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## VISITOR LEVY LEGISLATION

2 December 2025

Dear Ariane and Daniel,

I am writing to confirm that the Scottish Government has today informed the Scottish Parliament of its intention to introduce legislation early in the new year to give councils greater flexibility over how they design and implement a visitor levy. The decision to introduce a new bill has been informed by engagement with councils, tourism businesses and industry bodies and builds on work undertaken ahead of the Visitor Levy (Scotland) Act 2024 ("the 2024 Act").

Once the bill has been introduced, I anticipate that the Parliamentary Bureau will decide that either the Local Government, Housing and Planning or Economy and Fair Work committee will be the lead committee responsible for examining the bill. The timescales involved in this expedited bill are likely to be challenging and, as such, I am keen to support you and your committees as much as possible.

The bill seeks to further develop the framework established in the 2024 Act, which provided local authorities with discretionary powers to introduce a levy on the purchase of overnight accommodation. This discretionary visitor levy mechanism strengthens local democracy and local choice potentially raising revenue which would contribute to the cost of maintaining the public services that support tourism and enhancing the visitor experience.

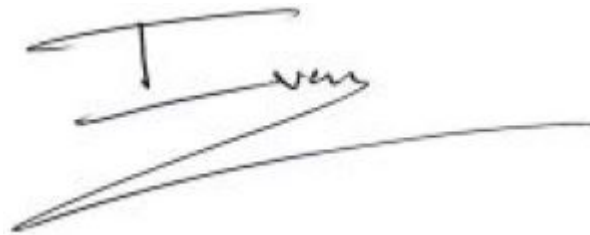
The policy intention of this bill is to strengthen that legislative framework within which councils can introduce an effective, proportionate and robust visitor levy which best meets the needs of their local tourism economy and community. If passed, the bill will still allow local authorities to charge a percentage-based visitor levy, but for those that require a different model, the bill will introduce additional flexibility to set either a single fixed amount or a range of fixed amounts for different purposes or areas. Under the fixed rate amount or different fixed amount models, local authorities will have the discretion to apply the levy on a per person, per night or a per night basis. The bill will also include provisions to support the

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implementation of local schemes, including clarifying how the levy is to be charged in third party sales. **Annex A** provides more detail on additional flexibilities and technical fixes. Ultimately, the bill is designed to be enabling rather than prescriptive. It does not mandate the introduction of a visitor levy and instead provides councils with the powers and tools to do so if they choose, subject to consultation and local democratic processes. This position is in line with the Scottish Government's respect for the independence of Local Government and our commitment to fiscal empowerment in line with the national approach to tax policy.

I look forward to engaging further with you and your colleagues in the new year to ensure that the lead committee is able to examine the bill fully and effectively.

Yours sincerely,

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

**IVAN MCKEE**

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## **Annex A – summary of additional flexibilities and technical fixes**

### **Additional flexibility – fixed amount charging model**

The bill seeks to introduce new flexibility to allow local authorities to set a visitor levy using a fixed amount charging model as an alternative to the existing percentage-based approach. Under this model, it will be for the local authority to consider the basis of a fixed amount charge following consultation.

### **Additional flexibility – different fixed amounts model**

The bill seeks to introduce a further flexibility to allow local authorities to introduce a different fixed amounts model should it be considered appropriate following further engagement and consultation. This would allow for differentiated rates based on factors such as different geographical locations, times of year or types of accommodation.

### **Technical fix – clarification of chargeable transaction in third party sales**

The bill seeks to clarify that, in cases where accommodation is sold through a third party, such as online travel agents, tour operators, or booking intermediaries, the chargeable transaction is the first sale by the liable person (typically the accommodation provider) to that third party. An exception is made where the third party is 'connected' to the provider, as defined in the Income Tax Act 2007. This clarification addresses ambiguity identified during recent stakeholder engagement and ensures that the levy applies consistently across different booking and distribution models, including digital platforms.

### **Technical fix – returns based on occupancy, not booking date**

The bill provides that levy returns should be calculated based on the date of occupancy, rather than the date of booking or payment. This change aligns the levy with how accommodation providers typically account for revenue, and simplifies administration, particularly in transitional cases such as pre-booked stays made before a scheme comes into effect. It also supports consistency in enforcement and reporting and reduces the risk of disputes over timing and liability. This is an important clarification and reflects the intentions of the original Bill and the published statutory guidance from Visit Scotland.

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