Guidance on the Visitor Levy for Local Authorities

August 2026

Contents

Images: Front cover: Helix Home of the Kelpies
Contents page: John Muir Way, Helensburgh

Foreword from VisitScotland

As the national tourism and events agency, VisitScotland's core purpose is to drive the visitor economy, growing its value to Scotland.

We do this in collaboration with the tourism and events industry as we work together to deliver the two national strategies - Scotland Outlook 2030 and Scotland the Perfect Stage. Together, these set out our shared ambitions for Scotland to be the world leader in 21st century tourism and build on our status as a world-leading events destination.

The visitor economy is one of Scotland's most important industries, supporting businesses, jobs and communities across the country. In 2024, visitors spent £11.4 billion and there were over 16,000 businesses and 245,000 jobs in the sector.

We know the current travel landscape and economic climate present clear challenges for our industry. When considering a visitor levy, we believe each local authority needs to carefully evaluate its visitor profile – whether largely domestic or international – and the potential impact of a visitor levy on businesses and visitors within this context. It will be important to understand whether a visitor levy will work for them, as what's right for one destination will not necessarily be right for others.

Any local authority considering a visitor levy should engage with businesses expected to pay the charge and other interested parties around its proposals before entering a formal consultation period. We also expect that local authorities choosing to bring forward proposals will do so only after having set out their priorities for development of the sector through local tourism or visitor economy strategies. This approach will ensure that the objectives of a visitor levy scheme (VL scheme) align with the priorities of regional strategies, support local visitor economies and are designed to take into account any potential impact on businesses.

We know the introduction of a visitor levy is a major change for businesses and it is therefore crucial that they receive the support they need to be able to calculate and remit the visitor levy where it will be charged. The implementation period will be the ideal opportunity to do this, but we welcome the opportunities the legislation provides for regular engagement with the sector beyond the introduction of a visitor levy.

This document provides local authorities with guidance on the development and implementation of a VL scheme. It may also be of use to liable persons responsible for paying and remitting a visitor levy and others with an interest in a VL scheme. Local authorities should continue to use the guidance once VL schemes are in place, and if considering changes, ensure industry engagement remains at the forefront of their approach.

Each local authority introducing a VL scheme will be expected to produce their own guidance for businesses.

This version of the guidance has been updated to reflect changes brought into effect by the Visitor Levy (Amendment)(Scotland) Act 2026. We will continue to review the guidance and update as appropriate.

01 Power to introduce a levy

1. The Visitor Levy (Scotland) Act 2024, passed by the Scottish Parliament in May 2024 and receiving Royal Assent on 5 July 2024, enables local authorities to introduce a visitor levy on overnight accommodation set as a percentage rate. The Visitor Levy (Amendment) (Scotland) Act 2026, passed in March 2026 and receiving Royal Assent on 21 May 2026, expands this power by allowing a visitor levy to be set as fixed amount(s) per room or area per night. The provisions of the 2026 Act are incorporated into the 2024 Act, and references to "the Act" in this guidance should be understood as the 2024 Act as amended.

2. It will be for each local authority to decide after consultation, whether or not to introduce a VL scheme. If a VL scheme is to be brought forward, it will be for the local authority to determine certain elements, such as the percentage rate or fixed amount(s), the categories of accommodation to which different amounts may apply, the times of year and the geographical area where it applies, and any local exemptions.

3. A local authority may introduce more than one VL scheme for its area, for example rural and urban VL schemes. Different VL schemes can apply different visitor levy basis, so for example a local authority could set a percentage rate for an urban VL scheme and fixed amount(s) for a rural VL scheme. However, a single VL scheme cannot apply more than one basis of visitor levy, i.e. it can only set the visitor levy as a percentage rate or fixed amount(s). Only one visitor levy can apply to a single stay on a particular night.

4. This guidance is for local authorities that are considering developing and implementing a VL scheme in their area. It may also be of use to liable persons responsible for paying and remitting a visitor levy and others with an interest in a VL scheme. Under the Act, the accommodation provider is the 'liable person' and becomes so when the visitor takes entry to the overnight accommodation. The guidance was developed collaboratively between local authorities and tourism and accommodation business organisations, originally working together in an expert group led by VisitScotland. This updated version has also been subject to engagement with industry and local authorities.

5. This guidance is not intended to be exhaustive, nor is it an authoritative statement of the law. Local authorities should seek their own legal advice if, and where, they are unsure of their legal obligations or the lawfulness of a proposed VL scheme. This guidance was first published in October 2024 and reviewed and updated in October 2025 and August 2026.

Types of accommodation to which a visitor levy applies

6. A visitor levy may be applied to the purchase of overnight accommodation used by a visitor for residential purposes where it is not their only or usual place of residence. For the purposes of fixed amount visitor levies a room or area is the single unit of overnight accommodation that is purchased by the visitor and in which they have the right to reside. For further information see Chapter 11 *Rate setting*. The Act allows for fixed amounts to be set for different categories of accommodation; such categories may be different from or be subsets of the types of accommodation listed below. Different rates for different categories of accommodation are not permitted with a percentage-based VL scheme.

7. The types of accommodation included within scope of the legislation are:

    a. hotels

    b. hostels

    c. guest houses

    d. bed and breakfast

    e. camping sites

    f. caravan parks

    g. accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place

    h. any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence

8. Scottish Ministers may bring forward regulations to add or remove a type of accommodation from being subject to, or not subject to a visitor levy or amend a description of a type of accommodation that is currently listed as being included or excluded. Such regulations would be subject to necessary consultation, including with local authorities and persons thought to represent the interest of communities and tourist organisations, and approval by the Scottish Parliament.

Further examples of accommodation subsets where a visitor levy would apply

9. Caravan parks and camping sites: Accommodation types within caravan parks and camping sites that are within scope include, but are not limited to:

    a. static caravans (let by private owners or let through caravan park)

    b. self-catering units (including but not limited to; lodges, cabins, chalets, safari tents, treehouses, pods and shepherd's huts)

    c. touring pitches for campervans/motorhomes/caravans

    d. tent pitches

    e. temporary camping sites

    Where there is an overnight charge for a stay that isn't in a designated camping site or caravan park - such as Aires, it is likely that the visitor levy would still be applied to that transaction.

10. Timeshares: When a timeshare owner or resort rents out to a non-owner, the visitor levy would apply to the rental in a percentage-based VL scheme, or on the number of nights in a fixed amount VL scheme.

    a. Resort-managed rentals: the visitor levy would apply to the nightly rental rate charged by the resort in a percentage-based VL scheme, or on the number of nights in a fixed amount VL scheme

    b. Owner-led rentals: if individual owners rent their weeks directly, the visitor levy would apply to the price they charge, in a percentage-based VL scheme, or on the number of nights in a fixed amount VL scheme. The owner, not the resort, would be the liable person responsible for payment and remittance

11. Local authorities can make local exemptions for any of the accommodation types within scope. For further information see Chapter 17 *Exemptions.*

Examples of accommodation subsets where a visitor levy would **not** apply

12. A visitor levy cannot be charged for accommodation in a vehicle, or on board a vessel that is undertaking a journey involving one or more overnight stops, except where the vehicle is staying overnight at a designated pitch within a caravan park or camping site

13. Caravan parks and camping sites: Accommodation types within caravan parks and camping sites that are not in scope include:

    a. seasonal touring pitches by definition are designated pitches rented for an extended period, typically a season, allowing caravan or motorhome owners to leave their vehicle in situ, without occupying it for the duration of its occupation of the pitch. The individual who purchased the seasonal pitch would not be liable for the visitor levy on the same basis as those who own static caravans for their own personal use would not be liable. However, if they sub-let their accommodation, they would be liable to pay the visitor levy

       Note: Caravan parks and camping sites may distinguish between a seasonal pitch and a standard touring pitch through the use of seasonal touring agreements/contracts, or equivalent documented arrangements, including where occupation is for an extended duration, for example exceeding 28 days. Operators may wish to take this into account when considering whether the visitor levy applies in such circumstances.

    b. The Caravan Sites and Control of Development Act 1960 states that the expression 'caravan site' means 'land on which a caravan is stationed for the purposes of human habitation and land which is used in conjunction with land on which a caravan is so 'stationed'. Where a caravan is situated on a caravan site, the visitor levy would be payable. Where there's an overnight charge for a stay that isn't in a designated camping site or caravan park – such as a car park, it will be up to the local authority to decide whether or not the visitor levy is liable. Local authorities may wish to consider relevant legislation, planning regulations as well as any other designations which may assist in determining whether such sites should be in scope. Local authorities should also take into account their existing powers to prevent illegal parking and overnight stopping by campervans, motorhomes and caravans in locations such as car parks, laybys, private land and roadsides. This could support responsible and managed overnight provision for these types of vehicles

14. Timeshares: The visitor levy would not apply where a timeshare owner purchases a right to use accommodation for a set period, paying annual maintenance fees rather than a nightly rate. Similarly, when an owner exchanges their timeshare for a stay at another resort, the financial transaction often involves exchange fees rather than direct accommodation costs. The visitor levy would not be payable in relation to the exchange.

15. In all cases where no financial transaction applies, no visitor levy can be charged.

02 Timeline

1. Many of the activities required to be carried out by local authorities as part of the introduction and implementation of a VL scheme will need to be carried out in a specific order.

2. Beyond the statutory requirements, it is recommended that local authorities also carry out a range of other tasks, which although non-statutory, will ensure that a VL scheme is introduced in a manner which is considered good practice. Figure 1 and Table 1 outline both the statutory and non-statutory tasks and provide an indicative timeline presenting the order in which these should take place during the introduction of a new VL scheme.

3. This timeline is intended to provide a general guide, and exact dates that activity is undertaken will be for the local authority to determine according to individual local circumstances.

4. It is also recommended that, where possible, local authorities consider how existing approaches and structures can be utilised in the completion of these activities.

5. Different timelines will apply where an existing VL scheme is being modified to change the basis of visitor levy, to increase the percentage rate or to increase the fixed amount(s). For further information see Chapter 07 *Implementation period.*

Figure 1: Indicative timeline of activities for a **new** VL scheme

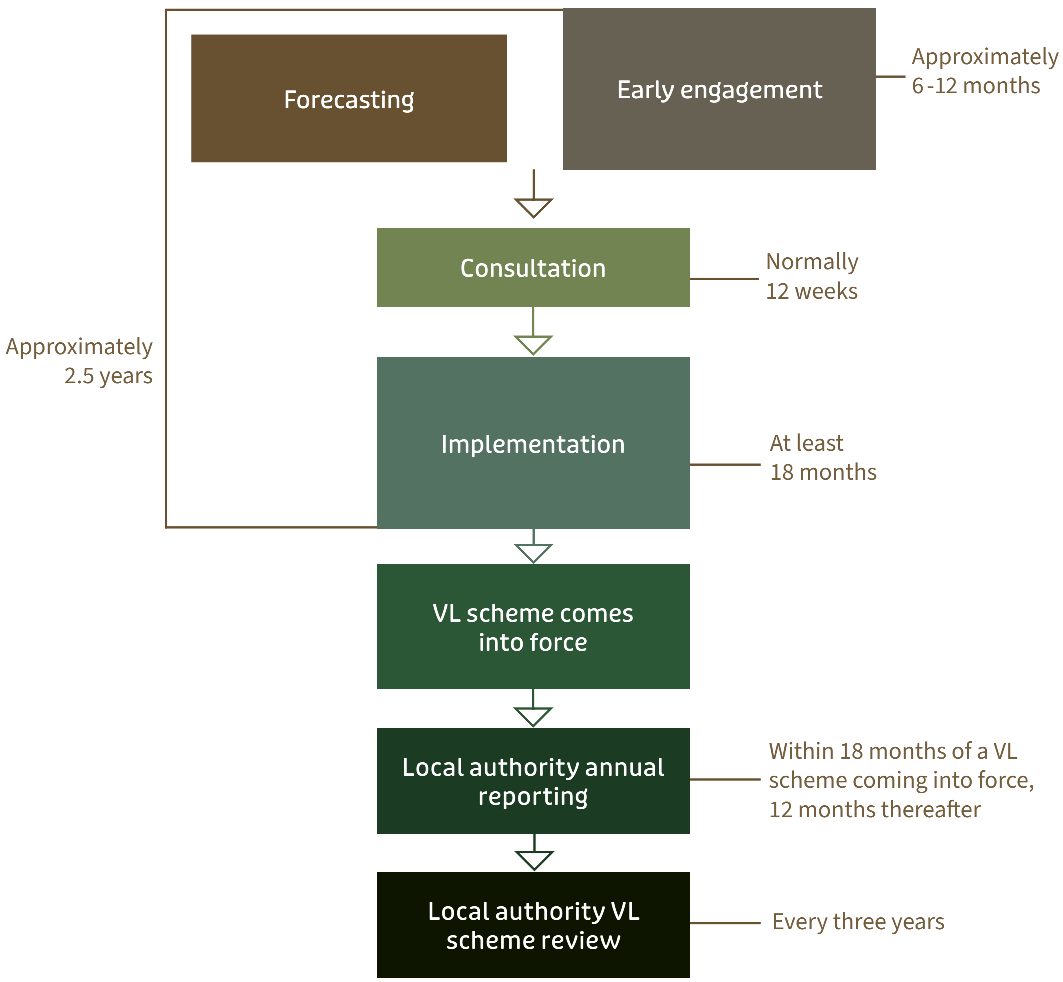

Table 1: Indicative timeline of activities for developing a **new** VL scheme

Activity	Statutory Requirement
Local authorities undertake work to understand their local visitor accommodation sector and set up necessary cross working between local authority departments. **See Chapter 04 *Forecasting.***	
Local authorities engage with stakeholders to develop visitor levy proposal, which may include considerations such as local exemptions and their potential impact. **See Chapter 05 *Early engagement*.**	
Discussion at committees within the local authority.	
Debate at relevant local authority committee.	
Local authorities to prepare for consultation. **See Chapter 06 *Consultation*.**	
Objectives of VL scheme to be developed.	✓
Impact assessments to be carried out as required.	✓
Develop draft VL scheme to be proposed.	
Plans for the use of net proceeds of a VL scheme to be developed. **See Chapter 12 *Use of funds.***	
Agreement of draft VL scheme by the local authority.	
Public consultation on entire draft VL scheme proposal (standard practice is 12 weeks). **See Chapter 06 *Consultation***	✓
Analyse and report findings to the local authority committee, including potential changes to a VL scheme in light of consultation. **See Chapter 06 *Consultation.***	
Formal public announcement of decision on whether or not to introduce a VL scheme (if the decision is to introduce a VL scheme, the proposed start date is to be set out, and it is recommended that any transition period for forward booking is also set out). Publication of any agreed VL scheme	✓
Minimum 18-month implementation period begins. **See Chapter 07 *Implementation period*.**	✓
Scottish Ministers to be notified of decision to introduce a visitor levy.	✓
Local authorities should provide guidance / information for liable persons, specific to their VL scheme, including their liability for forward bookings for any transitional period. **See Chapter 14 *Assistance for liable persons*.**	
Local authorities to establish a Visitor Levy Forum within six months of formal public announcement of a decision to introduce a VL scheme. **See Chapter 21 *Visitor Levy Forum*.**	✓
Implementation period expires.	
VL scheme comes into force, and the visitor levy is paid and remitted to the local authority. **See Chapter 16 *Returns and remittance of levy*.**	✓
Annual report on the scheme. **See Chapter 23 *Annual reporting.***	✓
Local authority VL scheme review (every three years).	

03 Required content of a VL scheme

1. Local authorities wishing to introduce a visitor levy in their area are required to create a VL scheme. A VL scheme is required to specify:

    a. the geographical area covered by a VL scheme (two or more local authorities may act jointly to make a VL scheme)

    b. the date on which a VL scheme comes into force

    c. the period of time in which a VL scheme will be active (which can be indefinitely)

    d. when during the VL scheme period the date of stay will be liable for a visitor levy (which can be at all times)

    e. the basis on which the visitor levy is to be charged and the percentage rate or fixed amount(s) per room/area per night set by the local authority

    f. the VL scheme's objectives

    g. whether the liable person is permitted to deduct and retain an amount from the visitor levy payable and if so the maximum amount of the permitted deduction

    h. the arrangements for review of decisions that relate to a VL scheme

    i. any exemptions that mean a visitor levy is not payable or may be reimbursed (which must include an exemption where the visitor is entitled to disability benefits, payments or allowances specified in the Act)

    j. the arrangements for the administration of any exemptions

    k. the evidence required and manner in which it can be proved that the exemption related to specified disability benefits applies to a relevant transaction

    l. the way the local authority intends to make decisions on the use of the net proceeds from a visitor levy

    m. whether or not the visitor levy is payable in relation to accommodation with an annual turnover below the VAT threshold, set by UK Government

04 Forecasting

1. The forecasting of revenue from a visitor levy is an important process to help understand the viability of introducing a visitor levy. Alongside forecasting, an appropriate impact assessment can ensure VL scheme design is proportionate and operationally deliverable. Being able to estimate the size of the expected receipts from specific accommodation types, through establishing an early register of accommodation providers, may also assist compliance.

2. Forecast estimates will both influence, and be influenced by, decisions on how the VL scheme is designed. This will include whether local exemptions are applied, the geographical area and types of accommodation a VL scheme covers, whether it operates year-round and whether a nightly cap applies.

3. Forecasting will also play a crucial role in determining whether a percentage rate or fixed amount(s) is applied and early work on this will underpin the future success of any VL scheme. Wider factors such as visitor demand and occupancy rates will also have an impact on the potential viability of a VL scheme. This will provide local authorities with a data informed understanding of the variation in revenue generation between a percentage rate and a fixed amount(s) VL scheme.

4. Forecasting should include projected visitor levy revenue alongside anticipated implementation, administration, compliance and enforcement costs, as well as wider economic impacts on visitors, businesses and the local visitor economy. For example, local authorities could assess whether the introduction of a visitor levy could affect visitor numbers, while also considering the administrative and financial pressures it may place on liable persons.

Revenue forecasting

5. There are different approaches to forecasting future revenue receipts, and a variety of different secondary data sources are available for free or paid subscription. Quality of information is likely to be variable, and to ensure reasonable expectations are set, estimates should acknowledge the levels of uncertainty or gaps in coverage.

6. To calculate the forecasted revenue, a variety of data could be used to help with this work. For example, local authorities may wish to prepare data on the supply of inventory (rooms, beds, etc.), the number and types of places to stay in the area (properties), the times through the year these are occupied (occupancy rates), and average tariffs for different accommodation types (average daily rate). Local authorities may also find it helpful to use publicly available data relating to non-domestic rates to identify the number of each accommodation type included in scope of the VL scheme.

7. Local authorities will need to choose the basis of the charge they are seeking to introduce. As part of considerations, they may wish to estimate potential revenues from a variety of charging options. In percentage-based VL schemes, local authorities should consider and account for scenarios where specific costs are excluded from the visitor levy calculation, such as the removal of non-accommodation costs. In parallel, forecasting in a fixed amount VL scheme may, in some cases, provide greater accuracy, particularly where baseline values are variable or low.

8. In order to do this, the following formula would need to be applied depending on the approach(es) being considered:

   a. Percentage rate revenue calculation
   Revenue = bookable units (stock) x occupancy rate x average daily rate x potential percentage rate

   b. Fixed amount per room/area per night revenue calculation
   Revenue = bookable units (stock) x occupancy rate x total nights bookable (or 365) x potential fixed amount (£)

   c. Different fixed amounts per room/area per night revenue calculation
   Revenue = bookable units (stock) x occupancy rate x total nights bookable (or 365) x potential fixed amounts (£) (repeat depending on number of different fixed amounts)

9. In very simple terms, Table 2 is an example of what a local authority could develop as a basis for any initial forecast. These examples are based on accommodation types, however local authorities may choose to forecast fixed amount revenues based on other differentiated categories where information is available. The numbers and amounts in Table 2 are not reflective of any local authority and they are for illustrative purposes only. Actual local authority data may generate significantly different results.

Table 2: An example of what a local authority could develop as a basis for initial forecasting

Accommodation type	Number of rooms/ units	Occupancy rate	Average Daily Rate (ADR)	Annual revenue from 1% of occupied room/ unit (£)	Annual revenue for £1 fixed amount per occupied room/ unit (£)
Current hotel provision	2,500	71%	£196	£1,269,835	£647,875
New hotels / expansions	200	71%	£196	£101,587	£51,830
Guest houses / B&B	350	57%	£129	£93,935	£72,818
Camping sites & caravan parks	300	36%	£40	£15,768	£39,420
Youth hostels	150	60%	£50	£16,425	£32,850
Self-catering	1,300	41%	£168	£326,836	£194,545

*To support understanding of how this table was developed, information on accommodation capacity, occupancy, and pricing from 2024 and 2025 has been brought together from a range of available sources

10. Local authorities should take a robust evidence-based approach to determine the basis of a visitor levy charge. For further information see Chapter 11 *Rate setting*.

11. Where local data is difficult to come by, local authorities should focus efforts on building on existing data by working with the sector and across local authority departments to build a more complete picture. Where data is still deemed insufficient by the local authority, it may wish to seek national level information from sources such as VisitScotland.

Administration, enforcement and collection

12. Forecasting work should also include an assessment of the costs of a VL scheme to the local authority, as well as the costs (administrative and financial) to liable persons. The administrative costs to a local authority of a VL scheme - including for the national online platform development to submit returns and make payments visitorlevy.scot - can be taken from the funds raised by a VL scheme. Such administration costs should take into account any decision to allow liable persons to deduct and retain a proportion of any visitor levy applied to help mitigate against their increased administrative costs.

13. A local authority can delegate collection and enforcement functions to a third party for its VL scheme. The costs associated with this can be taken into account when forecasting to aid the design of a VL scheme. For further information see Chapter 25 *Compliance*.

Costs for local authorities setting up a VL scheme

14. The up-front set-up and decision-making costs may need to be financed within existing local authority budgets. However, it should be borne in mind that these costs can be offset against future revenues raised through a VL scheme. It will be up to the local authority to decide how best this can be carried out.

Business and visitor impact

15. Over the course of forecasting work, local authorities will be in a position to gather useful information on both the make-up of visitor accommodation and visitors to their area. This information could be utilised to inform the impact assessments that are required as part of the development of VL scheme proposals.

16. Understanding potential economic impacts on visitors, businesses and the local visitor economy will better enable local authorities to design a proportionate and straightforward VL scheme that can deliver on agreed objectives.

05 Early engagement

1. Local authorities considering introducing a VL scheme in their area are strongly recommended to undertake engagement around their proposals, prior to the required consultation. Although not statutory, this approach is considered to be good practice. Early engagement is important to ensure scheme design and implementation will be underpinned by simplicity, clarity, operational deliverability, and minimising administrative burden.

2. Early engagement will be crucial for local authorities to develop draft proposals, setting out clear justification for suggested approaches to the basis of the charge (and other local flexibilities). This phase is a key opportunity for local authorities to bring forward proposals that are well understood by those who will be paying and remitting the visitor levy. It will also be a collaborative way to help generate industry support for a VL scheme.

3. Local authorities will have their own well-established processes and networks for engaging with stakeholders, including local communities. Local authorities should make use of these networks and processes, engaging through them to develop proposals in advance of the consultation.

4. Local authorities should consider the following early engagement general principles which relate to the subsequent consultation requirements:
   a. scheme outline
   b. scheme objectives
   c. scheme impact

5. Local authorities should consider what early engagement might be required if they want to apply modifications to an existing VL scheme. For further information, see Chapter 07 *Implementation period.*

Scheme outline

6. **Local authority priorities**: in developing an outline for a VL scheme, a local authority should identify its own priorities for its development and delivery. A local authority must have regard to, and align with, the principles of relevant local tourism strategies, as well as other related local, regional and national strategies, which are directly linked to the visitor economy. This should be considered before progressing any further. The local authority should also take necessary steps to ensure all relevant individuals / departments within the local authority are sighted on early development of a VL scheme outline.

7. **Local stakeholders**: in developing an outline for a VL scheme, a local authority should identify and engage with stakeholders who will have an interest in such a scheme. This interest can be a:
   a. business interest (this includes all relevant parties involved in the booking and management of accommodation
   b. resident interest (including how the funds will be spent)
   c. tourism organisation interest (local and national tourism organisations with an interest in how the visitor levy will operate and funds will be used, such as local destination organisations and VisitScotland)
   d. other public body interest (such as national parks within a VL scheme area).
   e. visitor interest
   f. or other interest (such as organisations who may be able to provide advice and support on the payment and collection of a self-assessed visitor levy, e.g. Revenue Scotland)

8. Identifying the right stakeholders for this process will be easier if these stakeholders have been engaged through the existing tourism strategy development. Local authorities will have long-established networks and processes which they should be able to rely on when identifying stakeholders.

9. **Engagement**: once stakeholders have been identified, local authorities should engage with them to understand their priorities. Simultaneously, local authorities should take this opportunity to test early thinking with these stakeholders.

10. **Scheme development**: having done this early work, a local authority should be in a position to develop a scheme outline that is familiar to key stakeholders, is cognisant of their views and reflects the aspirations of the local tourism strategy, and other related local, regional and national strategies, which are directly linked to the visitor economy.

Scheme objectives

11. **Tourism strategy**: in developing an outline for a VL scheme, a local authority should be able to draw a clear link to the objectives of its local tourism strategy and other related local, regional and national strategies. Having the objectives of the visitor levy closely linked to this will allow the local authority to ensure that the VL scheme objectives link to wider strategic thinking on the visitor economy.

12. **Local authority priorities**: local authorities should consider the priorities for their own areas and ensure that the stakeholders they engage with during early engagement understand these priorities, so that a VL scheme's objectives link to the wider work, and strategic focus of the local authority. It would be useful to outline proposed use of net proceeds during early engagement.

Scheme impacts

13. **Assessment:** prior to consulting on a VL scheme, local authorities are required to prepare and publicise an assessment of the impacts of their proposal. In order to inform this process, we recommend that local authorities undertake work to identify impacts on:

    a. businesses paying and remitting the visitor levy (including third parties)

    b. visitors

    c. communities which may benefit from the visitor levy

    d. local authorities administering the visitor levy

14. Work to assess the impact of a proposed VL scheme - particularly the basis of the charge - should be undertaken openly and transparently, working with stakeholders appropriately. For more information, see Chapter 04 *Forecasting*, Chapter 18 *Islands and rural communities* and Chapter 08 *Equalities*.

15. At this stage in the process, local authorities should engage with liable persons to develop awareness of the administrative and financial costs that they will incur in paying and remitting a visitor levy. Local authorities may wish to consider engaging with liable persons around possible options for addressing those costs, such as by establishing a permitted deduction, which could then be included as part of the statutory consultation process. See Chapter 14 *Assistance for liable persons.*

16. Work will also be required to assess the potential income generated at an early stage, alongside the wider costs of introducing a VL scheme (both for local authorities and businesses), and consider whether the economic benefit will justify its implementation. For further information, see Chapter 04 *Forecasting*.

17. The following case study example may aid local authorities as they look to develop their early engagement approach.

Dumfries & Galloway Council: Early engagement

Dumfries & Galloway Council completed the early stage process of investigating whether a visitor levy should be progressed for the region. Although a decision was taken not to proceed, the example below highlights the process that they followed during this early engagement phase.

Dumfries & Galloway Council undertook a structured early engagement process in line with the *Guidance on the Visitor Levy for Local Authorities*, aiming to raise awareness and gather feedback from residents, visitors, businesses, and community stakeholders on the potential introduction of a VL scheme.

This included a programme of 20 engagement events across the region, such as webinars, South of Scotland Destination Alliance (SSDA) business meetings, drop in sessions, and discussions with tourism bodies. This also included constructive and ongoing engagement with various membership organisations. These sessions were designed to explain how a VL scheme could operate and to respond to questions from different audiences.

To support this engagement, an independent research company was commissioned to design and deliver a comprehensive research programme. This included three tailored surveys targeting key stakeholder groups: businesses, residents, and visitors. In total, 1,651 responses were collected, providing a robust evidence base. This comprised 274 business responses (primarily from the accommodation sector), 797 resident responses (including input from community organisations), and 581 visitor responses representing local, national, and international perspectives.

The surveys were widely promoted through online channels, including a dedicated council webpage, social media, and targeted email distribution lists, as well as via the SSDA. To ensure inclusivity, paper versions were also made available.

Fieldwork was conducted over an eight week period, and quality assurance measures, including checks for duplicate responses, ensured the reliability of the dataset.

Overall, this approach combined open engagement events with independently conducted, large scale survey research to ensure a broad and inclusive range of views informed consideration of the visitor levy. This provides reassurance and confidence that this draft scheme has been well considered and co-created, irrespective of the final decision made about whether or not to progress with a VL scheme.

06 Consultation

1. Under the Act, a local authority looking to introduce a VL scheme must prepare and publicise an outline of a VL scheme, a statement of its objectives, and an assessment of the impacts of the proposal. It should also include a statement about when a visitor levy will not be payable or may be reimbursed.

2. The Act requires a local authority to consult on a proposed VL scheme with those it considers representative of communities, businesses engaged in tourism, and local tourist organisations.

3. Following the consultation, the local authority must prepare and publicise a report which summarises the consultation responses, states whether or not the local authority intends to proceed with a VL scheme (or a VL scheme as modified in light of the consultation) and set out the local authority's reasons for whether or not it intends to proceed.

4. Guidance on consultation good practice can be found in Scottish Government Consultation Good Practice Guidance. It is recommended a local authority considering a consultation on a visitor levy takes that guidance into account when developing and carrying out any consultation.

Proposed scheme

5. Under the Act, a local authority must prepare and publicise:

    a. an outline of the proposed VL scheme or a VL scheme as it is proposed to be modified ("the proposal")

    b. a statement about the objectives of the proposal, including how the local authority intends to measure, and report on the achievement of those objectives

    c. an assessment of the impacts of the proposal in the local authority's area

    d. a statement about the cases or circumstances where a visitor levy will not be payable or may be reimbursed

6. It is strongly recommended that any proposal for consultation should cover all the elements required in a VL scheme to allow for an appropriate level of input and discussion with stakeholders. It will be essential that a robust early engagement phase develops a strong justification for the proposals that will be consulted on, including but not limited to, the basis of the visitor levy charge. For further information, see Chapter 03 *Required content of a VL scheme*.

7. In setting out a statement about the objectives of a proposed VL scheme, it is recommended local authorities set out how they have considered a VL scheme will benefit the local visitor economy. In reporting and measuring this a local authority could use existing mechanisms aligned to an adopted local tourism strategy, and other related local, regional or national strategies which are directly linked to the visitor economy.

8. The local authority should also set out how it intends to capture the wider impacts of the proposal, including the impacts on businesses, visitors and residents, particularly on any rural areas covered by the VL scheme area.

9. Local authorities should have an existing awareness of the costs incurred by liable persons on paying and remitting a visitor levy through early engagement. For further information, see Chapter 05 *Early engagement*. Where a local authority decides that a liable person may make a deduction to help mitigate some of the administrative costs, possible options for this should be included in the consultation.

Consultation process

10. The Act sets out a requirement to consult such persons as the local authority considers to be representative of communities, businesses engaged in tourism and tourist organisations in its area, and any such other persons it considers likely to be affected by the proposal.

11. It is for the local authority to determine who the appropriate consultees may be in each circumstance. For further information see Chapter 05 *Early engagement*.

12. Where a proposed VL scheme area overlaps with an area designated as a national park, the national park authority must be consulted.

13. In general, it is recommended that the local authority take steps, as it considers appropriate, to ensure that adequate publicity about the proposal is given to persons likely to be affected by it.

14. It will be up to the local authority to determine how long it intends to run a consultation for. The chosen timescale should account for the complexity of the proposals, which involve self-assessed taxation - a system likely unfamiliar to both liable persons and local authorities. In general, it is recommended that 12 weeks is an appropriate time for the formal consultation to take place. Where local authorities are introducing some specific modifications, they may deem it appropriate to consider shorter, more targeted consultations.

15. In considering timings for their consultation, local authorities should reflect on the legislative requirement to allow at least 18 months between the date of the local authority's decision to introduce a VL scheme, and the date on which any new VL scheme will come into force. Shorter implementation periods are permitted where an existing VL scheme is being modified. Consultation is required in all cases where a modification to a VL scheme is proposed. For further information see Chapter 07 *Implementation period.*

16. The local authority should make documents relating to its consultation process available on the local authority website, and at the local authority's main office during normal business hours.

Consultation report

17. The Act requires a local authority to prepare and publish a consultation report which:
    a. summarises the consultation responses received
    b. states whether or not the local authority intends to proceed with the proposal (or proposal as modified in light of the consultation)
    c. sets out the local authority's reasons for whether or not it intends to proceed

18. A local authority may also wish to include information on the number of consultation responses received, an overview of who responded – including businesses, visitors and residents – and the local authority's response to the key points raised during the consultation.

19. Local authorities should carefully consider this report and their response to consultation feedback to demonstrate robust decision-making on whether to proceed with a VL scheme, not proceed, or proceed in an amended form.

20. The consultation report and final agreed VL scheme should be published on the local authority's website and made available in print upon request.

07 Implementation period

1. As set out in the Act, a new VL scheme will come into force no sooner than 18 months after the date on which the local authority publishes its report summarising the consultation responses received, and stating that it intends to proceed. This is the implementation period. It will be for the local authority to ensure they communicate the beginning of the implementation period to relevant stakeholders. For further information, see Chapter 02 *Timeline* and Chapter 20 *Communication*.

2. The 18-month implementation period for a new VL scheme is intended to allow local authorities, communities, and businesses to prepare for the introduction of a VL scheme.

3. When making changes to existing VL schemes, implementation periods may vary depending on the modification. For all modifications deemed significant under the legislation, the implementation period required will either be a minimum of 18 or 6 months. For other modifications local authorities can apply them on a date of their choosing, provided sufficient lead-in time for businesses to adapt is retained. In all cases, a consultation and publication of a report will need to be completed before the implementation period can begin or the modification can be applied. Table 3 sets out minimum implementation periods required where certain modifications are applied to an existing VL scheme.

Table 3: Minimum implementation period for modifications to **existing** VL schemes

Change scenarios where implementation period would apply	Significant Modification	Justification	Consultation & report required	Minimum implementation period
Expand the VL scheme geographical area	Yes	Section 14 (4) (a) of 2024 Act	Yes	18 months
Removal of existing exemption	Yes	Section 14 (4) (c) of 2024 Act	Yes	18 months
Increase in visitor levy rate (fixed amount or percentage)	Yes	Section 14 (4) (b) or (ba) of 2024 Act and as amended by the 2026 Act	Yes	6 months
Change the basis of charge (from fixed amount to percentage or vice versa)	Yes	Section 14 (4)(bb) as amended by the 2026 Act	Yes	6 months

Change scenarios where implementation period would apply	Significant Modification	Justification	Consultation & report required	Minimum implementation period
Decrease in visitor levy rate (fixed amount or percentage)	No	Section 14 (5) of 2024 Act	Yes	Can come into effect on a date chosen by the local authority. However, accommodation providers and third parties should have sufficient time to implement changes
Add an exemption	No	Section 14 (5) of 2024 Act	Yes	Can come into effect on a date chosen by the local authority. However, accommodation providers and third parties should have sufficient time to implement changes
Add/increase a cap on the maximum number of nights	No	Section 14 (5) of 2024 Act	Yes	Can come into effect on a date chosen by the local authority. However, accommodation providers and third parties should have sufficient time to implement changes

4. Where modifications have a minimum implementation period, local authorities must also account for business readiness and the impact on forward bookings that may extend across this change period.

5. Local authorities that announced their intention to proceed with a VL scheme before the legislative changes allowing for introduction of the fixed amount(s) option are not required to consult again on the basis on which the visitor levy should be charged. However, they may choose to do so at the next convenient opportunity, such as at the three-year review of a VL scheme.

6. During the implementation period, local authorities are encouraged to support key stakeholders, including liable persons paying and remitting the visitor levy, third parties involved in the booking and management of accommodation and community organisations in conducting preparatory work ahead of a VL scheme coming into force. This preparatory work will be important in ensuring an efficient start to a VL scheme.

7. Work conducted in the implementation period should include ensuring that key stakeholders within the local visitor economy (including overnight visitors) are well informed of upcoming changes associated with the VL scheme. This includes both key information associated with a VL scheme, such as the basis of the charge and geographic coverage, as well as information on the objectives of a VL scheme, and plans for the use of funds. For further information, see Chapter 20 *Communication*.

8. For liable persons, local authorities may wish to conduct more targeted engagement, providing specific information on the technical aspects of a VL scheme. For further information, see Chapter 05 *Early engagement* and Chapter 14 *Assistance for liable persons*.

9. Early in this period, local authorities will need to communicate to businesses when they are expected to begin charging the visitor levy. Consideration should be given to how forward bookings will be managed during the implementation period. For further information, see Chapter 13 *Liable persons*. Local authorities can also set out to businesses expectations around remittance/return and payment of the visitor levy, noting that the visitor levy can only be applied to overnight stays that have taken place in the reporting period.

10. If a local authority has chosen to allow for deductions to help mitigate costs to liable persons as part of a VL scheme, the local authority should take appropriate steps to communicate and implement those measures during this period.

11. It should be noted that the above is not intended to be an exhaustive list of where, and how, local authorities should engage with liable persons throughout the implementation period. It is anticipated that a successful VL scheme will see meaningful, and sustained engagement throughout its lifetime. For further information, see Chapter 20 *Communication* and Chapter 21 *Visitor Levy Forum*.

12. In this period, the local authority should provide guidance or information, specific to its VL scheme. For further information, see Chapter 14 *Assistance for liable persons.*

08 Equalities

1. The Act does not place specific equality duties on a local authority in relation to a VL scheme. However, all public bodies have requirements related to equalities that may impact on a local authority as it develops, introduces, and administers a VL scheme.

2. It is therefore recommended that local authorities planning to introduce or modify a VL scheme start by considering duties and requirements placed on them under existing legislation, such as the Public Sector Equality Duty, as contained in the Equality Act 2010, and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, as amended. These pieces of legislation require local authorities to:

   a. report on mainstreaming the equality duty
   b. publicise equality outcomes and reporting progress
   c. assess and review the equality impact of policies and practices
   d. ensure publication of reports and data on equalities is accessible

3. Through adhering to the duties outlined in the above Acts as amended, it is believed that local authorities can mitigate the potential for equalities-related issues to occur within the design, implementation, and modification of a VL scheme.

4. However, it is also recommended that local authorities further consider the potential for equalities issues to arise in the implementation or modification of a VL scheme.

5. Specifically, some of the conditions which give rise to exemptions from the visitor levy as set out in Chapter 17 *Exemptions,* are considered Special Category data. When this is the case, each controller will need to ensure that their processing activities for the administration of exemptions, and associated reimbursements, are in line with UKGDPR. Similar consideration should be given to local exemptions should a local authority seek to bring any forward.

6. It is recommended that local authorities actively consider equalities-related issues with regards to the accessibility of messaging and communication. Under existing legislation, local authorities are required to ensure that reporting on equalities is accessible. It is recommended that when publishing the details of a scheme and communicating its implementation or modification, local authorities follow good practice in this area.

7. Due to the potential impact of a VL scheme on a wide range of stakeholders, including visitors speaking different languages, local authorities may wish to further consider the demographic profile of those impacted by a VL scheme (such as residents, businesses or overnight visitors) in messaging and communication.

8. It is recommended that local authorities actively consider the potential for equality-related issues to arise within the consultation process, including when determining consultees, publicising a consultation, and publishing the results through a consultation report.

09 Scheme publication

1. Once a local authority has agreed to proceed with the introduction of a VL scheme in its area, it must publish its decision to do so. While not specifically required by the Act, it is recommended that the local authority publishes its agreed VL scheme, including the go-live date and any transitional periods, and makes this easily available and accessible to stakeholders and visitors.

When to publish

2. The Act requires a local authority to publicise its decision to introduce a VL scheme "as soon as reasonably practicable" after the date on which the decision is made to introduce the VL scheme. It is recommended that this publicity takes place no later than two months after the decision to proceed.

Notifying stakeholders

3. The Act requires a local authority to notify Scottish Ministers of its decision to introduce a VL scheme as soon as reasonably practicable after the decision is made. A local authority may wish to consider how best to communicate the decision to introduce a VL scheme to other stakeholders.

4. In particular, a local authority will need to consider how best to notify in a timely manner those liable persons who will be paying and remitting the visitor levy. Local authorities should communicate through a wide variety of channels to extend the reach as far as possible. Consideration will also be needed on how best to notify liable persons of the transitional arrangements for a VL scheme, in particular which bookings made during the implementation period will be liable for the visitor levy. For further information, see Chapter 20 *Communication*.

10 Calculation of a levy

1. The Act sets out the calculation to be applied in determining the amount of a visitor levy that is to be paid and remitted to the local authority. There are two calculation methods, dependent on the chosen basis of visitor levy – percentage rate or fixed amount(s).

2. It is recommended that when conducting communications and publicity as part of the consultation and implementation of a VL scheme, local authorities ensure that the method by which a visitor levy is calculated is made clear to all stakeholders. The efficient operation of a VL scheme relies on a clear understanding of liable persons, visitors, and the local authority on how a visitor levy is calculated, and the amount of visitor levy which should be returned to the local authority.

3. There may be instances where there is disagreement on the results of a visitor levy calculation. For example, when determining the exact amount of the chargeable transaction which can be reasonably attributed to accommodation costs in a percentage-based VL scheme. Under certain circumstances, liable persons can request an internal review by a local authority. For further information, see Chapter 26 *Internal review and appeal*.

4. Local authorities will need to make a choice between a percentage rate or fixed amount(s) for their VL scheme. This will need to be carefully considered at early stages of VL scheme development. For further information, see chapters, 04 *Forecasting*, 05 *Early engagement*, 06 *Consultation* and 11 *Rate setting*.

Percentage Rate

5. Where a local authority has set the basis of the visitor levy as a percentage rate, the amount due is calculated by multiplying the cost of the accommodation portion of the transaction by the percentage rate set by the local authority. The visitor levy may apply to the full length of stay or the authority may choose to apply a cap on the number of nights the charge can be applied. Different percentages may be set for different areas and for different times of year but not for different accommodation types. For further information see Chapter 04 *Forecasting* and Chapter 11 *Rate setting.*

6. A percentage rate visitor levy only applies to the accommodation portion of the charge. Under the Act, the accommodation portion refers only to the amount of the chargeable transaction that is attributable to the provision of the overnight accommodation. It sets out the following that should **not** be included:

   a. meals or drinks
   b. parking for a vehicle (other than a parking area provided as overnight accommodation in respect of the transaction)
   c. laundry facilities or services
   d. entertainment
   e. transportation to and from the accommodation

7. Where a percentage rate is applied, accommodation providers should deduct the amount that they deem to be reasonably attributable to non-accommodation costs and calculate the visitor levy on the remaining amount. Anything that they would charge separately (e.g. paid-for parking, paid-for transportation) should not be included in the calculation.

8. Although not set out in the Act, is expected that in most cases other services that are routinely included in the room/property price - and visitors are therefore not given the option to opt out of for a reduced rate - should be included as part of the accommodation cost.

9. For example, the Act states that ‘laundry facilities or services’ are excluded from the calculation. This is where optional extra services are offered, which visitors can choose to opt in or out of – such as paid-for laundry services, or where additional charges are offered for bed linen, towels, etc. These additional costs would be removed before the visitor levy is calculated. Conversely, this would not include the standard cleaning of a room or property, as there is unlikely to be an option to book accommodation that has not been cleaned for a reduced amount, irrespective of whether the accommodation provider itemises cleaning separately in invoices.

10. Breakfast would be a ‘meal’ for the purposes of the Act, and therefore the value (not the cost) should be removed from the accommodation cost before the visitor levy is calculated. If breakfast is normally included in the accommodation provider’s rate (i.e. not priced separately), they should value their breakfast, then deduct this price from the rate before applying the visitor levy. If not priced separately, the accommodation provider is best placed to reasonably attribute a value for the breakfast they offer, and subsequently be satisfied that the justification for doing so is proportionate, for the purposes of a potential audit.

Percentage rate for third parties

11. In relation to third party (Destination Management Company (DMC), tour operator, other travel intermediary, or in some cases Online Travel Agents (OTAs)) transactions, the chargeable transaction is the initial transaction purchased from the accommodation provider by a third party, and not any subsequent transaction.

12. In a percentage-based VL scheme, when a third party purchases accommodation from an accommodation provider as part of a wider travel package, the visitor levy should be calculated based on the initial transaction price (or contract price) agreed between the accommodation provider and the third party at the point of contracting.

13. The visitor levy price will remain constant after the initial contract, regardless of the number of subsequent third-party transactions that take place after, right up to and including the point at which the visitor purchases the accommodation.

14. A third party selling an accommodation package directly to visitors can choose to include the visitor levy charge in the packaged price. Where the third party does not include the visitor levy in the overall package cost, the accommodation provider is not prevented from collecting the visitor levy at another time. However, collecting the visitor levy at check-in or check-out, for example, could present challenges around commercial sensitivities and additional credit card charges.

15. It should be noted that regardless of whether the visitor levy charge is passed on or not, the accommodation provider is liable to make the payment to the local authority. If the visitor levy charge has not been included in the initial transaction price, liable persons must provide the total price up front, ensuring it is clear, complete and accurate, including any mandatory charges.

16. The final total price inclusive of the visitor levy must be clearly communicated to the visitor at the point of booking, adhering with existing UK pricing regulations. OTAs that purchase accommodation direct from an accommodation provider and then sell it on to the visitor can charge the visitor levy on the accommodation portion of the cost agreed with the accommodation provider; the initial transaction price. Where an OTA acts as a facilitator, selling the accommodation on behalf of the accommodation provider, but where no transaction on the accommodation price has occurred, the initial transaction price would be the transaction between the OTA and the visitor.

17. In certain circumstances, a third party, may with prior consent, remit the visitor levy directly to the relevant local authority. Accommodation providers remain the liable person in all circumstances. For further information, see Chapter 13 *Liable persons*.

18. The accommodation portion refers only to the amount of the chargeable transaction that is attributable to the provision of overnight accommodation. If a third party sells a package that includes both accommodation and other services (such as meals, travel, or excursions), only the accommodation portion of the package price is subject to the visitor levy.

Commission when calculating a percentage rate visitor levy

19. Commission may or may not be included in the accommodation portion on which the visitor levy is calculated, and it is for the liable person to be able to evidence the approach taken.

20. Where a third party applies commission to bookings that include a visitor levy, there are several operational approaches that could be adopted when calculating commission. There may be circumstances where third parties, such as OTAs, have defined processes in place whereby the visitor levy is calculated automatically. Conversely, there may be circumstances in which the process for calculating the levy in an OTA booking can be determined by the accommodation provider - for example, where the accommodation provider calculates the visitor levy when setting accommodation prices.

21. OTAs will have different processes for how they manage the visitor levy and commission. They can therefore be clear with accommodation providers as to whether the visitor levy charged by the accommodation provider will generate third party commission. Depending on the approach taken, this may affect whether the visitor levy is treated as a non-commissionable charge. In some cases, this could result in the liable person bearing commission costs attributable to the visitor levy. Third parties are encouraged to communicate clearly to businesses, in a timely manner, how this will operate and the implications of the approach taken.

22. As with all other transactions, accommodation providers, remain liable for remittance to the relevant local authority and are responsible for ensuring that suitable records and returns are made and kept.

23. Local authorities do not have the power to specify or control commercial arrangements that businesses enter into in order to sell their services. Any concerns around how a platform operates and treats the visitor levy is a commercial matter between accommodation providers and the platform.

Fixed Amount(s)

24. Where a local authority has opted for a fixed amount, the VL scheme must specify the amount(s) to be charged per room or area per night of the stay. Different amounts may be set for different purposes which may include, but are not limited to, accommodation categories, different areas or for different times of year. Any differentiation should be supported by a clear policy rationale and evidence base. The flexibility to set different fixed amounts is intended to support proportionality and local decision making. Setting a different amount(s) for different categories of accommodation allows local authorities to apply varying rates based on factors such as seasonality, affordability, and pricing levels, as an alternative to accommodation types where appropriate.

25. To calculate the total amount of visitor levy liable the relevant fixed amount is multiplied by the number of rooms/areas purchased and by the number of nights to which the visitor levy applies. The number of nights may be the full length of stay or the local authority may apply a cap and set a maximum number of nights.

26. A local authority may set different fixed amounts for budget accommodation and higher priced accommodation. For example, the amounts may be set as £2 and £4 per accommodation category per night respectively. A five-night stay at each would be calculated as 5 x £2 or 5 x £4.

27. Alternatively, a local authority may set a fixed amount solely as a low season rate (£2) and a high season rate (£4) which applies to all accommodation types. The visitor levy would be calculated against the number of rooms/areas per night according to the date of the stay. A 7-night low season stay would be liable for £14 visitor levy (7 x £2). The same length of stay at high season would be liable for visitor levy of £28 (7 x £4).

28. Another fixed amount example for illustrative purposes: A visitor has booked a pitch in a caravan park for two nights, and a further three nights in a hotel. The VL scheme operated by the local authority has set their fixed amount VL scheme at £1.50 per room or area per night for caravan parks, and £3 for hotels. The following calculations therefore apply: £1.50 x 2 and £3 x 3. The visitor levy due for the caravan park stay would be £3 and for the hotel it would be £9.

Worked Examples:

The following worked examples cover both percentage rate and fixed amount VL schemes. The same accommodation figures are used throughout; to avoid duplication, fixed amount examples are shown separately beneath each worked example and focus solely on the calculation of the visitor levy. While percentage rate VL schemes generally require more detailed explanation due to their relative complexity, both approaches carry equal weight when local authorities are considering the basis of the charge.

The VAT-registered examples in this chapter are worked out on the basis of VAT at 20%. These examples do not account for the Tour Operator Margin Scheme (TOMS) rules. Once clarity on the interaction between the visitor levy and TOMS rules is forthcoming from HMRC, the guidance will be updated accordingly. There are also non-VAT registered examples.

National exemption

Local authorities are required to apply a national exemption to individuals entitled to specific disability benefits, payments or allowances. This may not apply to multi-room or multi-property bookings. For further information, see Chapter 17 *Exemptions*.

Percentage rate scenario: A visitor has purchased a hotel room for three nights at a total cost of £150 room-only for the accommodation portion of the transaction. The local authority has set a visitor levy charge at 4%. The visitor is entitled to Adult Disability Payment and is exempt from the visitor levy charge. The amount of visitor levy applied to the booking would be £150 x 4%, £6. This would either be not payable or reimbursed after the stay depending on the local authority administration of the national exemption.

Fixed amount scenario: A visitor has purchased a hostel bed for two nights at a total cost of £60. The local authority has set a visitor levy charge at £2 per room or area per night for all accommodation types. The visitor is entitled to Adult Disability Payment and is exempt from the visitor levy charge. The amount of visitor levy applied to the booking would be £2 x 2, £4. This would either be not payable or reimbursed after the stay depending on the local authority administration of the national exemption.

Seasonal rates

Local authorities have the power to apply a visitor levy charge at certain times of the year. This must be set out in the content of the VL scheme produced by the local authority following consultation. An example of how this may operate in practice is set out below.

Percentage rate scenario: A visitor has booked self-catering accommodation for a total of seven nights at a total cost of £490 for the accommodation portion of the transaction. The visit is taking place in March. The VL scheme operated by the local authority only applies a levy charge of 2% in the period from January to April. The following calculation therefore applies: £490 x 2%. As a result, the total amount of visitor levy to be paid and remitted to the local authority would be £9.80.

Fixed amount scenario: A visitor has booked B&B accommodation for a total of seven nights. The visit is taking place in February. The VL scheme operated by the local authority applies a fixed amount visitor levy charge of £2 per room or area per night in the period from November to March, which applies to all accommodation types. The following calculation therefore applies: 7 nights x £2. As a result, the total amount of visitor levy to be paid and remitted to the local authority would be £14. If the same accommodation were booked for a seven night stay during July, when a fixed amount visitor levy charge of £4 per room or area per night applies, the following calculation would apply: 7 nights x £4. As a result, the total amount of visitor levy to be paid and remitted to the local authority would be £28.

B&B (VAT registered)

Percentage rate scenario
A visitor stays for six nights in VAT-registered B&B accommodation, paying a total of £480. This total includes breakfast provided by the accommodation provider. The local authority has set a visitor levy at 3%, but this applies only to the accommodation portion of the total cost. The accommodation provider reasonably attributes the cost of breakfast at £15 per day. Over six nights, the total value attributed to breakfast is £90.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£325.00	£65.00	£390.00
Breakfast portion	£75.00	£15.00	£90.00
B&B rate	£400.00	£80.00	£480.00
Visitor levy (3% of £325)	£9.75	£1.95	£11.70
Totals	£409.75	£81.95	£491.70
Paid by visitor to B&B			**£491.70**
Remitted to local authority			**£9.75**
Remitted to HMRC (VAT)			**£81.95**

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 6 nights)	£18.00	£3.60	£21.60
Amount paid by visitor			**£21.60**
Amount remitted to local authority			**£18.00**
Amount remitted to HMRC (VAT)			**£3.60**

B&B (non-VAT registered)

Percentage rate scenario

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£390.00	£0.00	£390.00
Breakfast portion	£90.00	£0.00	£90.00
B&B rate	£480.00	£0.00	£480.00
Visitor levy (3% of £390)	£11.70	£0.00	£11.70
Totals	£491.70	£0.00	£491.70
Paid by visitor to B&B			**£491.70**
Remitted to local authority			**£11.70**
Remitted to HMRC (VAT)			**£0.00**

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 6 nights)	£18.00	£0.00	£18.00
Amount paid by visitor			**£18.00**
Amount remitted to local authority			**£18.00**
Amount remitted to HMRC (VAT)			**£0.00**

Hotel (VAT registered)

Percentage rate scenario
A visitor stays for six nights in VAT-registered hotel accommodation, paying a total of £1,200 for a room-only stay. The local authority has set a visitor levy at 4%, but has also introduced a maximum cap on the number of nights to five nights. The standard visitor levy calculation, is as follows:

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£1000.00	£200.00	£1200.00
Breakfast portion	£0.00	£0.00	£0.00
Room-only rate	£1000.00	£200.00	£1200.00
Levy cap applied (5 nights)	£833.33	£166.67	£1000.00
Visitor levy (4% of £833.33)	£33.33	£6.67	£40.00
Totals	£1033.33	£206.67	£1240.00
Paid by visitor to hotel			**£1240.00**
Remitted to local authority			**£33.33**
Remitted to HMRC (VAT)			**£206.67**

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £4 per room or area per night and a similar five-night cap is applied, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£4 × 5 nights)	£20.00	£4.00	£24.00
Amount paid by visitor			**£24.00**
Amount remitted to local authority			**£20.00**
Amount remitted to HMRC (VAT)			**£4.00**

Self-catering (VAT registered)

Percentage rate scenario

A visitor stays in a VAT-registered self-catering property for 14 nights at a cost of £120 per night, totalling £1,680, for the accommodation portion of the transaction. The local authority has set a visitor levy charge at 3% but has also introduced a maximum cap of five nights, meaning no visitor pays a visitor levy beyond five nights. The calculation to determine the visitor levy amount chargeable can therefore be represented as follows:

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£1400.00	£280.00	£1680.00
Levy cap applied (5 nights)	£500.00	£100.00	£600.00
Visitor levy (3% of £500)	£15.00	£3.00	£18.00
Totals	£1415.00	£283.00	£1698.00
Paid by visitor to self-caterer			£1698.00
Remitted to local authority			£15.00
Remitted to HMRC (VAT)			£283.00

Fixed amount scenario

If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 5 nights)	£15.00	£3.00	£18.00
Amount paid by visitor			£18.00
Amount remitted to local authority			£15.00
Amount remitted to HMRC (VAT)			£3.00

Self-catering (non-VAT registered)

Percentage rate scenario

A visitor stays for 14 nights in non-VAT-registered self-catering accommodation, paying £120 per night, totalling £1,680. The local authority has set a visitor levy at 3%. There is no cap on the number of nights to which the visitor levy applies.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£1680.00	£0.00	£1680.00
Visitor levy (3% of £1680)	£50.40	£0.00	£50.40
Totals	£1730.40	£0.00	£1730.40
Paid by visitor to the self-caterer			£1730.40
Remitted to local authority			£50.40
Remitted to HMRC (VAT)			£0.00

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 14 nights)	£42.00	£0.00	£42.00
Amount paid by visitor			**£42.00**
Amount remitted to local authority			**£42.00**
Amount remitted to HMRC (VAT)			**£0.00**

Third party bookings (DMC)

Percentage rate scenario
A DMC arranges a two-night trip that includes hotel accommodation (VAT registered), guided tours, meals, and transport. The DMC contracts the hotel room from the accommodation provider at a net rate of £100 per night on a bed and breakfast basis.

The local authority has set a visitor levy at 5%, which applies only to the accommodation portion of the total cost. Therefore, the accommodation provider must reasonably attribute the cost of breakfast and deduct it from the overall accommodation cost prior to calculating the visitor levy. In this case, the breakfast is estimated at £20 per night. The visitor levy is calculated on the initial transaction price agreed between the accommodation provider and the DMC - not the package price paid by the visitor.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£160.00	£32.00	£192.00
Breakfast portion	£40.00	£8.00	£48.00
B&B rate	£200.00	£40.00	£240.00
Visitor levy (5% of £160)	£8.00	£1.60	£9.60
Totals	£208.00	£41.60	£249.60
Paid by DMC to accommodation provider			**£249.60**
Remitted to local authority			**£8.00**
Remitted to HMRC (VAT on accommodation + breakfast + levy)			**£41.60**

When this approach is taken, the DMC should make it clear to the visitor that the total price is inclusive of the visitor levy.

Where accommodation bookings are made by a third party, the accommodation provider remains the liable person and is responsible for ensuring the visitor levy is correctly calculated and remitted.

Fixed amount scenario:
If the local authority has a fixed amount VL scheme at £5 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£5 × 2 nights)	£10.00	£2.00	£12.00
Amount paid by DMC to accommodation provider			**£12.00**
Amount remitted to local authority			**£10.00**
Amount remitted to HMRC (VAT)			**£2.00**

Third party bookings (tour operators contracting via DMC)

Percentage rate scenario
A tour operator has purchased a five-night trip that includes accommodation, guided tours, meals and transport from a DMC.

When the DMC originally contracted accommodation on a room-only basis from two accommodation providers across five nights, the net rates were £100 per night for Hotel A (VAT registered) for three nights, and £120 per night for Hotel B (non-VAT registered) for two nights. The local authority has set a visitor levy of 4%. At the contracting stage with the DMC, each accommodation provider calculates the cost of accommodation, including the visitor levy as follows:

Hotel A (VAT Registered, 3 Nights)

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£300.00	£60.00	£360.00
Room-only rate	£300.00	£60.00	£360.00
Visitor levy (4% of £300)	£12.00	£2.40	£14.40
Totals	£312.00	£62.40	£374.40
Paid by DMC to accommodation provider			**£374.40**
Remitted to local authority			**£12.00**
Remitted to HMRC (VAT on accommodation + levy)			**£62.40**

Hotel B (Non VAT Registered, 2 Nights)

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£240.00	£0.00	£240.00
Room-only rate	£240.00	£0.00	£240.00
Visitor levy (4% of £240)	£9.60	£0.00	£9.60
Totals	£249.60	£0.00	£249.60
Paid by DMC to accommodation provider			**£249.60**

Item	Net Price	VAT (20%)	Gross Total
Remitted to local authority			£9.60
Remitted to HMRC (VAT)			£0.00

Item	Total
Total from DMC to Hotel A	£374.40
Total from DMC to Hotel B	£249.60
Grand total paid by visitor	**£624.00**
Total levy to local authority	**£21.60**

In this example, the DMC has already packaged the accommodation (and visitor levy) with guided tours, meals and transport, and sold the package to the tour operator. The tour operator can subsequently sell the package to the visitor, highlighting that the total cost of the package is inclusive of a visitor levy.

Where accommodation bookings are made by a third party, the accommodation provider remains the liable person and is responsible for ensuring the visitor levy is correctly calculated, collected, and remitted.

Fixed amount scenario

If the local authority has a fixed amount VL scheme at £4 per room or area per night, the following visitor levy calculation would apply:

Hotel A

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£4 × 3 nights)	£12.00	£2.40	£14.40
Amount paid by DMC to accommodation provider			**£14.40**
Amount remitted to local authority			**£12.00**
Amount remitted to HMRC (VAT)			**£2.40**

Hotel B

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£4 × 2 nights)	£8.00	£0.00	£8.00
Amount paid by DMC to accommodation provider			**£8.00**
Amount remitted to local authority			**£8.00**
Amount remitted to HMRC (VAT)			**£0.00**

Marketing/facilitating OTA plus Commission

Percentage rate scenario

An OTA contracts with a B&B (non-VAT registered) to market and sell its rooms directly to visitors. The OTA uses dynamic pricing and has not purchased the accommodation from the accommodation provider in advance. As a result, the first transaction takes place between the visitor and the OTA.

The visitor is charged £250 for a two-night, room-only stay, while the accommodation provider receives £200 for the accommodation. The local authority has introduced a visitor levy of 5%.

In this example, the OTA has included the commission within the accommodation charge used to calculate the visitor levy.

Item	Net Price	VAT (20%)	Gross Total
Accommodation including commission	£250.00	£0.00	£250.00
Visitor levy (5% of £250)	**£12.50**	**£0.00**	**£12.50**
Totals	**£262.50**	**£0.00**	**£262.50**
Paid by visitor to OTA			**£262.50**
Paid by OTA to accommodation provider			**£212.50**
Remitted by accommodation provider to local authority			**£12.50**
Remitted to HMRC (VAT)			**£0.00**

The OTA holds the information relating to the amount charged to the visitor and the subsequent visitor levy calculation. As a result, the accommodation provider may not be aware of these amounts. The OTA can therefore pass the £12.50 visitor levy to the accommodation provider, enabling the accommodation provider to make the required return to the local authority.

Alternatively, the OTA may obtain permission from the local authority to make returns directly on behalf of the accommodation provider, who remains the liable person.

Summary of remittances and payments (where the OTA has permission from the local authority to make returns directly).

Item	Net Price
Total received by OTA from visitor (including levy)	£262.50
Levy paid by OTA to local authority	£12.50

Fixed amount scenario

If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 2 nights)	£6.00	£0.00	£6.00
Amount paid by visitor			**£6.00**
Amount remitted to local authority			**£6.00**
Amount remitted to HMRC (VAT)			**£0.00**

Additional information for third parties:

Unknown Price: If a visitor seeks a reimbursement from the local authority (such as for a disability exemption), there may be circumstances where their bill doesn't state the specific visitor levy amount. The local authority will need to provide clarity to the visitor and to the accommodation provider/third party on the process for how the reimbursement will be administered. The local authority should attempt to ensure that the burden from this process is minimised for visitors, accommodation providers and third parties. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance for liable persons*. This is also important for refund scenarios from the accommodation provider/third party to the visitor, (for example, for cancellations).

Third party remittance: accommodation providers, with the agreement of the local authority, can enter into arrangements with third parties, such as OTAs, tour operators, or DMCs to remit the visitor levy directly to the relevant local authority. It will be for the accommodation provider and the relevant third party to come to an agreement, however, third party arrangements for remittance will require local authority consent. The accommodation provider remains the liable person in ensuring the completion of these duties. For further information, see Chapter 13 *Liable persons*.

Room unoccupied: it is common, particularly in relation to third party bookings, for rooms to eventually be unoccupied. At the point of booking, it may not be known that a visitor will not occupy the room. Therefore the visitor levy must be included in the total price (or clearly advertised as being due at a later date). However, if a visitor does not take entry to the accommodation, a refund may be due:

- if a visitor has already paid a package price that includes the visitor levy to the third party, the third party would refund the visitor levy to the visitor. If the third party has already passed that visitor levy on to the accommodation provider, the third party and the accommodation provider would need to arrange process for refunding the visitor

- if the third party bought accommodation that included the visitor levy but has not yet sold it to the visitor, then any visitor levy already paid would be refunded by the accommodation provider back to the third party

The visitor levy is always refundable if the visitor doesn't take entry to the accommodation, irrespective of the cancellation policy of the accommodation itself.

Free room: an individual may be offered a free room (for example a coach driver). If there has been a financial transaction for the room between an accommodation provider and a third party, even if the third party offers the room free of charge to the coach driver subsequently, the visitor levy is due. Where no financial transaction has occurred, for that specific room or area, no visitor levy is liable.

Caravan parks and camping sites

Static caravan, rented via caravan park (VAT registered)

Percentage rate scenario
A visitor stays for three nights in a static caravan, rented via the caravan park (VAT registered), paying a total of £400. This total includes an optional leisure pass which covers access to the caravan park's swimming pool, entertainment and children's activities. The local authority has set a visitor levy at 4%, but this applies only to the accommodation portion of the total cost. The caravan park does not have a predetermined price for this leisure pass, therefore it reasonably attributes the cost of the leisure pass as £40 per caravan per day (£120 total). In many cases, caravan parks will have pre-determined prices for these passes, which alternatively could be used to determine their value.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£233.33	£46.67	£280.00
Leisure pass	£100.00	£20.00	£120.00
Visitor levy (4% of £233.33)	£9.33	£1.87	£11.20
Totals	£342.66	£68.54	£411.20
Paid by visitor to caravan park			**£411.20**
Remitted to local authority			**£9.33**
Remitted to HMRC (VAT)			**£68.54**

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 3 nights)	£9.00	£1.80	£10.80
Amount paid by visitor			**£10.80**
Amount remitted to local authority			**£9.00**
Amount remitted to HMRC (VAT)			**£1.80**

Static caravan, rented privately via owner of caravan (Non-VAT registered)

Percentage rate scenario
A visitor stays for five nights in a static caravan, rented privately via a social media platform by the caravan owner (non-VAT registered), paying a total of £450. The local authority has set a visitor levy at 5%, but this applies only to the accommodation portion of the total cost. There is an option for the visitor to pay an additional £25 charge for towels / bed linen on top of the £450 charge. This is an optional non-accommodation cost, and the visitor has

chosen to opt in. In this scenario, this should not be included in the visitor levy calculation, regardless of whether the visitor opts to pay the extra charge or not.

Item	Net Price	VAT (20%)	Gross Total
Accommodation	£450.00	£0.00	£450.00
Towels/bed linen	£25.00	£0.00	£25.00
Visitor levy (5% of £450)	£22.50	£0.00	£22.50
Totals	£497.50	£0.00	£497.50
Paid by visitor to caravan owner			**£497.50**
Remitted to local authority			**£22.50**
Remitted to HMRC (VAT)			**£0.00**

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £4 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£4 × 5 nights)	£20.00	£0.00	£20.00
Amount paid by visitor			**£20.00**
Amount remitted to local authority			**£20.00**
Amount remitted to HMRC (VAT)			**£0.00**

Touring pitch within caravan park (VAT registered)

Percentage rate scenario
A visitor books a hard-standing touring pitch for two nights to stay in a motorhome, rented via the caravan park (VAT registered), paying a total of £80 for the pitch. The local authority has set a visitor levy at 3%, but this applies only to the accommodation portion of the total cost. There is an option to pay an additional £10 per night fee on top of the £80 charge for electric hook-up, which the visitor has chosen to purchase. The caravan park wouldn't include the extras for electric hook-up in the levy calculation regardless because it is an optional extra, and therefore the visitor levy is only calculated on the £80 accommodation charge. In a scenario where a touring or camping pitch is sold with electric hook-up built into the price (without the option of the visitor to opt out), the visitor levy should be calculated based on the total price.

Item	Net Price	VAT (20%)	Gross Total
Accommodation	£66.67	£13.33	£80.00
Electric hook-up	£16.67	£3.33	£20.00
Visitor levy (3% of £66.67)	£2.00	£0.40	£2.40
Totals	£85.34	£17.06	£102.40
Paid by visitor to caravan park			**£102.40**

Item	Net Price	VAT (20%)	Gross Total
Remitted to local authority			£2.00
Remitted to HMRC (VAT)			£17.06

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £3 per room or area per night, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£3 × 2 nights)	£6.00	£1.20	£7.20
Amount paid by visitor			**£7.20**
Amount remitted to local authority			**£6.00**
Amount remitted to HMRC (VAT)			**£1.20**

Tent pitch within camping site booked via OTA (VAT registered)

Percentage rate scenario
An OTA contracts with a camping site to market and sell their tent pitches directly to visitors. A visitor books a grass pitch for one night to stay in a tent within a camping site (VAT registered) via the OTA, paying a total of £20 which includes £6 commission. The visitor levy is calculated based on the accommodation price charged to the visitor, which in this example includes commission. The local authority has set a visitor levy at 5%. The 5% visitor levy is applied to the accommodation-only portion.

Item	Net Price	VAT (20%)	Gross Total
Accommodation including commission	£16.67	£3.33	£20.00
Visitor levy (5% of £16.67)	£0.83	£0.17	£1.00
Totals	£17.50	£3.50	£21.00
Paid by visitor to OTA			**£21.00**
Remitted to local authority			**£0.83**
Remitted to HMRC (VAT)			**£3.50**

In this scenario, the visitor has paid the OTA the visitor levy, the OTA will pay the camping site, and the camping site will remit the visitor levy payment to the local authority. In certain circumstances, third parties may remit and pay the visitor levy directly to the relevant local authority with prior consent. For further information, see Chapter 13 *Liable Persons*.

Where bookings are made through a third party platform, the camping site remains the liable person and is responsible for ensuring the visitor levy is correctly calculated, paid, and remitted.

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £1 per room or area per night for camping sites, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£1 × 1 night)	£1.00	£0.20	£1.20
Amount paid by visitor			**£1.20**
Amount remitted to local authority			**£1.00**
Amount remitted to HMRC (VAT)			**£0.20**

Temporary camping site (Non-VAT registered)

Percentage rate scenario
A group of visitors book to stay in a grass pitch for two nights to stay in a tent as part of a music festival. An event organiser (non-VAT registered) rents the land from a private landowner, and operates the event and charges the visitor. The total cost to the group is £250. The local authority has set a visitor levy at 4%, but this applies only to the accommodation portion of the total cost.

The event organiser reasonably attributes the value of camping over the two nights to be £80, from the total £250.

Item	Net Price	VAT (20%)	Gross Total
Accommodation	£80.00	£0.00	£80.00
Festival ticket	£170.00	£0.00	£170.00
Visitor levy (4% of £80)	£3.20	£0.00	£3.20
Totals	£253.20	£0.00	£253.20
Paid by visitor to event organiser			**£253.20**
Remitted to local authority			**£3.20**
Remitted to HMRC (VAT)			**£0.00**

The liable person in this scenario is the event organiser, and they are responsible for ensuring the visitor levy is correctly paid and remitted to the local authority.

Fixed amount scenario
If the local authority has a fixed amount VL scheme at £1 per room or area per night for camping sites, the following visitor levy calculation would apply:

Item	Net Price	VAT (20%)	Gross Total
Visitor levy (£1 × 2 nights)	£2.00	£0.00	£2.00
Amount paid by visitor			**£2.00**
Amount remitted to local authority			**£2.00**
Amount remitted to HMRC (VAT)			**£0.00**

Additional Information for caravan parks and camping sites:

A caravan owner often will not be set up as a business and may not require a licence from the caravan park or the local authority to be able to rent their caravan. This varies between a more formal process with regular bookings taken via an OTA, to more informal, perhaps infrequent bookings, through social media or made directly to friends and family. If there is a chargeable transaction for overnight accommodation, the visitor levy is payable. Regardless of whether letting is formal or informal, the owner will still be required to set up an account on the visitorlevy.scot platform (where this is being used by their local authority to administer the VL scheme) to record and remit visitor levy payments. It is the caravan owner's responsibility to ensure they are complying with the legislation and charging the visitor levy, and the local authority's responsibility to monitor compliance and enforcement, in a similar way that they would do for other taxes and charges.

Where bookings are made through a third party platform, the caravan park remains the liable person, and is responsible for ensuring the visitor levy is correctly calculated, paid, and remitted.

Regarding memberships (for example, The Caravan & Motorhome Club) that offer discounts on stays, the visitor levy would be calculated based on the discounted price paid by the visitor as that is the chargeable transaction.

VAT

29. Any amount charged by an accommodation provider for the visitor levy will be included in their turnover, which is used to determine if they need to register for VAT. For both VAT-registered and non-VAT registered accommodation providers, the visitor levy counts towards turnover. Where an accommodation provider is not currently VAT registered, the combined total of accommodation charges and visitor levy may mean that their turnover exceeds the VAT threshold set by UK Government, and they will need to become VAT registered. For VAT-registered accommodation providers, the visitor levy is subject to VAT and must be accounted for accordingly. The VAT rate applicable to certain accommodation types may change from the standard rate to a reduced value rule for the period of stay beyond 28 consecutive nights (see VAT Notice 709/3). Local authorities must set out intentions for including or excluding businesses which fall below the VAT threshold set by UK Government from a VL scheme. More information and guidance on registering for VAT can be found here.

30. In the UK, VAT is generally charged at 20% on the price paid for the supply of taxable goods or services, which may include certain taxes, levies and charges. In the case of the visitor levy, when an accommodation provider includes a visitor levy in the cost of the overnight accommodation, then this will form part of what is paid under a contract for the supply of accommodation. This portion of the visitor levy will be subject to the same VAT liability as the accommodation.

31. Where an accommodation provider is VAT registered, it is recognised that there may be variations in the way in which accommodation providers (or booking agents) display accommodation charges to the customer. However, they still need to comply with relevant legislation.

32. Local authorities need to consider VAT recovery in the context of reimbursements, and the associated risk of unrecoverable costs to the visitor. For example, visitors will have paid the visitor levy (inclusive of VAT) to accommodation providers that are VAT registered, and subsequently will apply for a visitor levy reimbursement through the local authority, but may not be able to reclaim the associated VAT.

33. Income Tax and Corporation Tax: Individuals or companies who calculate their profit for income or corporation tax purposes using accountancy rules would normally exclude the visitor levy from the calculation of profits (in the same way that VAT is excluded from that calculation). This treatment is acceptable and means that the visitor levy has no impact on the amount of taxable profit. Individuals who use the cash basis may choose to include or exclude the amount of the visitor levy from the calculation of taxable profit. If they include the visitor levy they receive as income, then they will also have to include the visitor levy they subsequently pay to a local authority as a cost. This should leave them in the same overall position as those who exclude the visitor levy entirely.

VAT calculation (according to current rates)

Table 4 gives examples of the calculations involved for VAT and non-VAT-registered businesses.

Table 4: VAT calculation

	VAT registered (5% levy)	Non-VAT registered (5% levy)	VAT	Non-VAT registered (£5 fixed levy)
Initial accommodation rate (including VAT if applicable)	£120.00	£100.00	£120.00	£100.00
Accommodation rate (excluding VAT)	£100.00	£100.00	£100.00	£100.00
Visitor levy (excluding VAT)	£5.00	£5.00	£5.00	£5.00
Total taxable supply	£105.00	£105.00	£105.00	£105.00
VAT on accommodation charge	£20.00	—	£20.00	—
VAT on visitor levy charge	£1.00	—	£1.00	—
Total VAT	£21.00	—	£21.00	—
Total VL cost to visitor	£6.00	£5.00	£6.00	£5.00
Total cost to visitor (including VL)	£126.00	£105.00	£126.00	£105.00

Cost breakdown

	VAT registered (5% levy)	Non-VAT registered (5% levy)	VAT	Non-VAT registered (£5 fixed levy)
Accommodation provider income (excluding VAT and levy)	£100.00	£100.00	£100.00	£100.00
Local authority levy remittance (excl. VAT)	£5.00	£5.00	£5.00	£5.00
VAT payment to HMRC	£21.00	—	£21.00	—
Total	£126.00	£105.00	£126.00	£105.00

11 Rate setting

1. When seeking to introduce a VL scheme, the Act requires local authorities to set the percentage rate or fixed amount(s) the visitor levy will be charged at and publicise this as part of the outline of the proposed VL scheme. For further information, see Chapter 03 *Required Content of a Visitor Levy Scheme* and Chapter 06 *Consultation*.

2. It will be for the local authority to determine the percentage rate or fixed amount(s) to suit local circumstances. However, Scottish Ministers may set a maximum percentage rate or fixed amount for any visitor levy in Scotland, subject to a required consultation and agreement by the Scottish Parliament.

3. The rate or amount(s) may be different for different purposes or areas within a local authority boundary. A local authority could, for example, set different rates at different times of year. Different fixed amounts can also be set for different categories of overnight accommodation, however percentage rates cannot. Local authorities should assess whether the approach they take is proportionate and does not unintentionally disadvantage particular accommodation categories.

4. A percentage rate applies only to the cost of overnight accommodation and not additional elements which may be included in a total price, such as food or entertainment. For further information, see Chapter 10 *Calculation of a levy.*

5. Fixed amount(s) must be set per room or area per night. A room or area is the single unit of overnight accommodation that is purchased by the visitor and in which they have the right to reside. It would include, but not be limited to, dormitory beds or private rooms in a hostel, camping site pitches, holiday caravans, glamping pods, rooms in hotels, guest houses or B&Bs, and self-catering properties. Local authorities applying a fixed amount(s) VL scheme should clearly define how ‘room or area’ is to be interpreted across different accommodation models. For example, a purchase of 5 hotel rooms by the same person would be liable for 5 fixed amounts, in the same way that 5 fixed amounts would be applied for the same 5 rooms purchased individually. A five-bedroom self-catering property would be considered as a single unit of accommodation unless each bedroom was sold individually to different visitors and the right to reside was only for one room.

6. Local authorities have discretion to determine whether a visitor levy is applied as a percentage rate or fixed amount(s). Both approaches are equally valid under the legislation. The most appropriate option will depend on local circumstances, policy objectives, and operational considerations. Local authorities should not assume that either approach will be more appropriate in all cases. Decisions should be based on local evidence, stakeholder engagement, and the intended outcomes of the VL scheme.

7. To allow operational simplicity, local authorities may choose to apply a single visitor levy rate or amount. Where a local authority chooses to apply different percentage rates or fixed amounts for different purposes, it should have regard to the following considerations. These considerations are not exhaustive:

    a. Policy rationale – There should be a clear and transparent policy rationale for applying different visitor levy rates or amounts. This may include differences in the average price of accommodation across categories; variation in the type or intensity of tourism activity associated with different accommodation types; differences in accommodation size or capacity; or differing levels of demand placed on local services and infrastructure

b. Evidence base and data robustness – Different visitor levy rates or amounts should be supported by credible, relevant and up-to-date data. This may include average daily rates, occupancy levels, or accommodation capacity data, informed by local tourism and accommodation market evidence where available. Local authorities should be clear about the sources of data used and how this evidence supports the chosen rates or amounts

c. Proportionality and fairness – Local authorities should consider whether different visitor levy rates or amounts are proportionate to the scale and nature of accommodation offered. Care should be taken to avoid placing a disproportionate burden on lower-cost or budget accommodation (such as hostels or camping sites), and to ensure that particular business models or user groups are not unduly disadvantaged. Local authorities should also recognise that some accommodation types, including hostels and temporary camping sites, may be operated by charitable or community organisations

d. Avoidance of distortions – Local authorities should define clearly how accommodation categories are classified and assess whether the application of different visitor levy rates or amounts could create unintended consequences. This may include encouraging operators to reclassify or restructure accommodation to access lower rates or amounts; creating artificial distinctions between similar accommodation types; or discouraging forms of accommodation provision that support wider tourism objectives. These risks may be mitigated through clear guidance and effective communication with accommodation providers regarding their liability

e. Administrative simplicity – Different visitor levy rates or amounts should be simple to administer and enforce. They should be clearly communicated to accommodation providers and booking platforms and should not introduce disproportionate complexity compared with a single rate or amount approach. Local authorities should consider the impact on businesses offering multiple accommodation types (for example, operators offering both serviced accommodation and self-catering units), and ensure that any complexity is understood and manageable

f. Transparency and accessibility – Visitor levy rates or amounts should be easy for visitors to understand and clearly linked to the accommodation they have booked

g. Compatibility with online travel agents (OTAs) and booking platforms – Local authorities should consider whether different visitor levy rates or amounts can be implemented effectively through OTAs and other booking platforms. This includes whether accommodation categories are reflected accurately in booking systems, and whether applying different rates introduces operational complexity, risks of error, or increased potential for non-compliance

8. When considering what percentage rate or fixed amount(s) a VL scheme should set, it is important that local authorities consider circumstances within the local area, including the overall tax burden on liable persons. Operational simplicity and proportionality should be key considerations for local authorities when determining a basis of a visitor levy charge. It is recommended that local authorities consider key factors, such as those outlined in Table 5 below:

Table 5: Key considerations for local authorities in determining the basis of a visitor levy charge.

Consideration	Percentage-based VL scheme	Fixed amount(s) VL scheme
Basis of calculation	Calculated as a proportion of the accommodation price	Applied as a set amount per room or area per night
Revenue behaviour	Revenue varies in line with accommodation prices, seasonality and demand	Revenue remains constant per room or area unless the amount is changed

Consideration	Percentage-based VL scheme	Fixed amount(s) VL scheme
Impact across price points	Results in higher charges for higher-priced accommodation and lower charges for lower-priced accommodation	Applies the same charge across accommodation unless differentiated amounts are introduced
Transparency for visitors	Charge may vary depending on the price of the accommodation portion and composition of the booking	Charge is consistent and predictable for each night of stay
Administrative requirements	Requires identification of the accommodation element to remove non-accommodation costs	Requires clear definition of room or area and, where applicable, accommodation categories
Flexibility of design	Can be adapted through caps, or differentiated percentage rates by geography or season	Can be adapted through caps, or differentiated fixed amounts by category, geography, or season
Responsiveness to price changes	Responds automatically to changes in accommodation pricing	Requires periodic review if local authorities wish to maintain real-terms value
Complexity for providers	Initial transaction cost required for calculation in relation to third parties	May require categorisation where different amounts apply within a single business
Ease of implementation across systems	Requires systems to calculate visitor levy as a proportion of price	Requires systems to apply a set amount per night per room or area
Compatibility with booking platforms (OTAs)	Requires integration of percentage-based calculation with booking values	Requires integration of fixed amounts and, where relevant, category-based amounts
Risk of unintended effects	May require consideration of how price variation influences visitor levy outcomes	May require consideration of categorisation and whether amount differences encourage reclassification of accommodation

9. It is therefore important that work conducted on setting rates or amounts takes account of the estimated revenue, which could be generated, setup and ongoing administrative costs as well as wider economic impacts on visitors, businesses and the local visitor economy. For further information, see Chapter *04 Forecasting*.

10. It is recommended that when setting rates or amounts, local authorities consider how the potential revenue generated by a specific rate or amount meets the goals regarding the planned use of funds, as set out in the consultation, and how the use of funds links to the statement of objectives for a VL scheme. For further information, see Chapter 12 *Use of funds*.

11. As noted in the table above, where fixed amount(s) are being applied, local authorities may

wish to consider implications around price changes that are not automatically tracked, such as inflation. Under these circumstances, local authorities may wish to use existing mechanisms including the three-year review as a regular opportunity to ensure real-term value is retained. For further information see Chapter 24 *Review of a scheme*.

12. It is recommended that local authorities also consider the impact a particular visitor levy rate or amount may have on related bodies, such as national parks. For further information see Chapter 06 *Consultation*.

13. Once a rate or amount has been set by a local authority, it is recommended that the local authority explicitly sets out the rationale for the chosen rate or amount and that the rationale is linked to the outcomes of the VL scheme. For further information, see Chapter 09 *Scheme publication* and Chapter 20 *Communication.*

14. Once a VL scheme is in place and has gone live, the Act allows a local authority to increase or decrease the visitor levy rate or amount. For further information see Chapter 07 *Implementation period.*

15. Once a VL scheme is underway, a local authority may wish to consult on changing the basis of the visitor levy charge. For further information see Chapter 07 *Implementation period*.

16. Local authorities may choose to introduce caps – for example on the maximum number of nights for which the visitor levy is charged. The local authority can decide whether or not it applies to consecutive or non-consecutive nights within a period. A cap can only be applied after consulting:

    a. representatives of communities and businesses engaged in tourism and tourist organisations

    b. other persons as the local authority considers appropriate

12 Use of funds

1. The Act requires a local authority operating a VL scheme to use the net proceeds for certain specified purposes. Those purposes are that the funds must facilitate the achievement of a VL scheme's objectives and that they should develop, support and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.

2. This places parameters which define where funding from a visitor levy can be used, whilst also recognising the importance of local decision-making by local authorities. For example, facilities and services which are used by residents, as well as visitors, could receive funding from a visitor levy, depending on the local authority's assessment of whether the facility or service is substantially used by visitors.

3. A local authority will also need to consult with representatives of communities, businesses engaged in tourism, and tourist organisations on the use of the funds raised by a visitor levy. It will also have to have regard to any local tourism or other relevant local, regional or national strategy which are directly linked to the visitor economy, when considering how best to use the funds raised. For further information, see Chapter 06 *Consultation*.

4. Local authorities are required to maintain separate accounts for the money received under the VL scheme. In doing so, local authorities may also wish to consider the use of funds over a number of years or as capital spending. For further information, see Chapter 22 *Accounting*.

General principles

5. To understand how VL scheme objectives can relate to the specified purposes outlined at paragraph 1, local authorities should have a well-developed understanding of the visitor economy in their area. In this regard, the Act requires local authorities to have 'regard to its local tourism strategy (if any)'.

6. It is important for local authorities to clearly set out how the use of the funds will develop, support and sustain the local visitor economy in line with a local tourism strategy, and other related local, regional or national strategies.

7. Aligning the use of funds with agreed tourism strategies will assist the local authority in making funding decisions that will add value to the local visitor economy, and benefit communities and residents.

8. This approach will allow local authorities flexibility to shape their spending to align with the delivery of those strategies which have already been consulted on and agreed by relevant stakeholders.

9. Local authorities may review their visitor economy strategies to support effective use of visitor levy revenues. This can include considering at an early stage whether to refresh an existing tourism strategy or develop one where none exists. Other strategies to consider include, but are not limited to:

    a. local economic strategies

    b. regional economic strategies

    c. Scotland Outlook 2030, Scotland's national tourism strategy

    d. related local, regional and national strategies, such as events (Scotland: The Perfect Stage) or culture (A Culture Strategy for Scotland)

e. national park plans (if applicable)

f. tourism-focused Business Improvement District plans (if applicable)

g. infrastructure and visitor management plans, such as Strategic Tourism Infrastructure Development plans

10. The Act also requires the local authority to consult ‘from time-to-time’ in relation to the net proceeds of the visitor levy. Providing stakeholders with early opportunities to engage on how the funds will be spent will help foster support for a VL scheme. Ultimately, the timings for a consulting process on the use of funds will be for the local authority to decide, taking into consideration their own priorities and the sectors’ capacity to engage during traditional peak periods. For example, local authorities may wish to conduct consultation where changes are proposed to the use of funds following a review or significant modification to a VL scheme. The Visitor Levy Forum will serve as a vital mechanism to ensure use of funds reflect the diverse and representative views of the local authority’s visitor economy. For further information, see Chapter 21 *Visitor Levy Forum*.

11. Facilities and services which are used by residents, as well as visitors, could receive funding from a visitor levy, depending on the local authority’s assessment of whether the facility or service is substantially used by visitors and whether funding will lead to a positive impact on the visitor economy.

12. Whilst developing spend programmes for the use of net proceeds, local authorities will need to assess whether the proposed spend adheres to the legislation. To do this, local authorities must consider whether the proposed spend supports the delivery and achievement of the VL scheme objectives, which should have regard to relevant local, regional, or national tourism strategies.

13. The annual report must include how the net proceeds of a VL scheme have been used and the performance of a VL scheme in relation to its objectives. For further information, see Chapter 23 *Annual reporting*.

14. Local authorities will wish to ensure additional revenue is invested to support the long-term development opportunity for the visitor economy, rather than replacing current local authority budgets. Whilst there is currently extreme pressure on local authority budgets, it is important to recognise the importance of a visitor levy being used to sustain, support and develop the visitor economy for many years to come, and to reinforce tourism as an important contributor to the area’s overall economic growth.

15. To aid transparency around how the funds are being used, local authorities are encouraged to consider applying various means to communicate this information to the public, including visitors and businesses. In particular, local authorities may want to consider the publication of fund expenditure on its website.

16. As set out in the Act and given the important role the Visitor Levy Forum plays in providing a means of ongoing engagement with the VL scheme, the local authority will need to engage with the Forum when considering how visitor levy funds will be used.

Case study examples

17. Case study examples on various aspects of the visitor levy will be developed as VL schemes come into operation and will be available on www.visitscotland.org.

Timeline

18. Local authorities will want to consider how they wish to use the net proceeds of a visitor levy at the earliest opportunity. How the funds are used in relation to the objectives of a VL scheme will then be a key measure of the success of that VL scheme.

19. On an annual basis, the timing and value of visitor levy income received may vary from that forecast, and in turn proposals for use of funds may need revised. Therefore, local authorities will need to ensure their mechanisms around use of funds can accommodate such circumstances. Revisions to proposals for the use of funds may also be required where there is an external shock to local authority finances such as a global or national event outwith the local authority's control. Decisions on such revisions should adhere to the established process for use of funds in the VL scheme.

20. The following sets out the points at which a local authority should be considering or acting on, in relation to the use of funds:

    a. **VL scheme objectives:** setting scheme objectives which should develop, support and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes
    b. **early engagement:** this represents an opportunity to engage with key stakeholders on how the funds might be used
    c. **consultation:** the local authority will need to set out its objectives for a scheme, this should include how it intends to use the funds. Stakeholders will then have an opportunity to comment on these proposals
    d. **implementation period:** this would be an ideal opportunity for the local authority to continue engagement with the public, including visitors and businesses, on how the funds will be used
    e. **Visitor Levy Forum:** the Forum must be involved where the local authority has a duty to carry out a consultation. This includes around any proposals on where the use of funds from a VL scheme will be spent
    f. **publication:** local authorities may wish to publicise how the funds are being spent on an ongoing basis. This would aid transparency for those paying the visitor levy
    g. **annual reporting:** the local authority is required to report on a scheme annually, including how the net proceeds of a VL scheme have been used
    h. **review of a scheme:** local authorities with a VL scheme will be required to undertake a review every three years. As part of this process a local authority should consider how it is using the funds and any potential changes it may want to make
    i. **ongoing consultation:** the Act requires local authorities consult from time to time on the use of the funds. Local authorities should consider how best, and how often to do this according to their own circumstances. This should take into account the ability of the tourism sector to engage during busy peak periods, as well as the need to have regard to a local tourism strategy, and other related local, regional or national strategies. As part of this requirement local authorities are obliged to consult with a national park authority where all or part of a scheme overlaps with the area of a national park. The local authority should also have regard to the national park plan where applicable

13 Liable persons

1. Under the Act, the accommodation provider is the 'liable person' and becomes so when the visitor takes entry to the overnight accommodation.

2. The Act requires that the liable person fulfil certain duties as part of this role. Accommodation providers are liable for the remittance of the visitor levy to the relevant local authority and are responsible for making sure that suitable records and returns are made and kept.

3. Records should be kept for 5 years from the date of a return, or any other period specified by the local authority. Where local authorities specify alternative retention periods, it is recommended that they build on good practice and existing regulation in relation to local taxation and data protection. The liable person is also responsible for the payment of penalties, if applicable. For further information, see Chapter 25 *Compliance*.

Third parties

4. Under the Act, accommodation providers can, with the agreement of the local authority (and the third party), enter into arrangements with third parties, such as OTAs, tour operators, or DMCs to pay and remit the visitor levy to the relevant local authority. It should be noted that local authorities do not have the legal power to compel third parties to remit the visitor levy. The accommodation provider remains the liable person in ensuring the completion of these duties, regardless of any third party agreements.

Common scenarios for liable persons

5. It is recommended that local authorities consider a range of common scenarios faced by liable persons associated with the purchase of overnight accommodation, which have the potential to cause confusion regarding the status of the liable person. It is anticipated that questions related to these scenarios may be raised by stakeholders following the implementation of a visitor levy and the local authority may wish to provide guidance or support in these (and other areas). For further information, see Chapter 14 *Assistance for liable persons*. Potential examples are provided below:

    a. **refusal to pay**: there may be cases where a visitor who attempts to purchase overnight accommodation refuses to pay a sum equivalent to the visitor levy. This may occur where a visitor attempts to purchase overnight accommodation at the point of entry to the accommodation premises and not in advance of travel. In this scenario, the accommodation provider would remain the liable person and could choose to cancel the booking or absorb the cost of the visitor levy.

    b. **cancellations**: accommodation providers often experience cancellation or no-shows. Where a cancellation happens on a booking that is pre-paid (including an amount equivalent to the visitor levy), the business should refund the visitor levy to the visitor and not remit it to the local authority. For a visitor levy to be remitted to a local authority, a visitor is required to have entered the overnight accommodation having purchased that right to reside in that overnight accommodation for a stay when the VL scheme is in operation. If no payment of a visitor levy has taken place before the cancellation, no refund is required.

    c. **refunds:** accommodation providers may be required to provide refunds to overnight visitors for their stay. If a visitor has entered overnight accommodation for the period defined as a night in the Act but is provided with a refund by the accommodation provider for their stay, the visitor levy charge would still apply and should be remitted to the local authority at the end of the reporting period.

Transitional periods

6. The visitor levy cannot be applied to accommodation booked and wholly or partially paid for before a local authority officially announces its intention to introduce a VL scheme. However, if a booking is made and paid for in whole or in part after the announcement, and the stay occurs after the VL scheme comes into force, the visitor levy may apply, unless a local authority has established a transition period.

7. Local authorities must ensure liable persons, as well as third parties have sufficient time to be notified and prepare for the visitor levy, including specific arrangements for liability relating to deposits paid before the implementation date. Local authorities should also be mindful of the long lead times associated with accommodation bookings, particularly for large events such as conferences, and major sporting or cultural events. In addition, certain organisations - such as tour operators and DMCs - typically require extended forward booking periods due to the nature of their planning and contracting arrangements. When engaging with these organisations, local authorities should be aware that representative bodies may not be based in their area and may work across a number of local authority areas.

8. To ensure smooth implementation, it is recommended that a local authority provides for the application of a transitional period of at least 9 months before the visitor levy becomes payable. This provides sufficient time for accommodation providers and third parties to establish processes and systems for calculating any visitor levy liabilities before the charge is applied to bookings which take place after the VL scheme has gone live. It is worth noting that while the visitor must be made aware of the total price of their booking, including any visitor levy liability, it does not need to be paid at point of booking, it could be paid at check-in or check-out. The visitor levy is still payable with last minute walk-ins. Local authorities must communicate transitional periods clearly and timely to accommodation providers and third parties, and this information should be included in published local guidance for businesses. For further information, see Chapter 14 *Assistance for Liable Persons*.

Data protection

9. Local authorities should consider and seek their own legal advice on data protection issues around data processing of returns.

14 Assistance for liable persons

1. There is no statutory requirement for a local authority to provide any specific assistance for liable persons. However there are several areas where local authorities should consider providing assistance or guidance for liable persons. The form this assistance takes will be based on local needs and circumstances. In designing the charge, local authorities should consider the relationship between the basis of the charge and resulting compliance burdens, as this will shape the level of support required. Simpler, more operationally straightforward schemes are likely to reduce the need for local authority intervention. The decision on whether to provide assistance for liable persons, will be made by the local authority. Good practice would be for local authorities to consider how they can assist liable persons as this would reduce the need for compliance and enforcement action where reporting requirements are not met.

2. Assistance for liable persons could be provided across the following key areas of a VL scheme:

   a. business costs: local authorities should be mindful of potential costs incurred by liable persons as they make changes to comply with a VL scheme. Local authorities should have an existing awareness of these costs gathered as part of engagement with liable persons conducted at the early engagement, statutory consultation and implementation period stages. For further information, see Chapters 05 *Early Engagement*, 06 *Consultation* and 07 *Implementation Period*. The Act allows local authorities to permit liable persons to deduct and retain an amount of visitor levy to help mitigate some of the additional administrative costs incurred as a result of operating the visitor levy. Such maximum amounts can be set as a fixed amount or as a percentage of the amount payable in respect of a chargeable transaction. It is recommended that such deductions, should only be made if the local authority is satisfied that it is appropriate to do so and in considering this local authorities should assess the impact deductions could have on both liable persons and the local authority itself. If a local authority permits such deductions to be made by liable persons, it must set the maximum amount that can be deducted, either as a fixed amount or a percentage of the amount of a chargeable transaction.

      The level of permitted deduction may vary for different purposes, for example across categories of businesses. Any such variation should be clearly justified by the local authority and considered as part of early engagement and consultation.

   b. remittance: for a VL scheme to operate effectively, liable persons require clear guidance on how to remit visitor levy liabilities to the local authority. This includes understanding the required content of remittances, the agreed reporting periods, and the submission process. A national online platform (visitorlevy.scot) has been developed by the Improvement Service in partnership with several local authorities, to support liable persons to make returns and visitor levy payments to relevant local authorities. For further information, see Chapter 16 *Returns and remittance of levy*.

   c. exemptions: prior to implementing a VL scheme, it is essential that liable persons and visitors fully understand how exemptions will be managed. This includes clear guidance on which visitors are exempt, any evidence required from overnight visitors, and the specific processes adopted by the local authority to administer exemptions. Local authorities may choose to administer exemptions through a reimbursement process, whereby visitors initially pay an amount equivalent to the visitor levy and subsequently apply for a reimbursement from the local authority if they meet the exemption criteria. This approach offers several advantages, including:

i reducing the burden on accommodation providers. By shifting the responsibility for processing exemptions away from accommodation staff, accommodation providers are not required to handle personal data or, in some cases, highly sensitive information
ii assessing and processing reimbursements efficiently and confidentially. Local authorities typically have specialised and trained staff equipped to operate efficiently and sensitively while adhering to data protection requirements
iii ensuring consistency and compliance. Centralising exemption processing within local authorities promotes a standardised approach and minimises the risk of errors or inconsistencies or fraud

The efficiency and transparency of any reimbursement process is of paramount importance. If the process is overly complicated or slow, there is a risk that eligible visitors may choose not to pursue a reimbursement due to inconvenience. Providing clear, accessible guidance and ensuring prompt processing of refunds will be critical to the VL scheme's success. Local authorities should ensure liable persons are well-informed about exemption procedures and that visitors can easily access the necessary information to apply for refunds.

d. **enforcement and compliance**: it is important that liable persons have knowledge of the powers available to local authorities where they fail to comply with the requirements of a VL scheme. This includes an understanding of specific timescales, any penalty charges set by the local authority, and what may constitute a reasonable excuse for non-compliance. For further information, see Chapter 25 *Compliance*.

3. Local authorities which introduce a VL scheme are expected to publish local guidance for businesses. The legislation gives local authorities flexibility in how their VL schemes are designed, and therefore liable persons and third parties will need clear, local authority-specific information as soon as possible following their VL scheme being formally decided. Local guidance should include, but not be limited to:

a. **rate or amount setting:** where local authorities choose to include different rates or amounts for different purposes or areas or where a cap on the number of nights in any chargeable transaction in relation to which a visitor levy is payable is set

b. **transitional arrangements:** where transitional arrangements are part of the VL scheme implementation plan, local authority guidance should clearly set out;

i. when liability for forward bookings made before the VL scheme comes into force will commence, and
ii. any specific arrangements for liability relating to deposits paid before the visitor levy comes into force

c. **remittance**: set out in guidance information on how the local authority intends to administer remittance. This should include:

i. whether the local authority will use the visitorlevy.scot platform,
ii. information that the liable person will need to submit as part of the returns
iii. frequency of returns
iv. specify records which must be kept and for how long
v. how any permitted deduction for administrative costs will work

d. **national exemption administration:** set out how national exemptions will be operated in particular whether the local authority will reimburse the eligible person and how that will be administered. It should set out:

   i. the evidence required from overnight visitors
   ii. the specific process adopted to administer exemptions.
   iii. the process for visitors and timescales for claims to be processed

e. **local exemptions (where applied):** clear guidance on which additional local exemptions will be applied along with similar details around how they will be administered in line with guidance for the national exemption

f. **technical support:** it is recommended that local authorities produce materials and advice for liable persons to assist them with the technical aspects of compliance. For example, this could include details on how to calculate the visitor levy, billing, and information on bookings that straddle the go-live date

g. **compliance and enforcement:** it is important that liable persons have knowledge of the powers available to local authorities where they fail to comply with the requirements of a VL scheme. This includes an understanding of specific timescales, any penalty charges set by the local authority, and what may constitute a reasonable excuse for non-compliance

h. **internal review:** accommodation providers should be made aware that there is a review and appeals process for the local authority to look again at a decision made related to their liability for visitor levy. Contact details for this process should be provided. Scottish Ministers have made regulations on reviews and appeals - The Visitor Levy (Reviews and Appeals) (Scotland) Regulations 2026. The regulations set out the processes through which a person may request a review of a decision or conclusion of a local authority; specify the manner in which local authorities must conduct such reviews; set out the right of persons to bring an appeal before the First-tier Tribunal for Scotland and detail the actions that local authorities must take following the disposal of an appeal

4. This chapter will be updated further to reflect the experience of local authorities and liable persons following the introduction of VL schemes.

15 Billing of overnight accommodation

1. At an early stage, in preparation for the introduction of the visitor levy, it is recommended that local authorities work closely with accommodation providers to understand what, if any, booking and invoicing systems are currently used by businesses, and how invoicing is handled.

2. It is important to remember that accommodation providers use a variety of systems to manage bookings and produce invoices. Point of sales systems and property management systems will need to be modified to calculate and display the visitor levy. These systems are often provided by third parties and modification may incur charges for the business, as system reports will need to be modified to calculate and evidence the charge.

3. Therefore, there will need to be clarity on the reporting required by local authorities, so that accommodation providers can modify their invoicing processes appropriately.

4. Smaller accommodation providers might not use a digital service. In such cases, local authorities may need to consider how to support those businesses towards adopting an updated process. Alternatively, local authorities should try to ensure that paper-based invoicing and reporting can be accepted on request. For further information, see Chapter 16 *Returns and Remittance of a Levy*.

5. Accommodation providers should ensure that invoicing formats comply with relevant consumer pricing legislation; local authorities should therefore take this into account when developing local guidance and scheme requirements to support consistent and compliant implementation.

6. Local authorities will need to advise accommodation providers when they should begin applying the visitor levy. This should be with sufficient lead in time to allow for necessary updates to be made to their systems and processes.

7. Local authorities have the ability to audit liable persons where they consider necessary. This may include requesting additional information to support a liable person's return to the local authority. For further information, see Chapter 25 *Compliance*.

8. Scottish Ministers have the power to set out in regulations requirements for the billing of overnight accommodation with respect to the chargeable transaction. At the time of publication no regulations on billing have been made.

16 Returns and remittance of levy

1. As part of the operation of a VL scheme, the Act requires liable persons to make returns to the relevant local authority. These returns allow a local authority to monitor and administer a VL scheme. For further information, see Chapter 13 *Liable persons*.

2. Returns are expected to be made to local authorities on a regular basis, with the exact form and content of these returns up to the discretion of the relevant local authority. However, under the Act, these returns must:

   a. include an assessment of the amount of the visitor levy payable in respect of the relevant period and be for each set of premises where the liable person is the accommodation provider

   b. be made before the end of the period of 30 days beginning with the end of each relevant period (either each quarter or an alternative period specified by the local authority in a VL scheme)

   c. include a statement of any amount of permitted deduction (not exceeding the maximum permitted deduction) and the net amount of any visitor levy payable in respect of the return period

3. For a VL scheme to operate effectively, liable persons require clear guidance on how to remit payments to the local authority. This includes understanding the required content of remittances, the agreed reporting periods, and the submission process.

National visitor levy online platform (visitorlevy.scot)

4. visitorlevy.scot has been developed by the Improvement Service in partnership with several local authorities, to support liable persons to make returns and visitor levy payments to relevant local authorities.

5. There is no cost for liable persons to use this platform. Local authorities will incur initial setup fees as well as an annual running cost that would be split between participating local authorities.

6. The platform is fully configurable for use by additional local authorities as they adopt VL schemes - whether percentage or fixed amount(s) - ensuring consistency and ease of use for liable persons across Scotland. This single, national platform aims to reduce administrative burden, providing a streamlined and familiar interface, and help standardise how returns and payments are managed. The platform will manage the various differences between local authority VL schemes, such as different percentage rates or fixed amount(s), different permitted deductions and other local variations, such as nightly caps.

7. The platform covers account registration, property management, visitor levy returns, payment administration and enforcement (if applicable). Liable persons will be able to register their property or properties, submit returns, and make payments. Registration includes entering basic property details such as accommodation type (e.g., hotel, B&B, camping site, self-catering, hostel), the number of units or rooms, relevant reference numbers (such as NDR, Council Tax, or Short Term Let Licence), website and VAT number (if applicable), and correspondence information. Liable persons will be able to register ahead of local authority VL schemes coming into force. Liable persons will also have the option to fast-track registration using a unique code issued to them.

8. Liable persons will be required to submit visitor levy returns at periods determined by the local authority. Returns on the platform will be quarterly in arrears aligned with, financial year quarter deadlines. Liable persons will be required to report the total revenue received from accommodation charges, for each month in the period. Where there is a nil return for each period, liable persons may still be required to submit returns for each quarter, to ensure the existence of an audit trail necessary for the efficient operation of a VL scheme, and remove the need for local authorities to submit repeated requests for information from liable persons. If accommodation is closed for an extended period (e.g. seasonally, or undergoing renovations), the platform allows the liable person to mark the property as temporarily closed, and they may therefore not have to submit a nil return. This is at the local authority's discretion, and the accommodation must be closed for a full quarter or more to avoid the need to submit a return.

9. Where a local authority applies specific visitor levy conditions (e.g., a cap on the number of nights, a specific start date for visitor levy liability, or permitted maximum deduction), the system will prompt for the necessary information to ensure accurate calculation. Once a return is submitted, the platform will display the visitor levy amount due, which can be paid online or by bank transfer.

10. The platform will enable local authorities to initiate penalties and send the necessary correspondence for non-conformity to the VL scheme and provide ability for liable persons to make payments.

11. The Improvement Service will act as the data processor for the platform, while each participating local authority will be the data controller for their respective areas.

12. A helpdesk will be available through the platform, along with a comprehensive suite of training materials provided ahead of launch to support users in getting started.

13. The platform will also provide local authorities with a suite of reporting, performance and compliance tools to support them to manage their VL scheme effectively.

14. It is important to note that the platform is solely for use by liable persons and not visitors. Any queries from visitors, including exemption requests or refund/reimbursement claims, must be directed to the relevant local authority.

15. Local authorities are encouraged to use this platform, as it will meet the needs of both liable persons and local authorities.

16. Local authorities can also set out to businesses, expectations around remittance/return and payment of the visitor levy, noting that this can only be done for overnight stays that have been occupied in the reporting period. There may be instances where a visitor has checked out, but the accommodation provider has not yet received payment due to contractual arrangements with third parties, such as tour operators or DMCs. It is common for these contracts to be settled up to 90 days after the stay. On the visitorlevy.scot platform, the accommodation will still need to remit the visitor levy payment to the local authority.

17. The local authority may wish to provide guidance or information on returns and remittance, specific to their VL scheme. For further information, see Chapter 14 *Assistance for liable persons.*

Permitted Deductions in Relation to Administrative Costs

18. As noted above, the Act allows local authorities to permit liable persons to deduct and retain an amount from the levy payable in respect of a chargeable transaction to help mitigate some of the administrative costs that may be incurred by the liable person. This deduction is not intended to reflect the full administrative costs and is to help mitigate against them. The local authority must set the maximum amount which may be deducted in respect of a chargeable transaction. The permitted deduction may be set as a fixed amount or as a percentage of the amount of visitor levy payable. Different permitted deductions may be set for different purposes.

19. Returns submitted by the liable persons must set out an assessment of the total amount of visitor levy payable in respect of the return period; a statement of a permitted deduction (up to the maximum allowed) and the net amount of visitor levy payable taking account of the permitted deduction. If the local authority is using the visitorlevy.scot platform, this would be done at the time of quarterly reporting. The permitted sum would be included as part of the calculation on visitorlevy. scot, and deducted from what should be paid to the local authority. Local authorities are encouraged to ensure application of permitted deductions is not overly complex.

20. A local authority may disallow a deduction in a reporting period if the local authority imposes a penalty under Chapter 3 of Part 5 of the Act on the liable person in respect of that reporting period. Where a deduction is disallowed the local authority must notify the liable person of its decision to do so, that the total amount of visitor levy payable must be paid to it and the date by which payment is required.

Amending returns after submission

21. The Act permits liable persons to amend returns after they have been submitted. The detail of how this power will work in practice will be set out in regulations laid before Parliament by Scottish Ministers. Such regulations will be laid in the coming months and this guidance will be amended to reflect the agreed processes and procedures. It is anticipated that the regulations will set out where a liable person may request to amend a return, the procedure for making and determining the request, where and how a local authority could amend a return and time limits that would apply. Local authorities may wish to give consideration to their approach to permitting returns to be amended pending the regulations being laid and coming into force.

17 Exemptions

Not in scope

1. Individuals in certain circumstances do not fall within the scope of the Act and are therefore not liable to pay a visitor levy charge. Individuals in these circumstances are not considered visitors to an area for business or leisure purposes, and are therefore not liable to pay a visitor levy charge. These circumstances are:

   a. Overnight accommodation which is being used as a visitor's only or primary residence. This could be due to:

      i. being homeless or at risk of homelessness
      ii. very poor housing conditions (such as overcrowding, serious damp or disrepair)
      iii. experiencing domestic abuse or other forms of violence
      iv. someone's residence being unfit for habitation
      v. someone being an asylum seeker or refugee

2. In addition, the visitor levy does not apply in the following circumstances:

   a. someone staying on a dedicated gypsy or traveller site run by a local authority or registered social landlord

   b. those residing overnight in vehicles or on-board vessels that are undertaking a journey involving one or more overnight stops. As a result, the following forms of overnight accommodation are outwith the scope of the Act:

      i. the provision of a cabin on a ferry or cruise ship, unless the vessel is permanently moored
      ii. the provision of a cabin on an overnight sleeper train
      iii. use of a hired or privately-owned campervan or motorhome where they are staying in informal overnight settings

National exemption

3. The Act requires that a VL scheme must provide an exemption for visitor levy, or amount equivalent to the visitor levy, paid by individuals entitled to specific disability or injury related benefits, payments and allowances. This is a 'national exemption' that will apply to any VL scheme. It is for the local authority to determine whether the visitor levy will be not payable, or will be reimbursed, in the case of the national exemption and if reimbursed the process for doing so.

4. The Act as amended requires that the exemptions apply where a person is "entitled to", rather than "in receipt of" specified disability-related benefits, payments or allowances. This ensures that the exemption applies to accommodation resided in by an individual whose award or payment is reduced to nil at the time of the stay.

5. The Scottish and UK benefits within scope of the national exemption include:

   a. disability payments made under section 31 of the Social Security (Scotland) Act 2018, including Adult Disability Payment, Pension Age Disability Payment and Child Disability Payment

b. UK disability, incapacity, and injury-related benefits such as Disability Living Allowance, Attendance Allowance, Personal Independence Payment
c. War-related pensions and supplements

6. The national exemption also applies to individuals who reside in the United Kingdom and who are entitled to benefits, payments or allowances equivalent to those listed in section 14(1)(i):

   a. under the legislation of Switzerland, EEA states or Gibraltar, where their entitlement arises from international social security coordination agreements
   b. under the legislation of Ireland
   c. under the legislation of Northern Ireland

7. The MISSOC, (Mutual Information System on Social Protection) comparative tables may be helpful in providing authorities with information on equivalent benefits which may be within scope of the national exemption - (https://www.missoc.org/missoc-database/comparative-tables/).

Local exemption

8. Local authorities also have the power to put in place local exemptions. As set out in the Act, a local authority must include in its VL scheme the cases or circumstances where the visitor levy is not payable or may be reimbursed. It also requires local authorities to outline the process through which this exemption is administered. For further information, see Chapter 03 *Required content of a scheme.*

9. There are a number of factors that local authorities may wish to bear in mind when considering local exemptions. The following list is not intended to be exhaustive, instead providing an overview:

   a. **purpose and rationale:** local authority decisions on who is, and is not, exempt from paying a visitor levy should correspond with the objectives of a VL scheme. Local authorities may wish to consider explicitly stating how a local exemption relates to these objectives in the outline of a VL scheme

   b. **scope and eligibility:** it is important to consider how local exemptions are targeted at the intended groups. In particular, it is important that stakeholders have a clear understanding of who is, and is not, covered by a local exemption, and how eligibility is evidenced by the overnight visitor

   c. **impact and effectiveness:** local exemptions may have an impact on the effectiveness of a local VL scheme. Prior to the introduction of a local exemption, local authorities may wish to conduct work on the potential impact, including through increased administrative costs, and reduced income, which may have otherwise been used to provide additional support to the persons or activity being considered as a local exemption

   d. **communication and messaging:** ensuring that all stakeholders have a detailed understanding of who is, and is not, responsible for the payment of the visitor levy is crucial to the efficient and effective operation of a VL scheme. Local authorities may wish to consider how this information, and the associated arrangements, is communicated to stakeholders.

10. It is recommended that the cases or circumstances where the visitor levy is not payable or can be reimbursed are set out as part of the outline of the proposed VL scheme prior to the consultation. As such, it is recommended that local authorities begin the process of considering whether to develop a system of local exemptions at an early stage in the development of a VL scheme. This could form a key element of early engagement with local stakeholders, such as residents and liable persons. For further information, see Chapter 02 *Timeline*.

11. In considering the development of local exemptions, local authorities may wish to give specific regard as to whether to establish an exemption for individuals visiting the area to facilitate the receipt of NHS medical treatment. In such cases individuals are not travelling for voluntary recreational purposes and may be required to stay in overnight accommodation before or after treatment due to distances between their normal residence and the hospital/medical facility. Local authorities may consider that such non-optional travel should be exempt from the visitor levy.

Administration of exemptions

12. How exemptions (local and national) will be administered and monitored will be a key consideration for local authorities. The Act allows local authorities to provide that the visitor levy is not payable for exempt stays, with no liability arising in such cases. However, this approach would require liable persons to determine eligibility for exemptions - something which they are not properly equipped to do. It is therefore strongly recommended that local authorities avoid adopting this approach. The local authority could establish a process whereby an exempt overnight visitor pays the visitor levy (or an amount equivalent to it) and then seeks reimbursement. In this scenario, overnight visitors would still be required to pay an amount equivalent to the visitor levy at the point of entry or booking, with local authorities responsible for administering the reimbursement at a later date. The reimbursement process should set out what evidence may be required, eg relevant benefit award/decision letter and timings for making reimbursements.

13. There are a number of factors that local authorities may wish to consider when developing the administrative arrangements for exemptions, including:

    a. **administrative burden on liable persons:** local authorities should recognise the potential administrative burden on liable persons resulting from local exemptions, should they choose to put the responsibility on the liable person. This could include the handling of personal and sensitive data which accommodation providers are not accustomed to processing and increased costs associated with training for employees. It is therefore recommended that local authorities adopt and administer a reimbursement approach

    b. **enforcement, compliance and notification:** it is important that any decisions taken regarding the development of local exemptions consider how these exemptions will be monitored, processed and enforced. This could include what evidence the local authority will deem satisfactory for proof of an exemption, whether this evidence can or should be stored (and the related data protection issues associated with this), and how this evidence will be submitted by the overnight visitor (for further information, see Chapter 25 *Compliance*), and how overnight visitors are notified that their exemption request has been successful (in cases where a local authority choose to reimburse those who are exempt).

    c. **local authority administrative costs:** local authorities may wish to consider the potential for increased administrative costs associated with the development of local exemptions. This may be particularly relevant where a local authority chooses to reimburse overnight visitors. Higher administrative costs may reduce funds available to the local authority, with implications for the local community and visitor economy. For further information, see Chapter 12 *Use of Funds*.

    d. **digital and offline solution:** local authorities may wish to consider the availability of appropriate digital and offline solutions in operating any reimbursement payments for persons who are submitting a claim because of an exemption from the visitor levy

    e. **evaluation:** the local authority may wish to consider how the success of an exemption is monitored throughout the lifetime of a VL scheme. Information on the performance of an exemption may form a key part of the three-year review, and will therefore be crucial to discussion relating to the modification of local exemptions. For further information, see Chapter 24 *Review of a scheme*.

14. A local authority may put in place a reimbursement process. Following the completion of their stay, the visitor entitled to specified disability benefits, payments or allowance would follow the steps outlined by the local authority to receive reimbursement of any visitor levy paid. As good practice the local authority should ensure liable persons have the necessary details to advise visitors on any potential eligibility for a reimbursement, including the process and the expected timeframe for it to be completed.

15. Local authorities need to consider VAT recovery in the context of reimbursements, and the associated risk of unrecoverable costs to the visitor. For example, visitors will have paid the visitor levy and any associated VAT to accommodation providers that are VAT registered, and subsequently will need to apply for a visitor levy reimbursement through the local authority, but may not be able to reclaim the associated VAT.

16. In many cases visitors entitled to disability benefits would in practice need to be accompanied by others, whether family, friends or professional carers. The Act provides for an exemption for the visitor or another person residing in the accommodation, such as a carer. Local authorities may wish to clarify their position in local guidance when it comes to larger properties with multiple rooms and occupants. However, in most cases, it is expected that the exemption will apply to the whole party when they stay together in one room or property. This may not apply to multi-room or multi-property bookings.

17. Under the Act, a local authority may modify its VL scheme to add or remove a local exemption, after a VL scheme has come into force. For more information see Chapter 07 *Implementation period.*

18. If an overnight visitor disputes the classification of eligibility or an exemption, the local authority would need to follow the review procedure included as part of the enforcement regulations. The form this process takes will be closely related to the administrative arrangements for exemptions decided by the local authority, as noted above. However, it is important that any dispute resolution process recognises the need to safeguard accommodation providers from potential conflict with overnight visitors, the potential administrative burden on accommodation providers on handling large volumes of complex and sensitive documentation and upholds the overall reputation of a VL scheme.

19. Some of the conditions which give rise to exemptions from the visitor levy are considered Special Category data. Local authorities will therefore need to ensure they are compliant with all relevant data protection legislation.

20. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance for liable persons*.

18 Islands and rural communities

1. Local authorities considering the implementation or modification of a VL scheme should actively consider potential differential impacts on islands and rural communities. Island and rural communities face unique challenges such as declining populations, reliability of transport and geographic remoteness, increased costs and connectivity difficulties. Where relevant, local authorities will also need to take account of their duties under the Islands (Scotland) Act 2018.

2. As part of the work to consider island and rural communities it is recommended that local authorities consider the following issues when implementing or modifying a VL scheme to mitigate any further potential different impacts:

    a. **administration**: the make-up of the accommodation provision across many island communities differs significantly from that found in other parts of Scotland. For example, island communities often contain a higher proportion of small providers and self-catering properties. When local authorities are designing processes for the administration of a visitor levy in an area which contains island or rural communities, it is recommended that they consider the challenges faced by small accommodation providers

    b. **enforcement**: the tendency for island and rural communities to contain a higher proportion of small accommodation providers may require further consideration by local authorities in terms of compliance and enforcement procedures. It is recommended that local authorities with such communities consider the potentially higher cost of administering compliance and enforcement procedures

    c. **forecasting**: due to the potential for higher administrative costs and smaller returns, it is recommended that local authorities with island and rural communities actively consider the impact on forecasting conducted prior to implementation or modification of a VL scheme

    d. **reporting:** the Act requires local authorities to prepare a report on the amount of revenue collected, the use of net proceeds, and the performance of a VL scheme in relation to its objectives. It is recommended that, when preparing a report, and where both practical, and the relevant data is available, local authorities consider the inclusion of information relating to the impact of a VL scheme on island and rural communities. Such reporting could also include how the introduction of a VL scheme and the spend of revenue generated has affected visitor numbers, the length of visitor stays and the viability of tourism businesses

    e. **impact:** local authorities may consider, where appropriate, an Islands Community Impact Assessment to ensure the potential impacts of a visitor levy on island communities are fully understood and appropriately addressed

    f. **exemptions:** local authorities may wish to give specific regard as to whether to establish an exemption for individuals visiting the area to facilitate the receipt of NHS medical treatment, recognising that such travel is often essential and may place a disproportionate burden on those required to stay overnight away from home. For further information, see Chapter 17 *Exemptions.*

19 Local flexibilities

1. Local authorities wishing to introduce a VL scheme in their area have a number of flexibilities they can use within their VL scheme.

2. These flexibilities provide local authorities with discretion to implement a VL scheme which meets local circumstances. How these local flexibilities will be used should be a matter for the local authority to decide following a comprehensive consultation process. For further information see Chapter 06 *Consultation.*

3. The local flexibilities include:

    a. the ability for a local authority to set different percentage rates or fixed amount(s) for different purposes or areas. A local authority may also set different fixed amounts for different accommodation types, but may not set different percentage rates for different accommodation types. This includes the ability to create a cap in the form of a maximum number of nights on which the visitor levy applies. For further information see Chapter 11 *Rate setting*

    b. the ability to switch basis of the visitor levy, selecting from percentage rate or fixed amount(s)

    c. the ability to have a VL scheme in all, or specified parts of a local authority area. Two or more local authorities may act jointly to make a VL scheme

    d. the ability for a local authority to apply local exemptions. For further information see Chapter 17 *Exemptions*

    e. the ability to set specific times of the year where a purchase of overnight accommodation will give rise to the visitor levy

    f. local authorities must set out intentions for including or excluding businesses which operate below the VAT threshold, set by UK Government. For further information see Chapter 01 *Power to introduce a levy* and Chapter 03 *Required content of a scheme*

    g. the ability to set the frequency with which liable persons are required to make returns to the local authority. See Chapter 16 *Returns and remittance of a levy*

    h. the ability to permit liable persons to deduct and retain a proportion of visitor levy in relation to administrative costs incurred by them, and determining what that maximum amount should be

    i. the ability to specify records which must be kept and preserved. For further information see Chapter 16 *Returns and remittance of a levy*

    j. the ability to take an approach to compliance and enforcement that works for the local authority. There are no requirements for a local authority to impose penalties or take enforcement action under the Act. For further information see Chapter 25 *Compliance*

4. Liable persons will need clear, local authority-specific information as soon as possible following their VL scheme being formally decided.

20 Communication

1. For a VL scheme to be successfully implemented, appropriate and effective communication with a variety of interested parties at various stages will be crucial.

2. This chapter sets out when in the process communication will be particularly crucial and offers examples of how this may be carried out.

Principles of communication

3. There are a number of general principles to guide good communication when it concerns the preparation and establishment of a VL scheme. Communication should be:

    a. accessible: make sure publication of proposed activity(ies) and information is accessible to all relevant stakeholders. This should include (but not be limited to) publication on relevant website and social media channels or through a notification in a public place. Local authorities should consider how communication will be delivered to those people who have communication support needs, such as the provision of alternative formats. In the interests of communicating with visitors, different language formats may need to be considered, so that messages are accessible and easily understood

    b. engaging: consider how opportunities for feedback on communication can be maximised. Setting out how all relevant stakeholders can get involved with the process will be important. Crucial to this is engagement with the businesses and organisations working most closely within the local visitor economy

    c. transparent: demonstrating how feedback has influenced thinking and/or been incorporated into decisions will be crucial to ensuring trust in the final decision making and implementation of the visitor levy. Where views are sought around the implementation of a VL scheme, the body seeking those views should consider how it can best reflect the actions it has taken on the basis of feedback provided

    d. ongoing: open and engaging communication with stakeholders should continue in the long-term. Where a visitor levy is being implemented it will be important to communicate where and how businesses can get support to implement changes to their operation. Local authorities should also consider the merit in looking at ways in which to engage with visitors to highlight the positive impact that their contribution has had on the local visitor economy.

4. All stakeholders concerned with the operation and implementation of a VL scheme have an obligation to ensure that they communicate in a manner that allows an appropriate response.

When to communicate

5. In some instances, the Act places duties on local authorities to communicate aspects relating to the implementation of a VL scheme. There are other instances where no statutory requirement exists, but where appropriate communication would be helpful to all involved and doing so would demonstrate good practice.

6. Table 6 sets out the parts of the process where communication will be required with different stakeholders.

Table 6: Communication Timeline

Early engagement (non-statutory): Early engagement will establish a strong foundation for collaborative development of a VL scheme. For further information, see Chapter 05 *Early engagement*.
Consultation (statutory): the local authority is required to conduct a public consultation on its proposal for a VL scheme. Standard practice would be for a consultation that lasts 12 weeks. For further information, see Chapter 06 *Consultation*.
Implementation period (statutory): a new VL scheme will come into force no sooner than 18 months after the date on which the local authority publishes a report summarising the consultation responses received, stating that it intends to proceed with the original proposal or a significant modification to a proposal. For further information, see Chapter 07 *Implementation period* and Chapter 14 *Assistance for liable persons*.
Publicity for introduction of scheme (statutory): a local authority wishing to introduce a VL scheme must notify Scottish Ministers of its decision, publicise its decision and publicise the proposed date on which the visitor levy will come into force. For further information, see Chapter 09 *Scheme publication*.
Publicise local business guidance (non-statutory): after the formal announcement of a VL scheme, businesses responsible for paying and remitting the visitor levy will require local guidance, advice and support from the local authority. For further information, see Chapter 14 Assistance for *Liable Persons.*
Visitor Levy Forum (statutory): the Visitor Levy Forum must be established within six months of the local authority formally announcing that it will implement a VL scheme. For further information, see Chapter 21 *Visitor Levy Forum*.
Ongoing communication (non-statutory): visitors may want to understand how the visitor levy will be applied in the local authority area. Stakeholders will welcome ongoing information on the use of funds. Local authorities may develop an ongoing communications plan to highlight to visitors, businesses and communities, what the visitor levy is and the difference it is making.
Compliance (statutory): it is recommended that local authorities produce materials and advice for accommodation providers to assist them with the technical aspects of compliance. For further information, see Chapter 25 *Compliance* and Chapter 14 *Assistance for liable persons*.
Annual reporting on scheme (statutory): the annual report should detail the amount of money collected, how the net proceeds have been used and the performance of the VL scheme in relation to its objectives. The report should be published as soon as possible at the end of the reporting period, and in a manner that the authority considers appropriate. For further information, see Chapter 23 *Annual reporting*.
Review of scheme (statutory): a local authority operating a VL scheme is required by the Act to review it every three years. It should also publish the findings of its review as soon as possible. For further information, see Chapter 24 *Review of a scheme*.
Use of funds (statutory): local authorities that operate a VL scheme are required to consult on the use of funds. Where a local authority consults on the use of funds it should involve the Visitor Levy Forum. For further information, see Chapter 12 *Use of funds* and Chapter 21 *Visitor Levy Forum*.

21 Visitor Levy Forum

1. As set out in the Act, a local authority that introduces a VL scheme is required to establish a Visitor Levy Forum. The Forum must be established by the local authority no later than six months after the date of the decision to introduce a VL scheme. The local authority must maintain the Forum for the duration of a VL scheme and ensure that it has both the ability to carry out its functions and meet on a regular basis (defined as not less than two times per calendar year).

2. Where a local authority is operating multiple VL schemes within the local authority area, the Act provides the power to establish multiple Forums corresponding to each individual VL scheme. Alternatively, the local authority also has the power to establish a single Forum covering multiple VL schemes.

3. The function of a Forum is advisory. Its purpose is to provide advice to the local authority in a number of areas relating to the operation of a VL scheme. It will be for the local authority to establish its own decision-making process in relation to areas the Forum has provided advice on.

4. Once a VL scheme is established, the Forum must be involved where the local authority has a duty to carry out a consultation. For instance, where it is proposed to modify a VL scheme, or change the planned use of funds from a VL scheme. A local authority must also provide the Forum with copies of each annual report and the review of the VL scheme carried out every three years.

5. It is intended that a Forum ensures that businesses, communities and organisations related to the visitor economy have a robust mechanism to conduct effective ongoing engagement with the local authority once a VL scheme has been introduced.

6. The membership of the Forum is to be determined by the local authority. Under the Act, membership must contain a reasonable balance of representatives from communities, businesses engaged in tourism, and tourist organisations. It is recommended that local authorities give consideration to appointing representatives from all aspects of the visitor economy, according to local circumstances.

7. When considering the makeup of the Forum, local authorities may wish to give thought to how the Forum best reflects the strengths and assets of the visitor economy in the local authority area. In particular, consideration should be given to those organisations or bodies who have a key role in the development of the local visitor economy. This could include, but may not be limited to:

    a. major cultural events and festivals taking place in the area

    b. organisations with a role to play in heritage and sustainability

    c. liable persons directly involved in paying and remitting the visitor levy in the local area

    d. local destination and tourism organisations

8. Forum membership may also include elected members but this is optional. Elected members must not make up a majority of the Forum. Local authorities may wish to appoint elected members to the Forum to provide more effective links to the ongoing work being conducted within a VL scheme, and the decision-making processes of the local authority.

22 Accounting

1. The Act requires that local authorities:

    a. keep a separate account for a VL scheme
    b. credit the account with the net amount of money received under a VL scheme (including penalties) minus refunds issued
    c. debit the account with the expenses of operating a VL scheme

2. The authority may also wish to observe any other accounting guidance that may relate to the visitor levy e.g. Local Authority Scotland Accounts Advisory Committee (LASAAC) accounting guidance or similar.

3. There is no requirement, for local authorities to outline the total use of funds through accounting requirements. However, as good practice, alongside the four requirements as set out above, local authorities may wish to include a single line stating “the use of proceeds of a scheme” when accounting for a VL scheme. This would sit alongside more detailed reporting in Chapter 12 *Use of funds* and Chapter 23 *Annual reporting*.

4. The Act also provides Scottish Ministers with the power to introduce further regulations specifying the form of the account, publication of the account, and processes, where local authorities implement a joint VL scheme.

5. At the time of publication, the Scottish Government has indicated there are no plans to produce regulations in this area. However, guidance is being produced by LASAAC.

6. When considering accounting practices in relation to a VL scheme and existing regulation, it is recommended that local authorities build on good practice in relation to other local funds, as well as an audit and governance arrangements.

7. Local authorities may also wish to consider the accounting implications regarding the use of funds over a number of financial years. The Act does not stipulate that revenue generated by a visitor levy should be used within a certain time period. Local authorities may choose to carry funds forward between years or place funds in reserve. This may be particularly relevant in the early years of a VL scheme, where expected levels of net visitor levy proceeds may be more difficult to predict.

23 Annual reporting

1. Within the first 18 months from when a VL scheme comes into force, and for each 12-month period following this, local authorities must prepare a report setting out:

    a. the amount of money collected

    b. how the net proceeds have been used

    c. the performance of a VL scheme in relation to its objectives

2. This report must be produced as soon as is reasonably practicable after the end of the reporting period, and in a manner which the local authority considers appropriate. When producing the report, it is recommended that local authorities recognise that transparency will be key for local stakeholders with an interest in the operation of a visitor levy. Accessibility should therefore be a key consideration for local authorities when publishing the annual report.

3. This report may be linked to other forms of regular financial reporting conducted by local authorities throughout the year. Local authorities may also wish to include information over and above that required by the Act, such as if the operation of the VL scheme and use of proceeds have affected visitor numbers, the length of visitor stays and the viability of tourism businesses, where robust data is available .

4. It is important to note that the annual report performs a different function to the three-year review, of the VL scheme. These reviews may offer extended, in-depth information on the operation of a VL scheme over a longer period of time. For further information, see Chapter 24 *Review of a scheme*.

24 Review of a scheme

1. Under the Act, a local authority is required to review its VL scheme after a set period. The first review must be carried out within three years of the VL scheme coming into effect. Second and subsequent reviews must be carried out within three years of the previous review. The results of the review must be published, and a copy sent to the relevant Visitor Levy Forum. As part of the review, local authorities must determine whether to continue the VL scheme unchanged, modify it, or revoke it.

2. It is for each local authority to decide how they wish to carry out the review. However, it is recommended that there is a formal decision to start the review, with an agreed process around how the conclusions of the review will be considered, and how any actions resulting from the review will be decided and implemented. It is recommended that a local authority sets out a timeline for the review, with dates for when the review will start and conclude, and any key milestones during the review's progress.

3. The administrative costs of a VL scheme, such as the costs for the review, can be taken from the revenue raised by a VL scheme, and will be a matter for the relevant local authority.

4. While the exact scope of the review will be for a local authority to determine there are some topics that it would be considered good practice to cover. These include:

    a. how a VL scheme has performed in relation to its objectives
    b. the outcomes to which a VL scheme has contributed, including links to relevant tourism strategies
    c. the impact of a VL scheme on businesses, both those directly and indirectly affected by a VL scheme
    d. the impact of a VL scheme on local communities, particularly rural and island communities
    e. how funding raised by a VL scheme has been used, and an assessment of any benefits and improvements that have been delivered
    f. how a VL scheme has been administered, and any lessons that can be learnt to improve administration for the local authority and businesses
    g. how a fixed amount(s) rate may need adjusted to account for price changes

5. It is considered good practice for the review to fully involve those affected by a VL scheme. This would include visitors, accommodation providers, tourism organisations, community groups, and others. It is recommended that a local authority considers how best to involve relevant stakeholders in the review. The Visitor Levy Forum established by the local authority will need to be fully involved in the review, given the important role the Forum plays in providing a means for ongoing engagement on a VL scheme.

25 Compliance

1. The Act gives local authorities a range of powers to enforce compliance with a VL scheme or delegate powers of enforcement and compliance to a third party. A local authority could perform the various collection and enforcement functions itself or make arrangements with another body (e.g. an administrative and professional services company) to carry out the administration of a visitor levy. The third party can be another local authority. These powers are in line with those already available to local authorities in ensuring compliance with other local taxes, such as council tax and non-domestic rates.

2. It is recommended that local authorities build on existing good practice when considering the enforcement of penalties. The use of penalties should be a last resort and only used after other compliance activity has failed.

3. As outlined in the Act, local authorities have powers to:

    a. obtain information and documents from liable persons and third parties
    b. enforce compliance with information notices
    c. enter and inspect the premises of liable persons or third parties
    d. copy and remove documents
    e. obtain access to, inspect and check the operation of any electronic device, associated apparatus, or material
    f. inspect business premises, and business premises of third parties
    g. disclose and share relevant information to:

        i. relevant local authority authorised officers
        ii. other local authorities
        iii. a person authorised to carry out collection and enforcement functions

    h. impose penalties where there has been:

        i. failure to make valid and complete returns
        ii. failure to keep and preserve records
        iii. failure to comply or obstruction
        iv. provision of inaccurate information
        v. concealment or destruction of relevant documents

4. The Act provides that where a liable person has not been able to comply with requirements to keep accurate records, make an accurate return or pay visitor levy as a result of the changes brought in by the 2026 Act then this can be considered by a local authority as a reasonable excuse in relation to enforcement and penalties.

5. When sharing data as part of the exercising of a local authority's enforcement duties (including where those duties are delegated to third parties), it is recommended that local authorities build upon existing good practice, ensuring compliance with existing legislation such as UK GDPR regulations and the Data Protection Act 2018.

6. Where liable persons report difficulties in meeting the reporting requirements set out by the local authority, the liable person is expected to make all reasonable effort to rectify the situation within three months of the original deadline or alternative period, as determined by the local authority.

7. Where a liable person has either, failed to make a return, or the local authority believes that a return made is incorrect by reason of a careless or deliberate miscalculation, the local authority has the power, to make an assessment of the visitor levy payable by the liable person. Scottish Ministers laid regulations - The Visitor Levy (Local Authority Assessment) (Scotland) Regulations 2026 – which set out the framework for how local authorities may assess the visitor levy payable by a liable person where a return has not been made, or where a return is considered to be incorrect as a result of containing a miscalculation of a careless or deliberate nature. The regulations provide the process for local authorities to make an assessment of the amount of visitor levy payable where no return has been made, or an inaccurate return has been made; set out time limits for issuing notices and completing assessments and define circumstances in which assessments may be altered, and to establish the relationship between assessments and review or appeal mechanisms. When doing so, the local authority should ensure that it has the relevant information to conduct this assessment.

8. Where liable persons fail to make a return in the manner specified by the local authority, and where there is no reasonable excuse provided by the liable person, local authorities have the power to apply penalties at agreed time periods. The penalty rate for each time period is up to the discretion of the local authority, and they may wish to consider using existing agreed penalty charge approaches. For further information, see Chapter 13 *Liable persons*.

9. The Act also sets out a range of further scenarios where local authorities may wish to apply penalties, with the amount of these penalties to be determined by the local authority:

    a. where the liable person fails to pay the total amount of the visitor levy, including where a deduction has been made by the liable person but subsequently disallowed by the local authority

    b. where the liable person fails to keep and preserve records

    c. where the liable person fails to comply with an information notice or deliberately obstructs an authorised officer or person authorised by the officer in the course of an inspection

    d. where the liable person provides inaccurate information or produces a document that contains an inaccuracy

    e. where documents subject to an information notice are concealed, destroyed or otherwise disposed of

10. The liable person may have a reasonable excuse for failing to comply with these requirements. The following do not amount to a reasonable excuse:

    a. insufficient funds, unless attributable to events out with the liable person’s control

    b. reliance on any other person to do anything related to making a return, unless the liable person took reasonable care to avoid failure

    c. where a liable person previously had a reasonable excuse, but this excuse has ceased

    d. economic fluctuations which may be affecting the liable party’s business

11. There are a wide range of scenarios where a liable person could be seen to have a reasonable excuse for not submitting a return. In these cases, the local authority may wish to obtain evidence from the liable person to support their claim.

12. The following examples of reasonable excuses are not exhaustive, and each case should be assessed on its individual merits by the local authority.

    a. serious unexpected illness

    b. an unforeseen collapse of a third party’s IT system (meaning that the visitor levy could not be paid)

    c. the liable person’s office being destroyed by fire

    For further examples of similar situations, please see HMRC’s compliance handbook.

13. For further information, see Chapter 13 *Liable persons* and Chapter 10 *Calculation of a levy*.

14. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance for liable persons.*

26 Internal review and appeal

1. An accommodation provider is able to ask for an internal review by a local authority, so that it looks again at a decision related to their visitor levy liability, such as a decision to serve an information notice or apply a penalty. Once an internal review has been carried out then an accommodation provider, if still unhappy with the local authority's decision, can appeal to the First Tier Tribunal.

2. Scottish Ministers laid The Visitor Levy (Reviews and Appeals) (Scotland) Regulations 2026. The regulations establish the statutory framework for reviews and appeals relating to decisions made by local authorities under the Act. The regulations set out the processes through which a liable person may request a review of a decision or conclusion of a local authority; specify the manner in which local authorities must conduct such reviews; set out the right of persons to bring an appeal before the First-tier Tribunal for Scotland; and detail the actions that local authorities must take following the disposal of an appeal.

3. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance for liable persons.*

27 Registers

1. Under the Act, a local authority has the power to establish and maintain a register of liable persons. This is not a mandatory requirement but at the discretion of the local authority. For further information, see Chapter 13 *Liable persons*. This register can include the following information:

    a. the names of all liable persons offering overnight accommodation in the area covered by a VL scheme

    b. the addresses of all premises for overnight accommodation in the area covered by a VL scheme

    c. other information which the local authority considers necessary to allow it to carry out its functions under the Act

2. Under the Act, local authorities can share information with the following people or organisations, where it is necessary for the performance of a function as part of a VL scheme:

    a. relevant local authority officers

    b. other relevant local authorities where they have introduced a joint VL scheme

    c. a person authorised by the relevant local authority to carry out a function or functions of the authority

3. When considering the development of a register of liable persons as part of a VL scheme, local authorities should start by considering their duties under existing legislation and building on good practice and existing sources of information.

4. Local authorities are required to fulfil a number of duties under the Data Protection Act 2018 and UK GDPR. These include:

    a. only collecting information that is required

    b. keeping personal information secure

    c. not keeping information longer than necessary

    d. stating why the holding of personal information is required

    e. stating the purpose of data collection

    f. collecting data which is accurate and up to date

    g. not using personal information for purposes other than that stated

28 Appendix: most recent changes

This Visitor Levy Guidance for local authorities was reviewed and updated in July 2026 to take account of amendments made under the Visitor Levy (Amendment) (Scotland) Act 2026.

A number of changes have been made that do not impact the substance of the guidance; these include improvements in text readability, removal of duplication and correction of spelling or grammatical errors.

Where there have been substantive additions or changes made these have been highlighted here:

Chapter 1: Power to introduce a levy

Updated to reflect the introduction of fixed amount(s) as a basis for VL schemes under the 2026 Act.

Updated to reflect that, under the 2026 Act, local authorities may set different fixed amounts for different categories of accommodation.

Chapter 4: Forecasting

Table 2: Forecasting table with fixed amount inclusion and updated rates. Additional detail within this chapter on further local authority considerations.

Chapter 5: Early engagement

Updated to reflect that fixed amount(s) should be considered during early engagement.

Chapter 6: Consultation

Consultation requirements for modifications to VL schemes.

Chapter 7: Implementation period

Table 3: Inclusion of timelines for specific modifications reflecting 2026 Act.

Chapter 10: Calculation of a levy

Includes fixed amount(s) examples to reflect the 2026 Act.

Updated detail on third party ‘initial transaction’ to reflect the 2026 Act.

Updated worked examples to reflect third party ‘initial transaction’.

Additional detail relating to the treatment of commission.

Table 4: Addition of fixed amount columns within the VAT calculation table.

Chapter 11: Rate setting

A table of considerations for local authorities on deciding the basis of a VL scheme covering fixed amount(s) and percentage.

Chapter 14: Assistance for liable persons

Includes text to reflect provisions in the 2026 Act for permitted deductions.

Chapter 16: Returns and remittance of levy

Includes text to reflect provisions in the 2026 Act for permitted deductions.

Chapter 18: Islands and rural communities

Includes considerations for rural communities as required by the 2026 Act.

Chapter 24: Review of a scheme

Includes reference to whether a VL scheme is to continue, be modified, or revoked as required by the legislation.


Stones of Stenness. Orkney

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