



Visitor Levy Consultation - Frequently Asked Questions

1. What would the potential visitor levy rate be?

The Highland Council is proposing a 5% rate on overnight accommodation as that rate has the potential to generate a meaningful amount of income to deliver the Council's key objectives to sustain, support or develop tourism, for our business and leisure visitors, our communities and our local businesses.

2. Why have the Council proposed a percentage rate rather than a flat rate?

The Visitor Levy (Scotland) Act 2024 provides local authorities with discretionary powers to introduce a percentage rate. There are no provisions within the Act to introduce a flat rate.

A percentage rate was decided by the Scottish Parliament as it was considered to better 'future proof' the levy, removing the need to amend the rate by inflation and to keep the administrative burden to a minimum. A percentage rate also allows for the levy to be proportionate to the overnight accommodation choices of those staying overnight.

3. Would the visitor levy be chargeable per room/per night or per person?

The levy would be charged per room, per night on the cost of the accommodation portion only.

The accommodation portion is the amount that is attributable to the provision of overnight accommodation but does not include any amount reasonably attributable to the provision of: meals or drinks; parking of a motor vehicle, (other than a parking area provided as overnight accommodation in respect of the transaction); laundry facilities; entertainment or transportation to or from the accommodation.

4. What is the impact of a visitor levy on turnover for accommodation providers?

Any amount charged by an accommodation provider for the visitor levy will be included in their turnover, which is used to determine if they need to register for VAT.

5. Is VAT payable on the visitor levy by the visitor?

In the UK, VAT is charged at 20% on the price paid for the supply of taxable goods or services, including other taxes, levies and charges. In the case of the visitor levy, when an accommodation provider includes a visitor levy in the cost of the overnight accommodation, then this will form part of what is paid under a contract for the supply

of accommodation. This portion of the visitor levy will be subject to the same VAT liability as the accommodation.

Where an accommodation provider is VAT registered, it is recognised that there may be variations in the way in which accommodation providers (or booking agents) display accommodation charges to the customer.

The table below sets out an example of a levy calculation and associated financial information for VAT registered and non-VAT registered businesses.

Table 1: VAT calculation (according to current HMRC rates)

In this example, an accommodation provider has an accommodation charge of £100 (excluding VAT). With a 5% visitor levy, the calculation is presented below:

	VAT Registered	Non-VAT Registered
Accommodation charge*	£100.00	£100.00
Levy 5%	£5.00	£5.00
Total taxable supply	£105.00	-
VAT on accommodation charge	£20.00	-
VAT on visitor levy charge	£1.00	-
Total VAT	£21.00	-
Total cost to customer	£126.00	£105.00
Cost Breakdown		
Income to accommodation business	£100.00	£100.00
Local authority levy remittance	£5.00	£5.00
VAT payment to HMRC	£20 + £1 = £21	-
Total	£126.00	£105.00

*this excludes the non-accommodation portion of the chargeable transaction

6. Is VAT payable on the visitor levy by the accommodation provider to HMRC?

Continuing to use the example above, at the end of the remittance period, based on 200 room nights sold at a cost of £100 per room, £1,000 will be payable by the accommodation provider to the local authority for the visitor levy.

Table 2: VAT calculation (according to current HMRC rates)

This example is based on 200 room nights sold at a cost of £100 per room.

	VAT Registered	Non-VAT Registered
Accommodation charge*	£20,000	£20,000
Levy 5%	£1,000	£1,000

Total taxable supply	£21,000	-
VAT on accommodation charge	£4,000	-
VAT on visitor levy charge	£200	-
Total VAT	£4,200	-
Cost Breakdown		
Local authority levy remittance	£1,000	£1,000
VAT payment to HMRC	£4,000+£200=£4,200	-

7. Would a visitor levy apply all year round?

The visitor levy will apply all year round. The engagement sessions the Council held with sector representatives demonstrated a need for simplicity in the way the levy would be operated.

Applying the levy throughout every day of the year provides simplicity and would ensure administrative costs are appropriate for the scheme. The Council considers this approach is important as it will provide the maximum amount of revenue generated from the levy for sustaining, supporting or developing our infrastructure and the wider objectives of the levy scheme.

8. Would a visitor levy apply across Highland?

The Highland Council proposes to introduce the levy throughout the whole of the Highland Council area. Our visitors travel widely throughout the region which gives rise to varying pressures and opportunities.

A universal scheme which applies throughout the Highland Council region will enable revenue generated from a levy to be invested in ways that help to support, sustain or develop facilities or services mainly used by visitors for leisure or business purposes (or both).

9. Who would have to pay the visitor levy?

Anyone purchasing overnight accommodation that is not their only or usual place of residence would be considered a visitor and required to pay the levy. The levy is payable by both business and leisure visitors.

The types of accommodation included within scope of the legislation are Hotels, Camping Sites, Hostels, Caravan Parks, Guest Houses, Bed and Breakfasts and Self-catering Accommodation.

This also includes accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place, or any other place at which a room

or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

A visitor levy cannot be charged for accommodation on local authority gypsy and traveller sites, and registered social landlord gypsy and traveller sites. Nor can it be charged on accommodation in a vehicle or on board a vessel, that is undertaking a journey involving one or more overnight stops.

10. Would everyone staying in overnight paid accommodation need to pay a visitor levy?

The legislation protects those who are experiencing socio-economic disadvantage from being liable to pay the levy. A number of groups are therefore not be liable to pay a visitor levy charge.

These groups include being homeless or at risk of homelessness; very poor housing conditions (such as overcrowding, serious damp or disrepair); experiencing domestic abuse or other forms of violence; someone's residence being unfit for habitation; or someone being an asylum seeker or refugee.

11. Are there exemptions for disabled people?

Visitors in receipt of specific disability benefits will be reimbursed by the Council for the amount they have paid for a visitor levy in a room they occupy. These disability benefits are disability living allowance, disability assistance, attendance allowance, pension age disability benefit or personal independence payment. Reimbursement would only apply to a visitor levy collected on a room occupied by a disabled person in receipt of eligible benefits as stated above and not on any visitor levy collected on any additional rooms occupied by persons travelling with them.

Reimbursement protects the relationship between accommodation providers and their guests and ensures the dignity of visitors who are entitled to an exemption. The Highland Council has the experience of verifying and awarding exemptions and a key design principle for the levy is to ensure the administrative burden for accommodation providers is kept to a minimum.

12. Are there any other exemptions?

The Council is not proposing to exercise its discretion to apply local exemptions.

13. Would patients travelling to receive NHS medical treatment be required to pay a visitor levy?

Yes, they are classed as visitors in the legislation and required to pay the levy charge. However, most of the patients travelling for medical treatment can apply to their NHS Board for support in relation to travel and accommodation. NHS policy states that patients can claim expenses from their local NHS Board.

14. Would Campervans, Motorhomes and Cruise Ship Passengers also pay a visitor levy?

The legislation does not enable a visitor levy to be applied to campervan and motorhome visitors that do not stay on campsites or caravan parks, or to cruise ship passengers.

15. How soon would a visitor levy be implemented?

Following the 12-week public consultation period, should Members agree to implement a Visitor Levy Scheme in spring 2025, the earliest such a Scheme could be implemented in Highland is autumn 2026.

16. How would the money collected from a Visitor Levy for Highland be spent?

Should a Visitor Levy be introduced in Highland, the net proceeds will be used to sustain, support or develop facilities and services mainly used by leisure or business visitors, and will be aligned with the Council's Sustainable Tourism Strategy.

17. What is the Visitor Levy Forum?

A Visitor Levy Forum would be established by the Council within 6 months of deciding to implement a visitor levy for Highland. The Forum would provide an advisory role about matters such as the implementation of a visitor levy for Highland and provide feedback on the Council's Annual Report.

18. How can I have my say on the potential implementation of a Visitor Levy Scheme for Highland?

The Council is encouraging everyone to have their say by filling in our statutory public consultation form which can be completed at the following [link](#).

You can fill in our form anytime from 15 November 2024 – 7 February 2025. Public computer access to complete the form is available at any High Life Highland Library.

Paper copies of the consultation documents may be obtained by calling the Visitor Levy Consultation Team on 01349 781020. Please leave your name, address and postcode and feel free to spell commonly mis-spelt names or address details.

