

Visitor Levy Consultation

Frequently Asked Questions (FAQs)

This document will be updated as necessary throughout the statutory consultation period and was last updated on **02 November 2026**. It reflects the Primary Legislation and Statutory Guidance and Accommodation Provider FAQs below prepared by VisitScotland and its Expert Group under the direction of Scottish Ministers. Content from the Guidance has been adapted to the circumstances in the proposed Visitor Levy Scheme out for consultation in Highland from September - November 2026:

- Visitor Levy (Scotland) Act 2024
- Visitor Levy (Amendment) (Scotland) Act 2026
- Guidance on the Visitor Levy for Local Authorities
- FAQs for Accommodation Providers

INTRODUCTION

This document is designed to make it quick and easy to get answers to many common questions on a proposed visitor levy for Highland. Questions have been grouped into categories and links have been included to help navigate through the document. Click on the links in the list below to jump directly to the question and answer and click on the 'Return to the top' button to jump back to the list.

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VISITOR LEVY LEGISLATION

1. What is considered a 'Visitor' under the legislation?

The Visitor Levy (Scotland) Act 2024 defines a 'Visitor' as **any individual purchasing overnight accommodation which is not the individual's only or usual place of residence**.

The levy is **payable on entry** to the accommodation by both business and leisure visitors, **unless discretionary exemptions have been defined in the local authority's scheme**. It is a decision for each local authority in Scotland that implements a scheme to define these, if applicable, and **any discretionary exemptions would only apply in that specific scheme** and would not automatically apply to schemes in other areas.

This means that unless specified under national or discretionary exemptions in the scheme, a levy is payable on all purchases of accommodation, regardless of the type of visitor or where they reside.

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2. How have the options available for a levy rate changed in the updated legislation?

Local Authorities have discretionary powers to introduce Visitor Levy Schemes in accordance with the Visitor Levy (Scotland) Act 2024. The 2024 Act enabled such levies to be set on a percentage basis, and through the passing of the Visitor Levy (Amendment) Scotland Act 2026, **local authorities can now choose** between a percentage-based rate, or to set either a single fixed-amount or a range of fixed-amounts per room/area, per night for different purposes/areas, or a tiered fixed-amount.

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3. Do the changes to the legislation now allow for a Visitor Levy to be applied to campervans, motorhomes and cruise ship passengers?

The changes to the legislation have **not amended the types of accommodation to which a visitor levy would apply**. These 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. **Campervans and motorhomes are included if they are staying in formal accommodation**, such as a paid pitch within a caravan park or campsite as they are included in the types listed above.

Members of Gypsy/Traveller communities staying on dedicated sites; motorhomes staying outside of formal sites; and cruise ship passengers **are also not included in the scope of the visitor levy**.

Highland Council appreciates the public sentiment towards the ability for a visitor levy to be collected from all campervans, motorhomes and cruise ship passengers that visit

Highland, however, **the legal powers to do so are not currently in place**. The Council will continue to engage with Scottish Government on the potential development of any additional legislation to include other visitor groups.

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3. What work has been done to date around the assessment of any impacts of the implementation of a Visitor Levy Scheme in Highland, and what are the legally required processes and timelines for assessing the impacts of a proposal?

A full package of Integrated Impact Assessments is required for most Council activities and decisions to be undertaken and was produced as part of the Council report of 25 August 2026 which sought the approval of elected members to proceed to statutory consultation on a new proposed fixed-amount scheme. **That IIA package was produced to reflect the current consultation activities only.**

A further Integrated Impact Assessment package **covering the implementation and delivery of a specific visitor levy scheme** would be drafted as part of any future paper to Council that **may or may not recommend the implementation** of a proposed scheme.

Under section 13 of the Visitor Levy (Scotland) Act 2024 - when consulting on a proposed scheme, a local authority must prepare and publicise amongst other documents, **an assessment of the impacts of the proposal**. This impact assessment was produced as part of the package of consultation documents available on both the Council's website and the consultation platform. **Both the IIA package and scheme impact assessment form the statutory obligations of the Council at this time.**

At the specific request of a group of industry stakeholders that the Council has been working with over the last 18 months, further independent economic impact assessment work has been undertaken with both the previous proposal, and **will be completed for this proposal, before any potential decision to implement a visitor levy scheme is considered by elected members**.

This additional independent economic impact assessment work is **not being undertaken out of any statutory requirement**, but as part of fostering a strong working relationship with industry partners and stakeholders and supporting the development of a proposed scheme that delivers the best for all Highland communities and businesses.

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VISITOR LEVY CONSULTATION

4. What are the consultation requirements for local authorities?

Under the Act, a local authority looking to introduce a scheme must prepare and publicise an outline of a scheme, a statement of its objectives, and an assessment of the impacts of the proposal. It should also include a statement about when a visitor levy will not be payable or may be reimbursed.

The Act also requires a local authority to **consult on a proposed scheme** with those it considers representative of communities, businesses engaged in tourism, and local tourist organisations. Following the consultation, the local authority **must prepare and publicise a report** which summarises the consultation responses, states whether or not the local authority intends to proceed with a scheme and **set out the local authority's reasons for whether or not it intends to proceed**.

It is strongly recommended that **any proposal for consultation should cover all the elements required in a scheme** under section 14 of the Act to allow for an appropriate level of input and discussion with stakeholders.

It will be up to the local authority to determine how long it intends to run a consultation for. In general, **it is recommended that 12-weeks is an appropriate time period** for the formal consultation to take place.

The current Highland Council consultation has been produced according to the Council's recently adopted Participation and Engagement Strategy at the level of 'Consult', which also **aligns with that found in the Scottish Government's Consultation Good Practice Guidance**.

The Council's new engagement platform, Engage Highland, allows respondents to complete this questionnaire, add any additional comments which will then **later be attributed in the analysis report to the relevant scheme elements in the questionnaire**, with further analysis of all information received as part of any files uploaded by respondents at the end of the survey.

All formal consultation responses will receive equal consideration, and **a detailed analysis of all responses will be published and available for all elected members to consider** ahead of any potential decision to implement a visitor levy in Highland.

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4. How is the Council ensuring the consultation process is accessible and inclusive?

The Integrated Impact Assessments that accompanied the Council report seeking approval from elected Members to proceed to consultation, considered amongst other issues **digital accessibility, data protection and participant inclusion** and determined that:

"Given the nature of the Highland Council communities, and the wide-ranging communities represented, ***our primary response method is online*** *as this doesn't require travel or physical representation and* ***allows respondents to choose the place/timing for their responses****, giving them the flexibility.*

Support will be available in the form of a telephone number and email address to assist respondents in completing the consultation. ***For those that may not be digitally connected or prefer to work off-line, paper-forms are also part of our response model****. In-person events will also be held as part of this proposal."*

This committed the Council to a **primary response method** of online engagement (which also supports a variety of accessibility options including translation), to be supplemented by the use of paper forms where a **personal preference has been expressed** to work off-line for whatever reason.

This is supported by the Climate Change Impact Assessment, which highlighted that:

"A ***range of methods and mediums*** *are being used for consultation purposes to minimise any climate change impact."*

The intentional provision of a range of methods and mediums to participate, including multiple methods of obtaining paper copies of the survey, **specifically seeks to minimise any impacts on climate change**.

The Council remains committed to the inclusion of all members of the public, including those belonging to underrepresented or vulnerable groups, in all consultation activities, and at all levels of involvement as defined in the Council's Participation and Engagement Strategy.

Anyone requiring assistance in participating in the consultation process is able to contact the consultation team directly by telephone or email **to arrange for specific support to be provided** appropriate to their circumstances.

This ensures the content of their response **remains personal and confidential and protected under GDPR** and also prevents the **unnecessary use of resources and any environmental impact created** in the printing of paper copies of the forms that have not been requested or produced to meet an identified participant need.

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RATE SETTING CONSIDERATIONS

5. What options are available to the Council when setting the rate of a visitor levy? How was the new rate determined?

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 for different areas/purposes, as well as a tiered fixed-**

amount in addition to a percentage rate. A percentage rate applies to the total cost of overnight accommodation; fixed amount(s) must be set per room/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.**

Following an extensive previous consultation on a percentage-based scheme, engagement with tourism and accommodation sector representatives has continued and **has informed the development of this revised proposal** based on a tiered fixed-amount levy charged per room/area, per night.

A £5 per room/area, per night rate for most forms of accommodation is considered a **balanced option for generating meaningful revenue** while remaining unlikely to have a greater impact on visitor demand than the percentage-based alternative.

Reducing the rate to £2 per room/area, per night for lower cost accommodation helps avoid unintended impacts on the attractiveness and use of managed accommodation facilities and **recognises the lower-cost nature of these forms of accommodation**, whilst offering **a degree of proportionality** in a tiered fixed-amount scheme.

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6. How has the council assessed the impact of a fixed-amount levy on specific types of accommodation?

The Council recognises the importance of considering the impacts of different levy models on visitors and accommodation providers. During the previous consultation on a Visitor Levy, there was **a clear view from many accommodation businesses** that a fixed-amount approach, including tiered fixed-amount options, would be **more appropriate for the Highland context and would be simpler to administer**.

Since then, the Council has worked with a focussed group of industry representatives to develop the current tiered fixed-rate proposal. The scheme now being consulted upon reflects that collaborative work and **seeks to balance simplicity, fairness, administrative practicality** and the differing characteristics of Highland's accommodation sector.

The purpose of the current consultation is to **test these proposals more widely and gather views from businesses, communities and other stakeholders before any final decisions are taken**. As part of that process, the Council is actively seeking feedback on the relative merits and impacts of the proposed charging structure, including across different accommodation types and visitor groups.

The Council's assessment is **not limited to the impact on any single accommodation type or visitor group**. The consultation process is specifically intended to **gather evidence on the potential impacts** of the proposed model, including any implications for affordability, equality and socio-economic disadvantage, **before a final scheme is agreed**.

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COLLECTION PROCESS & BUSINESS IMPACTS

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

The **UK Government and HMRC** have taken the decision 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. 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. In addition, the digital income reporting requirements for HMRC are changing for most businesses by 2028, for more information visit Making Tax Digital.

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.

They can be contacted 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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8. 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. As the **Council has received mixed feedback from industry stakeholders without a clear consensus on the need for a VAT exemption for smaller businesses**, it does not intend to offer a discretionary exemption for those businesses trading under the VAT

threshold. This also minimises any market distortions created by offering an exemption, as this could emphasise the VAT threshold and avoids any competitive advantage to businesses not required to collect the levy.

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9. 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% or £5 visitor levy in place:

Table 4: VAT calculation

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

Cost breakdown

	VAT registered (5% levy)	Non-VAT registered (5% levy)	VAT	Non-VAT registered (£5 fixed levy)
Accommodation provider income (excluding VAT and levy)	£100.00	£100.00	£100.00	£100.00
Local authority levy remittance (excl. VAT)	£5.00	£5.00	£5.00	£5.00
VAT payment to HMRC	£21.00	—	£21.00	—
Total	£126.00	£105.00	£126.00	£105.00

Source: Guidance on the Visitor Levy for Local Authorities

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10. How would the levy be collected from accommodation providers? Is the Council able to collect it instead of accommodation providers through an alternative method?

A Scotland-wide visitor levy online collection platform, visitorlevy.scot, has been developed to **enable liable persons under the legislation to remit payment of levies due to their respective local authority**. The platform will enable accommodation providers to:

- Submit quarterly returns
- Make payments
- View reporting and payment history
- Update accommodation details
- Add correspondence email addresses

This web-based national digital platform is **free at the point of use for accommodation providers**. There are no direct set-up or operating costs to meet in respect of the national digital platform, and the design of the platform ensures it is intuitive for users to use.

The use of **alternative collection methods such as posting QR codes,** has been considered by the Scottish Government, **and is not possible due to the robust IT security requirements required** to protect the data of visitors, liable persons collecting a levy and local authorities. It is also not permitted under the current legislation - this would also include using point of sale systems to remit any levy directly to the Council.

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10. While tourism and hospitality businesses in many European countries are subject to reduced rates of VAT, VAT in the UK is set at a standard rate of 20%. Could a proposed levy on top of the UK rate of VAT be considered unfair for uncompetitive for businesses operating in Scotland?

No local authority with an approved Visitor Levy Scheme in Scotland to date has offered a discretionary exemption for businesses trading below the VAT threshold, despite having the powers to do so. This suggests that **available evidence has not demonstrated that a Visitor Levy collected on top of UK rates of VAT would be unfair or uncompetitive for Scottish businesses**.

Whilst some EU countries do offer a reduced rate of VAT to some sectors, in many cases **the standard rate of VAT exceeds the 20% applied in the UK.** Additionally, in some EU countries, all businesses are required to collect VAT or **are subject to much lower VAT registration thresholds** than the £90,000 in effect in the UK.

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

The legislation now makes legal provision for an amount of the levy collected to be retained by businesses as a contribution towards their administrative costs.

There is **no statutory requirement for a local authority to provide any specific assistance for liable persons**, however, in recognition of strong feedback gathered from accommodation providers during engagement sessions, the Council would permit liable persons to retain 5% from any levy payable to offset business collection and

compliance costs. This is the **highest proposed rate** of any visitor levy scheme either considered or approved in Scotland.

This deduction is **not intended to reflect the full administrative costs** and is to help mitigate any administrative burden on businesses, support compliance, and provide clearer, more tangible business benefits from the levy.

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

Should a visitor levy scheme proceed to implementation, there would be an **18-month period for the Council and accommodation businesses to prepare for the launch of a scheme**. The legally required Visitor Levy Forum would also be consulted on how to best support business needs ahead of implementation.

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

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

The legislation 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. The **purpose of the levy is to raise additional revenue from overnight visitors so that Highland Council can invest in local facilities and services used by visitors**, while supporting sustainable tourism and local communities.

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14. How is the visitor levy calculated?

The statutory Guidance on the Visitor Levy for Local Authorities produced by VisitScotland has a range of worked examples on pages 23-39. The examples illustrate some likely scenarios in the calculation of a visitor levy; however, these examples are not intended to be exhaustive.

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15. What is meant by a room or area for the purposes of collecting a fixed-amount visitor levy?

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**. It would include, but not be limited to, dormitory beds or private rooms in a hostel, camping site pitches, holiday caravans, glamping pods, rooms in hotels, guest houses or B&Bs, and self-catering properties.

As an example, a purchase of 5 hotel rooms by the same person would be liable for 5 fixed amounts, in the same way that 5 fixed amounts would be applied for the same 5 rooms purchased individually. A five-bedroom self-catering property would be considered as a single unit of accommodation **unless each bedroom was sold individually to different visitors** and the right to reside was only for one room.

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16. Would a visitor levy apply all year round?

The legislation gives a local authority the power to determine when a purchase of overnight accommodation results in a levy being applied, which may be at all times of the year. The Council has considered the operational application of having a levy for some or part of the year, or alternatively for a levy to be applied every day throughout the year.

In this proposal, applying the levy **only during the high and shoulder seasons (March through November)** helps reduce the relative burden of a fixed-amount charge during lower demand periods.

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17. Would a visitor levy apply across Highland?

The legislation states that a local authority may introduce a scheme or schemes to impose the levy for all or part of its area. As tourism is a key industry for the Highlands, contributing significantly to the economy and filtering through all corners of the region, the 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 deliver the scheme objectives throughout the region**, as variation would both restrict strategic investment and add significant complexity to the scheme.

This approach also helps to ensure the scheme is as simple as possible to understand and operate for our visitors, businesses and residents in Highland.

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18. 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 proposed tiered fixed-amount levy rates are:

- **£2 per room/area, per night for Hostels, Campsites and Caravan Parks**
- **£5 per room/area, per night for all other accommodation types**

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, and cruise ship passengers are **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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19. Would everyone staying in overnight paid accommodation need to pay a visitor levy?

Individuals in certain circumstances do not fall within the scope of the legislation and are therefore not liable to pay a visitor levy charge. **Individuals in these circumstances are not considered visitors to an area for business or leisure purposes**. These include:

- Overnight accommodation which is being used as a **visitor's only or primary residence** such as homeless persons, asylum seekers, those fleeing domestic violence, etc.
- Someone staying on a **dedicated gypsy or traveller site** run by a local authority or registered social landlord
- Those residing **overnight in vehicles or on-board vessels that are undertaking a journey involving one or more overnight stops**, such as cabins on ferries,

cruise ships or overnight sleeper trains; or hired or privately-owned campervans or motorhomes staying in informal overnight settings

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20. 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

21. Are there exemptions for disabled visitors?

The legislation requires that **individuals entitled to specific disability or injury related benefits, payments and allowances as detailed in section 14 of the Visitor Levy (Scotland) Act 2024 are entitled to an exemption** for a visitor levy, or amount equivalent to the visitor levy. These are 'national exemptions' that will apply to any scheme and are subject to change.

In the proposed scheme, visitors in receipt of these benefits would be reimbursed by the Council for the amount they have paid for a visitor levy in a room they occupy. **Reimbursement protects the relationship between Accommodation Providers and their guests** and ensures the dignity of visitors who are entitled to an exemption. This has also been the **preferred method of industry stakeholders** for administering exemptions after extensive engagement since the early development of the legislation.

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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22. Are there any other possible exemptions?

In addition to the national exemptions as outlined in the legislation, **local authorities also have the power to put in place local discretionary exemptions**. There are a number of factors that local authorities may wish to bear in mind when considering applying local exemptions.

These include whether the exemption corresponds with the objectives of a scheme; how it would target specific groups; how it would be evidenced and 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.

To ensure the **administration of the Scheme is kept to a minimum, and to maximise the revenues generated to sustain, support and develop the visitor economy**, the Council will only use its discretion to apply local exemptions to overnight stays for charitable purposes for those businesses defined as Charitable Organisations under the non-domestic rates register.

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23. 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, unless a discretionary exemption has been applied by the local authority.

There is already an established process within NHS Highland for the reimbursement of patients for medical appointments who require overnight accommodation. The intention is to **utilise this existing arrangement to reimburse the levy fee directly to NHS Highland on accommodation already being reimbursed**, rather than provide a specific discretionary exemption for medical treatment.

This helps avoid impacts on residents requiring essential healthcare and does not present any conflict with established NHS policies on patient entitlement for overnight stays for medical treatment.

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FRAMEWORK FOR SPENDING LEVY INCOME

24. 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. An illustrative **Reinvestment Framework has been produced**

to accompany the proposed scheme and offers detail on how potential revenue raised could support the Sustainable Tourism Strategy.

Visitor levies are intended to raise additional monies and the legislation **requires a local authority to use the net proceeds of a scheme to sustain, support and develop 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.

The Council would use its **existing democratic decision-making governance arrangements and structures to make any final 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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25. How would the Council ensure that very small rural communities receive a fair share of investment, rather than funding being concentrated in larger towns and established tourism centres? Will levy revenue raised in an area stay where it has been raised?

Visitor Levy proceeds may support investment at a range of scales, from projects addressing local priorities and visitor pressures within individual communities through to strategic initiatives delivering benefits across multiple destinations and the wider Highland visitor economy.

The Council recognises the importance of communities and businesses being able to see tangible benefits from visitor levy investment in their area. Equally, **some opportunities and challenges are best addressed through coordinated investment at a regional scale**. Investment planning will therefore seek to balance local priorities with strategic opportunities, **ensuring levy proceeds deliver the greatest overall benefit** for Highland's communities, businesses and visitors.

Visitor Levy proceeds may also be used alongside other funding sources to maximise impact and leverage additional investment from regional, national and third-sector partners.

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26. What is the Visitor Levy Forum? Would there be dedicated representation for small independent accommodation providers and remote rural communities?

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

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.

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

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

Scottish Government **considered several European 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.

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29. How would the success of a Visitor Levy Scheme be measured?

Under the legislation, **annual reports would be prepared** for the Visitor Levy Scheme and would include a range of information, for example, on how the net proceeds have been used and reporting on any progress on achieving the scheme objectives. These reports would be presented to the relevant Strategic Committee or a meeting of the Highland Council.

At least every 3 years, a review of the Scheme would be undertaken, and a decision taken at that time to determine whether to continue the scheme unchanged, modify it, and (as a result of the recent changes in the Visitor Levy (Amendment) (Scotland) Act) - even consider a decision to revoke it.

The Council would share and engage with the Visitor Levy Forum regarding these reports and would seek advice from the Forum on all relevant matters. Scottish Government are also currently considering review criteria for their three-year review of the legislation, and that may further refine required local authority performance indicators of a scheme.

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