

City agrees details of new visitor levy

At a special council meeting on Friday Edinburgh Council finally got their plans to charge a levy on overnight accommodation in the city across the line.

The meeting was held online due to Storm Éowyn but all councillors had ample opportunity to put forward their various positions.

All parties except the Conservatives have backed the new tax since it was first mooted in 2017. After a further two hours of discussion on Friday with contributions from 25 councillors, the council has now agreed to become the first Scottish city to introduce the tourist tax, albeit with a few months delay in implementation.

The tax will be applied for bookings paid for in part or in full on or after 1 October 2025 and for overnight stays on or after 24 July 2026. This is a delay of five months from the previous plan outlined only last week, and is said to be the result of the hospitality industry lobbying the council. Many in the hospitality industry, particularly smaller business, said they could not be ready to collect the tax on behalf of the council in time.

A great deal of time over the years has been devoted to introducing this tax which could be revolutionary for the city. It is expected that the Transient Visitor Levy or Tourist Tax will raise around £50 million each year. The way

it is then spent is largely determined by the legislation passed by The Scottish Government.

Council Leader Jane Meagher said when introducing the administration position: "I'm confident the scheme before us is entirely consistent with the legislation. And officers have been at pains to ensure that the scheme has far reaching implications for anyone involved in Edinburgh's tourist economy, and that is why extensive consultations have been carried out with a very wide range of interested parties, from global online travel agents to local small business and, of course, Edinburgh's residents." She hoped that as a result of the tax the city will now be able to expand its tourism offer beyond the "undoubted attractions" of the Castle, the Royal Mile and Holyrood Palace to the hidden gems like Craigmillar Castle.

Cllr Danny Aston (SNP) criticised the administration. He said that Labour are happier to carp from the sidelines about the block funding from The Scottish Government, rather than making Edinburgh's case at COSLA. He said: "They will complain about the funding that is available for transport projects in Edinburgh but not make use of the powers the Scottish Government have given this city and now on the visitor levy we are seeing exactly the same thing – the barest minimum possible spend on social housing. That sees them putting forward this timid proposal shamefully with additional delays on implementation, bowing to lobbying from business interests every time, time and time again."

Cllr Kate Campbell laid out the SNP plans which she said would raise much more funding for housing than the administration over the next three decades and urged that other political groups would not miss out on this opportunity.

SNP Group Leader, Simita Kumar, said: "The SNP put forward a bold and ambitious plan to use this valuable new power given to Edinburgh by the Scottish Government to help tackle

Edinburgh's housing emergency, which would have put almost £1 billion additional funding into social and affordable homes.

"It is frankly shameful that the Labour administration has put forward this timid plan, which represents a paltry 13% of what the SNP proposed to spend on housing. It's little wonder that the Tories felt able to support their plan, along with the Lib Dems. Added to that is their disgraceful capitulation to business lobbying to delay this long-awaited scheme by nine months.

"This was a historic chance to balance the economic benefits our city gets from its tourism industry with tackling the impact it has also had on our housing emergency. I regret that it has largely been passed up by Labour and their Tory and Lib Dem allies. While I welcome that we have agreed that Edinburgh will start collecting Visitor Levy from next year, this vote represents a failure of nerve and an absence of ambition."

Cllr Neil Gardner said that the SNP plans would deliver £1 billion pounds and 5,127 affordable homes which in his view was the key planning matter.

Cllr Ross McKenzie, Independent, was another harsh critic of the Labour administration. He said: "The council leader seemed to suggest that a consensus had been built around a five per cent levy, and it's quite clear from the positions before us and the contributions that we've heard, that there's no consensus around the administration position.

"Instead, what the administration has built is a deal. It's a deal that keeps the levy low enough for the Tories to back them in the final round of voting today, and once again, the need to have the Tories on side is the biggest factor in determining the Labour position. Labour has not built a consensus. They have made a political choice. They have taken a side. It's a choice that was first made back in May 2022, after the election, and when the Labour group were in the

process of making that choice.”

He continued: “They cannot say that they are doing everything possible to generate income for the city. They can’t say that they’re doing everything possible to increase the number of affordable homes. And I’ve heard the council leader say those words many times over the last two years, “I’m doing everything I can for housing”. Well, no, you’re not. There’s a clear proposal in front of you today. You have a choice, and once again, the choice that you’re making betrays the people that voted for you and betrays the people the Labor Party was formed to represent.”

Cllr Kevin Lang withdrew the Liberal Democrat amendment saying: “Liberal Democrats pushed successfully to enshrine two important principles in the levy, firstly, that we need to see real, tangible additional benefits from the income and the spending that comes from the visitor Levy. And second, and I think this is very important, that communities right across the city should see that benefit.”

Cllr Alex Staniforth for the Green group also said the council was in danger of “wasting a much bigger opportunity”. He said: “The size of the levy proposed of 5% is far smaller than many other European cities, and those cities have been collecting the levy for years. We are starting late and choosing to move at a slower pace, a rate of 8% is much more reflective of the European average, and would raise millions more for the city, as well as allowing us to spend more on housing that we could build as soon as possible.” He also said that he was sceptical of the hospitality industry not being able to make the necessary changes in a few months saying it was after all “only a few lines of code at most”.

Edinburgh Green councillor, Alys Mumford, said after promoting an 8% charge: “The idea of a visitor levy was first raised by Edinburgh’s Greens councillors more than a decade ago, and today the Council has approved an ambitious plan with green

values at its heart – raising investment for public services and affordable housing.

“While we’re disappointed that the Labour administration didn’t take the opportunity to set a more ambitious rate for the levy, as well as caving in to the demands of corporate lobbyists around the implementation timeline, it shouldn’t detract from the major step forward it represents.

“Green Councillors across Scotland are working to implement visitor levies for their areas, and the decision Edinburgh has made will set the model for that. We look forward to visitor levies being standard practice around the country, as they are in many European countries.”

Conservative leader Cllr Iain Whyte said: “Let me be absolutely clear, we Conservatives do not support introducing a tourist tax because we fear very damaging issues for our tourism economy and impacts within the city.

“So why have we put forward a reasoned amendment like we have? Well, it’s become clear over a number of years that the council intends to do this, and so we’ve decided to try to mitigate the worst effects this will have on the tourism sector in Edinburgh, a sector that employs 37,000 people and is over nine per cent, nearly 10 per cent.

“First of all, we are very much of the view that we have to give businesses time to implement this. They have been clear, and our officers have been clear, that that needs a timescale for the transition period up to 1 October 2025 and so we are proposing that as a way forward.”

Transport Convener Cllr Stephen Jenkinson said Tourist Tax is not a burden it is an investment. He pointed out that such a beautiful city attracts millions of visitors but that creates its own pressures. He said: “The visitor levy will generate a sustainable stream of funding specifically designed to address these challenges. Just imagine the possibilities that this

additional capital injection will unlock, will be able to invest in green infrastructure, better public transport and cleaner streets.”

Cllr Meagher said in summing up that she was disappointed the meeting had been reduced to political mudslinging, and said the Labour administration has listened to a “huge range of consults”. She said: “I want to make this scheme a success. I would like to point out that 4% 5% 7% or 8% of nothing is precisely nothing, and that’s why it is my intention to take forward a scheme which is within the legislation and makes the city a better place to live in.” The Council Leader rejected any of the other group’s amendments and the matter was put to a roll call vote.

The Liberal Democrat group voted with the administration, Cllr McKenzie voted with the Greens and the second independent councillor,, Cllr Day, voted with the administration.

An initial four positions were on the table, but none of these achieved an overall majority of votes. A second roll call vote excluded the Conservative amendment and the administration motion was then carried with 34 votes as the Conservatives backed the administration.

Neil Ellis, Chair of the Edinburgh Hotels Association, said: “Edinburgh Hotels Association welcomes the introduction of the visitor levy for its intended use of improving the experience of all visitors – local, national or international – through additional spending. This is a fantastic opportunity to further enhance Edinburgh’s reputation on the World stage as a must visit destination.”

Donald Emslie, a representative of Edinburgh’s tourism industry, said: “This new income stream presents a unique opportunity to generate significant funds for the city’s long-term development. The levy’s potential to generate transformative funds for the benefit of all who live, work,

and visit Edinburgh is well recognised and I'm pleased to see a decision made to declare a scheme which will not only support spending on city operations and infrastructure, but sustain Edinburgh's cultural offering and destination and visitor management."

Self Caterers

Fiona Campbell, CEO of the Association of Scotland's Self-Caterers, said: "We are extremely disappointed that Edinburgh Council has failed to properly appreciate the widespread concerns of our sector who are the ones responsible for administering this tax.

"While the transition period will be altered by a few months, there remains very clear operational impossibilities. In the rush to be first, rather than getting it right from the get-go, their slapdash approach risks undermining the levy before it has even started. Edinburgh will be a guinea pig for this new tax and hopefully other councils will now take stock and learn from the mistakes made.

"While tourist levies are common in other destinations, Edinburgh's plans make it an outlier. First, it is a tax on a tax: the 5% levy itself is subject to 20% VAT, something unheard of in Europe. Other destinations have a reduced rate of VAT on tourism services, where Scotland does not. Those demanding a levy of 8% or more need a reality check.

"Second, this is not an 'international' visitor levy paid only by foreign tourists with exemptions for residents, but one applicable to ordinary Scots staying overnight in the capital, those who have already made a financial contribution to local services. And as with all taxes, the only way is up, especially when councils are starved of funds.

"Finally, the credibility of those continuing to blame the tourism industry for all manner of ills, especially the

relatively small number of short-term lets, is wearing thin. The housing crisis won't be solved by causing a crisis in Scottish tourism; and those seeking to respond to the Housing Emergency should focus their ire on the capital remaining an empty homes hotspot.

"We understand the rationale behind a visitor levy but a badly implemented policy will do more harm than good, damaging the very industry it is supposedly meant to support."

The final proposals for [the scheme](#) have been updated to provide accommodation providers and booking agencies with extra time to prepare systems for advance bookings ahead of next summer's launch.

