

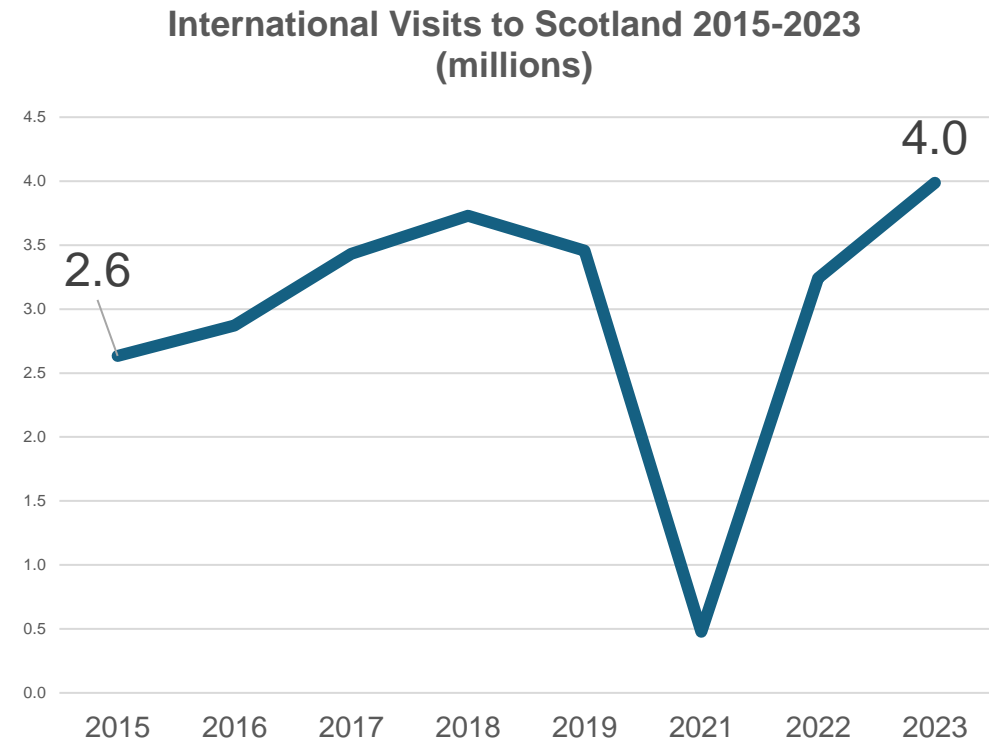
Visitor Levy for Local Government

- **COSLA Elected Member Seminar Series**
- **12 June 2024**

Background



- The Visitor Levy for Local Government was a proposal first endorsed by COSLA Leaders in 2018.
- Visitor Levy powers are a common feature of local governments across Europe.
- [2019: 19 EU member states](#)
- Context of consistently increasing international visitor numbers and strong post-COVID recovery.



Source: VisitScotland

Consultation Process



- [Scottish Government consultation](#) “The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax” opened in September 2019.
- 1701 responses received: COSLA, councils, accommodation providers, international hotel groups
- Set out various options for the principles, design, and scope of a proposed Visitor Levy.
- [Findings published](#) by Scottish Government in March 2020:
 - Support for local discretion with some overarching national principles
 - No clear consensus on basis of charge – flat rate vs percentage charge
 - Split opinions on rate setting
 - General support for use of funds on tourist-related activities and associated services

The Legislation & Expert Group

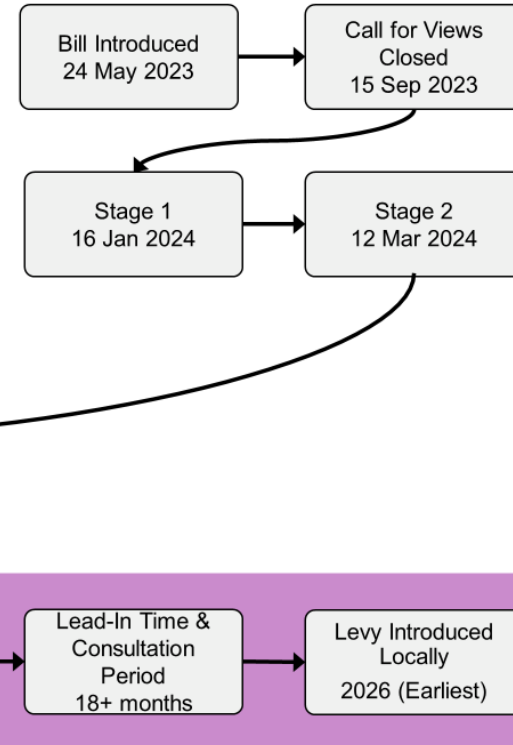


Guidance Themes

Accounting, Annual Reporting, Appeals, Billing, Calculation of the Levy, Commission, Communication, Compliance, Consultation, Equalities, Forecasting, Islands, Liable Persons, Local Flexibilities, Publicity, Record Keeping, Registers, Reviews, Remittance, Required Content, Scheme Publication, Timetables, Use of Funds

Draft Guidance

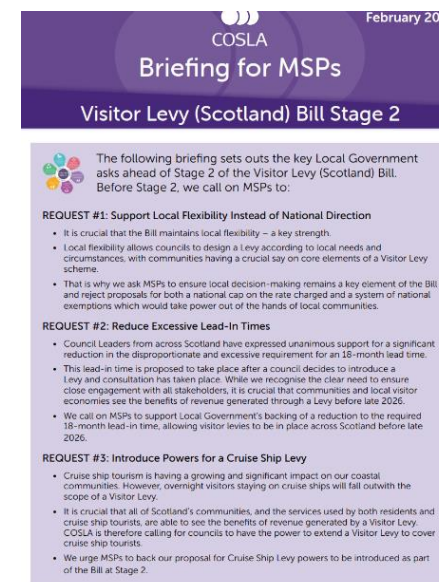
In Progress



COSLA Lobbying



- COSLA has conducted significant lobbying associated with the Visitor Levy on behalf of Local Government since 2018.
- This lobbying has consistently emphasised messages of:
 - Local empowerment
 - Local flexibility
 - Minimized national direction
 - Powers to be introduced as soon as feasibly possible
- Examples:
 - [Call for Views submission](#)
 - MSP Briefings before [Stage 2](#) and [Stage 3](#)
 - Meetings with opposition MSPs
 - Meetings with Tom Arthur, Minister for Employment and Investment



The Visitor Levy (Scotland) Bill 2024



- [The Visitor Levy \(Scotland\) Bill](#) passed Stage 3 on Tuesday 28 May:
 - Charge overnight visitors a Levy based on a percentage of the accommodation cost paid. This percentage rate is up to the discretion of the council.
 - This Levy applies to a range of accommodation types, but excludes accommodation based on a non-static vehicle or vessel.
 - This percentage rate can be different for different areas *within* a local authority area but must be the same for all types of accommodation.
 - The revenue raised must be used for “developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting the area ... for leisure or business purposes”.

In-Practice



- The Levy to be received by a local authority from the overnight visitor is calculated as:
 - Accommodation Portion of Transaction **X** % Levy Rate Set by Local Authority = Amount Collected by Local Authority
- Accommodation provider is responsible for remitting this charge to the local authority via a return, in a form specified by the local authority.
- Reporting requirements for local authorities and duty to engage with Visitor Levy Forums.
- Requirement for local authorities to observe a mandatory 18-month lead-in time prior any Levy being collected. No local authority will be able to collect a Levy prior to 2026.

Benefits for Local Government



COSLA

- Unprecedented example of revenue-raising powers being devolved to local authorities.
- Greater local empowerment, with local-decision makers developing local Visitor Levy schemes based on local needs and circumstances.
- Significant flexibility and autonomy for local decision-makers and communities:
 - Percentage rate
 - Length of period charged
 - Local exemptions
 - Geographic and seasonal scope of Levy scheme
- A first step towards greater fiscal autonomy for Local Government.

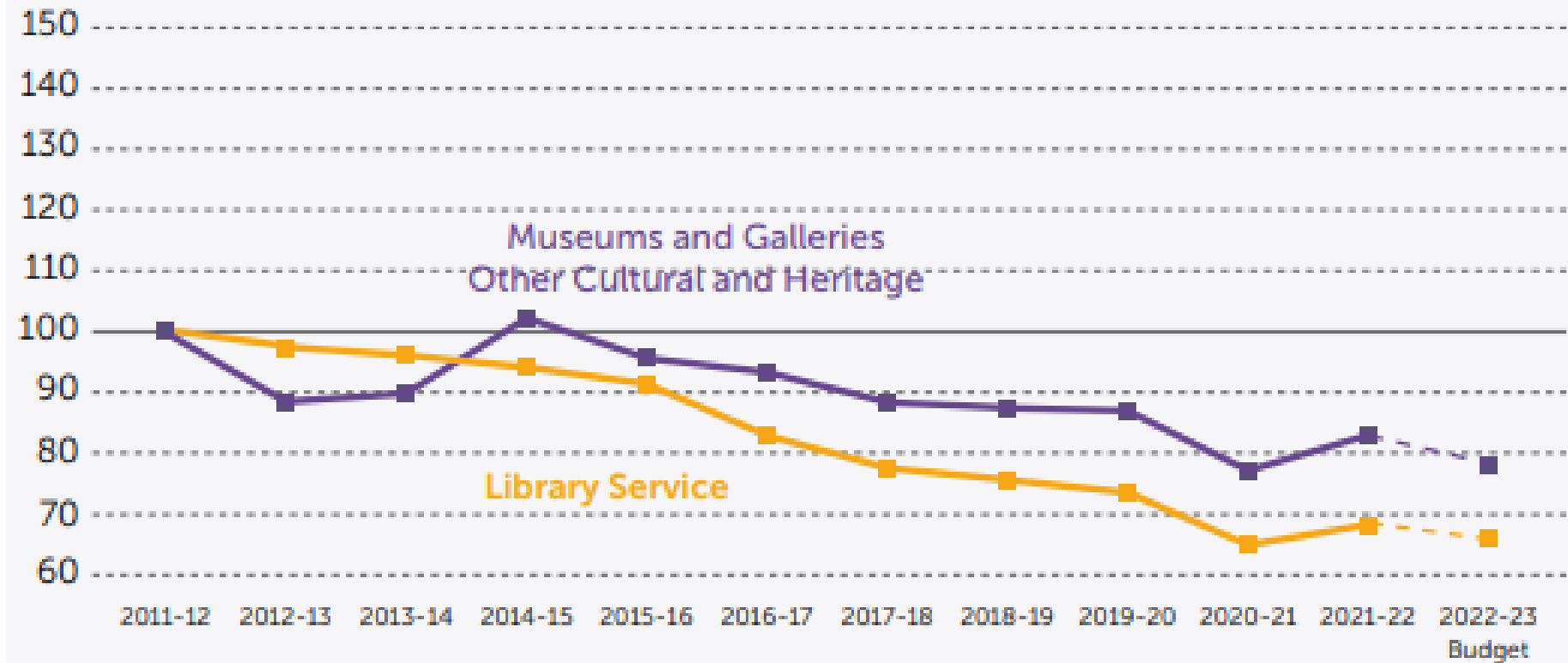
Benefits for Communities



- The revenue raised by a Visitor Levy has the potential to see investment across a range of services and facilities:
 - Culture and Leisure
 - Natural Environment
 - Transport and Infrastructure
 - Housing
- This investment will be to the **mutual benefit** of both residents, businesses, and overnight visitors.
- Provides **unique opportunity for investment** in areas often not-prioritised in a period of tightening budgets.

Local Government Spend on Culture and Libraries

Real Terms 2011-12 = 100



Source: Scottish Government

Source: Scottish Parliament Information Centre

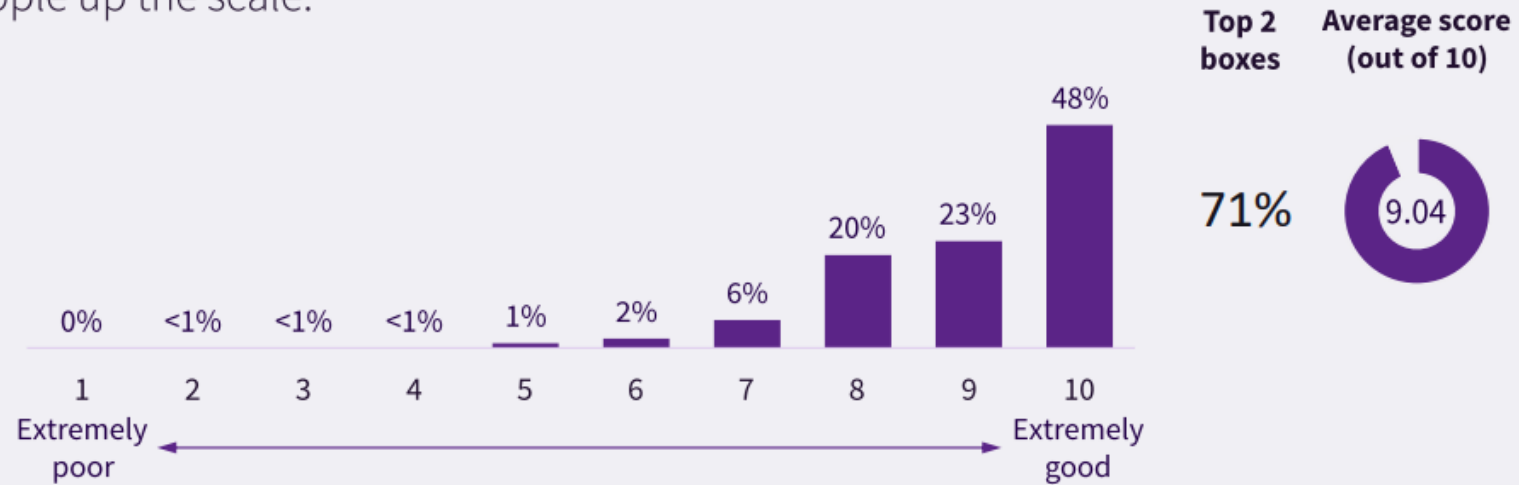
Benefits for Visitor Economies



- Investment has the potential to improve upon Scotland’s world leading tourist offer.
- Mechanism for overnight visitors to directly financially contribute to services and facilities at the heart of local visitor economies.
- Modest rate “unlikely to have significant deterrent effect on visitor numbers” ([Local Government, Housing and Planning Committee](#))
- Additional funding = improved tourist offer = potential for increased tourist numbers.
- Close engagement with businesses and tourist organisations key:
 - Consultations
 - Visitor levy forums
 - Annual reports and three-year review

1.2 Overall rating of holiday or short break in Scotland

Almost half of all visitors rated their holiday in Scotland as a perfect 10 out of 10 experience, while a further 23% rated it with a score of 9. The overall average score was 9 out of 10. Although sentiment is extremely positive there is an opportunity to continue to move people up the scale.



Base (All): 3,011

Q64 (Stage 2): On a scale of 1 to 10, where 1 is extremely poor and 10 is extremely good, overall, how would you rate your holiday or short break experience in Scotland?

Source: [Visit Scotland](#)

Next Steps

- Statutory guidance in development by the Visitor Levy Expert Group.
- Ongoing work is being conducted by the Improvement Service and the Digital Office to develop a shared national digital platform for Local Government.
- Scottish Government to engage with key stakeholders on a Cruise Ship Levy during Summer 2024.
- Proposal for Motorhome Levy discussed in Parliament.
- Councils to begin development and implementation of local Visitor Levy schemes.
- Councils to begin consultation with key local stakeholders, including residents, businesses, national parks, and tourist organisations.