

Council asked to think again about Tourist tax

At this morning's Policy and Strategy Committee a motion has been tabled by the Green Group to urge the council to debate and decide upon a bed tax, a £1 levy on each hotel room which they estimate would raise around £5-10million each year for the council. Edinburgh would be the first UK council to introduce such a tax.

The Edinburgh Hotels Association which represents 46 members hopes to be given the opportunity to present their case this morning, ahead of councillors deciding whether or not to instruct a report on the tax, and its possible introduction in early 2012. EHA want to explain that the introduction of another £1 on each room would be detrimental to their business, which already pays over £5.5million in non-domestic rates to the council, along with a range of other taxes to HMRC, including corporation tax and National Insurance.

One main thread of their argument is that the money collected by the council would simply fall into the general council coffers, and would not necessarily be earmarked for the direct benefit of hotels or the city's tourist trade. They will explain to the committee that their profitability is not high and in these tough economic times is already under threat.

But, in addition, and perhaps most importantly, the trade body also question whether it is legal for the council to levy such a tax in any event.

This much at least, is agreed by the Labour Group who are proposing to table an amendment which asks for clarification on whether Government approval would be needed for the imposition of such a tax, and also some time to allow the political groups to incorporate this into their manifestos for

the 2012 council election. But the Labour Group have confirmed that they approve the idea in principle.

The Conservative Group Leader, Jeremy Balfour, said:-“We would not support a tourist tax in principle and especially in the present economic situation. I understand from the legal advice we have we can't introduce a tax without primary legislation from the Scottish Parliament.”

The motion tabled by Councillor Steve Burgess reads as follows:-

By Councillor Burgess – Transient Visitor Levy (Tourist Bed Tax) – remitted from the Council in terms of Standing Order 28.3

“This Council:

Notes that the proposal for a levy on visitor accommodation was discussed by the Council as long ago as 1997;

Notes that the idea has resurfaced periodically since then, including as the subject of a report by the Edinburgh Tourism Action Group and in the Council's Economic Development Framework Review in 2007;

Notes support for the concept from the Leader and Deputy Leader reported in the media this autumn but that no report has been made to Council on the proposal;

Recognises the ongoing severe reductions in funding to the Council but that the ongoing Council Tax freeze has limited the Council's ability to raise revenue;

Recognises the potential of a relatively small levy of around £1-2 per night to generate at least £5-10million per annum and that this scale of levy is unlikely to discourage visitors or affect the hotel trade;

Understands that such an approach is taken in the US, other

parts of Europe and in major city tourism destinations such as Vancouver, New York and Venice;

Agrees in principle that Edinburgh should now go ahead with the introduction of a Transient Visitor Levy; and

Therefore formally agrees for a full report on the introduction of a Transient Visitor Levy to be made to the Policy & Strategy Committee early in the New Year 2012 at the latest."