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By email

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Colleagues

VISITOR LEVY (SCOTLAND) ACT 2024- REQUEST FOR NEW FLEXIBILITIES

As you are aware, the Visitor Levy Act was passed by this Parliament in June 2024. In January 2025, City of Edinburgh Council announced its decision to introduce a visitor levy. Its scheme will go live in July 2026 with the levy being applied to bookings made from 1 October 2025 which take place after the go live date. Glasgow and Aberdeen have subsequently also announced their intention to introduce levies during 2027.

As you will be aware, the Act requires a percentage-based levy. However, as you also know, there is some support from industry and local authorities for a flat rate or a tiered flat rate. I have been considering this issue and how to respond to the concerns expressed to provide additional flexibility in how the levy is applied and administered. Any such changes would require new primary legislation.

I would now like to invite you to meet to discuss how best to support effective implementation of the Act and to introduce the flexibility being sought.

You will also be aware that the Government investigated the option of making amendments to the Housing (Scotland) Bill. These amendments would have introduced powers enabling Ministers, by regulations, to allow the flexibility for authorities to introduce flat rate or tiered flat rate schemes as an alternative to a percentage-based model, if considered appropriate following consultation. The amendment is attached for your information.

There has been some discussion around the potential for an "Expedited Bill". While there is no formal "Expedited Bill", a normal Bill can have its timetable expedited, with Parliament's agreement, if there is a need for legislation to be scrutinised more quickly than a normal timetable would allow.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See www.lobbying.scot

There is now less than 6 months of parliamentary time left until Session 6 comes to an end and still a significant volume of business to get through before the end of March, including legislation and other elements of key parliamentary business. This makes it highly challenging for a Bill to be introduced and passed within Year 5 of this Session. Any such Bill would only be able to proceed on the basis of wide cross-party support and with a narrow, focussed and agreed scope.

Should Parliament subsequently agree to legislation and also for this to be considered against an expedited timetable, I should flag that any amendment Bill would most likely have to include at least some enabling powers. In those circumstances there would be further provisions to set out under regulations, following consultation with stakeholders. It may be that this would mean that at least some changes were not made any quicker than a Year 1 Bill. My officials are fully considering options that can inform our discussion.

I would be grateful if you could indicate whether you would be content to meet. If so, my office will be in touch with yours to arrange a mutually convenient time for us to meet jointly in person to discuss further.

I have copied this letter to the Conveners of the Local Government, Housing and Planning and Economy and Fair Work Committees given their interest in this area of work.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN MCKEE

Housing (Scotland) Bill — Stage 3
GOVERNMENT AMENDMENT

Visitor levy

Ivan McKee

After section 51F insert—

<Visitor levy

1 Visitor levy: use for housing and additional bases for levy

- (1) The Visitor Levy (Scotland) Act 2024 is amended as follows.
- (2) In section 13 (prior consultation on scheme)—
 - (a) in subsection (2)—
 - (i) at the beginning, insert “Subject to subsection (2A)”,
 - (ii) after “relate” insert “only”,
 - (b) after subsection (2), insert—

“(2A) The objectives of a proposal may (but need not) also relate to mitigating any adverse effect of tourism on housing in the scheme area.”.
- (3) In section 19 (use of net proceeds of scheme)—
 - (a) in subsection (1), for paragraph (b), substitute—

“(b) so far as not needed for the achievement of the scheme’s objectives—

 - (i) otherwise developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting the area of the authority (or in the case of a joint scheme, that area or the area of a local authority with which the authority is acting jointly) for leisure or business purposes (or both), or
 - (ii) where a scheme includes an objective relating to the purpose described in section 13(2A), otherwise mitigating any adverse effect of tourism on housing in that area (or those areas).”,
 - (b) in subsection (3), for “(1)(b)(ii) in respect of a facility or service” substitute “(1)(b) in respect of a facility, service or housing”,
 - (c) after subsection (4), insert—

“(5) The Scottish Ministers may by regulations specify the maximum proportion of the net proceeds that may be used—

 - (a) for an objective relating to the purpose described in section 13(2A), or
 - (b) for the purpose described in subsection (1)(b)(ii).
- (6) Before making regulations under subsection (5), the Scottish Ministers must consult—
 - (a) local authorities,
 - (b) such persons as they consider to be representative of communities, businesses engaged in tourism and tourist organisations,

- (c) such other persons as they consider appropriate.
- (7) Regulations under subsection (5) are subject to the affirmative procedure.”.
- (4) After section 75, insert—

“75A Power to enable charging levy as a fixed amount or amounts

- (1) The Scottish Ministers may by regulations—
 - (a) modify this Act to enable local authorities to impose the levy on the basis (or bases) that the levy to be charged in respect of a chargeable transaction may be set by reference to—
 - (i) a single fixed amount being charged for each transaction, or for each night that a right to reside in or at overnight accommodation is purchased or on some other similar basis determined by the local authority, or
 - (ii) one of a range of fixed amounts being charged for each transaction or each night that a right to reside in or at overnight accommodation is purchased, the applicable fixed amount being determined by reference to the circumstances of the chargeable transaction, and
 - (b) modify this Act (or any other enactment) in such other respects as they consider necessary or expedient in connection with enabling local authorities to impose the levy on the different basis (or bases).
- (2) Regulations under this section may, in particular—
 - (a) modify (or disapply so far as unnecessary for a fixed amount) any provision which relates to the levy being calculated as a percentage rate of the accommodation portion,
 - (b) make provision about the determination of a fixed amount by a local authority, including the maximum amount that may be charged and the circumstances in which a different fixed amount may or must be payable (for example by reference to the size, type or value of overnight accommodation),
 - (c) make provision in relation to the process and timescales necessary for a local authority to modify an existing or proposed VL scheme to change the basis on which the levy is (or may be) imposed,
 - (d) make provision about the levy being imposed on more than one basis in a local authority area.
- (3) Before making regulations under this section, the Scottish Ministers must consult—
 - (a) local authorities,
 - (b) such persons as they consider to be representative of communities, businesses engaged in tourism and tourist organisations,
 - (c) such other persons as they consider appropriate.
- (4) Subject to section 75B, regulations under this section are subject to the affirmative procedure.

75B Additional procedure for certain regulations under section 75A

- (1) Before laying a draft of a Scottish statutory instrument containing regulations which enable local authorities to impose the levy on a different basis under section 75A(1)(a) before the Scottish Parliament, the Scottish Ministers must—
 - (a) lay a copy of the proposed draft regulations before the Scottish Parliament for a period of 60 days,
 - (b) have regard to any representations about the proposed draft regulations that are made to them.
- (2) When laying a draft of a Scottish statutory instrument under section 75A(1)(a), the Scottish Ministers must also lay before the Scottish Parliament a statement setting out—
 - (a) details of any representations mentioned in subsection (1)(b),
 - (b) the changes (if any) they have made to the regulations in response to such representations and their reasons for making them.
- (3) In calculating any period of 60 days for the purposes of subsection (1), no account is to be taken of any time during which the Parliament is dissolved or is in recess for more than 4 days.
- (4) The consultation required under section 75A(3) may take place while the copy of the proposed draft regulations is laid before the Scottish Parliament under subsection (1)(a).

75C Power to make further provision about the operation of Parts 2 and 3

- (1) The Scottish Ministers may by regulations make further provision about the operation of Parts 2 and 3.
- (2) Regulations under this section may, in particular, make provision about how the levy is to be calculated, charged and paid in particular circumstances or types of case.
- (3) Regulations under subsection (1) may modify any enactment, including this Act.
- (4) Before making regulations under this section, the Scottish Ministers must consult—
 - (a) local authorities,
 - (b) such persons as they consider to be representative of communities, businesses engaged in tourism and tourist organisations,
 - (c) such other persons as they consider appropriate.
- (5) Regulations under subsection (1)—
 - (a) are subject to the affirmative procedure if they add to, replace or omit any part of the text of an Act,
 - (b) otherwise, are subject to the negative procedure.”.>