

Guidance on the Visitor Levy for Local Authorities



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Minister's Foreword



The Scottish Government believes that a visitor levy can be a force for good, delivering benefits for local communities, local authorities, and local businesses. For the first time councils in Scotland now have the power to introduce a visitor levy in their area, if they think it is right and after they have consulted local businesses, communities, and tourism organisations.

Alongside the process of Parliamentary scrutiny of the Visitor Levy (Scotland) Act, the Scottish Government asked VisitScotland to form an expert group, made up of stakeholders reflecting tourism, business, and local government. The purpose of the group was to develop guidance for local authorities on the use of the new visitor levy power. The Act was amended as it progressed through Parliament to legally require all local authorities to have regard to this Guidance.

I therefore welcome this second published edition of the Guidance, and am pleased to formally approve it, in line with the requirements under the Act. Following much work by VisitScotland and the expert group, this second edition of the Guidance follows further feedback and engagement from councils and industry stakeholders. The Guidance will be useful to not only local authorities, but others with an interest in how best to introduce and administer a visitor levy.

I thank all those organisations on the expert group who gave their time and expertise to produce this Guidance. The power to introduce a visitor levy is a new and important one for local authorities, and this Guidance will assist them in considering, and if they believe it is right, introducing and administering a visitor levy in the most effective way possible.

Ivan McKee MSP
Minister for Public Finance

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 £10.8 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 collect 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 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 collect 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.

As chair of the expert group, we brought together the tourism industry, local authorities and government to deliver the statutory guidance for local authorities on the visitor levy.

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

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

This version of the guidance reflects updates and amendments made to the original version, which was published in October 2024. We will continue to consider and review the guidance as local authorities bring forward proposals for visitor levy schemes.

01 Power to Introduce a Levy

1. The Visitor Levy (Scotland) Act 2024 (referred to hereafter as “the Act”), was passed by the Scottish Parliament in May 2024, and received Royal Assent on 5 July 2024. The Act gives local authorities in Scotland the power to introduce a visitor levy that is charged on the purchase of overnight accommodation at a percentage rate. It will be for each local authority to decide after consultation, whether or not to introduce a visitor levy (VL scheme).
2. A local authority will also determine many of the elements of a VL scheme, such as the percentage rate set, the geographical area where it applies, and local exemptions from paying a visitor levy.
3. 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 accommodation providers responsible for collecting and remitting a visitor levy, and others with an interest in a proposed VL scheme. The guidance has been developed collaboratively between local authorities and tourism and accommodation business organisations, working together in an expert group led by VisitScotland.
4. 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 published in October 2024 and reviewed and updated in October 2025.

Types of accommodation to which a levy applies

5. Under the Act, overnight accommodation is considered a room or area that is used by a visitor for residential purposes, but is not their only or usual place of residence. Therefore a visitor levy does not apply to accommodation that is being used as someone’s only or usual place of residence.
6. The types of accommodation included within scope of the legislation are:
 - a. hotels
 - b. hostels
 - c. guest houses
 - d. bed and breakfast
 - e. self-catering
 - f. camping sites
 - g. caravan parks
 - h. accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place
 - i. 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

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7. 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 campsites

Local authorities should note that temporary campsites involving chargeable transactions will often be operated by charitable organisations or community groups.

8. When a timeshare owner or resort rents out to a non-owner, the visitor levy would likely apply to the rental cost, just like other self-catering accommodation.
 - a. Resort-managed rentals: the levy would apply to the nightly rental rate charged by the resort.
 - b. Owner-led rentals: if individual owners rent their weeks directly, the levy would apply to the price they charge, akin to a short-term let. The owner, not the resort, would be responsible for collection and remittance.

Accommodation types where a visitor levy would not apply

9. A visitor levy cannot be charged for accommodation on local authority gypsy and traveller sites, and registered social landlord gypsy and traveller sites. It also 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 (see paragraph 7 above for more details).
10. Accommodation types within caravan parks and camping sites that are not in scope include:
 - a. informal use of accommodation with no financial transaction, no visitor levy applies.
 - b. 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.

While 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, if they sub-let their accommodation, they would be liable to charge the visitor levy.

Note: Caravan parks and camping sites sometimes differentiate a seasonal pitch from a standard touring pitch by the duration of the booking (i.e. more than 28 days), which could be considered by operators when determining whether the visitor levy would be chargeable in these circumstances.

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11. 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’. In such circumstances, the levy would be payable. Where there’s an overnight charge that takes place that isn’t in a designated camp site or caravan park (such as Aires), it will be up for 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 this into account along with their existing powers to enforce regulations on campervans, motorhomes and caravans in other locations, such as car parks.
12. 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.
13. In all cases, where no financial transaction takes place the visitor levy will not apply.
14. Each local authority should carefully consider, and state clearly, any accommodation types that they choose to exempt from being liable for the visitor levy. Where local exemptions are applied, local authorities will need to provide clear guidance. For further information see Chapter 17 *Exemptions*.
15. Scottish Ministers may amend the Act to change the type of accommodation covered, vary the description of the accommodation type, or remove a type of accommodation. This would be subject to necessary consultation and approval by parliament.

02 Timeline

1. Many of the activities required to be carried out by local authorities as part of the introduction, implementation, or modification 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 the expert group considers 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 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 can be utilised in the completion of these activities.

Figure 1: Indicative timeline of activities

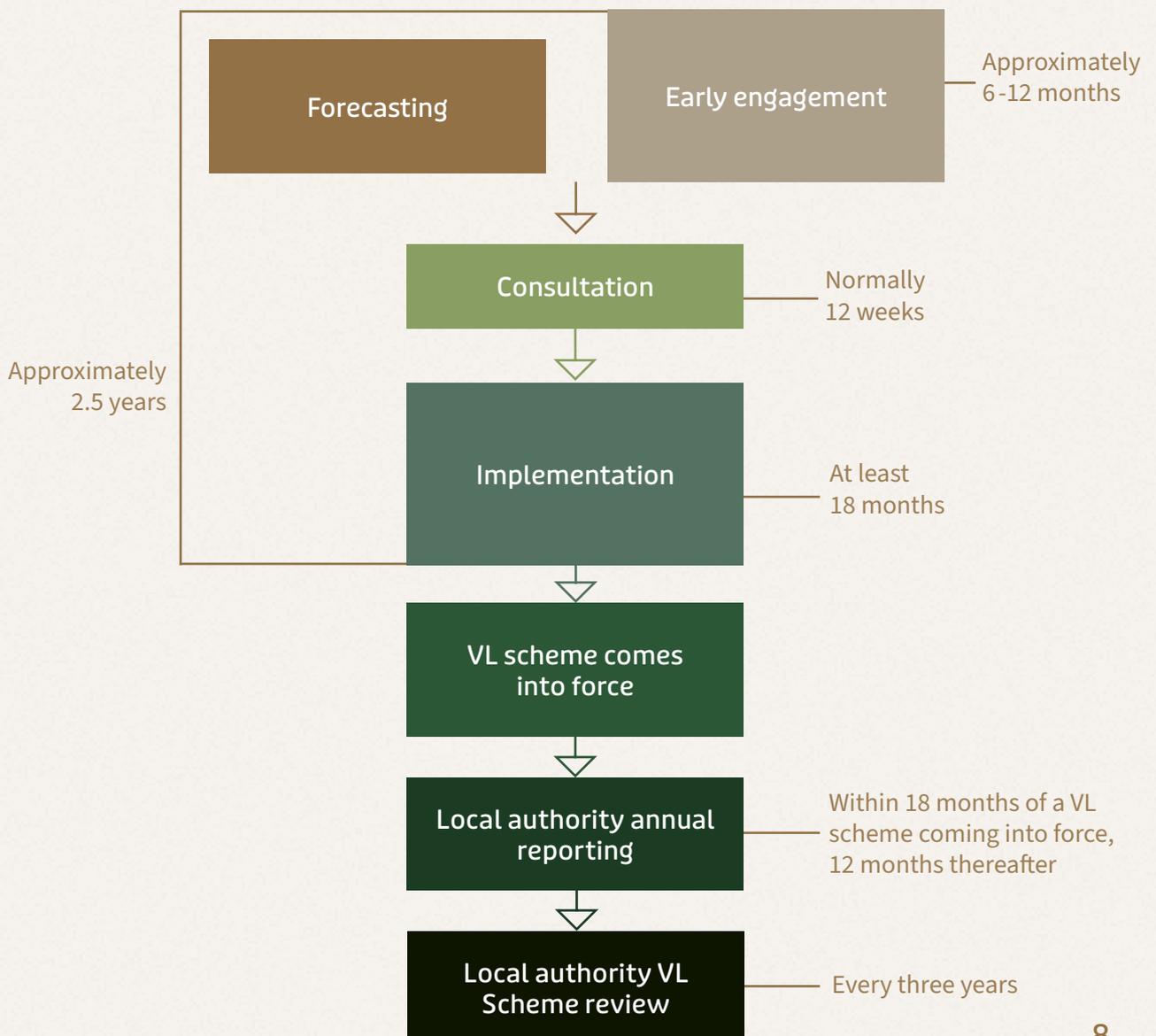


Table 1: Indicative timeline of activities	Statutory Requirement
Local authorities undertake work to understand their local visitor accommodation sector and set up necessary cross working between local authority departments. See Chapter 04 Forecasting.	
Local authorities engage with stakeholders to develop visitor levy proposal, which may include considerations such as 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 studies 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 for a scheme is to be set out).	✓
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 provide appropriate advice and support to businesses of 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 collected and remitted to the local authority. See Chapter 16 Remittance.	✓
Annual report on the scheme. See Chapter 23 Annual Reporting.	✓
Local authority VL scheme review (every three years).	

03 Required Content of a Visitor Levy 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 by the Act 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. the times during a VL scheme period when the purchase of accommodation will be liable to a visitor levy charge (which can be at all times)
 - e. the percentage rate of the visitor levy
 - f. the scheme's objectives
 - g. the arrangements for review of decisions that relate to a scheme
 - h. any exemptions that mean a visitor levy is not payable or may be reimbursed (which must include an exemption where the visitor is in receipt of disability benefits specified in the Act)
 - i. the arrangements for the administration of any exemptions
 - j. the evidence required and manner in which it can be proved that the exemption related to specified disability benefits applies to a relevant transaction
 - k. the way the local authority intends to make decisions on the use of the net proceeds from a visitor levy
 - l. 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. Being able to estimate the size of the expected receipts from specific accommodation providers, through establishing an early register of accommodation providers, may also assist compliance once the VL scheme is operational.
2. Forecast estimates will influence how and be influenced by decisions on how the VL scheme is designed, including any exemptions, the geographical area and types of accommodation it covers, whether it operates year-round, whether a nightly cap is applied, and the percentage rate set. Wider factors such as visitor demand and occupancy rates will also have an impact on the potential viability of a VL scheme. Consideration should also be given to the administrative costs of a visitor levy for local authorities, as well as any potential business cost recovery.

Revenue forecasting

3. There are different approaches to forecasting future revenue receipts, and a variety of different secondary data sources that can help with such forecasting are available for free or on paid subscription. Quality of information is likely to be variable, and estimates should acknowledge the levels of uncertainty or gaps in coverage, so reasonable expectations are set.
4. To calculate the expected 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, keys, beds) the number 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. 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 the scope of the VL scheme.
5. In very simple terms, Table 2 is an example of what a local authority could develop as a basis for any initial estimation.

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

Accommodation type ¹	Number of rooms	Occupancy rate	Average cost per room	Revenue from 1% of occupied room cost
Current hotel provision	6,414	66.7%	£65.38	£1,020,000
New hotels or expansions currently under construction	325	66.7%	£65.38	£51,730
Guest houses / B&B	210	39.0%	£55.00	£16,441
Camping sites and caravan parks (pitches)	40	25.0%	£25.00	£912
Youth hostels (beds)	50	45.0%	£16.50	£1,355
Self-catering / short term lets	525	47.0%	£50.00	£45,031
Total	7,564			1,135,000

¹This table is dependent on the detail provided in point 2

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6. 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.

Forecasting ongoing costs of administration

7. Under the Act, the administrative costs to a local authority of a VL scheme can be taken from the funds raised by a scheme.
8. The local authority could base these costs on their experience of administering other local taxes, including enforcement activity, or from engagement with other municipalities in Europe with direct experience of administering these types of taxes.

Delegation of enforcement and collection

9. The Act enables a local authority to delegate collection and enforcement functions. This allows it to put in place arrangements with a third party to handle these aspects in relation to a VL scheme.
10. A local authority could, therefore, 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. Under the Act, a local authority can enter into an agreement with another local authority to carry out these functions, as is currently the practice for some elements of existing local taxes.
11. Such collection activity might involve the processing of a combination of business data and personal data (in the context of a business), which will be in scope of the UK General Data Protection Regulation (GDPR). When contracting for such a service, the local authority will need to make sure that the contract is compliant with UK GDPR Article 28 (processor) and that each processor involved will support the local authority in upholding data subject rights.

Costs for local authorities setting up a VL scheme

12. 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 could 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.

05 Early Engagement

1. Local authorities considering introducing a VL scheme in their area are strongly recommended to undertake engagement around proposals for a VL scheme, prior to the required consultation. Although not statutory, this approach is considered by the expert group to be good practice. To assist with planning early engagement, an example is given on page 15 outlining the approach the City of Edinburgh Council has taken.
2. Early engagement will enable local authorities to bring forward proposals that are well understood by those who will be paying, collecting and remitting the 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. 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, namely:
 - a. scheme outline
 - b. scheme objectives
 - c. scheme impact

Scheme outline

5. **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.
6. **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, such as accommodation providers and third parties)
 - b. resident interest (they may wish to know how the funds will be spent)
 - c. tourism organisation interests (local and national tourism organisations with an interest in how the visitor levy will operate and funds will be used, such as VisitScotland)
 - d. other public body interests (such as national parks who will have an interest in a potential VL scheme)
 - e. visitor interests
 - f. or other interest (such as organisations who may be able to provide advice and support on the collection of a self-assessed levy, e.g. Revenue Scotland)

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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.

7. **Engagement:** once stakeholders have been identified, local authorities should make efforts to engage them to understand their priorities. Simultaneously, local authorities should take this opportunity to test early thinking with these stakeholders.
8. **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

9. **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 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.
10. **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.

Scheme impacts

11. **Assessment:** local authorities are required to assess the impacts of their proposal as part of the consultation. In order to inform this process, we recommend that local authorities undertake work to identify impacts on:
 - a. businesses collecting and remitting the levy
 - b. visitors paying the levy
 - c. communities who may benefit from the levy
 - d. local authorities administering the levy
12. Work to assess the impact of a proposed VL scheme should be undertaken openly and transparently, working with stakeholders appropriately. For more information, see Chapter 18 *Islands* and Chapter 08 *Equalities*.
13. Local authorities should engage with liable persons to develop awareness of the costs that will be incurred by a liable person collecting and remitting a levy at this stage of the process. Local authorities may wish to consider engaging with liable persons around possible options for addressing those costs, which could then be included as part of the statutory consultation process. See Chapter 14 *Assistance for Liable Persons*.
14. Work will also be required to assess the potential income generated at an early stage. For further information, see Chapter 04 *Forecasting*.
15. The following case study example may aid local authorities as they look to develop their early engagement approach.

City of Edinburgh Council Early Engagement

Over a significant period of time, the City of Edinburgh Council has conducted engagement focusing on the below elements, which subsequently played a crucial role in shaping the development of their VL scheme:

- understanding the powers given by the new legislation - what choices a local authority can make, and the sequence of stages they need to follow
- access and knowledge of local data – to estimate the expected revenue receipts, as well as understand the range and diversity of the accommodation base in the area
- engage out – utilising existing networks to facilitate regular and frequent engagement with the sectors that will be impacted. For example, Edinburgh Strategic Implementation Group, Edinburgh Tourism Action Group, other business networks, businesses, visitors, community councils and residents. This also included a visitor levy survey aimed at visitors, businesses and residents, generating over 4,500 responses. This formed part of early engagement, carried out ahead of the formal consultation
- engage in – identify the internal workstreams to implement the visitor levy, e.g. collections, enforcement, finance, media team and economy teams etc

06 Consultation

1. Under the Act, a local authority looking to introduce a VL scheme must prepare and publicise an outline of a scheme, a statement of a scheme's objectives, and an assessment of the impacts of the proposal. It should also include a statement about when a 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. Following the consultation, the local authority must prepare and publicise a report which summarises the consultation responses, states whether or not the authority intends to proceed with a scheme (or a scheme as modified in light of the consultation), and set out the authority's reasons for whether or not it intends to proceed.
3. 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

4. Under the Act, a local authority must prepare and publicise:
 - a. an outline of the proposed scheme or (as the case may be) a scheme as it is proposed to be modified ("the proposal")
 - b. a statement about the objectives of the proposal, including how the authority intends to measure, and report on the achievement of those objectives
 - c. an assessment of the impacts of the proposal in the authority's area
 - d. a statement about the cases or circumstances where a visitor levy will not be payable or may be reimbursed
5. It is strongly recommended that any proposal for consultation should cover all the elements required in a scheme to allow for an appropriate level of input and discussion with stakeholders. For further information, see Chapter 03 *Required Content of a VL Scheme*.
6. In setting out a statement about the objectives of a proposed scheme, it is recommended local authorities set out how they have considered a 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.
7. 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.
8. Local authorities should have an existing awareness of the costs incurred by liable persons collecting and remitting a levy through early engagement. For further information, see Chapter 05 *Early Engagement*. Where a local authority decides that assistance to a liable person in addressing costs may be appropriate, possible options for this should be included in the consultation.
9. 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 process

10. The Act sets out a requirement to consult such persons as the authority considers to be representative of communities, businesses engaged in tourism and tourist organisations in its area, and any such other persons the authority 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. In determining who to consult it may be useful for local authorities to reflect on the make-up of the visitor economy in their own area and ensure those who will have an interest are captured. Local authorities may consider the following interested parties:
 - a. accommodation providers in the local authority area, as well as third parties involved in the booking and management of accommodation
 - b. national, regional and local tourism organisations (including VisitScotland)
 - c. local residents
 - d. neighbouring local authorities
 - e. visitors to the local authority area
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, for ensuring 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 accommodation providers and local authorities. In general, it is recommended that 12 weeks is an appropriate time for the formal consultation to take place.
15. In considering timings for their consultation, local authorities should reflect on the legislative requirement to allow at least 18 months to have passed between the date of the local authority's decision to introduce a scheme, and the date on which a scheme will come into force.
16. Where a modification to a scheme is proposed consultation is required in all cases. An implementation period of at least 18 months will still apply if the modification:
 - a. expands a scheme area
 - b. increases the percentage rate(s) of the levy
 - c. or removes exemptions

Where other modifications are proposed, these may come into effect at a time of the local authorities choosing. This would follow the publication of the relevant consultation report.

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 authority intends to proceed with the proposal (or proposal as modified in light of the consultation)
 - c. sets out the authority's reasons for whether or not it intends to proceed

18. The 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 authority's response to the key points raised during the consultation.

19. Local authorities should carefully consider this report, and their response to the issues raised in consultation, to demonstrate good decision-making in relation to the proposals, and the decision to take forward a scheme, not take it forward, or take it forward adapted in light of the consultation.

20. The consultation report 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 VL scheme will come into force at least 18 months after the date on which the local authority publishes a report, summarising the consultation responses received, and stating that it intends to proceed with the original proposal or a significant modification to a proposal. 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. This implementation period must be at least 18 months and is intended to allow local authorities, communities, and businesses to prepare for the introduction of a VL scheme, or to prepare for upcoming changes to an existing VL scheme.
3. Within the implementation period, local authorities are encouraged to support key stakeholders, including accommodation providers collecting and remitting the 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.
4. 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 scheme, such as the percentage rate and geographic coverage, as well as information on the objectives of a scheme, and any plans for the use of funds. For further information, see Chapter 20 *Communication*.
5. For accommodation providers, 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*.
6. In this period, local authorities will need to communicate to businesses when they are expected to begin charging and collecting the visitor levy. Local authorities can also set out to businesses expectations around remittance/return and payment of the levy, noting that this can only be done for overnight stays that have been occupied in the reporting period. Consideration should be given to how forward bookings will be managed during the implementation period. For further information, see Chapter 13 *Liable Persons*.
7. If, through early engagement and consultation, a local authority has chosen to take forward measures to help mitigate costs to businesses as part of a VL scheme, the local authority should take appropriate steps to communicate and implement those measures during this period.
8. It should be noted that the above is not intended to be an exhaustive list of where, and how, local authorities should engage with accommodation providers throughout the implementation period. It is anticipated that a successful VL scheme will see meaningful, and sustained engagement throughout the lifetime of a scheme. For further information, see Chapter 21 *Visitor Levy Forum*.
9. In this period, the local authority may wish to provide guidance or information, specific to its VL scheme. For further information, see Chapter 14 *Assistance to 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 **2010 Equality Act**, and the **2010 Equality Act (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 Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, 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 scheme.
5. Specifically, some of the conditions which are used to define exemptions from the levy charge 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, have an appropriate UK GDPR Article 6 lawful reason for processing, accompanied by an appropriate exemption under UK GDPR Art 9 (Processing of special categories of personal data). 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.

When to publish

2. The Act requires a local authority to publicise a scheme “*as soon as reasonably practicable*”. It is recommended that this publicity takes place no later than two months after the local authority’s decision to proceed.

Notifying stakeholders

3. The Act requires a local authority to notify Scottish Ministers of its decision to introduce a VL scheme. A local authority may wish to consider how best to communicate the decision to introduce a VL scheme with other stakeholders.
4. In particular, a local authority will need to consider how best to notify those accommodation providers who will be collecting and remitting the levy. Consideration will also be needed on how best to notify accommodation providers of the transitional arrangements for a VL scheme, in particular which bookings made during the implementation period will be liable for the 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 collected and remitted to the local authority. This calculation multiplies the accommodation portion of the transaction by the percentage rate set by the local authority.
2. There is no statutory cap on the maximum number of nights that an overnight visitor would be required to pay a visitor levy. However, a local authority may choose to introduce a cap – for example on the number of nights for which the levy is charged.
3. In applying a local cap, local authorities should work with stakeholders to consider the impact this would have on visitors, businesses, and potential revenue. For further information, see Chapter 04 *Forecasting*. The rationale behind the development of a maximum cap should correspond with the objectives of the VL scheme, and local authorities will need to consider the impact of a cap on the administration of a VL scheme.
4. 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. Some examples of what this does not include are:
 - a. meals or drinks
 - b. parking for a vehicle
 - c. laundry facilities or services for guests
 - d. entertainment
 - e. leisure facilities
 - f. transportation to and from the accommodation
5. The visitor levy applies only to the accommodation portion of the charge. 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 an accommodation provider would charge separately (e.g. paid for leisure facilities, paid for parking, paid for transportation) should not be included in the calculation.
6. Although not defined in the Act, it would be expected that where 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 - the accommodation provider should include these as part of the accommodation cost.
7. 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.

8. Breakfast would be defined as a ‘meal’ as per the Act, and therefore the value (retail 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 (ie 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.
9. Commission should be included in the accommodation portion on which the visitor levy is calculated.
10. A local authority may choose to permit all accommodation providers to retain a percentage of the visitor levy revenue to recompense for some of the additional administrative costs incurred. This could be done quarterly through the visitor levy online collection platform. In a scenario where 2% retention was the confirmed amount from the local authority, if £5,000 of levy payments were being remitted to the local authority at the end of the quarter, £100 could be retained by the accommodation provider. The method of reimbursement is at the local authority’s discretion.
11. For VAT registered accommodation providers, the levy is subject to VAT. For both VAT and non-VAT registered accommodation providers, the levy counts as turnover. Where an accommodation provider is VAT registered, VAT must be accounted for in the visitor levy. The VAT rate for certain accommodation types changes from standard rated to a reduced value rule for the period of stay beyond 28 consecutive nights ([see VAT Notice 709/3](#)). The VAT-registered examples in this chapter are worked out on the basis of VAT at the rate of 20%. There are also non-VAT registered examples.
12. Note: the examples below 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 we will update the guidance accordingly.

Third parties (tour operators, destination management companies, online travel agents, etc)

* We understand that the Scottish Government is considering making regulations for third party interactions if so we will update this guidance with information as it becomes available.

13. When a visitor books accommodation through a third party, such as a tour operator or destination management company (DMC), the visitor levy is to be based on the price paid by the visitor for the accommodation element of their booking, or whoever pays on their behalf. This follows the Act, which defines the levy as a percentage of the “charge for overnight accommodation,” and therefore the charge is what the visitor pays for accommodation.
14. Under the Act, the accommodation portion refers only to the amount of the chargeable transaction that is attributable to the provision of overnight accommodation. Therefore, 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. It should be noted that commission with the accommodation only portion is also subject to the levy.

Guidance on the Visitor Levy for Local Authorities

15. Accommodation providers or third parties should deduct the amount that they deem to be reasonably attributable to non-accommodation costs, and calculate the visitor levy on the remaining amount. Accommodation providers and third parties should have a clear and reasonable way to identify and record the accommodation cost within the package. Where possible, the accommodation price should be used, although it may not always be known. In circumstances where it is not, this can be done by:
 - a. using an itemised breakdown if one exists;
 - b. referring to the accommodation provider's published room rate for the same period; or
 - c. where option a. and b. are not possible you could determine the accommodation value on a fair and proportionate basis where the package does not provide a separate breakdown. The method by which any such determination was arrived at would need to be justified if questioned by a local authority.

Disability exemption

A visitor has booked 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 in receipt of Disability Living Allowance payments as specified in Section 14 of the Act and is therefore exempt from paying the levy charge (they may still have to pay and be reimbursed). If the local authority chooses to operate exemptions via a process of reimbursement, the following calculation applies: $£150 \times 4\%$. As a result, the amount of levy chargeable by the individual to the accommodation provider would be £6, and the accommodation provider would subsequently remit this £6 payment to the local authority.

In this example, the local authority has put in place a reimbursement process. Therefore, following the completion of their stay, the visitor in receipt of specified disability allowance payments would follow the steps outlined by the local authority to receive reimbursement from the local authority. An example of good practice would be for the local authority to ensure accommodation providers have the necessary details to advise visitors on their potential eligibility for a reimbursement, including the process and the expected timeframe for it to be completed.

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 need to apply for a visitor levy reimbursement through the local authority, but may not be able to reclaim the associated VAT.

While the exemption relates to eligible individuals, in many cases visitors in receipt of disability benefits would in practice need to be accompanied by others, whether family, friends or professional carers. It may therefore be considered appropriate for the exemption to extend to accommodation occupied by persons accompanying disabled visitors. 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. For further information, see Chapter 17 *Exemptions*.

Seasonal rate setting

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

- 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: $£490 \times 2\%$. As a result, the total amount of levy to be collected and remitted to the local authority would be £9.80.

B&B (VAT registered)

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 estimates 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

Same scenario for non-VAT registered B&B.

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

Hotel (VAT registered)

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

Self-catering (VAT registered)

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 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

Self-catering (non-VAT registered)

A visitor stays for 14 nights in non-VAT-registered self-catering accommodation, paying £120 per night, totaling £1,680. The visitor has opted into receiving a locally sourced food hamper which is added to their package for an extra cost of £30. Because the accommodation is usually sold without this optional extra, it does not form part of the accommodation cost and is excluded from the visitor levy calculation. 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
Food hamper (excluded from visitor levy)	£30.00	£0.00	£30.00
Visitor levy (3% of £1680)	£50.40	£0.00	£50.40
Totals	£1760.40	£0.00	£1760.40
Paid by visitor to the self-caterer			£1760.40
Remitted to local authority			£50.40
Remitted to HMRC (VAT)			£0.00

Third parties

DMC package (VAT registered)

A DMC sells a three-night holiday package for £1,000, which includes room-only hotel accommodation (VAT registered), airport transfers, excursions, and meals. The DMC confirms that £600 of the package price relates to accommodation (this figure already includes their commission). The local authority has set a visitor levy at 5%, which applies only to the accommodation portion of the total cost. Therefore, the levy is calculated on the full £600 accommodation charge.

Item	Net Price	VAT (20%)	Gross Total
Accommodation including commission	£500.00	£100.00	£600.00
Visitor levy (5% of £500)	£25.00	£5.00	£30.00
Transfers, excursions, meals	£333.33	£66.67	£400.00
Totals	£858.33	£171.67	£1030.00
Paid by visitor to DMC			£1030.00
Remitted to local authority by accommodation provider			£25.00
Remitted to HMRC (VAT) by accommodation provider			£171.67

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, collected, and remitted to the local authority.

In this example, the DMC has collected the visitor levy from the visitor and there is no agreement in place to allow the DMC to pay the visitor levy directly to the local authority. Therefore, the visitor levy amount collected by the third party should be paid to the accommodation provider as the liable person, and the accommodation provider will then need to remit the visitor levy to the local authority.

Chain sale: DMC → tour operator → visitor (VAT registered)

A DMC contracts three nights' accommodation with a hotel (VAT registered) at a wholesale rate of £400, and subsequently sells this to a tour operator as part of a wider package. The tour operator then sells the package (accommodation, excursions, and flights) to the visitor for £1,000. The tour operator confirms that £550 of the package relates to accommodation (this figure already includes their commission).

The local authority has set a visitor levy at 5%, which applies only to the accommodation portion of the total cost. Therefore, the levy is calculated on the full £550 accommodation charge.

Item	Net Price	VAT (20%)	Gross Total
Accommodation including commission	£458.33	£91.67	£550.00
Visitor levy (5% of £458.33)	£22.92	£4.58	£27.50
Flights and excursions	£375.00	£75.00	£450.00
Totals	£856.25	£171.25	£1027.50
Paid by visitor to tour operator			£1027.50
Remitted to local authority by accommodation provider			£22.92
Remitted to HMRC (VAT) by accommodation provider			£171.25

When this approach is taken, the tour operator 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, collected, and remitted.

In this example, the tour operator has collected the levy from the visitor and there is no agreement in place to allow the tour operator to pay the visitor levy directly to the local authority. Therefore, the visitor levy amount collected by the third party should be paid to the accommodation provider as the liable person, and the accommodation provider will then need to remit the visitor levy to the local authority.

Online travel agencies (OTA) (Non-VAT registered)

An OTA contracts with a B&B (not VAT registered) to market and sell their rooms direct to visitors. An OTA uses dynamic pricing, and the visitor is charged a total of £250 for two nights room only and the accommodation provider receives £200 for the accommodation. The local authority has a visitor levy set at 5%.

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
Remitted by OTA to accommodation provider			£200.00
Remitted to local authority by accommodation provider			£12.50
Remitted to HMRC (VAT) by accommodation provider			£0.00

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.

In this example, the OTA has collected the visitor levy from the visitor and there is no agreement in place to allow the OTA to pay the visitor levy directly to the local authority. Therefore, the visitor levy amount collected by the third party should be paid to the accommodation provider as the liable person, and the accommodation provider will then need to remit the visitor levy to the local authority.

Additional information for third parties:

- **Unknown Price:** If a visitor seeks a reimbursement to the local authority (such as for a disability exemption), there will be circumstances where their bill doesn't state the specific amount of the visitor levy. Therefore 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 to Liable Persons*. This is also important for refund scenarios from the accommodation provider/third party to the visitor (for example, for cancellations). Where a third party has set the price of the accommodation and the accommodation provider is not aware of that price, the provider remains the person liable for remitting the visitor levy to the local authority. Therefore, the accommodation provider and third party should find a way to agree a process whereby the visitor levy amount is understood.

- **Third Party Remittance:** under the Act, accommodation providers can enter into arrangements with third parties, such as online booking platforms, tour operators, or DMCs to collect, remit and pay the visitor levy 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. There is no obligation on the local authority to offer advice, but it may choose to do so. 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 will not be known that the 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 will 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 levy on to the accommodation provider, the third party and the accommodation provider would need to arrange process for refunding 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 stay in the accommodation, irrespective of the cancellation policy of the accommodation itself.

- **Free room:** often an individual will 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 coach driver subsequently, the visitor levy is due. Where no financial transaction has occurred, no visitor levy is liable.

Caravan parks and camping sites

Static caravan, rented via caravan park (VAT registered)

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

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

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

Touring pitch within caravan park (VAT registered)

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 £120. 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 £120 charge for electric hook-up, which the visitor has chosen not to purchase. In this scenario, 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 calculated on the £120 charge. In the 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	£100.00	£20.00	£120.00
Electric hook-up	£0.00	£0.00	£0.00
Visitor levy (3% of £100)	£3.00	£0.60	£3.60
Totals	£103.00	£20.60	£123.60
Paid by visitor to caravan park			£123.60
Remitted to local authority			£3.00
Remitted to HMRC (VAT)			£20.60

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

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 levy is calculated based on the accommodation price charged to the visitor, which includes commission. The local authority has set a visitor levy at 5%. The 5% 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 OTA has collected the visitor levy from the visitor, and will pay the camping site, who will remit the visitor levy payments to the local authority. In certain circumstances, it may be appropriate for a third party to 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, collected, remitted and paid.

Temporary campsite (Non-VAT registered)

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

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
Visitorlevy (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

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 liable. Regardless of whether letting is formal or informal, the owner will still be required to set up an account on the visitor levy online collection platform to record and remit visitor levy payments to their respective local authority. 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, collected, remitted and paid.

The visitor levy should be charged on the price paid by the visitor, and therefore 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.

VAT

15. 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. Where an accommodation provider is not currently VAT-registered, the combined total of accommodation charges and visitor levy payments may mean that their turnover exceeds the VAT threshold set by UK Government, and they will need to become VAT-registered. 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](#).
16. 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.
17. 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.
18. 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.
19. 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.
20. 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 levy is calculated is made clear to all stakeholders. The efficient operation of a VL scheme relies on a clear understanding on behalf of accommodation providers, visitors, and the local authority regarding how a levy is calculated, and the amount of levy which should be returned to the local authority.
21. There may be instances where there is disagreement on the results of a levy calculation. For example, this may occur when determining the exact amount of the chargeable transaction which can be reasonably attributable to accommodation costs. In particular, where this accommodation cost forms part of a bundle with other elements such as food, parking, or other activities. As set out in the Act, any amounts for other elements need to be “reasonably attributable”. Where a dispute between a local authority and accommodation provider occurs, local authorities should follow a dispute resolution process, in line with existing arrangements and good practice, with regards to other local taxes such as council tax. It is recommended that local authorities use the early engagement period to identify and resolve potential disputes.
22. Overnight accommodation providers can also request an internal review by a local authority, requesting that it looks again at a decision related to their visitor levy liability. For further information, see Chapter 26 *Internal Reviews and Appeals*.

VAT calculation (according to current rates)

The below table gives examples of the calculations involved for VAT and non-VAT-registered businesses, with a 5% visitor levy in place

Table 3: VAT calculation

	VAT registered	Non-VAT registered
Initial accommodation rate (including VAT if applicable)	£120.00	£100.00
Accommodation rate (excluding VAT)	£100.00	£100.00
Levy 5% (excluding VAT)	£5.00	£5.00
Total taxable supply	£105.00	£105.00
VAT on accommodation charge	£20.00	-
VAT on visitor levy charge	£1.00	-
Total VAT	£21.00	-
Total VL cost to visitor	£6.00	£5.00
Total cost to visitor (including VL)	£126.00	£105.00
Cost breakdown		
Income to accommodation business	£100.00	£100.00
Local authority levy remittance	£5.00	£5.00
VAT payment to HMRC on accommodation portion	£20.00	-
VAT payment to HMRC on levy portion	£1.00	-
Total	£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 that the levy will be charged at and publicise this as part of the outline of the proposed 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 to suit local circumstances.
3. This rate may be different for different purposes or different areas within the local authority area. As outlined in the Act, a local authority could, for example, set different rates at different times of year. However, different rates cannot be set for different types of overnight accommodation.
4. This rate applies only to the cost of overnight accommodation and not for 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. The local authority may wish to provide guidance or information, specific to its VL scheme. For further information, see Chapter 14 *Assistance to Liable Persons*.
6. The Act gives local authorities discretion over the rate that can be charged, with no explicit cap. However, Scottish Ministers retain the power to set a maximum percentage rate for any visitor levy in Scotland, subject to a required consultation and agreement by the Scottish Parliament.
7. When considering what percentage rate a VL scheme should be set at, it is important that local authorities consider circumstances both within the local area, and in neighbouring authorities. Each local authority therefore needs to consider carefully whether a visitor levy will work for them as what's right for one destination will not necessarily be right for others. It is recommended that local authorities consider key local factors, such as:
 - a. the performance of the local visitor economy
 - b. the profile of visitors, ie local, domestic or international
 - c. accommodation stock
 - d. the potential impact of a visitor levy on businesses and visitors within the current economic and competitive travel landscape
 - e. potential impacts of a visitor levy on factors such as price competitiveness, visitor demand, occupancy, and seasonality
8. When starting work on setting a percentage rate, local authorities should consider the outcomes of prior work conducted on forecasting the level of funding a visitor levy could generate. It is therefore important that work conducted on setting a percentage rate takes account of the estimated revenue, which could be generated by different rates, and its relation to setup and ongoing administrative costs. For further information, see Chapter 04 *Forecasting*.
9. It is recommended that when setting a percentage rate, local authorities consider how the potential revenue generated by a specific rate 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*.

10. It is recommended that local authorities also consider the impact a particular visitor levy rate may have on related bodies, such as national parks. The Act requires that local authorities include the national park authority in any consultation on a VL scheme, if the area in which a VL scheme would operate overlaps with that of the national park.
11. It is recommended that, when conducting work on rate-setting, local authorities also consider the rate-setting for visitor levies in neighbouring authorities and other relevant international destinations.
12. Once a percentage rate has been set by a local authority, it is recommended that local authorities explicitly set out the rationale for the chosen rate. This could be achieved through meeting existing requirements regarding publicity or communications associated with the introduction or modification of a VL scheme. For further information, see Chapter 09 *Scheme Publication* and Chapter 20 *Communication*.
13. It is recommended that the rationale for the chosen percentage rate is linked to the outcomes sought by the local authority for the local area, and the proposed use of funds as set out in prior communications and reports produced by the local authority.
14. Once a VL scheme is in place, the Act allows a local authority to increase or decrease the levy rate. Different rules apply if a local authority is looking to increase or decrease the percentage rate:
 - a. **Increasing the levy rate:** if a local authority decides to increase the levy rate, this qualifies as a significant modification under the Act. As such, once the formal decision has been made by the local authority to increase the percentage rate, informed by the required prior consultation and a report on the consultation findings, an implementation period of at least 18 months must take place before this modification is implemented.
 - b. **Decreasing the levy rate:** if a local authority decides to decrease the levy rate, this does not require an implementation period, but the required prior consultation and a report on the consultation findings must be carried out.
15. Local authorities may choose to introduce caps – for example on the number of nights for which the 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 of a scheme for certain specified purposes. Those purposes are that the funds must facilitate the achievement of a 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 within which 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 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 have 'regard to its local tourism strategy (if any)'.
(This paragraph is part of the general principles section in the original document.)
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.

Guidance on the Visitor Levy for Local Authorities

9. A local authority may wish to review the strategic landscape of their visitor economy to ensure they have strategies which are relevant and fit for purpose, in the context of how best to use the funds raised from a visitor levy. In doing so, the local authority may choose to review the local tourism strategy and consider whether it needs to be refreshed in anticipation of a visitor levy (at early engagement stage) or create a tourism strategy where one does not already exist. There are many other related strategies which should be considered in this context. These 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 levy. Providing stakeholders with early opportunities to engage on how the funds will be spent will help foster support for a 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 scheme. The Visitor Levy Forums will serve as a vital mechanism to ensure investment plans reflect the diverse and representative views of the local authority's visitor economy.
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. In the process of assessing whether net proceeds to develop, support and sustain a facility or service will meet the objectives of a scheme, the local authority may wish to satisfy itself that the use of net proceeds from the visitor levy:
 - a. is for the direct benefit of people visiting the area for the purposes of leisure/business and will safeguard or enhance the visitor experience
AND/OR
 - b. is for the indirect benefit of people visiting the area for the purposes of leisure/business and will help to safeguard or enhance the visitor experience
AND
 - c. supports the delivery of objectives in the local, regional, or national tourism strategy

Guidance on the Visitor Levy for Local Authorities

13. How the net proceeds of a scheme have been used and the performance of a scheme in relation to its objectives must be included in the annual report for a scheme. For further information, see Chapter 23 *Annual Reporting*.
14. Local authorities may wish to ensure additional revenue is invested to support the long term development opportunity for the visitor economy, rather than replacing current council budgets. Whilst there is currently extreme pressure on council 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. 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 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 scheme will then be a key measure of the success of a VL scheme.
19. On an annual basis, the timing and value of levy income received may vary from that forecasted, 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. **tourism strategy:** a local authority should have regard to, and align with, the objectives of relevant local tourism strategies, and other related local, regional and national strategies which are directly linked to the visitor economy.
 - b. **early engagement:** this represents an opportunity to engage with key stakeholders on how the funds might be used.
 - c. **consultation:** as part of this process 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 proposed changes to 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 and collecting the levy.
 - g. **annual reporting:** the local authority is required to report on a scheme annually, including on how the net proceeds of a scheme have been used.
 - h. **review of a scheme:** local authorities with a scheme will be required to review that scheme 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 to 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 for that park.

13 Liable Persons

1. Under the Act, the accommodation provider is the 'liable person' and becomes so when a visitor purchases 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 to the relevant local authority and are responsible for making sure that suitable records and returns are made and kept. The accommodation provider can collect the visitor levy at a time that works best for the provider. For example, some providers will collect it at the time of booking, while others collect it at check-in or check-out. Regardless, the 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.
3. When considering document retention periods in relation to a VL scheme, it is recommended that local authorities 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 enter into arrangements with third parties, such as online booking platforms, tour operators, or destination management companies (DMCs) to collect, remit and pay the visitor levy 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. There is no obligation on the local authority to offer advice, but it may choose to do so. The accommodation provider remains the liable person in ensuring the completion of these duties. A similar approach can be considered for caravan parks and camping sites with regard to third parties. For further information see Chapter 10 *Calculation of a Levy*.

Common scenarios for liable persons

5. It is recommended that local authorities consider a range of common scenarios faced by businesses 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 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 cancellations. Where a cancellation happens on a booking that is pre-paid in advance, the business should refund the levy to the visitor and not remit it back 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 and purchased the right to reside in the overnight accommodation for a

period specified in the Act, which is paid for. If no payment of a visitor levy from the visitor to the accommodation provider has taken place before the cancellation, no refund is required. In both cases, there would be no liable person as the visitor levy would not apply.

- 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 the accommodation provider would remain the liable person. Refunds issued to the visitors who have already stayed in the accommodation would not automatically include the visitor levy already paid by the visitor, and the liable person would still be required to pay the visitor levy – unless otherwise specified by the local authority.
- d. **transitional provision:** In order to comply with the Act’s 18-month minimum implementation period, local authorities are strongly recommended to incorporate transitional provisions. The visitor levy cannot be applied to accommodation booked before a local authority officially announces its intention to introduce a scheme. Based on the Act, if a booking is made after the announcement, and the stay occurs after the visitor levy comes into effect, the visitor levy may apply, unless a local authority has established a transition period. Local authorities must ensure accommodation providers, as well as third parties such as OTAs, 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. This will help businesses comply with UK pricing regulations. Local authorities should also be mindful of the long lead times for bookings required by accommodation businesses, and other organisations such as:
 - i. tour operators
 - ii. destination management organisations
 - iii. conferences and business events
 - iv. sporting and cultural events

When engaging with these organisations, local authorities should be aware that representative bodies may not be based in their area.

Based on the above, to ensure smooth implementation, consideration should be given to a transition period or delayed implementation date to allow businesses adequate preparation time. This approach can lead to higher compliance, fewer disputes, and a more efficient VL scheme in the long term.

Data protection

6. A high proportion of accommodation providers in Scotland are small and operated by sole traders (a “natural person”) as opposed to an established legal entity such as a Limited Company (a “legal person”). As such, certain items of information which might usually be processed by a local authority in the normal course of operations which would be treated as “business data” could actually be considered as “personal data” in the context of Article 4 (1) of the GDPR.
7. In these cases, data about the business run by a sole trader can directly or indirectly identify that individual. This means that Articles of the UK GDPR are relevant to the processing activity involved and each individual will have rights, which must be upheld when processing such data. There will also be additional obligations for each local authority in terms of Article 5 (data protection principles), Articles 12-22 (data protection rights), Article 25 (data protection by design and default), Article 28 (processor), Article 79 (right to an effective judicial remedy), Article 80 (representation of data subjects) and Article 82 (right to compensation and liability) - this list is for illustrative purposes and is not intended as an exclusive or definitive list.

14 Assistance for Liable Persons

1. There is no statutory requirement for a local authority to provide any specific form of assistance to liable persons. However there are several areas where local authorities should consider providing assistance to liable persons. The form this assistance takes will be based on local needs and circumstances, and the ultimate decision on whether to provide assistance to liable persons, will be made by the local authority. Good practice would be for local authorities to consider how they can assist liable persons.
2. Where local authorities do choose to provide assistance to liable persons within a VL scheme, this may result in a range of benefits. This may include higher levels of compliance, a reduction in potential disputes, and a more efficient VL scheme overall.
3. Assistance to liable persons could take place across the following key areas of a VL scheme:
 - a. **business costs:** local authorities should be mindful of the 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 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*. There are various means through which a local authority may wish to assist liable persons in addressing costs associated with set up and operation in accordance with a VL scheme. For example, a local authority may choose to permit accommodation providers to retain a percentage of their visitor levy revenue to recompense them for the additional administrative costs incurred through operating the visitor levy. It is recommended that in making a decision about business costs, local authorities should assess the impact this assistance could have on both liable persons and the local authority.
 - b. **remittance:** For a VL scheme to operate effectively, accommodation providers 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. A national online collection platform (visitorlevy.scot) is being developed by the local government Improvement Service in partnership with several local authorities, to support the introduction of visitor levy schemes across Scotland. For further information, see Chapter 16 *Remittance*.
 - c. **exemptions:** Prior to implementing a VL scheme, it is essential that accommodation providers fully understand how exemptions will be managed. This includes clear guidance on which visitors are exempt, the 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 the visitor levy and subsequently apply for a refund if they meet the exemption criteria. For example, under the UK disability benefit exemption, visitors could pay the visitor levy upfront and seek reimbursement later if eligible. This approach offers several advantages, including:

- i reducing the burden on accommodation providers. By shifting the responsibility for processing exemptions away from accommodation staff, providers are not required to handle personal data or, in some cases, highly sensitive information
- ii utilising specialised teams. Local authorities typically have trained staff equipped to assess and process refunds efficiently 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

The efficiency and transparency of this process are of paramount importance. If the process is overly complicated or slow, there is a risk that eligible visitors may choose not to pursue a refund due to perceived hassle or inconvenience. Providing clear, accessible guidance and ensuring prompt processing of refunds will be critical to the scheme's success. Local authorities should ensure accommodation providers 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 accommodation providers 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*.
 - e. **billing:** accommodation providers could also be provided with key information relating to how overnight visitors should be invoiced. For further information, see Chapter 15 *Billing*.
4. Local authorities which introduce a VL scheme are expected to publish local guidance for businesses. The legislation gives local authorities flexibility in how their visitor levy schemes are designed, and therefore accommodation providers and third parties will need clear, local authority-specific information as soon as possible following their VL scheme being formally announced. The Visitor Levy Guidance for Local Authorities highlights several areas where local guidance should be provided. This includes, but is not limited to:
- a. **rate setting:** where local authorities choose to include different rates for different purposes or areas or where a cap is introduced
 - 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 implementation date will commence, and
 - ii. any specific arrangements for liability relating to deposits paid before the implementation date
 - c. **remittance:** set out in guidance information on how the local authority intends to administer remittance. This should include:
 - i. confirmation that the authority will use the national platform,
 - ii. information that the liable person will require to make returns
 - iii. frequency of returns
 - iv. specify records which must be kept and preserved
 - v. how any percentage retention for businesses will work
 - vi. how delayed payments will be handled

- d. **national exemptions administration:** set out 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 visitors/accommodation types are to be exempt 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 accommodation providers to assist them with the technical aspects of compliance. This could include details on how to calculate the levy, billing, and information on bookings that straddle the go-live date, for example
 - g. **compliance and enforcement:** it is important that accommodation providers 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 eligibility. Contact details for this process should be provided. (Note: Scottish Government is due to make regulations on this process, and local authorities should reflect any further detail that comes forward in due course)
5. 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 establish 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 tax. These systems are provided by third parties and modification will incur charges for the business, as system reports will need to be enhanced to calculate and evidence the charge.
3. Therefore, there will need to be clarity early on as to how the invoicing process will need to work together with reporting required by local authorities.
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 *Remittance*.
5. When considering the invoicing format, consideration must be given to the interplay with the Digital Markets, Competition and Consumers Act 2024, which will provide protection to consumers on the display of pricing and The Price Marking Order 2004.
6. Local authorities will need to advise accommodation providers when they should begin charging and collecting the levy.
7. Local authorities have the ability to audit accommodation providers where they consider necessary. This may include requesting additional information to support a liable person's return to the local authority.
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 Remittance

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 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 each 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 a period specified by the local authority in a VL scheme)
3. For a VL scheme to operate effectively, accommodation providers 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 collection platform

4. A national visitor levy online collection platform (visitorlevy.scot) is being developed by the local government Improvement Service in partnership with several local authorities, to support the introduction of visitor levy schemes across Scotland. The platform is due to go live in April 2026. The platform has been co-designed with input from councils - Edinburgh, Argyll & Bute, Highland, and Glasgow - as well as with direct contributions from accommodation providers through online workshops and meetings. The aim is to create a user-friendly system tailored to meet the needs of both accommodation providers and local authorities.
5. There is no cost for accommodation providers to use this platform. For local authorities, they would incur an initial setup fee as well as an annual running cost that would be split between participating local authorities.
6. The platform is fully configurable for use by other local authorities as they adopt visitor levy schemes, ensuring consistency and ease of use for accommodation providers across Scotland. This single, national platform aims to reduce administrative burden, provides a streamlined and familiar interface, and helps standardise how returns and payments are managed. The platform will manage the various differences between local authority VL schemes, such as different levy percentages, different rates for business cost retention, and other local variations.
7. The platform covers account registration, property management, visitor levy returns, payment administration and enforcement (if applicable). Through the platform, providers will be able to register their property or properties, submit quarterly visitor levy returns, and make payments. Registration includes entering basic property details such as accommodation type (e.g., hotel, B&B, campsite, 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. Providers will be able to register ahead of schemes being launched. Providers will also have the option to fast-track registration using a unique code issued to them.

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8. Accommodation providers will be required to submit visitor levy returns every quarter in arrears, which will be the same financial year quarter deadlines for each local authority, reporting the total revenue received from accommodation charges, for each month in the period. Where there is a nil return for each period, accommodation providers will 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 accommodation providers. If an accommodation provider is closed for an extended period (e.g. seasonally, or undergoing renovations), the online platform allows the provider to mark the property as temporarily closed, and therefore do not have to submit a nil return. This is at the local authority's discretion, and the accommodation must be closed for an annual quarter or more.
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 a business cost retention rate), 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 scheme and provide ability for accommodation providers 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 scheme effectively.
14. It is important to note that the platform is solely for use by accommodation providers 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 accommodation providers and local authorities.
16. Local authorities can also set out to businesses, expectations around remittance/return and payment of the 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 intermediaries. It is common for these contracts to be settled up to 90 days after the stay. As the remittance period may fall between check-out and payment, local authorities should provide clear instruction on this matter. Clear communication will ensure providers understand their obligations, supporting consistency and compliance across all providers.
17. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance to Liable Persons*.

17 Exemptions

1. A number of groups do not fall within the scope of the Act and are therefore not liable to pay a visitor levy charge. These groups, with the exception of those in receipt of specified disability payments, are not considered visitors to an area for business or leisure purposes, and are therefore not liable to pay a levy charge. These groups are:
 - a. Those who are using overnight accommodation as their only or primary residence, which 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 to:
 - a. someone staying on a dedicated gypsy/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 not staying overnight in caravan parks or campsites
3. Those in receipt of the following specified disability benefits, payments, or allowances will be exempt from the visitor levy charge.
 - i. Disability Living Allowance
 - ii. Disability Assistance
 - iii. Attendance Allowance
 - iv. Pension Age Disability Benefit
 - v. Personal Independence Payment

This is a national exemption that will apply across all VL schemes. It will be for the local authority to determine if the levy will be not payable or reimbursed in the case of the national exemption.

4. In addition to those mentioned in paragraphs 1-3 above, local authorities also have the power to put in place local exemptions. As set out in the Act, a local authority must set out the cases or circumstances where the levy is not payable or may be reimbursed. It also requires local authorities to outline the process through which this exemption is administered or reimbursement takes place. For further information, see Chapter 03 *Required Content of a Scheme*.

5. 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 of some of these factors:
 - 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 an 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 an exemption, and how this exemption is evidenced by the overnight visitor.
 - c. **impact and effectiveness:** local exemptions will have an impact on the effectiveness of a local VL scheme. Prior to the introduction of an 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 an 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.
6. It is recommended that the cases or circumstances where the visitor levy is not payable by an overnight visitor 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 accommodation providers. For further information, see Chapter 02 *Timeline*.
7. How a system of local and/or national exemptions will be administered and monitored will be a key consideration for local authorities. Under the Act, a local authority could have a situation where a visitor is not liable to pay the visitor levy, and so does not pay it upfront or the local authority could develop a process whereby an overnight visitor claims back the visitor levy charge through reimbursement. In this scenario, overnight visitors would still be required to pay the levy charge at the point of entry or booking, with local authorities responsible for administering the reimbursement at a later date.
8. There are a number of factors that local authorities may wish to consider when developing the administrative arrangements for national and local exemptions, including:
 - a. **administrative burden on accommodation providers:** local authorities should recognise the potential administrative burden on accommodation providers resulting from local exemptions. 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.
 - b. **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 exempt 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*.

- c. **digital solution:** local authorities may wish to consider the availability of appropriate digital solutions in operating any refund or reimbursement payments for persons who are submitting a claim because of an exemption from the visitor levy.
 - d. **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).
 - 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 *Reviews*.
9. Under the Act, a local authority may modify their VL scheme to add or remove an exemption, after a VL scheme has come into force.
 - a. **Adding an exemption:** if a local authority decides to add an exemption to a VL scheme, this does not require an implementation period, but a consultation and a report on the consultation findings is required before a decision can be taken to add the exemption to an existing VL scheme.
 - b. **Removing an exemption:** if a local authority decides to remove an exemption from a VL scheme, the Act states that this qualifies as a significant modification. In such circumstances the local authority must consult on proposals to remove the exemption and produce a report on the consultation findings. Once the formal decision has been made by the local authority to remove the exemption, an implementation period of at least 18 months should elapse before the exemption is removed.
10. If an overnight visitor disputes the classification of an eligibility or an exemption, the local authority may wish to follow existing practice and procedure in resolving this dispute. 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.
11. Some of the conditions which are used to define exemptions from the visitor levy charge are considered Special Category data. When this is the case, each collector will need to ensure that their processing activities, for the administration of exemptions and associated refunds, have an appropriate UK GDPR Article 6 (lawful reason for processing), accompanied by an appropriate exemption under UK GDPR Art 9 (Processing of special categories of personal data).
12. There is a risk that the processing of personal data in the context of exemptions to the visitor levy charge may have unintended consequences, causing harm to the individual. Harms may be defined as “Financial Harm” or as “Discrimination”, if processing results in a comparative financial loss or disadvantage. (see ICO document, Overview of Data Protection Harms and the ICO’s Taxonomy, April 2022). The controller will need to ensure processing is appropriate in the context of UKGDPR Articles 5/1/a (fairness) and 22 (automated individual decision making).
13. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance to Liable Persons*.

18 Islands

1. The Act makes no specific reference to island communities. However, local authorities considering the implementation or modification of a VL scheme should actively consider potential differential impacts on island communities. Island communities face unique challenges such as declining populations, geographic remoteness, 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 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 providers 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 regulations on the administration of a visitor levy in a community which contains islands, it is recommended that local authorities consider the challenges faced by small accommodation providers.
 - b. **enforcement:** the tendency for island communities to contain a higher proportion of small accommodation providers may require further consideration by local authorities in terms of enforcement procedures. It is recommended that local authorities with island communities consider the potentially higher cost of enforcement procedures.
 - c. **forecasting:** due to the potential for higher administrative costs and smaller returns through penalties as noted above, it is recommended that local authorities with island 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 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 communities.

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 the comprehensive consultation process. See Chapter 06 *Consultation*.
3. The local flexibilities include:
 - a. the ability for a local authority to set different rates for different purposes or areas. This includes the ability to create a cap in the form of a maximum number of nights on which the levy applies. See Chapter 11 *Rate Setting*.
 - b. 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.
 - c. the ability for a local authority to apply local exemptions. See Chapter 17 *Exemptions*.
 - d. the ability to set specific times of the year where a purchase of overnight accommodation will give rise to the levy.
 - e. local authorities must set out intentions for including or excluding businesses which fall below the VAT threshold, set by UK Government. See Chapter 01 *Power to Introduce a Levy* and Chapter 03 *Required Content of a Scheme*.
 - f. the ability to set the frequency with which accommodation providers are required to make returns to the local authority. See Chapter 16 *Remittance*.
 - g. the ability to specify records which must be kept and preserved. See Chapter 16 *Remittance*.
 - h. 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. See Chapter 25 *Compliance*.

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 of the guidance 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. Those principles are that communication is:
 - 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 levy. Where views are being 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 levy is being implemented it will be important to communicate where and how businesses can get support to implement changes to their operation
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. The following 'model timeline' (Table 6) sets out the parts of the process where communication will be required with different stakeholders and how the general principles outlined above may be applied to each case.

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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):

VL scheme will come into force a minimum of 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. This period is an ideal opportunity to work with accommodation providers, communicating with them around their duty to collect and remit the levy. Local authorities should make it clear to stakeholders when the implementation period begins and when charging of the levy will be introduced, including for advance bookings. For further information, see Chapter 07 *Implementation Period* and Chapter 14 *Assistance to Liable Persons*.

Publicity for introduction of scheme (statutory): Local authorities 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 collecting and remitting the levy will require 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. Thereafter, the Forum will be involved where the local authority has a duty to carry out a consultation. For further information, see Chapter 21 *Visitor Levy Forum*.

Ongoing communication (non-statutory): Visitors may want to understand how much the percentage rate(s) will cost them, and how, and when it will be collected. 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 levy is and the difference it is making.

Compliance (statutory): Communications around compliance will be crucial. 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, and how the net proceeds have been used. 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 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 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 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 operating a VL scheme. 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, 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. accommodation providers directly involved in collecting and remitting the levy in the local area
8. Forum membership may also include elected members. However, elected members must not make up a majority of the Forum. Though 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, elected member representation on the Forum is optional, and there is no duty for local authorities to appoint elected members to the Forum.

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 scheme
 - d. 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
2. There is no requirement, as set out in the Act, 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*.
3. 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.
4. 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.
5. When considering accounting practices in relation to a VL scheme, it is recommended that local authorities build on good practice and existing regulation in relation to other local funds, as well as an audit and governance arrangements.
6. 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 estimation of 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 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, and as such local authorities may also wish to include information over and above that defined by the Act. However, the need to avoid overly onerous reporting requirements should be recognised.
4. It is important to note that the annual report performs a different function to the review, conducted over a period of up to three years. 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 a VL scheme after a set period. The first review must be carried out within three years of a VL scheme coming into force. 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.
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 clear formal decision to start the review, with a clear process around how the conclusions of the review will be considered, and how any actions resulting from the review will be decided and implemented. Therefore 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 of the VL scheme, can be taken from the funds raised by a 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
 - e. how funding raised by a VL scheme has been used, and an assessment of what benefits that has brought about
 - f. how a VL scheme has been administered, and any lessons that can be learnt to improve administration for the local authority and businesses
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, and 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. 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 actions have failed. Where a local authority has an effective register of liable persons and record-keeping process, this shall help to reduce the potential for enforcement to be necessary.
3. As outlined in the Act, these powers give local authorities the ability to:
 - a. obtain information and documents from liable persons and third parties
 - b. enforce compliance with information notices
 - c. powers to enter and inspect the premises of liable persons or third parties
 - d. powers to copy and remove documents
 - e. powers to obtain access to, inspect and check the operation of any electronic device, associated apparatus, or material
 - f. powers to 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:
 - i. failure to make valid and complete returns
 - ii. failure to keep and preserve records
 - iii. failure to comply or obstruction
 - iv. providing inaccurate information
 - v. concealing or destroying relevant documents
4. When sharing data as part of the exercising of a local authority's enforcement duties, 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.

5. 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.
6. As set out in the Act, where a liable person has either, failed to supply a return, or the local authority believes that a return supplied is incorrect, the local authority has the power, once regulations are made, to make an assessment of the levy payable by the liable person. The purpose of the powers in the Act is to give the local authority operating a VL scheme a mechanism to use in compliance situations, rather than having to immediately rely on penalties. When doing so, the local authority should ensure that it has the relevant information to conduct this assessment.
7. 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*.
8. 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 levy
 - 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
9. As outlined in the Act, the liable person may have a reasonable excuse for failing to comply with these requirements. The definition of a reasonable excuse does not include the following:
 - 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

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10. 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 demonstrate this case.
11. The following potential examples of reasonable excuses are not exhaustive, and each case should be assessed on its individual merits by the local authority. The Act's Explanatory Notes provide the following as examples that may qualify as a reasonable excuse:
 - 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**.

12. For further information, see Chapter 13 *Liable Persons* and Chapter 10 *Calculation of a Levy*.
13. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance to Liable Persons*.

26 Internal Review and Appeal

1. An overnight 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. The details of the internal review and appeal processes will be fully discussed with stakeholders in due course, but they are likely to follow existing procedures for other local taxes, and so be familiar to both local authorities and businesses.
2. Therefore, local authorities should keep abreast of Scottish Government work on the internal review and appeal process, and make sure they have the necessary resources to carry out effective internal reviews and handle any appeals, in line with the regulations that will be put in place.
3. The local authority may wish to provide guidance or information, specific to their VL scheme. For further information, see Chapter 14 *Assistance to 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 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 conduct a number of duties under the Data Protection Act 2018 and UK GDPR regulations. 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

This Visitor Levy Guidance for local authorities was reviewed and updated in October 2025. 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

Additional detail provided on visitor levy eligibility at caravan parks and campsites as well as for timeshares.

Chapter 2: Timeline

Figure 1: Additional steps added to timeline to cover annual reporting and VL scheme review.

Table 1: additional point to cover VL scheme review

Chapter 4: Forecasting

Paragraph 1 & 4: More detail to aid local authorities with visitor levy forecasting.

Chapter 10: Calculation of a Levy

Paragraph 5-11: More detail to explain the removal of non-accommodation costs

Paragraphs 12-14: Details on how to calculate the visitor levy for third-party bookings.

Changes to worked examples to provide additional and varied scenarios. Worked examples now include:

- Disability Exemption*
- Seasonal rate setting
- Bed & Breakfast
- Hotel
- Self-catering
- Third Party Booking
- OTA booking
- Static Caravan (rented privately via owner of caravan)
- Static Caravan (rented privately through owner of caravan)
- Touring pitch within caravan park
- Tent pitch within camping site
- Temporary campsite

*Additional clarity provided on the status of persons accompanying those eligible for a disability exemption.

Chapter 13: Liable Persons

Paragraph 5(d): More detail provided to assist local authorities make an informed decision on transitional provision arrangements for forward bookings.

Chapter 14: Assistance for Liable Persons

Paragraph 4: details of what local authorities should include in local guidance for businesses.

Chapter 16: Remittance

Paragraph 4-15: Details of the national visitor levy online collection platform.



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