

# Tourist tax...the discussion continues



Although many cities in Europe have decided to impose a transient visitor levy or the so-called 'tourist tax', Edinburgh has not yet taken that step, and according to the British Hospitality Association (BHA) it will not happen any time soon, if at all.

Last month the BHA hailed a victory saying that The Scottish Government had confirmed that any plans for a 'tourist tax' in Edinburgh – or any other Scottish cities – are firmly off the table. The BHA explained it has campaigned for over six years against the implementation of any such additional, and what they describe as an uncompetitive tax, and said it was delighted that The Scottish Government recognised their reservations.

We asked The Scottish Government for a copy of the letter from the Cabinet Secretary for Culture Tourism and External Affairs, Fiona Hyslop MSP, to the BHA to share its contents with you.

Here it is :



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Whether this letter means that the government is wholly against Tourist Tax as the BHA claim, is open to question according to the City of Edinburgh Council council leader, Adam McVey who tweeted about this earlier in the week.


*Oh dear. Tory Leader [@CllrWhyte](#) slaps down his own Tory colleague's view but I hear hasn't even tested his anti-TVL position in his group since May! He might also want to read what Fiona Hyslop's letter actually said rather than parroting a BHA press release... [pic.twitter.com/n7Vswc0DSl](https://pic.twitter.com/n7Vswc0DSl)*

– Cllr Adam McVey (@adamrmcvey) [January 10, 2018](#)

## **Bath may be first UK city to impose tourist tax**

Bath appears to be on the brink of deciding that they have to take some revenue from their one million annual overnight tourists, and are about to campaign for the UK Government to change the law to allow it to do so. They also have over 5 million day-trippers and the strain on some parts of Bath is beginning to show. Conservative council leader of Bath and North East Somerset Council, Tim Warren, said : “We believe that considering the numbers of visitors we get in Bath a small fee for overnight stays is the way forward. This would go to service the tourism budget and funds that would have usually been diverted there would be free to be put to use elsewhere.”

## **Conservatives in Edinburgh**

It appears that the Conservatives in Edinburgh do not agree  with him – at least not all of them. Councillor Iain Whyte

who is the Conservative Group Leader took to writing a letter to the Edinburgh Evening News (which you can read in the tweet embedded above) to express his views, claiming that Deputy Edinburgh Council Leader Cammy Day was ‘fantasising’ about support from the council’s Conservative group on the matter. Cllr White himself is against imposing any tourist tax but revealed that there is a diversity of views in the Tory camp, with the most notable being Councillor John McLellan. Cllr McLellan is a journalist and Director of the Newspaper Society and uses his Edinburgh Evening News column to proclaim his views on a deal of council business, including the tourist tax.

## Coalition view



The tweets from Cllr Whyte led to a fairly frank exchange of tweets with Councillor Adam McVey who said to The Edinburgh Reporter afterwards : “The coalition is representing the views of the vast majority of Edinburghers and the interests of the whole city and economy in our steadfast support for a tourist levy.

“While I appreciate that we’ve got a long way to go to persuade some in the city of its merits, I welcome the comments by the Minister that any TVL requires the hotel and hospitality industry to be involved from the start. Indeed, I would echo this statement myself.

“The administration has been hugely supportive of the festivals and events that bring millions of visitors to the city and sustain our vibrant hospitality sector and we would do nothing to undermine that success. However to continue to sustain and grow our hospitality sector it will take investment, particularly in our festival offering and cultural infrastructure.

“We’ll start engaging with the sector in the coming weeks and

I'm confident that all stakeholders in the industry with their knowledge of their market will engage constructively in that process."



Depute Council  
Leader Cammy Day

Depute Council Leader Councillor Cammy Day told The Edinburgh Reporter : "I'm surprised that Edinburgh Tories who are speaking out in favour of this are having their views quashed by their political masters at Holyrood and Edinburgh. "Edinburgh needs an open and transparent discussion around the benefits of a TVL, that many other European Cities enjoy. The potential for further investment in our cultural offer, and to benefit the wider city are not to be ignored. "I hope the many back bench Tories who support a TVL will join the outspoken few and argue for a proper TVL and investment in our Capital City."

## Coalition Agreement

The Coalition included proposals to explore the viability of such a tax on visitors, typically charged on a nightly basis in the Coalition Agreement signed earlier this year.

*Commitment 48 of the Agreement states that the council administration will : "Continue to make a case to the Scottish Government for the introduction of a Transient Visitor Levy and explore the possibility of introducing more flexibility in the application of business rates. Explore the possibility of introducing a workplace parking levy."*

And at the recent Budget Question Time event hosted by Euan McGrory Deputy Editor of the Edinburgh Evening News it was raised by Finance Convener Alasdair Rankin who said that there was support across the council for the tax, which might raise

up to £15 million a year for the council by levying something in the order of £1 per person for an overnight stay.

This is far from an exact sum as there might be exceptions for children, and perhaps discounts for those who stay longer if other cities models were copied.

This could of course be very welcome when the council sets its annual budget each year, although the council has an annual revenue budget of just over £1 billion. The idea would be that the sums raised by adding £1 or more to each person staying overnight in hotels, would be used in tourism infrastructure like street cleaning, public toilets and the general upkeep of streets.

According to the [Love Money website](#) you would expect to pay £70 for a family of four staying in a four star hotel for a fortnight in Majorca. With around 4.5 million visitors to Edinburgh each summer income would soon mount up.

## Edinburgh Business Forum

In November 2017 it was reported by Edinburgh Business Forum that Edinburgh and London councils were to have joint talks about an alliance to persuade the Westminster and Holyrood governments that they might allow a tourist tax.

Councillor Cammy Day said at the time : "We have made a formal application to Sadiq Kahn's office to look at any potential for a joint initiative for London and Edinburgh, as the two capital cities, to work together.

"The idea is to show that this is not just Edinburgh calling for this and that if both capital cities are calling for it, then it is of real benefit. We have had £20m plus cuts this year and will have more than double that next year, so we have to take a serious look at what we can fund."

EBF concluded that 'Edinburgh has campaigned in the past for

the right to introduce a levy of between £1 and £4 – dependent on the accommodation and time of year – arguing that it would boost the economy by £15m. However, its previous attempts to become the first city in the UK to impose a tourist tax failed amid concerns from business leaders it could chase tourists from the city centre.'

## Liberal Democrat view



Kevin Lang Liberal  
Democrat

Lib Dem Councillor for Almond, Kevin Lang told The Edinburgh Reporter that he too supports the idea of a tax. He said : "A modest tourist levy has been shown to work very effectively in a number of other major cities. Rather than penalising the sector, this would ensure we have the funding available to reinvest in tourism over the long term and really allow the City to thrive."

It is clear that Edinburgh depends on its tourists to fill its 12,000 hotel rooms. Our city ranks second to London for the number of visitors from abroad.

### ETAG

Edinburgh Tourism Action Group (ETAG) states in its Key Figures report : "Tourism is one of Edinburgh's success stories. The city sells £1.3 billion of services to staying visitors, which supports around 30,000 jobs, and pays wages and salaries of around £400 million, per year in 2015. Over the last five years, visitor spending has increased by 30% from £1.0 billion in 2010 to £1.3 billion. Tourism partners aim to increase visitor spend to £1.5 billion by 2020."

## **Edinburgh Hotels Association**

While ETAG did not have any comment to make on the matter when we asked them, Edinburgh Hotels Association certainly did.

Speaking on their behalf, Russell Imrie explained that leading hoteliers in the city do not support any tax of this sort. He said : " The assertion that a tourist tax is supported by leading hoteliers is untrue. The Edinburgh Hotels Association is unequivocally opposed to the plans. The wider hospitality sector is vital to Scotland's economy, contributing £6.1bn each year and employing 304,000 people. Our visitors are price-sensitive and a tax on overnight stays will simply serve to push visitors elsewhere.

"At a time when our tourism industry must become more competitive, this tax will widen the gap between the Scottish visitor economy and those of our European competitors. At present we are saddled with a rate of tourism VAT of 20%, which is double the European average. Yes, cities such as Berlin and Amsterdam have tourist taxes but their rates of tourism VAT are a mere 7% and 6% respectively. Edinburgh has no such favourable status and a new tax will only compound the wider UK's position as 135th out of 136 countries in terms of tourism price competitiveness, according to the World Economic Forum.

"Hospitality businesses already contribute hugely to the public purse through payment of VAT, along with Income and Corporation Taxes. They contribute to Business Improvement Districts and pay iniquitously high business rates – as acknowledged in the Scottish Government's own report on the 2017 Rates Revaluation."

When we raised the fact that other countries do impose such a tax, we were reminded that VAT on accommodation is reduced by as much as a half in countries like Spain to allow for the tourist tax to be levied. So whatever the outcome of this

discussion eventually is, it is clear that it will have to involve the hotels as well as The Scottish Government and the City of Edinburgh Council.

With many new hotels in the offing, and some with planning consent already according to the splendid summary of planning applications on the [Skyscraper City website](#), the number of hotel rooms in the city is only going to increase meantime.

We leave the final word with **Willie Macleod, Executive Director, BHA Scotland, who said:** “The Scottish Government’s firm commitment last month to rule out a ‘tourist tax’ is fantastic news for our members, but most importantly for all visitors to the country. Proposals for a ‘tourist tax’ – such as those from Edinburgh City Council – would have resulted in an unfair charge levied indiscriminately on all consumers simply wanting to enjoy an overnight stay in Edinburgh. “We strongly welcome the Government’s decision and look forward to working further to ensure that the voice of hospitality is heard in Scotland and across the UK as a whole.”

