

Edinburgh councillors to try and claw back visitor levy tax

Edinburgh councillors have voted to try and claw back millions of pounds per year set to be taken by the Treasury in tax from the city's new visitor levy.

Of the around £50m expected to be brought in annually by the new charge, about £8m is set to be lost to the UK Government per annum through VAT.

SNP councillor Kate Campbell introduced a motion asking the council's leader to write to the UK Government asking for the cash back, saying: "The visitor levy has clear principles attached to it – it's about raising money locally that should be spent locally.

"VAT is a reserved tax, and decisions about VAT are completely within the remit of the UK government.

"There were discussions about VAT in terms of the impact of paying additional VAT on [the levy] when this legislation went through the Scottish Parliament, but they can't decide whether or not VAT is paid on it because that is a reserved matter.

"What we're asking for is that they consider giving us a rebate, because it's quite a significant amount of money. So 20% VAT amounts to around £8m pounds we think.

"If we think of the significance of that over a long period of

time, for example, that could equal half a billion pounds worth of investment in council housing, if that's what we agreed to spend it on.

"It is a very significant amount of money that could be spent locally in Edinburgh, rather than being some strange Treasury bonus that would get spent across the UK when it is effectively a tax on a tax."

Edinburgh's visitor levy – the first of its kind in the UK – will charge almost all visitors staying in overnight accommodation in the city 5% of their rate per night, for up to five nights.

From the funds raised, £5m per annum will go to housing and 'tourism mitigation', while £2m broken up over 3 years will go towards participatory budgeting.

Some 2% of funds raised will be returned to accommodation providers to deal with administrative costs involved in running the scheme.

The remainder will go towards city operations and infrastructure (55%), culture, heritage and events (35%), and destination and visitor management (10%).

It was officially approved in January of this year, and the scheme will take effect from July 2026.

Conservative councillor Phil Daggart said: "I love the fact that a couple of weeks ago we had this debate about how wonderful this scheme was, and now we've got the SNP group complaining about how wonderful this scheme was, given that it was the SNP that took this through Holyrood, designed the scheme, worked it through parliament.

"All of a sudden, the SNP group in Edinburgh has worked out, 'oh, there's VAT being charged on this'. If only someone had thought about that before the visitor levy was introduced, or

indeed designed and given approval in Parliament.”

Cllr Campbell replied: “It’s very simple, it’s very straightforward. We think this money should be raised here, and it should come back to Edinburgh. It wasn’t in the legislation, but we’re saying that, sometimes, legislation can be improved after the fact.

“We believe that there would be the power within the UK Government to do so, and we think that would be of benefit to our residents.”

By Joe Sullivan Local Democracy Reporter