



## Highland Council responses to Scottish Government National Consultation

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Between 9 September 2019 and 2 December 2019, the Scottish Government ran a [\*National Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax\*](#).

In view of the closing date for responses (2 December) preceding the Highland Council's consideration of a Transient Visitor Levy (9 December), Highland Council submitted two responses:

1. Interim response on 2 December
2. Updated response on 11 December to reflect Council decisions on 9 December

December 2019

## 1. Interim response on 2 December



Scottish Government  
St. Andrew's House  
Regent Road  
Edinburgh  
EH1 3DG

Please ask for: Colin Simpson  
Direct phone: (01463) 702957  
Your ref:  
Our ref:  
Date: 2 December 2019

Sent by e-mail to: [TVLC@gov.scot](mailto:TVLC@gov.scot)

Dear Sir or Madam

### Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax

In view of the fact that Highland is one of Scotland's leading tourism destinations, the Highland Council welcomes the opportunity to contribute to the Scottish Government's Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax.

The last few years have seen increasing numbers of visitors coming to Highland, cementing tourism's position as the area's most important industry. 2018 figures showed that our 6.5 million visitors spent a total of 12 million nights in the area and spent over £1 billion - creating an overall economic impact of £1.2 billion and supporting 25,000 jobs. While this increase is welcome, it has also put additional pressures on many destinations and on public infrastructure. The increasing challenges of balancing demand for tourism related investment against the demand for other Council services has led to the Council including in its programme a commitment to "explore options for retaining more of the revenue generated by tourism for investment in the local area, which would include exploring the possibility of a tourist levy."

In broad terms the Council is supportive of the principle of introducing legislation that would allow Local Authorities to introduce a tourism levy should they consider it appropriate to do so. This supports the principle of subsidiarity of decision making and the decentralisation of power to a Local Authority level and the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance.

Although supportive of the principle, the Council has yet to reach a decision on whether or not it wishes to make use of these powers and, if so, how any scheme might be designed. However, the Council did agree in late 2018 to consult with residents, businesses and visitors to gauge their views. This consultation has now been completed and the responses analysed, and the Council will consider a report on the findings at their meeting on 9<sup>th</sup> December 2019.

In view of the closing date for responses to the Scottish Government consultation preceding the Council's consideration of the issues, this response has been submitted as an interim response so as to avoid pre-judging any Council decisions. The interim response does however include formal Council views on policy areas that have already been considered by the Council as well as some of the quantitative results from the Council's own consultation exercise. Responses have also been limited to the questions which are either of direct relevance to Highland Council or where the Council considers a response is appropriate due to potential impacts on the Highland area.

Our response is included in the annex to this letter along with the analysis of the Council's consultation responses. As was discussed previously with Scottish Government Officials the Council will follow up this interim response with further information based on any decisions taken by the Council at their 9<sup>th</sup> December meeting.

In view of the important role that Highland plays in Scottish tourism and the wealth of evidence that the Council has gathered through its own consultation the Council would recommend that further engagement take place between the Council and the Scottish Government as plans are developed. In particular the Council would be happy to be involved in giving further evidence, for example at a committee evidence session as the bill goes through the committee stages.

Yours sincerely

J Stuart Black  
Executive Chief Officer – Transformation and Economy

## Annex: Response to Consultation Questions

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

The Highland Council agrees with the Scottish Government's proposal that a visitor levy should be convenient, efficient and easily understood by visitors. As such it would make sense for there to be some overarching national principles. However, part of the rationale for introducing a TVL is to give Local Authorities the ability to respond to the differing needs of their area and as such the Council would like to see any overarching national principles reflect this.

**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:**

Most visitors to Highland are overnight visitors staying in paid accommodation, who are also some of the main users or beneficiaries of many of the publicly provided tourism facilities and services. It would therefore be appropriate to apply any levy to these visitors. However, as this group are not the only users of these services, Local Authorities should have the ability to levy other types of visitors should this be considered appropriate in their area.

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

- Day visitors not staying overnight ✓

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

Although some visitors could easily be levied – for example when visiting a staffed / paid attraction the Council is aware that there would be challenges with collecting a levy from others such as those who visit to take part in informal activities without coming into contact with any businesses. Although the Highland Council has not yet decided whether or not it would wish to levy day visitors, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types to be levied in future.

- 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:**

Cruise passengers are all required to go through some form of security when disembarking from the cruise ship so identifying those doing so should be relatively straightforward. Any levy charged could be collected at this time or, if preferable to avoid delays, could be collected by the cruise operator or port authority in a similar way to how accommodation businesses collect this from overnight visitors. Although the Highland Council has not yet decided whether or not it would wish to levy cruise ship passengers, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types to be levied.

- **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:**

The Council is aware that there could be challenges with collecting a levy from visitors such as these. However, today's rapid advances in technology particularly in areas such as number plate recognition or sensor technology could make this more practical in the very near future. Those truly wild camping in tents i.e. away from roads and habitation are unlikely to be making use of public facilities and if/when they do visit other areas could be levied as with other groups so could be liable for any levy at that point. Again, it is the Council's view that the legislation should be introduced in such a way to allow different visitor types such as these to be levied in future.

The Council would support the Government's underlying principle that any levy should be fair as this matches the Council's own value that "we will be fair, open and accountable". The recent TVL consultation carried out by the Council showed significant support for levying motorhome visitors not staying on paid sites (84% of respondents thought motorhome users should be included, if a Highland TVL was introduced. This was 10% higher than the number who thought those staying in paid for overnight accommodation should pay). In addition, when asked what revenue raised should be spent on, two of the three most common responses were for the provision of more facilities and services for motorhomes. A scheme that didn't levy one type of visitor while much of the income raised was allocated to providing services specifically for that type of visitor could be considered unfair.

**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:**

The Council has not yet considered or agreed the basis for any charge. However, the recent TVL consultation carried out by the Council did show a spread of opinions on this matter with the majority of respondents to this question (58%) selecting a flat rate per room per night with less than a quarter favouring a percentage approach.

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

As the Council has not yet considered or agreed the basis for any charge, work on identifying the range of implications has yet to be undertaken. However, as outlined in our accompanying letter the Council would be happy to engage further with the Scottish Government on this element as plans are developed.

**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?**

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

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

The Council has not yet considered or agreed the basis for any charge. However, the need for a simple approach that is not overly complicated for visitors was raised in Highland Council's Pre-Consultation with the industry, and in responses to its Consultation. While this in itself does not suggest whether the basis of the charge should be set out in a national framework or be for a local authority to decide it does emphasise the need for a simple approach. In achieving this it is likely that some elements should be set centrally so as to be more easily understood by visitors and to make compliance easier for businesses that operate in multiple areas of Scotland.

**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?**

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

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

The programme for The Highland Council "Local Voices/Highland Choices" sets out the Council's current priorities which include "continue to make the case for the subsidiarity of decision making and the decentralisation of power to a regional or local authority level" and "work towards local authorities controlling a greater proportion of their funding." This mirrors the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance. In keeping with this, the Council view is that the rate of the visitor levy should therefore be for the local authority to decide. From a practical point of view this would also allow Local Authorities across Scotland to respond more effectively to the particular challenges each faces.

**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:**

The rate of any visitor levy would need careful consideration of a number of factors. Key amongst these would be striking an appropriate balance between the price sensitivity of the tourism market and the impacts of failing to invest in essential tourism facilities and services to ensure there is no undue impact on visitor numbers. Bearing in mind that these factors will vary from place to place it is appropriate that such decisions should be taken locally where there is a greater understanding of the local situation.

Over the years there have been many examples of national policies set at either a UK or Scottish level having unintended consequences in areas such as Highland because they were not designed to cater for areas with differing needs. Local Authorities are best placed to recognise these factors and take them into account in setting appropriate local rates. Indeed, the Council has a formal commitment to “work collaboratively to drive economic growth and champion innovation as well as ensuring our infrastructure meets the needs of businesses as well as citizens and visitors”. The Scottish Government should have confidence that the Highland Council, as well as other Local Authorities, would not set a rate that would be detrimental to the economy of their area as this would be counterintuitive.

**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?**

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

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

The Council has yet to consider the question of a cap in any detail. Also, it is unclear whether this question relates solely to capping the rate per night or whether there should be some way of limiting the amount any individual might pay during their trip. With the former, the principles above regarding subsidiarity of decision making and the decentralisation of power should apply, and no national cap be set. Again, the Scottish Government should have confidence that local authorities would not set a rate that would be detrimental to the economy of their area.

As concerns a cap related to length of stay, preparatory work undertaken prior to the launch of the Council's consultation did suggest that this would be challenging in some circumstances. Since many visitors tour around Scotland – and even within an individual Local Authority area, applying such a cap, whether at a national or regional level, would require “tracking” a visitor's travel around the country. This is unlikely to be realistic from both a practical and a privacy sense.

**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?**

- **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?**

- **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)**

The Council has yet to consider the question of any exemptions in any detail and as such cannot give a formal Council position on which of the above groups should be exempted. However, on the same basis as the response to Question 7 regarding subsidiarity of decision making and the decentralisation of power to a regional or local authority level having at least some exemptions set at a local level would be considered appropriate. There does however appear to be merit in a number of nationally set exemptions for groups not using accommodation for typical tourism purposes – e.g. homeless people, asylum seekers/ refugees, those temporarily rehoused etc. as outlined in the Scottish Government consultation documents. This approach would be consistent with Council policies on supporting such groups.

Also of relevance are the different circumstances faced by residents in a large area such as Highland. While residents in most of Scotland's local authority areas will be able to access essential services locally or at least within a distance that allows a day trip to access them. The large distances in Highland which accounts for a third of Scotland's land mass, includes a number of islands and which often cannot sustain regular public transport services mean overnight trips by residents to access services are common. The Council should have to ability to consider and apply exemptions for instances such as this should they consider this appropriate. During the Council's TVL consultation respondents were asked which groups they thought should receive some form of exemption from a Highland TVL, were one introduced, and this question was the one that received the strongest views with more than 9 in 10 respondents – including businesses, residents and visitors – suggesting that Highland residents should receive some form of exemption or reduction.

The consultation responses also showed broad support for exemptions for some of the groups listed above, notably Disabled people (8 in 10 said they should either not be levied or should receive a reduced levy), their carers (8 in 10 supporting this), children (8 in 10) and business travellers (7 in 10).

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

**Please list together with reasons below:**

The Council has yet to consider the question of exemptions in any detail and as such cannot give a formal Council position on any other exemptions.



**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**

- Agree
- Disagree
- Please explain and provide any other comments on this proposal:

The Council has yet to consider the detail of collection mechanisms and as such has not specifically looked at who should ultimately be responsible for the collection and remittance to the Council of the levy. However, past experience with the collection of other levies demonstrates the need for there to be a clear definition of who is legally liable – for example with BID levies whether the property owner or the occupant is the liable party and a similar approach would be essential to ensure efficient collection of a levy. The recent growth of online platforms/ agents does offer some opportunities for easy collection of a levy but this should not be offered without a clear definition of who is legally liable.

**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?**

- Ongoing basis (e.g. each night)
- Monthly
- Quarterly
- Annually

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

The Council has yet to consider the detail of collection mechanisms for any levy. However, based on the Council's experience in collecting other local taxes and levies such as Council tax and the levies collected on behalf of the Business Improvement Districts (BIDs) in Highland it is likely that the best approach to collection would vary depending on the collection mechanism(s) available.

In most circumstances, the Council supports and encourages collection by direct debit as this is a simple and cost-effective mechanism and, were this approach to be used, then monthly collection would be preferable. However, were a system to be used that involves invoicing businesses then the cost of collection rises significantly and as such less frequent invoicing – perhaps quarterly or even annually would be preferable. A further factor would also relate to the value to be remitted. Longer time periods between collections may be more appropriate for smaller businesses to avoid frequent low value transactions (and higher remittance and collection/ administration costs) whereas the collection of levies from larger businesses or multiples which would involve more substantial amounts would not face the same issues.

**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**
- b) flat rate per room per night**
- c) percentage of total accommodation charge**
- d) flat rate per night dependent on the quality of accommodation**

The Council has yet to consider the detail of collection mechanisms for any levy which makes it difficult to define precisely what information might be required to be gathered by any business collecting the levy. However, in view of the previously made points regarding simplicity it would be appropriate to base any new scheme on those already in place for example for VAT collection. Similarly, there may be elements of the collection mechanisms used for Non-Domestic Rates that could be mirrored in a new visitor levy scheme to limit any duplication of effort in terms of information collection by the businesses collecting the levy. It is however recognised that not all business liable to collect the levy will currently pay these and as such some new systems would be required to ensure for example non rated businesses using online platforms are still captured. Depending on the scheme design, there may also be a need to collect some additional information, in particular if evidence to justify exemptions is required.

**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:**

At present the Council does not have a comprehensive record of all those providing overnight accommodation on a commercial basis in Highland and at present it would be difficult to produce such a list as there is no legal obligation on businesses to provide this information. In introducing the legislation regarding a visitor levy it will therefore be necessary to include within this a legal obligation for all those offering this service to be registered. Recent Scottish Government work on the collaborative economy has already considered this issue and it would be appropriate to use this as the basis for a new registration scheme. In view of the aforementioned points regarding levying other visitor types there may also be a need to incorporate other business types in any registration system defined in the legislation

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

Local Authorities, through their approved financial regulations already ensure that there are arrangements in place for recovery action including the option that, in the event of non-payment, agents can be employed to undertake diligence to affect recovery. These regulations are primarily supported by national legislation and are commonly used in relation to Council Tax and Non-Domestic Rates collection. Equivalent powers would be required in relation to the collection of any visitor levy. These powers should allow Local authorities to approach debt recovery through a summary warrant process rather than using a sundry debt process as the former is simpler and has significantly lower costs thereby reducing the overall cost of administering a visitor levy.

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

**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

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

In principle the Council would agree that non-compliance by an accommodation provider should be subject to a civil penalty but on the basis that appropriate recovery legislation is in place to allow this to be done. Past experience, for example from collection of the Community Charge, indicates that many of those to which civil penalties (fines) were issued simply ignored these penalties as well indicating that a more robust penalty system would be required. The Council does not however have a view on the precise level that is appropriate although the level should be set at a substantial enough level to act as a deterrent to 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)**

The Council has yet to consider the detail of these requirements specifically in relation to a visitor levy. However, based on the Council's normal processes for engagement and reporting, there are a number of the requirements below that the Council can agree are appropriate. Some requirements have already been addressed through the Council's own visitor levy consultation. The Council does not necessarily disagree with the remainder, but they are not ones where the Council has an established approach.

**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	✓	
A timeframe for introduction of at least one financial year following conclusion of consultation and engagement activities		
Have held a consultation in their local area to gather views from all those who will be affected by the visitor levy	✓	
Have conducted required impact assessments	✓	

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	✓	
<p>Please add any other comments on the requirements listed above</p> <p>Please list any other requirements you think might be necessary, together with reasons below:</p>		

**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:**

As described above, The Highland Council has an agreed position on subsidiarity of decision making and the decentralisation of power to a local authority level and on local authorities

controlling a greater proportion of their funding. In keeping with this, the Council view is that any decisions on the use of a visitor levy should be for the local authority to decide.

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

No further requirements are considered necessary.

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

Local Authorities already carry out consultations with local stakeholders on a range of subjects ranging from budget consultations to statutory consultations such as those on Development Planning. In keeping with the joint agreement between COSLA and the Scottish Government to focus on and strengthen local and community decision-making and democratic governance the Council would consider that decisions on how spend should be consulted on should be taken locally. From a practical point of view this would also allow Local Authorities across Scotland to make use of existing consultation and engagement mechanisms where possible (recognising that these may vary depending on local circumstances) rather than creating further requirements or structures.

The Council also included a question in its online TVL Consultation survey on which groups should play a role on determining how revenue would be invested, if a levy was introduced. There was no clear majority as to who might be involved but a strong underlying principle that others should have a say in how revenues are spent. Community Councils and local tourism/ destination groups being involved were the options receiving the most significant support.

**Q23: How might this engagement be best achieved?**

See response to Q24 below.

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

**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:**

The Council has previously adopted the Highland Tourism Strategy as the document that guides the Council's investment in tourism. While this strategy runs until 2020 so is soon to be replaced the Council would expect its own future tourism priorities to be agreed with partners and defined in a new Highland strategy. In recognition of the size of Highland a number of destination strategies also exist or are under development and would be a useful way of defining priorities at a more local level. This strategic approach gives a sound basis for a range of local stakeholders to assist Local Authorities in identifying the priorities on which any tourism levy revenue would be allocated. It is however also important to note that while such strategies could influence

allocations, Local Authorities still have legal obligations around the management of their own finances and as such final decisions would still need to be the responsibility of each individual Local Authority.

**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:**

The Council has not yet considered this specifically in relation to the introduction of a Visitor Levy. However, the Council does support this principle. The Council has committed to actively engage in the Local Governance Review which seeks to explore how all public services can be more accountable to the people they serve - and this would involve ensuring there is transparency over how Council resources are used.

**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:**

While the Council is yet to decide on how revenues might be distributed, as described above, the Council is committed to actively engaging in the Local Governance Review. This includes a further, more specific commitment to "accelerate and support work to bring more decision-making to local areas to reflect local priorities and local needs" and as such the Council would contend that Local Authorities should be given the powers to make decisions on revenue distribution.

In its recent TVL consultation, the Council also included questions on the principle of geographically ring-fencing TVL revenue at a sub-Highland level, asking respondents for a preference between locally raised funds being ring-fenced to be used locally, or all revenue raised being collecting into a Highland fund for redistribution in the region, or a mix of both. Responses were varied, with no majority response but an overall preference for a mix with some revenue ring-fenced to be spent where generated and some allocated to a Highland fund. If this was to be done it is considered that Local Authorities would be best placed to decide on the appropriate distribution of revenue.

**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:**

Some feedback was received by the Council during the consultation that the term 'Transient Visitor Levy' was too complicated and tautological. 'Visitor levy' is simpler. Informal feedback from residents, businesses and visitors also suggest the term 'levy' is preferable to a 'tourist tax', which has some negative/ regressive connotations.

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

N/A

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

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

While the Council has not specifically considered issues around how a levy might be displayed the Council does strongly support the principle of transparency and as such would support elements in the legislation that ensure transparency around both overall pricing and the levy element. Legislation already exists around the display of prices for visitor accommodation with advice on compliance and enforcement through the Council's trading standards team. This approach should provide a simple yet robust basis for any new requirements.

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

**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?**

The Council has not yet considered transition arrangements in relation to the introduction of a Visitor Levy. However, if the levy is to be considered fair there is likely to be a need to provide adequate warning of any changes to groups such as businesses who collect the levy and the visitors who might have to pay it. This would increase transparency and avoid disputes, particularly ones around additional charges that come into effect after contractual arrangements are made. While examples do exist of changes to taxation at short notice, most tax changes are only fully implemented some time after they are announced, and this approach could be used to avoid the need for transition arrangements.

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

**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:**

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?**

While not related to the direct impacts of a visitor levy it is also important that any impact assessments also consider the consequences of a “do nothing” approach. In view of current public finance constraints some tourism facilities and services are not or may not get the investment they require and this in turn could also have an impact on the groups identified above. The impacts of failure to invest therefore need measured alongside any impacts that might be seen were a levy to be introduced.

**Please specify group and additional impact.**

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

No – the list of groups as described in the Scottish Government’s partial BRIA would appear to cover all appropriate groups and includes all the groups which the Highland Council actively targeted in its consultation on a visitor levy.

**Please list and state how they will be affected.**



Scottish Government  
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Please ask for: Colin Simpson  
Direct Dial: 01463 702957  
E-mail: [colin.simpson@highland.gov.uk](mailto:colin.simpson@highland.gov.uk)  
Date: 11 December 2019

**Sent by e-mail to: [TVLC@gov.scot](mailto:TVLC@gov.scot)**

Dear Sir or Madam

### **Consultation on The Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax**

In view of the closing date for responses preceding the Highland Council's consideration of a Transient Visitor Levy (TVL), the Highland Council previously submitted an interim response to the Scottish Government's consultation. The Council has since met - on Monday 9<sup>th</sup> December and considered a report on the possible introduction of a TVL in Highland. This letter confirms the decisions made at the Council meeting in order to complement the original Council response as was agreed with Scottish Government Officials.

A copy of the report considered by the Highland Council is included with this response and should be considered alongside the consultation findings submitted with the Council's earlier response sent on 2<sup>nd</sup> December

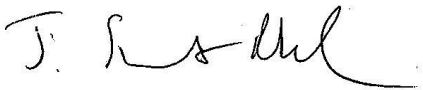
In considering the report, the Council recognised the level of support for the introduction of a TVL in Highland and agreed that this evidence constituted a mandate to introduce a Highland TVL. However, the Council also recognised that a number of the observations on impact and design made across the consultation. In so doing the Council committed to further consideration of how such a scheme might be designed and implemented in order to reflect the views given in the consultation and to mitigate any potential negative impacts. In particular the Council agreed to: -

- adopt a position that a Highland TVL should be able to be applied in ways other than just a 'bed tax' on those staying in paid overnight accommodation;
- adopt a position that Highland residents but not residents from other parts of Scotland should be exempted from paying a Highland TVL; and
- commit to a number of principles in relation to the investment of revenue, namely

- ring-fencing revenue to 'tourism uses' as sought in all elements of the Consultation and outlined in the Scottish Government National Consultation;
- that what constitutes 'tourism uses' should be defined through working with the Scottish Government working with Scottish Government and local partners;
- that the Council should explore how some TVL revenue might be ring-fenced for use in the area of Highland in which it is raised, including representing the need for this to Scottish Government so that legislation allows this; and
- that the Council should investigate the logistical and financial implications of different models.

In agreeing the above principles, the Council also agreed that the Council should continue to work with the Scottish Government wherever possible to help shape other elements of the national approach to reflect the region's needs and the results of the Highland consultation. As was suggested in the interim response, the Council would therefore be happy to be involved in giving further evidence, for example at a committee evidence session as the bill goes through the committee stages.

Yours faithfully



J Stuart Black  
Executive Chief Officer