

Local Government, Housing and Planning Committee
Tuesday 3 February 2026
5th Meeting, 2026 (Session 6)

Visitor Levy (Amendment) (Scotland) Bill – Clerk Note

Introduction

1. At its meeting on 6 January, the Local Government, Housing and Planning Committee agreed its approach to consideration of the Visitor Levy (Amendment) (Scotland) Bill. The Bill provides for changes to the Visitor Levy (Scotland) Act 2024 including options open to local authorities in setting up visitor levy schemes.
2. This paper provides background information to inform the Committee's evidence session with the Minister for Public Finance on the Bill.

Visitor Levy (Scotland) Act 2024

3. The [Visitor Levy \(Scotland\) Act 2024](#) (the 2024 Act) allows local authorities to introduce a scheme or schemes to charge a visitor levy. The levy is chargeable on the purchase of overnight stays in certain types of accommodation.
4. The Act currently allows local authorities to set the level of the levy based on a percentage of the cost of the accommodation. The accommodation provider is liable to pay the levy, however they can collect this from the person purchasing the overnight stay in the accommodation.
5. The 2024 Act covers:

Part 1

- The power for local authorities to charge a levy.

Part 2

- Types of accommodation on which a levy on an overnight stay can be charged;
- How the levy will be calculated;
- Provision for a cap on the number of chargeable nights;
- Provides that the “liable” person must pay the levy;
- Allows the “liable” person to delegate certain functions to a third party; and
- Allows Scottish Ministers to stipulate a maximum percentage rate, billing and exemptions from the levy via regulations.

Part 3

- Provides for the process which local authorities must follow to set up a scheme;
- Stipulates how proceeds from the scheme must be used; and
- Issuing and reviewing guidance on the operation of the scheme.

Part 4

- Stipulates how the returns on details of chargeable transactions and payment to local authorities should be made.

Part 5

- Enforcement of the levy.

Part 6

- Powers for local authorities to establish a register of liable persons.

Part 7

- General provisions about the regulation making powers in the Act.

Parliamentary consideration of the 2024 Act

Stage 1: Local Government, Housing and Planning Committee

6. The Local Government, Housing and Planning Committee scrutinised the [Visitor Levy \(Scotland\) Bill](#) in 2023. The SPICe Stage 1 briefing can be accessed at the following link:
 - [Visitor Levy \(Scotland\) Bill SPICe briefing](#)
7. The Committee published its [Stage 1 report](#) on the Bill on 21 December 2023.
8. On the issue of the charging the levy on a flat fee basis vs. percentage, the Committee's recommendations (Bold) and the Scottish Government response are included below:

PERCENTAGE RATE

136. The Committee considers that this is perhaps the most difficult aspect of the Bill in terms of determining what the right approach should be. The Committee recognises that there are strong arguments both for and against either a percentage or flat rate (and indeed, for a tiered flat rate) and appreciates that either approach would inevitably bring its own benefits and challenges.

We note the views of the Committee in respect of the arguments for and against the percentage rate, versus a flat fee. A percentage rate of the accommodation has been chosen due to its progressive nature in reflecting a visitor's ability to pay, the fact that it will automatically reflect changes in accommodation price due to seasonality (a key ask of the industry), and that it will pick up changes in inflation without the need for regular reviews. A percentage rate also allows for one percentage rate to apply fairly across all accommodation types, such as hostels, campsites and caravan parks, without unfairly penalising budget accommodation.

137. The Committee remains mindful that the majority of businesses would prefer a flat rate for ease of administration and notes that, according the ETOA, 16 of the 21 member states to introduce a levy do so on the basis of a flat rate.

Whilst the Bill as drafted has a percentage charge as the basis of a visitor levy we recognise there is an argument to be made for a single, flat-rate levy on the basis of simplicity. A flat rate levy would be more straightforward for some accommodation providers to calculate. In turn, councils would find it easier to forecast predicted revenues through a flat rate scheme, and returns would require less auditing. However, a flat rate is by nature a regressive charge and will not be linked to a visitor's ability to pay. A flat rate is also likely to disproportionately affect persons using budget accommodation, such as those on low incomes and young people. Conversely, those choosing to stay in high-end accommodation (and likely to have a higher ability to pay) will be least impacted by a flat rate. A flat rate is also difficult to justify across the wide variety of accommodation types available to visitors to Scotland – this is particularly acute in respect of hostels and campsites. The Scottish Government will continue to consider the various merits of the flat fee and percentage rate as the basis of the visitor levy charge, and will confirm its position before Stage 2 of the Bill.

138. The Committee understands the calls from some local authorities to be permitted the flexibility to introduce either option in a way best suited to local circumstances, in keeping with the principles of the Verity House Agreement, and notes examples in other parts of Europe where a combination of both models is used. The Committee therefore invites the Scottish Government to undertake further work with the tourism sector, local authorities and other key stakeholders before Stage 2 in order to reach an agreed solution.

We note the calls from some local authorities, and COSLA, in requesting that local government be given the freedom to choose between a percentage rate or a flat rate scheme. We are aware of one instance in Europe which uses both models. However, in this case – that of Amsterdam's city tax – we understand this will be changing to a percentage rate only, with a removal of the flat rate element in 2024 to simplify the tax. We are also mindful of strong opposition from the hospitality industry on this issue, and believe that any decision on the basis of the charge must be taken in line with our commitments in the New Deal for Business.

Stage 2: Local Government, Housing and Planning Committee

9. During Stage 2, a number of amendments were considered. Debate on Section 5 – Calculation of the levy – covered amendments that proposed to charge the levy on a flat rate basis.¹
10. The relevant amendment – 27 – in the name of Miles Briggs MSP was pressed and disagreed to by division (For 2, Against 4, Abstentions 1).

Stage 3

11. During Stage 3, no amendments that explicitly related to the issue of charging a percentage or a flat rate were lodged.

Post-legislative consideration of visitor levy issues

Economy and Fair Work Committee

12. The [Scottish Tourism Alliance wrote to the Economy and Fair Work \(EFW\) Committee](#) in the summer of 2025 requesting that Committee hold an emergency session on the visitor levy.
13. The Economy and Fair Work Committee held a [meeting on Tourism in September](#) during which the visitor levy was discussed.
14. Following this meeting, the Minister for Finance [wrote to the EFW Committee](#) noting subordinate legislation would be laid early in the new year on the following:
 - “Rate of Interest Regulations;
 - Make or Substitute Assessment Regulations;
 - Reviews and Appeals Regulations;

We are also considering whether a third-party wholesale regulation is required, in order to simplify this matter for overnight accommodation providers.”
15. The Minister also said ([in September](#)) that the Scottish Government was “...actively considering extending powers to local authorities, including the option to introduce a single flat rate or tiered flat rate model alongside the existing percentage-based approach.”
16. On 23 September, the Minister for Public Finance said in [response to an Urgent Question](#) on the subject: “We would like to do this earlier, but, realistically, I think that it will happen after May next year.”
17. However, on 28 October, he [wrote](#) to several Members, including the Conveners of the Local Government, Housing and Planning and Economy and Fair Work

¹ Local Government, Housing and Planning Committee, [Official Report](#), 12 March 2024, Col 27

Committees, to indicate the Scottish Government was considering legislation in this area ahead of the election.

Visitor Levy (Amendment) (Scotland) Bill

18. The Scottish Government announced its intention to introduce legislation this session to amend the Visitor Levy (Scotland) Act 2024 on [2 December](#). The [Visitor Levy \(Amendment\) \(Scotland\) Bill](#) was introduced on 6 January 2026.

19. It is accompanied by:

- [Explanatory Notes](#)
- [Policy Memorandum](#)
- [Financial Memorandum](#)
- [Delegated Powers Memorandum](#)
- [Statements on legislative competence](#)

20. The Scottish Government also published:

- [Equality Impact Assessment - Results](#)
- [Child Rights and Wellbeing Impact Assessment \(CRWIA\)](#)
- [Fairer Scotland Duty Assessment](#)
- [Island Communities Impact Assessment \(ICIA\)](#)
- [Business and Regulatory Impact Assessment \(BRIA\)](#)

21. Part 1 modifies the 2024 Act to:

- allow local authorities to charge a levy using either a percentage(s) based system or a flat rate(s);
- allow local authorities, when using a fixed fee model, to apply the levy on a 'per person, per night' or a 'per night' basis;
- clarify that, where the right to reside in accommodation is first purchased by a third party, and then subsequently purchased by another person, the "chargeable transaction" is the initial purchase;
- provide that levy returns should be based on the date of occupancy rather than the date of booking or payment;
- grant Scottish Ministers power to make further provision by regulations about the operation of Parts 2 and 3 of the 2024 Act, including about how the levy is calculated, charged and paid.

22. Part 2 introduces a schedule (which makes consequential and minor modifications of the 2024 Act) and makes provision about commencement and other ancillary matters.
23. [On 13 January 2026](#) the Parliament agreed that the Local Government, Housing and Planning Committee be designated as the lead committee in consideration of the Visitor Levy (Amendment) (Scotland) Bill at Stage 1.

Local Government, Housing and Planning Committee consideration of the Bill

24. The Committee launched a [call for views](#) on 14 January which closed on 26 January.
25. Written submissions received so far can be found at the following link
 - [Written submissions](#)

Delegated Powers and Law Reform Committee and the Finance and Public Administration Committee consideration of the Bill

26. The Delegated Powers and Law Reform Committee published its report on the Bill at Stage 1 on 20 January:
 - [Delegated Powers and Law Reform Committee: Delegated Powers in the Visitor Levy \(Amendment\) \(Scotland\) Bill at Stage 1](#) – 20 January 2026
27. The Finance and Public Administration Committee launched a call for views which closed on 26 January. The responses can be found at the following link:
 - [Written submissions](#)

Next Steps

28. The Committee has agreed to take evidence from the Scottish Government on the Bill.
29. It will report to the Scottish Parliament on its Stage 1 consideration of the Bill.

Clerks to the Committee
January 2026