



Visitor Levy Consultation

Frequently Asked Questions (FAQs)

Version 3 – updated 18/03/25

INTRODUCTION

This Frequently Asked Questions document is designed to make it quick and easy for people to get answers to the questions they may have on the proposed visitor levy in Highland. Please also refer to the [Consultation Portal](#) for information on ‘The Highland Council’s Justification’ for each of the components of the scheme, such as why a 5% rate is proposed.

We will be updating this FAQ document regularly and including questions raised at public events, so it is best to access it directly from the Council’s website to ensure you have the latest version.

We have grouped questions into categories and have included links to help navigate through the document. Please click on the links in the list below to jump directly to the question and answer. You can click on the ‘Return to the top’ button to jump back to the list of questions.

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VISITOR LEVY RATE

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.

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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 is no provision within the Act to introduce a flat rate.

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

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3. How was the estimated annual income from a 5% levy calculated at £10m?

This income forecast was based on the information available at the time, including VisitScotland's occupancy and price data, and data relating to accommodation providers subject to Non-Domestic Rates. It is acknowledged in the Guidance issued by VisitScotland and the Expert Group that at the initial outset, the quality of information and business intelligence available to local authorities for forecasting purposes may be of variable quality, with many assumptions in the data, as well as external variables such as fluctuations in occupancy rates, dynamic pricing and unforeseen events.

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COLLECTION PROCESS & BUSINESS IMPACTS

4. If an accommodation bill includes charges for meals and parking, is a levy also payable for these?

The levy applies to the accommodation charge only. The levy does not apply to any amount reasonably attributable to the provision of:

- (a) meals or drinks,
- (b) parking for a motor vehicle (other than a parking area provided as overnight accommodation in respect of the transaction),
- (c) laundry facilities or services,
- (d) entertainment,
- (e) transportation to or from the accommodation.

Please see our worked examples at Question 14 below: How is the visitor levy calculated?

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5. For businesses using the services of an Online Travel Agency (OTA) would the 5% be charged on the host income, or the total charge paid by the customer to the OTA?

Under the Act, the accommodation portion refers only to the amount of the chargeable transaction that is attributable to the provision of the overnight accommodation. Any arrangements between OTAs and accommodation providers with respect to the way a

levy would be billed and collected would be considered a business arrangement between those parties.

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

The UK Government and HMRC have decided to include a visitor levy charged on accommodation in the turnover of any business collecting it. Therefore, 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.

HMRC set the threshold at £90,000 from 1 April 2024. The taxable turnover threshold for VAT registration is currently £90,000 and has applied since April 2024. This will continue to be the case for 2025.

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7. 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
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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

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8. 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	-

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9. How would the levy be collected from accommodation providers? Is it correct that the Council is already identifying a means of administering a visitor levy?

A national digital portal is being developed for use by accommodation providers who would be responsible for administering and remitting the levy, and for local authorities with a Visitor Levy Scheme to manage, collect and enforce levies. The Visitor Levy national digital platform will be free at point of use for Accommodation Providers. There are no direct set-up or operating costs for Accommodation Providers to meet in respect of the national digital platform.

This will support all accommodation providers and help mitigate the impacts of implementing and operating a visitor levy. This development work being undertaken with input from multiple local authorities is essential to ensure that there is a mechanism for the levy to be collected and managed in areas of Scotland that decide to implement a visitor levy.

This national digital portal is being developed in collaboration with subject matter experts and will be tested prior to implementation to ensure it is robust and efficient. As with all IT systems, functionality will be monitored, and upgrades will be deployed where appropriate.

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10. Would businesses collecting the levy on behalf of the Council be able to claim back their administrative costs?

The Council recognises there are impacts on businesses collecting a visitor levy and work will be taken forward through the Visitor Levy Reference Group, which consists of a range of business groups, to explore options for supporting businesses. Businesses that wish to provide additional information or cost illustrations are encouraged to submit these as part of a formal consultation submission.

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HOW, WHEN AND WHERE THE LEVY WOULD BE APPLIED

11. Is it mandatory for all local authorities across Scotland to implement a visitor levy?

The Visitor Levy (Scotland) Act 2024 provides local authorities with discretionary powers to implement a levy or not to implement a levy.

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12. Would the visitor levy be chargeable per room/per night or per person? Would there be a cap on the number of nights a levy would be charged?

The levy would be charged per room, per night on the cost of the accommodation portion only. The Council does not propose to place a cap on the number of nights a levy would be charged.

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13. How is the visitor levy calculated?

The following examples illustrate the calculation of a visitor levy:

Disability exemption

A visitor has booked a hotel room for three nights at a total cost of £150 for the accommodation portion of the transaction. The visitor booked the room directly via the hotel website. The local authority has set a visitor levy charge at 5%. The visitor is in receipt of Disability Living Allowance payments as specified in Section 14 of the Act and is therefore exempt to pay the levy charge (they may still have to pay and be reimbursed).

If the local authority chooses to operate exemptions via a process of reimbursement, the following calculation applies: £150 x 5%. As a result, the amount of levy chargeable by the individual to the accommodation provider would be £7.50, and the accommodation provider would subsequently remit this £7.50 payment to the local authority.

In this example the local authority has put in place a reimbursement process. Therefore, following the completion of their stay, the visitor in receipt of specified disability allowance payments would follow the steps outlined by the local authority to receive a £7.50 reimbursement from the local authority for their room. Once reimbursement is complete the final amount of levy charge retained by the local authority would be £0.

If a visitor is part of a larger group of overnight visitors, the exemption would only apply to the room of the visitor who is in receipt of one of the payments outlined in Section 14 of the Act and not to the whole group.

Bed and breakfast

Visitor C stays in bed and breakfast accommodation for a total of six nights at a cost of £480. This total cost includes breakfast supplied by the accommodation provider. The local authority has a set a visitor levy charge at 5%. However, the levy only applies to the accommodation portion of a transaction. The accommodation provider calculates that the cost of the breakfast per day is £6. This amounts to £36 for the duration of the stay. For the purposes of calculating the levy charge, this amount is therefore deducted from the total cost paid by the visitor. The following calculation therefore applies:

Total transaction cost	£480.00
Deduct Cost of Breakfast (6x£6)	-£36.00
Accommodation cost only	£444.00
Total amount of levy to be collected	£22.20

$(£480 - (£6 \times 6)) \times 5\%$. The total amount of levy to be collected and remitted to the local authority would be £22.20.

Hotel

Visitor D stays in a hotel for five nights at a total cost of £250 for the accommodation portion of the transaction. The local authority has set a visitor levy charge at 5%. The calculation to determine the levy amount chargeable can therefore be represented as follows: $£250 \times 5\%$. The amount of levy to be collected and remitted to the local authority would be £12.50.

Self-catering

Visitor F stays in self-catering accommodation for 14 nights at a cost of £120 per night for the accommodation portion of the transaction. The local authority has set a visitor levy charge at 5%. The calculation to determine the levy amount chargeable can therefore be represented as follows: $£120 \times 14 \times 5\%$.

Total transaction cost for accommodation (14 x £120)	£1,680.00
Total amount of levy to be collected	£84.00

The amount of levy to be collected and remitted to the local authority would be £84.00.

Package booking

Two visitors have booked a package holiday. This package holiday is for a period of seven nights over multiple locations within the same local authority area: two nights in town A, two nights in village B, and three nights in village C. The package holiday was

booked at a total cost of £3,500 (£1,750 per person). This cost includes accommodation, breakfast, transport and excursions. The local authority has set a visitor levy charge at 5%, however this charge only applies to the accommodation portion of the transaction. For the purposes of calculating the levy, costs for breakfast, transport and excursions are deducted from the total cost paid by the visitor. For the visitors stay, this can be worked out as:

- The cost of breakfast per day is £8 per person. This amounts to £56 per person for the duration of the stay. For the two visitors, £112 is therefore deducted from the total cost paid upfront.
- The cost of transport between town A and village B is £3.50 per person, this amounts to £7.00 in total. The cost of transport between village B and village C is £12 per person, this amounts to £24 in total. The cost of transport from town C back to town A is £16 per person, this amounts to £32 in total. For the two visitors £63.00 is therefore deducted from the total cost paid upfront.
- The visitors participated in excursions on four of the days during their stay. This was calculated by the accommodation provider to amount to a total cost of £120 per person. For the two visitors £240 is therefore deducted from the total cost paid upfront.
- When calculating the levy to be paid for by the two visitors, the following calculation therefore applies:

Total cost of package holiday	£3,500.00
Deduct costs of	
• Breakfast	-£112.00
• Transport	-£63.00
• Excursions	-£240.00
Accommodation cost only	£3,085.00
Total amount of levy to be collected	£154.25

$(£3,500 - (112+63.00+240)) \times 5\%$. The total amount of levy chargeable and to be remitted to the local authority would subsequently be £154.25.

Campsite

Visitor has paid for a 6-night stay on a pitch without electricity at a total cost of £144. The local authority has set a visitor levy charge at 5%. The total amount of levy chargeable and to be remitted to the local authority would subsequently be £7.20.

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14. Would a visitor levy apply all year round?

The visitor levy would 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. This also ensures 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 services and the wider objectives of the levy scheme.

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15. 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).

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16. 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.

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17. 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. Through National Exemptions, a number of groups are therefore not be liable to pay a visitor levy charge or may be entitled to a refund.

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.

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18. How soon would a visitor levy be implemented?

Following the public consultation period, and should Members agree to implement a Visitor Levy Scheme in Spring 2025, the earliest such a Scheme could be implemented in Highland is Winter 2026.

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EXEMPTIONS

19. Are there exemptions for disabled people and their carers?

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 set out in the Visitor Levy (Scotland) Act and 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, including carers.

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.

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20. Are there any other exemptions?

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

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

Under the legislation, 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.

Therefore, patients visiting to receive medical treatment are classed as visitors in the legislation and would be required to pay the levy charge. Local authorities have the option of introducing local exemptions to a Visitor Levy Scheme; please include any suggestions in a formal consultation response so that they may be considered.

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OTHER VISITOR GROUPS

22. 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.

There are ongoing discussions taking place with COSLA and Scottish Government in relation to cruise ship passengers (further information can be found on the Scottish Government's [Cruise Ship Levy](#) webpage) and users of campervans/motorhomes.

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FRAMEWORK FOR SPENDING LEVY INCOME

23. How would the money collected from a levy be spent?

The legislation clearly states that the net proceeds from a visitor levy must be used to facilitate the scheme's objectives and to sustain, support or develop facilities and services mainly used by leisure or business visitors (or both). In addition, the spend of the net proceeds should have regard to any local tourism strategy and where applicable, National Park Plan. Annual reports would have to be prepared and would include how the net proceeds have been used as well as progress on achieving the Scheme objectives.

In the proposal, the specific use of the net proceeds has not been pre-determined in any capacity, including a position on any geographical spend. The Council would use its existing democratic decision-making governance arrangements and structures to make any decisions on spending. These established democratic arrangements would provide the most inclusive, transparent, flexible and robust process for decision-making on the use of net proceeds.

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24. What is the Visitor Levy Forum?

Under the legislation, it is a requirement that 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.

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25. How much revenue is the potential Visitor Levy Scheme expected to generate and what are the estimated administrative costs to operate the scheme?

It is estimated such a scheme could generate approximately £10m net revenue income. This forecast was based on the data available at the time the proposed Visitor Levy Scheme was prepared.

Current estimates for Highland Council would indicate costs in the region of £550k per annum. These costs are related to additional resources for managing a Visitor Levy Scheme, including the costs associated with a national digital portal.

The Visitor Levy (Scotland) Act 2024 makes provisions for operating expenses to be deducted from the gross income generated from a visitor levy. Thereafter, the net proceeds would be used for achieving the scheme's objectives and sustaining, supporting and developing infrastructure and services used by leisure and business visitors.

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CONSULTATION PROCESS

26. 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 – 31 March 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.

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27. What happens after the consultation period closes? How can I be certain that all relevant information raised by the consultation process is considered by elected members?

Highland Council is currently consulting on a Visitor Levy Scheme as published on the consultation portal which can be accessed here: www.highland.gov.uk/vlconsultation. This scheme has been developed in line with the powers given to local authorities under the [Visitor Levy \(Scotland\) Act 2024](#).

The intention is that a report will be taken back to Full Council for all elected members to consider and decide the way forward. This report will detail the feedback received during the consultation.

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28. I have a specific idea regarding an aspect of the proposal or an alternative idea for income generation for the Council. How might I share that?

Suggestions are most welcome - please include any suggestions within a formal consultation response so that they may be fully considered.

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29. I have a concern with a particular aspect of the proposal. Can any aspects of the proposal be changed?

Certain aspects of the legislation already mentioned cannot be changed (percentage rate, exclusion of Campervans/Motorhomes not staying in Campsites, etc.).

However, some aspects of the proposal are discretionary and could be implemented by a local authority, such as the inclusion of local exemptions.

It is a requirement of the legislation that a public consultation period be undertaken by any local authority choosing to implement a Visitor Levy Scheme to collect the views of residents, visitors and businesses and that the consultation document includes specific questions on the content of the proposed scheme. For this reason, the Council has had to specifically define proposals within the published consultation.

The free-text boxes contained within the consultation can be used to add additional information and to express your views.

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