

Councillors expected to approve tourist tax this month

After several years of discussion and consultation, the final draft of Edinburgh's proposed tourist tax has been published. It will be considered by councillors at special meetings this month when it is expected to be approved, introducing a charge similar to many international cities which will benefit all areas of Edinburgh.

The plans are to introduce the charge on visitor nights in the city as soon as legislation allows which means that anyone booking accommodation for 2026 from 1 May 2025 onwards will be liable to pay the extra 5% fee to the council. The purposes for which the monies can be used must in some way "sustain, support or develop things that are substantially used by visitors".

The tax will, according to council estimates, raise around £50 million per year, once the system has bedded in, but council officers are basing their calculations on income of around £100 million in the first three years. The monies will be used

for a variety of purposes, including £5 million to leverage around £70 million of spending on housing, 55% on city operations and infrastructure, 35% on culture, heritage and events, and 10% on destination and visitor management, but one of the most directly beneficial for Edinburgh residents being the plans for two percent allocated to “participatory budgeting”.

This already works well in Leith where [feith Chooses](#) allocates around £50,000 or so of council funding to local projects. It is the local residents who have the final say on how the money is spent in their area.

In the tourist tax plans, two per cent of the new tourist tax will be spent in this way in every one of the 17 council wards in Edinburgh. Eventually this will mean that a fixed sum of £100,000 will be spent in each area of the city on projects voted for by the local residents.

Otherwise the decision on how to spend the monies will lie with the new Visitor Levy Forum which is to be set up when the tax is given the green light. This will be made up of people from a variety of backgrounds including community councils, young people forums, Edinburgh Hotels Association, festival and tourist groups.

The final plans have made some changes reflecting the results of consulting with residents and businesses over the last three months. The tax will now be set at 5% of the cost of an overnight stay, (previously it was proposed as a flat rate) will be capped at a total of five nights not seven as previously planned, and will include campsites as well as hotels and bed and breakfast accommodation. There will be special exemptions for places such as the accommodation provided to parents and carers of patients in the Royal Hospital for Children and Young People.

OVERHEADS

All businesses which administer the scheme will retain a flat fee of 2% of the sums raised for administration costs. In earlier plans the administration costs were different according to the size of the business providing the accommodation but that was regarded as over complicated. And if accommodation is offered free then the council states that there is no “chargeable transaction” and so no need for any visitor levy to be charged.

The cost to the council of implementing the tax are estimated at £800,000 until July 2026, which will be recouped from the income raised. After that annual costs are estimated at £1 million.

Council Leader Jane Meagher said: “This is the moment we have been working towards – a once in a lifetime opportunity to sustain and enhance Edinburgh’s position as one of the most beautiful, enjoyable destinations in the world.

“With income of up to £50 million expected once it is established, the funding could provide Edinburgh with the single biggest injection of new funding this side of the millennium, providing a unique opportunity to further improve and protect all that makes Edinburgh the incredible destination it is today.

“We’ll be able to use funds to help us manage tourism sustainably and boost projects which benefit the experience of visitors and residents. I’m looking forward to working with Councillors to agree the scheme this month, which will allow further work to be carried out on the details of Edinburgh’s new levy.”

The council will now appoint a Chair of the new Visitor Levy Forum through a recruitment process. No details of salary are yet available. If the plans are approved on 24 January

Edinburgh has always been expected to be the first city in Scotland to implement the Scottish Government legislation and is moving as quickly as possible after the new law was introduced in September 2024.

[The draft plans and a report on the consultation are included in the papers for the first of two special meetings to discuss the Visitor Levy next Friday and as usual anyone can attend the meeting as a member of the public or watch online either live or as a recording.](#)

The Association of Scotland's Self-Caterers continues to take a negative stance against the Tourist Tax, saying that their members will have to face "another administrative hurdle". The levy will "threaten the financial stability of operators and the affordability of domestic tourism for Scots". Notwithstanding that such a tax is common elsewhere in the world, the association believe it will undermine the country's "tourism competitiveness".



7/8/2024 The Royal Mile during the Festival PHOTO Alan Simpson