

Written evidence from Travelodge, 9 February 2026

Visitor Levy (Amendment) (Scotland) Bill

Overview

Travelodge recognises the fiscal pressures facing local authorities in Scotland and understands the rationale for visitor contributions to support local services and tourism infrastructure. Our concern is not the principle of a visitor levy per se, but the way in which the current framework under the Visitor Levy (Scotland) Act 2024 is being operationalised and the cumulative impact together with other significant cost increases currently facing hospitality businesses, including business rates and employment costs.

As currently designed, the emerging approach to visitor levies risks creating a complex, inconsistent, opaque and regressive system that disproportionately impacts budget accommodation, is complex for consumers to understand, undermines business confidence to invest for the long-term and puts the UK at a competitive disadvantage to many alternative European locations.

Outside of the cumulative cost impact, the central issue with the proposed design of the Visitor Levy is consistency, clarity and transparency within Scotland, as well as across the UK at large. Allowing significant local variation in levy structure, rates and administration, and how the money raised can be used, risks fragmenting the market and creating avoidable operational burdens for hotels like Travelodge operating at scale across Scotland and the UK as a whole.

Flat fees and variable charging

Permitting flat per-night fees, particularly where those fees may vary by geography, season or accommodation type, raises fundamental concerns. Flat fees are inherently regressive, representing a far higher proportion of the nightly rate for budget hotels than for higher-end accommodation, with our customer base being largely UK domestic and roughly 50/50 business and leisure customers. This risks deterring price-sensitive visitors, reducing off-peak demand and undermining accessibility for those travelling for non-discretionary reasons, including visiting friends and family, attending hospital appointments, supporting students or business related travel (which is approximately half of our customer base).

Allowing variable flat fees across local authorities compounds this problem. Operators would be required to manage multiple levy rates, rules and reporting processes across Scotland (and the wider UK), sometimes between neighbouring areas. In addition to the cost of the Levy itself, this would increase administrative cost, require multiple system changes and ongoing staff training, make pricing, forecasting and investment planning more difficult, and would be confusing for customers. For budget operators with high volumes and tight margins, this burden would be disproportionate.

Third-party bookings and point of charge

Clarifying that the chargeable transaction is the first sale by the accommodation provider to a third party provides certainty for authorities and hotels, so is important and welcomed, but there will be administrative complexity and potentially further costs for hotels where online travel agents or travel management companies are the first third party involved in terms of rewriting agreements to accommodate these changes and calculating commissions and charges. In addition, there will need to be clarity on refunds due if customers cancel ahead of stay or 'no show' on the date of stay and whether the levy is subject to VAT or not, all of which would add additional administrative burden on the hotel operator.

Date of occupancy and cash-flow risk

Requiring levy returns to be calculated and paid by the hotel operator based on the date of occupancy is the right principle, but will involve operational complexity, particularly where charges might apply only for a proportion of the stay or if rates change between the date of booking / payment and stay. Providers would need to track multiple dates, manage cancellations and amendments, and reconcile retrospective changes where levy rates evolve. This would potentially create cash-flow and charging mismatches and heighten the risk of error, both in terms of what the customer is charged and onward payment of the levy, particularly for high-volume budget accommodation. The calculation of the levy should be based on the applicable levy rate in force at the time the reservation is made (so the accurate full cost can be determined at this stage), as this would avoid issues with advance bookings and payments. This is also important given the legal position that the price advertised needs to include all costs (including the levy charges).

Governance, powers and process

The broad powers in section 6 of the 2024 Act allowing Scottish Ministers to amend Parts 2 and 3 via regulations create uncertainty for businesses required to invest in systems and processes now. Combined with limited pre-legislative engagement and compressed consultation timescales, this risks unintended consequences and reduces the quality of evidence available to inform implementation.

Objective 1

Allowing for a flat fee to be charged.

Do you believe that this change is necessary? No

We are concerned that allowing a flat per-night visitor levy would disproportionately impact lower-cost accommodation. A fixed fee represents a significantly higher proportion of the nightly rate compared with higher-end hotels, potentially deterring price-sensitive visitors and reducing occupancy, particularly during off-peak periods.

In addition, implementing a flat fee levy would increase administrative complexity for operators, including system changes, staff training, and managing exemptions or disputes. A flat charge may also be perceived as unfair or regressive, harming customer satisfaction and the accessibility of budget accommodation.

Objective 2

Allowing for a flat fee model to contain different fees for different circumstances such as different geographical locations, times of year or types of accommodation.

Do you believe this change is necessary? No

We are concerned that allowing a flat-fee visitor levy with different rates for varying circumstances - such as geographic location, season, or type of accommodation - would disproportionately impact lower-cost accommodation and add significant operational complexity. Variable flat fees could create unpredictable costs, making pricing and budgeting difficult for budget operators and potentially reducing occupancy, particularly among price-sensitive visitors.

Additionally, managing multiple flat-fee rates across locations, seasons, or room types would require complex administrative systems, additional staff training, and ongoing compliance checks, placing a disproportionate burden on budget hotels. The approach may also be perceived as unfair or regressive, further affecting affordability and customer satisfaction.

Objective 3

Clarification of the point of chargeable transaction in cases where accommodation is sold through a third party, such as online travel agents, digital platforms, tour operators, or booking intermediaries. The chargeable transaction is the first sale by the liable person (typically the accommodation provider) to that third party.

Do you believe this change is necessary? Yes

We welcome the Bill's clarification that the chargeable transaction is the first sale by the accommodation provider to a third party, whether that be the customer, an online travel agent or booking platform. This is important given the legal position that the price advertised needs to include all costs (including the levy charges). However, while this provides certainty, it should be recognised that it will create an administrative burden for hotels where online travel agents or travel management companies are involved, in terms of rewriting agreements to accommodate these changes and calculating commissions and charges. In addition, there will need to be clarity on refunds due if customers cancel ahead of stay or 'no show' on the date of stay and whether the levy is subject to VAT or not, all of which add additional administrative burden on the hotel operator.

Objective 4

Clarification that levy returns should be calculated based on the date of occupancy, not the date of booking or payment.

Do you believe that this clarification is necessary? Yes

We welcome the clarification that levy returns should be calculated and paid by the hotel operator based on the date of occupancy, however it is important to note that ideally the calculation of the levy must be based on the applicable levy rate in force at the time the reservation is made (which is often also the time of payment), so the

accurate full cost can be determined at this stage, as this will avoid issues with advance bookings and payments. This is important given the legal position that the price advertised needs to include all costs (including the levy charges). We note the operational and administrative challenges which will result from different implementation dates (bookings vs stays), different mechanisms in different areas of the country (we have one back office system for all 600+ hotels across the UK) and any changes in levy between the date of booking / payment and stay and the impact of cancellations prior to and 'no shows' on the date of stay and whether or not VAT applies to the levy. For budget hotels with limited staffing and UK-wide systems, this adds a disproportionate burden and raises the risk of errors or disputes with regulators.

Objective 5

The powers in section 6 of the Bill which allows Scottish Ministers to amend the operation of parts 2 and 3 of the 2024 Act via regulations.

Do you believe that this change is necessary? No

We are concerned about the broad powers in Section 6 allowing Scottish Ministers to amend the operation of Parts 2 and 3 of the 2024 Act via regulations. While intended to provide operational flexibility, this could create uncertainty and unpredictability as rules governing calculation, collection, and payment of the levy could change without full parliamentary scrutiny.

This level of discretion may disproportionately affect budget hotels, which operate with low margins and need to control costs tightly, increasing administrative burden and the risk of non-compliance. Frequent or complex regulatory changes could also impact cash flow, staffing, and pricing strategies, making levy implementation challenging.

Other questions about the Bill

1. What is your view on the Scottish Government's engagement with stakeholders prior to the introduction of the new Bill?

We are concerned that engagement with stakeholders prior to the introduction of the Bill appears limited and was set with short-dated timescales for responses.

2. What is your view on the timescales available for consideration of this Bill?

We are concerned that the timescales for consideration of this Bill are too short to fully assess the operational, financial and administrative impacts. Budget hotels often have limited resources, and larger operators with hotels across the UK need to consider the impacts across their estate, making it difficult to review the Bill's provisions, model potential impacts, and provide informed feedback within compressed deadlines.

Short consultations and consideration periods risk overlooking the practical challenges for budget operators, including cash flow implications, staffing requirements and systems changes.

3. Is there anything else you wish to tell us about the proposed legislation?

We have significant concerns about the introduction of a disproportionate or poorly designed tourism levy, particularly combined with the impact of other significant cost increases currently facing hospitality businesses, including business rates and employment costs. Any such levy would represent an additional tax on business, further increasing costs, which will need to be passed on to consumers or reduce the ability businesses have to invest, create jobs and grow, and it is essential that any scheme is fair, proportionate, and does not place an undue burden on businesses or our customers, potentially reducing visitor numbers and jobs, and negatively impacting retail, hospitality and leisure businesses and high streets across our local communities.

Beyond the direct impact of the levy cost itself, the administration required as a result would increase costs further, creating additional operational and financial burdens for hotel operators, including new accounting, reporting, and compliance requirements. For a national budget hotel operator, these cumulative costs materially affect margins and reduce the capacity to invest in our estate, workforce, and local communities.

There is also a risk of competitive distortion if levy rates or structures vary by location or accommodation type, potentially placing certain operators at a disadvantage and undermining fair competition across the sector.

We therefore urge that any levy mechanism is designed with careful consideration of its impact, together with the wider cost increases facing the industry, on consumers, operational complexity and costs for businesses, and the long-term financial sustainability and investment capacity of hotel operators.