Scotland update: principles of a local discretionary transient visitor levy or tourist tax

General Features

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The CIOT made a written submission to the Scottish government in response to its consultation on the principles of a local discretionary transient visitor levy or tourist tax.

The Scottish government consulted in late 2019 on the principles of a transient visitor levy. The CIOT submitted a written response and also met with Scottish government officials in late October to discuss the consultation. The intention is for the Scottish government to give local authorities, should they wish, the power to apply a levy on visitors. The discretionary power would be introduced with the aim of enabling local authorities to respond to local pressures, while continuing to support the tourism industry in Scotland.

The consultation questions enabled discussion on the possible basis for a visitor levy, activities to which it could apply, options for the calculation of the charge, the split of responsibility and discretion between Scottish government and local authorities, possible exemptions from a levy, administration of a levy, enforcement and use of revenues.

We noted that in designing the visitor levy it is essential to think carefully about the types of accommodation that should and can, from a practical perspective, be included within its scope, as well as the nature of visits and/or visitors that should and can be practically included. This will help to ensure a level playing field for accommodation providers. We were pleased to note that the consultation covered these considerations. We also pointed out that it is essential that local authorities are able to implement and operate the visitor levy effectively, including being able to identify accommodation providers and apply compliance processes appropriately

and consistently.

Raising awareness about the visitor levy and obtaining stakeholder support will also be necessary for local authorities implementing it. We suggested that options to help achieve
this include open consultation and engagement prior to the implementation of a visitor levy, public reporting on the levy, and engagement with stakeholders about how best to spend the funds raised by the levy. We also noted that a visitor levy raises strong opinions both for and against it, and so the challenge of obtaining support for a levy should not be underestimated. This spectrum of views was observed during the roundtable discussions organised by the Scottish government and also showed through in the results of a question asked as part of a poll commissioned by the CIOT in late 2019.

We offered our opinion that a national framework would be the best approach to ensure consistency. This will make a visitor levy easier to operate for accommodation providers and easier to understand for visitors and others affected. Local flexibility in relation to rate setting and spending of funds raised will help the levy respond to local circumstances and enhance local accountability.

Our submission also noted the importance of considering carefully the administration and collection of the visitor levy, as well as compliance and enforcement. In particular, costs in relation to ensuring systems are able to deal with the visitor levy should be borne in mind, as well as capacity and resource within local authorities to ensure they are equipped to administer and enforce the visitor levy effectively and consistently. There needs to be clarity as to whether councils that wish to implement a visitor levy will require extra funding in order to do so effectively; if funding is required, there needs to be clarity about where this will come from. We called on the government, and COSLA (Convention of Scottish Local Authorities), to consider this as part of their Budget negotiations going forward, noting that this is particularly important given that there is generally a lot of pressure on council budgets at present.

The submission is available on the CIOT website:
http://www.tax.org.uk/ref601.

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