

CONSULTATION ON THE PRINCIPLES OF A LOCAL DISCRETIONARY TRANSIENT VISITOR LEVY OR TOURIST TAX – PROPOSED ANGUS COUNCIL RESPONSE

CONSULTATION QUESTIONS

The Scottish Government wishes to explore how much responsibility for the design of the visitor levy should sit at the local level.

Q1. Do you think that the design of a visitor levy should be set out:

- a) wholly in a national framework
- b) mostly at a national level with some local discretion
- c) mostly at local level with some overarching national principles.

Please tick one box

Please provide a reason (or reasons) for your answer:

As a local levy option for Councils as much local discretion as is feasible should be built into the system. The Council agrees however that some overarching national principles are required to ensure consistency in key areas which can help to ensure the administrative impact on businesses who operate across Council boundaries is kept to a minimum.

Scottish Government is committed to legislating to provide local authorities with the power to apply a discretionary visitor levy.

Q2: Is an overnight stay in commercially let accommodation an appropriate basis for applying a levy on visitors?

- Yes
- No
- Don't know

Please provide a reason (or reasons) for your answer:

Yes, the levy if its applied by a local authority has to be easily collectable and readily understood by those paying and administering it. Applying it to overnight stays in commercially let accommodation appears to us to be the most transparent and pragmatic approach.

We wish to explore if it would be feasible for a visitor levy to be extended to other visitor activities notwithstanding the challenges this might present (see section 4.2)

Q3: Which of the following activities do you think a visitor levy could be robustly applied to and enforced, and how?

Tick all boxes that apply and provide reasons where possible

Day visitors not staying overnight



Please explain how a visitor levy could be applied and enforced on day visitors:

Although we accept that large numbers of day visitors can impact on local infrastructure and costs we see real practical challenges in trying to apply a levy to day visitors. Collectability would be a key issue as would distinguishing visitors from local people. Addressing the impact of day visitors may be better addressed through other forms of taxation/charges e.g. at point of sale or entry

Cruise ship passengers who disembark for a day before re-joining the vessel



Please explain how a visitor levy could be applied and enforced on cruise ship passengers:

A disembarkation or mooring tax for cruise ships is likely to be more administratively achievable in practice than a levy on day visitors but we would be concerned about the impact on local ports and the disincentive to visiting vessels which may arise. As above alternative means of addressing the impact may be more appropriate. Providing this as an option for local discretion would seem appropriate given the different impact of these visitors across Scotland.

Wild or rough camping, including in motorhomes and camper vans



Please explain how a visitor levy could be applied and enforced on rough camping, including motorhomes and camper vans:

We see no administratively efficient and practical method of applying a visitor levy to these circumstances. Where this is a specific problem other options (not necessarily involving taxation) may offer a more appropriate solution. e.g. licensing options

Q4: The consultation paper sets out four options for the basis of the charge (section 5.1).

Please tick which one you think would work best in Scotland? (Tick one box below)

Flat rate per person per night

Flat rate per room per night

A percentage of total accommodation charge

Flat rate per night dependent on the quality of accommodation

Please provide a reason (or reasons) for your answer:

We note a range of practices on the basis of charge exist in other countries which suggests there are pros and cons with each. The Council believes a charge which applies a percentage to the total accommodation charge would deliver a fair, transparent and efficient approach to administering and collecting the levy.

Q5: In addition, for each option in Q4 what are: the considerations for accommodation users, accommodation providers and local authorities.

Flat rate per person per night

Implications for accommodation users:

The rate would be the same for all accommodation users making it more regressive and potentially making Scotland a less attractive place to visit for those on a budget.

Implications for accommodation providers:

A number of challenges (and therefore costs) would arise for providers the main one being ensuring clarity on the number of people actually staying in overnight accommodation so the correct amount of levy is paid.

Implications for local authorities:

The main issue would be one of transparency and being confident the levy is being paid by all who are due. The risk of fraud and error seems to us to be higher with this option.

Flat rate per room

Implications for accommodation users:

This approach would be more practical than the per person per night option above but clarity on what constitutes a room would be needed and could mean unintended consequences for different types of accommodation options/providers.

Implications for accommodation providers:

More administratively deliverable than per person per night but could impact on some providers more than others

Implications for local authorities:

No major issues envisaged providing there is clarity on which rooms are chargeable and data on accommodation composition is available

A percentage of total accommodation charge

Implications for accommodation users:

This approach would allow users to know at the point of booking what the total cost will be. Its simple and transparent and should better reflect ability to pay

Implications for accommodation providers:

Likely to be the most administratively efficient method of levying and collecting for providers

Implications for local authorities:

Expect this to be the easiest option for Councils to enforce and check for fraud and error

Flat rate per night dependent on the quality of accommodation

Implications for accommodation users:

Similar to option 1 (flat rate per person per night) but more progressive so may be more accepted by users

Implications for accommodation providers:

Similar issues to option 1

Implications for local authorities:

As option 1

Q6: Do you think that the basis of the charge should be set out in a national framework, or be for a local authority to decide?

Tick one box:

- Set out in a national framework**
- Decided by local authorities**
- Don't know**



Please provide a reason (or reasons) for your answer:

Although we favour local discretion we cannot see how anything other than a national framework for determining the basis of charge will be operationally efficient for accommodation providers, especially those who operate across Council boundaries.

Q7: Do you think that the rate of the visitor levy should be set out in a national framework or should it be for the local authority to decide?

Tick one box:

Set out at national level
Decided by local authorities
Don't know

Please provide a reason (or reasons) for your answer:

If other aspects such as the basis of charge are set nationally it is essential that the rate is determined locally. This is among the most important aspects of the decision to apply the levy and so is best suited to local determination to suit local circumstances.

Q8: What factors should be considered to ensure the rate of the visitor levy is appropriate?

Please provide a reason (or reasons) for your answer:

It may be appropriate to consider periodic local and national reporting on the impact of the levy to ensure the policy objectives remain valid and are being delivered over time. In other words to ensure that locally and nationally we have an understanding of what this change in taxation has done and to consider whether any refinements may be required.

Q9: If the rate of the visitor levy were to be set by individual local authorities, should an upper limit or cap be set at a national level?

Tick one box

Set out at a national level
Decided by local authorities
Don't know

Please provide a reason (or reasons) for your answer:

We note the suggestion of a possible national cap but do not favour such an approach. Local Councils need to be trusted on this and to respond appropriately if the rate of the levy is having a significantly detrimental impact. It's either a locally determined rate or it's not.

The Scottish Government is of the opinion that there are some groups that it would be unacceptable to impose a visitor levy on under any circumstances. These include:

- Homeless people
- Asylum seekers/refugees
- Travelling communities (such as Gypsy travellers and other traveller communities)
- Victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in
- Those placed temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in.

Beyond these groups, other groups could be included for exemption either at the national or local level.

Q10: Do you think that all exemptions should be the same across Scotland and therefore set out in the national legislation, or should local authorities have scope to select some exemptions?

Tick one box below:

All exemptions should be the same across Scotland and local authorities should not have any discretion.

Some exemptions should be set at national level, and some should be at the local authority's discretion

Q11: Which additional exemptions from the list below do you think should be applied to a visitor levy?

Tick all that apply

Disabled people and registered blind/deaf and their carers

Those travelling out with their local authority area for medical care, and their carers or next of kin

Children and young people under a certain age

Students

Long stay guests (e.g. people staying for more than 14 days)

Business travellers

Local resident (paying for overnight accommodation within the local authority in which they reside permanently)

Q12: Are there any other exemptions that you think should apply?

Please list together with reasons below:

We agree that exemptions are appropriate in some circumstances but these should be kept to a minimum to ensure transparency and administrative efficiency. The risk of fraud and error in relation to exemptions is higher the more exemptions are in place and it will be challenging for local authorities to ensure all who are properly due the levy have ultimately paid.

Q13: What is your view of the proposal that accommodation providers should be ultimately responsible for the collection and remittance to the appropriate local authority, even if the tax is collected by a third party booking agent or platform

Tick one

Agree

Disagree

Please explain and provide any other comments on this proposal:

Accommodation providers are best placed to collect and remit the levy. This question is best answered by the industry who will understand the commercial arrangements between providers and booking agents. The issue of third party booking agents and platforms will already exist in other countries which apply similar levies so Scotland could learn from what is done elsewhere

Q14: If accommodation providers were required to remit visitor levies after the overnight stays to which they relate (even if the payment was made well in advance) how frequently should the levies collected be required to be remitted to the levying local authority?

Tick one box

Ongoing basis (e.g. each night)

Monthly

Quarterly

Annually

Please provide a reason (or reasons) for your answer:

We consider a monthly approach to be a reasonable compromise for both providers and local authorities. This could be an aspect left to local determination albeit this would mean different approaches across the country and complexity for providers operating across council boundaries

It will be necessary for accommodation providers to collect information from visitors to apply the visitor levy correctly and retain records to demonstrate compliance. This information may vary depending on the basis of the charge. It will be essential that local authorities and accommodation providers comply with General Data Protection Regulation (GDPR) in handling personal data.

Q15: What information should an accommodation provider be required to collect and retain to ensure compliance?

Please list below and explain why you think that information is needed for the four different scenarios below:

If the basis of the charge is on a:

a) flat rate per person per night

The main information required is that which allows providers and local authorities to confirm that the right amount of tax has been levied and paid. Under this option the main information would include:-

- Name and address of each person staying in the accommodation
- Number of nights each has stayed
- Whether any exemptions apply and if so which ones and the evidence to support that exemption

The Council would also need to be able to confirm that the levy has been applied to all overnight stays the accommodation provider has delivered which is likely to require access to core records.

b) flat rate per room per night

Main information would include:-

- Name and address of the lead person staying in the accommodation
- The type of accommodation – number of rooms chargeable
- Number of nights stayed
- Whether any exemptions apply and if so which ones and the evidence to support that exemption

c) percentage of total accommodation charge

Main information would include:-

- Name and address of the lead person staying in the accommodation
- Number of nights stayed
- The accommodation charge prior to application of the levy
- Whether any exemptions apply and if so which ones and the evidence to support that exemption

d) flat rate per night dependent on the quality of accommodation

Main information would include:-

- Name and address of each person staying in the accommodation
- Number of nights each has stayed
- Accommodation type (quality)
- Whether any exemptions apply and if so which ones and the evidence to support that exemption

Q16: How can a local authority choosing to apply a visitor levy ensure it has a comprehensive list of all those providing overnight accommodation on a commercial basis in their local authority area?

Please provide a reason (or reasons) for your answer:

A list will require to be compiled from existing information and research. It would be helpful from an avoidance point of view for the legislation to require all providers of overnight accommodation to declare that provision to the local authority for the purposes of administering the levy, i.e. make it illegal to provide overnight accommodation on a commercial basis without registering that activity with the local authority.

Q17: What enforcement powers should a local authority have to ensure compliance and prevent avoidance and evasion by accommodation providers?

Please provide a reason (or reasons) for your answer:

Councils will require the power to check who providers are and that they are collecting and remitting the correct amounts due. This is likely to require some access to provider's primary records. Placing a legal requirement on all providers of commercial overnight accommodation to declare and record that activity with the local authority would also be essential. Remedies for non-payment or delayed payment by providers would also be required. Councils already collect other taxes e.g. Council Tax and Non-Domestic Rates so ensuring that similar powers to those which exist in those other areas of tax would be a good starting point.

Q18: Should non-compliance by an accommodation provider be subject to a civil penalty (i.e a fine) and if so, what would be the appropriate level be?

Tick one:

Yes

No

Don't Know

<input checked="" type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Please state level of civil penalty (fine) (in £ pounds sterling) that you think is appropriate?

It is difficult to see how enforcement can be effective without the threat of a financial sanction for non-compliance. Different levels of sanction for different aspects of non-compliance may be appropriate. We do not consider ourselves knowledgeable enough about what levels of fine would be appropriate but this needs to be sufficient to deter non-compliance.

Q19: A list of requirements that local authorities could be expected to meet before being able to introduce a visitor levy is summarised below.

Do you agree or disagree with these options. (please tick the appropriate box)

If you have any other suggestion for requirements then please add these in the box below together with your reasons

	Agree	Disagree
Produce an initial statement of intention to consider introducing a visitor levy	v	
A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities	v	
Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy	v	
Have conducted required impact assessments	v	

Have assessed the administrative burden on businesses and taken steps to minimise this	√	
If the legislation allows the rate to be set locally the local authority has demonstrated why the chosen rate of the visitor levy is optimal for that area	√	

Have appropriate mechanisms in place to allow visitor levies collected to be remitted to the local authority	√	
Have made information about the visitor levy and how to pay it available and in the public domain, for both business and visitors	√	
The approach to collaborative decision making on revenue spending is set out in the public domain	√	
Establish an approach to monitoring and publically reporting revenues raised and their expenditure on an annual basis	√	
The approach to monitoring and reporting on the impact of the visitor levy on an annual basis, is clearly set out in the public domain	√	
Establish an approach to evaluating and publically reporting, the impact of the visitor levy, within a reasonable period after introduction	√	

Please add any other comments on the requirements listed above

Local authorities need to be able to explain their decisions and account for the use of money raised from the public so none of the above requirements are considered unreasonable or out of step with how Councils already do business. We would however wish compliance with the above to be light touch and proportionate.

Please list any other requirements you think might be necessary, together with reasons below:

N/a

Q20: Should Scottish Government be able to prevent a local authority from applying a visitor levy?

- Yes
- No
- Don't Know



Q21: Under what circumstances should Scottish Government be able to do this?

Please provide a reason (or reasons) for your answer:

We are concerned that step in rights for Government are thought to be required. We think the only justification for Scottish Government having step in rights would be because of something which is in the national interest but that would need to be clearly defined and limited and Government may already have legislative remedies available to deal with that without applying restrictions under a visitor levy.

Q22: What requirements might be placed on local authorities to engage with local stakeholders to determine how revenues are spent?

Please provide a reason (or reasons) for your answer:

We agree that monies raised locally should be spent locally and that Councils should engage with local stakeholders on how the money is spent providing this does not become disproportionate to the revenue raised. Our preference would be to carry out that engagement using existing mechanisms e.g. general budget consultations or participatory budgeting approaches rather than creating something new. It will be vital to engage with (in our area) the Angus Tourism Cooperative and other tourism sector businesses. The legislative emphasis in this area should be on the principles not the detail of how it should be done.

Q23: How might this engagement be best achieved?

Please provide a reason (or reasons) for your answer:

See above – mainly using existing mechanisms

Q24: Should revenues from a visitor levy be allocated to priorities articulated through local tourism strategies, where they exist?

Yes

No

Don't Know



Please provide a reason (or reasons) for your answer:

We think this should be left to local discretion rather than prescribing anything in legislation – the key will be to ensure that the Council has been clear on why it is applying the levy and what it intends to do with the money raised. It is important to have a system which is efficient and minimises administration costs for both accommodation providers and Councils. Councils should be able to offset their reasonable administration costs against the levies raised so that a net sum is available for spend on other activities.

Q25: What reporting arrangements might be required of local authorities to account for the expenditure of receipts from a visitor levy?

Please provide a reason (or reasons) for your answer:

We suggest a simple addition to Council's existing Annual Accounts reporting would be sufficient e.g. an additional note to the accounting statements and some brief commentary in the Management Commentary accompanying those statements. Councils are already required to produce large volumes of financial reporting information so we would not wish to see any more added to that than is required for accountability and transparency purposes.

Q26: If a local authority was to impose a visitor levy on a specific area within the authority, should any revenue raised have to be spent only in that area?

Yes
No
Don't Know

Please provide a reason (or reasons) for your answer:

This should be a matter for local discretion and justification taking into account local circumstances. The Council may already have invested heavily in an area affected by tourism but see a requirement to invest in a different area to address specific issues.

Q27: Is the name 'visitor levy' appropriate for the new powers proposed in the consultation document?

Yes
No
Don't Know

Please provide a reason (or reasons) for your answer:

The title should describe what it is – if it's a levy on overnight visitors then it should be called something which reflects that

Q28: If not, what do you consider to be a better alternative and why?

Please provide a reason (or reasons) for your answer:

N/a

Under existing law accommodation providers already must clearly display the price of their accommodation and any VAT which applies to their prices.

Q29: What requirements should apply to ensure accommodation prices transparently display a visitor levy?

Please provide a reason (or reasons) for your answer:

The cost of the levy and how it has been calculated should be clear and shown as a separate component in the calculation of the total accommodation cost.

Q30: What, if any, transition arrangements should apply when accommodation is reserved and paid for in advance of a local authority choosing to impose, or subsequently vary, a visitor levy for the period the accommodation is let?

Please provide a reason (or reasons) for your answer:

Q19 Suggests a year to introduce the levy following engagement should apply. If that is the case there ought not to be a requirement for any transitional arrangements. It is important that visitors know what they are due to pay prior to their booking and that means a reasonable lead in period is required.

Q31. Should these transition arrangements be set out in a national framework or be decided by local authorities?

Tick one box:

Set out in a national framework

Decided by local authorities

Don't know



Please provide a reason (or reasons) for your answer:

Councils should have discretion but it may be appropriate for legislation to give a minimum transition period

Our partial BRIA indicates that the main groups that will be affected by a visitor levy are:

- Visitors (both domestic and international)
- Tourism accommodation providers and their employees
- Other tourism businesses and wider economy
- Local residents and general public
- Local Authorities

Q32: In addition to what is set out in our draft BRIA are you aware of any additional impacts the visitor levy will have for any of these groups?

Please specify group and additional impact.

No

Q33: Are there any other groups not listed here that should be given attention in the impact assessments?

Please list and state how they will be affected.

No