

# SCOTTISH GOVERNMENT CONSULTATION ON TRANSIENT VISITOR LEVY LEGISLATION – SUGGESTED CULTURE ABERDEEN RESPONSE

<https://www.gov.scot/publications/consultation-principles-local-discretionary-transient-visitor-levy-tourist-tax/pages/10/> (relevant extracts of this 71 page PDF document below)

## NATIONAL CONSISTENCY VERSUS LOCAL AUTONOMY

‘Those local authorities that have said publicly that they would be in favour of imposing a visitor levy have suggested different means of calculating liability. Some expressed a desire to levy a charge not only on overnight stays but on other activities too. However, the National Discussion also raised a potential need for a level of national consistency or a national framework enforced through the legislation, to assist with simplicity in design and operation. This is in recognition of tourism’s status as a growth sector within Scotland’s Economic Strategy and the potential for negative impacts for example, if a visitor levy developed in one area of Scotland impacts negatively on other areas (or Scotland as a whole).

For accommodation providers that operate in more than one local authority area, the National Discussion further highlighted that a single method of applying a visitor levy, to a common activity, would be preferable in order to minimise complexity in its administration and in the costs of compliance. The tourism industry also voiced concerns that, without a level of national oversight, local authorities might not fully take into account the specific compliance and collection challenges faced by businesses. It was also argued that consistency of approach across Scotland would be easier for tourists to understand, as different systems create potential for confusion and could lead to negative perceptions of Scotland overall.

The Scottish Government recognise these conflicting views, and overall there are a range of trade-offs between national consistency and local autonomy. Our initial position is that there should be *some* overarching design principles set out in national legislation which must be followed by all local authorities that opt to introduce a visitor levy. However, within that national framework the intention is to enable individual local authorities, working with local tourism partners, to have as much freedom to take decisions as appropriate. ‘

### Q1. Do you think that the design of a visitor levy should be set out:

- a) wholly in a national framework     b) mostly at a national level with some local discretion  
 c) mostly at local level with some overarching national principles

Please provide a reason (or reasons) for your answer:

*Culture Aberdeen supports the concept of a Transient Visitor Levy (TVL) as a means to secure additional investment for enhancing the cultural offer of the local authority area from visitors to the city who greatly benefit from our venues, attractions, festivals and creative enterprises.*

*We believe that there should be a set of overarching national principles, embracing the ambitions of the National Cultural Strategy, but that each local authority should be free to design its own scheme within the framework of those principles. We also believe that a significant minimum proportion (for example 33%) of the funds raised through the TVL should be ring-fenced for enhancing and developing the city’s cultural offering.*

*The composition of Aberdeen’s tourist market is different to other parts of Scotland, with business tourism dominating. We feel that the price competitiveness of the city, in this context, must be taken in to account. As a result, we would want to see a robust monitoring of tourism sector indicators in order to inform policy makers and stakeholder around the effectiveness of implementing a scheme, its relative costs and benefits, and impact on the local economy.*

## LEVY ON OVERNIGHT ACCOMMODATION

‘During the National Discussion, a range of industry stakeholders highlighted the importance of ensuring a level playing field across all types of accommodation. These included self-catering units, including short-term lets that are part of the collaborative economy, hotels, bed and breakfasts, campsites, guest houses and marinas. It is therefore intended that the visitor levy would apply to overnight stays in all types of accommodation.’

### Q2. Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

Yes  No  Don't know

Please provide a reason (or reasons) for your answer:

*Given the nature of Aberdeen's existing tourist market, where there is higher than average percentage of business tourists, and that as the local economy is and will be dependent on domestic visitors, then the levy should apply to all.*

### Q3. Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

	apply	do not apply
Cruise ship passengers who disembark for a day before re-joining the vessel	<input checked="" type="radio"/>	<input type="radio"/>

*Culture Aberdeen believe that consideration should be given to how the visitor levy could be applied to cruise ship passengers. The Amsterdam model described in the consultation document would seem to present a good starting point for consideration.*

### Q4. Please tick which one you think would work best in Scotland?

Flat rate per person per night  Flat rate per room per night  A percentage of total accommodation charge  Flat rate per night dependant on the quality of accommodation

Please provide a reason (or reasons) for your answer:

*As part of establishing an efficient transient visitor levy and minimising negative impacts, we believe it will be important to opt for a charge on a percentage of the room bill rather than a flat charge per room. Culture Aberdeen supports a charging level of 2% per room per night.*

*This mechanism would be more progressive than a flat charge, enabling the TVL to automatically reflect changes in visitor accommodation prices; it avoids visitors at the budget end of the market paying proportionately more; it minimises pressure on accommodation providers with the most fragile price points; and it would ensure that seasonal price increases at the higher end of the market return dividends to the city as well as the operators. If a flat charge were to be adopted, some of these benefits should be retained by introducing a higher flat rate for more expensive accommodation and an exemption for budget accommodation.*

**Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.**

*No response*

**Q6. Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?**

Set out in a national framework  Decided by local authorities  Don't know

Please provide a reason (or reasons) for your answer:

*Culture Aberdeen believes that the basis of the charge should be set out in a national framework, within which each local authority should be free to design its own scheme within the framework of those principles.*

## **CALCULATING THE RATE**

'Consumer sensitivity to changes in price is likely to vary in different parts of Scotland and depending on the time of year. Understanding price sensitivity of tourists is a complex undertaking which depends on numerous factors including the nature of the tourism offer and its perceived uniqueness in the destination country (e.g. sun and sea versus cultural or sight-seeing) and availability of accommodation. This would suggest that there could be advantages to the rate being decided locally based on local economic conditions.'

**Q7. Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?**

Set out at national level  Decided by local authorities  Don't know

Please provide a reason (or reasons) for your answer:

*Culture Aberdeen believes that the rate of the charge should be set out in a national framework, within which each local authority should be free to design its own scheme within the framework of those principles.*

'If each local authority were able to determine the rate at which the visitor levy is charged, two further considerations arise. Firstly, under certain circumstances, it could be possible for the choices made by one local authority to have a wider impact, for example, to cause a reduction in tourism activity across other parts of Scotland. High visitor levy rates could also have broader reputational impacts on the perception of Scotland as a tourist destination and even, as a tax jurisdiction, which would not be in the overall interests of the Scottish economy.

This could be managed in part through a national upper limit or cap. A national constraint on visitor levy rates set by local authorities would however conflict with local autonomy and decision making.

The second consideration relates to how visitor levy rates are changed over time. Local authority autonomy to change the rate over time would allow for closer alignment between rates and local market circumstances. However, this could introduce uncertainty for accommodation providers and visitors, and increase complexity for both providers operating across local authority boundaries, and local authorities operating a levy.

As this consultation seeks views to inform the Scottish Government's approach to balancing the conflicting objectives of local autonomy and national consistency, we invite views on what, if any, national oversight might apply if decisions about the rate of visitor levy were made locally.'

**Q8. What factors should be considered to ensure the rate of the visitor levy is appropriate?**

**Please provide a reason (or reasons) for your answer:**

*Balancing all the considerations that operate at the level of the destination, compared to competitor destinations within an international tourism marketplace, means the strongest case is for managing the rate of a visitor levy at local level.*

**Q9. If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?**

- Set out at a national level  Decided by local authorities  Don't know

**Please provide a reason (or reasons) for your answer:**

*Balancing all the considerations that operate at the level of the destination, compared to competitor destinations within an international tourism marketplace, means the strongest case is for managing the rate of a visitor levy at local level.*

## EXEMPTIONS

'The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

- Homeless people
- Asylum seekers/refugees
- Travelling communities (such as Gypsy travellers and other traveller communities)
- Victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in
- Those placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in.

Beyond these groups, other groups could be included for exemption either at the national or local level.'

**Q10 Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?**

- All exemptions should be the same across Scotland and local authorities should not have any discretion.
- Some exemptions should be set at national level, and some should be at the local authority's discretion

**Q11. Which additional exemptions from the list below do you think should be applied to a visitor levy?**

*Tick all that apply*

- Disabled people and registered blind/deaf and their carers  Those travelling out with their local authority area for medical care, and their carers or next of kin  Children and young people under a certain age  Students  Long stay guests (e.g. people staying for more than 14 days)
- Business travellers  Local resident (paying for overnight accommodation within the local authority in which they reside permanently)

**Q12: Are there any other exemptions that you think should apply?  
Please list together with reasons below:**

*No*

*Suggest no CA response to these questions*

- **Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform**
- **Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?**
- **Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?**
- **Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?**
- **Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?**
- **Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?**

**Q19. A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below. Do you agree or disagree with these options. (please tick the appropriate box). If you have any other suggestion for requirements then please add these in the box below together with your reasons**

*Propose should agree with all options:*

Produce an initial statement of intention to consider introducing a visitor levy

A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities

Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy

Have conducted required impact assessments

Have assessed the administrative burden on businesses and taken steps to minimise this

If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area

Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority

Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors

The approach to collaborative decision making on revenue spending is set out in the public domain

Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis

The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain

Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction

Please add any other comments on the requirements listed above

*While local authorities must remain accountable for the process of spending the proceeds of local taxation, the maximum additionality and local support will be achieved through a portfolio of potential investments of revenues being considered by an independent panel of local authority tourism stakeholders, including representatives of the cultural sector, based on the case for investment against clear criteria.*

*The legislation should ensure that local authorities are required to conduct an option appraisal around the best governance structure for establishing a stakeholder panel, including the option of creating a Transient Visitor Levy Trust with an independent board making investment decisions and ensuring civic agreement on use of the revenues raised.*

*An independent oversight forum will need to have robust governance arrangements and to be manageable in size with members who have the right mix of skills and experience to undertake the responsibilities. The membership composition should reflect fairly the balance of different types of organisations (including cultural organisations) that contribute to the success of the local tourism sector as well as members who are able to bring the perspective of residents.*

*There must be meaningful public consultation on the collaborative decision making approach, including criteria for investment, in advance of any mechanism being established, and not simply a requirement to set out the approach in the public domain.*

*Minimising overhead costs is a shared concern for every business contributing to the success of the tourism sector, so it is important that the local authority demonstrates it has taken steps to ensure that the administration of a visitor levy is as efficient and cost-effective as possible.*

Please list any other requirements you think might be necessary, together with reasons below:  
*In line with our comments above, a local authority should be required to establish an independent stakeholder panel and conduct an option appraisal on the best governance structure including the option of a Transient Visitor Levy Trust.*

*'During the National Conversation we heard views expressed that a local authority's decision to apply a visitor levy should be subject to national oversight. This conflicts with our commitment to enhance local decision making, but we accept there may be extreme circumstances where this could be appropriate and we would welcome views.'*

**Q20. Should Scottish Government be able to prevent a local authority from applying a visitor levy?**

Yes  No  Don't Know

**Q21: Under what circumstances should Scottish Government be able to do this?**

*No CA response*

## HOW REVENUES SHOULD BE SPENT

'In section 1.2, we set out that the application of a visitor levy should be for individual local authorities to determine, and that receipts raised must fund local authority expenditure. Reflecting the National Discussion, such receipts should be spent on tourism related activities including responding to tourism pressures, in their local authority area. In essence, this means that revenues raised by a local authority choosing to apply a visitor levy would be retained by that local authority and not be subject to any pooling or redistribution.

This is a radical departure from the established financing mechanisms for local government in Scotland which has a system of equalisation at its heart, intended to ensure all local authorities have the capacity to deliver equivalent levels of service. The hypothecation of receipts to spend on a particular activity is also a radical departure from the wider system of government finance in Scotland and indeed the rest of the UK.

The National Discussion highlighted the importance placed by the tourist industry on ensuring that decisions made about how revenues are spent are both transparent and engage local stakeholders. Indeed, emphasis was placed on the importance of a partnership approach between local authorities and the local tourism industry about how and where revenue is spent.'

### **Q22. What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?**

Please provide a reason (or reasons) for your answer:

*To be seen as a worthwhile scheme for local residents and businesses it is vital that the funding distributed from visitor levy revenues will be additional and not substitute for current investment.*

*We believe that a minimum proportion (for example 33%) of the funds raised through the TVL should be ring-fenced for enhancing and developing the city's cultural offering for residents and visitors alike, improving the tourism sector. We therefore believe that the cultural sector should be consulted on how revenues are spent.*

*Funds raised must not disappear into general local authority budgets and must be transparently invested into key areas that contribute to a sustainable tourism economy and ensure a high quality experience for visitors and residents alike.*

*With any levy generating modest additional funds that will be subject to many potential demands, it will be important to ensure that additional funds are not diverted to supporting general statutory functions of local authorities.*

### **Q23. How might this engagement be best achieved?**

Please provide a reason (or reasons) for your answer:

*While local authorities must remain accountable for the process of spending the proceeds of local taxation, the maximum additionality and local support will be achieved through a portfolio of potential investments of revenues being considered by an independent panel of local authority tourism stakeholders, including representatives of the cultural sector, based on the case for investment against clear criteria.*

*The legislation should ensure that local authorities are required to conduct an option appraisal around the best governance structure for establishing a stakeholder panel, including the option of creating a Transient Visitor Levy Trust with an independent board making investment decisions and*



*ensuring civic agreement on use of the revenues raised. This would facilitate a dialogue around fair distribution between cultural and tourist sectors, for instance.*

*An independent oversight forum will need to have robust governance arrangements and to be manageable in size with members who have the right mix of skills and experience to undertake the responsibilities. The membership composition should reflect fairly the balance of different types of organisation contributing to the success of the local tourism sector as well as members who are able to bring the perspective of residents.*

*There must be meaningful public consultation on the collaborative decision making approach, including criteria for investment, in advance of any mechanism being established, and not simply a requirement to set out the approach in the public domain.*

*If allocation of revenue generated by a visitor levy were to be managed by the local authority, we would want to know that an independent stakeholder panel was advising on the decisions and to understand proposals for achieving a transparent balance between investment in local authority-led and other activities.*

‘We are aware that requiring receipts to be spent on ‘tourism related activities including responding to tourism pressures’ is open to interpretation and could cover a broad range of activity. For example, depending on the local authority this might be extra street cleaning during the peak tourist season, additional road maintenance in response to increased traffic volumes, or additional funding for local destination promotion or, where one exists, towards a local tourism strategy. A number of local authorities across Scotland have developed distinct tourism strategies in recent years, involving participation from the local tourism industry and stakeholders.

The Scottish Government is of the view that, where such tourism strategies exist, local authorities should allocate revenues from visitor levies towards delivering the priorities articulated within these strategies.’

**Q24. Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?**

Yes  No  Don't Know

Please provide a reason (or reasons) for your answer:

*Revenues should be allocated to priorities that are consistent with local tourism strategies, but it is unlikely that all potentially relevant investment propositions would be articulated in tourism strategies. Culture Aberdeen feel that an inclusive view of what defines a tourism strategy should be adopted. For example, Culture Aberdeen’s strategy for the city could serve as a useful means through which to establish the articulation of some priorities. It is through a robust and engaging culture sector that support can be offered to the tourism sector. The cultural and tourist sectors are symbiotic.*

*There is a particular opportunity to use the fund to leverage additional investment for new opportunities, for example capital investment in assets that would open up new cultural quarters to residents and visitors alike.*

‘Overall, we also consider that ensuring some degree of transparency on the way receipts are spent is essential. This might have a further benefit of securing wider community support for the local tourism industry.’

**Q25. What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?**

Please provide a reason (or reasons) for your answer:

*Robust monitoring and annual reporting should be put in place to inform policy makers and stakeholders about costs and benefits of the scheme and impacts of the change on the local economy.*

**MESSAGING AND TRANSPARENCY FOR PROSPECTIVE VISITORS**

'In the different places in Europe and around the world that have introduced a tourist tax, they have done so under a variety of names. The terms 'transient visitor levy', 'tourist tax' or 'visitor levy' (as used throughout this document) all refer to a charge levied on particular activities, most specifically, overnight stays in commercially let accommodation. We would like to understand if different permutations of the name might have unintended consequences, for example in not being transparent when translated into other languages or introducing some level of negative or incorrect inference.'

**Q26: If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?**

Yes  No  Don't Know

*Local authority tourism strategies' objectives may include managing and influencing visitor demand through dispersal, and there should be the ability at local level to support such objectives through revenues raised.*

**Q27. Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?**

Yes  No  Don't Know

Please provide a reason (or reasons) for your answer:

*We are not aware of market testing around the transparency of the name 'visitor levy' in other languages and would recommend that research is done into this question before national legislation is enacted.*

*Messaging around the introduction of any visitor levy scheme will need very careful communication around the provisions to help budget and long stay visitors. Any adverse effect on demand could damage the status of Scotland's reputation as a welcoming and world class destination.*

**28. If not, what do you consider to be a better alternative and why?**

Please provide a reason (or reasons) for your answer:

*No CA response*

*Proposed no CA response to 29 to 33*

- **Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?**
- **Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?**
- **Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?**
- **Q32: In addition to what is set out in our draft BRIA (Business and Regulatory Impact Assessment) are you aware of any additional impacts the visitor levy will have for any of these groups? Visitors (both domestic and international); Tourism accommodation providers and their employees; Other tourism businesses and wider economy; Local residents and general public; Local Authorities**
- **Q33: Are there any other groups not listed here that should be given attention in the impact assessments?**