Scottish visitors’ levy

General Features



23 October 2023

The CIOT has responded to a call for views allowing local authorities in Scotland to impose a transient visitors’ levy on the cost of overnight accommodation.

On 26 June 2023, the Scottish Parliament launched a call for views on the introduction of a discretionary local levy to be added onto the cost of overnight accommodation, to support their local infrastructure affected by tourism. This change would allow local authorities to impose a levy on accommodation providers, and at their own rate.

The proposal is to add a certain percentage of the accommodation cost to a visitor’s bill when occupation is taken for six or more hours within a 24 hour window from noon. The accommodation provider would be responsible for making quarterly returns and collecting/paying the levy to their local authority. There would be enforcement powers and penalties for the late submission of returns and payment of the levy, though reasonable excuse would be available as potential defence for both offences. The draft legislation also obliges those local authorities choosing to implement the levy to publicise the fact, and addresses requirements surrounding:

the keeping of records, separate accounts and making annual reports, the authorities' power of inspection, the need to ringfence the levy proceeds in accordance with specific local purposes, and the need for three-yearly reviews.

Whilst largely praising the proposed legislation in respect of administration and enforcement of the levy, our response expressed some concern about the potentially haphazard results that a discretionary levy might lead to. Some local authorities may choose to implement the charge, whilst others may demur; likewise, having chosen to implement the levy, relevant authorities could charge vastly different rates.

We called for parameters to be embedded within the legislation to set the extent and limitations of authorities' powers with respect to levy application, rates and exemptions to ensure that disparities across the country are kept to a minimum. The issuing of a clear, consistent, uniform set of guidance to supplement the legislation would also be advisable, not only to assist accommodation providers with the administration behind such a big change, but also for the authorities, and for helping them to decide whether or not to impose a levy in the first place.

The full CIOT response can be found here: www.tax.org.uk/ref1162.

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