Visitor accommodation registration and levy: a new Welsh tax

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Wales has introduced a new law requiring all visitor accommodation providers to register and enabling councils to charge a nightly visitor levy from 2027.

Key Points

What is the issue?

Wales has passed the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025, its first locally determined tax in five centuries. The law introduces a mandatory register for all visitor accommodation providers from autumn 2026 and empowers councils to impose a visitor levy from April 2027.

What does it mean to me?

All providers of visitor accommodation in Wales, including hotels, self-catering properties and campsites, must register with the Welsh Revenue Authority and may be liable to collect a levy on overnight stays.

What can I take away?

Advisers and businesses must prepare for new compliance, reporting and transitional requirements, with penalties for late registration, filing or payment. Early engagement and robust record-keeping will be essential to manage the operational and financial impact of the new regime.

The Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (VARLA 2025) received Royal Assent in September 2025, marking a major step in the evolution of Welsh tax powers. The new law establishes a requirement for a register of visitor accommodation providers and their premises in Wales. It also gives local councils the power to introduce a visitor levy on overnight stays in visitor accommodation in their area, with revenue ringfenced for local tourism initiatives and destination management improvements. The earliest any council could introduce such a levy is April 2027.

The Welsh Revenue Authority (WRA) – a non-ministerial department of the Welsh government – is responsible for establishing and maintaining the register and overseeing the collection and management of the visitor levy. These new functions sit alongside the WRA’s existing responsibilities for managing the land transaction tax and the landfill disposals tax.

To support this extended remit, VARLA 2025 amends the Tax Collection and Management (Wales) Act 2016, providing the WRA with the necessary powers to administer both visitor accommodation registration and the visitor levy. This legislation represents a significant development in Welsh tax autonomy, being the first locally designed tax in Wales for 500 years. For practitioners advising visitor accommodation providers in Wales, this Act creates new compliance obligations.

Registration requirements

All visitor accommodation providers operating in Wales must register themselves and their premises with the WRA, regardless of whether their council decides to

introduce a visitor levy. Registration will be free of charge and will open in autumn 2026. Parts of the register will be publicly available, allowing anyone to check whether accommodation is properly registered. Publicly available information will include the property address, the type of accommodation and its maximum occupancy.

The registration requirement applies to any person providing, or offering to provide, visitor accommodation in Wales in the course of trade or business. ‘Visitor accommodation’ is broadly defined and includes:

- hotels, guesthouses, and bed and breakfasts;
- hostels and bunkhouses;
- self-catering properties and homestays, including those listed on online platforms;
- chalets, lodges, shepherds’ huts and glamping accommodation; and
- pitches or areas for camping, or for mobile homes that are not permanently or semi-permanently occupied.

Mobile homes that are permanently or semi-permanently situated in one place may still fall within the definition of visitor accommodation. This applies where they are offered to visitors for business, leisure or educational trips on stays of less than 31 nights, whether the nights are consecutive or not.

Visitor accommodation providers must supply the information to the WRA, including:

- their name, trading name and business address;
- relevant identifiers, such as a Companies House registration number;
- the name, address and type of each premises; and
- the maximum of guests who can stay.

Providers must ensure that all information held on the register is correct and that any changes are updated in a timely manner. They must comply with information requests made by the WRA and deregister when they cease to operate as a visitor accommodation provider.

The WRA’s approach is to start from a position of high trust and support people to do the right thing first time. It will be working closely with the tourism sector, councils, trade bodies and others to ensure that visitor accommodation providers are aware of their obligations and register on time.

However, VARLA 2025 does give the WRA powers to issue penalties for non-compliance. A fixed penalty of £100 applies to each premise that is not registered on time, with further penalties for continued non-compliance. Other penalties for failure to meet obligations may apply, but VARLA 2025 gives the WRA flexibility to assess penalties by considering reasonable excuses and special circumstances. Visitor accommodation providers can dispute decisions made by the WRA but must request a review of the decision before they can make an appeal to the tribunal.

Visitor levy

From April 2027, local councils in Wales will have the power to introduce a visitor levy within their area. The decision to implement a levy rests entirely with each council, meaning that some areas will apply a levy whilst others do not – creating the possibility of a varied landscape across Wales.

Before introducing a levy, councils must consult with local communities and businesses, and then formally announce their decision. Councils will usually need to notify the WRA 12 months before a levy takes effect, providing advance notice to visitor accommodation providers and the wider industry. This will allow time to make changes to booking systems and processes. For example, if a council wants to introduce a visitor levy from April 2027, they should notify the WRA by 31 March 2026. Going forwards, councils may introduce the levy on either 1 April or 1 October in any year.

Councils will be able to opt-out of the levy in the future too, but will again need to consult before making a final decision.

Levy rates and liability

VARLA 2025 establishes two levy rates based on the type of accommodation:

- 75 pence per person per night for campsite pitches and shared dormitory style accommodation, such as hostels; and
- £1.30 per person per night for all other accommodation types.

The levy applies to visitors from anywhere in the world, including Wales and the rest of the UK.

For accommodation that attracts the lower rate of 75 pence, people under 18 are excluded from the levy calculation. Also, the levy does not apply to stays booked under a single contract for 31 nights or more, whether they are consecutive nights or not.

Notably, liability for the levy rests with the accommodation provider, not the visitor. Liability for the levy also arises at the end of a stay, though in practice an amount to cover the levy may be collected earlier, such as at the time of a booking being made.

Calculation of the levy

The levy is calculated by:

- first, determining the number of leviable nights by totalling the number of nights each person is allowed to stay under a booking; and
- multiplying the number of leviable nights by the relevant rate.

For example, a couple staying in a hotel for two nights will mean there are four leviable nights. Multiplying this by the relevant rate of £1.30 equals £5.20 in levy.

Transitional rules

VARLA 2025 states that visitor accommodation providers must start accounting for the levy for new bookings and for changes to existing bookings six months after a council publishes its notice to introduce the levy, but only for stays occurring after the levy takes effect.

For example:

- A council notifies the WRA on 31 March 2026 that it intends to introduce a visitor levy from 1 April 2027.
- From 1 October 2026, visitor accommodation providers must account for the levy on:
    - all new bookings for stays from 1 April 2027 onwards; and
    - additional guests or nights added to an existing booking, for stays from 1 April 2027 onwards.

Visitor accommodation providers will need to ensure that they are able to track booking dates and booking amendment dates to be able to comply with transitional arrangements. This is particularly important for businesses operating across multiple council areas.

Administrative obligations

In areas where a levy has been introduced, visitor accommodation providers must file returns and pay the levy amount due to the WRA. The filing frequency depends on the expected annual levy liability. Providers expecting to collect more than £1,000 in levy during the first financial year of it being introduced must file quarterly returns. Those expecting to collect £1,000 or less may file annually.

Returns and payments will be made to the WRA through a new online system. Payment will be due by the filing date:

- For quarterly filers, the filing dates are 60 days after 31 March, 30 June, 30 September and 31 December.
- For those filing annually, the filing date is 31 May.

In later years, filing frequency will depend on the previous year’s levy amount and the expected levy liability for the coming year. Providers may be able to change their filing frequency at the start of the financial year.

VAT treatment

VARLA 2025 does not specify the VAT treatment of the levy. The WRA recognises this is an important matter for visitor accommodation providers and their advisers. As VAT is a reserved matter, HM Treasury and HMRC will determine the VAT treatment. Further guidance will be issued once the VAT position has been confirmed.

Exemptions and refunds

Where visitors cancel their booking after paying the levy as part of the booking process, they should request repayment for the levy from the accommodation

provider, rather than the WRA.

The WRA may directly refund people who stayed at a visitor accommodation premise because they were unable to stay at their main residence due to a risk to their health, safety or welfare, or were homeless, within the meaning of the Housing (Wales) Act 2015 s 55. A person accompanying someone with a disability who is in receipt of disability benefit, defined in VARLA 2025 s 35(7) may also claim the levy back.

Refunds must be requested within 90 days from the last day of entitlement to stay. The WRA will publish detailed guidance for exemptions and refunds in advance of any visitor levy taking effect.

Penalties

The WRA’s approach is to support people to do the right thing first time. However, there are powers to issue penalties for late filing. The penalty regime for late filing incorporates penalty points, similar to the VAT system.

Late filing triggers a penalty point rather than immediate financial penalty. If visitor accommodation providers accrue further points for subsequent late filings, they will become liable to financial penalties. The point threshold before receiving a financial penalty will depend on whether they file annually or quarterly.

In addition to the penalty points, there are financial penalties at six and 12 months after the filing date if a levy return is still not filed.

Late payment penalties may also be applied where an accommodation provider does not pay the levy by the due date. The initial penalty will be 5% of the amount of unpaid levy, with a lower cap of £100 and a maximum of £5,000. Further penalties may become due if any amount of levy continues to not be paid.

Practical considerations for advisers

Advisers should ensure that visitor accommodation providers are aware of the mandatory registration requirement from autumn 2026.

Booking terms and conditions may need to be reviewed should a visitor levy be introduced. This could include clarifying what happens if a council introduces a levy after a booking is made but before the stay occurs and transitional rules apply.

Systems for recording levy amounts due to the WRA will need to be robust. Visitor accommodation providers should maintain records showing the number of persons, number of nights, dates of stays and the total levy amount due to the WRA, considering any exemptions. This will help providers in filing their levy returns in the future.

Finally, consider joining the WRA mailing list (see tinyurl.com/bd5nhef5) to be notified when further guidance is available, when registration opens and if a council introduces a visitor levy.

Conclusion

VARLA 2025 introduces significant changes for visitor accommodation providers operating in Wales. The WRA is working closely with the tourism sector, councils, trade bodies and practitioners to ensure smooth implementation of visitor accommodation registration and the visitor levy.

While VARLA 2025 provides the legislative framework, practical details will be provided through further guidance from the WRA and secondary legislation from Welsh Government. The latest guidance is available at: www.gov.wales/tourism-major-events. The WRA welcomes engagement from practitioners and businesses as further guidance is developed.

As councils begin consulting on the visitor levy, advisers should engage early to help their clients prepare. Early preparation will help to ensure smooth implementation of visitor accommodation registration and any visitor levy for visitor accommodation providers and the wider tourism sector in Wales.

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