

**ARGYLL AND BUTE COUNCIL VISITOR LEVY SCHEME UPDATE REPORT**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 At the Argyll and Bute Council meeting on 29<sup>th</sup> January 2026 it was agreed that officers would report back in April 2026 to update members on the work being taken forward in consultation with the Shadow Visitor Levy Forum (SVLF) on possible options for the implementation of a Visitor Levy in Argyll and Bute.
- 1.2 On the 24<sup>th</sup> March 2026, the Scottish Parliament passed the [Visitor Levy \(Amendment\) \(Scotland\) Bill](#). The fundamental change to this legislation is the inclusion of a flat rate visitor levy option providing councils with greater flexibility over how to design and implement a visitor levy scheme, if approved. In addition, the proposed per person per night option has been removed from the final Bill and replaced by per room / area per night.
- 1.3 This paper provides an update on the work being taken forward by the SVLF and associated recommendations to date on local exemptions and draft funding model scenarios.

**RECOMMENDATIONS**

It is recommended that Argyll and Bute Council:

- a) Agrees the recommendations from the SVLF on local exemptions for inclusion in a revised draft Visitor Levy Scheme (VLS) for Argyll and Bute;
- b) Notes the proposed funding models being considered by the SVLF with a revised model to be included in a revised draft VLS;
- c) Endorses the further work of the SVLF on the proposed visitor levy revenue spend to bring forward suggestions, within a revised VLS, on clearly defined and specific project themes with understandable costs, outcomes and associated delivery timescales; and
- d) Agrees that a further report come back to the Council in June to consider and approve a further public consultation on a revised visitor levy scheme informed by the work of the SVLF and amended legislation.

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**2.0 INTRODUCTION**

- 2.1 At the Argyll and Bute Council meeting on 29<sup>th</sup> January 2026 it was agreed that officers would report back in April 2026 to update members on the work being taken forward in consultation with the Shadow Visitor Levy Forum (SVLF) on possible options for the implementation of a Visitor Levy in Argyll and Bute. This report does this and includes recommendations in terms of possible exemptions and draft funding model scenarios.
- 2.2 On the 24<sup>th</sup> March 2026, the Scottish Parliament passed the Visitor Levy (Amendment) (Scotland) Bill. The fundamental change to this legislation is the inclusion of a flat rate visitor levy option providing councils with greater flexibility over how to design and implement a visitor levy scheme, if approved. In addition, the proposed per person per night option has been removed from the final Bill and replaced by per room / area per night.
- 2.3 Many amendments tabled by members of the Scottish Parliament were debated and in general it was agreed that the statutory Visitor Levy Guidance document would be strengthened to provide clarity on specific issues, such as local authority reporting requirements. It is important to note that there remain elements within the amended Bill that Argyll and Bute Council cannot change such as national statutory exemptions and VAT thresholds.
- 2.4 The provisions of the passed Bill will come into force at different points following Royal Assent. A parliamentary timeline proposed at the time of writing this report, is outlined in **Appendix A**.
- 2.5 Possible options for consideration in terms of local exemptions, funding models and suggestions of how any potential levy revenue will be re-invested and spent across the Argyll and Bute visitor economy have been discussed by the SVLF, with its extended industry representatives, on the 6<sup>th</sup> and 17<sup>th</sup> March 2026. The next meeting is scheduled for Friday, 15<sup>th</sup> May 2026.

**3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Argyll and Bute Council:
- a) Agrees the recommendations from the SVLF on local exemptions for inclusion in a revised draft Visitor Levy Scheme (VLS) for Argyll and Bute;

- b) Notes the proposed funding models being considered by the SVLF with a revised model to be included in a revised draft VLS;
- c) Endorses the further work of the SVLF on the proposed visitor levy revenue spend to bring forward suggestions, within a revised VLS, on clearly defined and specific project themes with understandable costs, outcomes and associated delivery timescales; and
- d) Agrees that a further report come back to the Council in June to consider and approve a further public consultation on a revised visitor levy scheme informed by the work of the SVLF and the amended legislation.

## 4.0 DETAIL

### Local Exemptions

4.1 The **Table B1**, outlined in **Appendix B**, provides a list of the local exemptions that were taken from the Consultation Report, 2<sup>nd</sup> September 2025 and the Argyll and Bute Council paper, 24<sup>th</sup> September 2025 (agenda item 14) which were considered in turn by the SVLF. **Table B1** outlines the rationale for including a local exemption or not as part of a proposed Argyll and Bute VLS. The SVLF agreed that due consideration should be given to the following local exemptions within an Argyll and Bute VLS:

- Healthcare visits by islanders to the mainland of Argyll and Bute (including carer(s) accompanying vulnerable patients to appointments); and
- Outdoor education centres with a focus on young people, some of whom may come from deprived backgrounds, on residential trips.

4.2 There was a general consensus on the challenges / issues from introducing local exemptions could bring, over and above the national statutory exemptions. In summary, aligned to the comments captured in **Table B1**, these are as outlined below:

- Added administrative complexity, burden and costs for accommodation providers and Argyll and Bute Council. Forum members were very clear that administration pressures on accommodation providers, of varying sizes, should be kept to a minimum.
- Ensure parity and fairness for all accommodation providers.
- Impact on the level of potential revenue funding, with less funding available to re-invest in the region's visitor economy.

### Illustrative Visitor Levy Income Models

4.3 **Table 1** below outlines illustrative examples of income that could be generated from a visitor levy. These estimates are based on accommodation capacity data and tourism demand modelling using Scottish Tourism Economic Activity Monitor (STEAM) 2024 data.

4.4 The modelling in **Table 1** illustrates how different levy structures could affect overall visitor levy revenue. The figures shown represent midpoint estimates derived from

the underlying model, which previously produced upper and lower estimates based on alternative assumptions about beds per room when converting bed capacity to rooms. Figures illustrate gross levy income and the estimated value of exemptions. Net income does not currently include administrative costs for Argyll and Bute Council or any deductions for businesses.

<b>Table 1: Illustrative Visitor Levy Income Models</b>			
<b>Levy Model</b>	<b>Estimated Gross Revenue (£m)</b>	<b>Estimated Value if Exemptions (15%) (£m)</b>	<b>Estimated Net Income (before some support with administrations costs) (£m)</b>
Percentage Model (5% of accommodation income as per University of Edinburgh)	9.3	1.4	7.9
Flat Rate Model (£1 per room per night)	2.0	0.3	1.7
Flat Rate Model (£5 per room per night)	10.0	1.5	8.5
Tiered Flat Rate Model (Tiered by Accommodation Type)	7.7	1.2	6.5

4.5 The following factors will influence the overall revenue available from a proposed VLS:

- Exemptions:
  - The proposed two local exemptions for healthcare accommodation and the provision of outdoor education and the statutory national exemptions will directly affect net income available for the visitor economy.
  - On the financial modelling undertaken, it has been assumed that 15% of levy receipts would meet the cost of all exemptions.
- Administrative Costs (accommodation providers) - possible approaches to supporting accommodation providers with administration:
  - Percentage deduction of levy collected (e.g. 1.5%–2%).
  - Flat administration allowance per business, irrespective of size or type.
  - Hybrid approach combining minimum or maximum flat-rate thresholds based on the relative size of the business.
  - National portal is being developed to provide a mechanism for accommodation providers to administer the levy.
- Administrative Costs (local authority):
  - The visitor levy scheme will incur administrative costs for the council, including system implementation, compliance monitoring and business support.
  - These costs will depend on the scheme design ultimately recommended to council later this year.
  - Administrative costs have not been included in the income estimates.

## **Proposed Visitor Levy Revenue Spend**

- 4.6 The SVLF had an initial discussion on how visitor levy income could be spent across the Argyll and Bute visitor economy further to the introduction of a VLS.
- 4.7 To give due consideration to revenue spend, the discussion focused on feedback on the strategic objectives of the scheme captured in the Consultation Report 2025. In particular, the objective to **sustain and improve the visitor offer** received the most consistent support from visitors, residents and businesses. On that basis, it was suggested that investment directly linked to the visitor experience may be the most widely understood and accepted rationale for a visitor levy.
- 4.8 It is apparent from the consultation findings that the draft VLS objectives themselves were viewed as broad or aspirational, without a clear explanation of how the levy would translate into tangible outcomes. In addition, all consulted groups noted the requirement for more clarity on how levy funds would be allocated and governed.
- 4.9 On that basis, it was agreed with SVLF members that the next meeting, now scheduled for 15<sup>th</sup> May, to take account of the Easter holiday period, would need to focus on providing recommendations to Argyll and Bute Council on the following:
- Review the wording of the current scheme objectives so that they are less abstract with clearer outcomes, aligned, as required by the legislation, to the Argyll and the Isles Strategic Tourism Partnership Strategy (which is being refreshed). A starting point would be to build on sustaining and improving the visitor offer with a focus on determining projects with tangible visitor benefits.
  - Transparent selection of (costed) projects and the allocation of levy funding, complete with governance processes, which must align with the statutory monitoring and reporting requirements for the local authority.
  - Focus on transparent messaging on the scale of impact from investment in the visitor economy (for visitors, residents and businesses) relative to the projected visitor levy revenue in terms of a revised VLS financial model. This will need to include clearly defined and specific projects with understandable costs, outcomes and associated delivery timescales.
- 4.10 The proposals for visitor levy spend, based on a preferred financial model, will be included in a revised VLS for consideration by Argyll and Bute Council at a future date.

## **5.0 CONCLUSION**

- 5.1 A Visitor Levy (Amendment) (Scotland) Bill and accompanying documents has been passed by the Scottish Parliament and is now awaiting Royal Assent. This paper provides an update on the work being taken forward by the SVLF and associated recommendations to date on local exemptions and draft funding model scenarios. The position taken by elected members around the suggested recommendations within this update report will inform the direction of travel to prepare a revised draft VLS, with key input from the SVLF. The intention is to come back to council in June

to seek approval for a further public consultation period informed by the continuing work of the SVLF concerning local exemptions and draft funding models.

## **6.0 IMPLICATIONS**

- 6.1 Policy – the visitor level scheme proposals are based on turning key investment into benefit for visitors, residents and businesses through the tourism priorities set out in the Argyll and the Isles Strategic Tourism Partnership’s Strategy 2022-2025 which is currently being refreshed.
- 6.2 Financial – the visitor levy scheme offers one of the few opportunities that Argyll and Bute Council has to raise additional income at a local level other than the council tax.
- 6.3 Legal – visitor levy schemes need to adhere to The Visitor Levy (Amendment) (Scotland) Bill 2026 (passed by the Scottish Parliament and awaiting Royal Assent to be enacted) and the supporting Visitor Levy Guidance document that will be revised by VisitScotland on behalf of the Scottish Government.
- 6.4 HR – this current work is being taken forward by some core members of the council’s internal Visitor Levy Officers’ Working Group with advice and support from the SVLF and Senior Leadership Team (SLT).
- 6.5 Customer Service – none.
- 6.6 Risk – the introduction of visitor levy for accommodation businesses has the potential risk that higher prices may discourage some visitors from choosing Argyll and Bute, reducing demand. Conversely, there is a risk that an opportunity is missed, if revenue from a levy enables council investment that enhances the visitor economy, attracting visitors and improving the overall visitor experience. It should also be noted that five councils have already approved the introduction of a levy, and others are currently considering it. Councils that can access the revenue stream of a levy will be able to better support the growth of their local tourism / visitor economy.
- 6.7 Climate Change – none directly arising from this report.
- 6.8 Fairer Scotland Duty - the Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented. This has been considered as part of the integrated impact assessment outlined in the council paper on 24<sup>th</sup> September 2025.
- 6.9 Equalities (protected characteristics) - all activities will comply with all Equal Opportunities policies and obligations. This has been considered as part of the integrated impact assessment outlined in the council paper on 24<sup>th</sup> September 2025.
- 6.10 Consumer Duty - all activities will comply with the Council’s Consumer Duty. This has been considered as part of the integrated impact assessment outlined in the council paper on 24<sup>th</sup> September 2025.

- 6.11 Island Communities – the visitor levy proposals that were out for consultation covered the whole of the Argyll and Bute Council area, which included all island communities. This has been considered as part of the integrated impact assessment outlined in the council paper on 24<sup>th</sup> September 2025.
- 6.12 Children’s Rights and Wellbeing – no direct impact was considered as part of the integrated impact assessment outlined in the council paper on 24<sup>th</sup> September 2025.

**Kirsty Flanagan, Executive Director responsible for the Visitor Levy Consultation**

**Council Leader:** Councillor Jim Lynch  
27<sup>th</sup> March 2026

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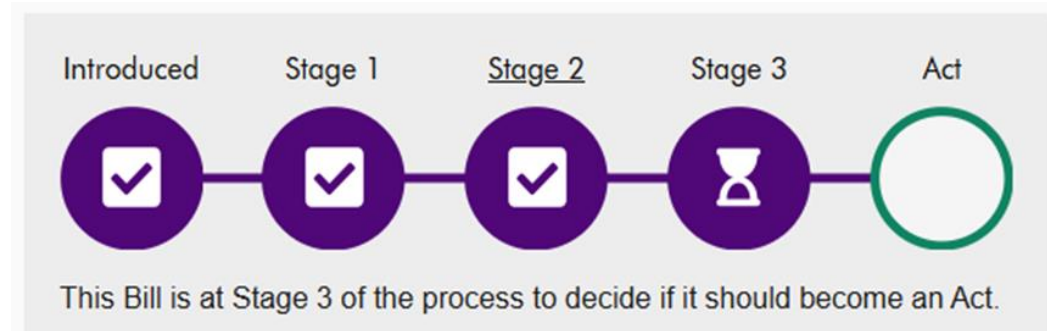
**APPENDICES**

**Appendix A.** Parliamentary Timeline (as of 27<sup>th</sup> March 2026).

**Appendix B:** Local Exemptions

## Appendix A: Parliamentary Timeline (as of 27<sup>th</sup> March 2026)

The provisions in the Visitor Levy (Amendment) (Scotland) Bill, now passed by the Scottish Parliament, will come into force at different points following Royal Assent.



- Part 2 of the Bill (“Final Provisions”) comes into force the day after Royal Assent, except section 9 (it is typically a further 4-6 weeks before Royal Assent is received).
- Sections 2, 3, 4, 4A, 5 and 9 of the Bill (only to the extent that section 9 relates to Part 2 of the schedule) and Part 2 of the schedule of the Bill, as amended at Stage 2, will come into force two months after Royal Assent.

### Section detail

**2 - Chargeable transactions: purchases by third parties**

**3 - Duty to make returns**

**4 - Modification of existing visitor levy scheme**

**4 - A Modification of proposed visitor levy scheme**

**5 - Amendments of the 2024 Act and reasonable excuse for failure to make return, pay levy or keep records**

**9 - Consequential and minor modifications.**

- The remaining provisions (setting the levy as a fixed amount and power to make further provision about the operation of the 2024 Act) will come into force when they are appointed to do so by Scottish Ministers in regulations.
- Statutory Guidance will be worked on after the Bill is completed and will require feedback from both Local Government and Industry stakeholders. Any new Statutory Guidance, even if agreed by VisitScotland, will need Ministerial approval by the new Government and new Ministers appointed post 7<sup>th</sup> May 2026 Scottish Parliament Election.

## Appendix B: Local Exemptions

Table B1: Local Exemptions Analysis	
Local Exemption Description	Rationale for including or not in a proposed Argyll and Bute Visitor Levy Scheme
Argyll and Bute residents	<p>Apply to all residents using overnight accommodation for work or leisure purposes, where residents also holiday in Argyll and Bute, using the visitor facilities.</p> <p>The SVLF was concerned about how someone would be classed as an Argyll and Bute resident and what the accommodation provider would require from the customer as proof of residency.</p> <p>This could significantly impact of the administration of a VLS for both accommodation providers and the council. In addition, it could impact on the revenue gathered to reinvest in the visitor economy.</p> <p><b>Not for consideration.</b></p>
Healthcare visits by islanders to the mainland of Argyll and Bute (including carer(s) accompanying vulnerable patients to appointments).	<p>Consideration must be given to who holds the burden of proof, is it the accommodation provider, the visitor or the local authority. It was considered by the SVLF that the accommodation provider should not hold this responsibility.</p> <p>Therefore, it will be for the patient and carer, as appropriate, to pay the levy and then submit a claim to Argyll and Bute Council. Consideration could be given to a joint expenses claim form to the council in partnership with NHS Highland.</p> <p><b>For consideration.</b></p>
Workers - for any workers travelling to Argyll and Bute or intra-regionally to work, which will involve using overnight accommodation.	<p>There would be a requirement for the worker, or company, to pay the levy and then claim back from the council.</p> <p>This could require a lot of paperwork to validate the reason for the work-related trip e.g. sight of sensitive commercial contracts.</p> <p><b>Not for consideration.</b></p>

<b>Table B1: Local Exemptions Analysis (continued)</b>	
<b>Local Exemption Description</b>	<b>Rationale for including or not in a proposed Argyll and Bute Visitor Levy Scheme</b>
Business under the VAT threshold.	<p>In general maintaining a business under the VAT threshold could stifle business growth.</p> <p>This would be very complex to administer as businesses could continually fluctuate from being over to under the VAT threshold which would require constant reassessment.</p> <p>The VAT issue has been raised separately with HMRC by Argyll and Bute Council, COSLA, SLAED and industry organisations but there is no shift in the position of treatment of VAT. Cllr Lynch, as a member of the SVLF, noted that he is happy to continue pushing this issue at a national level.</p> <p><b>Not for consideration.</b></p>
Accommodation provided by a charity.	<p>This would increase the compliance burden for the accommodation provider and the council.</p> <p>With more visitors coming to Argyll and Bute that would access such accommodation, this still puts pressure on the tourism infrastructure, but with less levy revenue to re-investment in the visitor economy.</p> <p><b>Not for consideration.</b></p>
Outdoor education centres – with a focus on young people, some of whom may come from deprived backgrounds, on residential trips.	<p>The SVLF thought that this would be a fairly simple to administer and encourages schools to bring children from cities or deprived backgrounds to Argyll and Bute and experience an outdoor educational trip, which in turn may encourage families to return outwith school and educational purposes.</p> <p><b>For consideration.</b></p>
Different rates for different geographical locations.	<p>Tourism infrastructure / visitor economy improvements are required across Argyll and Bute.</p> <p>It was deemed to be challenging to select areas that would be exempt (can these areas then benefit from the levy reinvestment spend?) and very difficult to administer.</p> <p><b>Not for consideration.</b></p>

<b>Table B1: Local Exemptions Analysis (continued)</b>	
<b>Local Exemption Description</b>	<b>Rationale for including or not in a proposed Argyll and Bute Visitor Levy Scheme</b>
Types of accommodation.	<p>This presents a parity issue – what types of accommodation could be exempt?</p> <p>Challenging to selection and administration process.</p> <p><b>Not for consideration.</b></p>
Cap on number of nights a visitor levy would be paid.	<p>May negatively impact on shorter stays e.g. weekend breaks. Easier to implement a cap on a city break, but challenging in a large geographical area such as Argyll and Bute where visitors may stay in various parts of the area, with various accommodation providers.</p> <p><b>Not for consideration.</b></p>