

Committee Members  
Local Government, Housing and Planning Committee  
Scottish Parliament  
EH99 1SP

Argyll Hotel  
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23/11/2033

Dear Committee Members

### **Visitor Levy!!br0ken!!**

We are writing to shed some light on what appear to be a misunderstanding in some of the comments that the committee has received in the process of examining this Bill. A number of comments have raised the issue that money from tourism spend does not come back into the local authority, for it to use within its own budget. This is not accurate as Business Rates by hospitality go directly to each local authority to spend as they determine fit.

Furthermore, the Business Rates determinations for the hospitality sector takes account of the number of guests staying in accommodation and charges a tax accordingly. Business Rates in the hospitality sector are calculated quite differently from other sectors; where the rates are generally determined on the square metreage of the premises or rental value. Instead they take account of room occupancy and the income from it, as well as the value of food and drink sales. It can therefore be said that a tourist tax is already being paid via Business Rates. Rates which go directly to each individual local authority to add into their budgets. I have attached a copy of the Business Rates form we are required to fill in for our rates determination to be made.

If we are to have a Visitor Levy, we would plead that this really ought to go hand in hand with an overhaul of the Business Rates to ensure tourists and businesses are not paying a double tax. And also it should look the level VAT (which we are aware is a reserved matter) as the UK hospitality sector pays the second highest VAT in Europe (see attached table, Fig1 - courtesy of the Irish Hotel Federation). Please also don't forget we do no benefit for the 75% Business rates discount for hospitality which applies in the rest of the UK (extended again in yesterday's UK Government Chancellor's budget); putting Scottish hospitality at a further disadvantage.

We also thought it might be useful to illustrate how the income for a hotel room is accounted for (see attached bar chart – Fig2). Where you can see that nearly 30% goes on tax payments. Almost 10% of this goes to the local authority via Business Rates, to spend as it see fit on local services. A further 15% can go to OTAs (Online travel agents such as Booking.com or Expedia) this money disappears from the Scottish economy to overseas companies. Perhaps some focus on how better to tax them would be useful and beneficial to finding ways to reinvest in Scotland's tourism facilities.

We hope this help to shed some further light on the complicated issue of taxation in the hospitality sector. And will help you to weigh how or if a Visitor Levy should be part of this tax burden. Or is it tax burden already high enough or too hight on both small businesses and on tourists / visitors.

Yours sincerely

Nick Fletcher  
Owner, Argyll Hotel

Fig1

European VAT Rates for Hotels (2023)

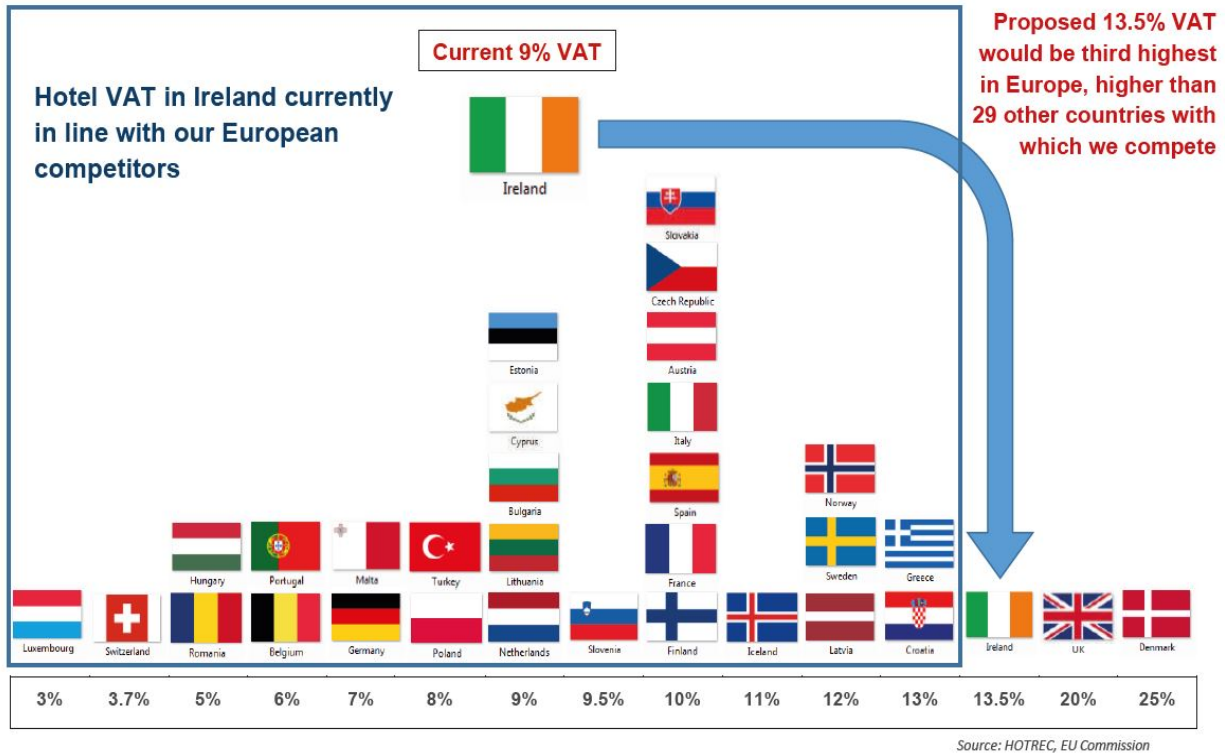


Fig 2 - Example of Typical Breakdown of Distribution of Room Costs

