



Visitor Levy Consultation

Frequently Asked Questions (FAQs)

Version 6 - updated June 2026,
reflecting the **Visitor Levy (Scotland) Act 2024** and
the **Visitor Levy (Amendment) (Scotland) Act 2026**

INTRODUCTION

This Frequently Asked Questions document is designed to make it quick and easy to get answers to many common questions on a proposed visitor levy for Highland.

This updated document has been prepared in accordance with the [Visitor Levy \(Scotland\) Act 2024](#); the [Visitor Levy \(Amendment\) \(Scotland\) Act 2026](#) and the most recent national FAQs and *Guidance on the Visitor Levy for Local Authorities* prepared by VisitScotland and its Expert Group under the direction of Scottish Ministers - [copies can be found here on VisitScotland's website](#).

Questions have been grouped into categories and links have been included 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 options are available to the local authority when setting the rate of levy?

The Visitor Levy (Scotland) Act 2024 made provision for a levy rate based on a percentage of the accommodation cost.

The Visitor Levy (Amendment) (Scotland) Act 2026 makes provision for local authorities to set the visitor levy as a fixed amount or different fixed amounts in addition to a percentage rate.

A percentage rate applies to the cost of overnight accommodation; fixed amount(s) must be set per room or area per night. A room or area is the single unit of overnight accommodation that is purchased by the visitor and in which they have the right to reside.

These may be different for different purposes or different areas within the local authority area. A local authority could, for example, set different rates at different times of year. However, while different fixed amounts can be set for different accommodation types or categories, different percentage rates cannot be set for different types of overnight accommodation.

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2. What are some of the local authority considerations when selecting a levy rate?

The 2026 Act makes provision for further flexibility for the local authority to determine the percentage rate or fixed amounts of a levy to suit local circumstances.

Local authority considerations, if they wish to introduce different fixed amounts for different accommodation types, include but are not limited to - clear policy rationale for different fixed amounts; available evidence base and data robustness; proportionality and fairness; the avoidance of distortions; administrative simplicity; transparency and accessibility.

VisitScotland Guidance recommends that when setting rates or amounts, local authorities consider how the potential revenue generated by a specific rate or amount meets the goals relating to the planned use of funds, as set out in the local authority's consultation, and how the use of funds links to the statement of objectives for a visitor levy scheme.

Where fixed amount(s) are being applied, local authorities will also need to consider the implications on revenues of the fixed amount(s) current inability to track annual

movements in inflation or other cost and price movements. The statutory three-year review provides an opportunity to consider inflation impacts on the fixed amount(s); and any visitor levy applied in neighbouring authorities and other relevant international destinations. Consideration should also be given to the need for further consultation and lead-in times which may apply to any changes to a local authority's visitor levy scheme.

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COLLECTION PROCESS & BUSINESS IMPACTS

3. 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, including any commission paid to an Online Travel Agency (OTA) 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.

Accommodation providers should be aware of HMRC's requirements for both income tax and VAT returns, and if required obtain advice from a professional adviser. HMRC income tax and VAT obligations will vary depending on the stage and nature of each business.

The Highland Council's Business Gateway team provide a wide range of support for businesses, including obtaining a Unique Taxpayer Reference (UTR) and providing guidance on the basics of income reporting, including responsibilities for submitting tax returns and maintaining appropriate records. Support also includes information about VAT registration requirements and understanding ongoing reporting obligations once registered.

Businesses can access support either by contacting a local Business Gateway adviser by email at Highland@bgateway.com or by visiting their website at www.bgateway.com, which provides guidance, resources, including cashflow tools and other support.

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

In the UK, VAT is generally charged at 20% on the price paid for the supply of taxable goods or services, which may include certain 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.

Local authorities must set out intentions for including or excluding businesses which fall below the VAT threshold set by UK Government from a Visitor Levy scheme.

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

The below table gives examples of the calculations involved for VAT and non-VAT-registered businesses, with a 5% visitor levy in place:

	VAT registered	Non-VAT registered
Initial accommodation rate (including VAT if applicable)	£120.00	£100.00
Accommodation rate (excluding VAT)	£100.00	£100.00
Levy 5% (excluding VAT)	£5.00	£5.00
Total taxable supply	£105.00	£105.00
VAT on accommodation charge	£20.00	-
VAT on visitor levy charge	£1.00	-
Total VAT	£21.00	-
Total VL cost to visitor	£6.00	£5.00
Total cost to visitor (including VL)	£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 on accommodation portion	£20.00	-
VAT payment to HMRC on levy portion	£1.00	-
Total	£126.00	£105.00

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6. How would the levy be collected from accommodation providers?

A Scotland-wide visitor levy online collection platform, visitorlevy.scot, is available to enable accommodation providers to remit payment of levies due to the respective local authority(s).

This Visitor Levy national digital platform is free at the 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. The design of the platform ensures it is intuitive for users to use.

In Highland, support will be available for Accommodation Providers from the Council's Business Gateway team should the Council decide to implement a visitor levy.

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7. 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 to explore a range of potential options for supporting businesses collecting a levy. The 2026 Act now makes legal provision for an amount of the levies collected to be retained by businesses as a contribution towards their administrative costs. It is the decision of the local authority whether or not to exercise this discretionary power, and if they do, the amount to be retained.

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8. What support would be provided to businesses should a levy be implemented in Highland?

Should a visitor levy proceed to implementation, there would be an 18-month period for the Council and accommodation businesses to prepare for the launch of a scheme.

In Highland, one-to-one business support is also available from local advisers at Business Gateway. Businesses can access support either by contacting a local Business Gateway adviser by email at Highland@bgateway.com or by visiting their website at www.bgateway.com, which provides business guidance, resources, including cashflow tools, etc.

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HOW, WHEN AND WHERE THE LEVY WOULD BE APPLIED

9. Is it mandatory for Scottish local authorities to implement a visitor levy?

The Act gives Scottish local authorities the discretionary power to decide whether to introduce a levy in their area. Each local authority may design its scheme to reflect local priorities, using the local flexibilities within the legislation.

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10. How is the visitor levy calculated?

The [Guidance on the Visitor Levy for Local Authorities](#) produced by VisitScotland has full details and breakdowns of a range of scenarios. The following examples illustrate some scenarios in the calculation of a visitor levy. These examples are not intended to be exhaustive.

Bed and breakfast

A visitor stays for six nights in VAT-registered B&B accommodation, paying a total of £480. This total includes breakfast provided by the accommodation provider. The local authority has set a visitor levy at 3%, but this applies only to the accommodation portion of the total cost. The accommodation provider reasonably estimates the cost of breakfast at £15 per day. Over six nights, the total value attributed to breakfast is £90.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£325.00	£65.00	£390.00
Breakfast portion	£75.00	£15.00	£90.00
B&B rate	£400.00	£80.00	£480.00
Visitor levy (3% of £325)	£9.75	£1.95	£11.70
Totals	£409.75	£81.95	£491.70
Paid by visitor to B&B			£491.70
Remitted to local authority			£9.75
Remitted to HMRC (VAT)			£81.95

If the local authority has a fixed amount scheme at £3 per room or area per night, the following calculation would apply for VAT-registered accommodation providers:

$$6 \times £3 = £18$$

$$\text{VAT at 20\%} = £3.60$$

$$\text{Total visitor levy (including VAT)} = £21.60$$

The same scenario for non-VAT registered B&B accommodation would be as follows:

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£390.00	£0.00	£390.00
Breakfast portion	£90.00	£0.00	£90.00
B&B rate	£480.00	£0.00	£480.00
Visitor levy (3% of £390)	£11.70	£0.00	£11.70
Totals	£491.70	£0.00	£491.70
Paid by visitor to B&B			£491.70
Remitted to local authority			£11.70
Remitted to HMRC (VAT)			£0.00

If the local authority has a fixed amount scheme at £3 per room or area per night, the following calculation would apply to non-VAT registered accommodation providers:

$$6 \times £3 = £18$$

Self-catering

A visitor stays in a VAT-registered self-catering property for 14 nights at a cost of £120 per night, totalling £1,680, for the accommodation portion of the transaction. The local authority has set a visitor levy charge at 3% but has also introduced a maximum cap of five nights, meaning no visitor pays a visitor levy beyond five nights. The calculation to determine the levy amount chargeable can therefore be represented as follows:

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£1400.00	£280.00	£1680.00
Levy cap applied (5 nights)	£500.00	£100.00	£600.00
Visitor levy (3% of £500)	£15.00	£3.00	£18.00
Totals	£1415.00	£283.00	£1698.00
Paid by visitor to self-caterer			£1698.00
Remitted to local authority			£15.00
Remitted to HMRC (VAT)			£283.00

If the local authority has a fixed amount scheme at £3 per room or area per night, the following calculation would apply:

$$5 \times £3 = £15$$

$$\text{VAT at 20\%} = £3.00$$

$$\text{Total visitor levy (including VAT)} = £18.00$$

A visitor stays for 14 nights in non-VAT-registered self-catering accommodation, paying £120 per night, totalling £1,680. The visitor has opted in to receive a locally sourced food hamper which is added to their package for an extra cost of £30. Because the accommodation is usually sold without this optional extra, it does not form part of the accommodation cost and is excluded from the visitor levy calculation. The local authority has set a visitor levy at 3%. There is no cap on the number of nights to which the visitor levy applies.

Item	Net Price	VAT (20%)	Gross Total
Accommodation portion	£1680.00	£0.00	£1680.00
Food hamper (excluded from visitor levy)	£30.00	£0.00	£30.00
Visitor levy (3% of £1680)	£50.40	£0.00	£50.40
Totals	£1760.40	£0.00	£1760.40
Paid by visitor to the self-caterer			£1760.40
Remitted to local authority			£50.40
Remitted to HMRC (VAT)			£0.00

If the local authority has a fixed amount scheme at £3 per room or area per night, the following calculation would apply:

$$14 \times £3 = £42$$

Breakfast Charges

If the accommodation price includes breakfast, the retail value of the breakfast (that is, the price normally charged if breakfast were sold separately) is excluded when working out the accommodation portion. If breakfast is normally a separate charge, the breakfast price would be deducted before applying the levy.

If breakfast is complimentary (for example, as part of a loyalty scheme), the levy would be calculated on the full price without making a deduction. If breakfast is normally included in the rate and not itemised, a reasonable retail value to the breakfast (based on provider pricing or the market rate for an equivalent breakfast) would be deducted before applying the levy.

The approach taken must be reasonable, applied consistently, recorded accurately, and capable of being explained to your local authority if requested.

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11. Would a visitor levy apply all year round?

The Visitor Levy (Amendment) (Scotland) Act 2026 allows a wider range of options to be considered than was possible under the 2024 proposal. The Highland Council will reflect on feedback received through ongoing engagement before deciding on a draft visitor levy proposal and whether it should apply year-round.

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12. Would a visitor levy apply across Highland?

In the 2024 proposal, The Highland Council proposed 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 simplicity in administration and for 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) across the Highlands.

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13. Who would have to pay the visitor levy?

Purchases of overnight accommodation which is not the individual's only or usual place of residence are liable to pay the levy. The levy is payable on entry to the accommodation 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 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. Motorhomes are included if they are staying in formal accommodation, such as a paid pitch within a caravan park or campsite. Motorhomes staying outside formal sites are not covered by the legislation. Cruise passengers are also not included in the scope of the visitor levy.

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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14. 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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15. How soon could a visitor levy be implemented in Highland?

Should elected Members agree to implement a Visitor Levy scheme, the earliest such a scheme could be implemented in Highland is 18 months from the announcement of the intention to proceed.

During this implementation period, local authorities need to provide accommodation providers and third parties with clear information, including when liability for forward bookings made before the implementation date would commence, and any specific arrangements for liability relating to deposits paid before the implementation date.

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EXEMPTIONS

16. Are there exemptions for disabled people?

Visitors in receipt of specific disability benefits would 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 Act](#) and cover a range of disability and incapacity benefits.

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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17. Are there any other possible exemptions?

In addition to the national exemptions outlined in the Act, local authorities also have the power to put in place local exemptions. In doing so, a local authority must set out the cases or circumstances where the levy is not payable or may be reimbursed, as well as the process through which any exemption is administered or reimbursement takes place.

There are a number of factors that local authorities may wish to bear in mind when considering local exemptions, such as: whether the exemption corresponds with the objectives of a scheme; how the exemption would target specific groups; how an exemption would be evidenced and sensitive data managed appropriately; and how the administration of any exemption would impact both accommodation providers and local authorities in terms of administration, additional costs and loss of revenue with implications for the local community and visitor economy.

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18. 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 for specific user groups, and verifying exemption claims is an important consideration when designing a Visitor Levy scheme. Local authorities would wish to consider whether exemptions increase complexity and costs and alignment with the scheme's objectives.

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FRAMEWORK FOR SPENDING LEVY INCOME

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

Tourism is a cornerstone of the Highland economy with millions of visitors each year making a significant contribution to the local economy. While these benefits are enjoyed across the Highlands, tourism places pressure on the infrastructure shared with local communities.

Visitor levies are intended to raise additional monies and the Visitor Levy (Scotland) Act 2024 requires a local authority to use the net proceeds of a scheme to develop, support and sustain facilities and services used by visitors to a local authority area for leisure or business purposes (or both).

For example, facilities and services which are used by residents, as well as visitors, could receive funding from a visitor levy, depending on the local authority's assessment of whether the facility or service is substantially used by visitors.

Should Highland Council decide to implement a visitor levy, then a Visitor Levy Forum must be established within 6 months of that decision. Membership of the Forum would include industry representatives, businesses and residents and Council representatives. The Forum would provide structured advice, discussion on the visitor levy, respond to associated consultations, particularly relating to changes and how the net proceeds from a levy should be used, and consider performance and accountability of the scheme. and stakeholder.

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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20. What is the Visitor Levy Forum?

Under the legislation, a local authority must establish a Visitor Levy Forum within six months of introducing a visitor levy and maintain it for the lifetime of the scheme. The function of a Forum is advisory, and its purpose is to provide advice to the local authority in a number of areas relating to the operation of a scheme. It would then be for the local authority to establish its own decision-making process in relation to areas the Forum has provided advice on.

The Forum must include balanced representation from local communities, tourism businesses, and tourism organisations. It is intended to provide advice to the local authority on matters relating to the operation of the visitor levy scheme. It must be involved in any statutory consultations, for example when proposals are made to modify the scheme, or the planned use of levy funds is to be changed.

The local authority must also share with the Forum any annual reports on levy income and spending; and details on the statutory review of the levy scheme, carried out every three years.

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21. What are the estimated administrative costs to operate the scheme?

Current estimates for Highland Council would indicate costs in the region of £550k per annum.

The Act 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.

Within the first 18 months from when a scheme comes into force, and for each 12-month period following this, local authorities must prepare a report setting out the amount of money collected; how the net proceeds have been used; and the performance of a scheme in relation to its objectives.

When producing the report, it is recommended that local authorities recognise that transparency will be key for local stakeholders with an interest in the operation of a visitor levy.

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22. Has the development of Visitor Levy proposals for Highland considered best practice in other local authorities and countries?

Scottish Government considered several European Visitor Levy schemes in their [Business and Regulatory Impact Assessment](#) during the progression of the Visitor Levy (Scotland) Bill. Highland Council officers have also undertaken extensive research on visitor levies in other contexts, both urban and rural, and have been engaging throughout with other Scottish local authorities during the development of their schemes in order to inform best practice in the development of a potential Visitor Levy scheme for Highland.

The Economic Impact Assessment undertaken independently on behalf of the Council, by the Diffley Partnership and the Fraser of Allander Institute is available at the [following link](#).

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