

Submitted to Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax  
Submitted on 2019-12-02 14:23:09

### 3. The Balance between Local Autonomy and National Consistency

1 Do you think that the design of a visitor levy should be set out:

c) mostly at local level with some overarching national principles

Please provide a reason (or reasons) for your answer::

SIF recognises the exciting potential for the proposed transient visitor levy to generate a new income stream to support the inclusive wellbeing, resilience and sustainability of island communities into the future.

In principle, we welcome opportunities for islanders to share responsibilities for co-production of strategies for investment in our own communities.

Scotland's islands have individual characteristics and needs, even within the same island grouping. Any levy can only be appropriate if informed and used at a local level for each island.

We welcome the acknowledgment that many areas on our islands suffer considerable pressures from high numbers of visitors. However it is our view that a levy based on commercially let, over-night accommodation, as set out in the possibilities in this document, is fraught with collection and administrative issues which would make it almost impossible to enforce on all providers on islands and place an unnecessary burden on individuals and micro businesses. In addition there is considerable doubt that little of any levy would be used locally. It also does not address the impact of high numbers of day visitors which a significant number of our smaller islands experience.

It is difficult to see how the proposals would work on a practical level if applied beyond the level of registered guest house and hotel accommodation and perhaps caravan sites which are businesses already used to dealing with this level of proposed bureaucracy. It is difficult to imagine how this can be applied to thousands of tiny B&Bs, pop up campsites and moorings etc across remote islands. The administrative and record keeping implications for the many festivals across our islands have also to be considered. It is difficult to believe that accurate figures and revenue will be collected for every tent or caravan pitch for a changing number of occupants, with random numbers of exempt individuals at a festival attended by over 2,000 people. However the visitor impact of these events can be significant. The proposed methodology for collecting a visitor levy would not reflect or address those impacts. Which begs the question what is the Visitor Levy attempting to be? If it is to raise income to address issues locally caused by transient visitors, we do not believe a bed tax is the answer.

The obvious test cases, before a scheme is rolled out nationally, are where visitor pressures are overwhelming and the infrastructure and administrative bureaucracy is already in place, for example Edinburgh. We believe a wide range of pilot projects should be carried out before any levy is introduced nationally.

A full Island Communities Impact Assessment has to be carried out before imposing any of these proposals on remote island B&Bs, pop up camp site and similar businesses.

The disproportionate impact of these proposals, which are based on overnight accommodation, on micro businesses and the minute amount of surplus raised after administrative and collection costs, undermines any value a Visitor Levy might have for many local areas in our islands.

### 4. What Activity Should A Visitor Levy Apply To?

2 Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

No

Please provide a reason (or reasons) for your answer::

Many islands experience a high level of day visitors, eg Iona or Cumbrae, but these current proposals do not provide any help to alleviate or manage the issues arising from this significant tourism segment. For example Cumbrae experienced over 22,000 visitors at the 2019 Easter weekend, very few of whom stayed overnight, yet the local facilities and transport were overloaded.

More thought and research is needed on how to apply the levy to cope with situations such as happened in Cumbrae.

Whatever levy is applied, it should be made clear that it will be used to fund public facilities locally, from road maintenance to toilets and provision of free or subsidised car parking.

There is considerable difficulty in distinguishing between leisure and business visitors and between tourist visitors and those visiting close island relatives, eg taxing children to visit elderly relatives.

3 Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

Day visitors not staying overnight - Day visitors not staying overnight:  
apply

Please explain how a visitor levy could be applied and enforced on day visitors::

We acknowledge that collecting any levy from day visitors would be difficult. However serious further consideration should be given to collecting the levy via a surcharge on ferry or plane tickets. If it is appropriate to place the burden of collecting the levy on very small / micro business owners, it is even more appropriate to make major transport providers with more appropriate infrastructure and resources responsible for collection.

Cruise ship passengers who disembark for a day before re-joining the vessel - Cruise ship passengers who disembark for a day before re-joining the vessel:  
apply

Please explain how a visitor levy could be applied and enforced on cruise ship passengers::

A possibility could be to charge landing fees direct to the cruise ship company, as they are using a locally provided facility which needs maintenance. Alternatively a surcharge on individual passengers' tickets could be applied and collected by the cruise company.

Wild or rough camping, including in motorhomes and camper vans - Wild or rough camping, including in motorhomes and camper vans:  
apply

Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans::

For travel to islands, the levy could be collected via the transport (ferry) providers.

For those rough camping and arriving under their own means direct from the sea via private boats, kayaks etc, it would be near impossible to collect.

A secure donations box with clear notices can work but will not capture all overnight visitors.

4 Please tick which one you think would work best in Scotland?

Flat rate per person per night

Please provide a reason (or reasons) for your answer::

Flat rate per person can be easily linked to exemptions

Flat rate per room is unfair on single visitors.

Flat rate per room would not be compatible with exemptions - see below

% of total accommodation charge would not be compatible with exemptions - see below

Flat rate per night dependent on quality would not be compatible with exemptions - see below.

Simplicity is the key.

5a What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per person per night'?

Flat rate per person per night - Implications for accommodation users::

Additional cost

Having to provide personal information about personal circumstances to claim exemption.

None of these methods have the sophistication to distinguish between the many different types of visitors who should be exempt, in addition to those listed in the possible exemptions, eg a parent staying in a hotel overnight while with a child in hospital, or a storm bound islander trying to get home who has to stay an additional night in a mainland hub.

The list of exemptions grows increasingly long and we wonder about the efficiency and cost/benefit of these proposals once all the administration, exemptions and collection costs are taken into account.

Flat rate per person per night - Implications for accommodation providers::

The need to know exactly how many are staying in the relevant accommodation, personal circumstances and exemptions.

GDPR implications.

Additional record keeping and administrative burden.

How would youth hostels and backpacker hostels charge if they currently charge per room?

The administration of collection is not a cost free exercise. Will the the cost of acting as tax collector be reclaimable from the gross levy raised by the provider, with the net remitted to the Local Authority?

Flat rate per person per night - Implications for local authorities::

Extra administrative and resource burden

What compliance checks will be required to ensure all providers comply and make returns?

5b What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per room'?

Flat rate per room - Implications for accommodation users::

Additional cost

Potential for accommodation providers to under specify the number of rooms, leading to reduction in large properties visibly for rent.

Flat rate per room - Implications for accommodation providers::

As for 5a

Implications for mixed exempt occupancy - ie if room or house is part occupied by under 16 or business traveller and part occupied by non exempt person. How do you charge a flat rate per room for mixed occupancy?

What is a room? Does this mean bedroom or all rooms? Is an annex with laundry appliances, sink, etc a room?

Does a sitting room with a sofa bed count as a bedroom?

Potential for visitors to squeeze more people into accommodation with fewer rooms to save levy.

How would a rate per room work for campsites and moorings?

Flat rate per room - Implications for local authorities::

As for 5a

How do LAs check accuracy of number of rooms? Council tax returns may be appropriate for houses, but what about campsites, caravans and moorings?

5c What are the considerations for accommodation users, accommodation providers and local authorities for the option 'a percentage of total accommodation charge'?

A percentage of total accommodation charge - Implications for accommodation users::

Extra cost

What would charge include? Breakfast, other facilities? or just accommodation?

A percentage of total accommodation charge - Implications for accommodation providers::

As above

How do you allocate charge to bookings made by a mix of exempt and taxable visitors?

Eg 2 parents, 1 x 14 year old and 1 student.

A percentage of total accommodation charge - Implications for local authorities::

Potential for abuse by owners under declaring accommodation charges during the year, or declaring accommodation occupied by exempt groups.

Who is going to check validity of data?

LAs don't have the resources to do this.

5d What are the considerations for accommodation users, accommodation providers and local authorities for the option 'flat rate per night dependant on the quality of accommodation'?

Flat rate per night dependant on the quality of accommodation - Implications for accommodation users::

Not all accommodation is graded.

Flat rate per night dependant on the quality of accommodation - Implications for accommodation providers::

as for 5d

Subjective

Who would grade the accommodation?

How often would the accommodation be graded?

Flat rate per night dependant on the quality of accommodation - Implications for local authorities::

as for 5d

6 Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?

Set out in a national framework

Please provide a reason (or reasons) for your answer::

Some Local Authorities may use this as an opportunity to raise revenue where other authorities may choose not to. If a levy is to be imposed it should be a fair levy across all areas which provides a level playing field for all accommodation providers.

As a national organisation, SIF would not wish to see one Local Authority area pitted against another.

7 Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?

Set out at national level

Please provide a reason (or reasons) for your answer::

As for 6

A single low national rate.

Subject to capacity building and support to establish suitable arrangements for local governance of the scheme, some islands might be keen to serve as proving grounds for piloting different approaches to the implementation of the levy.

Before a levy is applied to all islands, simple trials should be carried out in each of the 6 councils with islands on a variety of islands of different sizes, where different models of operation might apply, to allow for comparative evaluation. In this way, island interests might assume responsibilities as stakeholders in shared decision making concerning appropriate levels of local levies, as well arrangements for collecting revenues, whether as landing fees, or on a per capita basis for day visitors or as a surcharge on overnight stays.

Empowered Island communities may be better placed than mainland authorities to identify appropriate priorities for investment of levy revenues to optimise short and longer term benefits.

8 What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer::

Any rate should reflect the reason why the levy is being set in the first instance.

The rate set, whether it is a bed or day visitor levy, should be economically worth setting and collecting. The higher the levy the less likely accommodation providers are to register or collect the levy. The potential amount collected on islands versus the costs involved for owners and Local Authorities appears to be disproportionate and likely to cost more than it would collect.

SIF would welcome estimates on the potential annual income such a levy would raise from each island council (Shetland, Orkney, Western Isles) and from the islands in the other 3 councils with islands (Argyll and Bute, Highland and North Ayrshire). Based on say £1 or £5 per bed, what would the income be for each island and what would the economic benefit be to each island from any levy raised after Local Authority collection costs?

9 If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?

Set out at a national level

Please provide a reason (or reasons) for your answer::

To set a level playing field across Scotland and all Local Authorities.

10 The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

All exemptions should be the same across Scotland and local authorities should not have any discretion.

11 Which additional exemptions from the list below do you think should be applied to a visitor levy?

Disabled people and registered blind/deaf and their carers, Those travelling out with their local authority area for medical care, and their carers or next of kin, Children and young people under a certain age, Students, Business travellers, Local resident (paying for overnight accommodation within the local authority in which they reside permanently)

12 Are there any other exemptions that you think should apply?

Please list together with reasons below::

There are many instances of holiday visitors staying in excess of 14 days. In SIF's opinion 14 days would appear to be too short an exemption. 28 days would be more appropriate.

It is difficult in some circumstances to understand why commercial business travellers should not pay the levy when they can have the same impact as other visitors. However the additional economic cost of contractors travelling and staying on islands also has to be considered. The cost of bringing essential contractors to islands is already high. We believe an exemption should be given for business travellers travelling to and staying on islands.

Consideration should also be given to exemption for those on adult education field courses.

There are many other examples which could be considered eligible for exemption - travelling medical staff (breast clinic lorry, dentist etc), supply teachers, political representatives, government and policy consultation teams etc.

There should also be exemptions for micro accommodation businesses, for example those providing just one room, one pitch or one mooring. The UK tax legislation already provides tax relief under the rent a room scheme and it is at odds to impose an additional levy and reporting burden on something which has a national tax exemption.

Exemptions are very difficult to police. Who will monitor whether the reason for a stay/visit is the genuine reason for the visit? A simple example would be for anyone with an interest in agriculture saying a visit would be to look at a beast/piece of equipment/grazing system etc etc - all bona facie business activities.

13 What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform?

Disagree

Please explain and provide any other comments on this proposal::

On many islands much of the accommodation is provided by micro and small businesses as an addition to other economic activity, for example croft camping pitches and one room B&Bs. It is unfair to place an additional administrative tax collecting burden on such micro businesses.

In areas of high competition it is likely that many will seek to absorb any additional cost from the levy which will reduce their income.

The suggested proposals indicate that while consideration has been given to larger establishments, there is little understanding of the implications for micro businesses.

14 If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

Annually

Please provide a reason (or reasons) for your answer::

See 13 above. Small and micro businesses should not have an additional burden placed on them more than is absolutely necessary. An annual return would be the most appropriate way to minimise form filling.

Annual returns would also reduce any adjustments necessary if bookings are made, paid for, cancelled and then refunded.

More frequent returns could be required for VAT registered businesses as they are already set up for quarterly returns.

15 What information should an accommodation provider be required to collect and retain to ensure compliance?

a) flat rate per person per night:

Number of eligible persons staying.

The reporting period could either be for the financial year between 1 April and 31 March to tie into Local Authority reporting or for the accommodation provider's accounting period.

b) flat rate per room per night:

Number of rooms occupied between 1 April and 31 March or accounting period BUT how is this calculated if the room is mixed occupancy?

c) percentage of total accommodation charge:

Total accommodation charge between 1 April and 31 March or accounting period

However is this on the basis of receipts or bookings (which may include payments still to be received)?

What about payments in advance for next year?

d) flat rate per night dependent on the quality of accommodation :

Fraught with issues and we strongly recommend this is not considered.

16 How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

Please provide a reason (or reasons) for your answer: :

SIF acknowledges that the 6 local authorities with islands are already over stretched. Adding this responsibility to collect a relatively small amount of levy would in our opinion not be the best use of resources unless substantial additional funding is made available to those authorities.

17 What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Please provide a reason (or reasons) for your answer::

This is difficult to answer as it would depend on the type of levy. It also places a heavy burden on local authorities to extend their legislative powers in an area where there is currently no comprehensive list of all the providers envisaged in the consultation.

18 Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?

Not Answered

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?:

no comment

## 5. Local Decision Making

19 A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.

19 - Produce an initial statement of intention to consider introducing a visitor levy:

Agree

19 - A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities:

Agree

19 - Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy:

Agree

19 - Have conducted required impact assessments:

Agree

19 - Have assessed the administrative burden on businesses and taken steps to minimise this:

Agree

19 - If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area:

Agree

19 - Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority:

Agree

19 - Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors:

Agree

19 - The approach to collaborative decision making on revenue spending is set out in the public domain:

Agree

19 - Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis:

Agree

19 - The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain:

Agree

19 - Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction:

Agree

Please add any other comments on the requirements listed above :

Each Local Authority in any consultation (ICIA) should make clear what level of income they would expect to raise from the levy in their area and the estimated costs of collection as well as an indication of the areas the revenue would be spent on.

Please list any other requirements you think might be necessary, together with reasons below::

Islands in the 3 councils with islands would need special consideration, as well as the 3 island councils, as the impact of any visitor levy will have a disproportionate impact on small island communities. Any proposals should have the agreement of local Community Councils or in the absence of CCs, local democratically elected representative bodies, such as development trusts, before they can be enforced.

20 Should Scottish Government be able to prevent a local authority from applying a visitor levy?

Yes

21 Under what circumstances should Scottish Government be able to do this?

Please provide a reason (or reasons) for your answer::

Where there is clear disagreement between local communities and a distant Local Authority which cannot be resolved on a timely basis.

However we would hope that Scottish Government, Local Authorities and communities work together to avoid such circumstances.

Island Community Impact Assessments for each Local Authority's proposed levy would help to address this.

22 What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

Please provide a reason (or reasons) for your answer::

Any proposals should have the agreement of local Community Councils or in the absence of CCs, local democratically elected representative bodies, such as development trusts, before they can be enforced.

Revenues must be spent in areas where they are raised. This is particularly important in the 3 council with islands areas.

There will be little incentive to collect and transfer any visitor levy locally if the proceeds are not clearly seem to be used in the area from which they were collected.

23 How might this engagement be best achieved?

Please provide a reason (or reasons) for your answer::

Local decision making via Community Councils, and development trusts and residents associations on those islands without CCs.

These proposals may provide an opportunity for CCs to be allocated funds from the levy to fund projects on their island to improve the visitor offering.

24 Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

Yes

Please provide a reason (or reasons) for your answer::

The local tourism strategies should however be local to an island and not those of the central Local Authority.

25 What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?

Please provide a reason (or reasons) for your answer::

Information about receipts from the visitor levy from each Council ward within a Local Authority should be made publicly available. Transparency is needed if a visitor levy is to truly respond to the local issues caused by visitors.

If a system is being set up from scratch there is no reason not to collect and collate this detailed information.

26 If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?

Yes

Please provide a reason (or reasons) for your answer::

See Q 22.

The residents of an area experience the effects of visitors - that is what the levy is imposed to compensate for.

## 6. Further Considerations

27 Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?

Yes

Please provide a reason (or reasons) for your answer::

28 If not, what do you consider to be a better alternative and why?

Please provide a reason (or reasons) for your answer::

n/a

29 What requirements should apply to ensure accommodation prices transparently display a visitor levy?

Please provide a reason (or reasons) for your answer::

The existing legislation described above sets out a framework for any new requirements.

All prices displayed should be required to include the levy similar to VAT

30 What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

Please provide a reason (or reasons) for your answer::

Any bookings made or payments received before a visitor levy is imposed should NOT be included in the levy.

If such bookings or payments were to be included, this would be retrospective legislation and potentially mean the accommodation provider would have to fund the levy out of payments already made or the charge already agreed.

31 Should these transition arrangements be set out in a national framework or be decided by local authorities?

Set out in a national framework

Please provide a reason (or reasons) for your answer::

National framework provides clarity for all.

32 Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

Please specify group and additional impact.:

-

33 Are there any other groups not listed here that should be given attention in the impact assessments?

Please list and state how they will be affected.:

SIF strongly recommends that an Island Communities Impact Assessment is carried out before any levy can be imposed on any island.

The impact on islanders and some if not all the 6 councils with islands could be disproportionate to the relatively small amount of net revenue raised from Scotland's islands.

The administrative burden placed on small and micro business owners would be significant under the proposals suggested and the pressures on already stretched local authorities would be substantial.

## Annex B: Occupancy Taxes in Selected EU Member States

### About you

What is your name?

Name:  
Cecilia Ann MacDonald

What is your email address?

Email:  
info@scottish-islands-federation.co.uk

Are you responding as an individual or an organisation?

Organisation

What is your organisation?

Organisation:  
Scottish Islands Federation

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response only (without name)

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

Yes

### Evaluation



Please help us improve our consultations by answering the questions below. (Responses to the evaluation will not be published.)

Matrix 1 - How satisfied were you with this consultation?:

Slightly dissatisfied

Please enter comments here.:

Very long and too many variables to respond to

Matrix 1 - How would you rate your satisfaction with using this platform (Citizen Space) to respond to this consultation?:

Very satisfied

Please enter comments here.: