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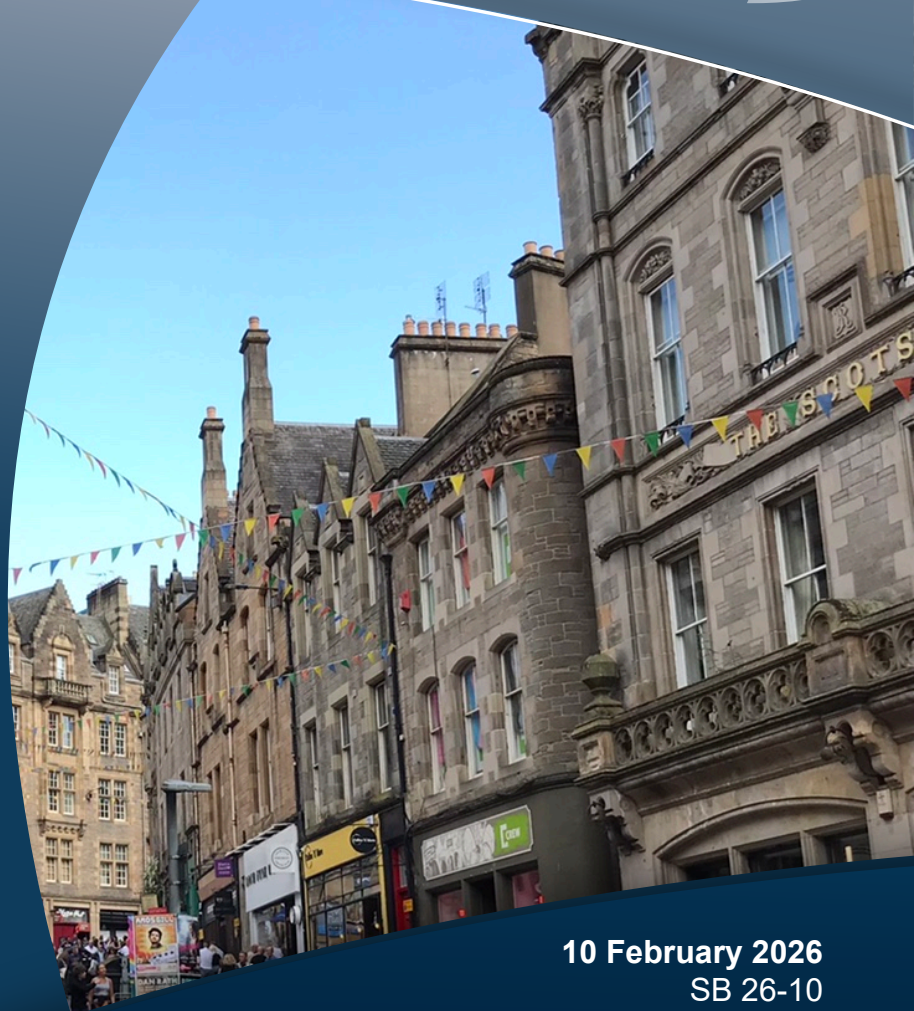
SPICe Briefing

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Visitor Levy (Amendment) (Scotland) Bill

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The Visitor Levy (Amendment) Bill was introduced on 6 January 2026. The Bill aims to modify the Visitor Levy Act 2024. It will allow local authorities to charge a visitor levy as a fixed amount or different fixed amounts- currently they can only charge a percentage of the cost of an overnight stay - and makes other changes to the operation of the levy.



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Summary

The [Visitor Levy \(Amendment\) Bill](#) was introduced on 6 January 2026. The Bill aims to modify the Visitor Levy Act 2024. It will allow local authorities to charge a visitor levy as a fixed amount or different fixed amounts- currently they can only charge a percentage of the cost of an overnight stay - and will make other changes to the operation of the levy.

The Local Government, Housing and Planning Committee was designated lead committee for [Stage One consideration](#). The Committee completed its evidence gathering on the 3rd February, with the Stage One debate planned for 19 February.

Local authorities are not being compelled to introduce visitor levies in their areas. The Bill introduces more choice and flexibility to local authorities hoping to introduce a scheme, with other provisions supporting the original aims of the legislation through technical amendments.

The [Visitor Levy \(Scotland\) Bill](#) was passed by the Scottish Parliament on 28 May 2024, becoming an Act on 5 July 2024. This allows local authorities to introduce visitor levy schemes in their areas. Under the original Act, the amount of levy is set as a percentage of the cost of accommodation purchased for the purpose of the overnight stay. Accommodation providers are liable to pay the levy and make returns to the local authority. Visit Scotland published guidance on the visitor levy for local authorities in October 2024 ([updated October 2025](#)).

It is unusual for amending legislation to be introduced so soon after the passing of an act. However, the Scottish Government has decided on this course of action following engagement with local authorities and businesses. Industry representatives [told the Local Government, Housing and Planning Committee](#) there are "insurmountable operational challenges" with the original Act, and it is "critical that the amendment bill is passed in this parliamentary session". Furthermore, there are at least two local authorities - [The Highland Council](#) and [Argyll and Bute Council](#) - who have currently paused implementation of their schemes as they prefer the option of a fixed amount. In both cases, they have done so in light of potential changes to legislation.

The Financial Memorandum assumes the changes laid out in the Bill will take place before the first visitor levy scheme (Edinburgh's) goes live in July 2026.

[Edinburgh](#), [Glasgow](#), [Aberdeen](#), [Stirling](#) and [West Dunbartonshire](#) councils have all consulted on visitor levy schemes in their areas and have subsequently announced plans to introduce schemes. These are all based on a percentage charge.

Less than 19 months after the Visitor Levy Bill passed, the Scottish Government introduced a new Bill aimed at amending the 2024 legislation. If passed, the Bill will:

- enable local authorities to introduce fixed amount levies (eg £2 a night). Councils will then have a choice of a percentage rate or a flat rate (but not both in the same scheme);
- enable local authorities the flexibility to have different flat rates for different types of property and different areas;
- ensure the levy is calculated on the initial sale by accommodation providers to third-

party operators (such as Booking.com or tour operators);

- ensure levy returns paid by accommodation providers to local authorities are based on date of entry to the accommodation rather than date of booking.

In developing the Bill the Scottish Government engaged with COSLA, individual local authorities, and tourism businesses. However, no new public consultation was undertaken by the Government. The Bill process has been expedited - in laymen's terms "speeded-up" in order that the legislation is passed before the end of the current Parliamentary session in April 2026, and so that legislation is in place ahead of the first visitor levy scheme coming into place in July 2026. [According to the Chartered Institute of Taxation:](#)

“...making changes by expedited bills so late in the implementation of a new tax is not ideal and does not provide taxpayers with the clarity and confidence they need to prepare for and engage with the new tax from day one.”

This briefing provides background information to the Bill and summarises some of its main provisions. Detailed information on the Scottish Government's policy intentions is included in the [Policy Memorandum](#) published alongside the Bill. Various impact assessments are available on the Scottish Government website, for example the [Business and Regulatory Impact Assessment](#) (BRIA).

Part 1

The most substantive provisions in the Bill are included in Part 1. These relate to:

1. Adding to the basis on which a visitor levy can be charged.
2. Clarification on the concept of "chargeable transactions" when it comes to the sale of accommodation to third party operators.
3. Provision that levy returns (from accommodation providers to local authorities) should be calculated based on the date of occupancy, rather than the date of booking or payment.
4. Section 6 provides that the Scottish Government may by regulations make further provision about the operation of Parts 2 and 3 of the 2024 Act.

Changes to the basis on which a visitor levy can be charged

The Bill seeks to introduce flexibility to allow councils to set a visitor levy using a fixed amount model as an alternative to the existing percentage-based approach. It would then be for the local authority to consider whether a fixed amount or a percentage rate is more appropriate for their local area.

During the consideration of the original Visitor Levy (Scotland) Bill, the Scottish Government favoured a levy system based on percentage rates, arguing that this was the fairest way to charge a levy (as more expensive accommodation will always mean a higher charge). A further benefit is that percentage rates are "inflation-proof" with the amount charged automatically increasing as accommodation prices rise over time with inflation.

However, the Local Government, Housing and Planning Committee also heard views, mostly from from the tourism sector, that a percentage rate can be complex for businesses given that the "chargeable transaction" on which the percentage is applied should only relate to the cost of accommodation (i.e. excluding food, entertainment, and so on). A flat rate is much simpler for smaller businesses to calculate and collect. If it is set at £2 a night, then it doesn't matter if the guest enjoys (for example) a breakfast or access to a gym in addition to their room, cottage or bunk.

Then there is the issue of third party operator confidentiality. UK Hospitality, [speaking to the Economy and Fair Work Committee in September 2025](#), stated:

“ We have always argued that the percentage model is much more challenging for businesses to manage. It is not just about working out the percentage on the accommodation cost, although that does have its issues; it is about how bookings are handled these days through third parties—online travel agencies such as Booking.com and Expedia—and through tour businesses and so on in the wholesale market. Often, hotels sell the rooms on to third parties but they do not know what accommodation cost the guest has paid—that is just a feature of the model—and, technically, accommodation businesses could be in breach of the legislation if they do not charge the levy accordingly.”

Part 1, section 1 - what the Bill does

Part 1, section 1 amends the basis on which a visitor levy can be charged. It does this by adding a new section to the 2024 Act allowing a local authority to introduce a visitor levy scheme either as a percentage rate **or** a fixed amount. A single scheme cannot have both a percentage rate and a fixed amount.

Witnesses appearing at the Local Government, Housing and Planning (LGHP) Committee in January [were generally happy](#) with this addition. From a local authority point of view, it means they have more options available to them when developing their schemes. From a business perspective, a flat amount is easier for both accommodation providers and their guests.

When the amending Bill was introduced in January, five local authorities had already announced their intention to progress with visitor levy schemes based on a percentage rate: Edinburgh, Glasgow, Aberdeen, Stirling and West Dunbartonshire councils. Back in 2023, some of these expressed a preference for having the flexibility to choose between a percentage or flat rate. For example, [Aberdeen City Council told the LGHPC](#):

“ We understand the rationale for a levy as a percentage of the chargeable transaction as it makes the charge on the accommodation proportional to the cost. However, we also understand the rationale for a flat rate charge as it benefits from transparency and simplicity. We would have preferred that councils would have had the discretion to implement the levy as they see fit either a flat rate or a percentage. This could have been agreed locally with any future consultation to implement a levy.”

It is worth remembering that the original Act allows local authorities to have more than one visitor levy scheme in their areas. For example, Highland Council could have one in Inverness and another in Skye. If passed, the Bill will allow the possibility of a local authority having a scheme based on a percentage rate in one area and a scheme based on a fixed amount in another area.

As [explored by the LGHP Committee](#), the Bill and original Act could lead to multiple schemes operating in the *same* area. Scottish Government officials confirmed that neither the Bill nor the original Act explicitly prevents a local authority from introducing two or more schemes which could impact a single business.

Can councils now "flip" to a flat rate scheme?

The issue of whether the Bill will allow these five councils to now "flip" to a flat rate system, should they so wish, was [discussed during the LGHP Committee's Stage 1 scrutiny of the Bill](#). The Scottish Tourism Alliance and the Association of Scottish Self-Caterers certainly believe councils *should* be able to do this, but Aberdeen City Council is of the view that the local authority would have to go through a full consultation again and an 18 month pre-introduction period, as required by the original Act:

“ We notified the Scottish Government in September last year to proceed with the percentage rate scheme, which was provisionally due to be implemented on 1 April 2027. With the 2024 Act, we would have to reconsult for whatever the period is, but there would then be the council decision-making processes. The council would subsequently notify the Government again and give an 18-month period, like last time. That process for the percentage rate scheme takes about two years. If the consultation period or the notification period was shortened, that period could be shorter. Obviously, that is a significant period of time, both when it comes to shifting from the percentage rate scheme and for any subsequent changes.”

The Policy Memorandum accompanying the Bill confirms that:

“ 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.”

This issue was explored further with the [Minister for Public Finance on the 3rd February](#). The LGHP Committee asked the Minister what options would be open to these councils if and when the amending Bill passes. The Minister for Public Finance responded:

“ We [the Scottish Government] are very cognisant of that. The 18 months is still in the legislation but that is one area where there absolutely will be changes.... Everyone's got an interest in that period being shorter... It is clearly in no one's interest to reset the clock and bring it [the consultation and preparation period] back to the beginning. The question is what should the period be.”

Issues with per-person, per-night option

In both written and oral evidence, the LGHP Committee heard concerns from industry about Part 1, Section 3 which would enable a local authority to introduce a fixed amount levy as either a per night (ie. per-room or per-property) charge **or** a per-person, per-night charge. Tourism businesses are concerned about the latter, with the self-catering sector in particular arguing that this could be "unworkable". Fiona Campbell, Chief Executive of the Association of Scotland's Self-Caterers, [told the Committee](#):

“ It is very difficult, specifically in a self-catering context, to know exactly who is in your premises. If you have a five-bedroom property, you could, potentially, have 10 people staying, and you will not necessarily go and check who is in the accommodation every night. Actually, the proposal is unenforceable, and when something is unenforceable, it becomes incompetent.”

The Committee explored this with the Minister the following week, asking if the Scottish Government would consider removing this option from the Bill. The Minister responded:

“ It is a good point...We are open-minded on that. It comes back to the point about the balance between flexibility and simplicity.... We've obviously got opportunities at Stage 2 and Stage 3 to make amendments.”

Does the Bill allow for a point of entry levy for islands?

The LGHP Committee heard that Scotland's three all-island local authorities - Shetland, Orkney and the Western Isles - are not planning to progress with visitor levy schemes because the model would not work for them. Orkney Council's research found that the idea of some sort of tourist related levy is generally popular, but this should be based on a point-of-entry fee which would apply to day visitors from cruise ships and those touring the islands in motorhomes.

When asked if the flexibilities enabled by the Bill would allow island local authorities to introduce point-of-entry fees, the Scottish Government told the LGHP Committee that separate legislation would be required. The Minister mentioned the cruise ship levy consultation currently being analysed by Scottish Government officials, and that future legislation in this area would be for the next Parliament to decide.

Additional flexibility – different fixed amounts model

The Bill seeks to introduce a further flexibility to allow local authorities to introduce different fixed amounts should this be considered appropriate following engagement and consultation. This would allow for differentiated rates based on factors such as different geographical locations, times of year or types of accommodation.

The Bill states that fixed amounts may be different "for different purposes or different areas within the local authority's area". The [Policy Memorandum](#) states that different amounts could be "by reference to different sizes, types, values or locations of overnight accommodation, different amounts paid to reside there, different categories or numbers of person such accommodation, or different times of year".

According to the Policy Memorandum, it was industry stakeholders who called for this flexibility. The Government provides an example of a £2 levy being applied for a B&B booking and £5 for a hotel booking. The provision also allows for variation in response to different seasons, for example a fixed rate in summer months which is reduced or removed during off-season months.

The Minister for Public Finance argued that a "tiered" fixed amount could be more progressive than a percentage system, as schemes could charge a higher fixed amount for more expensive stays and a smaller fixed amount for cheaper stays.

Clarification of chargeable transaction in third party sales

The Bill seeks to clarify that, in cases where accommodation is sold to a third party such as online travel agents, tour operators, or booking intermediaries, the chargeable transaction is the first sale by the liable person.

The Policy Memorandum (PM) states that the original 2024 Act defines the "chargeable transaction" quite broadly as "the purchase of the right to stay in overnight

accommodation". However, it is unclear from the Act how this relates to bookings made through third-party operators, such as Booking.com or tour operators, where the initial transaction is actually between the accommodation provider and the third party. According to the PM, "this created uncertainty for accommodation providers about which sale price should be used to calculate the visitor levy".

UK Hospitality told the LGHP Committee that "serious concerns have been raised that under the current legislation commercially sensitive information [relating to the third party operator] could be revealed to both visitors and accommodation providers". In an [interview with the Journal of the Law Society of Scotland](#), the Chief Executive of the Scottish Tourism Alliance explains this further:

“ There is also the issue of protecting commercial contract arrangements between third party booking agencies that contract a block of rooms in advance... The [2024] legislation states that the guest must be charged the levy at the price the rooms were initially sold, which is impossible as the rate contracted will be invisible to the guest as there will be many other middle agents in the booking process building up a package.”

Part 1, Section 2 of the Bill will amend the 2024 Act by adding a new subsection setting out that the "chargeable transaction" is between the accommodation provider and the third party and not between the third party and the visitor.

Returns based on occupancy not booking date

The Bill provides that levy returns from the accommodation provider to the local authority should be calculated based on the date of occupancy, rather than the date of booking or payment. According to the Policy Memorandum, the original Act states that returns are based on the date of the "chargeable transaction", not the date of the visit, and of course many visitors make bookings months in advance.:

“ 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 change to date of occupancy set out in the amending Bill has been [welcomed by the Scottish Tourism Alliance](#) as it means that returns reflect actual stays, "ensuring that there are no disputes with visitors and that accommodation providers are not left out of pocket when rooms end up being cancelled".

Wide-ranging powers to introduce regulations

Part 1, Section 6 provides that the Scottish Ministers may, by regulations, make further provision about the operation of Parts 2 and 3 of the 2024 Act. This means that most of the important provisions in the original Act – relating to the basis and calculation of the levy, exemptions, rebates, and the introduction and administration of a levy – can be amended through secondary legislation.

The Scottish Government's position is that these regulation-making powers ensure that

any future problems can be addressed quickly and without the need for primary legislation. Although not opposing these provisions, Gareth Dixon from COSLA urges caution:

“ As you all know, the secondary legislation process involves a little less scrutiny than the other one. It is important not to circumvent scrutiny and the opportunity for effective and meaningful engagement between the Government and stakeholders. I would like to have some assurance about that engagement and I have confidence in the officers and ministers. It is fairly common to have that ability to refine legislation and the Government is committed to making the visitor levy work. I, and my colleagues in other local authorities, appreciate that, and it is another reason why we have the bill in front of us today.”

Before making regulations under the new section, the Scottish Ministers will have to consult with local authorities, representatives of communities, businesses engaged in tourism and tourist organisations. If the regulations amend the text of primary legislation, a draft of the regulations must be laid and approved by the Scottish Parliament, before they can be made.

The Delegated Powers and Law Reform Committee [reported on these provisions](#), concluding:

“ Although cast in wide terms, this power is solely concerned with operational matters such as calculation, charging and payment of the levy. Scottish Ministers require to consult local authorities, representatives of communities, businesses engaged in tourism and tourist organisations, and other persons as they consider appropriate, before making regulations under this power. The Committee is therefore content with this power in principle and with the choice of procedure applicable to its exercise.”

The Bill sets out that any regulations proposing changes to the original 2024 Act must go through the [affirmative procedure](#). Any other regulations are subject to the [negative procedure](#).

Financial Memorandum

The Financial Memorandum provides estimated additional costs/changes in revenue for the various provisions in the Bill.

Impacts on local authorities

For local authorities, there may be additional costs associated with consultations where a local authority decides to consult on a fixed-amount having already consulted on a percentage. However, the FM believes these would be "minimal", in the range of £10,000 to £20,000. There may also be some IT reconfiguration costs.

In its [written submission to the Finance and Public Administration Committee](#), COSLA estimated that "repeating the 12-week public consultation, which if commissioned externally could cost £20k or the equivalent use of internal staff and resources". However, for COLSA, the most significant financial impact could come from councils delaying the introduction of their schemes:

“ This may mean between 6-18 months later than originally envisaged, in total revenue terms this may amount to a loss of between £4 million and £15 million of investment depending on the local authority effected.”

Much of the Financial Memorandum focusses on potential changes in revenue to local authorities as a result of choosing a nightly fixed charge instead of a percentage. The three tables in the "Alternative basis of visitor levy charge and potential revenue impact" section provide an illustration of the different revenues depending on three different charging methods (% , per-person-per-night, per-room). The following looks specifically at the example of Fife:

Potential visitor levy income for Fife from percentage rate

Percentage charge	1%	2%	3%	5%	7%
Possible income (£m)	2.1	4.1	6.2	10.3	14.4

Potential visitor levy income for Fife from per person per night fixed amount

Per person, per night night	£1	£2	£3	£5	£7
Possible income (£m)	1.5	3.0	4.5	7.5	10.6

Potential visitor levy income for Fife from per room fixed amount

Fixed per room	£1	£2	£3	£5	£7
Possible income (£m)	0.7	1.3	2.0	3.3	4.6

This shows that, despite the [concerns of the tourism sector](#), a per-person, per-night charge has the potential to bring in considerably more than a levy based on a per room charge. However, it is worth stressing that the FM tables assume the same fixed rates for all visitors and does not model the impacts of having a more progressive "tiered" system in place. The FM stresses that these tables are "illustrative only".

[Fife Council's submission](#) to the Finance and Public Administration Committee raises concerns with the data used in the FM's estimates. They note significant differences between their own modelling and that included in the FM.

Impacts on accommodation providers

For accommodation providers, the FM estimates "minor additional costs" being incurred should schemes change from percentage to fixed amount, between £150 - £1,000 per provider. But there may also be potential savings in ongoing administration costs for smaller businesses as the fixed amount approach is deemed to be simpler.

Some submissions to the Finance and Public Administration Committee's call for views suggest the Financial Memorandum (FM) under-estimates the costs for businesses associated with the Bill. For example, the [Holiday and Residential Parks Association](#) believes that the FM does not fully recognise the financial impact of staff time for accommodation providers in managing the levy.

In specific reference to the provisions of the amending Bill, the [Forge Holiday Group](#) believes that the FM does not reflect the costs of having three different levy structures (percentage, per person per night and per room per night) in operation across Scotland. This "increases the admin cost on accommodation providers, managers and platforms by virtue of having to implement different systems for each".

It is worth noting that [four of the five schemes already announced](#) will allow accommodation providers to retain a small amount of visitor levy money in order to help offset costs involved. This is not specifically required by legislation, but local authorities have discretion to build this into their schemes should they so wish. [COSLA notes](#):

“ The reimbursement rate was not put in legislation and is not mandatory for councils to offer. This is also, not standard practice in the UK for those submitting a tax return or even internationally for completing tourist tax returns.”

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