

Visitor Levy (Amendment) (Scotland) Bill

Financial Memorandum

Introduction

1. As required under Rule 9.3.2 of the Parliament's Standing Orders, this Financial Memorandum is published to accompany the Visitor Levy (Amendment) (Scotland) Bill, introduced in the Scottish Parliament on 6 January 2026.
2. The following other accompanying documents are published separately:
 - Explanatory Notes (SP Bill 79–EN);
 - a Policy Memorandum (SP Bill 79–PM);
 - a Delegated Powers Memorandum (SP Bill 79–DPM);
 - statements on legislative competence made by the Presiding Officer and the Scottish Government (SP Bill 79–LC).
3. This Financial Memorandum has been prepared by the Scottish Government to set out the costs associated with the measures introduced by the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.
4. This Financial Memorandum builds on the 2023 Financial Memorandum to the Visitor Levy (Scotland) Bill which became the Visitor Levy (Scotland) Act 2024 ("the 2024 Act"). The effects of the 2024 Act are the starting point for considering changes made in the Bill.

Background

5. The Bill builds on the framework established by the 2024 Act which provided local authorities with a discretionary power to introduce a visitor levy on the purchase of overnight accommodation. The 2024 Act was passed in response to calls from local government and tourism stakeholders for a mechanism to raise revenue to support local infrastructure and services impacted by tourism.
6. The Bill aims to further support local authorities as they design visitor levy schemes that reflect local priorities and tourism pressures; and enhance clarity on the operation of visitor levies, supporting effective future implementation. This will be delivered by strengthening the existing legislative framework, enabling local authorities

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to introduce an effective, proportionate and robust visitor levy that best meets the needs of their local tourism economy and community.

7. The Bill will provide local authorities with further flexibility in how they design and implement a visitor levy by:

- a) providing the option of setting the visitor levy as a fixed amount, or different fixed amounts for different purposes and areas, as an alternative to the percentage-based approach provided in the 2024 Act.
- b) clarifying some technical details that were identified when the 2024 Act was being implemented which will support the visitor levy's effective operation. The 2024 Act was designed to be enabling rather than prescriptive, and the Bill follows that principle.
- c) giving a power to allow Scottish Ministers to make further provision in regulations (subject to parliamentary procedure) about the operation of Parts 2 and 3 of the 2024 Act. These relate to the basis and calculation of the visitor levy and the introduction and administration of the visitor levy.

8. These measures in the Bill are designed to respond to feedback from stakeholders and enhance operability for local authorities, accommodation providers and third parties. This aligns with Scotland's National Tax Policy Principles, ensuring the visitor levy remains proportionate, efficient, and transparent while empowering local authorities to respond to tourism pressures in their communities.

9. The Bill is divided into two parts.

10. Part 1 amends the 2024 Act to:

- require a local authority seeking to introduce a visitor levy scheme ("VL scheme") under the 2024 Act to determine whether the visitor levy is to be charged on the basis of either a percentage rate (or rates) or a fixed amount (or amounts);
- clarify what constitutes a 'chargeable transaction' on which the visitor levy is payable;
- adjust requirements relating to returns made by accommodation providers ('liable persons');
- confer a regulation-making power on the Scottish Ministers to make further provision about the operation of Part 2 (key concepts) and Part 3 (introduction and administration of the visitor levy) of the 2024 Act; and make provision for connected purposes.

11. Part 2 contains final provisions, including ancillary matters, consequential and minor modifications, and commencement.

Methodology

General approach

12. The 2024 Act introduced a discretionary power to implement a visitor levy, and it was expected that not all of Scotland's 32 local authorities would introduce a visitor levy. It was therefore not appropriate to assume in the Financial Memorandum for the 2024 Act that any costs arising in relation to the Bill would be incurred by groups in all parts of Scotland. Therefore, the same methodological approach was followed here to assess possible costs which may arise for individual local authorities, businesses or individuals within sectors, rather than assessing the impact of a visitor levy on these sectors as a whole.

13. Given the key importance of local decision making in relation to a visitor levy in each local authority area and the variety of accommodation providers in the sector, there was a high level of uncertainty and estimates of costs were generally provided as ranges. There is no official or standard forecast of local tourism demand in Scotland, and as no visitor levy has gone live across Scotland to date no adjustment has been made to historic data to reflect potential changes in the market since the 2024 Act came into force. The historic data was also collected during a time when Covid-19 pandemic related restrictions were still affecting the travel and tourism sectors.

14. The potential set-up and administrative costs are largely based on those estimated in the 2023 Financial Memorandum¹, which were illustrative of the scale of the costs and were not intended as accurate forecasts. Since then, some local authorities in Scotland have published their own estimates of set up and running costs, which have been reflected in this memorandum where possible particularly at paragraph 63.

15. It is important to note that, given the additional flexibility that the Bill seeks to provide local authorities, there remains limitations in assessing financial implications. It is not known which local authorities will choose to introduce a levy in the future. It is not known what model will be adopted. This level of uncertainty makes it challenging to provide any assessment of potential behavioural change of accommodation providers, other businesses or customers that may occur as a result of the provisions of the Bill.

Timing and uncertainty

16. The anticipated impact of the proposed changes, specifically those aimed at addressing third party sales and improving the accuracy of levy return calculations, would begin as soon as practicable following the enactment of the Bill. In operational terms, this means that once the legislation receives Royal Assent and a further two months have passed, and the necessary implementation mechanisms are in place, these measures would take effect without further delay. For planning purposes, it is assumed that the commencement of the specific changes mentioned would occur in

¹ Visitor Levy (Scotland) Bill 2023 – [Financial Memorandum accessible](#)

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advance of the first visitor levy scheme going live in July 2026. This will allow local authorities and affected businesses sufficient time to adapt to the revised requirements.

17. Under the 2024 Act, a percentage-based visitor levy scheme would be subject to the consultation requirement and 18-month implementation period following on from that consultation and a local authority's decision to proceed. New fixed amount(s) schemes will be subject to the same requirement. Modification of an existing scheme to a new basis is also subject to the same consultation and 18-month implementation period requirement. It is anticipated that the earliest date a new fixed amount scheme could commence would be Summer/Autumn 2028.

18. In addition to uncertainty around the decisions that would be made at a local level, and the propriety of presuming what those decisions would be and what would drive decision making, there is also a degree of analytical uncertainty. The main tables presented in this memorandum that show potential revenues in different regions of Scotland and with different charging structures are based on survey evidence collected between 2022-24 in the Great Britain Tourism Survey (GBTS)² and International Passenger Survey (IPS)³ and compiled by VisitScotland. The two surveys have differing approaches to questions on accommodation used as part of a trip, notably that the GBTS, which focusses on domestic tourism in Great Britain, measures the main place visited on a trip, which may lead to overcounting in the main place visited and undercounting in secondary places visited.

19. Revenue estimates are included for context only and are not treated as savings or costs under this Bill.

Proposed changes & financial impact introduced by this Bill

20. The Bill makes four main changes to the 2024 Act:

- a) Discretion to set the levy based on a fixed amount – Local authorities will have the option to set the levy as a fixed amount, or different fixed amounts for different purposes and areas, in addition to the percentage-based option provided by the 2024 Act.
- b) Clarification of chargeable transactions (third-party sales) – The Bill clarifies how the levy applies to transactions involving third-party sales of accommodation.
- c) Changes to levy returns – The Bill updates the content requirements for levy returns to improve clarity and compliance.
- d) Power to make further provision – The Bill gives Scottish Ministers a regulation-making power to make further provision about the operation of Parts 2 and 3 of the 2024 Act. The regulation-making power is intended as a

² [Domestic Overnight Tourism | VisitScotland.org](#)

³ [International Passenger Survey - Office for National Statistics](#)

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contingency to address any future implementation issues identified after the Bill is enacted, without requiring further primary legislation. There are currently no plans to exercise this power. Any future use would be subject to separate parliamentary scrutiny and accompanied by a full suite of impact assessments, including a Financial Memorandum and BRIA. For this reason, no costs are included here.

21. These changes are assessed for financial impact later in this document.

Impact of proposed changes

22. For each main change introduced by the Bill, the analysis considers our best estimates of costs, savings, or revenues is anticipated; and so, what is the best estimate of that variation for:

- a) the Scottish Administration;
- b) Local authorities;
- c) Other bodies, individuals, and businesses.

23. This analysis also considers the timescale over which such variations would arise; and the margin of uncertainty in these estimates.

Discretion to set the levy based on a fixed amount

24. While this Bill does not create a new requirement for local authorities to introduce a visitor levy, it does provide additional flexibility in how a levy may be structured. As a result, there could be potential cost, and revenue impacts. These variations arise in two key areas:

- i) The amount a local authority may charge as a visitor levy compared to the powers set out in the 2024 Act, which could influence the potential revenue generated.
- ii) Associated administrative costs may vary depending on the chosen levy structure. Potential variations include IT system configuration and consultation costs for local authorities and accommodation providers. These costs depend on whether a local authority decides to build its IT system to accommodate both percentage-based and fixed-amount models from the outset. For example, a local authority may implement a percentage-based charge initially and later move to a fixed amounts structure, or vice versa. If the system is designed to support both options, no additional configuration costs would arise if the authority later switches. However, if a single-purpose system is built, minimal costs could be incurred if a change is made in future.

25. On consultation costs these are again set out within the 2024 Act as part of the implementation cost for a visitor levy structure and would therefore not be considered a new cost in most cases as no local authority has yet implemented a visitor levy. However, in circumstances where a local authority initially consults to introduce a visitor

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levy on a percentage-based charge now and later consults again in order to move to a fixed amounts structure, or the other way around. Then some minimal costs could be incurred if a decision was later taken to change from one structure of visitor levy to the other.

26. Administration costs associated with the 'discretion to set the visitor levy based on fixed amounts' are therefore not set out here as a new cost, as they are set out within the implementation cost estimates for the 2024 Act. However, in recognition of the fact that some local authorities and businesses may incur these minimal costs in limited circumstances these estimates are provided here for information. In any event, as with the 2024 Act any local authority administrative costs would be offset by any additional revenue generated by the visitor levy in place.

- a) Scottish Administration: No material change; negligible costs limited to secondary legislation.
- b) Local Authorities:
 - i) Potential additional consultation costs if changing from one visitor levy structure to another: £10,000–£20,000 per consultation (same range as 2024 Act).
 - ii) Potential IT reconfiguration costs: £5,000–£25,000 depending on local authority's IT system. This range reflects indicative estimates provided by local authorities during consultations on the 2024 Act and subsequent engagement, scaled down for minor configuration changes rather than full system builds. It assumes typical costs for small-scale IT adjustments based on feedback from authorities with similar digital infrastructure.
 - iii) The Bill's flexibility to allow different fixed amounts of levy for different accommodation types, areas, seasons, or purposes enables local authorities to design schemes that achieve a degree of proportionality comparable to percentage-based models and may reduce ongoing administrative costs compared to percentage-based models.
 - iv) If a local authority changes from one levy structure to another, minimal costs may arise (consultation £10k–£20k; IT £5k–£25k). These are discretionary and not considered new costs for this Bill, as they are already covered under the 2024 Act estimates.
- c) Other bodies/businesses:
 - i) Accommodation providers may incur minor additional costs if systems needed to be configured from one visitor levy structure to another: £150–£1,000 per provider. This range is based on sector feedback during the 2023 Financial Memorandum process and local authority consultations, assuming minimal system updates for small and micro businesses to accommodate a change in levy structure.
 - ii) Potential savings in ongoing administration for small businesses under a fixed amount model (simpler calculation).

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27. Timescale: Costs would arise during the 18-month implementation period following consultation; earliest start Summer/Autumn 2028. Although there remains a high level of uncertainty on the timing as it would depend on local authority decisions and scheme design.

Alternative basis of visitor levy charge & potential revenue impact

28. Additional flexibility and choice around how a visitor levy can be structured, whether as a percentage of the accommodation cost under the 2024 Act, or a single fixed amount, or a range of different fixed amounts for different purposes and/or areas as set out in this Bill, would allow local authorities in Scotland greater scope to tailor the design of the visitor levy to their local visitor economy. This flexibility may reduce ongoing administration costs because fixed amount models can simplify calculation and record keeping compared to percentage-based models. For example, under a percentage-based system, accommodation providers often need to separate accommodation charges from other services (such as meals) to calculate the levy, which adds complexity. A fixed amount removes this requirement, reducing manual processing and IT system complexity. However, as noted above the extent of these savings depends on local authority scheme design and existing administrative processes, so this is noted as a potential rather than guaranteed outcome.

29. A single fixed amount would be regressive with respect to the price of accommodation because if the cost is passed on by the accommodation providers, the increase in price would represent a higher proportion of the accommodation cost for lower priced accommodation and a lower proportion for higher priced accommodation. This effect is linked to the price of accommodation rather than household income, although lower income households may be more likely to choose lower cost accommodation and therefore could face a proportionately higher charge under a fixed amount model if providers pass on the cost. However, this may be mitigated depending on the design of a local scheme. Local authorities would need to consider these factors particularly in their impact assessments, along with whether accommodation providers absorb some or all of the levy cost through price adjustments, when assessing the impact of a fixed amount of levy.

30. A local authority scheme drawing on the flexibility to include a different fixed amounts for different purposes or areas would be more progressive, assuming that tiers were set in relation to price thresholds or correlated with price, e.g. type of accommodation. Depending on the scheme design, accommodation providers may have an incentive to set their prices lower than would otherwise be the case. This may result in a reduction in the income that could otherwise be raised by a visitor levy and a reduction in income for accommodation providers relative to what would have been the case in the absence of a levy.

31. Tables A - C below are purely for illustrative purposes, and provide an example of the potential revenues that might be raised through different ways of charging the visitor levy in Scotland. The data is presented by region. It is based on a combination of the years 2022, 2023 and 2024, as it is based on survey evidence that relies on having a large enough sample size to be confident in the results.

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32. It is noted that a number of local authorities have consulted on introducing a visitor levy. Edinburgh, Glasgow, West Dunbartonshire and Aberdeen have announced their intentions to proceed with a percentage rate. Others do not intend to implement a visitor levy for the foreseeable future. The tables do not take that into account as those local authorities may choose to change that position in future once there is additional flexibility and legislative issues identified with implementation have been addressed.

33. Because no visitor levy has yet gone live anywhere in Scotland, there is no empirical evidence on how businesses or consumers would respond to such a charge. For this reason, the tables use historic tourism data without adjustment for potential changes in the travel and tourism market since the data was collected. Similarly, no assumptions have been made about behavioural change in response to the levy, as introducing such assumptions would require speculative modelling and could misrepresent the financial implications of the Bill. This approach is consistent with the methodology used in the 2023 Financial Memorandum.

34. The percentage rates and fixed amounts are indicative and are not meant to imply a likely level of charge chosen by any local authority in Scotland. To date those that have announced a percentage charge have chosen either 5% or 7%. Decisions on whether to implement a visitor levy, which design of charge to use, any exclusions and when to commence would be made at a local authority level. This financial memorandum does not presume to make any prediction or recommendation around those decisions nor aim to influence them.

35. The detail of a local authority scheme drawing on the flexibility to include a range of different fixed amounts for different purposes or circumstances is too uncertain to explore the potential revenues.

Table A: Estimated revenue by region based on a percentage charge

Source: Great Britain Tourism Survey and International Passenger Survey
The following tables are illustrative only. They assume no behavioural change and do not predict local authority decisions on whether to implement a levy, what design to adopt, or what rates to set.

Region	Percentage Charge (£m)				
	1%	2%	3%	5%	7%
Aberdeen, Aberdeenshire & Moray Speyside	3.1	6.2	9.4	15.6	21.8
Argyll & the Isles	1.3	2.6	4.0	6.6	9.2
Ayrshire & Arran	1.4	2.8	4.2	7.0	9.8
Dumfries & Galloway	1.1	2.2	3.3	5.5	7.7
Dundee & Angus	1.2	2.3	3.5	5.8	8.1
Edinburgh & the Lothians	20.3	40.7	61.0	101.6	142.3
Fife	2.1	4.1	6.2	10.3	14.4
Glasgow & Clyde Valley	8.5	17.0	25.5	42.4	59.4
Highlands & Islands	6.9	13.9	20.8	34.7	48.6
Perthshire	1.3	2.7	4.0	6.6	9.3
Scottish Borders	0.7	1.4	2.0	3.4	4.8
Stirling & Forth Valley	1.6	3.1	4.7	7.8	10.9

Table B: Estimated revenue by region based on a fixed amount, per person charge

Source: Great Britain Tourism Survey and International Passenger Survey
The following tables are illustrative only. They assume no behavioural change and do not predict local authority decisions on whether to implement a levy, what design to adopt, or what rates to set.

Region	Nightly Charge (£m)				
	£1	£2	£3	£5	£7
Aberdeen, Aberdeenshire & Moray Speyside	3.1	6.2	9.3	15.4	21.6
Argyll & the Isles	1.4	2.8	4.2	7.0	9.8
Ayrshire & Arran	1.3	2.7	4.0	6.7	9.3
Dumfries & Galloway	1.3	2.6	3.9	6.5	9.1
Dundee & Angus	1.2	2.3	3.5	5.8	8.1
Edinburgh & the Lothians	14.3	28.7	43.0	71.6	100.3
Fife	1.5	3.0	4.5	7.5	10.6
Glasgow & Clyde Valley	6.4	12.7	19.1	31.8	44.5
Highlands & Islands	6.2	12.4	18.6	31.0	43.4
Perthshire	1.0	2.1	3.1	5.1	7.2
Scottish Borders	0.6	1.1	1.7	2.8	3.9
Stirling & Forth Valley	1.5	2.9	4.4	7.3	10.3

Table C: Estimated revenue by region based on a fixed, per room charge

Source: Great Britain Tourism Survey and International Passenger Survey

Region	Nightly Charge (£m)				
	£1	£2	£3	£5	£7
Aberdeen, Aberdeenshire & Moray Speyside	1.3	2.7	4.0	6.7	9.4
Argyll & the Isles	0.6	1.2	1.8	3.0	4.2
Ayrshire & Arran	0.6	1.2	1.7	2.9	4.1
Dumfries & Galloway	0.6	1.1	1.7	2.8	4.0
Dundee & Angus	0.5	1.0	1.5	2.5	3.5
Edinburgh & the Lothians	6.2	12.5	18.7	31.1	43.6
Fife	0.7	1.3	2.0	3.3	4.6
Glasgow & Clyde Valley	2.8	5.5	8.3	13.8	19.4
Highlands & Islands	2.7	5.4	8.1	13.5	18.9
Perthshire	0.4	0.9	1.3	2.2	3.1
Scottish Borders	0.2	0.5	0.7	1.2	1.7
Stirling & Forth Valley	0.6	1.3	1.9	3.2	4.5

Impact of proposed changes - Visitors

Percentage based approach

36. There is no substantial change in the position on a percentage model from the 2023 Financial Memorandum.

Fixed amount based approach (per person per night, or per night only):

37. Table D below shows a range of hypothetical scenarios to illustrate the amount of visitor levy payable under different charging approaches. In addition to a levy charged on a percentage of the accommodation price, two examples of a fixed amount visitor levy are shown in Table D: a per person per night, and a per night (or unit of accommodation) levy design. The rates of 1% and £1 were chosen for ease of comparison and do not necessarily reflect visitor levy rates that local authorities may set in practice.

38. Under fixed amount visitor levy designs, the levy is legally payable by accommodation providers, not visitors, although providers may choose to pass on the cost through pricing decisions. Where this occurs, the effect would be that visitors staying in lower-cost accommodation face a higher proportionate increase in price compared to those in higher-cost accommodation. Similarly, if the levy is passed on and charged on the basis of the number of visitors staying in an accommodation unit, larger groups such as families travelling with children or other dependents could experience a higher overall price increase, unless exemptions apply.

39. Scenario A has the highest price per room per night and has the lowest visitor levy charge on a per room, fixed amount basis (equivalent to 0.5% at a rate of £1) and the most on a percentage basis at the chosen rates. The levy is legally payable by accommodation providers, not visitors, although providers may choose to pass on the cost through pricing decisions. Where this occurs, the effect would be that the amount passed on relative to the cost of accommodation could be increased under fixed amount designs by increasing the rate from £1. Doing so would also increase the cost for those using lower-cost accommodation. Scenario D has the lowest price per room (bedspace in this instance) per person. It has the lowest visitor levy charge under a percentage charge design and the highest under a fixed amount design (equivalent to 3.3% at a rate of £1), regardless of whether it is charged on a per person or per room basis. In scenario F, a family staying in relatively low-cost accommodation would pay £28 visitor levy under a per person fixed amount levy, equivalent to 10% of the accommodation price at a £1 rate.

Table D: Illustrative examples of overnight stays and visitor levy payable across accommodation types

Scenario	Description	Price	Total taxable cost	Total Visitor Levy Payable		
				1%	£1 per person	£1 per room
A	A couple stay for 3 nights in a hotel	£220 per room per night	£660	£6.60	£6.00	£3.00
B	One person stays 2 nights in a hotel	£80 per room per night	£160	£1.60	£2.00	£2.00
C	Two couples stay 4 nights in self-catering accommodation	£170 per property per night	£680	£6.80	£16.00	£4.00
D	A group of four backpackers stay in a hostel for 3 nights	£30 per bedspace per person	£360	£3.60	£12.00	£12.00
E	A family of five stay 7 nights in self-catering accommodation	£775 for a week's booking	£775	£7.75	£35.00	£7.00
F	A family of four stay for 7 nights at a caravan site	£40 per pitch per night	£280	£2.80	£28.00	£7.00

40. The design of a local authority scheme drawing on the flexibility to include a range of different fixed amounts for different purposes or areas is unknown. How to structure and define the range of different fixed amounts would be a decision made by local authorities. The detail of how it would affect accommodation prices faced by visitors if accommodation providers choose to pass on the cost of the levy is therefore not quantifiable at this stage. One effect of the Bill is to provide local authorities more flexibility in how a visitor levy is implemented. This reduces the level of certainty possible for analysis or to even prepare illustrative examples in advance of local

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decisions. As such, it is not possible to provide analysis on the financial impact of different fixed amounts at this stage.

41. Where a range of different fixed amounts is used for equivalent taxes in jurisdictions around Europe, they are consistently aimed at making the charge more progressive with respect to cost of the accommodation⁴. This will generally be associated with the type of accommodation or a rating that reflects the standard of the accommodation, such as how many stars a hotel has been awarded. Many will also have different rates to reflect high and low seasons, which could also be part of the design of a local authority scheme for the visitor levy in Scotland under the proposals in the Bill.

42. On this basis, where a local authority chooses to charge using a range of different fixed amounts, this could make the visitor levy in their area more progressive than a single fixed amount, provided the tiers are set in relation to accommodation cost or type. The degree of progressivity would depend entirely on how the local authority sets those tiers when designing its scheme.

Clarification of chargeable transaction (third-party sales)

43. Estimates suggest there could be two key areas impacted. First the amount which local authorities may see a minimal reduction in the visitor levy revenue available; and secondly, marginal costs and savings associated with the administration of the scheme.

a) Scottish Administration: No material change.

b) Local authorities: No significant cost variation; may require minor guidance updates.

c) Other bodies, individuals, and businesses:

- Small reduction in ongoing administration costs for accommodation providers (as a result of simpler record-keeping). There may be a slight negative impact on levy revenue where a percentage charge applies to the wholesale price rather than the retail price charged to visitors.
- This change could slightly reduce levy revenue for local authorities in these circumstances. However, it simplifies record-keeping for accommodation providers by allowing them to rely on their own sale records rather than tracking third-party resale prices. The impact is not quantified due to uncertainty about price differentials and the proportion of third-party sales.

44. Timescale: These measures are expected to be commenced shortly after Royal Assent (expected Q1 2026–27). However, there remains a moderate level of uncertainty as any costs, savings, and revenue impacts would depend on prevalence of third-party sales.

⁴ [Taxation -Evolution in 2025 of the tourist tax in Île-de-France | Entreprendre.Service-Public.fr](#) Paris; [Balearic Tourist Tax Menorca Rates and Calculator 2025; Your islands. Your holidays. Your contribution.-Tax](#) Balearic Islands; [Tax on stays in tourism establishments in Catalonia](#) Catalonia.

Third party pricing

45. There are instances where third party businesses – not directly connected to accommodation providers – purchase rooms or units of accommodation and then sell them to other third-parties or directly to customers. Third parties can re-sell the room or unit of accommodation only or include accommodation as part of a wider package that includes other activities (e.g. airport transfers, meals, entertainment).

46. A percentage-based charge on the first sale price between the accommodation provider and a third-party before re-selling that accommodation could reduce the visitor levy revenue, compared to a situation where it would be charged to visitors booking direct. This is because it is anticipated that the accommodation provider would sell stays to third parties at a lower price than they would sell direct to customers. This allows the third party to make a margin of profit on their sale by handling some of the work of marketing the stay and potentially taking some of the risk from the accommodation provider.

47. This change to first sale could also help reduce administration costs to businesses, as they can rely on their own records, rather than potentially needing to seek out what price each room was sold at by a third party in order to properly calculate the visitor levy due.

48. It is not known what the price differential would be between direct sales and third-party sales, or what proportion of nights at different types of accommodation providers in different parts of the country are sold to third parties. It is also not known to what extent relying on the business' own records of sale prices would reduce ongoing administration costs. The impact of this change is therefore not quantified. However, it is thought that there would be both a small negative effect on the amount of visitor levy that might be expected to be raised, where a local authority chooses to implement and chooses to charge on the basis of a percentage of the cost of accommodation, and a small reduction in ongoing costs to business.

Changes to levy returns

49. Estimates suggest there could marginal administration costs.

- a) Scottish Administration: Negligible (guidance updates only).
- b) Local authorities: Potential minor IT adjustments: £1,000–£5,000 per authority.
- c) Other bodies, individuals, and businesses: Minor familiarisation costs only.

50. Timescale: These measures are expected to be commenced shortly after Royal Assent.

Power to make further provision

51. There are no expected costs, savings, or revenue changes from these measures at this stage. Any future costs would depend on regulations made under this power at

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that point in time, and would of course be accompanied by a suite of impact assessments such as a Business and Regulatory Impact Assessment.

52. Scottish Administration: Negligible staffing costs for policy development, and drafting regulations.

53. Local authorities: No costs, saving, or revenue changes identified at present.

54. Other bodies, individuals, and businesses: No costs, saving, or revenue changes identified at present.

55. Timescale: There are no current plans for the use of these powers. These measures are being put in place to allow any further implementation issues to be addressed without the need for primary legislation. Any future regulations using these powers would be accompanied by a Business and Regulation Impact Assessment setting out any potential future estimates at that time.

Costs, savings, or revenue change as a result of the Bill

56. Table E sets out the estimated costs arising from the Bill. Any related savings or revenue changes are set out separately in relation to the Scottish Administration, local authorities, and other bodies and individuals in subsequent paragraphs. See also notes to the table.

Table E: Estimated costs arising from the Bill

	2026-27	2027-2028	2028-29
Scottish Administration	*£0	*£0	*£0
Local Authorities	**£0 - £50,000	**£0 - £50,000	**£0 - £50,000
Other bodies, individuals & businesses	***£0	***£0	***£0
Total	£0 - £50,000	£0 - £50,000	£0 - £50,000

*As set out at paragraph 26 a) costs to the Scottish Administration are expected to be negligible, and there are no savings, or revenue changes arising from the Bill.

**These additional administrative set up costs per local authority arise only if:

(a) the authority has already prepared and consulted on a percentage-based scheme under the 2024 Act; and

(b) the authority decides to switch to a fixed-amount scheme, requiring further consultation (up to £20k as noted at paragraph 60) and IT changes (up to £25k reflecting the lower spectrum of the IT costs set out at paragraph 61). An additional cost of up to £5k may arise if levy return arrangements need to be adjusted for an existing scheme.

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The figures in Table E do not include any original administrative set up costs, in order to avoid double counting costs set out in the 2024 Act. This is because, for local authorities who have not already prepared to introduce a visitor levy and consulted on it, we expect administrative costs to be negligible between these two models of visitor levy (i.e. the powers inserted by this Bill and those already present in the 2024 Act). As with the existing 2024 Act, any administrative costs would be offset by any additional revenue.

The local authority maximum figures in Table E exclude potential revenues because these do not arise directly from this Bill. As set out at paragraph 24 this Bill does not create a new requirement for local authorities to introduce a visitor levy; it only provides additional flexibility in how a levy may be structured (e.g., allowing fixed amounts instead of percentage-based charges). In addition, the Bill does not increase the amount of levy that can be imposed.

*** No identifiable or quantifiable costs arise directly from the Bill for:

- Accommodation providers or booking agencies. Any administrative costs are discretionary and anticipated under the 2024 Act, not as a result of this Bill. Nor does this Bill introduce new mandatory costs for accommodation providers or other bodies. Any costs incurred by such bodies are expected to be negligible and discretionary.
- Visitors. The levy is legally payable by accommodation providers, not visitors, although it is anticipated that providers may pass on the cost through pricing decisions. As a result, visitors may face increased accommodation costs in future but this is dependent on decisions by:
 - local authorities who will decide whether to introduce a visitor levy scheme, what the amounts or rates of levy will be, and what exemptions will be provided;
 - accommodation providers who will decide if they will pass on all or a portion of the cost through pricing decisions; and
 - visitors' behavioural response.

Costs to the Scottish Administration

57. Table E sets out the costs to the Scottish Administration. These are expected to be negligible and limited to:

- Secondary legislation.
- Additional costs if the Scottish Administration were to pay the cost of the visitor levy for staff staying overnight in areas that implement a visitor levy.

Costs to local authorities

58. The introduction of a visitor levy is a discretionary power and therefore any costs associated with the Bill fall on local authorities only if they decided to implement a visitor levy. In these circumstances any costs would be offset by revenue from the visitor levy introduced. While there is the potential for minor new administrative costs arising from the implementation of the visitor levy in this Bill, overall administration costs are set out within the implementation cost estimates for the 2024 Act. As a result, to avoid any misrepresentation or potential of double counting of these administration costs estimates they are presented here for information only and do not form part of the estimates for this Bill.

Background (Existing costs under the 2024 Act)

59. As noted above, the following administration figures are provided here for context only. They represent costs estimated in the 2023 Financial Memorandum for implementing a visitor levy under the 2024 Act and do not arise from the changes introduced by this Bill.

60. The 2023 Financial Memorandum estimated that the cost of the initial consultation for a local authority implementing a visitor levy would be between £10,000 and £20,000 with a review costing less than £1,000 every three years.

61. The 2023 Financial Memorandum estimated set-up costs for implementing a visitor levy under the 2024 Act, including procuring or upgrading IT systems to administer the levy; establishing new processes for collection, monitoring, and enforcement; creating lists of accommodation providers; hiring or retaining operational staff; and communicating changes to businesses. These costs were estimated to be between £50,000 and £230,000 in each of the two years prior to the visitor levy's implementation.

62. Ongoing administration costs include the continuing costs of employing staff for collection, monitoring, and enforcement; managing exemptions; and ongoing maintenance of IT systems. These were estimated to be between £190,000 and £500,000 per year beginning with the year in which the levy was implemented.

63. In some instances, local authorities that have consulted on introducing a visitor levy have published their own, more recent, cost estimates:

- Aberdeen City Council estimates that its implementation costs will be around £60,000 and its annual costs will be between £45,000 and £125,000.⁵
- City of Edinburgh Council estimates that implementation costs will be £800,000 and annual running costs £1m.⁶

⁵ [A-Visitor-Levy-for-Aberdeen-Proposal-for-Consultation.pdf](#)

⁶ [Item 4.1 - V2 A Visitor Levy for Edinburgh - final scheme](#)

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- Glasgow City Council estimates that its implementation costs will be up to £400,000 and its annual administration costs between £750,000 and £950,000.⁷
- Highland Council estimates their administrative and operating costs for a Visitor Levy scheme to be £550,000 annually.⁸

64. VisitScotland have previously published statutory guidance for local authorities. This will need to be updated should this Bill be passed by Parliament. Costs are expected to be negligible. VisitScotland are keeping this guidance updated on an ongoing basis.

Estimated revenue

65. Table E sets out the range of estimated costs arising from the Bill to local authorities. For local authorities any administrative costs may be offset by any additional revenue provided for under a visitor levy scheme introduced under the 2024 Act. However, no changes are expected in relation to revenues that may be raised by local authorities as a direct result of the Bill, for the reasons set out in notes to Table E. In addition, Tables B and C provide illustrative examples of potential revenues under alternative charging models: Table B shows estimated revenue by region for a fixed amount charged per person per night, and Table C shows estimated revenue by region for a fixed amount charged per room per night. These tables are for context only and assume no behavioural change or prediction of local authority decisions.

Costs to other bodies, individuals and businesses

Accommodation providers

66. No new costs, savings, or revenue changes for accommodation providers arise from this Bill. The figures below relate to the 2024 Act and are included for context only. They represent costs estimated in the 2023 Financial Memorandum for implementing a visitor levy under the 2024 Act. This is because the Bill does not create a new requirement for local authorities to introduce a visitor levy; it only provides additional flexibility in how a levy may be structured (e.g. allowing fixed amounts instead of percentage-based charges). Therefore, the underlying costs of setting up and administering a visitor levy remain those associated with the 2024 Act, not the amendments made by this Bill.

67. Accommodation providers were identified as a distinct sector, separate from businesses in general, as it was recognised that this sector would incur additional costs should a visitor levy be introduced.

⁷ [Glasgow City Council](#)

⁸ [Highland Council Visitor Levy Consultation](#)

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68. The 2023 Financial Memorandum identified costs to accommodation providers under the 2024 Act, including collection and remittance of a levy (initial set-up and ongoing administrative costs) and potential impacts on competitiveness and profitability.

69. Indicative initial set-up costs under the 2024 Act were estimated at between £3,000 and £10,000 per accommodation provider for small and medium size businesses and £150 to £1,100 for micro businesses. Recurring costs under the 2024 Act were estimated at between £200-£400 per year for small and medium sized businesses and between £100-£500 per year for micro businesses. It is possible for local authorities to incorporate measures within the design of their visitor levy schemes to compensate accommodation providers to help offset the administration costs. For example, visitor levy proposals consulted on by Aberdeen City Council and Glasgow City Council would allow accommodation providers to retain a share of the revenue they collect (2.5%⁹ and 1.5%¹⁰ respectively).

70. The following discussion on competitiveness and profitability reflects analysis in the 2023 Financial Memorandum and is provided for background only. It does not relate to the changes introduced by this Bill. The impact of a visitor levy on accommodation providers' competitiveness and profitability depends on a number of factors:

- a) whether accommodation providers pass on the cost to visitors by increasing the price of accommodation;
- b) the behavioural response of visitors to a change in accommodation prices; and
- c) how the net proceeds from a visitor levy are used to support and sustain the visitor economy in the local area and improve aspects of a destination that contribute to the overall competitiveness.

71. There is a high level of uncertainty and a range of possible effects on competitiveness and profitability of the accommodation sector. It was noted that many cities in other countries¹¹ have occupancy taxes which are levied on the accommodation sector. In almost all cases where evidence was available, visitor numbers in the years following the introduction of the levy were higher than in the year prior to the policy change. This indicates that taxes on visitor accommodation do not appear in practice to be linked to noticeable negative impacts on visitor demand for accommodation. It is expected that local authorities in Scotland would assess the impact of a visitor levy on local visitor demand prior to and following implementation.

Visitors

72. No new costs or savings for visitors arise from this Bill because any such costs or savings would arise under the existing 2024 Act to the extent the powers of local authorities are exercised under that Act. The only difference is that a local authority may impose the levy on a fixed amount basis instead of a percentage bases. This remains a

⁹ [A Visitor Levy for Aberdeen Proposal for Consultation](#)

¹⁰ [Glasgow City Council](#)

¹¹ Note, not across the rest of the UK.

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matter for the local authority to determine the overall amount of any levy raised under existing powers.

73. Should accommodation providers pass on the full cost of a visitor levy to visitors, then those using overnight accommodation in those parts of Scotland where a visitor levy has been introduced will have to pay a higher price. If the visitor levy is introduced and passed on to visitors this it would increase their costs and may lead to some changes in visitor behaviour.

74. There are also potential wider benefits to visitors from how local authorities will use the additional revenue raised to sustain and support the visitor economy locally. Investments of this nature are likely to enhance the value-for-money and uniqueness of the destination for visitors, which might mitigate the impact of small price increases.

75. The basis of the charge having been a percentage of the cost of accommodation was noted as being progressive in respect to the cost of accommodation, meaning that more expensive accommodation would attract a higher visitor levy charge than a less expensive option in the same local authority. It was highlighted that in cases where people stay in lower cost accommodation such as a campsite, a fixed amount could lead to the visitor levy charge being equivalent to a high proportion of the initial cost of the accommodation. However, under the Bill, local authorities will have the power to set different fixed rates for different types of accommodation, areas, seasons, or purposes. This flexibility is intended to introduce an element of proportionality and allow local authorities to design schemes that better reflect local circumstances and tourism pressures.

Other businesses and bodies

76. Costs on other businesses were expected to be limited to any administrative costs incurred if businesses chose to meet the increased accommodation costs of staff arising from the implementation of a visitor levy, and set out for the implementation costs under the 2024 Act. These administrative costs would vary depending on the number of local authorities that implement a levy and the level at which it is set. Again, as these are not considered to be new costs associated with the measures within this Bill these administration costs estimates they are considered here for information only and do not form part of the estimates for this Bill.

77. Accommodation providers that are not businesses, such as charities were also expected to face some additional costs such as set-up and administration costs identified for accommodation providers that are businesses. The 2024 Act does, however, allow local authorities to introduce exemptions at a local level and this could be applied to charitable bodies.

78. Scottish universities that let student accommodation to non-students are expected to be treated similarly to businesses that provide accommodation. This is because in doing so, they act as accommodation providers and would therefore be subject to the same obligations for collecting and remitting the visitor levy.

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Financial Memorandum

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