

VISITOR LEVY (AMENDMENT) (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. As required under Rule 9.3.3 of the Parliament's Standing Orders, this Policy 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 Financial Memorandum (SP Bill 79–FM);
 - 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 Policy Memorandum has been prepared by the Scottish Government to set out the Government's policy behind the Bill. It does not form part of the Bill and has not been endorsed by the Parliament.
4. Local taxation powers are devolved under the Scotland Act 1998. The Visitor Levy (Scotland) Act 2024 ("the 2024 Act") established a discretionary framework for local authorities to introduce a levy on overnight accommodation to help manage tourism impacts, and to help develop, support or sustain facilities or services which are substantially for, or used by, visitors for leisure or business purposes.
5. As councils and industry began planning for implementation, challenges emerged, particularly around calculation methods and third-party sales. In response, the Visitor Levy (Amendment) (Scotland) Bill ("the Bill") introduces improvements to enhance clarity and flexibility, including additional options for how the levy can be charged, clearer reporting requirements, and a mechanism to address future operational challenges without requiring further primary legislation.
6. The amendments made to the 2024 Act by the Bill are underpinned by Scotland's tax principles of proportionality, efficiency, and fairness, ensuring the framework remains practical and responsive to local needs.

POLICY OBJECTIVES OF THE BILL

7. 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.

8. 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 levy schemes, supporting effective future implementation. This will be delivered by strengthening the existing legislative framework, enabling local authorities to introduce an effective, proportionate and robust visitor levy that best meets the needs of their local tourism economy and community.

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

- 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.
- 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 this Bill follows that principle.
- giving a power to allow Scottish Ministers to make further provision in regulations (subject to the affirmative procedure if textually amending an Act) 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.

10. 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.

11. The Bill is divided into two parts.

12. 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) and whether that fixed amount (or amounts) is on a per person per night or per night basis;
- 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.

13. Part 2 contains final provisions, including ancillary provision, consequential and minor modifications, and commencement.

14. The Bill does not alter the requirement for any local scheme to be underpinned by appropriate consultation, impact assessment, transparency and accountability. It also does not change the purposes for which visitor levy revenues may be used; they will still be required to continue to support and sustain facilities and services substantially for, or used by, visitors.

ALTERNATIVE APPROACHES

15. The decision to introduce a Bill was taken following stakeholder feedback indicating that the original legislation required clarification and amendment to support effective implementation.

16. The Scottish Government considered several alternative approaches, including:

- Do nothing i.e. rely on existing legislation. This was not the preferred approach because stakeholders highlighted the need to improve clarity and provide flexibility on the basis of the levy, which could not be delivered without legislative change.
- Make further provision by regulations. While regulations could address some operational matters, they could not introduce new options such as a fixed-amount charging model. Primary legislation was therefore the most effective way to provide additional flexibility.
- Amend the 2024 Act through primary legislation. This provides the flexibility being sought to allow for alternative visitor levy models based on a fixed amount or fixed amounts whilst also introducing improvements that support operational implementation. This approach also ensures that the visitor levy framework continues to be proportionate, practical, and responsive to local needs.

17. The chosen approach was to introduce the Bill.

18. No further alternative approaches were considered beyond those outlined above. The Scottish Government explored whether stakeholder concerns could be addressed without legislative change, but concluded that introducing additional flexibility, such as a fixed amount charging model, required primary legislation.

CONSULTATION & ENGAGEMENT

19. The Bill has been informed by public and stakeholder engagement, including but not limited to current and previous engagement with COSLA (Convention of Scottish Local Authorities) and local authorities, tourism industry bodies, and Visit Scotland.

20. The 2024 Act was developed following a public consultation on the “Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax”. The consultation ran from 9 September to 2

December 2019. The consultation paper is available from the Scottish Government's website¹, along with the Scottish Government response².

21. The Scottish Government has continued to engage with a range of stakeholders, industry representatives, local authorities, and COSLA, to better understand the operational impacts being identified and explore potential solutions.

22. Further and more detailed information on the outcomes of consultations and stakeholder engagement is provided throughout this document.

PART 1 – AMENDMENTS TO THE VISITOR LEVY (SCOTLAND) ACT 2024

Basis on which the levy is to be charged and setting of fixed amount

Policy objective

23. The Bill will introduce new flexibilities allowing local authorities to set a visitor levy using a fixed amount charging model, as an alternative to the existing percentage-based approach. If a local authority decides to charge a levy on the basis of a fixed amount, it will be for the local authority to set the amount of the levy to be charged for each night to which a chargeable transaction relates, and this amount may be an amount that is chargeable per night (regardless of the number of persons who have a right to reside in or at the overnight accommodation) or an amount that is to be multiplied by the number of such persons (i.e. per person per night). The amount may however be different for different purposes or areas. This would enable local authorities to tailor the visitor levy to the characteristics of their local visitor economy, particularly in areas where accommodation pricing is less variable and a flat rate is administratively simpler to apply.

24. The Bill prevents the same VL scheme from imposing a levy that is based on both a fixed amount and a percentage-rate. This ensures clarity for providers and visitors and supports consistent administration. It also provides that any new fixed-amount scheme cannot come into force until at least 18 months after the local authority announces its intention to proceed with the scheme, following local consultation. Similarly, an 18-month period applies when moving from one basis to another. These provisions ensure businesses and booking platforms have sufficient time to prepare and update systems to meet their duties.

Consultation outcome

25. The Scottish Government's 2019 consultation and stakeholder engagement on the visitor levy found that, while a percentage-based approach was generally preferred for its proportionality, there was also significant support for a flat rate option. This support was particularly strong among smaller accommodation providers and stakeholders in rural and island areas, who highlighted the simplicity and predictability of a flat rate model. Respondents noted that a flat rate could reduce administrative burden, especially where accommodation prices are relatively uniform or where

¹ Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax is available at: <https://consult.gov.scot/local-government-and-communities/visitor-levy/>.

² Scottish Government response to the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax is available at: <https://www.gov.scot/publications/principles-local-discretionary-transient-visitor-levy-tourist-tax/>.

digital infrastructure is limited. In response to this evidence, the Bill introduces a provision enabling local authorities to apply a flat rate visitor levy, offering greater flexibility in scheme design. While support for a fixed amount tariff (or flat rate option) was noted during the 2019 consultation (32% for per person, per night and 24% for per room, per night), the 2024 Act adopted a percentage-based approach because this was considered more proportionate and aligned with variable accommodation pricing at the time. However, subsequent engagement with local authorities has highlighted that some councils strongly believe a fixed amount tariff will better serve the visitor economy in their areas. They consider it simpler to administer, more predictable for businesses and visitors, and better suited to local market conditions, particularly in rural and island communities where accommodation prices are less variable. This Bill therefore introduces the option of a fixed amount charging model to give local authorities the flexibility to design schemes that reflect their local priorities and tourism pressures.

26. The 2019 consultation sought views on introducing a visitor levy on a flat rate per person, per night; or flat rate per room, per night; percentage of total accommodation charge, or flat rate per night dependent on the quality of accommodation. Similar numbers of respondents who answered the question thought a percentage of the total accommodation charge (35%) or a flat rate per person, per night (32%) would work best in Scotland. Fewer respondents advocated a visitor levy based on a flat rate per room, per night (24%) with even less support for a flat rate dependent on accommodation quality (9%).

27. There were marked differences between organisational respondents, who were most likely to opt for a flat rate per room, per night charge (44%), and individuals, who most frequently chose a flat rate per person, per night (42%).

28. The City of Edinburgh Council announced in January 2025 that it planned to introduce a visitor levy from July 2026. This followed a period of local consultation as required by the 2024 Act. However, since moving towards implementation of the first scheme technical concerns have been raised with the Scottish Government around implementation of a percentage-based approach. This has primarily been around how an accommodation provider can meet their duty to accurately calculate the amount of visitor levy and remit it to the relevant local authority when they do not know the final sale price where the accommodation has been bought and sold by a third-party.

29. Industry stakeholders have called for the 2024 Act to be amended to allow for a fixed amount visitor levy, as this would provide clarity and certainty for accommodation providers and make it easier to meet legal duties. Some local authorities also support a fixed amount visitor levy as they consider it better suited to the accommodation provision in their areas. For example, councils in rural and island communities with a high proportion of B&Bs have suggest a fixed amount visitor levy would be simpler and more predictable for different accommodation types. However, views were not unanimous, some local authorities still prefer a percentage rate citing its proportionality and fairness across different price points. The Bill therefore makes provision in response to these calls by introducing the option of a fixed amount charging model, to giving local authorities flexibility to design schemes that reflect their local priorities and the needs of their local visitor economy.

30. Industry stakeholders have also called for an option that allows local authorities to set different fixed amounts, rather than a single fixed amount, or a percentage rate charge. This would

enable councils to tailor their schemes to local circumstances, for example by applying different rates for different accommodation types or areas. A practical example might be £2 for a B&B booking, or £5 for a hotel booking. This approach could still be simpler than a percentage-based approach because the levy amount is clear and predictable for both businesses and visitors, while offering flexibility to reflect local market conditions.

Chargeable transactions: purchases by persons other than visitors

Policy objective

31. To support clarity and consistency in the application of the visitor levy in cases where accommodation is first sold to a third party, e.g. to a booking platforms or tour operators, and not directly to the visitor.

32. Under the 2024 Act, a chargeable transaction was defined broadly as the purchase of the right to stay in overnight accommodation, essentially when a stay is purchased. However, it did not specify how this applied where the right to stay in the accommodation was initially sold to a third party such as online travel agents or tour operators. This created uncertainty for accommodation providers about which sale price should be used to calculate the visitor levy. The Bill clarifies this by providing that the chargeable transaction is the first sale to a third party by the occupier of the premises at which the overnight accommodation is provided (referred to in the 2024 Act as the “liable person”). This ensures the liable person knows the sale price and can, in cases where the levy is based on a percentage rate, calculate the amount of the levy due. This change enables providers to prepare accurate quarterly returns and remit the correct amount of visitor levy to the local authority.

Engagement with stakeholders

33. Since the 2024 Act gained Royal Assent, the Scottish Government has received feedback from stakeholders that there is significant ambiguity around how the visitor levy could be calculated in cases where accommodation is first sold to third parties, such as some online travel agents (OTAs), tour operators, or booking intermediaries. Accommodation providers and industry representatives raised concerns that it was not possible to accurately calculate the visitor levy due and make accurate returns to the local authority where the accommodation provider does not know the final sale price of the accommodation.

34. Officials engaged with stakeholders on this issue during June and July 2025. This engagement highlighted concerns from some stakeholders that this approach could result in the visitor inferring commission or mark-up rates, thus disclosing commercially sensitive information. For example, a visitor would be advised that the visitor levy due for their three-night stay in a hotel is £15, calculated as £5 per night for a £100 room. If the final package identified the accommodation cost as £130 per night, the visitor could deduce that the balance represents commission or mark-up. However, where multiple third-party transactions are involved, they would not necessarily be able to tell which party charged what commission.

35. There was concern that a “first-sale approach” could lead to inconsistent treatment of commission depending on the business model. In merchant or wholesale models, where an OTA or intermediary purchases the right to stay and resells it, the first sale by the accommodation

provider may include commission, meaning the visitor levy would be calculated on that total price and could be higher. In contrast, for destination management companies, the first sale might exclude commission, resulting in a lower levy. However, in agency models, where the OTA acts as an agent and the contract is formed directly between the visitor and the accommodation provider, there is only one transaction, so the chargeable transaction remains that direct sale. The Bill clarifies that the “first sale” rule applies only where there is more than one transaction in the chain, ensuring providers can calculate the levy on a price they know while maintaining consistency across different commercial arrangements.

36. There was also some support for using the first sale price on the basis that this provides clarity on the visitor levy due for the accommodation provider, the final seller and visitor.

Duty to make returns and record-keeping

Policy objective

37. The Bill provides clarity that visitor levy returns should be calculated based on the date of entry to the accommodation, rather than the date of the chargeable transaction.

38. Under the 2024 Act, accommodation providers were required to make visitor levy returns to local authorities based on the date of the chargeable transaction, which could occur months before the actual stay. This created practical issues, as providers would have had to include stays that had not yet taken place or were later cancelled and where they had not received payment of the visitor levy from the guest, in circumstances where accommodation providers pass on the full cost of a visitor levy to visitors. The Bill resolves this by amending Part 4 of the 2024 Act to require returns to be calculated based on the date the visitor takes entry to the accommodation. This change ensures that returns reflect actual stays.

Consultation outcome

39. While this provision has not been consulted on, it has been informed by targeted engagement with COSLA, local authorities, and industry partners. This provision is not seeking to alter the intentions of the 2024 Act and merely seeks to clarify the position that is already reflected in statutory guidance.

Power to make further provision in the operation of the 2024 Act

Policy objective

40. The Bill introduces a delegated power for Scottish Ministers to make further provision, by regulations, about the operation of Parts 2 and 3 of the 2024 Act. This power would allow Ministers to set out, in secondary legislation approved by the Scottish Parliament, measures such as how the visitor levy is to be calculated, charged, and paid in particular circumstances. The Scottish Government is committed to supporting local authorities as they consider whether a visitor levy is appropriate for them and, if so, what model design best reflects local priorities and tourism pressures. Ministers recognise that as some local authorities move forward with delivering a visitor levy, unforeseen operational challenges may arise. The creation of this power ensures that such challenges can be addressed quickly and proportionately without requiring further primary legislation.

Consultation outcome

41. While this regulation-making power has not been subject to a formal public consultation, its inclusion has been informed by targeted engagement with COSLA, local authorities, and industry partners during implementation planning for the 2024 Act. Feedback from these stakeholders highlighted that, as local authorities progress towards introducing visitor levy schemes, unforeseen operational challenges may arise, particularly around calculation methods, third-party sales, and compliance processes. Stakeholders expressed a preference for a mechanism that allows Scottish Ministers to respond quickly and proportionately to such issues without requiring further primary legislation. This engagement confirmed that a delegated power, exercised through secondary legislation and subject to parliamentary scrutiny, would provide the necessary flexibility to ensure visitor levy schemes remain workable, fair, and consistent across Scotland while respecting local discretion.

EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.

Equal opportunities and human rights

42. The Bill has been assessed to be compatible with the European Convention on Human Rights (ECHR). The Scottish Government is satisfied that the amendments which the Bill makes to the 2024 Act likewise do not change the ECHR compatibility of the legislative framework enabling visitor levy schemes. The possible impacts assessed included in particular the rights protected under:

- Article 1 of Protocol 1 (protection of property);
- Article 14 (prohibition of discrimination).

43. The provisions of the Bill may in some circumstances engage rights protected by Article 1 of Protocol 1 in relation to the imposition and operation of visitor levy schemes on accommodation providers and third-party operators. However, any resulting interference is considered to be proportionate and justified in pursuit of a legitimate aim, namely, ensuring effectiveness of local taxation which contributes to the funding of public services and infrastructure impacted by tourism.

44. With regards to Article 14 and prohibition of discrimination, the Bill will not change the provisions of the 2024 Act which ensure that visitor levy schemes do not disproportionately impact any particular groups. These includes particular considerations for vulnerable groups, such as exempting certain types of accommodation used by people experiencing homelessness or displacement from the levy, or exemptions for persons who are in receipt of specified disability benefits, payments or allowances.

45. An Equality Impact Assessment (EQIA) and a Fairer Scotland Duty Assessment have been undertaken. Both assessments confirm that the Bill's provisions are broadly neutral across protected characteristics and socioeconomic groups. The Bill promotes fairness by giving councils flexibility to design visitor levy schemes that reflect local priorities and tourism pressures.

46. While the Fairer Scotland Duty Assessment considered that a fixed-amount model could result in visitors paying different proportions of their accommodation cost, if accommodation providers pass on the full cost of a visitor levy to visitors, this is not a requirement of the Bill. Councils have full discretion to set differential rates for different accommodation types and introduce exemptions where appropriate, ensuring that any scheme remains fair and proportionate.

47. By enabling locally tailored schemes, the Bill supports fairness, transparency, and community empowerment. Councils will undertake their own EQIA and Fairer Scotland Duty assessments when consulting on a scheme, ensuring that local circumstances and mitigations are addressed.

Statement of compatibility under section 23(1) of the United Nations Convention on the Rights of the Child (Incorporation) (Scotland) Act 2024

48. The Cabinet Secretary for Finance and Local Government, Shona Robison MSP, has made the following statement regarding children's rights:

“In accordance with [section 23\(1\) of the United Nations Convention on the Rights of the Child \(Incorporation\) \(Scotland\) Act 2024](#), in my view the provisions of the Visitor Levy (Amendment) (Scotland) Bill are compatible with the UNCRC requirements as defined by [section 1\(2\) of that Act](#).”

Island communities

49. The 2024 Act created a framework for the introduction of visitor levies should an authority choose to do so. It recognises the unique circumstances of island communities and provides flexibility for local authorities to tailor visitor levy schemes accordingly. Island authorities may choose to apply different rates and local exemptions, meaning they can decide that certain types of accommodation or specific circumstances are not subject to the levy. For example, exemptions might apply to accommodation used for, student housing, or emergency stays. Each island authority should conduct its own assessment of the impact of a visitor levy as part of its prior consultation on a scheme.

50. An Island Communities Impact Assessment (ICIA) has been undertaken and will be published shortly after the Bill is introduced on the Scottish Government website. The assessment concludes that the Visitor Levy (Amendment) (Scotland) Bill is not likely to have an effect on island communities which is significantly different from its effect on other communities. The Bill provides councils with flexibility to tailor visitor levy schemes to local circumstances, including the ability to apply a levy to all or parts of an area and to introduce exemptions where appropriate.

51. The ICIA notes that unique island factors, such as geographical remoteness, transport disruption, and the need for overnight stays for medical or professional service, remain relevant considerations. These can be mitigated through local discretion and exemptions, which the 2024 Act and this Bill enable. Local authorities introducing a visitor levy will be required to consult locally and undertake their own impact assessments to ensure that island-specific circumstances are addressed.

Local government

52. COSLA has been updated on the development of the Bill and supports the aims of providing greater fiscal empowerment to local councils.

53. The Bill builds on the existing provision for local authorities to have discretion to introduce visitor levy schemes, subject to consultation and local democratic processes.

54. Local authorities will continue to be responsible for:

- Designing and consulting on visitor levy schemes.
- Collecting and enforcing levies.
- Reporting on visitor levy income and expenditure.
- Engaging with stakeholders and the public.

55. Local authorities who already have approved visitor levy schemes will continue to be able to operate these according to the legislation and guidance outlined for percentage-based schemes.

56. As required by the 2024 Act, Visit Scotland will develop updated national guidance for local authorities to support the implementation of visitor levy schemes based on a single fixed amount or different fixed amounts for different purposes or different areas. Visit Scotland will continue to maintain guidance for local authorities on operating schemes under the percentage basis.

Sustainable development

57. The Bill supports sustainable development by enabling investment in local infrastructure, public services, and tourism management, funded directly by visitor contributions.

58. The Bill aligns with Scotland's National Performance Framework and the principles of community empowerment and fiscal sustainability by enabling local authorities to raise revenue directly linked to tourism impacts and reinvest it in local priorities. This approach supports fiscal autonomy and ensures that decisions on levy design and spending are made at the local level following consultation. The Bill is expected to have a positive impact on:

- Environmental sustainability, by funding investment in green infrastructure such as improved walking and cycling routes, sustainable transport options, and visitor management measures that reduce pressure on sensitive environments.
- Economic sustainability, by supporting local businesses by supporting local businesses through better infrastructure, marketing initiatives, and tourism management that enhances visitor experience and encourages repeat visits. Visitor levy revenues can also help maintain heritage sites and cultural assets that underpin Scotland's tourism economy.
- Social sustainability, by ensuring there is a contribution to the communities which tourists visit, helping fund public amenities like toilets, signage, and community

facilities, and reducing the burden on local taxpayers. This promotes fairness and strengthens community resilience in areas experiencing high visitor numbers.

CROWN CONSENT

59. It is the Scottish Government's view that the Bill does require Crown consent.

60. Crown consent is required and must be signified during a Bill's passage, where the Bill impacts the Royal prerogative, the hereditary revenues of the Crown or the personal property or interests of the Sovereign, the Prince and Steward of Scotland or the Duke of Cornwall. The Scottish Government's view is that in order to comply with Rule 9.11 of the Parliament's Standing Orders, Crown consent will be required because it is considered that the provisions in the Bill affecting the visitor levy payable by the occupier of premises at which overnight accommodation is provided could affect any self-catering cottages available for let on His Majesty's private estates and those on land forming part of the Scottish Crown Estate.

61. For the source of the requirement for Crown consent, see [paragraph 7 of schedule 3 of the Scotland Act 1998](#), and [rule 9.11 of the Parliament's Standing Orders](#). For further information about the considerations that go into determining whether Crown consent is required for a Bill see [Erskine May](#), the guide to procedure in the UK Parliament.

APPENDIX 1 – GLOSSARY

Accommodation charge: the total cost paid by a visitor for overnight accommodation.

Accommodation provider: a business or individual offering overnight stays for visitors.

Chargeable transaction: a purchase of the right to stay at or in overnight accommodation.

Different fixed amounts (of a visitor levy): different amounts for different purposes or areas, for example, different accommodation type or price, or rural and city.

Discretionary power: authority given to local authorities to decide whether it wishes to do something, such as implement a visitor levy.

Visitor levy revenues: funds collected through the visitor levy.

Visitor levy schemes: local authority plans for applying and managing the visitor levy.

Percentage-based approach: a visitor levy charged on the basis of a percentage rate.

Third parties: online booking sites or intermediaries handling accommodation sales.

Third-party sales: accommodation bookings made through intermediaries.

Visitor levy: the levy provided for under the 2024 Act, as amended by the Bill.

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