

# Visitor Levy under the spotlight

**On Friday the Tourist Tax or Transient Visitor Levy comes under the spotlight when the first of two meetings will be held to finalise the council's plans for collecting and also spending the proposed tax.**

The council's proposal is to charge the tax at 5%, cap it at five nights of overnight accommodation in The City of Edinburgh Council area, and to spend the tax in a variety of ways, including a new participatory budgeting scheme to allocate spending of £100,000 in each and every council ward each year. The council is assuming that £100 million will be raised from the new levy over the first three years and estimate that the tax will raise £50 million a year after that. This will be additional to the £1.7 billion revenue budget which the council already have to spend, but will be divided up with 55 per cent allocated to city operations and infrastructure, from lighting improvements, street cleansing repairs to setted streets and pedestrianisation, 35 per cent allocated to arts and culture and 10 per cent for tourism marketing.

The Edinburgh Tourism Action Group (ETAG) along with others involved in the tourism sector, has lodged a written response to the council for consideration by councillors at Friday's meeting. The group, which backs the scheme, writes that the new income stream "presents a unique opportunity to generate significant funds for the city's long-term development" and

that they “recognise the levy’s potential to generate transformative funds for the benefit of all who live, work, and visit Edinburgh”.

The deputation recommends spending on “three core spending areas: City Operations & Infrastructure, Culture, Heritage & Events, and Destination & Visitor Management”. This last is historically important. The council spent almost [£2 million mothballing the former Marketing Edinburgh](#), only for some opposition councillors to point out post Covid that the council could well have done with such a body in place to promote the city.

But at the same time as supporting the new levy, the bodies represented (which includes Essential Edinburgh and the Chair of the Convention Edinburgh Strategy Group) asks the council to delay its implementation to allow business time to catch up. The council has been actively promoting the tax for almost seven years, and it is unlikely that it will want to delay any further, but the recommendations on Friday are made by council officers. It is up to the councillors to decide whether to adopt them in whole or in part, and whether to listen to business people – particularly small businesses.

## **Scottish Tourism Alliance**

The Scottish Tourism Alliance (STA) updated its members with a newsletter issued on 10 January. First of all they set out the details of the outcome of the council consultation but the body also said it remains “extremely concerned” about the introduction of the tax by any of the 32 local authorities, citing the difficult economic climate and the “emerging complexity of the current charging model”.

A spokesperson said: “The STA strongly recommends local authorities across Scotland take a pause to take stock, give time for the charging model to be reviewed, and observe how the visitor levy plays out in Edinburgh and in other parts of

the UK before making a firm commitment to introduce their own visitor levy scheme.

“A rush to introduce a visitor levy will damage the essential tourism and hospitality businesses that local economies rely on to support jobs and attract visitors.”

But the STA recognised the years of work that Edinburgh’s proposal has behind it. They said: “As Scotland’s capital city and one of the UK’s leading destinations, Edinburgh offers a very different proposition for introducing a visitor levy scheme compared to other Scottish destinations, particularly in remote and rural parts of the country.

“The City of Edinburgh Council has been working on the introduction of a levy for several years and it would be a mistake for other local authorities to think they can catch up without putting in the same considered time and effort, especially when Edinburgh continues to contend with new challenges in the practical application of the levy.”

## **COUNCIL SETS OUT ITS STALL**

If the councillors approve the scheme on Friday (and it still requires approval of the second meeting next Friday which all councillors are expected to attend) the levy will apply to bookings made on or after 1 May 2025 for overnight stays in Edinburgh on or after 24 July 2026.

A council spokesperson said: “While there is no requirement for businesses to collect the levy at the point of booking, with accommodation providers able to choose how best to implement it according to their own business practises, visitors must be made aware of the final price of their accommodation in order to comply with UK consumer laws.

“Accommodation providers will only need to submit a return and pay the council the required levy amount from the end of

September 2026 and businesses will be given reasonable time to complete this return.”

The council has confirmed that it has created a levy collection platform and they will be testing it over the winter to ensure it is ready in plenty of time for the start of the collection of the tax. Accommodation providers will be able to register on the platform in early 2026, but come 1 May 2025 their prices will have to be changed to reflect the additional charge on overnight stays from July next year.

The council expects to publish more details of the scheme and how accommodation providers can register once the tourist tax is approved next Friday. Meantime VisitScotland has been consulted on composing a list of FAQs for business and there is more information on that [on the VS website here.](#)

The scheme will cost around £800,000 to set up and around £1 million

## **CALL FOR DELAY**

Not everyone is behind the tax either fully or otherwise. But the council is forging ahead with plans to introduce the tax at the earliest possible opportunity, making it the first Scottish council to do so. A 12-week consultation has been conducted and the [report will be considered by councillors on Friday. The draft plan](#) includes provision for accommodation providers to impose the tax on any bookings for accommodation after summer 2026 which are made on or after 1 May 2025. This short timeline has been criticised by the trade body which represents small businesses.

Garry Clark of the Federation of Small Businesses in Scotland (FSB) said: “Over the past two years, FSB Scotland has been bringing small local accommodation providers round the table with The City of Edinburgh Council in a series of discussions to help officials understand how their policy of a local

Visitor Levy might impact these businesses.

“Some of the outputs of these discussions have helped shape the council’s current Visitor Levy proposal, though FSB Scotland still has some concerns about the timing of the scheme and some of the proposed spending priorities. As the voice of Scotland’s small business community, we are bound to articulate these concerns through the democratic process and seek to achieve further changes to improve the Visitor Levy scheme to ensure that it works better for Edinburgh’s visitor economy.

“We will continue to work with the council to ensure that they provide all necessary assistance to the small local businesses which they are proposing will collect and pay this new tax on the council’s behalf.”

In the *Scotland Visitor Survey (2023)* and *Great Britain Tourism Survey (2023)* it was found that the majority of long haul travellers booked their trip to Scotland between 3 and 12 months ahead of travel (71%). The average time for booking was 25.3 weeks before travel.

The majority of domestic visitors booked their accommodation for their trip in Edinburgh within 3 months of travel (77%) or 92% within 6 months.

The majority of European travellers booked their trip to Scotland within 6 months of travel (87%). The average time for booking was 15.5 weeks before travel.



Edinburgh's Christmas produced by Unique Assembly welcomed 80,000 visitors in a day in November 2022 PHOTO ©2022 The Edinburgh Reporter