

# VISITOR LEVY

(Visitor Levy (Scotland) Bill)

## Briefing Paper for the Information of Lossiemouth Accommodation Owners

April 2024

# LOSSIEMOUTH BUSINESS ASSOCIATION

Tourism Sub-Committee

## Introduction

The Visitor Levy (Scotland) Bill aims to allow a visitor levy, a type of fee or tax, to be charged on overnight stays in some types of accommodation. This means that a certain amount of money would be paid to the local authority (Moray Council) every time someone stays overnight in accommodation like a hotel, B&B or holiday accommodation. Every local authority would be able to decide if it wanted to introduce a charge and what the level of the charge would be.

The Bill was created to allow local authorities to have the power to tax people who visit their local area to make money which could then help with the cost of certain local services and facilities.

The Bill originated when several local authorities in Scotland called for the Scottish Government to grant them powers to allow them to impose a Visitor Levy (VL) in their areas. The levy is being commonly referred to as a 'Tourist Tax' or the 'Transient Visitor Levy' or 'Local Visitor Levy'

## Scottish Government

During 2018/2019 the Scottish Government held six round table discussions with representatives from national and regional stakeholders, Local Authorities and individual businesses. These discussions emphasised that this subject is a complex one, and that there was both support and opposition across Scotland to the idea of an VL.

During late 2019 a formal consultation was undertaken which resulted in several key findings. These findings shaped the proposals in the Bill. Further details of the consultation can be found at [https://consult.gov.scot/consultation\\_finder/?advanced=1&b\\_start=0&sort\\_on=iconsultable\\_startdate&sort\\_order=descending](https://consult.gov.scot/consultation_finder/?advanced=1&b_start=0&sort_on=iconsultable_startdate&sort_order=descending)

On 24 May 2023 the Bill was introduced in the Scottish Parliament. If passed and following Royal Assent, the Bill will give local authorities the power to apply a levy on stays in overnight accommodation based on a percentage of the accommodation cost, with the percentage rate to be set locally.

A 3-stage process for the Bill is now in motion.

Stage 1 was completed on 16 January 2024 and involved the Scottish Parliament's Local Government, Housing and Planning Committee, who are responsible for examining the Bill, hearing comments from other committees, experts, organisations and members of the public about what the Bill would do. The Lead Committee wrote a report for Parliament to vote on the general principles of the Bill. On 16 January 2024, the Bill was passed by MSPs in Parliament. 86 voted for, 30 against and 13 did not vote. Moray MSP, Richard Lochhead, Scottish National Party, voted for the Bill and agreement to the general principals of the Bill.

The Bill is now at stage 2, where MSP's can propose amendments for the Committee to consider.

Stage 3 involves MSP's proposing any further amendments to the Bill and then all MSP's debate and vote on the Bill.

If the Bill is passed there is a four week period when it may be challenged by the Advocate General, the Lord Advocate and the Attorney General or by The Secretary of State for Scotland. After the four week period, the Bill is then sent for Royal Assent.

There is no set timeline for the Bill to move through Parliament, however given the provisions within the Bill for a requirement to provide accommodation owners an 18 month notification period, it is assumed the earliest a VL could be applied in Scotland would be 2026.

Nationally, and in advance of the implementation of any VL, the Scottish Government have set up an expert advisory group, facilitated by Visit Scotland, to discuss how best any VL can be implemented and develop national guidance for local authorities.

## **Visitor Levy (Scotland) Bill**

The Bill currently consists of 30 pages in seven parts.

Part 1 provides the power for local authorities to impose the levy,  
Part 2 contains provision on the key concepts underlying the levy,  
Part 3 contains provisions on the introduction and administration of the levy,  
Part 4 contains provision on returns and payment of the levy,  
Part 5 contains provision on enforcement of the levy and penalties,  
Part 6 contains provision on registers of liable persons and information sharing, and  
Part 7 contains provisions on regulation-making powers and commencement as well as other provisions.

The Bill can be read in full on the Scottish Parliament website <https://www.parliament.scot> > bills-and-laws > visitor levy (Scotland) Bill. Further detailed information about why the Bill was created and what the Bill does are contained within these pages.

## **Moray Council**

During September 2023, the Deputy Chief Executive (Economy, Environment and Finance) presented a report to the Economic Development and Infrastructure Committee of Moray Council.

The report informed the committee of the introduction of the Visitor Levy (Scotland) Bill in the Scottish Parliament and to seek approval for the recommendation to consider support in principle for the concept of raising funds through the VL.

The report highlighted that funds raised by the VL will be additional to other sources of funding and are not intended to act as a substitute for other sources of funding for local government or the annual budget process through which the local government is determined.

Information provided by Moray Council, shows at present there are 638 accommodation establishments in our area, consisting of 58 hotels, 54 guest houses/B&B, 526 self-catering facilities. In addition, there are 4 camping sites, 21 caravan sites and 5 hostels. (Note – the above figures exclude any 'Airbnb' type properties not categorised above).

Moray Council recognises that tourism is a major part of Moray's economy, accounting for 10% of jobs and providing an economic impact of over £96 million.

Moray Council report that if it participated in the VL scheme the revenue raised could be used for marketing and promotion of Moray as a destination through Visit Moray Speyside as well as being used directly to provide the infrastructure facilities essential to tourism such as car parks, core paths

and public toilets and enable town centre flower beds, open spaces and parks and amenities to become more attractive.

It is estimated that a Moray VL based on overnight stays could generate an annual revenue of between £190k and £1.33 million if charging between 1% and 7% respectively.

Moray Council have recognised the cost implications for administering a Moray VL and have estimated that set up costs could range from £110k to £460k and ongoing administration costs could range from £145k to £240k.

Scottish Government will not be providing funding to local authorities to meet any costs associated with any VL scheme.

Within the provisions of the Bill (Section 12(1)), Local Authorities, prior to introducing or modifying a VL scheme must consult with '*such persons as the authority considers to be representative of communities, businesses engaged in tourism and tourist organisations in its area*'. It must thereafter prepare and publicise a report which '*summarises the consultation responses received*' and '*states whether or not the authority intends to proceed with the proposal*'.

## **Moray Consultation Process**

Moray Council intend implementing a consultation process during 2024. The consultation is estimated to run for 5-6 months and includes pre-consultation stakeholder discussions, workshops and drop-in sessions, and an online survey. The consultation process would seek to establish the support or opposition of a Moray VL, the operation of a Moray VL i.e. who should pay, when and how much and priorities of investments for any levy granted.

On Wednesday 31 January 2024, Moray Council held a pre-consultation discussion in Elgin which was chaired by Visit Moray Speyside. A Moray Council representative was present. The event was attended by approximately 20 persons who predominantly were owners/managers of various types of local accommodation premises. Three members of the Lossiemouth Business Association (LBA) were in attendance.

*The key information imparted at the workshop was as follows;*

Moray Council has recently voted in principle in favour of a Moray VL but a final decision would be made in the coming years in alignment with the progress of the Visitor Levy (Scotland) Bill.

Currently it is proposed one third of the funds raised from an VL will be designated for infrastructure projects, one third for Visit Moray Speyside and the final third for the events industry.

The method of collection of the VL from business owners has yet to be finalised and it is not confirmed if this will be the Local Authority. There is a possibility of implementing a self-assessment system for business owners.

The VL charge has yet to be finalised but expected to be between 1% and 7% of the total visitor accommodation cost. It is anticipated the charge would be added to the accommodation cost and paid for by the visitor. Discussions are ongoing regarding whether it will be a fixed fee or a percentage of the overnight accommodation cost. From industry feedback, a flat fee is more favourable.

All visitors who reside overnight in accommodation premises listed in the Bill will be liable to pay the VL, i.e. the levy will be applicable to guests residing for business purposes as well as tourism.

Whilst the exact timescales are unknown, it is anticipated that if the legislation is enacted in 2026, the VL will be implemented thereafter, around 2027.

It was accepted by Moray Council that there were many questions which currently remain unanswered due to the lack of the finer detail surrounding the Bill. An assurance was provided that if the VL is implemented, Moray Council will provide detailed guidance to assist accommodation owners to administer and manage the levy.

*The key concerns raised by accommodation owners/managers included;*

- Collecting the VL when using a variety of different booking platforms.
- Ensuring there is regional consistency in the rate at which the VL is charged.
- Lack of accommodation representation on the Visitor Levy Expert Group.
- The impact the VL will have on businesses going over the VAT threshold.
- The lack of a distinction being made between visitors and students/workers.
- VL exemptions, including long stays (week-to-week bookings).

## **Lossiemouth – What This Means to You and What Happens Next?**

The above information sets out to provide Lossiemouth accommodation owners and members of the LBA with a summary of the Visitor Levy (Scotland) Bill and how it is being considered by Moray Council.

It is highly anticipated that Moray Council will implement the VL to our area and this will undoubtedly have an effect on local accommodation owners, both in terms of the increase in the cost of your accommodation, how this may affect your business, and the processes and associated costs which will be required to administer and manage the levy.

The purpose of the VL is to provide funding to Local Authorities to improve the tourist experience to our area and there are clearly positives and advantages to implementation.

The Lossiemouth Business Association intends to engage in the Moray Council consultation process and welcomes your views.

To contribute or if you have any queries, please message [lba@lossiemouth.org](mailto:lba@lossiemouth.org)