



**SCOTTISH TOURISM
ALLIANCE**

**VISITOR LEVY (SCOTLAND)
BILL CONSULTATION
RESPONSE GUIDE FOR
INDUSTRY**

AUGUST 2023



INTRODUCTION FROM THE SCOTTISH TOURISM ALLIANCE

The Visitor (Levy) Scotland Bill was introduced to the Scottish Parliament on 24th May 2023. The Bill gives Scottish local authorities the power to introduce an additional charge on overnight stays in most types of visitor accommodation. Accommodation providers will be responsible for collecting the levy from visitors and paying it to their local authority on a regular basis.

The Bill is currently at Stage 1 in the legislative programme and the Scottish Parliament's Local Government, Housing and Planning Committee has been appointed as the lead committee scrutinising the Bill.

As part of the Committee's consideration of the Bill, it has launched a Call for Views from the tourism and hospitality sector. **The deadline is Friday 15th September 2023**, after the Scottish Tourism Alliance (STA) negotiated a deadline extension for the sector.

There are two ways to submit evidence to the Committee:

- A detailed response that has 13 main questions, although respondents are not expected to necessarily answer all of these. The STA encourages the sector to respond this way if they have the time to do so.
- Brief and general comments about the Bill on the Committee's engagement website, which includes the option to upload video and audio messages. The STA would encourage the sector to contribute to the platform if they do not have time to submit a detailed response.

This visual guide produced by the STA provides an easy-to-read summary of the Visitor Levy (Scotland) Bill under themed headings. It also provides the tourism and hospitality sector with a helpful guide to responding to the Call for Views, with key text highlighted in purple and prompt questions in some sections to help inform your response.

Although the STA will be submitting a response on behalf of the sector, it is still of **utmost importance** that as many tourism and hospitality businesses as possible contribute to this consultation process, to ensure that any visitor levy introduced in your area works best for you.

KEY:



Visitor Levy Questions



The STA Response



THE POWER TO CHARGE A VISITOR LEVY

The Bill gives Scottish local authorities the power to introduce a new fee called the ‘Visitor Levy’ (VL) in all or part of their area, should they choose to do so. The levy would apply to all types of visitors, including for business and leisure purposes. This includes people staying overnight within their own local authority area, and visitors from other parts of Scotland, the UK and overseas.

The levy would be charged to visitors when paying for certain types of overnight accommodation. The legislation defines “chargeable transaction” as “a purchase for value of the right to reside in or at overnight accommodation situated within the area to which a VL scheme relates for a period of one or more nights.”

“Overnight accommodation” is defined as “a room or area provided to a visitor for residential purposes in or at a type of accommodation.” The Bill definition covers most types of visitor accommodation – except for cruise ships, and mobile campervans and wild campers who do not pay for a pitch at a caravan or campsite.

In its Business Regulatory Impact Assessment (BRIA), the Scottish Government has made it clear that the aim of the Bill is to strengthen local democracy by giving local authorities a new tax power, which will be used to raise revenues in their areas to invest in the local visitor economy. As a result, it has ruled out adopting a similar model to the Business Improvement District (BID) approach being considered in Manchester and Liverpool.

The Bill grants the power for two or more local authorities to act jointly to make a VL scheme.



Q1. WHAT ARE YOUR VIEWS ON WHETHER LOCAL AUTHORITIES SHOULD HAVE A POWER TO PLACE A LEVY (A TYPE OF ADDITIONAL CHARGE OR FEE) ON TOP OF THE PRICE CHARGED FOR OVERNIGHT ACCOMMODATION IN THEIR AREA?



- Proposals to introduce a VL in Scotland have been contentious for the tourism sector for several years and for many reasons. However, the STA has accepted that this is a policy which will be implemented and are pleased that the Scottish Government has adopted several of the key recommendations which have been put forward by the tourism and hospitality industry.
- It is the STA’s view that the VL **must be deployed in the most effective way to deliver the best possible outcome for tourism and local communities, with no unintended consequences for the sector.** The levy must be **used as a force for good** that helps us to achieve the ambitions set out in the national tourism strategy, Scotland Outlook 2030, to be “the world leader in 21st century tourism.”
- **Partnership working, transparency, stakeholder engagement and accountability will be key in how the VL is deployed.** The outcome of the New Deal for Business and the journey of the Bill through parliament and beyond is an **opportunity to get this right first time for visitors, businesses, communities, and local authorities, while protecting Scotland’s global image as a must-visit destination.**
- Alongside outlining the pros and cons of a VL scheme, you may want to include in your response your view on more powers being transferred to local government.



Q2. GIVEN THAT THE BILL IS LIKELY TO RESULT IN DIFFERENT COUNCILS INTRODUCING A VISITOR LEVY IN DIFFERENT WAYS OR NOT DOING SO AT ALL, WHAT IMPACT DO YOU THINK THE BILL WILL HAVE IN YOUR AREA AND ACROSS DIFFERENT PARTS OF SCOTLAND? FOR EXAMPLE, THIS COULD INCLUDE ANY IMPACT (POSITIVE OR NEGATIVE) ON LOCAL AUTHORITY FINANCES, LOCAL ACCOUNTABILITY AND FLEXIBILITY, BUSINESSES, OR ON NUMBERS OF OVERNIGHT VISITORS.



- Respondents should consider the positive and negative impacts on their business and the local visitor economy if a VL scheme was introduced in their area. Edinburgh, Argyll & Bute, Highlands, and Dundee are actively considering introducing a VL, and it is expected other local authorities will explore it as an option given current constraints on public funding.
- Do you think the introduction of VL schemes across parts of Scotland will discourage visitors, or are visitors used to paying similar visitor taxes in other destinations abroad?
- Do you think the net revenue raised from the VL scheme will help Scotland achieve the ambition set out in the national tourism strategy to be “the world leader in 21st century tourism” or is there still a risk that it will be used to supplement existing council services?



Q3. DO YOU AGREE WITH THE BILL’S DEFINITIONS OF A “CHARGEABLE TRANSACTION” AND OF “OVERNIGHT ACCOMMODATION”? IF NOT, WHAT DEFINITIONS DO YOU THINK WOULD BE BETTER?



- The STA supports the definition of a “chargeable transaction” in the Bill.
- However, the current definition of “overnight accommodation”, and the decision to exempt people wild camping and using moveable campervans from being charged a VL, **risks there being an uneven playing field between traditional and newer models of visitor accommodation.**
- Failure to address this anomaly in the Bill or through further regulation **risks exacerbating the problems caused by wild camping and motorvans already facing many rural and island communities.**
- Respondents may want to flag some of the key issues faced in their local communities from wild camping and motorvans.
- To ensure a fair balance between accommodation providers, the STA believes rented **provision of motorvans should be included in the Bill**, instead charged at the point of hire or at ferry points.
- STA believes that the inclusion of **'boat moorings or berthings'** **should be removed from the list of overnight accommodation**, as it places a disproportionate burden on leisure boat mooring and berth providers that are not defined as accommodation providers.
- If a VL fee is charged for booking overnight stays on a private vessel, then it should be collected by the charter company or the owner of the vessel at the point of hire, either as part of the total charter fee or published overnight tariff.
- The STA understands that as part of the New Deal for Local Government a cruise ship disembarkment charge for passengers is being considered as part of a new fiscal framework being developed. The Scottish Government has said the inclusion of cruise ships in the VL Bill would have delayed the legislation considerably.



THE RATE OF THE VISITOR LEVY

The Bill lets local authorities set the rate for the VL as a percentage of the cost of accommodation. The Bill does not require there to be an upper limit on what percentage local authorities can set. A comparator is: one local authority may choose to set the rate at 1% resulting in a £1 per night levy charge for staying in a hotel that costs £100 a night, but in another local authority they may set the rate at 4% which would mean a charge of £4 per night for an equivalent stay.

It would be the responsibility of accommodation providers to calculate the percentage from the accommodation part of the transaction, deduct an amount corresponding to any commission payable by the accommodation provider to a travel booking service, and multiply the resulting amount by the percentage set by their local authority.

The Bill also gives local authorities the ability to set different rates across different parts of their local area, including choosing to introduce rates just for one area. Councils also have the power to vary rates for different times (e.g. charge more during special events; lower or no charge during off-peak tourism periods). However, local authorities do not have the power to charge different rates based on the type of accommodation.




Q4. WHAT ARE YOUR VIEWS ON THE BILL'S PROPOSAL TO ALLOW COUNCILS TO SET THE LEVY AS A PERCENTAGE OF THE CHARGEABLE TRANSACTION? ARE THERE ANY OTHER ARRANGEMENTS THAT YOU THINK MIGHT BE BETTER? IF SO, PLEASE GIVE EXAMPLES AND A SHORT DESCRIPTION OF THE REASONS WHY.



- Using a percentage charging model for the levy will mean an increased time burden on accommodation providers needing to work out the rate to charge for the levy on customers' bills, including deducting an amount corresponding to any commission payable by the accommodation provider to a travel booking service.
- This would place a particular burden on microbusinesses that do not use the services of a bookkeeper or accountant, and do not have the necessary IT systems in place.
- The percentage model also makes it harder to communicate to visitors the costs they will face upfront before booking a trip rather than charging a fixed fee.
- Using a percentage model will also make it harder for local authorities to estimate how much money the VL will generate.
- It is the STA's preference that the VL should be a fixed flat-rate charge to avoid confusion among visitors and accommodation providers (e.g. hotels and hostels operating across multiple local authority areas), with the power to charge a higher or lower fee during set periods (e.g. events, off-peak visitor periods).
- Another option is a tiered system where there's a different fixed fee based on the cost per night with a maximum cap in place (i.e. £1 VL charge for a £100 room; £2 for a £200 room; £3 for a £300 room, etc.)

- An agreed, fixed fee per night would be less burdensome on business and would be less likely to lead to inaccuracies and the risk of enforcement and penalty fees.
- The Committee is looking for examples for any other potential arrangements to collect the VL and why these would work better.
- However, the STA recognises that there are some advantages to using a percentage levy model, as it means visitors will pay lower corresponding charges during quieter periods when accommodation costs are lower. It would also mean that, for example, someone staying in a B&B would not be charged the same amount as a person booked into a five-star hotel. However, a nationally agreed maximum cap should also be in place.



Q5. WHAT ARE YOUR VIEWS ON THE ABSENCE OF AN UPPER LIMIT TO THE PERCENTAGE RATE (WHICH WOULD BE FOR COUNCILS TO DECIDE) AND THAT IT COULD BE DIFFERENT FOR DIFFERENT PURPOSES OR DIFFERENT AREAS WITHIN THE LOCAL AUTHORITY AREA, BUT NOT FOR DIFFERENT TYPES OF ACCOMMODATION?



- The STA believes there needs to be a nationally agreed upper limit to the percentage rate that can be charged by local authorities. There is the possibility some local authority areas will charge a much larger levy fee, potentially negatively impacting on accommodation bookings and putting off tourists from staying in Scotland.
- The Bill needs to also state that the VL percentage cannot be raised by more than a certain agreed percentage at the time of review.
- It is essential that the VL rate is set at a realistic level to ensure that Scotland remains a competitive visitor destination, particularly given that people are already facing serious cost pressures. The Bill should state that, when setting the percentage rate, local authorities must avoid causing an adverse impact on the local visitor economy.
- The STA welcomes that the Bill has adopted our recommendation that there is flexibility to apply the VL differently in respect of seasonality, meaning it could just be applied at peak visitor periods or tactically to attract visitors during off-peak periods. For rural and island areas, it is important that the levy can be applied differently, during the quietest and busiest visitor periods.
- It is also positive that the Bill supports the levy to be applied in different parts of a local authority area, potentially encouraging more overnight visits to less frequented parts of the region where a levy isn't charged. If the levy is not applied in some parts of the local authority area, it is vitally important that the revenue raised from the levy is used to support tourism in these areas, including destination promotion and development of more visitor facilities.
- There is the potential to charge a higher levy rate during key event periods (e.g. Edinburgh Festival) when visitor accommodation is guaranteed to be at full capacity.
- The STA supports that the VL rate charged does not vary between different types of visitor accommodation, as this would place some at an advantage and disadvantage. A mixture of different types of visitor accommodation is essential for Scotland's tourism ecosystem.

Visitors from Scotland, the UK and international visitors will be charged the levy unless a specific exemption is applied. This also includes people staying in overnight accommodation within their own local authority area. The Bill sets out that there will be specific cases or circumstances where the levy should not be charged or is reimbursed, based on a set of exemptions (e.g. overnight stays for hospital treatment or respite) and involving the issuing of “exemption vouchers”.

The wording of the Bill means that in most cases it will exclude individuals who are homeless or at risk of homelessness, refugees and asylum seekers, and Gypsy/Traveller communities from being liable to pay the levy.

No exemptions to the levy are formally set out in the Bill, as the Scottish Government plans to work with the STA, COSLA and other relevant stakeholders as part of an ‘Expert Advisory Group’, chaired by VisitScotland, to develop guidance for local authorities, including on exemptions. If necessary, the Bill gives Ministers the power to create national exemptions to a VL, while local authorities will also have the ability to create their own exemptions.



Q6. THE BILL WOULD ALLOW COUNCILS TO APPLY LOCAL EXEMPTIONS AND REBATES TO SOME TYPES OF GUESTS IF THEY CHOOSE TO. IT ALSO ALLOWS THE SCOTTISH GOVERNMENT TO SET EXEMPTIONS AND REBATES ON A NATIONAL BASIS WHERE IT CONSIDERS IT APPROPRIATE. WHAT ARE YOUR VIEWS ON THE BILL’S PROPOSALS IN RELATION TO EXEMPTIONS AND REBATES?



- If you are an accommodation provider, do you operate any other similar schemes to the “exemption voucher” set out in the Bill? How do you think this voucher scheme would work in practice (e.g. online exemption code to enter at time of booking)?
- Do you think it would be helpful to have a nationally agreed set of exemptions from paying the VL, rather than this being decided at a local level? Why?
- Do you think people staying in overnight accommodation in their own local authority area should be exempt from the VL?
- The STA believes that **the process must be as simple as possible for visitors and accommodation providers to avoid an unnecessary administrative burden on both in requesting an exemption from the VL charge, including rebates.**
- Absolute clarity is needed about who will be responsible for administering an exemption scheme, including responsibility for issuing exemption vouchers and the ability to challenge, as there is a risk of fraudulent behaviour from visitors. The responsibility for enforcement should not sit with accommodation providers.

The Bill says that before establishing or changing a VL scheme, the local authority has to carry out a consultation. They would need to share a plan of the proposed scheme and explain what it aims to do, and talk to and get opinions from people who represent communities, tourist organisations, businesses involved in tourism, and others who might be affected by the scheme.

After the consultation, the local authority has to summarise the opinions they have received and decide if they want to go ahead with the scheme. The date a VL scheme comes into force must be at least 18 months after the date of the local authority's decision to introduce the scheme, and it must publicise both the decision and when the VL scheme begins.



Q7. DO YOU AGREE WITH THE BILL'S REQUIREMENTS AROUND THE INTRODUCTION AND ADMINISTRATION OF A VISITOR LEVY SCHEME, INCLUDING THOSE RELATING TO CONSULTATION, CONTENT, AND PUBLICITY (SECTIONS 11 TO 15)? ARE THERE ANY OTHER REQUIREMENTS YOU THINK SHOULD BE MET BEFORE ANY INTRODUCTION OF THE LEVY IN A GIVEN AREA?



- The STA strongly welcomes that the legislation places a clear commitment on local authorities to consult with communities, tourism businesses and tourist organisations before introducing a VL scheme, which was one of our key asks in our Local Visitor Levy Manifesto.
- The STA stresses that there must be meaningful and in-depth consultation with a minimum requirement on the level of engagement undertaken with all relevant parties (e.g. volume of responses required, mixture of in-person and written consultation opportunities).
- The STA further supports that the legislation ensures that the date a VL scheme comes into force must be at least 18 months after the date of the local authority's decision to introduce the scheme, and that it must publicise the decision and when it will come into force.
- Some local authorities are keen to introduce a VL as soon as possible, but accommodation providers and the inbound travel industry must be given adequate time to properly prepare, and there needs to be proper awareness-raising activities well in advance of a scheme coming into place so visitors are well informed. The inbound travel and conference industry promote prices and take bookings up to two years in advance.
- It is also vitally important that the Expert Advisory Group established to develop guidance on the VL is given enough time to develop the best possible guidance for local authorities that will avoid inconsistency and unintended consequences for the tourism and hospitality sector.



MONEY RAISED SHOULD BE SPENT ON SERVICES USED BY TOURISTS

The Bill states that the net proceeds collected from the VL should only be used to develop, support, or sustain services and facilities that are substantially for and used by people who visit the area for leisure. This could cover things like improving transport links to an area that is popular with tourists or creating a visitor centre. It could also include paying to promote the area as a tourist destination.

In using the net proceeds raised by the VL scheme, the Bill states that local authorities must “from time to time” consult with community representatives, businesses engaged in tourism and tourist organisations in its area, and regard its local tourism strategy.

Local authorities will need to publish annual reports (with the first coming 18 months after a scheme has been introduced), setting out the amount of VL money that has been collected, how those funds have been used, and how a scheme has performed against the objectives set relating to developing, supporting or sustaining facilities or services substantially for or used by visitors for leisure purposes.

A local authority operating a VL scheme must review the scheme within the first three years of the scheme coming into force, and subsequently every three-year period, publishing a report after each review undertaken.



Q8. WHAT ARE YOUR VIEWS ON THE BILL'S REQUIREMENTS FOR LOCAL AUTHORITIES IN RESPECT OF RECORDS KEEPING, REPORTING, AND REVIEWING? (SECTIONS 16, 18 AND 19)



- The STA believes the Bill's requirements for local authorities to keep a separate account of the VL scheme and annually report on money collected and how net proceeds of the scheme have been used are integral to the success of the VL scheme and the delivery of its objectives.
- Accountability and transparency are key to ensuring that the net proceeds are being used by local authorities to develop, support and sustain facilities and services which are substantially for or used by visitors.
- The VL must be treated as a supplementary revenue stream, rather than an opportunity to fund existing council services and facilities (e.g. council funding already in place for public toilets, road maintenance, waste etc.)
- The STA welcomes the three-year review period and reporting set out in the Bill for the VL scheme, as this is an important opportunity to review how the scheme is working and whether it is having a detrimental or beneficial impact on tourism and hospitality businesses.



Q9. THE BILL REQUIRES THAT NET PROCEEDS OF THE SCHEME SHOULD ONLY BE USED TO “ACHIEVE THE SCHEME’S OBJECTIVES” AND FOR “DEVELOPING, SUPPORTING, AND SUSTAINING FACILITIES AND SERVICES WHICH ARE SUBSTANTIALLY FOR OR USED BY PERSONS VISITING THE AREA OF THE LOCAL AUTHORITY FOR LEISURE PURPOSES.” DO YOU AGREE WITH HOW THE BILL PROPOSES NET PROCEEDS SHOULD BE USED AND IF NOT, HOW DO YOU THINK NET PROCEEDS SHOULD BE USED?



- As set out in our manifesto recommendations, the STA strongly welcomes that there is an explicit commitment in the Bill that the net revenue raised from a VL scheme is used to develop, support, or sustain services and facilities that are substantially for and used by people who visit the area for leisure. The revenue generated should also be available to secure match funding to be used for further tourism investment opportunities.
- As well as core services and facilities used by tourists, the STA believes net revenue could for example be invested in visitor attractions and heritage sites, cultural programmes, and marketing and promotion of destinations.
- Any revenue raised must be demonstrably being used as a force for good and therefore local authorities should be able to evidence an environmental, social, heritage and/or economic benefit for visitors and local residents, which overall contributes to Scotland's national tourism priorities and strategic aims.
- It is also important that any net revenue raised is fairly distributed within local authority areas (e.g. ensuring island communities benefit; using money raised in cities to support local neighbourhoods and attract visitors outside city centres).
- The STA supports that the decision on how the net proceeds are used to assist and support the visitor economy are made at a local level. Each local authority area will have its own different tourism priorities and needs.
- However, we restate our recommendation that dedicated committees should be formed in local authority areas and communities to decide how funding is best used across their localities to support tourism, which includes the tourism industry and destination management organisations, and local community representatives.
- It is not enough that the legislation states that local authorities must consult “from time to time” on the net proceeds of the VL scheme with these representatives. This is vague and at risk of being tokenistic and easily ignored.
- The STA further welcomes that our recommendation for local authorities to annually report on how the net proceeds of the VL scheme have been spent is in the Bill. However, we would add that the objectives of any scheme should also report against how it is meeting the national tourism strategy, as well as the local tourism strategy.



IMPACT ON ACCOMMODATION PROVIDERS


Under the legislation, accommodation providers must pay the levy quarterly to the local authority and submit at the same time a return that details the amount the provider calculates they owe to the local authority. If a person provides overnight accommodation at more than one set of premises, then they must include separate assessments for each set of premises.

A duty is placed on accommodation providers to keep records of the amount of levy payable, including any associated records of payments, receipts and financial arrangements. These records must be preserved for five years, with local authorities able to specify other records that must be kept and preserved.

If the accommodation provider fails to provide a return, this can lead to enforcement of the levy and penalties for non-compliance ([see Part 5 of the Bill](#)). This includes a penalty if someone doesn't pay the VL within 14 days after being reminded by the local authority. The longer this goes unpaid, the higher the penalty.

There are also penalties for giving false information on purpose, for not correcting an error after realising a mistake has been made, or for hiding or destroying a document requested. Again, the penalty amount can increase over time. Penalty fees outlined in the Bill range from £100 to £3,000.

The legislation gives local authorities investigatory powers, which includes the power to obtain information and documents from accommodation providers and third parties, and the power to inspect business premises (e.g. assess accommodation provider's ability to pay the levy money collected).



Q10. WHAT ARE YOUR VIEWS ON THE BILL'S REQUIREMENTS FOR ACCOMMODATION PROVIDERS TO IDENTIFY THE CHARGEABLE PART OF THEIR OVERNIGHT RATES, KEEP RECORDS, MAKE RETURNS, AND MAKE PAYMENTS TO RELEVANT LOCAL AUTHORITIES? ARE THERE ANY OTHER ARRANGEMENTS THAT YOU THINK WOULD BE BETTER, FOR EXAMPLE, BY REDUCING ANY "ADMINISTRATIVE BURDEN" FOR ACCOMMODATION PROVIDERS?



- The STA believes the percentage model set out in the Bill is particularly burdensome on accommodation providers and increases the risk of mistakes being made and penalties being issued.
- It is the STA's preference that the VL fee structure should be a fixed flat-rate charge to make the process simpler for accommodation providers, including accommodation providers that operate multiple business premises and often across different local authority areas.
- An agreed, fixed fee per night or fixed tier structure would also be less burdensome on business and would be less likely to lead to inaccuracies and the risk of penalty fees.

- The Bill's requirements for accommodation providers on record keeping and returns are also excessively time-consuming. To reduce administrative burden, the STA believes that accommodation providers should pay the levy money collected and submit returns to local authorities just twice a year, rather than on a quarterly basis. We propose this be by 31st October (end of the main visitor season and particularly relevant if the levy is used seasonably) and by 31st March (end of the financial year). Submitting on a quarterly basis is too time-consuming and burdensome on businesses.
- Rather than five years, the STA believes businesses should only need to keep records for each three-year cycle of the scheme. Beyond statements of annual accounts, some businesses will not have the physical capacity to keep records for the longer period proposed in the Bill.



Q11. DO YOU HAVE ANY COMMENTS ON PART 5 OF THE BILL (ENFORCEMENT AND PENALTIES AND APPEALS)? ARE THERE ANY OTHER ARRANGEMENTS THAT YOU THINK MIGHT BE MORE APPROPRIATE IN ENSURING COMPLIANCE AND REDUCING THE RISK OF AVOIDANCE?



- The STA believes that the enforcement and penalties set out in the Bill are draconian and are far too hard on businesses. Given the complexity of the percentage model set out in the Bill, there is a risk that local authorities could be heavy-handed with businesses that initially fail to meet the requirements set.
- The Bill, as introduced, sets up a confrontational relationship between local authorities and accommodation providers, rather than working together to provide the best experience for visitors to their area.
- The power to inspect business premises particularly seems like a step too far.
- There is also a question about what capacity local authorities would have to enforce these penalties and undertake inspections.
- To avoid the risk of facing enforcement action, the Bill should state that local authorities must properly support accommodation providers to correctly make returns and keep adequate records concerning the VL, rather than face the threat of enforcement action.
- It must not be forgotten that it is tourism and hospitality businesses that will shoulder the burden of collecting the levy on behalf of local authorities, and that they should not have to bear the brunt of implementing this policy and face penalties for making mistakes. The VL must be to the benefit of these businesses, reinvesting in the tourism proposition in their area, rather than to their detriment.
- Are you aware of any similar enforcement and penalties facing the accommodation sector? Do you have examples you could provide that demonstrate these powers being misused? Do local authorities have the resources to enforce them?

The Bill sets out that accommodation providers will be responsible for charging and collecting the VL on behalf of local authorities. The [Financial Memorandum](#) to accompany the Bill includes expected set-up and ongoing costs for different types of accommodation providers.

It is acknowledged in the Financial Memorandum that the VL could be liable for VAT, which would increase the total price for accommodation and result in further costs for accommodation providers that operate just below the thresholds for VAT registration or the VAT flat rate scheme. The UK Government's final position on the application of VAT will not be confirmed until completion of the Bill's passage through the Scottish Parliament.

Accommodation providers may also need to renegotiate or review existing contracts and arrangements with online travel agencies (OTAs) and other third parties to ensure the VL is excluded from the calculation of commission.

Table 3: Summary table of expected costs for a small to medium sized business in the accommodation sector in an area where a visitor levy is implemented

A small accommodation provider with a turnover between £1m and £5m and less than 50 employees	Year T-1	Year T	Year T+1	Year T+2
Set-up costs (excluding one off PMS fee)	£2,000 - £7,000	0	0	0
Set-up costs (one off PMS fee)	£1,000 - £3,000	0	0	0
On-going costs	0	£300 - £400	£300 - £400	£300 - £400
Total	£3,000 - £10,000	£300 - £400	£300 - £400	£300 - £400

Table 4: Summary table of expected costs for a typical micro business in the accommodation sector in an area where a visitor levy is implemented

A micro business with a turnover of less than £85,000	Year T-1	Year T	Year T+1	Year T+2
Set-up costs	£150 - £1,100	0	0	0
On-going costs (excluding increase in PMS fees)		£100 - £500	£100 - £500	£100 - £500
On-going costs (including increase in annual PMS fee)		£100 - £350	£100 - £350	£100 - £350
Total	£150 - £1,100	£200 - £850	£200 - £850	£200 - £850



Q12. DO YOU HAVE ANY COMMENTS ON THE ISSUES THAT THE SCOTTISH GOVERNMENT PROPOSES TO DEAL WITH IN REGULATIONS AFTER THE BILL HAS BEEN PASSED? (SET OUT IN THE DELEGATED POWERS MEMORANDUM) ARE THERE ANY THAT YOU THINK SHOULD BE INCLUDED IN THE BILL ITSELF RATHER THAN BEING DEALT WITH BY REGULATIONS AND IF SO, WHY?



- The STA is still reviewing the Delegated Powers Memorandum in detail. Our initial impression is that the Delegated Powers listed give flexibility and allow necessary changes to be made to the VL scheme without the need for primary legislation.
- The STA welcomes that there is the power for Scottish Ministers to add, remove or amend types of accommodation liable for the levy without primary legislation, as this will allow changes to be made based on future economic and behavioural changes to the accommodation sector.
- The STA also welcomes that there is the power to create a national level of exemptions concerning situations where it is not appropriate to pay a VL. We envision that this will be the case for some exemptions (e.g. overnight stays for hospital treatment or respite breaks).



Q13. DO YOU HAVE ANY COMMENTS ON THE ACCURACY OF THE ESTIMATED COSTS FOR THE SCOTTISH GOVERNMENT, LOCAL AUTHORITIES, ACCOMMODATION PROVIDERS AND OTHERS AS SET OUT IN THE FINANCIAL MEMORANDUM AND BUSINESS AND REGULATORY IMPACT ASSESSMENT (BRIA)?



- The STA would urge accommodation providers to contribute to the consultation with estimates about how much they believe the start-up and ongoing costs of introducing a VL scheme will cost them (see Scottish Government tables with estimated costs by business size).
- This should include consideration of costs concerning: new or existing property management systems in order to collect, record and remit VL revenue; staff training; preparing regular remittance tax returns to the local authority (assuming one return per quarter); performing reconciliation exercises associated with tax returns and due diligence checks to ensure, for example, the correct VL rate is applied to invoices; additional record keeping for the purposes of evidencing where a local exemption to the VL was applied; and renegotiating existing contracts with third parties (such as third-party booking platforms or online travel agents) where a commission is based on the price of accommodation sales to exclude the cost of a VL.
- Accommodation providers should also outline if there is a potential impact to their business if the VL is liable for VAT (e.g. push them over the VAT threshold; out of the Flat Rate Scheme; negatively impact on business rate evaluations).



IF YOU HAVE ANY QUESTIONS ABOUT
THE GUIDE, PLEASE CONTACT THE
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