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## **SPF response to Visitor Levy Bill, Consultation**

**15 September**

**Q1) What are your views on whether local authorities should have a power to place a levy (a type of additional charge or fee) on top of the price charged for overnight accommodation in their area?**

We recognise the need to support sustainable tourism and in areas where visitor numbers are high, there should be scope for additional revenue to be raised to maintain and support local services and amenities. Given the international precedent, where similar legislation is in effect in many other countries, we believe a visitor levy will have minimal impacts on tourism and we recognise the indirect benefits of the funding towards improving the public realm.

However, the legislation needs to be carefully balanced with the costs of compliance, where additional administrative and financial burdens will incur for businesses at a time when they are also having to apply for the new short-term let licence. Although this is a policy that taxes the 'visitor', there are unavoidable compliance costs for businesses.

**Q2) Given that the Bill is likely to result in different councils introducing a visitor levy in different ways or not doing so at all, what impact do you think the Bill will have in your area and across different parts of Scotland? For example, this could include any impact (positive or negative) on local authority finances, local**

**accountability and flexibility, businesses, or on numbers of overnight visitors.**

We agree that a visitor levy is best applied locally as visitor numbers will vary across different councils and would allow local authorities who experience greater tourism to reinvest in improving services. We feel the local authority should set the levy appropriately with careful consideration of how the rates could impact consumer behaviour. There will be unavoidable costs of imposing a visitor levy on both local authorities and businesses. It is important that the Council are aware of these costs and are properly resourced.

**Q3) Do you agree with the Bill's definitions of a "chargeable transaction" and of "overnight accommodation"? If not, what definitions do you think would be better?**

We agree that both definitions are clear.

**Q4) What are your views on the Bill's proposal to allow councils to set the levy as a percentage of the chargeable transaction? Are there any other arrangements that you think might be better? If so, please give examples and a short description of the reasons why.**

We agree the levy should be a percentage of the chargeable transaction as this is a fair and progressive system that allows for the fee to be set proportionately to the accommodation cost.

**Q5) What are your views on the absence of an upper limit to the percentage rate (which would be for councils to decide) and that it could be different for different purposes or different areas within the local authority area, but not for different types of accommodation?**

We agree that Councils should have the ability to impose a levy in different areas and can set the percentage, but it should be a standard across all accommodation types and consistent throughout the year. The Scottish Government should set a maximum limit as this will reduce the variation in local authority policy and ensure that the levy imposed is set responsibly to avoid changing consumer behaviour.

**Q6) The Bill would allow councils to apply local exemptions and rebates to some types of guests if they choose to. It also allows the Scottish Government to set exemptions and rebates on a national basis where it considers it appropriate. What**

**are your views on the Bill's proposals in relation to exemptions and rebates?**

We agree that there should be provisions to allow for an exemption or rebate for instance, if locals are required to stay in overnight accommodation in emergency circumstances regardless of the length of stay. Despite this, it is difficult to see how this rebate could be managed and would add increased administrative costs to both the accommodation provider and the Council.

**Q7) Do you agree with the Bill's requirements around the introduction and administration of a visitor levy scheme, including those relating to consultation, content, and publicity (Sections 11 to 15)? Are there any other requirements you think should be met before any introduction of the levy in a given area?**

We recognise that the system needs to be informed by the local context and consultations would help to identify potential localised issues and increase transparency. However, this must be balanced with the financial and administrative costs that would be borne by the Council. Given this is the second consultation taking place nationally, if further consultation is required, it is important the costs of introducing the legislation does not exceed the revenue that's raised from the levy.

**Q8) What are your views on the Bill's requirements for local authorities in respect of records keeping, reporting, and reviewing? (Sections 16, 18 and 19)**

We recognise the importance of regular review to ensure that the legislation is proportionate and to identify where the funds are being spent. However, the financial and resourcing costs of doing this must be considered and must be proportionate to the revenue that is likely to be raised.

**Q9) The Bill requires that net proceeds of the scheme should only be used to "achieve the scheme's objectives" and for "developing, supporting, and sustaining facilities and services which are substantially for or used by persons visiting the area of the local authority for leisure purposes." Do you agree with how the Bill proposes net proceeds should be used and if not, how do you think net proceeds should be used?**

We agree that funds raised by the levy must be reinvested into public services and infrastructure that will benefit both the community and tourists rather than allocated as general expenditure. This will ensure that the wider aims and motives of introducing the

levy are being achieved.

**Q10) What are your views on the Bill’s requirements for accommodation providers to identify the chargeable part of their overnight rates, keep records, make returns, and make payments to relevant local authorities? Are there any other arrangements that you think would be better, for example, by reducing any “administrative burden” for accommodation providers?**

If imposed, it is difficult to see how compliance costs could be reduced as accommodation providers are responsible for collecting the tax. Resultingly, these businesses will realistically incur additional charges from their property management systems and will require more administrative time and resources to keep records, make returns and make payments. We feel the greatest impact of the Bill would be on smaller, unregistered businesses where the levy could push them above the £85,000 VAT threshold. The implications of this would either result in fewer bookable nights to remain under the VAT limit or force businesses to register, which increases their tax liability and other costs. Either way the imposition of a visitor levy will result in a loss of revenue for businesses in this circumstance.

**Q11) Do you have any comments on Part 5 of the Bill (Enforcement and Penalties and Appeals)? Are there any other arrangements that you think might be more appropriate in ensuring compliance and reducing the risk of avoidance?**

**Q12) Do you have any comments on the issues that the Scottish Government proposes to deal with in regulations after the Bill has been passed? (Set out in the Delegated Powers Memorandum) Are there any that you think should be included in the Bill itself rather than being dealt with by regulations and if so, why?**

**Q13) Do you have any comments on the accuracy of the estimated costs for the Scottish Government, local authorities, accommodation providers and others as set out in the Financial Memorandum and Business and Regulatory Impact Assessment (BRIA)?**