accommodation providers of all types was suggested by respondents irrespective of their view on whether providers should be ultimately responsible for collection and remittance of a levy.

In terms of how frequently the levies collected should be remitted to the levying local authority (Question 14), the highest level of support, at 40%, was for remittance of levies to local authorities on a quarterly basis, with 30% preferring monthly remittance and 25% annual remittance. While a large majority of the Accommodation provider (hotel) group preferred quarterly remittance of levies, those in the Accommodation provider (other) group were more likely to favour remittance on an annual basis. Local authority respondents preferred monthly remittance.

Local authority administration and enforcement

The consultation paper noted that if accommodation providers are responsible for collecting and remitting a visitor levy, the local authority must be able to receive such payments. This would require knowing which businesses, premises or individuals should be remitting receipts and having powers to enforce the legislation. Most frequently, respondents commented on the need for a registration scheme, or specifically that any local authority wishing to charge a visitor levy would need to set up a registration scheme or introduce a licensing regime.

In terms of the enforcement powers a local authority should have to ensure compliance and prevent avoidance and evasion, respondents most-frequently suggested some form of civil penalty, often referring to a fine or penalty charge. Other comments suggested that non-compliance could or should result in a

provider no longer being able to let their accommodation or their premises being closed.

A majority of respondents, 58% of those answering the relevant question (Question 18), thought that non-compliance by an accommodation provider should be subject to a civil penalty (i.e. a fine). Individual respondents were more likely to think civil penalties to be appropriate than were organisational respondents (61% and 53% respectively).

Local decision making

Local authorities wishing to implement a visitor levy

The consultation paper set out a list of possible requirements that local authorities could be expected to meet before being able to introduce a visitor levy. Examples included having held a consultation in their local area to gather views from all those who will be affected by the visitor levy and having conducted the required impact assessments.

Support was at a consistently high level across all the options - ranging from 96% to 82% of those answering the question (Question 19) agreeing with the requirements. The requirement attracting the lowest level of support was a timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities.

With regard to whether the Scottish Government should be able to prevent a local authority from applying a visitor levy, 57% of those answering the relevant question (Question 20), thought they should. In terms of under what circumstances the Scottish Government should be able to do this (Question 21), a frequent comment was that the Scottish Government should be able to prevent a local authority from applying a visitor levy if it has not, or cannot demonstrate that it has, gone through the necessary steps or met the requirements set out at Question 19.

There was a call for robust evidence to be in place relating to whether a levy would be of benefit to the local community, tourist industry and businesses and whether it would have a negative impact on the local tourist economy. It was suggested that the Scottish Government should be able to prevent the introduction of a visitor levy where there is evidence that the decision is detrimental to local business interests and the wider Scottish tourism sector.

How revenues should be spent

The consultation paper noted that the intention is that receipts from a visitor levy within a local authority area should be spent on tourism-related activities, including responding to tourism pressures, in that local authority area. The consultation sought views on whether, where a local tourism strategy exists, a local authority should allocate revenues towards delivering the priorities articulated in this strategy.

A majority of respondents, 73% of those answering the relevant question (Question 24), thought revenues from a visitor levy should be allocated to priorities articulated through local tourism strategies, where they exist. There were only two types of

respondent (Community council or residents' association and Trades union, political party or campaign organisation respondents) amongst whom the majority did not support this approach.

Articulated through local tourism strategies: Respondents who thought revenues should be allocated in line with local tourism strategies often commented that spend should be focused on, or restricted to, specific tourism-related activities. It was also suggested that having a local tourism strategy in place should be compulsory or that having a strategy in place should be a condition of being able to charge a visitor levy.

There were specific references to tourism development activities being the only appropriate focus of spend or to monies being ring-fenced for tourism-related infrastructure in the relevant local authority.

Not articulated through local tourism strategies: Those who did not think revenues from a visitor levy should be allocated to priorities articulated through local tourism strategies often focused on alternative priorities for spending. The themes raised, and alternatives suggested, were often similar to those identified by respondents who did think revenues should be allocated to priorities articulated through a tourism strategy but who thought that other sectors, such as culture, or public services should benefit as well.

Other comments included that revenues should be spent to benefit both local residents and visitors. There were references to spending on local infrastructure, such as on maintaining the road network. It was sometimes simply noted that priorities should be a matter for local authorities to determine.

1. Introduction

This report presents analysis of responses to the Scottish Government's consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax.

The consultation paper notes that while tourism is one of Scotland's most important industries, pressures associated with high numbers of visitors in some areas have led some local authorities to call for powers to collect a local visitor levy or tourist tax.

In November 2018 the Scottish Government launched a National Discussion, engaging with a range of partners and stakeholders from the tourist industry, local authorities and the wider business community.³ Evidence collected during the National Discussion informed development of the proposals around a discretionary local visitor levy.

The consultation sought to develop the Scottish Government's understanding of the issues and concerns highlighted during the National Discussion and to help inform the development of legislation to provide discretionary power to local authorities to apply a visitor levy, should that be considered appropriate to local circumstances.

The consultation ran from 9 September to 2 December 2019. The consultation paper is available from the Scottish Government's website at: <https://consult.gov.scot/local-government-and-communities/visitor-levy/>.

Profile of respondents

In total, 1,701⁴ responses were available for analysis.

Of these, 1,202 were based on a Living Rent-related campaign. These campaign responses did not address any of the questions set out within the consultation directly and, while covered briefly at the beginning of Chapter 3, they are not discussed elsewhere in this report.

In addition, two other types of campaign response were received. One was based on endorsing the response submitted by the British Holiday & Home Parks Association (BH&HPA), with 23 responses submitted. The other, associated with UK Hospitality, received 45 responses. Both of these campaigns answered a number of the consultation questions and, taken together, were the source of a significant proportion of the responses received from accommodation providers. Given this, these responses have been included within the question-by-question analysis presented below, including for the results at closed questions.

³ A summary of high level messages from the National Discussion may be found at <https://www.gov.scot/publications/tourist-taxes-scotland-messages-national-discussion/>.

⁴ Duplicate responses were removed before analysis. A response was counted as a duplicate when both the name and email address matched. If the content of the duplicate responses were not identical, the response submitted last was used in the analysis.

In addition to the two sets of campaign responses, 431 standard responses were received. In total, therefore, 499 responses are covered by the main question-by-question analysis. Of these, 275 responses were from individual members of the public and 224 were from groups or organisations.

Organisational respondents have been allocated to one of fifteen categories by the analysis team and the Scottish Government⁵. If an organisation submitted a response to either the BH&HPA or UK Hospitality-related campaign, they have been assigned an organisation type.

A breakdown of the number of responses received by respondent type is set out in Table 1 below and a full list of organisational respondents can be found in Annex 1.

Table 1

Respondents by type	Total
Accommodation provider (hotel)	49
Accommodation provider (other)	67
Business organisation	7
Community council or residents' association	5
Heritage or culture organisation	12
Local authority	22
Other ⁶	5
Other representative organisation	5
Other tourism or hospitality business or organisation	7
Port authority	3
Professional body	10
Public body	6
Tourism and hospitality industry representative organisation	10
Tourism development or promotion organisation	11
Trades union, political party or campaign organisation	5
Total organisations	224
Individuals	275
All respondents (for main analysis)	499

⁵ Organisations were placed into a group based on name and, where available, after accessing information on relevant websites, including the organisation's own website where available. The web search was carried out in December 2019.

⁶ Organisations who did not fall within any of the agreed respondent groups were placed in the 'Other' category. They included private sector businesses and a twinning group.

A diverse range of organisations responded to this consultation, from international hotel groups and local authorities to independent B&Bs and community councils. Other points to note about the profile of respondents are that:

- In this case more than half of organisation respondents (52%) and almost a quarter of all respondents (23%) are in one of the two Accommodation provider respondent groups.
- The Accommodation provider (other) respondent group includes B&Bs, guest houses, self-catering providers, caravan parks and campsite businesses.
- Further, the comments of a number of Individual respondents suggest that they are connected with the tourist industry and, in particular, may be accommodation providers.
- Other Individual respondents identified themselves as being people who are resident in parts of the country where there can be a concentration of visitors or tourist activity – for example in Edinburgh, or on Skye.
- The Local authority group includes the Convention of Scottish Local Authorities (COSLA).
- A number of organisational respondents, including from within the Business organisation, Tourism and hospitality industry representative organisation and Other representative organisation groups noted that their responses drew on the views of their members.

As with any public consultation exercise, it should be acknowledged that those responding generally have a particular interest in the subject area and the views they express cannot be seen as representative of wider public opinion.

Analysis and reporting

The remainder of this report presents a question-by-question analysis and is designed to give an overview of the type and range of views expressed. Given this focus, all respondents' comments have been given equal weight.

Please note that the language used within the report generally reflects that used by respondents, particularly in relation accommodation industry specific references or terms.

A small number of respondents did not respond to the consultation questionnaire but submitted their comments in a statement-style format. This content was analysed qualitatively under the most directly relevant consultation question.

Respondents sometimes expressed support or disagreement with the principle of a visitor levy. This was particularly the case at Questions 1 or 2, but some respondents restated their position at subsequent questions. To avoid repetition, a brief summary of the arguments made for or against a visitor levy is set out at the beginning of Chapter 3.

Finally, please note that the percentages set out in the tables may not always sum to 100% due to rounding.

2. The balance between local autonomy and national consistency

This chapter sets out responses to the question covering how the design of a visitor levy should be set out.

The consultation paper notes that the pressures arising from visitor numbers and the challenges facing the tourism sector in Scotland vary across the country. It explains that the intention is therefore that a 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.

The consultation paper set out an initial position 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. Within this national framework the intention is to enable individual local authorities, working with local partners, to have as much freedom to take decisions as appropriate.

Question 1: 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 provide a reason for your answer.

Responses to Question 1 by respondent type are set out in Table 2 below.

The highest proportion of respondents, 42% of those answering the question, thought that the design of a visitor levy should be set out mostly at local level with some overarching national principles. Individuals were more likely to favour this option than organisations (50% and 31% respectively). The majority of Local authority respondents supported this approach.

A wholly national framework was supported by 36% of those answering. Organisations were much more likely to support this approach than individuals (52% and 24% respectively). Accommodation providers tended to favour this approach.

Only 22% of those answering the question favoured the design of a visitor levy being set out mostly at a national level with some local discretion.

Table 2

Question 1: Do you think that the design of a visitor levy should be set out:								
Respondent type	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?		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	61	24%	64	25%	126	50%	24	275
Accommodation provider (hotel)	43		2		4			49
Accommodation provider (other)	34		10		17		6	67
Business organisation			1		3		3	7
Community council or residents' association			1		2		2	5
Heritage or culture organisation	3		3		4		2	12
Local authority	3		5		12		2	22
Other	2				1		2	5
Other representative organisation			1		3		1	5
Other tourism or hospitality business or organisation	3		1		3			7
Port authority	2				1			3
Professional body	2		4		1		3	10
Public body			1		1		4	6
Tourism and hospitality industry representative organisation	5		2		2		1	10
Tourism development or promotion organisation	5		2		3		1	11
Trades union, political party or campaign organisation					4		1	5
Total organisations	102	52%	33	17%	61	31%	28	224
All respondents	163	36%	97	22%	187	42%	52	499

a) wholly in a national framework

Many of the reasons given for supporting a wholly national framework centred around simplicity – in general, for visitors or for businesses.

For visitors, it was suggested that a national framework would be less confusing and that a consistent approach would be more easily understood. It was noted that many visitors to Scotland will travel across and stay in more than one local authority area and that variation between local approaches would be particularly confusing for these visitors.

From a business perspective, the focus was often on minimising the administrative burden on businesses and particularly on businesses which operate in more than one local authority area. There were specific references to simple levy collection processes and to keeping administrative overheads and costs down. Examples of problems for businesses of locally-based variations in approach to other national requirements were given, including that for alcohol licencing.

Other comments addressed the issue of competitiveness or fairness, sometimes referring to the need to create a level playing field for businesses. Associated points included that permitting local discretion could lead to competition between local authorities, creating a 'race to the bottom'. It was also argued that there could be a risk of unintended consequences in areas which use discretion to impose an inappropriate tax design.

On a similar theme, it was suggested that the principle of any visitor levy should be set out within a national framework to allow standardisation of the scheme and that this will prevent local authority areas being in competition with neighbouring authorities or those in different parts of the country.

There were suggestions as to what should be included within national framework, including:

- The introduction of efficient, cost effective and standardised administration processes.
- A clear and consistent definition of businesses that are in the scope of a visitor levy and also a definition of 'transient visitor' and who is liable to pay the levy.
- Prescribed purposes for which revenues can be used.
- The rate of levy set.

Finally, and to some extent across all options, some of the comments suggest that respondents had interpreted a wholly national framework as referring to a national visitor levy which would apply across Scotland. As the consultation paper notes, this is not what is proposed.

b) mostly at a national level with some local discretion

The themes raised by those preferring this option were often similar to those highlighted by respondents preferring option c) (mostly at local level with some overarching national principles).

For example, option b) was also seen as offering a balance between national consistency and preventing an overly fragmented approach across the country, with the exercise of local discretion informed by an understanding of the local context.

Other comments included that it would offer reasonable clarity, transparency of intention, help with building confidence in the concept of a visitor levy and in ensuring probity. It was sometimes referred to as being the fairest approach, including because it would help create a more level playing field or could ensure that any levy is applied across all accommodation providers and not just to hotels. A degree of national consistency was also seen as easier for visitors to understand.

Respondents also noted the importance they placed on there being a degree of local discretion, including to allow variations in the local context, such as high tourism numbers to be taken into account.

In terms of the elements to be covered by a national framework, suggestions included:

- The rate of levy.
- An administrative framework. A specific comment was that a consistent framework for reporting mechanisms and requirements in relation to information and payments etc. is more likely to minimise compliance burdens for businesses and administration costs for local authorities.
- Measures that would encourage revenue to be used for initiatives that improve visitor experience, the impact of tourism on the environment and that increase community access and participation.

In terms of the elements over which some local discretion should be exercised, suggestions included, contrary to the above, the rate of levy or the use of revenues.

c) mostly at local level with some overarching national principles

A common theme raised by those favouring this option was that any approach needs to offer enough flexibility to allow the varied requirements of each local authority area to be taken into account. Further comments included that each area will have a different socio-economic profile and will be subject to different infrastructure and other pressures. Given this, locally tailored responses, rather than a one-size-fits-all approach, were seen as important.

An often-connected point was that Scotland's tourism economy is also very diverse and that what might be appropriate for one area would not work in another. The differences between the most-visited locations, such as Edinburgh or parts of the Highlands, and areas with lower visitor numbers, were noted. In addition to the overall importance of tourism to the local economy, and the strength or otherwise of that tourism economy, respondents also referred to specific circumstances that will

need to be considered. Examples highlighted included the volume of motorhome traffic, and decisions relating to cruise ships if the local authority area has a port.

It was suggested that local authorities will know their area best and are most suited, therefore, to make decisions regarding a visitor levy. This was sometimes framed in terms of the decisions as to whether a levy would be beneficial or damaging to the area and sometimes in terms of the design of a locally appropriate approach. It was also noted that decision-making at a local authority level ensures a degree of local accountability. A Professional body respondent noted that under the subsidiarity principle, a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level.

There was also a focus on decentralisation being a good thing and a view that decision-making should be devolved to as local a level as possible, including the suggestion that this should be to below local authority level. However, there was also a view that to go below local authority level would create a confusing environment for customers and businesses alike.

In general terms, reasons for supporting decision-making being mostly at a local level included that the impact of any decisions will be felt locally and that it will allow local businesses and communities to have a greater influence on the shaping of an approach that would work for them.

There were a number of specific references to the need for a tailored approach for islands. These references included the fact that cost bases for accommodation providers and the potential impact of a visitor levy were likely to be different compared to mainland areas. It was noted that these differences are likely to apply within a local authority that covers both island communities and parts of the mainland, and that a visitor levy will need to be tailored to market circumstances and local requirements in accordance with the principles of the Islands (Scotland) Act 2018. The importance of 'island-proofing' any visitor levy scheme was stressed by a Local authority respondent.

While many of the comments focused on the importance and role of local decision-making, there were also references to the importance of having some overarching principles to underpin any approach. Reasons given included that a degree of commonality would:

- Make it easier for visitors to understand the visitor levy.
- Help minimise the administrative impact on businesses which operate across local authority boundaries.
- Make it easier to hold local authorities to account.
- Help ensure that the approach speaks to, and is aligned with, other relevant national strategies or policy priorities, such as the Culture Strategy for Scotland.

Finally, some of the comments addressed which elements should be set out in overarching national principles and which should be within the purview of local authorities or at another local level. Many of these issues are discussed further

below, including at Questions 6 to 9, but in summary suggestions for the former included:

- The rate of a visitor levy, or the maximum rate permitted.
- Any exemptions which should apply.
- The approach to collecting or paying the levy, including collection frequencies.
- A set of minimum standards and an accountability framework.

Suggestions for decisions best made locally included whether to apply a visitor levy, the rate at which a levy should be charged and how to use revenue raised.

3. What activity should a visitor levy apply to?

This chapter begins with a brief section covering general issues raised in support of, or objecting to, a visitor levy. It then goes on to responses to the questions covering whether an overnight stay in commercially let accommodation is an appropriate basis for applying a levy on visitors and whether there are other activities to which a visitor levy could be robustly applied and enforced.

General support for, or objection to, a visitor levy

As noted in the introductory chapter, 1,202 of the responses received in response to the consultation were based on a Living Rent-related campaign. The vast majority of those supporting this campaign were Individual respondents. The issues they raised were that:

- A visitor levy should apply to holiday lets, and any revenue raised used to improve local housing, roads, or pavements or improve refuse collection and public transport services. Recent polling was reported to show that 84% of people in Scotland support the introduction of new taxes on holiday lets, with more than 60% saying that 'all' or 'most' of this money should be ring-fenced to improve local services.
- Investing any money raised through a visitor levy back into communities, and into improving local housing is critical. It was reported that over 13,000 people have signed a petition calling for a tax on holiday lets, and for that money to be ring-fenced for housing.

Some comments were in line with those who thought an overnight stay in commercially let accommodation is an appropriate basis for applying a levy on visitors (at Question 2 below). They included that many other European countries charge a visitor levy and that the majority of visitors will not be influenced by it. Based on experience of paying a tourism charge elsewhere, a small number of Individual respondents were amongst those suggesting that a levy is usually minimal and easily absorbed into the cost of any trip.

The potential benefits to local communities were also highlighted, including that charging a levy in areas currently experiencing very high numbers of visitors may help to alleviate some of the pressures on local services. The potential to spend the revenue raised via a levy to support services or facilities that would benefit the local community was also noted.

Other respondents took a very different view and made it clear (particularly at Questions 1 or 2) that they did not agree with plans to allow local authorities to introduce a visitor levy. Included within some comments was an objection, primarily from Individual respondents, to not having been asked (either as part of this consultation or in a prior stage), whether they agreed or disagreed with the general principle underpinning the current proposals.

Other concerns often reflected those made by respondents who thought an overnight stay in commercially let accommodation is not an appropriate basis for

applying a levy on visitors (at Question 2 below). Views expressed by those who disagreed with charging a visitor levy included:

- It will be damaging to the competitiveness of Scotland's tourist industry. It was suggested that the UK is already not a competitive destination based on price, coming 140th out of 140 in international tourism competitiveness terms.⁷ There was an associated concern that a visitor levy will add to the perception that Scotland is an expensive place to visit and will have a negative impact on Scotland's reputation as a welcoming country. A range of respondents, including Accommodation provider (hotel), Accommodation provider (other), Tourism and hospitality industry representative organisation and Individual respondents were amongst those commenting on competitiveness.
- A suggestion that the UK tourist industry is already operating in a high tax environment, including because the UK has the second highest VAT rate in Europe at 20%. It was also reported that many other EU destinations apply a reduced rate of VAT to accommodation and tourism services.
- A range of respondents, including Accommodation provider (hotel), Accommodation provider (other), Tourism and hospitality industry representative organisation and Individual respondents, argued that a visitor levy is likely to result in a decrease in the number of visitors coming to, or 'staycationing' in Scotland, or to visitors spending less or reducing the length of their stay. This was thought likely to have a knock-on effect on a wide variety of businesses servicing visitors as well as on accommodation businesses.
- A concern that the administrative burden and cost to tourism businesses and local authorities in collecting the levy is likely to be significant, particularly given the level of revenue likely to be obtained.

Overnight stays

The consultation paper set out the intention that a visitor levy in Scotland would apply to overnight stays in commercially let accommodation. During the National Discussion, a range of industry stakeholders highlighted the importance of ensuring a level playing field across all types of accommodation including hotels, bed and breakfasts, self-catering units and campsites. It is therefore suggested that the visitor levy would apply to overnight stays in all types of accommodation.

Question 2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

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

Responses to Question 2 by respondent type are set out in Table 3 below.

⁷ World Economic Forum Travel and Tourism Competitiveness report 2019. Pillar 8: Price Competitiveness (p77) available at http://www3.weforum.org/docs/WEF_TTCR_2019.pdf.

Table 3

Question 2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?								
Respondent type	Yes		No		Don't Know		Not Answered	Total
	N	%	N	%	N	%	N	N
Individuals	150	56%	101	38%	17	6%	7	275
Accommodation provider (hotel)	2		46		1			49
Accommodation provider (other)	9		55		1		2	67
Business organisation	3		1				3	7
Community council or residents' association	4						1	5
Heritage or culture organisation	7		2		2		1	12
Local authority	15		3		1		3	22
Other	1		2				2	5
Other representative organisation	1		2				2	5
Other tourism or hospitality business or organisation	3		3		1			7
Port authority	1		2					3
Professional body	8		1				1	10
Public body	2						4	6
Tourism and hospitality industry representative organisation	5		3		1		1	10
Tourism development or promotion organisation	2		7		1		1	11
Trades union, political party or campaign organisation	3						2	5
Total organisations	66	33%	127	63%	8	4%	23	224
All respondents	216	46%	228	49%	25	5%	30	499

In total, 49% of respondents who answered the question did not think commercially let accommodation to be an appropriate basis for applying a levy on visitors, while 46% thought that it would.

There was a marked difference between responses of individual and organisational respondents: while 56% of individual respondents were in favour of a levy on visitors staying in commercially let accommodation, only 33% of organisational respondents agreed with this type of levy.

There were also differing views between organisational respondent groups. Both groups of Accommodation providers were very clearly opposed to a levy on commercially let accommodation as were the majority of Tourism development or promotion organisations, while other groups were evenly balanced or were in favour. The analysis of additional comments is broadly by the respondent's answer at the closed question, with points made by those who did not know or did not answer inserted where most appropriate. A small number of respondents questioned the design of the consultation and the lack of an option to disagree with the principle of a visitor levy.

Issues raised at Question 2 but relating to the basis on which the levy might be charged are covered at Questions 4 and 5.

Yes, an overnight stay in commercially let accommodation is an appropriate basis for applying a levy on visitors

Among respondents who thought that an overnight stay in commercially let accommodation is an appropriate basis for a visitor levy, two points were made very frequently:

- That this type of tax is widely applied elsewhere in Europe and worldwide.
- That it is the easiest way to collect a levy and will be simple for visitors to understand.

Some respondents commented that while they did not agree with the principle of imposing a levy on visitors at all, or did not consider a charge on overnight accommodation to be fair, they did agree it to be the most practical option or the only practical option. Others argued that it is fair that visitors should pay towards the cost of the facilities they use.

While agreeing a levy on overnight accommodation to be appropriate, some respondents argued that further consideration should also be given to a charge on other visitor activities or that a charge should be applied to other visitor activities. It was suggested the legislation should give local authorities powers to apply a levy to other visitor activities if appropriate.

Respondents who agreed a charge on overnight accommodation to be an appropriate basis for a levy also highlighted the need for clarity with respect to the definition of 'commercially let' accommodation or argued the importance of covering all accommodation, including booking made through collaborative economy accommodation platforms such as Airbnb.

Other points that were suggested to require further consideration included:

- The definitions of ‘overnight stay’ and ‘visitor’ and how an overnight visitor is distinguished from a tenant.
- The requirement for a register of addresses from which payments are expected and the current lack of a mechanism for enforcement in the short term let market.
- The position of second homes or holiday homes that are not advertised commercially but for which owners may receive compensation from family or friends when used.

Some respondents also suggested it would be appropriate to exclude some types of accommodation from collection of a levy including hostels, student campuses, campsites and small businesses operating below the VAT threshold. Concerns were also raised with respect to not-for-profit adventure centres for children where many of the adults present will be volunteers. Respondents questioned the impact a visitor levy might have on residential trips for schools.

No, an overnight stay in commercially let accommodation is not an appropriate basis for applying a levy on visitors

Respondents who did not think an overnight stay in commercially let accommodation to be an appropriate basis for a levy sometimes objected to the principle of introducing a levy. Reasons given included a concern that increased accommodation costs will make Scotland less competitive and damage the tourism sector. The impact of a levy on Scottish residents holidaying in Scotland was also noted as were other reasons that people may need to stay away from home, including on business or because of transport timetables. Potential exemptions to the levy are covered at Questions 11 and 12.

As noted in the general issues section above, accommodation costs in Scotland were suggested to be high already and subject to a heavy tax burden, with business rates and VAT levels highlighted in particular. VAT on tourism-related activities was noted to be lower in several parts of Europe where visitor levies are charged. An Accommodation provider (other) and a Business organisation respondent raised the prospect of VAT being charged on the levy, with a suggestion that small businesses that are not VAT-registered may reduce their turnover in order to stay under the VAT threshold⁸.

It was also argued to be unfair to target only one part of the tourism sector with a levy when a large proportion of tourism related spend is elsewhere – for example on food and entrance tickets. Further, it was noted that the proposed levy on overnight accommodation adds to costs for those visitors who are already contributing most to the local economy while failing to tackle issues associated with day visitors, cruise passengers and motorhome or camper van use which some respondents identified as presenting the greatest problems in their own area.

⁸ The VAT threshold is £85,000 in 2019/20.

One Local authority respondent suggested that, in their region, a levy that excludes issues relating to parking, camper van facilities and coach tours associated with cruise ships might fail to carry broad public support. Another Local authority respondent argued a levy on overnight visitors would undermine growing the high value overnight visitor segment, a central objective of their tourism strategy. Increased numbers of day trips were predicted if potential guests decide not to stay overnight to avoid the levy, as was an increase in wild camping to avoid paying the levy at campsites. Potential negative impacts for farmers and crofters were suggested in the latter case.

Other comments focused on practical challenges respondents anticipated. . Collection of a levy was predicted to add to costs and administration for accommodation businesses with a disproportionate burden on small providers in particular. It was also suggested, including by a number of Accommodation provider (other) respondents, that there is unlikely to be sufficient incentive for software providers to develop tools to assist accommodation business in administration of a levy and that the proposals give no indication of how the Scottish Government will support smaller businesses. Some respondents, including Accommodation provider (hotel) and Accommodation provider (other) respondents, indicated that they would not be able to increase prices and would have to absorb the levy themselves, further squeezing narrow margins.

If local authorities are to be given powers to impose a levy on accommodation it was argued to be essential that there is a level playing field, with the levy applied to all accommodation types and, in particular, that the home share and short term holiday let market must be included. A range of respondents, including Accommodation provider (hotel), Accommodation provider (other) and Individual respondents were among those taking this view.

The need to provide a clear definition of what is meant by 'commercially let accommodation' was highlighted, particularly in the context of caravanning and camping where the site owner provides the pitch but does not own the accommodation, which is therefore not commercially let. A similar argument was made with respect to marinas. An Other representative organisation respondent suggested that marinas fall outside the definition of a 'tourist accommodation establishment' set out in EU Regulation 692/2011 and they argued they should be excluded from any levy on this basis.

Clarification was also sought regarding non-paying guests, for example, family members who might stay in, but not pay for commercial accommodation.

Rather than imposing a levy on accommodation, some respondents argued that, for islands, a levy added to travel tickets or charged at the point of arrival would be preferable. Potential benefits identified included: capturing all visitors including those making day trips; avoiding administration for accommodation providers; and reducing the burden on overnight visitors and encouraging longer stays. A Local authority respondent commented that islands are already expensive places in which to take a holiday and that many islands would benefit from attracting more

visitors. They suggested a requirement for any scheme to be island-proofed in line with the Islands Act (Scotland) 2018.

For other parts of the country, suggestions as an alternative to a levy on overnight accommodation included:

- An entry or exit tax.
- A charge on tickets for tourist attractions and events.
- A tourism supplement to rates across a broader range of tourism businesses.

Additional taxable activities

The consultation paper noted that the National Discussion drew attention to interest in exploring whether other visitor activities could also be subject to taxation. It went on to explain that at this time the Scottish Government is not minded to expand the visitor levy beyond overnight stays, but that they wished 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.
- Wild or rough camping, including motorhomes or caravans parked and occupied overnight in places that are not formal campsites or parking places.

The consultation explored if it would be feasible for a visitor levy to be extended to other visitor activities, notwithstanding the challenges this might present.

Question 3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

- a) Day visitors not staying overnight.**
- b) Cruise ship passengers who disembark for a day before re-joining the vessel.**
- c) Wild or rough camping, including in motorhomes and camper vans.**

Please explain how a visitor levy could be applied and enforced.

Responses to Question 3 by respondent type are set out in Table 4 below.

While a majority of those who answered the question were opposed to a levy on day visitors or on wild camping, including in motorhomes and camper vans (65% and 60% respectively) a similar proportion (64%) were in favour of a levy on cruise ship passengers. These results at the closed question are discussed in more detail under the relevant headings below.

Table 4

Question 3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?												
Respondent type	Day visitors not staying overnight (n = 401)				Cruise ship passengers who disembark for a day before re-joining the vessel (n = 406)				Wild or rough camping, including in motorhomes and camper vans (n = 368)			
	Apply		Do not apply		Apply		Do not apply		Apply		Do not apply	
	N	%	N	%	N	%	N	%	N	%	N	%
Individuals	86	33%	171	67%	165	64%	94	36%	97	39%	150	61%
Accommodation provider (hotel)	5		8		7		5		6		6	
Accommodation provider (other)	30		30		41		19		20		21	
Business organisation	1		3		1		5				4	
Community council or residents' association	1		3		3		1		4			
Heritage or culture organisation			8		5		3		2		7	
Local authority	4		13		9		7		5		10	
Other	1		2		1		2				3	
Other representative organisation	1		2				2	5	2		1	
Other tourism or hospitality business or organisation	2		3		6				3		3	
Port authority			3				3				2	
Professional body	1		8		5		4				9	
Public body												
Tourism and hospitality industry representative organisation	3		2		4		3		2		3	
Tourism development or promotion organisation	5		4		8		1		6		1	
Trades union, political party or campaign organisation			1				1				1	
Total organisations	55	38%	89	62%	93	63%	54	37%	50	41%	71	59%
All respondents	141	35%	260	65%	258	64%	148	36%	147	40%	221	60%

In general comments at Question 3 some respondents noted that, while agreeing with concerns set out in the consultation paper regarding how any levy on day visitors could be devised, they felt such a levy should be given further consideration before a visitor levy of any kind is introduced, or that any form of visitor levy should be applied across the board and not restricted to accommodation providers. As alternatives, a number of Accommodation provider (hotel) respondents suggested hypothecation of existing VAT payments and a Tourism and hospitality industry representative organisation respondent suggested hypothecation of an element of Non-Domestic Rate (NDR) payments.

The need for thorough research on the application and enforcement of a visitor levy was argued and also that, since the consultation focused on the practical implementation of a levy on overnight stays, a further consultation process would be needed before moving forward with a charge on any of the additional activities covered at Question 3.

Day visitors not staying overnight

As set out in Table 4, 65% of respondents who gave an answer thought a levy could not be applied to day visitors not staying overnight, while 35% thought it could. Individuals were marginally more likely to be opposed to such a levy than were organisations (67% and 62% respectively). While all Heritage and culture organisation and Port authority respondents opposed a levy on day visitors, as did a majority of Local authority and Professional body respondents, other respondent groups were fairly evenly balanced.

It should be noted that some respondents who argued a levy could not be applied to day visitors indicated that they were referring to the idea of a charge for entering an area. The majority of those who suggested a levy could be applied referenced additional charges on existing fees, such as for entrance to paid attractions, ferry tickets or car parking.

Apply a levy to day visitors

Among respondents who thought a levy could be applied to day visitors the most frequent suggestions were:

- A levy on the entry fee for paid attractions and events. Examples included the Edinburgh Festival, Fringe and Tattoo.
- A charge on ferry or air tickets to the islands or a toll on the Skye Bridge. It was argued existing concessionary travel schemes could be used to identify and exempt islanders. Other potential benefits of such an approach were covered at Question 2 and points relating primarily to day trips made by cruise ship passengers are discussed at Question 3b.

Other suggestions for charging a levy on day visitors included charges on:

- Car parking and public toilets.
- Vehicle hire.
- Companies running day trips and city bus tours.

- Restaurant meals.
- Road tolls.
- Entry to National Parks.

With respect to managing pressures in popular locations it was observed that some national parks overseas (such as in the US and New Zealand) limit car access to parts of the road network, restricting access to tickets on arranged bus services. It was argued that restrictions on access to places might be a positive step, provided that a managed solution is available.

Do not apply a levy to day visitors

Respondents who did not think a levy could be applied to day visitors expressed a view that to do so would be impractical, unworkable or too difficult to implement and enforce, or that collection would not be cost effective.

Some respondents thought there was a risk of discouraging day trips and of penalising local businesses. Difficulties experienced when implementing a levy in other countries were cited, including what were viewed as negative impacts on the tourist industry elsewhere. There was also reference to the delayed introduction of a day visitor tax in Venice. Difficulties in defining a day visit were also argued and the lack of a way to monitor day visitors, particularly from other parts of UK, was observed.

Other comments focused on potential impacts on local residents, including how they might be distinguished from day visitors. Regional issues, including daily commuting between local authority areas for work or school, were also highlighted, as were issues for island residents who may need to visit the mainland for a variety of reasons.

Further reasons given for opposing a levy on day visitors included:

- That multiple charges could be applied if visiting multiple attractions.
- That a charge on transport to islands would not capture those arriving in pleasure vessels or light aircraft.
- Pride in Scotland's Scottish Outdoor Access Code.

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

Of respondents who gave an answer, 64% thought a visitor levy could be applied to cruise ship passengers while 36% thought it could not. Although there was very little difference in views between organisational respondents taken together (63% in favour) and individual respondents (64% in favour), there was a marked divergence between different organisation types. While most respondent groups showed a majority in favour of a levy on cruise ship passengers, Business organisation and Port authority respondents were firmly opposed. Local authority respondents were fairly evenly divided.

Apply a levy to cruise ship passengers

In their further comments, those who thought a levy could be applied sometimes made comments explaining why they thought this appropriate – typically a view that cruise ship passengers may make little contribution to the local economy.

A levy on passengers at disembarkation was the most frequently suggested option. While some respondents envisaged that an individual charge per passenger might be levied on leaving the ship, it was also noted that cruise companies will have a record of those who go ashore and that a collective levy could be charged to cruise ship operators. It was suggested disembarkation fees could be included in the passenger's ticket price.

As an alternative to disembarkation fees charged per passenger an additional mooring tax was suggested and that this might be levied either according to the number of passengers on board, or on the size or capacity of the ship and could be regardless of disembarkation. Existing mechanisms for collection of berthing dues or harbour fees were suggested as a means of collecting a levy.

A Local authority respondent observed that charging of any visitor levy must respect the terms of the Harbours Act 1964, and the position of small yachts and private boats in relation to any levy was queried by a Professional body respondent.

Rather than charging either a disembarkation fee or specific mooring tax, some respondents argued that, while docked, a cruise ship could be considered as commercially let accommodation and a levy applied accordingly as for hotel guests.

As an alternative to fees charged at ports it was also proposed that a levy might be:

- Placed on excursion costs, on coach hire or on entry fees to heavily visited sites.
- Applied as an entry tax at borders or in the same manner as an airline tax.

For islands, it was argued that there could be an entry (or exit) charge on all visitors including, but not limited to, cruise passengers. This was suggested as an example of island-proofing in practice.

Respondents sometimes addressed the risk that, as witnessed in Amsterdam, a levy might act as a deterrent to visiting cruise ships. While it was argued that there should be care to avoid such an outcome, it was also suggested that such a possibility could be avoided if this approach to cruise ship passengers was applied consistently throughout Scotland.

Respondents who agreed and disagreed with a levy suggested that, where ships dock in one authority area for visitors to visit a different area, then any levy should be shared.

Regarding the level of charge, suggestions included that a per person levy should typically be very small – for example equivalent to a parking charge, or that a rate

should be set so it would not be worthwhile for cruise companies to dock elsewhere and bus passengers over longer distances to tourist hotspots.

It was also observed that:

- Inter-relationships between cruise ships, port authorities, local businesses and communities are very complex and may not always be obvious. A Heritage or culture organisation respondent made this point.
- The Scottish Government might consider Scotland's cruise ship economy and the extent to which it contributes positively to wider policy objectives around growth and sustainability. A Local authority respondent made this point.

Do not apply a levy to cruise ship passengers

Respondents who did not favour a levy on cruise ship passengers sometimes suggested that it would be either too difficult or expensive to apply. It was also considered unfair to target only one sort of day visitors if others are not charged. It was noted that other options should at least be considered if the consultation is to be meaningful. Other reasons given for opposing a levy on cruise ship passengers included that:

- Cruise ship visitors do contribute to local economies and should not be discouraged. It was also argued that cruise passengers may return for a land-based holiday.
- The market is price-sensitive and, if faced with a levy, cruise ships may choose different ports or may not visit Scotland at all. The cruise industry reaction to a visitor levy being imposed in Amsterdam was noted by a Business organisation respondent, a Port authority respondent and a Professional body respondent. The proposal to give local authorities discretion regarding implementation of a levy was argued to risk creating disparity in the market if some ports make a charge and others do not. Reduced competitiveness of individual ports and damage to their income streams was identified as a potential consequence in addition to the wider losses to local economies noted above.
- Port authorities already charge berthing dues and that Scotland is already an expensive destination to visit in this respect. Some redistribution of existing mooring fees was also suggested.
- Both disembarkation times and passenger decisions on whether to go ashore could be impacted by levying a disembarkation tax. It was also noted that many of those on board could be crew and would need to be treated differently.

Finally, providing sufficient notice of any charge was seen as important since cruise bookings can be made up to three years in advance, and costs that the industry cannot pass on would create a tax on operator margins.

Wild or rough camping, including in motorhomes and camper vans

Overall, a majority of respondents (60%) did not think a levy could be placed on wild or rough camping, including motorhomes and camper vans. Although individuals and organisations collectively showed a good level of agreement, with 61% and 59% respectively against such a levy there were marked differences between organisations. All Community council or residents' association respondents were in favour of a levy as were a large proportion of Tourism development or promotion organisation respondents. While both groups of Accommodation provider respondents were evenly balanced, most other respondent groups were opposed on balance.

Apply a levy to wild camping

Responses tended to focus on issues associated with motorhomes and camper vans, with some respondents specifically arguing that use of these vehicles should be distinguished from what they saw as true wild camping, and that the latter should not be subject to a levy. For example, a Heritage or culture organisation respondent suggested that wild camping (as defined by the Scottish Outdoor Access Code) should be distinguished from motorhomes and caravans.

Negative impacts arising from excessive use of motorhomes and camper vans were suggested, both in terms of road traffic generated and problems associated their use as overnight accommodation when not on campsites. Issues raised included: damage and congestion on single track roads, particularly parts of the North Coast 500 route; space occupied on ferries; problems associated with abandoned rubbish and with toilets; and damaging wildlife viewing spots. Respondents sometimes expressed a general feeling that there needs to be some form of control of motorhomes and camper vans including a requirement to park only in designated areas. One Local authority respondent reported results from their own survey showing a high level of support for a levy on motorhomes not staying on paid sites.

In terms of specific suggestions on how a levy might be imposed the two most frequently raised points were that:

- For islands, a levy could be applied to ferry tickets or could be charged at the ferry terminal. It was also suggested that a levy could be charged according to the length of the stay or the size of the vehicle used.
- A levy could be imposed on hired motorhomes.

Although it was acknowledged that a levy could be hard to enforce under other circumstances, ideas for doing so (often with respect to motorhomes) included:

- A requirement for an annual pass or shorter-term permit to be displayed in the vehicle, and that this might be obtained from local post offices, service stations, tourist offices or from machines in car parks. Wardens would be needed to carry out spot checks or issue fines for non-compliance.
- Number plate recognition and charging on entering an area, as used for applying congestion charges.

- Honesty boxes placed in commonly used locations.
- Extension of Camping Management Zones requiring a permit to camp as currently in place in Loch Lomond and the Trossachs National Park. References were also made to access charges and camping permits required in national parks in other countries including the USA and Canada.
- Increased road tax for motorhomes and camper vans.
- Use of road tolls.
- An additional fee could be added where parking for motorhomes is already restricted to designated sites on croft land.

The need to provide proper facilities and rules for use of motorhomes as seen in other countries was suggested. However, it was also argued to be unfair to use revenue raised via a levy on other accommodation – including guests at formal campsites – to provide facilities for wild camping in motorhomes if users are exempt from a charge.

Do not apply a levy to wild camping

Respondents who did not think a charge could be applied to wild camping including motorhomes and camper vans sometimes took a view that its collection would be very difficult, impractical, or unenforceable. It was also argued that the difficulties associated with collecting a levy would be disproportionate to the revenue generated, but also that use of motorhomes and camper vans may proliferate if a levy is charged on other types of accommodation. A potential conflict with the Scottish Outdoor Access Code was also suggested by a small number of Individual respondents.

A privately-owned motorhome or camper van used for wild camping was argued not to fall within the definition of ‘commercially let accommodation’. Although it was thought that a hired motorhome might do so, it was also observed that someone hiring a motorhome would be unlikely to stay overnight in the same local authority area as the hiring business.

Alternative suggestions were made in order to mitigate problems associated with wild camping – sometimes overlapping with ideas proposed by those who supported this type of levy. These included:

- A ban on roadside parking in motorhomes and camper vans and a requirement to use proper camping sites or designated areas.
- Provision of better facilities for motorhomes and camper vans that could be paid at point of use.
- Allowing overnight stays in car parks that are otherwise unused at night, including those belonging to supermarkets or to Forestry and Land Scotland, for example with gated entry made available to vehicles that have their own toilet facilities on board.

- As in New Zealand, inspection of all vehicles to ensure they are 'self-contained', coupled with a scheme that allows their use in some areas while restricting it in others.
- Licensing in areas where there is a specific problem or a permit system similar to the Camping Management Zones already in place in Loch Lomond and the Trossachs.
- Penalties for camping in unauthorised areas, although it was acknowledged that collecting fines would present difficulties.

4. The design of a visitor levy

This chapter sets out responses to the questions covering the different ways a visitor levy might apply to an overnight stay, how each option might affect accommodation users, accommodation providers and local authorities, whether the basis of the charge should be set out in a national framework or be for a local authority to decide, exemptions and the setting of a rate.

Basis of charge

The consultation paper set out a number of different ways a visitor levy might apply to an overnight stay in commercially let accommodation, seeking views on each basis of charging described. Views were also invited on whether the basis of the charge should be determined nationally, or should be for a local authority to decide.

Question 4: The consultation paper sets out four options for the basis of the charge. Please tick which one you think would work best in Scotland.

- a) Flat rate per person per night
- b) Flat rate per room per night
- c) A percentage of total accommodation charge
- d) Flat rate per night dependent on the quality of accommodation

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

Responses to Question 4 by respondent type are set out in Table 5 below.

Overall, similar numbers of respondents who answered the question thought a percentage of the total accommodation charge (35%) or a flat rate per person per night (32%) would work best in Scotland. Fewer respondents advocated a levy based on a flat rate per room per night (24%) with even less support for a flat rate dependent on accommodation quality (9%).

There were marked differences between organisational respondents, who were most likely to opt for a flat rate per room per night charge (44%), and individuals, who most frequently chose a flat rate per person per night (42%).

Although many respondents opposed to any levy on accommodation did not answer Question 4, others did, often explaining their choice as the least undesirable of the options available to them. Those supporting the UK Hospitality related campaign (largely organisations in the Accommodation provider (hotel) group) generally selected a flat rate per room per night and accounted for around two in three of the organisations choosing this option. In contrast the Accommodation provider (other) group were most likely to prefer a percentage of total accommodation cost.

The 13 Local authority respondents who answered were evenly divided between flat rates per person, per room and a percentage of total accommodation.

Table 5

Question 4: The consultation paper sets out four options for the basis of the charge. Which do you think would work best in Scotland?										
Respondent type	Flat rate per person per night		Flat rate per room per night		A % of total accommodation charge		Flat rate/night dependent on quality of accommodation		Not answered	Total
	N	%	N	%	N	%	N	%	N	N
Individuals	92	42%	23	11%	82	37%	22	10%	56	275
Accommodation provider (hotel)	3		42		2				2	49
Accommodation provider (other)	9		9		17		3		29	67
Business organisation	1		3						3	7
Community council or residents' association					3		1		1	5
Heritage or culture organisation	3		1		5		1		2	12
Local authority	4		4		5				9	22
Other			2		2				1	5
Other representative organisation	1				1		1		2	5
Other tourism or hospitality business or organisation	3		1		2				1	7
Port authority					1				2	3
Professional body			2		4				4	10
Public body	1								5	6
Tourism and hospitality industry representative organisation			2		4		1		3	10
Tourism development or promotion organisation	1		1		3		3		3	11
Trades union, political party or campaign organisation	2								3	5
Total organisations	28	18%	67	44%	49	32%	10	6%	70	224
All respondents	120	32%	90	24%	131	35%	32	9%	126	499

The analysis of further comments below is structured according by theme rather than by response to the closed question since many respondents made points both in favour of their preferred option and explaining their opposition to other methods.

Among general points that were raised across all the charging methods outlined on the consultation paper were that:

- The basis of a charge should either be at the discretion of a local authority or set out at a national level. This issue is explored further at Question 6.
- All options would create ‘distortions and disruptions’ for accommodation providers. A need for clarity over issues around set-up and ongoing costs to businesses was also argued, including with respect to VAT, commission charges, and charges on card payments.
- It is important that a ‘level playing field’ captures accommodation booked via all platforms and that the Scottish Government should introduce a comprehensive register of all commercially let accommodation.
- Tax rates that vary based on either guest-specific or accommodation-specific factors make it impossible for platforms to develop tools that correctly apply taxes based on the information provided by users. Uniformity is therefore important, with a need for one tax rate across all accommodation types.
- Out-of-season exemptions should be considered.
- For islands, transport-related options would be more appropriate than a charge on accommodation.

Flat rate per person per night

Among respondents who thought a flat rate per person levy would work best in Scotland, the most frequently given reason was that this would be the simplest or easiest to implement.

Some respondents simply suggested a flat rate per person to be fair while others argued that since individuals make demands on services, any charge should be per person. Respondents sometimes also noted that the stated principle of a visitor levy is to compensate for the impact of additional visitors. The need for any charge to be kept low was also suggested.

The use of this charging mechanism in other countries was highlighted and it was suggested that a per person charge will be clearer for guests.

Other points made in support of a flat rate per person levy included that it:

- Avoids penalising single travellers.
- Avoids the need for providers to check how many rooms are used, as would be necessary if a flat rate per room was charged.
- Avoids charging different rates for the same accommodation when room rates booked on different platforms vary, as would happen with a percentage charge.
- Would represent only a small increase on the total cost of a visit.

Respondents sometimes acknowledged that this method of charging would not work as well for families with children or in every type of accommodation, although an Other industry representative organisation respondent suggested that a flat rate per person could be easily linked to exemptions. Issues associated with verifying occupancy in self-catering properties were noted although it was also reported that some letting platforms do collect information on the number of guests. Potential variations suggested included:

- A flat rate based on the number of beds for self-catering properties.
- An alternative charging method for caravans and motorhomes.
- Only imposing a charge on adults or older children, although a view that charges should be irrespective of age was also expressed. Possible exemptions are covered further at Questions 11 and 12.

Respondents who highlighted what they saw to be negative aspects of a flat rate per person levy tended to argue that it would be regressive and unfair to those on low incomes with a related risk of damage to providers in the budget section of the market. A Professional body respondent suggested such a levy may not fit with the Scottish Government's approach to taxation. The tension between making a visitor levy easier to administer and reflecting ability to pay was noted.

Other possible drawbacks identified included:

- Potential for the system to be abused if visitors are not recorded accurately.
- Lack of seasonality.
- A need for periodic review to future proof the revenue stream since it will not increase with inflation. This was suggested to be poor use of local authority resources.

Flat rate per room per night

The most frequent reason given for using a flat rate per room charge was that this would be simple or the easiest to apply, with some respondents noting that the hotel industry convention is to charge per room per night. One Local authority respondent noted that, in their own consultation, a majority of respondents had indicated a preference for a flat rate per room per night.

Such a charging method was also argued to be fair and affordable, particularly for couples and families as well as being clear and simple to understand for guests.

The ability to confirm the charge based on the number of rooms let over a period was identified as a positive factor, and a flat rate per room was suggested to be less reliant on self-declaration by businesses, and less open to abuse.

Other advantages attributed to a flat rate per room per night included:

- It is a charging method used elsewhere.
- The rate will not fluctuate according to availability, seasonally or at weekends.

- It would avoid additional administrative burden for some providers, particularly those who operate a self-check-in system.

While some respondents noted that a flat rate charge of this kind would impose a higher burden on individuals with lower means it was also suggested that much of the levy will be paid by visitors from outside Scotland, and will be a charge on discretionary expenditure.

Among drawbacks identified as arising from a flat rate per room were that this:

- Is not related to ability to pay.
- Does not reflect seasonality.
- Would disadvantage single travellers.
- Is not a concept applicable to caravans or tents.
- Creates problems for self-caterers who may not know how many rooms will be used in a property.

Alternative suggestions included that for caravanning and camping, a pitch makes more sense than a room and for self-catering properties a charge could be on total capacity, or a per bedroom basis.

The legal definition of 'room' was also suggested to require extension to include 'key' for apartments or self-catering units, or 'bed' for hostels. It was noted, however, that a charge per bed would result in people staying in hostels paying disproportionately more relative to their accommodation price.

A percentage of total accommodation charge

Among respondents who preferred that a visitor levy should be based on a percentage of the total accommodation charge, the reason given most frequently was that this is fair and progressive – related to the ability to pay – since those choosing to use more expensive accommodation would also pay more tax.

A percentage charge was also suggested to be simple, straightforward or well understood, and to be a method of calculation that is already used elsewhere. It was however also acknowledged that a percentage may prove more complicated to calculate and to enforce than a flat rate.

A percentage of the total accommodation charge does not require accommodation providers to know how many people are staying in their accommodation. It was argued to be preferable for self-catering providers, for whom the number of guests staying at a property may be unknown or may be variable over the period of a booking.

Other points made in favour of a percentage charge included that it:

- Reflects changes in rates between high and low season.
- Reflects geographical variation in price.
- Will rise with inflation, reducing the need for periodic reviews.

- Broadly reflects the quality of accommodation since higher cost is likely to correspond to higher quality.
- Would be the best option for hostels where very low-cost accommodation is charged on a per-bed basis.

A need for clarity on what is meant by 'total accommodation charge' was also noted and views expressed on the inclusion, or otherwise, of 'extras' and commission charges in the figure on which the levy is calculated. Whether VAT would be payable on the levy was also queried and argued to be inappropriate since this would represent a tax paid on a tax.

Suggestions included that:

- Tax should be paid only on the basic fee not on food or other services.
- Tax should be charged on the total cost of the stay, including extras, or that not doing so could add complexity and administrative cost.
- If only charged on the basic fee, providers should not be allowed to minimise this and add extras in order to avoid tax.

It was also suggested that if a percentage charge were to be based on the total cost including extras, guests may be encouraged to spend as little as possible beyond their basic room rate.

A respondent indicated that the compatibility of this basis of charge with existing EU regulations should be considered, as it may potentially be viewed as a turnover or sales tax.

Although not specifically asked to do so, some respondents offered a view on the level of charge they would support, with suggestions including 1%, 2%, and 2.5%.

Respondents who argued against a percentage charge suggested that this is likely to:

- Result in a significantly higher cost for guests when compared to a flat rate per room.
- Disadvantage single travellers.
- Vary significantly and be very difficult to monitor and audit since room rates are so variable.
- Be incompatible with allowing exemptions.

A percentage charge was also suggested to have less visibility and feel like part of the overall cost, whereas a per head levy would be likely to be more visible.

Flat rate per night dependent on the quality of accommodation

Respondents who favoured a flat rate dependent on the quality of accommodation also argued this to be fair and progressive, with a higher rate for better accommodation reflecting the guest's ability to pay. It was also suggested that the lowest quality of accommodation could be excluded altogether.

Other points in favour of a rate dependent on quality of accommodation included that this would be easier to levy than a percentage charge and would be less open to manipulation.

However, the need for a single national grading system covering all accommodation was identified as a barrier to implementation of a system based on quality, both by respondents who favoured this option and those who made different choices.

Other arguments against a flat rate based on accommodation quality included both potential adverse effects for high cost accommodation providers if visitors choose cheaper options, and a lack of seasonality.

Alternative suggestions were:

- Flat rates with tiers based on accommodation cost.
- Flat rates based on the average room rate for the month of the charge.
- A flat rate per person per night, but with the rate determined by both the quality of the accommodation and the treatment of workers (e.g. paying the living wage).
- Flat rates according to accommodation type rather than as a reflection of quality.

It was also suggested that the consultation paper does not make clear whether a flat rate based on the quality of accommodation would be a flat rate per person or a flat rate per room.

Question 5: For each option in Question 4, what are the considerations for:

- **Accommodation users?**
- **Accommodation providers?**
- **Local authorities?**

General comments at Question 5 included both restated opposition to any of the options provided at Question 4 and observation that accommodation users will pay more than at present and that this could reduce discretionary spending or deter visitors altogether. For providers operating close to the border there were suggestions that potential guests might choose to take holidays in England instead. However, it was also argued that the levy proposed would add only a small addition to cost of accommodation and would represent a small proportion of the total cost of a visit.

Reduced business and additional administration costs for accommodation providers were identified as potential outcomes of any levy and an argument made that additional reporting and payment costs should be deductible as businesses expenses. Issues were raised specifically with respect to payment of commission to

online booking platforms. How a charge might be included in an upfront booking costs and excluded from fees charged by a booking platform was queried.

Additional burdens associated with any VAT charged on the levy were also raised. For example, it was argued that if VAT is charged on the levy then businesses who are currently operating below the VAT threshold may be pushed over the threshold. One Professional body respondent suggested it to be likely that, where VAT applies, a visitor levy will form part of the base for calculating VAT and that this point should be covered in guidance for accommodation providers.

The need to ensure a level playing field, where a levy is imposed on all commercial accommodation however it is booked, was highlighted with a register of accommodation providers or a licensing requirement for providers proposed. The absence of a single database which contains details of all accommodation providers and so identifies all businesses liable to pay the levy was noted to create difficulties for collection.

A potential negative effect on the relationship between accommodation providers and guests was suggested by an Individual respondent, with issues raised including a risk of over-charging or lack of trust and suspicion of being over-charged, and potential reaction to an unexpected additional charge. An expectation among guests that providers will absorb a levy was also suggested and an information campaign to explain any visitor levy was argued to be necessary.

Exemptions were observed to add complexity to any system and that claiming exemptions will require guests to provide information or evidence regarding their personal circumstances. Exemptions are discussed further at Questions 11 and 12.

For local authorities the extra money available for investment in tourism was noted with a requirement for transparency over use of revenues and challenges associated with ensuring it is used for tourism both suggested. The need to produce visible results to justify charges was also argued as was the risk of negative publicity or reputational damage to a council introducing a levy.

Respondents also highlighted issues for local authorities in relation to collection of a levy including the cost of collection or enforcing non-payment, sometimes suggesting extra resources will be needed or that revenues raised may not cover costs of collection. It was argued both that authorities must be able to use some of the income from the levy on its collection and that legislation should set a maximum percentage that authorities can take from the levy fund to cover collection costs.

Requirements suggested for authorities tended to be applicable irrespective of the basis of a charge and included: collecting information on providers; receiving and processing data from providers; verifying the data provided; and setting up compliance processes including audits or inspections. A need for authorities to create and implement new systems to communicate with information providers was also suggested.

One Local authority respondent identified issues for consideration including: set up costs, registration of liable businesses, designing a legally competent scheme,

providing guidance for businesses and communications to visitors, enforcement, dealing with non-compliance, validating and auditing of scheme.

Other suggestions included measures that might be taken to make compliance as easy as possible for providers:

- Scottish Government investment in an application programming interface (API) or plug-in to the most popular cloud-based booking application would help improve collection and reduce costs to providers.
- Attention was drawn to a nationwide e-Visitor programme used by accommodation providers in Croatia to register visitors and pay the visitor levy online.

Finally, it was noted that, for all charging options, work will be required to determine what the rate should be.

Flat rate per person per night

Implications for accommodation users

A levy based on a flat rate per person was argued to be simple to understand. It was also suggested that this form of charging is commonly used elsewhere and, provided that the rate set is low, is unlikely to deter potential visitors.

Other positive aspects identified included that a flat rate per person can readily be built into price of the stay, is easy for visitors to include in their budget, and is beneficial to single travellers. It was suggested it could be collected at booking, on arrival or on billing.

However, a flat rate per person was also argued to be regressive, not related to ability to pay, and to impose the highest percentage charge on those using budget accommodation while representing little additional cost to visitors staying in high end accommodation. A Local authority respondent suggested Scotland could be made less attractive to those on a budget as a result.

The potential impact of a flat rate per person charge on campsites was highlighted in particular, including that it could encourage wild camping rather than paying the levy at a campsite. A Tourism and hospitality industry representative organisation respondent questioned whether someone staying in low-cost accommodation (such as a holiday park) should pay the same rate as someone staying in a 5-star hotel.

A negative impact on those who share a room and also on family groups was suggested, unless children are exempt from the levy.

Other points included that:

- Visitors might not know the size of their party at the time of booking self-catering accommodation or that a charge per person could provide an incentive for guests to falsify occupancy details.
- Large self-catering properties could attract a high charge.

- Seasonal price adjustments will not be reflected, unless the rate varies by month.
- Check out may require extra time – for example for coach parties – if guests have to pay the charge individually.
- Online booking platforms often default accommodation searches to two people, which bookers generally do not correct when the number of guests is different. This has the potential to cause confusion and additional work at check-out if bills need to be corrected.

Implications for accommodation providers

Some respondents suggested a flat rate per person to be clear and easy to calculate, particularly when using automated systems. It was also noted to be straightforward with respect to individual exemptions. However, the need for extra administration and record keeping, including personal information, was also predicted and additional administration costs sometimes noted. Such costs were argued to be proportionately higher for small businesses and for those providing budget accommodation. Changes in booking processes were also suggested to be necessary for businesses who currently sell accommodation on a per room basis.

The need to record how many people stay each night was highlighted. Some respondents argued this to be straightforward – for example for hotels since knowing the number of guests is also a requirement for fire safety purposes. However, it was suggested to be difficult for self-catering providers whose accommodation is often booked online and who may have no on-site presence to check guest numbers. It was argued that the provider would be responsible for compliance, but dependent on the accuracy of information supplied by the guest. Further complexity was noted in that occupancy levels may fluctuate over the course of a booking. A fixed rate dependent on the number of beds was suggested as an alternative for self-catering properties.

A particular impact on providers of budget accommodation was argued to be likely if competitiveness is reduced and business is lost as a result. There was a suggestion that a provider might pay part or all of the charge themselves to avoid their accommodation being over-priced. Exclusion of lower cost accommodation from a levy in order to minimise these effects was suggested to be possible. An Accommodation provider (other) respondent argued that businesses offering low cost accommodation in southern Scotland might be affected particularly if potential visitors instead choose the Lake District to avoid a levy.

A per person charge was argued to be inappropriate for holiday parks that charge per unit, where knowing how many people are staying in tents, motorhomes and caravans might be impossible or be considered an invasion of privacy. Similar issues regarding occupancy of boats were raised with respect to marinas.

That caravaners and campers tend to tour a region was also noted as creating additional administration, while operation of seasonal pitches, where visitors may come and go as they choose without informing site management, was suggested to be incompatible with a charge per person per night.

A flat rate per person was also suggested to present a barrier to extending the length of the tourism season, with an Individual respondent noting existing challenges of attracting visitors at times of year when the weather may be inclement.

Implications for local authorities

For local authorities a flat rate per person was argued to be complicated or difficult to collect and police, and that authorities will be reliant on information from accommodation providers with scope for error or evasion as a result. It was suggested a flat rate per person or per room may need more in set up processes and mechanisms for providing an audit trail than required for a percentage charge.

Other respondents suggested a flat rate charge to be relatively simple to monitor and collect, to have no seasonal variation and to make income prediction easy. Information collected on the number of visitors to the area was also suggested useful with respect to planning for the future.

Loss of the potentially higher income predicted to arise from a percentage charge on more expensive accommodation was also suggested as a consequence of adopting a flat rate charge, depending on the make-up of the local accommodation market.

Other points on a flat rate charge per person charge included that it will not rise with inflation and that it could be applied only in periods of high demand.

Flat rate per room per night

Implications for accommodation users

For accommodation users a flat rate per room was suggested to be clear, simple or easy to understand and easy to budget for if identified at point of sale. It was also suggested to be an accepted charging method elsewhere and, for most visitors, to be likely to be the lowest cost option.

However, a flat rate charge was argued to be regressive, with guests paying the same levy on a room in affordable accommodation as in a 5-star hotel, and also to increase the burden on single travellers including business travellers.

While it was noted that, in comparison with a charge per person, a charge per room would be advantageous for families or groups sharing a room, a risk of encouraging overcrowding was also suggested.

Issues identified with respect to self-catering properties included that these would be difficult to monitor, and providers would be reliant on information from guests. A potential incentive to under-report room use to avoid a levy was suggested. However, it was also observed that while a flat rate charge on a self-catering property could be based on the number of rooms available this would result in under-occupancy of properties by small parties being penalised.

Implications for accommodation providers

A flat rate charge per room was argued to be the preferred option in hotels and other serviced accommodation where the industry convention is to set prices per room per night. It was suggested to be simple and easy to administer or to be the least difficult of the options presented.

A flat rate per room was suggested to be easier to apply to automated systems and online bookings and that use of platforms that collect tax for the provider might be encouraged by introduction of the levy. Nevertheless, it was argued there would be time and cost implications for providers, including updating property management systems and with respect to reporting and audit. A particular burden to small and micro businesses was suggested.

Questions were raised about how a charge per room per night would be applied. The need to clarify what would qualify as a room was highlighted in particular, with yachts, tents, yurts, glamping pods and touring caravans all given as examples where the concept would not be easy to apply.

As for a flat rate per person per night, a flat rate per room per night charge was suggested inapplicable to seasonal pitches on campsites. That such a charge would also be unfair to those who have purchased a static caravan on a holiday park site was argued.

Collecting information on room occupancy was noted as an additional requirement that may be difficult for providers of self-catering accommodation where the number of rooms used might not be known until after guests have left. However, if a 'per key' charge was made on available rooms rather than rooms used, small groups might be asked to pay for rooms they do not use and be put off booking larger cottages as a result. Alternatively, it was argued accommodation providers might under-specify the number of rooms, leading to a reduction in large properties visibly available to rent.

A rate per room was suggested likely to encourage overcrowding and potential safety issues. It was also argued single rooms would become unattractive and might be turned into doubles.

Loss of businesses for providers of lower cost accommodation and fewer bookings for self-catering properties were both predicted.

Implications for local authorities

A flat rate per room was suggested to be relatively easy to enforce including because only the number of rooms occupied would need to be declared and that room number can be included in registration. An Accommodation provider (hotel) respondent suggested that alignment of data collection to the Scottish Assessors Association (SAA) returns would make verification easier.

Income for authorities was predicted to be lower than that raised by other schemes but to be easiest to forecast for budget purposes and at a lower risk of fraud.

The need for clarity on which rooms are chargeable was noted.

A percentage of total accommodation charge

Implications for accommodation users

A percentage charge was argued to be fairer than a flat rate levy for accommodation users since it would mean visitors staying in more expensive accommodation would pay more than those choosing cheaper options.

However, a percentage charge was also viewed as penalising more expensive accommodation and to have an adverse impact for single travellers for whom prices are generally higher in any case. It was argued that the stated purpose of the levy is to cover the cost of providing services for individuals, and the price of the accommodation used is not related to the burden on infrastructure.

There were two contrasting perspectives on how easy a percentage charge might be for users:

- That it would be clear and easy to understand.
- That it is complicated or more difficult to understand. In contrast, a flat rate charge was argued to provide certainty.

Additional points raised by those who felt a percentage charge to be complicated included that both seasonal variation and the effects of dynamic room pricing could be confusing, and that it may also be difficult to understand which elements are being taxed. As a result, it may be harder to budget and guests may be faced with unexpected additional fees.

It was argued that the charge must be identified at point of sale however booked. Nevertheless, the effect of dynamic room pricing was suggested to mean the levy charged would vary from day to day or according to which booking method is used. An Accommodation provider (other) respondent argued that the likely outcome that different people would pay a different levy charge for the same standard of accommodation, in the same place and on the same night at that this would be unfair.

Seasonal price variation and hence variation in the levy paid was noted and generally seen as positive since off-season use would be cheaper but was sometimes viewed as greater cost in high season. It was also suggested that users might be pushed towards less expensive accommodation during high season.

A general risk that users may look elsewhere for cheaper options, including elsewhere in the UK, was also identified. It was also argued that, in some circumstances, a percentage charge could add a large amount to the cost of a holiday.

Making higher quality accommodation more expensive or unaffordable especially in high season was noted as a potential outcome of a percentage charge and that this would apply generally in more expensive locations such as Edinburgh. A potential impact on corporate customers was identified.

Other respondents suggested the level of charge to be important or argued that only a small percentage should be charged.

Although a percentage charge was argued to favour the self-catering sector over more expensive serviced accommodation, it was also suggested that, if paid per property, a percentage levy would be unfair to those who under-occupy a large property.

Implications for accommodation providers

A percentage charge was suggested to be easy to administer or to be easy for those using automated systems or operating via agencies and booking platforms who would collect the levy. It was noted operators are used to paying platform fees based on a percentage of the accommodation charge, so the form of the levy is well understood.

However, a percentage was also argued too complicated or difficult to administer both adding to costs and requiring changes to current practices.

Issues highlighted as adding complexity included:

- Packages including meals or other extras in addition to the room.
- Dynamic pricing and use of multiple booking platforms.
- Calculation of exemptions, particularly in mixed groups.
- Application of discounts.

On the first point it was argued that it must be made clear to what elements a percentage levy applies. While it was observed to be challenging to separate the elements of a bill, it was also argued that a levy applied to the total bill rather than just the room charge would discourage visitors from eating and drinking in a hotel.

Although noted to be fairer for budget operators, a percentage charge was argued to have potentially adverse impacts for providers of high cost accommodation if users chose cheaper alternatives and there is pressure to cut prices. Although a percentage charge was argued to act as a proxy for quality of accommodation it was also noted that in remote or island locations hotels may have higher costs and lower margins and that, in general, high quality accommodation has a higher cost base and is not necessarily more profitable.

A small number of Accommodation provider (hotel) and Accommodation provider (other) respondents and a Tourism development or promotion organisation respondent and were amongst those suggesting the burden for small providers would be disproportionate, especially for those operating under the VAT threshold who may find it hard to adjust their current practices. It was noted that in some areas the sector is characterised by a high number of small providers.

Implications for local authorities

For local authorities a percentage charge was argued to be easy to monitor by some respondents. Suggestions included that a levy could be based on sales

income, checked against tax returns or, more specifically, linked to a ratio of the VAT payment.

Respondents who thought a percentage charge likely to be difficult to monitor sometimes pointed to a requirement for more information from providers and the number of variables involved. A percentage charge was suggested to be open to greater error or manipulation and to create a high administrative burden on authorities.

Potentially higher revenue raised from a percentage charge was noted, including higher returns from more expensive accommodation, although caution was suggested since income would fall if too high a rate is imposed in an area with a lot of high-quality accommodation. It was also argued that revenues may not cover collection costs for low cost accommodation. Exclusion of smallest providers from charging the levy was suggested.

Difficulty in forecasting revenues from a percentage charge was predicted since tax take will fluctuate as a result of changing nightly fees and last-minute discounts in addition to seasonal variation. It was suggested to be worth considering how a levy would be applied over a year ahead of its implementation in order to provide authorities with a likely baseline for revenue expectation.

It was also noted that local authorities will need to know what part of the accommodation price attracts levy and that consideration should be given to the definition of 'accommodation charge' to guard against avoidance arising from the charge being broken down into multiple elements with some not being within the scope of the levy.

Unlike flat rate charges, a percentage charge would rise with inflation.

Flat rate per night dependent on the quality of accommodation

Implications for accommodation users

It was suggested that, for accommodation users, a flat rate dependent on the quality of the accommodation would be fair or progressive since those selecting higher quality accommodation would pay more. However, it was also argued that the services used by visitors are not related to the quality of the accommodation they choose.

It was also thought that a flat rate dependent on quality could be complicated or confusing for accommodation users including because there is no universally accepted rating system, and that the relationship between accommodation price and quality rating is not universal. For example, it was argued that a 3-star hotel in an expensive location might charge a higher daily rate but a lower visitor levy than a 4-star hotel in a cheaper area. Difficulties in comparing island and mainland establishments were also highlighted. Flat rates with tiers dependent on the price of a room rather than the quality of the accommodation were proposed as an alternative.

Respondents suggested that visitors may choose lower rated accommodation in response to a levy charged on this basis, leading to negative impacts at the higher end of the market.

Implications for accommodation providers

As set out in the consultation document, respondents acknowledged that there is currently no single accommodation standard in Scotland. Respondents commented further that existing grading schemes use different criteria so are not comparable, and that some businesses rely entirely on online reviews and are not part of any formal grading system. Costs associated with grading were identified in addition to generally increased administrative burden incurred by providers.

Comments on existing rating systems included that these sometimes reflect the facilities provided rather than quality per se or that the quality of the product does not always relate directly to price. Perception of 'quality' was also argued to be personal or subjective.

A number of Accommodation provider (other) respondents argued that charging a levy based on accommodation quality would be unworkable for holiday parks, where existing grading depends on the park overall rather than individual accommodation provided, and where a wide range of accommodation types and quality may be available on a single site. It was also noted that other providers might have, for example, hotel and self-catering accommodation available on one site and that consideration would be required as to the approach to be taken in such circumstances.

While a levy based on quality of accommodation was argued not to disadvantage providers of budget accommodation it was also thought likely to deter provision of higher quality accommodation, or to incentivise lower quality. A Tourism and hospitality industry representative organisation respondent commented that this may be a disincentive to businesses wanting to invest in providing better quality accommodation if their guests will be charged more in a visitor levy.

Other general points on the implications for providers included that this basis for charging would:

- Reduce the need to declare financial information in comparison with a percentage charge.
- Be unfair for rural providers who are likely to be empty over the winter.

Implications for local authorities

Respondents suggested local authorities could be presented with a significant administrative burden particularly associated with implementation and monitoring of a quality rating system. It was also anticipated that there would need to be a system for appeals if providers felt they had been graded incorrectly.

There were apparently differing expectations of how a monitoring system might be set up. While some respondents expected local authorities would do so, others:

- Queried who would be responsible for grading accommodation, or which grading scheme would be used.
- Highlighted a need for existing grading systems to provide consistency of ratings.
- Suggested that providers might not register, might withdraw from schemes, or might self-declare a lower standard in order to avoid the levy or to charge a lower rate.

The need for a statutory system was argued, including by several Local authority respondents, with one of these respondents suggesting the VisitScotland quality grading system should become mandatory. Whether regions might vary was queried and a need for national standards was proposed.

Other aspects highlighted as likely to arise from this basis for charging included that:

- Returns from providers will be complex and potentially inaccurate or open to under reporting.
- Revenue may be difficult to forecast for budget purposes.
- There may be higher revenue in areas with more high-quality accommodation, but also that this will be lost if the higher end of the market is damaged.
- Local authorities would be provided with an incentive to enforce regulations across the sector as a whole.

Question 6: 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?

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

Responses to Question 6 by respondent type are set out in Table 6 below.

A majority of respondents, 65% of those answering the question, thought that the basis of the charge should be set out in a national framework. Organisations were more likely to favour the national framework-based approach than individuals (75% and 57% respectively).

Local authority and Trades union, political party or campaign organisation respondents were the only categories in which a majority of respondents thought the basis of the charge should be for a local authority to decide.

Table 6

Question 6: 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?								
Respondent type	Set out in a national framework		Decided by local authorities		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	134	57%	79	33%	23	10%	39	275
Accommodation provider (hotel)	46		2		1			49
Accommodation provider (other)	45		14		1		7	67
Business organisation	4		1				2	7
Community council or residents' association	2		2				1	5
Heritage or culture organisation	6		1		2		3	12
Local authority	8		10		2		2	22
Other	2		1				2	5
Other representative organisation	2		1				2	5
Other tourism or hospitality business or organisation	4		2				1	7
Port authority	1				1		1	3
Professional body	6		1				3	10
Public body	2						4	6
Tourism and hospitality industry representative organisation	8		1				1	10
Tourism development or promotion organisation	8		2				1	11
Trades union, political party or campaign organisation			3				2	5
Total organisations	144	75%	41	21%	7	4%	32	224
All respondents	278	65%	120	28%	30	7%	71	499

Set out in a national framework

The themes raised by respondents who thought that the basis of the charge should be set out in a national framework very much reflected those expressed by respondents who thought that the design of a visitor levy should be set out on wholly in a national framework (option a at Question 1).

For some, the focus was on ensuring there is a clear and consistent approach across the country and that this in turn would help avoid confusion. There were specific references to not creating confusion amongst visitors, and for those moving around Scotland or amongst international visitors in particular. It was also suggested that those affected by a tax are less likely to trust it if it varies substantially and that a consistent national model is more likely to be accepted.

Other comments addressed fairness and suggested that the basis of the charge being set out in a national framework could help avoid competition between local authorities and distortions developing in the tourism market. In particular, it was noted that accommodation providers located very close to each other, but on different sides of a local authority boundary, could be subject to very different regimes and that these variations could have a significant impact on their competitiveness and ability to attract visitors. A specific example given of the potential for distortion was large events being able to negotiate for a visitor levy to be covered by subvention funding, thereby becoming an additional local cost to an event organiser or accommodation provider, rather than the visitor.

Issues relating to distortions in the market were often linked to the impact of variations in approach on businesses that operate across more than one local authority. The administrative complications arising for businesses operating across a number of local authorities of having to work to different arrangements were also highlighted and it was suggested that limited variation would make it easier and more desirable for businesses to expand their business into new local authority areas.

In terms of preferred solutions, it was suggested that the national framework should include a nationally agreed formula that recognises different local needs. An example given was giving discretion to remove or reduce the levy over the off-peak season.

Other reasons given for supporting the basis of the charge being set out in a national framework included that Scottish Ministers would retain a strong interest in the development and ongoing operation of new local taxation systems. It was also suggested that this approach would allow for a digital tool, similar to current tools such as the NDR calculator, to be developed by the Scottish Government to assist businesses to calculate charges and payments.

Many of the other comments raised focused on the rate of the levy and are covered at Question 7 below.

Decided by local authorities

The themes raised by respondents who thought that the basis of the charge should be decided by local authorities also reflected those expressed by respondents who thought that the design of a visitor levy should be mostly at a local level or mostly at a national level with some local discretion (options c and b at Question 1).

Comments tended to be brief but included that a one-size-fits-all approach would not be fit-for-purpose and that local authorities are best placed to develop arrangements appropriate to local circumstances. The diversity of Scotland's tourism market and communities were again highlighted, including with reference to the particular circumstances applying to island communities.

It was also noted that a local authority led approach allows for communities and local businesses to have more influence over the design of something that would impact on them directly.

Calculating the rate

The consultation sought views on whether the rate of a visitor levy should be set nationally or determined locally and on what, if any, national oversight might apply if decisions about the rate of visitor levy were made locally.

Question 7: 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?

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

Responses to Question 7 by respondent type are set out in Table 7 below.

A majority of respondents, 57% of those answering the question, thought that the rate of the visitor levy should be set out in a national framework. Organisations were more likely to take this view than individuals (67% and 49% respectively).

The majority of Local authority, Business organisation and Trades union, political party or campaign organisation respondents thought the rate of visitor levy should be for the local authority to decide.

Table 7

Question 7: 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?								
Respondent type	Set out at national level		Decided by local authorities		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	124	49%	101	40%	28	11%	22	275
Accommodation provider (hotel)	44		3		1		1	49
Accommodation provider (other)	47		11		2		7	67
Business organisation	2		3				2	7
Community council or residents' association	2		2				1	5
Heritage or culture organisation	4		4		2		2	12
Local authority	5		15				2	22
Other	2		1				2	5
Other representative organisation	2		1				2	5
Other tourism or hospitality business or organisation	4		3					7
Port authority	2		1					3
Professional body	4		4				2	10
Public body	1		1				4	6
Tourism and hospitality industry representative organisation	7		2				1	10
Tourism development or promotion organisation	5		4		1		1	11
Trades union, political party or campaign organisation			3				2	5
Total organisations	131	67%	58	30%	6	3%	29	224
All respondents	255	57%	159	35%	34	8%	51	499

As at Question 6, comments tended to raise similar themes to those covered at Question 1. The analysis presented below focuses on new matters arising.

Set out in a national framework

Reasons given for favouring the rate of the visitor levy being set out in a national framework included that the approach would:

- Bring decisions within the remit and responsibility of MSPs.
- Meet the Scottish Approach to Taxation principle of certainty. Accommodation provider (other), Tourism and hospitality industry representative organisation respondents and Individual respondents were amongst those expressing this view.
- Allow for the cumulative effect of taxes on Scotland's competitiveness as an international destination and businesses to be taken into account.

Other comments focused on why respondents did not favour local authorities being able to decide the rate and included that they may be tempted to use a visitor levy simply as a means of raising additional general funds. There was also a concern that the rate set by one local authority could affect more than their own area and could have an adverse impact on the national economy.

There was a view that there is not necessarily shared experience across a whole local authority area. It was proposed, for example, that trials of different models of operation should be carried out on a variety of islands of different sizes and across the relevant local authorities with island communities. It was suggested that this would allow island interests to be informed stakeholders in shared decision making concerning appropriate levels of local levies, as well arrangements for collecting revenues.

In terms of the overall approach to be used, it was suggested that the national framework should set out a range within which a rate could be set, but then allow for local discretion as to the precise rate set. However, there was an associated concern that local authorities would be likely to charge the maximum permitted.

Decided by local authorities

Comments were limited but included that the rate being for a local authority to decide would allow:

- The rate to be set in response to a specific local tourism initiative.
- Regional business forums, Destination Management Organisations (DMOs), residents or workers to be more directly involved in the setting of the rate.

A Local authority respondent suggested that the approach would be in line with the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance.

In terms of concerns about setting out the rate in a national framework, it was suggested that affordability and accommodation price differs greatly between areas

and that a national agreed rate would be restrictive and disadvantageous to some areas.

Question 8: What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer

A number of the comments at Question 8 reflected the general objections raised to the introduction of any visitor levy (as covered at the beginning of Chapter 3). For example, it was suggested that factors to be considered to ensure the rate of the visitor levy is appropriate should include the competitiveness and reputation of Scotland as a tourism destination, the wider tax regime, including VAT rates, and the likelihood of a decrease in the number of visitors or a reduction in average lengths of stay.

A general theme raised was the need for any decisions to be based on proper investigation and robust evidence, and there were calls for independent economic impact assessments or industry impact assessments to be carried out.

Other comments addressed the local market circumstances which should be considered, with suggestions including:

- The role of tourism within the local economy.
- The number of local attractions.
- Sensitivity of the local tourism market to price increases.
- Visitor numbers and the demographic profile of those visitors, including their ability to pay a levy.
- Affordability, including the costs to reach a destination.
- Visitor spend, and consumer price sensitivity.
- Seasonal variations.
- The impact of major festivals or events.

There were also suggestions as to factors specifically relating to accommodation that should be considered. These included:

- The profile of the accommodation sector locally, including its size, and the type and availability of accommodation.
- Demand and occupancy rates by accommodation type.
- Price of accommodation and variance in price.
- Likely response of accommodation users.

Other comments considered the impact that tourism has on a local area and included:

- The impact of tourism on communities, including on the cost of living for locals.
- The impact on infrastructure.
- The direct costs of tourism to an area, for example through increased water use or the need for additional refuse collections. Specifically, clean-up costs.

A specific suggestion was that there should be a benchmarking of the rate to other rates being charged by:

- Neighbouring local authorities.
- Other areas in Scotland.
- Other parts of the UK.
- Other tourist destinations or countries or, specifically, with other European or EU cities or countries.

It was also suggested that any benchmarking should include a comparison of total taxes paid.

Other comments focused on the balance between the cost of administering a levy for the local authority, and the cost to businesses of collecting the levy, relative to the revenues obtained. There was a view that any approach must be economically worthwhile and provide a significant enough surplus to invest to support the sector and affected communities. In terms of that surplus, it was suggested that there being strategically planned investment in the tourism sector should also be a factor to be considered.

Finally, and very much reflecting issues covered at later questions, respondents suggested that consulting with local communities, businesses and stakeholders will be important.

Question 9: 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?

Please provide a reason (or reasons) for your answer

Responses to Question 9 by respondent type are set out in Table 8 below.

Table 8

Question 9: 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?								
Respondent type	Set out at national level		Decided by local authorities		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	172	72%	42	18%	24	10%	37	275
Accommodation provider (hotel)	11		1				37	49
Accommodation provider (other)	50		6		2		9	67
Business organisation	4						3	7
Community council or residents' association	1		2		1		1	5
Heritage or culture organisation	7		2		1		2	12
Local authority	6		12		3		1	22
Other	3		1				1	5
Other representative organisation	2		1				2	5
Other tourism or hospitality business or organisation	5		1				1	7
Port authority	2						1	3
Professional body	4		1		1		4	10
Public body	1						5	6
Tourism and hospitality industry representative organisation	9						1	10
Tourism development or promotion organisation	9		1				1	11
Trades union, political party or campaign organisation	1		2				2	5
Total organisations	115	75%	30	20%	8	5%	71	224
All respondents	287	73%	72	18%	32	8%	108	499

A majority of respondents, 73% of those answering the question, thought that if the rate of the visitor levy were to be set by individual local authorities, there should an upper limit or cap be set at a national level. Organisations were slightly more likely than individuals to take this view (75% and 72% respectively).

Local authority, Community council and Trades union, political party or campaign organisation respondents were the only groups in which a majority did not favour there being an upper limit or cap be set at a national level.

Further comments at Question 9 generally raised similar themes to those covered at Questions 1, 6 and 7.

Set out at a national level

Comments tended to focus on ensuring any approach supports competitiveness across the whole of Scotland's tourist industry, including by reflecting the cumulative effect of local taxes, and does not lead to regional or local distortions that unfairly impact on some businesses. The issue of clarity and adopting an approach that is easy and straightforward for visitors to understand was also raised.

There were also some concerns about whether local authorities could be guaranteed to make reasonable or informed decisions about the rate of any levy. On the latter point it was suggested that not all local authorities understand the tourism market or the way tourism businesses operate. There was also a concern that some local authorities could be 'greedy' and prefer to tax local businesses and visitors rather than make other unpalatable decisions relating to increasing their revenue or reductions in local services.

Decided by local authorities

Those who did not favour an upper limit or cap being set at a national level sometimes commented that local circumstances should determine the appropriate charging rate and that such an approach is consistent with maximising local autonomy and the promotion of local democracy.

Other issues raised included that local authorities would not take decisions that are detrimental to local economic growth or the local tourist industry.

Exemptions

The consultation paper set out a number of groups for whom it was thought to be unacceptable to impose a visitor levy under any circumstances including: homeless people; asylum seekers and refugees; travelling communities; and victims of domestic abuse placed temporarily in refuges or short term accommodation.

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

Question 10: 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?

Responses to Question 10 by respondent type are set out in Table 9 below.

A majority of those who answered the question, 78%, thought that all exemptions should be the same across Scotland and therefore set out in the national legislation. Local authority respondents were among the groups that were relatively evenly divided on whether the exemptions should be set out in the national legislation, or whether local authorities should have scope to select some exemptions.

Table 9

Question 10: 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?						
Respondent type	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		Not answered	Total
	N	%	N	%	N	%
Individuals	183	81%	44	19%	48	275
Accommodation provider (hotel)	10		3		36	49
Accommodation provider (other)	49		4		14	67
Business organisation	3		1		3	7
Community council or residents' association	1		3		1	5
Heritage or culture organisation	5		5		2	12
Local authority	9		10		3	22
Other			1		4	5
Other representative organisation	1		2		2	5
Other tourism or hospitality business or organisation	3		1		3	7
Port authority	1		1		1	3
Professional body	4		1		5	10
Public body	1				5	6
Tourism and hospitality industry representative organisation	6				4	10
Tourism development or promotion organisation	9		1		1	11
Trades union, political party or campaign organisation			3		2	5
Total organisations	102	74%	36	26%	86	224
All respondents	285	78%	80	22%	134	499

Question 11: Which additional exemptions from the list below do you think should be applied to a visitor levy?

Responses to Question 11 by respondent type are set out in Table 10 below.

Respondents were asked to identify which of a range of possible additional exemptions they thought should be applied to a visitor levy. The proportion thinking an exemption should be applied ranged from 62% to 25% of all respondents⁹:

- At 62%, the highest level of support was for an exemption for those receiving medical care outwith their local authority area and their carers or next of kin. Whilst 72% of individuals favoured this exemption, support dropped to 50% of organisations.
- A small majority of respondents favoured there being exemptions for children and young people or for local residents (53% and 52% respectively). Again, a higher proportion of individual respondents expressed support (56% and 61% respectively), than did organisations (48% and 41% respectively).
- Three exemptions were supported by a large minority of respondents: disabled people, those registered blind and deaf, and their carers (46% of all, 49% of individuals and 42% of organisations); students (40% of all, 44% of individuals and 37% of organisations); and long stay guests (40%, 40% of individuals and 40% of organisations). The pattern of support for long stay guests was relatively unusual in that it was made up of equal proportions of both individuals and organisations.
- The lowest level of support was for business travellers being exempt. Only 25% of respondents thought an exemption should apply (28% of individuals and 22% of organisations).

⁹ Please note that there was no option to disagree with any of the options. It is not possible, therefore, to distinguish between those who did not answer the question and those who may not have selected an option because they did not agree with it. In particular, levels of support amongst organisations have been affected by respondents to the UK Hospitality-related campaign either not answering or not choosing any of the options at Question 11.

Table 10

Question 11: Which additional exemptions from the list in the consultation paper do you think should be applied to a visitor levy?									
Respondent type	Disabled people and registered blind/deaf and their carers		Those travelling out with their local authority area for medical care, their carers or next of kin		Children and young people under a certain age		Students		Total
	N	%	N	%	N	%	N%	%	N
Individuals	136	49%	199	72%	155	56%	120	44%	275
Accommodation provider (hotel)	8		12		11		8		49
Accommodation provider (other)	41		49		48		40		67
Business organisation	3		4		2		1		7
Community council or residents' association	3		3		2		1		5
Heritage or culture organisation	7		7		7		7		12
Local authority	9		11		10		6		22
Other	1		1		2		2		5
Other representative organisation	3		2		2		1		5
Other tourism or hospitality business or organisation	2		4		5		1		7
Port authority	2		2		2		1		3
Professional body	3		3		3		3		10
Public body									6
Tourism and hospitality industry representative organisation	7		6		6		5		10
Tourism development or promotion organisation	4		6		5		5		11
Trades union, political party or campaign organisation	2		2		2		1		5
Total organisations	95	42%	112	50%	107	48%	82	37%	224
All respondents	231	46%	311	62%	262	53%	202	40%	499

Table 10 (continued)

Question 11: Which additional exemptions from the list in the consultation paper do you think should be applied to a visitor levy?							
Respondent type	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)		Total
	N	%	N	%	N	%	N
Individuals	111	40%	77	28%	167	61%	275
Accommodation provider (hotel)	10		8		10		49
Accommodation provider (other)	41		18		44		67
Business organisation	2		2		2		7
Community council or residents' association	1				4		5
Heritage or culture organisation	7		2		6		12
Local authority	7		6		7		22
Other	1		1		1		5
Other representative organisation			1		1		5
Other tourism or hospitality business or organisation	2		1		2		7
Port authority	2		2		2		3
Professional body	1				1		10
Public body							6
Tourism and hospitality industry representative organisation	8		2		6		10
Tourism development or promotion organisation	7		5		5		11
Trades union, political party or campaign organisation	1		1		1		5
Total organisations	90	40%	49	22%	92	41%	224
All respondents	201	40%	126	25%	259	52%	499

**Question 12: Are there any other exemptions that you think should apply?
Please list together with reasons.**

There were relatively few suggestions for other exemptions, and further comments, including giving reasons, tended to be brief.

The possible other exemptions proposed were:

- Those resident in Scotland. Supporting reasons given included that Scottish residents are already paying for services in their own area, that movement of Scottish residents around the country will balance out to some extent and that people should be encouraged to 'staycation' in Scotland.
- Anyone resident in the UK, for similar reasons to those outlined above.
- Residents travelling inter-island, for example in Shetland.
- Workers in the NHS, emergency services and education for whom a quality holiday is essential and against which local authorities should place no barriers.
- People on low incomes, including low income families or those living on a pension. One suggestion was that receipt of certain benefits could be used as a proxy for being eligible for an income-based exemption.
- People visiting family or friends, including if staying in otherwise chargeable accommodation but at no charge. Also, owners staying in their own accommodation, particularly if they are there to carry out maintenance.
- If there is connection to a charity or not for profit organisation, for example if a stay or journey is as part of a youth group such as Scouts and Guides or if participating in a Duke of Edinburgh award scheme trip. Also, anyone travelling or staying in order to carry out volunteer work for a charity or not for profit organisation.
- Sports groups travelling to compete in regional or national events.
- People affected by incidents which force them to leave their homes, such as flooding.
- People under witness protection or utilising safe rooms.
- Those visiting during the tourism low season.
- People whose travel arrangements have been disrupted, for example by ferry cancellations during bad weather.

Other comments focused on the practical issues associated with applying exemptions, for example in terms of gathering the necessary evidence to demonstrate an exemption applies. The importance of avoiding unintended negative consequences, including stigmatising vulnerable groups by forcing self-declaration, was also highlighted. A suggestion was that a local authority might design an initial registration process where commercially let accommodation providers who provide statutory accommodation for people in vulnerable circumstances would identify themselves to the relevant local authority.

5. Administration and compliance

This chapter sets out responses to the questions covering responsibility for the collection and remittance of any levy, the frequency of remittance, information gathering and enforcement.

Compliance costs to accommodation providers

As the consultation paper notes, during the National Discussion, concerns were expressed about the potential compliance costs of a new visitor levy on overnight stays by visitors. The consultation sought views on whether an efficient model of operation would require the accommodation provider to be liable for collecting and remitting the visitor levy.

Question 13: 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?

Please explain and provide any other comments on this proposal.

Responses to Question 13 by respondent type are set out in Table 11 below.

Respondents were evenly divided on whether accommodation providers should be ultimately responsible for collection and remittance of a levy: of those who answered the question 49% agreed and 51% disagreed. Among organisational respondents, Tourism and hospitality industry representative organisations all disagreed with the proposal as did a majority of Accommodation provider (other) respondents, while most other groups agreed or were evenly divided.

Table 11

Question 13: 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?						
Respondent type	Agree		Disagree		Not answered	Total
	N	%	N	%	N	N
Individuals	126	52%	118	48%	31	275
Accommodation provider (hotel)	6		7		36	49
Accommodation provider (other)	12		47		8	67
Business organisation	3		1		3	7
Community council or residents' association	3		1		1	5
Heritage or culture organisation	7		1		4	12
Local authority	16		3		3	22
Other	1		1		3	5
Other representative organisation	1		2		2	5
Other tourism or hospitality business or organisation	4		1		2	7
Port authority			1		2	3
Professional body	5		3		2	10
Public body					6	6
Tourism and hospitality industry representative organisation			7		3	10
Tourism development or promotion organisation	4		4		3	11
Trades union, political party or campaign organisation	1				4	5
Total organisations	63	44%	79	56%	82	224
All respondents	189	49%	197	51%	113	499

The need for any remittance system to be set up in consultation with the industry and for this to involve accommodation providers of all types was suggested by respondents irrespective of their view on whether providers should be ultimately responsible for collection and remittance of a levy.

It was argued that:

- This is a complex issue requiring detailed consideration and, potentially, legal advice.
- Third party booking platforms operate in different ways. Some collect payment for the provider and forward this after deducting commission and fees, while others take the booking and pass this to the provider who takes payment from the guest and remits commission to the third party.
- Providers have limited bargaining power in relation to third party providers and, since no visitor levies exist in the UK at present, there is no local example of how the introduction of a levy might work in relation to third parties. The importance of learning from experience elsewhere was suggested as was the potential for problems if platforms collect but do not pass on the levy. The need for a clear definition of legal liability was highlighted, whether the provider or the platform remits the levy, but it was also suggested that it may be preferable for the accommodation provider to collect the levy.

A desire to avoid booking platforms charging commission on a levy was also expressed by respondents. It was argued that if the levy is included in the fee on which commission is charged it will create a cost to providers.

With respect to short term rentals it was argued both that the host should be responsible, and that the platform should be responsible for remitting levy payments. It was also suggested that introduction of the levy may encourage providers to use online booking platforms such as Airbnb who would handle the tax for them.

Accommodation providers should be ultimately responsible

Respondents who agreed that accommodation providers should be ultimately responsible for collection and remittance of a levy reasoned that this approach would be:

- Simple, straightforward or transparent and the most practical or cost-effective option.
- The same approach as used in other countries or to employ the same principle as applied to collection of other taxes.
- Likely to provide the greatest level of consistency or accountability.

Other alternatives were suggested to be too complicated.

The importance of minimising the costs and administrative burden on both accommodation providers and local authorities was highlighted and it was noted that local authorities will already have some form of relationship with providers.

Other points raised included that:

- It should be an offence for a visitor to deliberately mislead a provider.
- Providers should be permitted to deduct costs of collecting the levy prior to remittance.
- An easy-to-use platform for making payments directly would be preferable to the provider handling payments.

Among respondents who favoured making accommodation providers ultimately responsible there were apparently differing expectations with respect to the degree of involvement of booking platforms in collection of a levy. Those who expected such a platform to be involved argued that:

- Collection of the levy via booking platforms would be helpful and that it will be important that any system is designed to allow third party agents to collect the levy.
- The process should be straightforward if booking software is set up correctly and that an upfront charge can be taken as part of the booking process.
- Levies collected by online platforms should be remitted by those platforms. It was noted that booking portals and online travel agents are the primary booking route for self-catering properties.

Some respondents suggested a levy should be collected by the accommodation provider on arrival or departure rather than via third parties. Reasons given for this view included that:

- This is done overseas.
- Any exemptions claimed will have to be verified at the accommodation.
- In the event of cancellation, guests may experience difficulties in claiming reimbursement of taxes already paid.
- Online platforms will add another charge for collection of the levy.

Accommodation providers should not be ultimately responsible

Some respondents who did not agree that accommodation providers should be ultimately responsible for collection and remittance of a visitor levy reiterated their objection to such a levy in principle, while others argued it to be unfair or unreasonable, placing an additional burden on all providers and on small businesses in particular.

It was argued that whoever collects the levy payment should be responsible for its remittance and that monies collected by online agents or booking platforms should be remitted by them. This was suggested to be easy for such platforms while it was argued that the possibility a provider could be required to remit the visitor levy before receiving funds from the booking platform would be unworkable and could create cashflow problems. A Professional body respondent argued that, given the availability of online booking platforms, responsibility for remittance should not lie solely with accommodation providers.

Other comments with respect to a levy collected by booking platforms included that accommodation providers should not be held responsible for:

- Mistakes by made by third parties.
- Paying tax taken by a platform that does not hand over the revenues collected or goes out of business before doing so.

It was also argued to be unreasonable to make a self-catering provider responsible for information provided by guests.

Question 14: 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?

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

Responses to Question 14 by respondent type are set out in Table 12 below.

Among respondents who answered the question, the highest level of support (40%) was for remittance of levies to local authorities on a quarterly basis, with 30% preferring monthly remittance and 25% annual remittance. Only 5% of respondents thought remittance should be carried out on an ongoing basis.

Individual respondents were most likely to prefer monthly remittance of levies (36% in favour) while organisational respondents showed a preference for remittance on a quarterly basis (49% in favour). There were notable differences between organisational respondent groups including between accommodation providers: while a large majority of the Accommodation provider (hotel) group preferred quarterly remittance of levies, those in the Accommodation provider (other) group were more likely to favour remittance on an annual basis. Local authority respondents preferred monthly remittance.

Table 12

Question 14: 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?										
Respondent type	Annually		Quarterly		Monthly		Ongoing basis (e.g. each night)		Not answered	Total
	N	%	N	%	N	%	N	%	N	N
Individuals	51	24%	71	33%	77	36%	16	8%	60	275
Accommodation provider (hotel)			42		5				2	49
Accommodation provider (other)	32		17		8		1		9	67
Business organisation			2		2				3	7
Community council or residents' association	1		1		2				1	5
Heritage or culture organisation	1		2		2		2		5	12
Local authority	2		3		9				8	22
Other			1				1		3	5
Other representative organisation	2								3	5
Other tourism or hospitality business or organisation	3		2		2					7
Port authority					1				2	3
Professional body			5		2				3	10
Public body									6	6
Tourism and hospitality industry representative organisation	3		4						3	10
Tourism development or promotion organisation	2		3		3				3	11
Trades union, political party or campaign organisation					1				4	5
Total organisations	46	27%	82	49%	37	22%	4	2%	55	224
All respondents	97	25%	153	40%	114	30%	20	5%	115	499

In their further comments, some respondents indicated a view that there could or should be flexibility depending on:

- The basis of the charge and whether it will be subject to VAT.
- The nature of the accommodation provider, the size of the business or its seasonality. Suggestions included that quarterly or annual remittance might be appropriate for small providers while for larger businesses monthly remittance might be preferable.

The collection mechanism was also suggested to be relevant in deciding the frequency at which levies should be remitted. A Local authority respondent argued that while monthly collection would be desirable if payments are made by direct debit, quarterly or annual collection might be preferred if they were required to invoice businesses.

The absence of options for weekly and 6-monthly remittance were noted and it was argued that the latter interval would have the advantage of representing a season for many B&B businesses.

A need for consideration of issues relating to reimbursement in the event of cancellation was also raised and it was argued such problems could be avoided if payment is only taken after the stay. Further consultation with business to develop a system that is workable, and limits additional administrative burdens was proposed.

Issues were also raised with respect to General Data Protection Regulation (GDPR) compliance in handling of customer data.

Annual remittance

Among respondents who indicated a preference for annual remittance some made clear they did not wish to see a levy at all. Others commented that it would be the easiest option with fewest returns equating to the lowest administrative burden, especially for small businesses. It would also coincide with annual accounts and tax returns.

It was also argued that some providers will not have received payments from online booking agents in order to make earlier remittances and that annual remittance of a levy would reduce the administrative burden for local authorities.

Quarterly remittance

Respondents who favoured quarterly remittance argued this to be easiest or to represent less of a burden especially for small businesses.

It was also suggested to be reasonable or to represent a sensible balance and to allow councils to get reasonably quick access to funds. Further, quarterly remittance would coincide with VAT returns for many businesses. It was noted that VAT must be paid one month after the end of the quarter in question.

It was also argued that:

- More frequent remittance would be burdensome.
- Annual payments would be too infrequent and could leave an unmanageable liability if monies had been spent elsewhere in the business.

Monthly remittance

Some respondents who selected monthly remittance argued that to do so on a daily basis would not be practical including because providers may not have the capacity to submit online. Monthly remittance was argued to be easier, not to over-burden providers, and to coincide with other monthly accounting processes or with payments of Council Tax, NDR and VAT. Other benefits cited for monthly remittances included:

- Not allowing either the volume of administrative work or the size of the payments required to become unmanageable.
- Minimising the risk of large sums being lost if a business collapsed.
- Representing a reasonable balance and providing regular income for local authorities to put to immediate use. In contrast, more frequent remittance was suggested to place an additional burden on the body collecting payments, including because these will be variable amounts.

Monthly remittance was also suggested to be helpful to local authorities in terms of enforcement, monitoring and forecasting including because it would allow monitoring of actual income against expected revenue on a timelier basis than other options. Production of quantitative data on a monthly basis was also suggested to be important if it is to be of value.

Ongoing basis

Some respondents who favoured remittance on an ongoing basis suggested this should be done automatically as far as possible or referenced collection by online platforms. It was argued to be a better option for larger establishments and to avoid allowing a backlog to develop.

The consultation paper notes that it will be necessary for accommodation providers to collect information from visitors to apply the visitor levy correctly and retain records to demonstrate compliance and that this information may vary depending on the basis of the charge. It will be essential that local authorities and accommodation providers comply with GDPR in handling personal data.

Question 15: What information should an accommodation provider be required to collect and retain to ensure compliance 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?**

Please explain why you think that information is needed for the four different scenarios.

General comments included that any information to be collected should be in line with existing information gathering requirements, such as those used for the production of annual accounts and VAT or other tax returns. There were also references to mirroring the structures or content of existing systems used, including accounting packages, booking systems and property management systems.

There were calls for information requirements to be set at a national level and for there to be standard definitions and practice across Scotland. In developing any approach, it was noted that the GDPR will need to be taken into account.

Other comments about the gathering and holding of information included that requirements should not place unnecessarily onerous burdens on accommodation providers, nor intrude unnecessarily on the privacy of visitors.

Information common to all approaches

Some of the suggestions made were made across the four options set out, including:

Guest-related information

- Information on the reasons or basis for any exemptions, as covered at Question 12 above, being applicable. There were occasional references to collecting or retaining proof(s) that exemptions were applicable.
- Biographical details for guests, including country of residence or age.
- Contact details for guests, including address and email address.
- Identity type information, such as passport information or ID card details.

Stay-related information

- Occupancy rate per night or number of people staying per night.
- Total cost of the stay per person.
- Amount of any levy collected per person per stay.

Accommodation-related information

- Information about the accommodation available, including its type, standard room or rack rates and total number of bedrooms or beds available.

The remaining analysis presented below sets out the suggestions made that were specific to individual options.

Percentage of total accommodation charge

With respect to a charge based on a percentage of the total accommodation cost it was suggested that required information would be:

- Total revenue for the property per night and, if different, the total amount to which a visitor levy would apply.
- Total revenue for the property over another set period, for example per week or part thereof.

Flat rate per night dependent on the quality of accommodation

If a charge were to be based on a flat rate dependent on the quality of accommodation, it was suggested that providers would need to retain evidence of rating or rating information, such as accreditation from VisitScotland.

Local authority administration and enforcement

The consultation paper noted that if accommodation providers are responsible for collecting and remitting a visitor levy, the local authority must be able to receive such payments. This would require knowing which businesses, premises or individuals should be remitting receipts and having powers to enforce the legislation. 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.

Question 16: 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.

Most frequently, respondents commented on the need for a registration scheme, or specifically that any local authority wishing to charge a visitor levy would need to set up a registration scheme or introduce a licensing regime.

An alternative perspective was that there should be a national register developed and held by a national tourism authority or agency or established and controlled by the Scottish Government. Those favouring this approach thought it would reduce the risks of inconsistency and duplication of effort and be less costly and potentially confusing.

In terms of a registration system, a connection was made with the Scottish Government's ongoing work relating to short term lets, including the possible introduction of a registration system. It was suggested that a system for registering short term lets should be brought in line with any implementation plan for a visitor levy.

On a similar theme, the importance of any registration being comprehensive and including all relevant accommodation was highlighted. It was seen as important to ensure all relevant businesses are included. Sometimes connected with the need for any register to be comprehensive was the suggestion that registration should be compulsory or a legal requirement.

Relating to how a register would be populated, one suggestion was that a local authority would need to carry out or commission a comprehensive accommodation audit. Other comments identified existing information or data sources that could be used, although it was noted that data protection restrictions would need to be considered. The possible information sources identified by respondents included:

- NDR records, or Council Tax records valuation lists or processes.
- The Assessment Roll. Avoiding duplication of effort by co-ordinating with data collection work being undertaken by the SAA was proposed.
- Other records held by local authorities, such as planning and licensing records, advanced notification (e.g. for events or festivals), Environmental Health records, or information held to inform tourism development.
- The bed stock analysis provided through local Scarborough Tourism Economic Activity Monitor (STEAM) reports.
- Business registrations (either with the local authority or on other platforms). Specifically, information from Companies House.
- HMRC records, for example, regarding who has reported income from providing accommodation. Specifically, VAT registrations.
- Information gathered through monitoring or searches of online booking sites, such as Airbnb, Booking.com, TripAdvisor, VisitScotland, and of all accommodation offered online.
- Through the use of 'data scraping' tools, such as AirDNA or Transparent.

Other comments focused on the need for any registration process to be simple or easy for providers to complete, and to be free to the organisations and businesses that would need to register. The importance of businesses being made aware that they fall under the scope of any levy was noted, with the suggestion that a substantial awareness raising campaign will be required, especially if the approach relies on self-declaration. In terms of awareness-raising, it was recommended that thought be given not just to general publicity but also as to whether it can be targeted at organisations through processes that accommodation providers are likely to use. For example, information about the levy could be provided with Council Tax and NDR notices, or through third-party platforms.

Question 17: 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.

In terms of the enforcement powers a local authority should have to ensure compliance and prevent avoidance and evasion, respondents most-frequently suggested some form of civil penalty, often referring to a fine or penalty charge. Further comments including the basis on which levels of fines should be set, and appropriate levels of fines are covered at Question 18.

Other comments suggested that non-compliance could or should result in a provider no longer being able to let their accommodation or their premises being closed. This was sometimes framed around deregistration and the withholding or removal of any licence required. There was a call for any review of regulations for Airbnb to include the removal of a licence in the event of non-compliance, with the licences administered by local authorities.

Other comments about how any regulatory approach could work were that:

- Local authorities should have powers to inspect premises or to require access to records. This should include being able to require information about the occupancy and charges, including proof to support any exemptions being applied, and being able to carry out regular audits.
- Local authorities should have power of entry, including so they can enforce any 'cease and desist' sanction. This should include being able to carry out inspections.
- Any deregistration could be for a set period, such as for a year or for three years.

Other types of powers or sanctions proposed included:

- Reporting to HMRC.
- Removal of a licence to serve alcohol.

In addition to suggestions around types of penalties, there were also suggestions around staged approaches. These included that providers should be issued with a formal warning or notice of requirement to comply before the matter was escalated, for example to a fine or deregistration. It was also suggested that a custodial sentence could be an option to follow on from a fine or for repeated infringements.

More generally, it was suggested that any approach taken should be based on existing approaches, with the enforcement regimes cited including those for:

- Council Tax or NDRs.
- VAT or other payments due to HMRC.
- Tax compliance, avoidance or fraud.

- House in multiple occupation (HMO) regulations.
- Trading Standards regulations.

An approach similar to the proposal made in the Barclay Review¹⁰ of NDRs was also proposed.

Other comments about how any enforcement regime should be framed included:

- The imposition of a levy and any change of rate should be widely publicised in advance (both nationally and within the local authority area) to ensure providers are aware of their obligations under the law and accommodation users are aware of the charge.
- In turn, penalties should not be imposed unless there has been robust awareness-raising about the levy, the need to self-declare and the likelihood of penalties for non-compliance and their level.
- There would need to be a light-touch approach to the use of penalties in the first year of implementation of the levy in a particular local authority area.

Finally at this question, there was a view that, to be effective, any approach will need to be supported by sufficient resources from within local authorities and that compliance checks, and enforcement teams to carry them out, will be required.

Question 18: 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?

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

Responses to Question 18 by respondent type are set out in Table 13 below.

A majority of respondents, 58% of those answering the question, thought that non-compliance by an accommodation provider should be subject to a civil penalty (i.e. a fine). Individual respondents were more likely to think civil penalties to be appropriate than were organisational respondents (61% and 53% respectively).

¹⁰ Non-domestic tax rates review: Barclay report – available at: <https://www.gov.scot/publications/report-barclay-review-non-domestic-rates/>.

Table 13

Question 18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e. a fine)?								
Respondent type	Yes		No		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	141	61%	52	22%	39	17%	43	275
Accommodation provider (hotel)	9		3				37	49
Accommodation provider (other)	14		34		10		9	67
Business organisation	4						3	7
Community council or residents' association	2		1		1		1	5
Heritage or culture organisation	7				1		4	12
Local authority	13				3		6	22
Other	1		1				3	5
Other representative organisation	2						3	5
Other tourism or hospitality business or organisation	5						2	7
Port authority					1		2	3
Professional body	7		1				2	10
Public body							6	6
Tourism and hospitality industry representative organisation	4		3				3	10
Tourism development or promotion organisation	2		1		4		4	11
Trades union, political party or campaign organisation	2						3	5
Total organisations	72	53%	44	32%	20	15%	88	224
All respondents	213	58%	96	26%	59	16%	131	499

There were two main principles upon which respondents thought any civil penalty regime should be founded; that the approach should be proportionate, and that the level of fines should be sufficient to act as a deterrent to non-compliance.

With reference to penalties being proportionate, further comments included that:

- Both the current offence and past behaviour could be taken into account.
- Providers should only be subject to a penalty when there are clear breaches of legislation rather than based on technicalities.

In addition to being proportionate, a number of respondents commented that fines must be at a sufficient level to act as a genuine deterrent against non-compliance. For example, a Professional body respondent suggested that any penalty should be designed to encourage compliance and not be applied with the intention of raising revenues.

Other respondents also commented that any civil penalty approach should not be used as a revenue-raising tool. Other general points made included that the approach should be:

- Cost-efficient.
- Standardised and applied consistently.

Scaled according to the evaded levy

Another suggested approach was that fines should be calculated based on a percentage or multiplier of the evaded levy. Specific suggestions made included multipliers of two to 100 times the evaded amount. It was also suggested that the rate of charge could be increased over time if any fine remains unpaid.

Other proposals were that:

- The fine should be based on the maximum that could have been due. For example, one year of the maximum levy that could have applied, so that a 10-room hotel would be charged for 10 occupied rooms per night for the year at the rate charged.
- The penalty should be equal to or greater than the revenue likely to be raised from a similar size and type of accommodation over the period of unpaid tax.
- The penalty should be for the amount not collected or paid with an additional amount to cover administration costs. A 20% additional charge was one suggestion.

Size or income of the business or provider

In terms of the basis on which size might be determined, it was suggested that levels of fines could depend on:

- Rateable values.
- Turnover, revenue, income, or profit.
- Income related to the specific property to which a levy had not been collected or remitted.

Examples given of how size might be applied to varying levels of fine included:

- £1,000 for larger organisations, £500 for medium sized organisations and £300 for smaller organisations.
- £100,000 for larger organisations, £10,000 for medium sized organisations and £1,000 for smaller organisations.
- For larger organisations, £5,000 per month of non-compliance, down to £2,000 per month for smaller organisations.

Flat rate based on instances non collection or payment.

This proposed approach was based on a flat rate charge per number of guests or number of nights for which a levy was not charged or passed on. Specific suggestions included:

- £10 or £100 for each undeclared guest or guest for whom the levy was not collected.
- £10, £20, £500 or £1,000 per person per night of uncollected levy.

Levels of fines

A number of respondents gave an amount at which they thought any fine should be set, sometimes expressing the amount as a minimum, maximum or maximum annual charge. Suggestions ranged from £50 to £100,000.

Respondents sometimes proposed that the amount of fines should increase for any repeated or subsequent instances of non-compliance, for example, £100 for a first offence rising to £500 for repeat offenders or offences, or £1,000 for a first offence rising to £5,000 for repeat offenders or offences.

6. Local decision making

This chapter sets out responses to the questions covering the processes local authorities should be required to go through before introducing a visitor levy, whether the Scottish Government should be able to prevent a local authority from applying a visitor levy, engagement with local stakeholders, whether revenues should be allocated in line with local tourism strategies, reporting arrangements and whether any revenue should have to be spent only in the area in which it was raised.

Local authorities wishing to implement a visitor levy

The consultation paper explained that once the necessary legislation has been put in place, each local authority will be able to decide whether to implement the visitor levy in all or part of its local authority area. The National Discussion suggested that, before they can decide to impose the levy, local authorities should be required to demonstrate that they have given it adequate consideration and made adequate preparations.

Question 19: 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?

If you have any other suggestion for requirements, then please add these below together with your reasons.

Responses to Question 19 by respondent type are set out in Table 14 below.

Respondents were given the option to agree or disagree with each of 12 possible requirements set out in the consultation paper.

Support was at a consistently high level across all the options – ranging from 96% to 82% of those answering the question agreeing with the requirements. The requirement attracting the lowest level of support was a timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities.

Table 14

Question 19: 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?												
Respondent type	a) Produce an initial statement of intention to consider introducing a visitor levy				b) A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities				c) Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy			
	Agree		Disagree		Agree		Disagree		Agree		Disagree	
	N	%	N	%	N	%	N	%	N	%	N	%
Individuals	210	89%	26	11%	185	79%	49	21%	195	82%	43	18%
Accommodation provider (hotel)	46		1		46		1		46		1	
Accommodation provider (other)	58		3		40		20		61		1	
Business organisation	4				4				4			
Community council or residents' association	4				3		1		3		1	
Heritage or culture organisation	10				8		2		9		2	
Local authority	19				16		2		19			
Other	4				4				4			
Other representative organisation	3				2		1		3			
Other tourism or hospitality business or organisation	7				7				6		1	
Port authority	2				2				2			
Professional body	8				8				8			
Public body	1				1				1			
Tourism and hospitality industry representative organisation	8				7		1		8			
Tourism development or promotion organisation	10				10				10			
Trades union, political party or campaign organisation	3				3				3			
Total organisations	187	98%	4	2%	161	85%	28	15%	187	97%	6	3%
All respondents	397	93%	30	7%	346	82%	77	18%	382	89%	49	11%

Table 14(continued)

Question 19: 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?												
Respondent type	d) Have conducted required impact assessments				e) Have assessed the administrative burden on businesses and taken steps to minimise this				f) 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			
	Agree		Disagree		Agree		Disagree		Agree		Disagree	
	N	%	N	%	N	%	N	%	N	%	N	%
Individuals	204	87%	30	13%	208	87%	30	13%	207	89%	26	11%
Accommodation provider (hotel)	46		1		46		1		45		1	
Accommodation provider (other)	59		2		61		1		60		1	
Business organisation	4				4				3			
Community council or residents' association	3		1		3		1		4			
Heritage or culture organisation	9		2		9		1		9		1	
Local authority	19				18				16		1	
Other	4				4				4			
Other representative organisation	3				3				3			
Other tourism or hospitality business or organisation	6		1		7				7			
Port authority	2				2				2			
Professional body	8				8				7		1	
Public body	1				1				1			
Tourism and hospitality industry representative organisation	8				8				7		1	
Tourism development or promotion organisation	10				10				10			
Trades union, political party or campaign organisation	3				2				3			
Total organisations	185	96%	7	4%	186	98%	4	2%	181	97%	6	3%
All respondents	389	91%	37	9%	394	92%	34	8%	388	92%	32	8%

Table 14 (continued)

Question 19: 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?												
Respondent type	g) Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority				h) Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors				i) The approach to collaborative decision making on revenue spending is set out in the public domain			
	Agree		Disagree		Agree		Disagree		Agree		Disagree	
	N	%	N	%	N	%	N	%	N	%	N	%
Individuals	215	91%	20	9%	221	94%	15	6%	211	90%	24	10%
Accommodation provider (hotel)	46		1		45		1		46		1	
Accommodation provider (other)	61		1		61		1		60		1	
Business organisation	4				4				4			
Community council or residents' association	4				4				4			
Heritage or culture organisation	9		1		10				9		1	
Local authority	19				19				16			
Other	4				4				4			
Other representative organisation	3				3				3			
Other tourism or hospitality business or organisation	6				7				7			
Port authority	2				2				2			
Professional body	8				8				7		1	
Public body	1				1				1			
Tourism and hospitality industry representative organisation	8				8				8			
Tourism development or promotion organisation	10				10				10			
Trades union, political party or campaign organisation	3				3				3			
Total organisations	188	98%	3	2%	189	99%	2	1%	184	98%	4	2%
All respondents	403	95%	23	5%	410	96%	17	4%	395	93%	28	7%

Table 14 (continued)

Question 19: 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?												
Respondent type 4	j) Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis				k) 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				l) Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction			
	Agree		Disagree		Agree		Disagree		Agree		Disagree	
	N	%	N	%	N	%	N	%	N	%	N	%
Individuals	214	91%	21	9%	209	90%	23	10%	210	91%	21	9%
Accommodation provider (hotel)	46		1		46		1		46		1	
Accommodation provider (other)	60				59				57		1	
Business organisation	4				4				4			
Community council or residents' association	4				4				4			
Heritage or culture organisation	10				10				9		1	
Local authority	17				16				17			
Other	4				3				4			
Other representative organisation	3				3				3			
Other tourism or hospitality business or organisation	7				7				7			
Port authority	2				2				2			
Professional body	8				7				8			
Public body	1				1				1			
Tourism and hospitality industry representative organisation	8				8				8			
Tourism development or promotion organisation	10				10				10			
Trades union, political party or campaign organisation	3				3				3			
Total organisations	187	99%	1	1%	183	99%	1	1%	183	98%	3	2%
All respondents	401	95%	22	5%	392	94%	24	6%	393	94%	24	6%

General comments at Question 19 included that all the requirements listed are required, important or essential and that the list is comprehensive. It was also suggested that the approach set out is very much in line with how local authorities do business.

An alternative perspective was that the list of requirements should be decided by local authorities thus enabling greater empowerment and flexibility at the local level.

Comments on the individual requirements set out in the list covered in turn below.

a) Produce an initial statement of intention to consider introducing a visitor levy

There were no specific comments on this requirement.

b) A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities

Comments on the timeframe tended to come from Accommodation provider (other) respondents and included that a 12-month minimum period would be insufficient, including because of the budget cycle for the tourist industry. Alternative timeframes proposed included a minimum of 18 months or 18-24 months.

However, others thought that the timeframe is too long and, that if a local authority takes the decision to introduce a levy, it should be able to do so in a timeframe appropriate to its area.

It was also suggested that the lead in time should:

- Be appropriate to the size and scale of the tourism sector in the area.
- Allow for engagement once all parameters and elements are known, as opposed to consulting only on hypothetical situations.

c) Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy

General comments included that local consultation will be important to securing buy-in from local stakeholders and that the approach should be robust, up to date and transparent. It was also suggested that any consultations undertaken prior to the approval by the Scottish Parliament of legislation to allow local authorities the power to introduce a visitor levy should not qualify for this requirement.

Other comments focused on who should be covered by any consultation requirements. One perspective was that the consultation should focus predominantly on accommodation providers and other businesses that benefit from tourism and generate wealth locally. It was also suggested that, while focused on local communities, any consultation should also engage with regional and national service providers and tourism operators.

An alternative view was that members of the tourist industry should not be given the powers to stop the local authority applying the levy if it deems one will be beneficial

for their area. It was also suggested that residents and workers should have a greater say in local consultation than businesses or visitors.

In line with some of the comments set out below under demonstrating why the chosen rate of the visitor levy is optimal for the area, respondents suggested issues on which local authorities should be required to consult¹¹, including how monies raised would be spent.

One practical issue raised was that it will be important to ensure that all businesses that might be affected can attend a consultation without having to travel away and incur the fees of an overnight stay.

d) Have conducted required impact assessments

General comments on impact assessments included that they should be carried out to specified standard, by an independent body or organisation, or should be audited to ensure that they represent a true picture.

Other comments included that local authorities should be required to consider environmental impact and mitigation.

e) Have assessed the administrative burden on businesses and taken steps to minimise this

It was suggested that minimising overhead costs is a shared concern for every business contributing to the success of the tourism sector, and that a local authority should demonstrate it has taken steps to ensure that the administration of a visitor levy is as efficient and cost-effective as possible.

f) 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

A specific comment was that while it is reasonable to ask a local authority to explain why a particular rate has been chosen, it will be challenging to demonstrate why that rate is optimal.

Other comments focused on the type of supporting information local authorities should be required to provide. Suggestions included:

- The reason a levy is required.
- The cost-benefit percentage that will be acceptable, and the sum raised for community benefit in percentage terms below which it is not worth proceeding.
- The amount of income expected to be raised and the net contribution to the area in question.
- Estimated costs of collection.

¹¹ Please note that the requirements that might be placed on local authorities to engage with local stakeholders to determine how revenues are spent is covered in greater detail at Question 22.

- An indication of how monies will be spent. Further comments included being required to provide information on the tourism related projects the visitor levy will fund, including costs and timescales.

g) Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority

In terms of mechanisms to allow levies to be remitted to the local authority, comments included that they should be simple and efficient and be:

- In place before a visitor levy is introduced.
- Agreed in consultation with representatives of local accommodation providers.
- Consistent with digital VAT submissions. A specific suggestion was there should be engagement with those who produce and sell accounting packages.

h) Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors

There were no specific comments on this requirement.

i) The approach to collaborative decision making on revenue spending is set out in the public domain¹²

Comments included there must be meaningful public consultation on the collaborative decision-making approach, including criteria for investment, in advance of any mechanism being established, and not simply a requirement to set out the approach in the public domain.

Other comments were that:

- Local authorities should be required to conduct an option appraisal of the best governance structure for establishing a stakeholder panel.
- There should be meaningful representation from the local accommodation sector as well as tourist industry interests.

However, it was also noted that the approach to collaborative decision making will be dependent on the local authority's decision on whether revenues generated are ring-fenced.

j) Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis

A Tourism and hospitality industry representative organisation respondent suggested that local authorities should report on how taxes are raised and spent and a Heritage or culture organisation respondent suggested that the mechanisms for doing should be in place before a levy is introduced. There was a call for the approach to be both transparent and comprehensive, and a suggestion that existing

¹² The range of issues covered here are discussed further over Questions 22 to 24 below.

reporting arrangements, including those for local authorities' budgets, could be utilised where appropriate.

Suggestions for specific aspects of revenues raised that should be covered under a monitoring and reporting framework included:

- The full annual cost to the local authority of collecting the levy.
- The amount gathered by of each type of accommodation.

Suggestions for specific aspects of expenditure that should be covered included:

- The cost of considering whether to introduce the scheme.
- The cost of introducing the scheme.
- The cost of monitoring the scheme.
- The cost of providing the benefits for the local area.
- Location of spend in relation to islands.

k) 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

One suggestion was that local authorities should have to set out how their use of visitor levy revenues promotes the training of workers and good employment practices such as payment of the Scottish Living Wage.

l) Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction

Comments included that there need to be safeguards which allow the collection system to be stopped in its tracks if it is not working and that there should be a consultation after 12 months on whether the approach should continue.

Question 19 continued.

If you have any other suggestion for requirements, then please add these below together with your reasons.

There were suggestions that a local authority considering the introduction of a visitor levy should also be required to consider the following.

Costs, introduction and delivery of a visitor levy scheme

With respect to cost, introduction and delivery it was proposed local authorities should:

- Assess the burden on themselves and how this is to be recovered (if it is to be recovered from the levy, for example).
- Assess the cost to accommodation providers of administering the levy.
- Define which accommodation providers will be covered by any approach and ensure that information is in the public domain.
- Set out how they are going to identify, record and maintain a register of accommodation to which the levy applies in their local authority.
- Demonstrate that they have a mechanism in place to collect revenues from camper vans that are not stopping on sites.
- Make a commitment to work with local business to provide adequate time and, if necessary, financial support to make any systems changes required.
- Set out their approach to compliance.

Impact

With respect to impact it was thought local authorities should:

- Carry out an Island Impact Assessment where appropriate. Also, demonstrate how they have addressed the requirements of the Scottish Islands Plan when making their decisions.
- Ensure that the application of a levy does not adversely affect providers of existing facilities by diverting transient visitors to non-levied accommodation, such as wild camping.
- Develop, consult on and implement a local tourism strategy. This issue is discussed further at Question 24 below.
- Provide information on how revenues will be used to fund tourism-related projects, including providing costs and timescales.

Ongoing consultation and review

It was also argued that an ongoing process of consultation and review will be necessary and, specifically, that local authorities should be required to:

- Carry out ongoing engagement and collaboration with accommodation providers.

- Carry out an annual review to agree priorities for spending any visitor levy revenues.
- Carry out regular reviews – for example every two years – of whether a levy should remain in place.
- Assess whether their scheme would have significant adverse impacts on Scotland as a tourism destination and on other areas and consult with affected areas.

Other comments considered appeal or complaints processes and included that there should be an appeal mechanism if a provider does not feel they qualify as a ‘commercial provider’. Another suggestion was that there should be an ombudsman or other answerable body to deal with concerns that a local authority has not been through all the required processes or has not completed the requirements to an acceptable standard.

Question 20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?

Responses to Question 20 by respondent type are set out in Table 15 below.

A majority of respondents, 57% of those answering the question, agreed that the Scottish Government should be able to prevent a local authority from applying a visitor levy. There was significant divergence between Individual respondents, of whom only 45% agreed, and organisations where 71% of respondents agreed.

Opinions also differed markedly between organisational respondent groups: while all Tourism and hospitality industry representative organisation respondents and Other tourism or hospitality business or organisation respondents agreed, as did a substantial majority of Accommodation providers, almost all Local authority respondents disagreed, along with all Community council and Trades union, political party or campaign organisation respondents.

Table 15

Question 20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?								
Respondent type	Yes		No		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	109	45%	98	40%	35	14%	33	275
Accommodation provider (hotel)	47		1		1			49
Accommodation provider (other)	54		4		5		4	67
Business organisation	4		1				2	7
Community council or residents' association			4				1	5
Heritage or culture organisation	2		5		3		2	12
Local authority	1		16		1		4	22
Other	3		1				1	5
Other representative organisation	3		1				1	5
Other tourism or hospitality business or organisation	6						1	7
Port authority							3	3
Professional body	3		3				4	10
Public body					1		5	6
Tourism and hospitality industry representative organisation	8						2	10
Tourism development or promotion organisation	5		4		1		1	11
Trades union, political party or campaign organisation			3				2	5
Total organisations	136	71%	43	23%	12	6%	33	224
All respondents	245	57%	141	33%	47	11%	66	499

Question 21: Under what circumstances should Scottish Government be able to do this?

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

A frequent comment was that the Scottish Government should be able to prevent a local authority from applying a visitor levy if it has not, or cannot demonstrate that it has, gone through the necessary steps and met the requirements set out at Question 19. In particular there were calls for robust evidence to be in place relating to:

- Whether a visitor levy would have a negative impact on the local tourist economy. It was suggested that the Scottish Government should be able to prevent the introduction of a levy where there is evidence that the decision is detrimental to local business interests and the wider Scottish tourism sector.
- Adequate consultation having taken place, for example with local communities, local businesses and those who are less advantaged.
- Whether a levy would be of benefit to the local community, tourist industry and businesses and whether a levy would further the aims of the local tourism strategy. This issue is covered further at Question 25.

Other circumstances under which respondents thought the Scottish Government should be able to intervene were:

- If a local authority does not demonstrate adequately that taxes are being collected from all visitors, and not just the 'easy targets'.
- Where the local authority does not demonstrate that the funds gathered are to be used for tourism-related projects, or where they are instead being used to address other spending priorities.
- Where local authorities have a poor fiscal management record.
- If there is evidence the levy is improperly administered or targeted unfairly or an authority is failing to comply with the terms of the legislation.
- Where the costs of administering a levy outweigh the income received.

A number of Accommodation provider (other) respondents argued that, in the absence of a national framework to set the rate of levy (see Question 7), the Scottish Government should intervene to prevent an authority charging more than a nationally agreed upper limit (see Question 9). Another Accommodation provider (other) respondent suggested imposing a rate more than 5% above the average for other authorities.

There was a concern that leaving decisions about the rate of levy solely to local authorities could result in some areas being disadvantaged if excessive levels are set, and it was argued that the Scottish Government should have powers to approve the rate and proposed increases.

Respondents also considered whether the Scottish Government should be able to intervene when a visitor levy is already in place, particularly if it is not working as envisaged. The types of circumstances cited included the initial case made having proved to be inaccurate or where there is evidence that the levy is having a negative impact on the local economy, including through reduced visitor numbers or tourist revenue. It was also argued that a levy might be discontinued if an authority has achieved the aims of the local tourism strategy.

Beyond the focus on the local authority level, some respondents commented on the Scottish Government having an overview of both how the national tourist economy is being affected and how the actions of individual local authorities may be affecting their neighbours. It was suggested that the Scottish Government should oversee the first three years of a levy to ensure consistency across the country.

How revenues should be spent

The consultation paper noted that the intention is that receipts from a visitor levy within a local authority area should be spent on tourism-related activities, including responding to tourism pressures, in that local authority area. It is acknowledged that this is open to interpretation and could cover a broad range of activities. The consultation sought views on whether, where a local tourism strategy exists, a local authority should allocate revenues towards delivering the priorities articulated in this strategy.

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.

Question 22: 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.

In general terms, respondents often agreed that engaging with stakeholders, including the general public, should be a priority for local authorities. The connection was often made to this engagement being a mechanism for stakeholders to decide either whether a levy was warranted or appropriate, or to agree on the spending priorities for revenues raised through a visitor levy.

There were references to involving 'all stakeholders', to the approach being transparent, and to undertaking consultation that is full, thorough and meaningful. Another feature of an engagement process identified was that it should continue throughout the lifetime of a levy being in place or that a legal requirement should be placed on local authorities to ensure stakeholder engagement as part of the process. However, it was also suggested that the requirement should not be overly prescriptive and should recognise varying local circumstances as to what might be appropriate.

In terms of who should be involved, or considered to be key stakeholders, groups identified included:

- Local communities or residents. However, the danger of ‘consultation fatigue’, including among smaller rural or island communities with limited numbers of people to take part, was also highlighted.
- Local tourist businesses, especially those who would be involved in collecting a levy. There were specific references to accommodation providers.
- Local housing associations or local voluntary sector organisations.
- Local representatives and councillors. Comments included that elected members are already mandated to make decisions on such local matters, and the connection was sometimes made to the tourism planning process and the wider local authority budgeting process.
- The existing network of Community Councils and local Development Trusts (where they exist). However, there was also a concern that Community Councils may not always be representative of the whole community, including those with tourism-related interests.
- Local tourism groups or representative organisations, including by using existing local structures and involving DMOs and VisitScotland.

An alternative perspective was that decisions related to a visitor levy are of such importance a dedicated visitor levy board should be required. Suggestions on composition varied but most commonly referred to local authorities or elected members and tourism sector agencies or representatives, as well as providers of accommodation and tourist related services.

A specific suggestion from a number of Accommodation provider (hotel) respondents was that a levy expenditure board should be established, populated by local businesses and business organisations. This should be comprised of at least 50% accommodation providers. A business plan should be developed and consulted on with stakeholder views taken into account.

Question 23: How might this engagement be best achieved?

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

The themes raised at Question 23 very much reflected those covered at the previous question or which are raised at Question 25 below (regarding reporting arrangements that might be required of local authorities to account for the expenditure of receipts from a visitor levy).

Additional issues raised at this question included the best ways of ensuring that members of the public, and businesses and organisations can influence and be kept informed about spending priorities for any levies raised. Suggestions included doing so via:

- Public meetings or events.

- Online surveys. However, it was also suggested that options should be available for those with no access to the internet.
- Holding focus or working groups.

In terms of the best routes for making contact, suggestions included:

- Through the media or social media.
- Advertising consultations through online platforms, including the local authority's web site.
- By direct contact with accommodation providers or targeted surveys of accommodation providers.
- By displaying information in local libraries and community centres.
- Dissemination by local councillors as part of their public duties.
- Setting up an email address for general feedback.

More general suggestions included that clear guidance on the questions and forms of engagement should be set out by the Scottish Government. COSLA reported their intention to offer a framework of best practice that Local Government and industry partners can reference when consulting with businesses around the design, implementation, administration, and enforcement of the levy.

It was also suggested that legislation should ensure that local authorities are required to conduct an option appraisal around the best governance structure for establishing a stakeholder panel, including the option of creating a Transient Visitor Levy Trust with an independent board making investment decisions and ensuring civic agreement on use of the revenues raised.

Question 24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

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

Responses to Question 24 by respondent type are set out in Table 16 below.

A majority of respondents, 73% of those answering the question, thought revenues from a visitor levy should be allocated to priorities articulated through local tourism strategies, where they exist. Organisations were more likely than individuals to take this view (86% and 63% respectively).

Table 16

Question 24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?								
Respondent type	Yes		No		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	145	63%	52	22%	35	15%	43	275
Accommodation provider (hotel)	46		1				2	49
Accommodation provider (other)	51		4		5		7	67
Business organisation	4						3	7
Community council or residents' association	2		2				1	5
Heritage or culture organisation	9		1		1		1	12
Local authority	14		4		1		3	22
Other	4						1	5
Other representative organisation	2				1		2	5
Other tourism or hospitality business or organisation	7							7
Port authority	2						1	3
Professional body	2		1		1		6	10
Public body	2		1				3	6
Tourism and hospitality industry representative organisation	8						2	10
Tourism development or promotion organisation	9		1				1	11
Trades union, political party or campaign organisation	1		2				2	5
Total organisations	163	86%	17	9%	9	5%	35	224
All respondents	308	73%	69	16%	44	10%	78	499

Articulated through local tourism strategies

Further comments by those who thought revenues should be allocated to priorities articulated through local tourism strategies often focused on the priorities themselves and included that they should be focused on, or restricted to, tourism-related activities. It was also suggested that it will be important to ensure that local strategies genuinely reflect local business needs, or that having a local tourism strategy in place should be compulsory or should be a condition of being able to charge a visitor levy.

Respondents pointed to the possible impacts that could flow from a strategy-driven approach, including the acceleration of delivery of existing priorities. It was noted that tourism strategies will have been developed along with key local stakeholders including local community groups and representatives of the local tourist industry. It was also suggested, however, that it will be important to ensure that other stakeholders who may not have fed into the establishment of the local tourism strategy have a chance to feed into the process. Further suggestions were that where Business Improvement Districts (BIDs) exist, there should be joined up thinking and the strategy development process would provide an opportunity for close collaboration with neighbouring authorities around impacts and investment needs.

There were specific references to using revenues on facilities, such as the provision of public toilets or tourist information offices and to the delivery of services which could impact on the visitor experience, such as rubbish collection. There were also specific references to tourism development activities being the only appropriate focus of spend or to monies being ring-fenced for tourism-related infrastructure in the relevant local authority.

Other variations suggested included:

- A proportion of revenues being allocated to tourism strategy priorities, but other revenues spent on provision and maintenance of public services.
- Some revenue being diverted to national projects.
- Some revenue being used to carry out the objectives of other strategies, such as in relation to placemaking, heritage, or arts and culture. A specific suggestion was that a proportion of revenues should be ring-fenced for use in supporting the arts and culture sector.
- Potentially using some of the revenue collected to mitigate the environmental impact of overseas visitors.

It was also suggested that, where authorities have lower visitor numbers, there should be flexibility on how the income is spent in response to local needs.

In terms of local tourism strategies themselves, comments included that:

- There may be circumstances when the strategy should be at a more local level – for example based on destinations or having a strategy for an island.
- They provide an opportunity to test priorities through the various impact assessments, such as Equality Impact Assessment and Strategic Environmental Assessment.

Not articulated through local tourism strategies

Those who did not think revenues from a visitor levy should be allocated to priorities articulated through local tourism strategies (along with some of those who did not answer the closed question or answered that they did not know), often focused on alternative priorities for spending. The themes raised, and alternatives suggested, were often similar to those identified by respondents who did think revenues should be allocated to priorities articulated through a strategy but also that other sectors, such as culture, or services should benefit. It was suggested, for example, that the use of revenues should not be limited to delivering the outcomes of tourism strategies but should be invested in services, including museums and galleries, which are a tourism driver and central to a quality visitor experience.

Other comments included that revenues should be spent to the benefit of both locals and visitors. There were references to using revenues for local infrastructure, such as on maintaining the road network, improving public transport and developing active travel. It was also suggested that the focus should be on mitigating the effects of tourism on the fabric of an area.

Other respondents thought that monies should be directed where most needed, or thought the focus of spend should be on services for the local population, or those most disadvantaged. Specific suggestions included prioritising spend on social care, education, libraries, tackling homelessness or on social and affordable housing. These types of priorities were sometimes connected to comments about shortfalls in funding for essential services.

It was also suggested that, as it will be a local decision whether to implement the visitor levy, use of the revenue should also be a local decision and allocation to priorities identified through local tourism strategies should also be optional. It was sometimes simply noted that priorities should be a matter for local authorities to determine. A specific suggestion was that councils should be able to offset their reasonable administration costs against the levies raised so that a net sum is available for use on other activities.

Other comments also addressed who should be making the decisions on how revenues should be spent and included that the role of the local tourism strategy should depend on whether the stakeholders involved in developing it are also those who would be affected by a visitor levy. Some concerns about local tourism strategies were also voiced, including that they almost always reflect the interests of larger operators and are variable in their quality and content. Alternative suggestions as to who should be making decisions about spending priorities included:

- Elected councillors, including through their role in setting the overall council budget strategy.
- Community Councils.
- Local residents.

Question 25: 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.

Comments at this question tended to either focus on the principles which should underpin the reporting arrangements or make specific suggestions as to the approach which should be used. On the former point, respondents often highlighted the importance of transparency. Other features seen as desirable included openness, accountability, simplicity or accessibility and clear and comprehensiveness.

The importance of information being made available to the public, including local communities was also highlighted. A specific comment was that it would be sensible to think about communications with the general public, to ensure that the local community can see the benefits for them of a visitor levy.

Making information available on the local authority's website and coverage in the local media were both suggested, as was including information about levy-related income and expenditure on Council Tax statements.

Other comments focused on specific groups who should be sent information, with suggestions including: all stakeholders; relevant businesses; accommodation providers; businesses collecting the levy; and relevant industry groups.

In terms of the overall approach, by some margin the most frequently raised suggestion was that there should be a requirement on the local authority to produce an annual report. Alternative timescales suggested were that either quarterly or bi-annual reports should be required.

On the focus and coverage of the required report, the three main suggestions were that it should include:

- All revenues, receipts or income generated through a visitor levy, including by type of accommodation or sector, by location and specifically by ward, or time of year at which generated.
- All expenditure, or more specifically the accounted allocation of funds, including location or area in which spent and again, for example, by ward.
- The costs of administering a levy, including the cost of collection.

Other comments addressed impact, and particularly impact of visitor levy-related spend. Specific suggestions included that the local authority should report on tangible benefits including to tourism sector, local businesses, and the local

community. Other proposals were that they should report on economic impact based on the income and reallocation of previous spending or on the social impact, for example if spending on changes to pedestrian infrastructure has meant the local area is a better place to live.

A different perspective – expressed amongst others by a number of Local authority respondents – was that any approach could or should be in line with existing local authority budgetary control processes and annual financial accounts. However, it was also suggested that the approach to reporting will depend on any decision to ring-fence funds for specific purposes.

In addition to the comments about information being publically available, there were also comments about reporting formal requirements and either who should approve or to whom any reports should be sent. Suggestions were:

- Elected members, including the relevant appropriate local authority committee(s).
- Community Council(s).
- Scottish Government.
- A national tourism agency.

Question 26: 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?

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

Responses to Question 26 by respondent type are set out in Table 17 below.

Table 17

Question 26: 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?								
Respondent type	Yes		No		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	133	57%	72	31%	27	12%	43	275
Accommodation provider (hotel)	4		3		40		2	49
Accommodation provider (other)	47		8		5		7	67
Business organisation	4		1				2	7
Community council or residents' association	3		2					5
Heritage or culture organisation	5		4		1		2	12
Local authority	5		11		1		5	22
Other	2		2				1	5
Other representative organisation	3						2	5
Other tourism or hospitality business or organisation	5		1		1			7
Port authority	1						2	3
Professional body	2		4				4	10
Public body	2				1		3	6
Tourism and hospitality industry representative organisation	7				1		2	10
Tourism development or promotion organisation	1		4		4		2	11
Trades union, political party or campaign organisation	1		1		1		2	5
Total organisations	92	49%	41	22%	55	29%	36	224
All respondents	225	54%	113	27%	82	20%	79	499

A small majority of respondents, 54% of those answering the question, thought that if a local authority was to impose a visitor levy on a specific area within the authority, any revenue raised should have to be spent only in that area. Individuals were more likely to think so than organisations (57% and 49% respectively). Of the remaining respondents, 27% did not think so and a relatively high 20% did not know

Local authority, Professional body and Tourism development or promotion organisations were the only groups where a majority disagreed. However, a large proportion of the Accommodation provider (hotel) group answered that they did not know.

Revenue raised should have to be spent only in that area

Those who thought revenue raised should only be spent in that area sometimes saw this to be the fair or equitable approach or suggested that those 'at source' should be the ones to benefit from any revenues collected. It was noted that this would be in line with the existing BID model.

With specific reference to businesses it was thought that those that have been responsible for the collection of the revenue should be the ones to benefit, including because tourism businesses in one area should not be taxed to support their competition in another area. It was also thought that such an approach could help with creating buy-in from the businesses that will be involved in collecting the levy.

However, it was also observed that local residents are the ones who are living with the impact of tourism. It was also noted that the justification for a levy would be that the volume of tourism activity is placing a strain on specific areas or communities and that it makes sense, therefore, for revenues to be used to mitigate that strain. It was suggested that revenues raised could pay for the additional services required due to increased footfall and traffic and the approach would mean that 'stress points' for residents and the tourism-related infrastructure could be tackled.

A specific suggestion was that revenues should be ring-fenced for the area concerned and that the legislation should include a presumption in favour of devolution below local authority level. There was an associated suggestion that deciding on the investment of the proceeds of the levy should be for local communities through a participatory budgeting process.

A small number of possible exceptions to the approach were proposed, including:

- If tourism businesses are dependent on, and benefit from, a visitor attraction or amenity which lies outside the 'taxable zone' then it may make sense to allocate funding to that area or amenity. A similar perspective was that revenue should also be spent in areas where tourism activity is consumed, and which experience the resulting impact. The example given was that a national park may be in a different area to where accommodation is located.
- There may be reasons for potentially pooling revenue with neighbouring authorities depending on the type of impacts that are being experienced and the investment required to tackle these.

Revenue raised should not have to be spent only in that area

Those who did not think revenue raised should only be spent in the area in which it was raised sometimes simply commented that money should be spent where most needed, or where it can have greatest impact, that this should be a local or local authority decision, or that it is elected Councillors who should decide on spending priorities for a local authority. Other comments were that:

- The effects of high levels of tourism on one area may ‘ripple out’ into surrounding areas, and it is reasonable that the use of revenues should be the same.
- It might be that revenues from a visitor levy exceed funds necessary for use within that location, so it would not be wise to hypothecate purely to that one area.
- There may be a case for using revenues to support the dispersal of visitors from a particular hotspot, such as a city centre, to other parts of a local authority area.
- There may be compelling reasons for using revenues outside of the specific area, to develop and maintain certain infrastructure that also benefits the specific area.

7. Further considerations

This final chapter sets out responses to the questions covering the name of any visitor levy, requirements to ensure accommodation prices transparently display a visitor levy, transition arrangements and assessment of impact.

Messaging and transparency for prospective visitors

Countries that have introduced a visitor levy have done so under a variety of names including 'transient visitor levy', 'tourist tax' or 'visitor levy'. The consultation sought 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.

Question 27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?

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

Responses to Question 27 by respondent type are set out in Table 18 below.

The largest group of respondents, 47% of those answering the question, did not think the name 'visitor levy' is appropriate for the new powers proposed in the consultation document, while 37% thought that it is appropriate and 15% did not know. Accommodation provider (other) respondents were likely to disagree as were Tourism and hospitality industry representative organisation respondents. Other groups were fairly evenly balanced, apart from Local authority respondents who were likely to agree with the proposed name.

Table 18

Question 27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?								
Respondent type	Yes		No		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	98	44%	93	42%	32	14%	52	275
Accommodation provider (hotel)	3		8		3		35	49
Accommodation provider (other)	11		39		8		9	67
Business organisation	2		1		1		3	7
Community council or residents' association	1		1		1		2	5
Heritage or culture organisation	3		1		3		5	12
Local authority	9		5		5		3	22
Other	2		2				1	5
Other representative organisation	1		2				2	5
Other tourism or hospitality business or organisation	2		4				1	7
Port authority			1				2	3
Professional body	3		4				3	10
Public body			1				5	6
Tourism and hospitality industry representative organisation	1		7		1		1	10
Tourism development or promotion organisation	3		5		2		1	11
Trades union, political party or campaign organisation			1		1		3	5
Total organisations	41	28%	82	55%	25	17%	76	224
All respondents	139	37%	175	47%	57	15%	128	499

Question 28: If not, what do you consider to be a better alternative and why?

Further comments at Question 27 tended to be brief and often covered both Questions 27 and 28. A single analysis across these two questions is presented below.

Respondents who thought 'visitor levy' is appropriate commented that the name is clear, easy to understand and is a good and fair description of the charge. There was also a view that 'levy' sounds better and is a less emotive description for the charge than 'tax'. A specific point was that because visitors already pay VAT on their booking the application of an additional charge labelled as a tax would be likely to cause confusion among visitors.

Those who did not agree with the use of 'visitor levy' generally took the view that the charge is a tax and should be described as such, with any other approach being misleading. There was also a view that the Scottish Government is trying to avoid using 'tax' because it is a term that has negative connotations. Other comments included that 'tax':

- Is a more easily understood term than levy, especially for international visitors.
- Emphasises aspects of contribution to local infrastructure or combatting environmental impact. Similar points were made by some respondents who favoured the use of 'levy' but suggested alternatives to 'visitor'.

A range of alternative names were suggested, with the two most frequently suggested being tourist or tourism tax or visitor tax.

Other suggestions for tax-related names included: Scottish Tourism Tax; Local Tourism Tax; Bedroom or Accommodation Tax; Hotel Occupancy Tax; Local Area Support Tax; Visitor Infrastructure Tax; Environmental Tax; Tourism Environmental Tax; or Disembarkment Tax.

Alternatives for levy-related names were also proposed including: Tourism Levy; Tourism Business Levy; Visitor Accommodation Levy; Day Visitor Levy; Visitor Impact Levy; Contribution Levy; Visitor Giving Levy; Tourism Investment or Improvement Levy Fund; Visitor Benefit Levy; Local Infrastructure Levy; Local Improvement Levy; Local Conservation Levy; Local Stewardship Levy; Responsible Tourism Levy; or Sustainability or Green Tourism Levy.

Other suggestions were: Tourist Duty; Visitor or Local Tourism Fund; Visitor Payback; Visitor Contribution; Visitor Contribution to Local Services; Visitor Gifting; Local Area Facilities Charge; or Social Infrastructure Amenity Improvement Fund.

The consultation paper notes that an important consideration for implementation of a visitor levy is the need for transparency in accommodation pricing, including clear information to ensure prospective visitors are aware of the visitor levy and how and when they will pay this. Under existing law accommodation providers already must

clearly display the price of their accommodation and any VAT which applies to their prices.

Question 29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?

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

Some respondents simply expressed a view that there should be no requirements. Others thought that requirements under existing consumer law are clear, stringent and require transparency and it was noted that providers can be penalised for misleading actions or omissions in relation to pricing. Updating of legislation to ensure the position regarding a levy is clear was suggested to be important as was clarity on whether the charge would be applied regardless of cancellation and on whether the levy should be added pre- or post-VAT.

Some respondents suggested that the requirement should be to record the levy as for VAT, while others emphasised the importance that it should be shown as separate from the room rate, making clear that it is not part of the accommodation price but a tax on the accommodation, and outwith the control of the provider. Inclusion of the levy in a total rental price was suggested to distort competitive pricing.

It was also argued that any requirement to display a visitor levy should be at the discretion of individual providers. This was suggested to be in line with current industry practice relating to accommodation prices and, while it was suggested that most businesses would be likely to highlight the tax, it was argued there should be a choice not to do as visitors might be deterred. There was a proposal that businesses required to charge a visitor levy should have the option to show the levy separately from other charges on customer bills.

An alternative view was that the approach must be consistent, with respondents suggesting both a standard or statutory format and that either all providers should display the levy, or none should do so. It was argued both that displaying the levy is normal practice in other European destinations and that it is not.

The importance of transparency was highlighted, and some respondents argued that the levy should be shown clearly at the time accommodation is booked.

Specific locations where it was suggested information concerning the levy should be displayed were:

- On websites including those of booking platforms. With respect to the latter it was argued there should be clarity with respect to whether the charge would be collected online or paid at the accommodation. However, it was also argued that providers should not be required to include the levy in advertised accommodation prices since commission is charged as a percentage of these rates, representing a cost to providers.

- At tourism offices or on tourist information websites and apps. A responsibility for the Scottish Government and local authorities to ensure visitors are aware of the levy was also suggested.
- On price lists or in terms and conditions.
- In advertising and marketing materials including printed leaflets. Potential costs to providers were highlighted if rates are changed after leaflets have been printed.
- On invoices or receipts. It was noted that inclusion on till receipts would be difficult as different areas may have different charges.
- At the premises, for example on a notice in the reception area.

In addition to providing transparency for visitors, making the levy more visible was suggested helpful to local authorities in publicising benefits from its collection. Providing links to further information on the purpose and priorities of a local levy was suggested. It was also argued that the Scottish Government should provide explanations of the visitor levy in multiple languages as it will be important the levy is clear for visitors whose first language is not English.

Timescales for introduction, transition and variation

The consultation paper explained that parliamentary timescales mean the power to impose a visitor levy is not likely to be available to local authorities until the summer season of 2021 at the earliest. Since accommodation may be reserved and paid for before or whilst a local authority is deciding whether to impose a visitor levy, an approach will needed that ensures accommodation providers do not have to meet a significant unforeseen tax liability, that local authority revenues are not compromised and that negative messaging for prospective visitors is avoided.

Question 30: 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.

Some respondents argued that a levy should not be applied retrospectively to stays that have been booked and paid for in advance of a levying being introduced. However, the most frequent position was that a levy should not be applied to prices agreed or bookings made before the date on which a levy is introduced. These respondents either made no reference to advance payment, or specifically argued that the point at which a booking is made is the point of contract.

An alternative view was that a levy should be paid at the rate in force on the date of the stay, irrespective of whether accommodation has been booked or paid for in advance. It was noted that payment of a levy could be required on arrival or at departure from the accommodation.

Other respondents indicated that they thought that there should be no transitional arrangements but provided no further information explanation.

Charged according to date of payment

It was argued that application of a levy to the cost of accommodation that has been booked and paid for in advance would be in breach of consumer protection requirements.

However, it was also suggested that the tax could be levied on the balance payable if only a deposit had been taken prior to introduction of a levy.

Charged according to date of booking

It was suggested that any levy should be applied at the date of booking or the point of contract, or that it would not be possible for accommodation providers to impose fees that were not stated clearly to the consumer at the time of booking. Applying a levy to bookings already in place was also suggested to be too complicated or time consuming, or that such an action would be likely to encourage cancellations while, conversely, honouring the rate in place at the point of booking might encourage advance bookings. A risk that accommodation providers might be unable to recover the levy from customers and would be obliged to cover the cost themselves was highlighted.

The length of the period for which advance booking may be taken was also raised with an observation that tour operators may contract accommodation three years in advance, and that contracts for events such as weddings may be agreed more than a year in advance. However, it was also suggested that while bookings for named individuals should not be taxed retrospectively, block bookings should be included in a levy.

It was acknowledged that a policy of honouring the date of booking would create an additional burden for providers and would require keeping records to prove when a booking had been made in order to avoid levy charges.

Charged according to date of stay

Some respondents acknowledged that customers would need to be notified of a new visitor levy introduced after they had booked or paid for their accommodation, but it was also argued that visitors would understand that a government has a right to introduce a tax and a parallel was drawn to implementation of changes in VAT rates. Suggestions included that providers could add a statement about the introduction of a visitor levy and the possibility that a levy might be in place by the time of a stay.

Length and timing of notice periods

General points on a lead in time included that this should be set in a national framework and that a long period would reduce the need for transitional arrangements, increase transparency and avoid disputes around additional charges that come into effect after contractual arrangements are made. It was also observed that Question 19 suggests a timeframe for introduction of at least one

financial year following conclusion of consultation and engagement activities and argued that, in this event no additional transitional arrangements should be required.

Varying notice periods were proposed, primarily for implementation of a new visitor levy but also for changes to the existing rate. Reasons given included primarily that the time proposed would allow advance bookings to be honoured before a levy is introduced, but also that it would give enough time:

- For providers to set up appropriate systems, or to update promotional materials and ensure potential guests are given accurate information.
- For councils to set up a regulatory framework or to provide training and support to providers.
- For a public information campaign to raise visitor awareness of the levy. Production of an official Scottish Government notice that providers could send to their visitors was also suggested.

Specific suggestions included periods of:

- 6 months.
- One year or at least a year. Less than one year was argued likely to give risk to costs that cannot be passed on to visitors and so to be a tax on operators.
- 18 months.
- 18-24 months. This was noted to be in line with best practice recommended by the European Tourism Association.
- Two years or at least two years.
- Longer than two years.

Respondents also commented on the potential timing of changes to a levy, including that announcement of changes should ideally be made towards the end of a tourism season or that changes should not be implemented during peak season. The 1st of April was suggested as a suitable date at which to implement a new rate, since this would be in line with the tax year. It was also suggested that a local authority should meet costs if rates are changed after marketing material for the forthcoming season has been produced.

Other points raised

Specific legislation cited as relevant to the question of transition arrangements were:

- The Consumer Rights Act 2015.
- The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013.

Two Professional body respondents suggested that the model used for implementation and changes to Land and Buildings Transaction Tax could be

applicable to introduction of a visitor levy. This would involve a two-part test for the levy to apply:

- (i) The date of the stay would have to be on or after the date of introduction of the visitor levy; and
- (ii) The accommodation must have been booked and paid for on or after a transitional date.

A period of one year between the transitional date and the date of introduction of the levy was suggested to be appropriate.

It was also noted that bookings may have been fully paid in advance, a deposit may have been paid, or a reservation with no deposit may have been made, and that consideration will be required as to the approach to be taken in each case.

Question 31: Should these transition arrangements be set out in a national framework or be decided by local authorities?

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

Responses to Question 31 by respondent type are set out in Table 19 below.

A substantial majority of respondents, 79% of those answering the question, thought that any transition arrangements should be set out in a national framework. Organisations were more likely to be of this view than individuals (87% and 72% respectively). Local authority respondents were evenly divided on this issue.

Table 19

Question 31: Should these transition arrangements be set out in a national framework or be decided by local authorities?								
Respondent type	Set out in a national framework		Decided by local authorities		Don't know		Not answered	Total
	N	%	N	%	N	%	N	N
Individuals	145	72%	32	16%	24	12%	74	275
Accommodation provider (hotel)	47						2	49
Accommodation provider (other)	53				4		10	67
Business organisation	4						3	7
Community council or residents' association	2		2				1	5
Heritage or culture organisation	5		2				5	12
Local authority	8		8		2		4	22
Other	1						4	5
Other representative organisation	2		1				2	5
Other tourism or hospitality business or organisation	5				2			7
Port authority	1						2	3
Professional body	7						3	10
Public body							6	6
Tourism and hospitality industry representative organisation	9						1	10
Tourism development or promotion organisation	8						3	11
Trades union, political party or campaign organisation			1		1		3	5
Total organisations	152	87%	14	8%	9	5%	49	224
All respondents	297	79%	46	12%	33	9%	123	499

Further comments tended to be brief and reflect similar themes to those raised at other questions considering whether there should be a national framework or whether decisions should rest with local authorities (for example, Questions 6, 7 and 9).

Additional points made at Question 31 by those favouring the approach being set out in national framework included:

- Transition arrangements should be enshrined in the enabling legislation.
- Good communication of expectations is needed to ensure businesses can comply easily and get it right. This would be better handled nationally. A national framework would be more likely to attract national attention and receive publicity.
- The marketing of destinations is now centralised to VisitScotland and it will be important that they be involved in decisions.
- There will need to be a lot of work to support the accounting systems for small businesses and a national scheme is the only way this could work.

Additional points made by those favouring transitional arrangements being decided by local authorities included:

- It would be most appropriate for local authority partners to collaborate and develop methods of best practice aligned to local circumstances.
- For an island perspective, this would allow the visitor levy scheme to be tailored to market circumstances and local requirements in accordance with the principles of the Islands (Scotland) Act 2018.

Impact Assessments

The consultation paper explains that a number of impact assessments must be considered in order to understand the ways new legislation might impact on a wide range of stakeholder groups across Scotland.

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.

Notable impacts on these groups which were 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 local authorities.
- Reputation of Scotland as a welcoming place.

Question 32: 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.

Comments at Question 32 tended to be brief, and often echoed the main groups and types of impact on these groups set out above. The analysis below presents additional issues raised¹³. These included the suggestion that the partial BRIA is comprehensive for the groups listed but that, as acknowledged, there is a requirement to better develop the costs and benefits of implementation for local authorities. It was also suggested that the environmental impact of a visitor levy should be taken into account.

Other comments often focused on the administrative implications of a visitor levy for accommodation providers or any other businesses required to collect a levy. It was also suggested that increased prices could mean a reduction in bookings.

In terms of specific types of businesses and how they might be affected, suggestions included:

- A levy applying to motorhomes may mean fewer sites provide a touring service, which in turn could increase the number of wild campers.
- Charities providing accommodation – for example campsites operated by charities with all profit going to the charitable body.
- Businesses other than accommodation providers, such as pubs, for which an additional tax will have a knock-on impact and which will be likely to see a reduction in spend from visitors.
- Banks, and other facilities used by visitors.

¹³ Suggestions given for other groups who are not listed were often given at Question 32 but are covered at the analysis for Question 33.

- Businesses located in southern Scotland, and which are more likely to be affected by visitors choosing to stay and spend in Northumberland or Cumbria.

There were suggestions that the introduction of a visitor levy would have a particularly negative impact on:

- Campers, as they have already invested heavily in their camping units and equipment and will effectively be paying more for accommodation that they already own.
- Rural communities, for which local businesses, such as a hotel, can effectively act as a community hub that could be lost if a downturn in accommodation-driven revenue puts the business at risk.

Finally, there were specific comments about two of the options as set out in the partial BRIA. With reference to Option 0 (business as usual), it was suggested that the pressures on provision of funding in some local authorities was not fully articulated. It was reported that current public finance constraints mean some tourism facilities may not get the investment they require, and it was suggested that the impacts of failure to invest need to be measured alongside any impacts that might be seen were a levy to be introduced.

With reference to Option 1 (local authorities have a power to implement a visitor levy with the parameters set out in a national framework) it was thought that the impact on the potential economic cost from reduced profitability and competitiveness resulting from a change in visitor behaviour requires context. Specifically, it was suggested that the assessment of the impact on businesses significantly oversimplifies the whole impact and neglects other important factors such as a destination's overall appeal.

Question 33: 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.

Comments tended to be brief but included that positive impacts should be noted, including those for local residents and local authorities.

Types of people

Other comments often referred to some of the groups that were listed as possibly being exempt from paying any visitor levy and as covered at Question 10-12 above. Suggestions included that the impact assessments should consider:

- All business travellers, both domestic and international, and including travel by those who may be considering investing in Scotland.

- Those travelling on behalf of public agencies and public authorities and emergency services, specifically the NHS.
- Trades people working in remote rural areas who often need to book accommodation to carry out work. It was suggested that if the levy is applied to businesses needing accommodation as part of works it will have a knock-on effect to the final cost of works to locals using these services.
- Seasonal workers who are given accommodation as part of their job.
- Families that have members away from home and need to visit, such as those in custody, those in special schools or medical facilities away from home.
- Gypsy travellers.
- Private peer to peer hosts.

Types of businesses or organisations

Other comments identified types of business or services that respondents thought should be covered by impact assessments. These included:

- Online accommodation platforms, such as Airbnb, Expedia, and Booking.com.
- City Convention Bureaus or agents working in tourism.
- Transport providers, including bus tour operators, both to and within an affected area.
- Port Authorities or marinas.
- Ferry service providers, including CalMac. Specifically, transport providers, shipping agents or cruise lines if potentially involved in collecting a levy.
- Airports.
- Events or organisations, including some conservation and heritage groups, local tourism associations or DMOs, or trade bodies that rely on visitor income or sponsorship by businesses.

It was also suggested that workers across the industry, including those in retail and hospitality will be affected. It was suggested that this is the group that will be required to deliver a service worthy of the additional costs and unless they too feel valued, this may be a challenging task to fulfil.

Islands and their communities

At both Questions 32 and 33 there were suggestions that the impact of a visitor levy on island communities needs to be given particular consideration including that, under the Islands (Scotland) Act 2018, an Islands Impact Assessment should be carried out.

Annex 1 - Organisations responding to the consultation

Accommodation provider (hotel) (N=49)
Accor Hotels T/A Novotel/Ibis Glasgow
Argyll Hotel (Iona) Ltd.
Ashbank Hotel
Bruntsfield Hotel
Cairn Hotel
Cannock Troon Hotel LLP
Chardon Hotels Ltd.
Courtyard by Marriott Edinburgh West
Courtyard by Marriott Edinburgh City Centre
Crowne Plaza / Holiday Inn Express Aberdeen Airport
Crowne Plaza Royal Terrace
DoubleTree by Hilton Edinburgh Airport
Dundee Hotel Ltd.
Edinburgh Marriott Hotel
Glendola Leisure (Holdings) Ltd. (Carlton George Hotel, Le Monde and Angel's Share)
Hilton
Holiday Inn Edinburgh
Holiday Inn Edinburgh City West
Holiday Inn Express Edinburgh Royal Mile
Holiday Inn Glasgow Airport
Hotel Eilean Iarmain
Hotel Indigo Edinburgh - Princes Street
Ibis Edinburgh Centre South Bridge
Ibis Hotel Royal Mile - Hunter Square
Ibis Styles Edinburgh St Andrew Square
InterContinental Hotels Group
Jura Hotel Company Ltd.
Keavil House Hotel
Kimpton Charlotte Square Hotel

Loch Kinord Hotel
Loch Melfort Hotel & Restaurants
McMillan Hotels Ltd.
Mercure Caledonian Hotel
Mercure Edinburgh Princes Street Hotel
Milton Hotels Ltd.
Norton House Hotel & Spa
Park Inn by Radisson Aberdeen
Parliament House Hotel
Place Hotels
Radisson Hotel Group
RW Greenside Place Ltd. T/A The Glasshouse Hotel
Sheraton Grand Hotel and Spa Edinburgh
Splendid Hospitality Group LLP
Strathclyde Hotel LLP
The Bonham Hotel Edinburgh
Waldorf Astoria Edinburgh The Caledonian
West Highland Hotel
YOTEL
YOTEL Edinburgh
Accommodation provider (other) (N=67)
Airbnb
Amazing Apartments Ltd.
Aparthotel Adagio Edinburgh Royal Mile
Argyll Caravan Park
Argyll Holidays
Argyll House Self-Catering Holiday Apartments
Auchrannie Resort
Balmuirfield House B&B
Barnsoul Caravan Park
Belhaven Bay Caravan & Camping Park

Belvedere Guest House and Self-Catering
Bourne Leisure
Cairnsmill Caravan Park
Caravan and Motorhome Club
Cardoness Holiday Park
Castle Point Caravan Site
Cawdor House
Cooper Cottages
Coruisk House Ltd.
Craigtoun Meadows Ltd.
D V Cottages Ltd.
Dormont Estate
Dougarie Estate
Ellister Lodge
Faskally Caravan Park
First Apartments
Five Turrets Ltd.
Gael Holiday Homes
Gillespie Leisure
Glen Nevis Holidays
Glendaruel Caravan Park
Glendrynoch Cottages
Inchnadamph Lodge Hostel / B&B
Islay65 Luxury Self-Catering
Kadore Yacht Charter
Kildermorie Partnership
Kinloch Campsite
Kippford Holiday Park
Lagafater Holidays
Lilliardsedge Holiday Park & Golf Course
Linwater Caravan Park

Lip na Cloiche
Lochy Caravan Park Ltd.
Lovat House B&B
Mill House B&B
Mortonhall Caravan & Camping Park
Mossyard Caravan Park
Mouswald Lodge Park
Orkney Marinas Ltd.
Portavadie Estates Ltd.
Prestwick Holiday Park
RBH Hospitality Management Ltd.
Riverside Caravan Park (Hawick) Ltd.
Runach Arainn
Sandgreen Caravan Park
Scottish Youth Hostels Association (known as Hostelling Scotland)
Scouts Scotland
Straigona B&B
Straven Guesthouse
Stromnessholiday.com
Tantallon Caravan & Camping Park
Tarbat Free Church Continuing Caravan Site
The Camping and Caravanning Club
The Dupplin Trust 2000
The Gorsten Bed and Breakfast
Westlands Country Park
Wilder Ways
Business organisation (N=7)
Aberdeen and Grampian Chamber of Commerce
Caithness Chamber of Commerce
Edinburgh Chamber of Commerce
Federation of Small Businesses

Inverness Chamber of Commerce
Scottish Chambers of Commerce
The Scottish Council for Development and Industry
Community council or residents' association (N=5)
Aultbea Community Council
Grassmarket Residents' Association
Mull and Iona Community Trust
Tiree Community Council
West Kintyre Community Council Argyll
Heritage or culture organisation (N=12)
Culture Counts
Edinburgh Festival Fringe Society
Edinburgh World Heritage
Festivals Edinburgh
Historic Houses Scotland
John Muir Trust
Keep Scotland Beautiful
Keith and Dufftown Railway Association
Loch Rannoch Conservation Association
National Trust for Scotland
Shetland Amenity Trust
The Cockburn Association
Local authority (N=22)
Aberdeen City Council
Aberdeenshire Council
Angus Council
Argyll and Bute Council
City of Edinburgh Council
Comhairle nan Eilean Siar
COSLA
Dundee City Council

East Ayrshire Council
East Lothian Council
Falkirk Council
Glasgow City Council
Highland Council
Inverclyde Council
North Ayrshire Council
North Lanarkshire Council
Orkney Islands Council
Shetland Islands Council
South Lanarkshire Council
Stirling Council
West Dunbartonshire Council
West Lothian Council
Other (N=5)
Jansvans Ltd.
London North Eastern Railway (LNER)
Maze Marketing
Stonehaven & N E Scotland Twinning Group
Struan Property Ltd.
Other representative organisation (N=5)
British Marine & British Marine Scotland
National Farmers' Union Scotland (NFUS)
Scottish Islands Federation
Scottish Land & Estates
Transform Scotland
Other tourism or hospitality business or organisation (N=7)
Camera Obscura & World of Illusions
Hart Holidays Ltd.
Kincardine Castle
McKinlay Kidd

Richans Retreat
Stonegate Pub Company
Walkhighlands
Port authority (N=3)
Forth Ports Ltd.
Lerwick Port Authority
Port of Cromarty Firth
Professional body (N=10)
Association of Accounting Technicians (AAT)
BEFS (Built Environment Forum Scotland)
Chartered Institute of Taxation
Institute of Chartered Accountants of Scotland
Institute of Chartered Accountants in England and Wales
Institute of Revenues, Rating and Valuation
Law Society of Scotland
Scottish Licensed Trade Association
Scottish Property Federation
The Chartered Institute of Logistics and Transport (UK) (Scottish Region)
Public body (N=6)
Creative Scotland
Highlands and Islands Enterprise
Historic Environment Scotland
Loch Lomond & The Trossachs National Park Authority
Museums Galleries Scotland
The Cairngorms National Park Authority
Tourism and hospitality industry representative organisation (N=10)
Association of Scotland's Self-Caterers
British Holiday & Home Parks Association
Cruise Scotland
ETOA (European Tourism Association)
Scottish Beer & Pub Association

Scottish Country Sports Tourism Group
Scottish Tourism Alliance
The National Caravan Council
UK Hospitality
UKinbound
Tourism development or promotion organisation (N=11)
Argyll and the Isles Tourism Cooperative
Culture Aberdeen
Destination Orkney
Explore Kintyre & Gigha
Lanarkshire Area Tourism Partnership
Moray Speyside Tourism
Outer Hebrides Tourism CIC
Shetland Tourism Association
Visit West Lothian
VisitArran Ltd.
Wild Scotland
Trades union, political party or campaign organisation (N=5)
Edinburgh Trade Union Council
Equity
Glasgow Labour Group
Living Rent & 38 Degrees
Unite the union Scotland

How to access background or source data

The data collected for this social research publication:

- are available in more detail through Scottish Neighbourhood Statistics.
- are available via an alternative route (published responses are available online at Citizen Space).
- may be made available on request, subject to consideration of legal and ethical factors. Please contact socialresearch@gov.scot for further information.
- cannot be made available by Scottish Government for further analysis as Scottish Government is not the data controller.



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