

# **UK Hospitality denies industry support for tourist tax**

The City of Edinburgh Council was quite clear in its message following the eight week consultation it ran. It stated that there was overwhelming support for the imposition of a tourist tax in Edinburgh. It also claimed that a majority of those who responded as well as a majority of accommodation providers supported the plans. That claim is being called into question by a hoteliers body.

In a statement Willie MacLeod, Executive Director of UK Hospitality says the organisation is concerned at the assertion by the council that 51% of accommodation providers in the city are supportive of a tourist tax or transient visitor levy (TVL) being introduced in the city.

He continued to say that the UKH is in no doubt that the vast majority of accommodation businesses in the city (including hotels, serviced apartments, B&B's, hostels and self-catering properties) are opposed to a TVL, and that this is clear from among the independent operators and larger chains in UKH membership and from the membership of the Edinburgh Hotels Association.

The Council fails to make clear that the survey response refers to 87 of the 170 accommodation businesses that

responded to the council's survey and representing, respectively, 4% and 8% of the city's accommodation businesses.

He continued : "It would be helpful if the Council made clear which types of accommodation businesses have responded. This is an important point as, unlike the larger hotels and accommodation businesses, a significant number of smaller accommodation businesses in the city make no contribution to public finances through business rates (being exempt under the Small Business Bonus Scheme) or VAT (as they trade below the annual turnover threshold of £85,000) and have less to lose if consumers are saddled with a further and uncompetitive tax.

"UKH opposes the introduction of a TVL in Edinburgh, or for that matter anywhere in Scotland, primarily on grounds of price-competitiveness. The UK is one of only three EU countries which do not apply a reduced rate of VAT to accommodation and tourism services (on average, the rate of VAT on accommodation in the EU is around half of that in the UK). Moreover, while it is true that many EU countries do impose some form of tourist or bed tax, this is done against a much lower rate of VAT. To impose an additional tax on visitors to Edinburgh and Scotland is potentially damaging to tourism and fails equitably to compare the competitive position.

"Our visitors are price-sensitive and it is naïve to assume that any additional tax will come without cost have no effect on visitor behaviour. Using robust academic studies of tourism price-sensitivity and data from a survey of visitors to Edinburgh conducted over the Autumn of 2018, UKH has estimated that the annual negative economic impact which will arise from the imposition of a TVL at £2 per room, per night will be in the region of £175m – £200m in Scotland (£44m – £94m in Edinburgh) being far greater than the amounts expected to be raised by a TVL.

“The Scottish Government is in the midst of conducting a national discussion on TVL and has been clear that it has no plans for the introduction of any such tax on consumers (which will be payable by residents of Scotland as well as by visitors to the country). Instead of pushing ahead with its proposals for the introduction and administration of a TVL, the City of Edinburgh Council would do well to await the outcome of the Government’s deliberations on the principle of such a tax which, if to be taken forward, will require clarification of many unanswered questions, primary legislation, and formal consultation which will, hopefully, take more account of the views of an industry which understands its consumers than has the City Council.”