LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
CALL FOR VIEWS ON THE NON-DOMESTIC RATES (SCOTLAND) BILL
SUBMISSION FROM AIRBNB

Introduction

By way of introduction, Airbnb is a platform which uniquely leverages technology to economically empower people from every region across the UK, to unlock and monetise their spaces, passions and talents to become hospitality entrepreneurs.

We are pleased to respond to the Scottish Parliament’s Local Government and Communities Committee call for views on the Non-Domestic Rates (Scotland) Bill at Stage 1. The evidence supplied here is further to our evidence supplied to the separate Scottish Government consultation on Barclay implementation in September 2018.

In terms of our response to the Non-Domestic Rates Bill at Stage 1, we have limited our comments to Section 5 of the Bill that pertain to self-catering accommodation. However, we have also provided background information about Airbnb in Scotland, as well as hosts on the platform, which should be viewed in the context of the information supplied in this submission.

We believe that ordinary hosts sharing their primary home for 70 nights, who are not businesses or professionals, should be subject to the same tax rates as business users of the Airbnb platform.

Section 5 of the Bill may have unintended consequences and therefore we recommend that owners or occupiers of self-catering properties provide evidence of actual letting for 140 days, and remove provisions of advertising or intending to advertise altogether.

We also note that the Scottish Government are currently consulting on a regulatory framework for short-term lets, which includes questions covering non-domestic rates and taxation, and we would encourage the Scottish Government to take a consistent and joined up approach to regulation of the industry.

We want to be a good partner to the communities in which we operate. Airbnb has already worked with more than 500 governments around the world on clear home sharing rules and progressive tax measures to help spread the benefits of home sharing to everyone.

We welcome the opportunity to continue to engage with the Scottish Government and local authorities across the country on tax issues.

About Airbnb

Since 2009, Airbnb supported Scotland’s thriving tourism industry, with people in Scotland are increasingly embracing the economic and social value of homesharing.
Airbnb allows local families and businesses in Scotland to benefit from visitors to their communities, and hosts take pride in promoting their own community and sharing the experience of living like a local.

Users of Airbnb also empower local businesses, with the average guest spending £100 per day. Of this spending, 43 percent is spent in the communities in which the guest stays, bringing additional revenue into local businesses and communities.

Between July 2017 and July 2018, hosts and guests using Airbnb contributed an estimated £569m to Scotland’s economy, with approximately 1.6 million inbound guests travelling over this period.

Thousands of hosts across Scotland are using Airbnb as a tool to supplement their income, showcase their hometown and to build new connections with people from home and abroad.

**Hosts on Airbnb**

Hosts on Airbnb can take advantage of the platform in several ways. Some choose to share their entire home; this may be their primary residence which they rent when they themselves go on holiday. Others chose to share their home by renting one or two private rooms in their primary residence – perhaps hosts looking to make use of a spare room without committing to a full-time lodger. When hosts create a listing on Airbnb, they are asked whether it will be offered to guests as an “entire place”, a “private room” or a “shared room”.

Airbnb hosts are subject to a number of different tax regulations. For example, hosts on Airbnb, who keep up to 97% of the price they charge to rent their space, are typically subject to income tax — often at considerably higher rates than business taxes — and their properties are subject to council tax.

As a platform, Airbnb does not control, manage or rent these properties: hosts do. Furthermore, our typical hosts are not running businesses but are instead ordinary people who want, for a variety of reasons, to use their space to host visitors and generate extra income to support themselves and their families.

The open nature of the platform allows for a wide variety of hosts, including some “traditional” vacation rentals and even boutique hotels. Those business users of the Airbnb platform - like they would be offline - are likely to be subject to different tax frameworks from non-professional hosts - such as corporation tax, VAT and sometimes business rates.

We encourage hosts to think carefully about their responsibilities on a whole range of issues, including taxation. We would recommend that any guidance in this area should be clear, simple and proportionate to the level of activity provided. Airbnb sends an annual reminder to all hosts, notifying them of the need to declare their earnings if relevant, and pointing them to official sources of information.
We have also partnered with PricewaterhouseCoopers (PwC) to provide hosts with a free tax guide that covers general tax information in the United Kingdom.

In Scotland, if a property is available for let for less than 140 days per year it comes under the council tax system, if it is let for more than 140 days a year it will be rated as self-catering and liable to business rates. These points are displayed on our Responsible Hosting page.

**Airbnb Response to Section 5**

We note that the Scottish Government are currently consulting on a regulatory framework for short-term lets, which includes questions covering non-domestic rates and taxation, and we would encourage the Scottish Government to take a consistent and joined up approach to regulation of the industry.

We believe that there may be unintended consequences arising from the measures outlined in Section 5 of the Bill. Overall, we believe that applied tax structures should be proportionate to the level of activity provided. We therefore recommend that owners or occupiers of self-catering properties provide evidence of actual letting for 140 days, and remove provisions of advertising or intending to let altogether.

We believe that there should be a distinction between occasional short-term letting and professional commercial short-term letting when it comes to taxation. Airbnb do not believe that occasional home sharers should be subject to the same rules as those who operate properties on a full-time basis.

For instance, we do not agree that ordinary hosts sharing their primary home for 70 nights, who are not businesses or professionals, should be subject to the same tax rates as business users of the Airbnb platform.

**Conclusion**

Overall, we encourage hosts to think carefully about their responsibilities on a whole range of issues, including taxation. We would recommend that any new legislation in this area should be clear, simple and proportionate to the level activity provided.

We believe that Section 5 of the Bill may have unintended consequences and therefore recommend that owners or occupiers of self-catering properties provide evidence of actual letting for 140 days, and remove provisions of advertising or intending to altogether.

Being a good partner to the communities in which we operate remains a key priority for Airbnb and we hope the Committee finds this evidence useful in terms of their examination of the Non-Domestic Rates (Scotland) Bill. We would be happy to supply any further information required.