Revised Draft Argyll and Bute Council Visitor Levy Scheme

1.0 Power to Introduce a Visitor Levy

1.1 The Visitor Levy (Scotland) Act 2024 came into effect in May 2024. This was followed by a Visitor Levy (Amendment) (Scotland) Act 2026 in May 2026 which amends the 2024 Act. The Act enables local authorities to apply a Visitor Levy on overnight stays, on the accommodation element only with statutory exemptions and optional local exemptions.

1.2 Argyll and Bute Council is considering the powers granted by the Visitor Levy (Scotland) Act 2024 and its Amendment 2026 to draft a Visitor Levy Scheme for consideration through public consultation in respect of persons staying in certain types of accommodation overnight in its local authority area.

2.0 Types of Accommodation to which the Visitor Levy Applies

2.1 Under the Act, overnight accommodation is considered a room or area that is used by a visitor for residential purposes but is not their only or usual place of residence. Therefore, a Visitor Levy does not apply to accommodation that is being used as someone's only or usual place of residence.

2.2 The levy, if approved, will apply to all chargeable overnight accommodation within Argyll and Bute Council boundary. This includes:

- Hotels;
- Hostels;
- Guest houses;
- Bed and breakfast accommodation;
- Self-catering accommodation, including short-term lets;
- Caravan parks and camping sites – includes, but not limited to, static caravans, self-catering units, touring pitches for campervans, tent pitches and temporary campsites.
- Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
- 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.

2.3 A Visitor Levy cannot be charged for accommodation on local authority gypsy and traveller sites, and registered social landlord gypsy and traveller sites. It also cannot be charged for accommodation in a vehicle, or on board a vessel that is undertaking a journey involving one or more overnight stops. In addition, owners of a designated seasonal pitch are not liable for a visitor levy when staying in a static caravan for their own use. However, if they sub-let this accommodation, they would be liable to pay the visitor levy.

2.4 The cost of separate charged add-ons are not part of a levy, such as:
- meals or drinks
- parking for a vehicle
- laundry facilities or services for guests
- entertainment
- leisure facilities
- transportation to and from the accommodation.

3.0 Visitor Levy Scheme Strategic Objectives/Priorities and the Use of Funds

3.1 The proposed overarching aim of an Argyll and Bute Council revised Visitor Levy Scheme is:
To sustain Argyll and Bute's status as an area of outstanding natural beauty, culture and heritage and to ensure that the impacts of a successful visitor economy are managed effectively and in support of the Argyll and Bute Council's priorities and those highlighted in the Argyll and the Isles Strategic Tourism Partnership's Tourism Strategy 2022-2025 (currently under review) (Argyll and Isles Strategic Tourism Partnership Strategy).

3.2 The Visitor Levy Scheme objectives/priorities aligned to the strategic priorities for the refreshed AISTP Tourism Strategy from 2025 onwards are as follows:
1. Extending the season and improving visitor circulation, according to local requirements.
2. Reaching new audiences across a range of products and experiences.
3. Improving the offer, including encouraging continuous investment in accommodation and infrastructure.
4. Supporting the journey to net zero, including support for businesses, consumer guidance and partnerships with the renewable energy industry.

3.3 The consultation carried out in January to April 2025, referred to the previous strategic objectives/priorities, provided insight into the views held by locals, visitors and businesses on the importance of these priorities. If we rank the priorities according to positive responses, they are as follows;
1. Sustaining and improving the visitor offer (35%).
2. Reaching new audiences: marine, coastal, cultural and outdoor tourism (31%).
3. Extending the season and spreading visitors across the destination (29%).
4. The journey towards net zero (23%).

3.4 The Visitor Levy (Scotland) Act 2024, as amended by the 2026 Act, requires a local authority operating a Visitor Levy Scheme to use the net proceeds of a scheme for certain specific purposes. Those purposes are that the funds must facilitate the achievement of the schemes objectives and that they should develop, support and sustain facilities and services for or used by visitors to a local authority area for leisure or business purposes.

3.5 Due consideration needs to be given to revenue spend aligned to the feedback on the strategic objectives of the scheme captured in the Consultation Report 2025 and the revised wording in the refreshed AISTP Tourism Strategy. In particular, the objective to sustain and improve the visitor offer received the most consistent support from visitors, residents and businesses in 2025. On that basis, the Shadow Visitor Levy Forum recommends that investment directly linked to *improving the offer, including encouraging continuous investment in accommodation and infrastructure* may be the most widely understood and accepted rationale for a visitor levy.

3.6 It is apparent from the 2025 consultation findings that the proposed draft Visitor Levy Scheme 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.

3.7 It is proposed that, if approved, Argyll and Bute Council provides clear wording of the objectives of the proposed areas of spend so that they are less abstract with clearer outcomes, aligned, as required by the legislation, to the refreshed AISTP Strategy and by:

- Building on sustaining and improving the visitor offer with a focus on determining projects with tangible and visible visitor benefits.
- Developing a methodology for the transparent selection of (costed) projects, such as events, festivals, infrastructure and public realm works associated with the visitor economy and the allocation of levy funding, complete with governance processes, which must align with the statutory monitoring and reporting requirements for the local authority.
- Creating a grant funding scheme where businesses and communities across Argyll and Bute could apply for funding for specific projects, with clear priorities / eligibility criteria.
- Focusing on transparent and impactful 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 this revised VLS financial model.
- Including clearly defined and specific projects with understandable costs, outcomes and associated delivery timescales.

3.8 Some suggested areas of spend are as follows:
- **Enhanced visitor infrastructure and public realm improvements**: public toilets, upgraded visitor car parks, visitor and motorhome waste-disposal, water refill points and other tourism facilities.
- **Business and product development support to accommodation providers**: grants or training for business, such as improvements to digital capability.
- **Transport and access resilience**: active travel links (paths and themed trails i.e. food trail) across Argyll and Bute.
- **Visitor management and dispersal**: destination-wide signage, single-track road etiquette campaigns and responsible camping messaging.
- **Culture and heritage visitor projects**: interpretation panels, Gaelic and local story trails, small heritage grants, events development and support for visitor-facing cultural programming.
- **Net zero and nature-positive tourism**: EV charging at visitor sites.
- **Data-led destination management and marketing**: target-market research, visitor-flow data, segmentation, and destination-sensitive campaigns linked to value, spread and season extension.
- **Visitor experience development**: support for dark skies, wellness, nature connection, food and drink, marine, heritage, culture, activity holidays, events and festivals.
- **Upskilling and reskilling**: visitor economy skills programmes, career pathways and workforce development (fair work) to support year-round employment.
- **Community funding**: community-led projects which deliver tangible sustainable outcomes for the visitor economy.

3.9 A review of the impacts of visitor levies in global destinations notes that funded projects and activities should have clear objectives in terms of either the sustainability of the tourism industry or the social, cultural or environmental sustainability of host communities. Post-implementation assessments should be carried out to determine whether objectives are met so as to inform future funding decisions.

4.0 Visitor Levy Scheme Start Date and Duration

4.1 Subject to approval by Argyll and Bute Council and formal notification to Scottish Ministers, a final Visitor Levy Scheme would become operational after an 18-month implementation period. The implementation period will allow the local authority, communities and businesses to prepare for the introduction of a Visitor Levy Scheme. At present, an indicative Visitor Levy Scheme start date is late 2028.

4.2 The Visitor Levy will apply indefinitely. As noted in the Act, Argyll and Bute Council is required to review its Visitor Levy Scheme every three years (see **Section 10** below).

5.0 The Visitor Levy Rate and Income Generation

5.1 A flat rate of £5 per room/area per night Visitor Levy is proposed that will apply all year-round, raising an estimated £10m in gross revenue, (this figure is indicative and **does not** take into account the effect of statutory and non-statutory exemptions or administrative costs). The Visitor Levy rate will be the same across the entire local authority area.

5.2 **Table 1** below outlines an example of what a flat rate levy may mean for visitors staying in accommodation. To assist with completion of the third question in each of the consultation surveys, the same examples have been used to show the calculation under a percentage rate.

Table 1: Example of a Flat Rate Visitor Levy Charge
VAT registered mid-range hotel – per room per night Accommodation charge £100 Food £60 Total before the Levy £160 Visitor Levy £5 Sub Total £165 VAT £33 **Overall Total £198 (sub total + VAT)** **VAT registered campsite – night** Accommodation charge £30 Miscellaneous item £15 Total before the Levy £45 Visitor Levy £5 Sub Total £50 VAT £10 **Overall Total £60 (sub total + VAT)** **VAT registered self-catering – night** Accommodation charge £100 Miscellaneous item £15 Total before the Levy £115 Visitor Levy £5 Sub Total £120 VAT £24 **Overall Total £144 (sub total + VAT)** **With a percentage rate the same examples are outlined below to assist in answering the third question in the consultation surveys.** **VAT registered mid-range hotel – per double occupancy room per night** Accommodation charge £100 Food £60 Total before the Levy £160 Visitor Levy £5 (5% of £100) Sub Total £165 VAT £33 **Overall Total £198 (sub total + VAT)**

Table 1: Example of a Flat Rate Visitor Levy Charge
VAT registered campsite – night Accommodation charge £30 Miscellaneous item £15 Total before the Levy £45 Visitor Levy £1.50 (5% of £45) Sub Total £46,50 VAT £9.30 **Overall Total £55.80 (sub total + VAT)** **VAT registered self-catering – night** Accommodation charge £100 Miscellaneous item £15 Total before the Levy £115 Visitor Levy £5 (5% of £100) Sub Total £120 VAT £24 **Overall Total £144 (sub total + VAT)**

5.3 For a third party booking through a destination management company (DMC), the DMC contracts a retail package from the accommodation provider which may include meals, such a breakfast. The visitor levy is calculated on the first sale price for the room only agreed between the accommodation provider and the DMC – not the retail package priced paid by the visitor.

6.0 Administration Costs

6.1 Administrative Costs to the local authority:

- The visitor levy scheme will incur administrative costs for the council, including system implementation, compliance monitoring and reporting, 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.

6.2 While some of the administration costs still need to be confirmed, detailed work is being undertaken by council officers.

6.3 Initial setup costs are related to stakeholder engagement, system development, and staff recruitment and training for administration, enforcement and support roles for the levy. Ongoing operational costs include the day-to-day administration, compliance monitoring, and public engagement including public information campaigns.

6.4 At present, it is estimated that the set-up costs for the council will be circa £215,000, with ongoing annual administration costs of circa £460,000, based on current system assumptions and a proposed staffing model. These estimates will be refined as the scheme design is finalised.

6.5 The costs to accommodation providers will vary widely depending on the size and nature of their business, as well as their use of property management systems. Therefore, a range of potential costs must be considered. These costs could include:

- modifications to booking and billing systems to incorporate the levy;
- training and educating staff on levy procedures and customer communication; and
- administrative tasks, such as record-keeping, reporting, remitting levy payments, and increased transaction fees from banks for card payments.

6.6 A scheme for supporting accommodation providers in Edinburgh with the costs of administering the Visitor Levy has been adopted by the City of Edinburgh Council.

6.7 Across Scotland, local authorities are adopting a range of retention rates to support accommodation providers with administrative costs, typically between 1.5% and 3%, with 2% emerging as a common benchmark. For modelling purposes, a 2% retention rate has been assumed. The council will explore the potential introduction of a retention scheme as part of the consultation.

6.8 In the context of Argyll and Bute:

- there are 2,547 properties classified as accommodation (includes guest houses) on the Non-Domestic Rates (NDR) roll as of May 2026, which would attract a Visitor Levy.
- these properties have RVs ranging from £470 to £450,000, with a mean average of £11,057.
- the number of Bed and Breakfast (B&B) properties on Council Tax is harder to determine, but in 2021 there were 121 known Council Tax properties offering B&B accommodation.

6.9 **Table 2** below outlines examples of how the 2% deduction scheme would impact accommodation providers if they could retain some of the levy to offset administrative costs:

Table 2: Examples of 2% Deduction for Admin Costs

Example	Visitor levy collected in quarter	Deduction rate applied (%)	Retained amount	Amount remitted to the council in quarter
Small Business (RV £15k)	£238.87	2.0%	£4.78	£234.09
Large Business of 10 small units (Combined RV £35k)	£3,155.43	2.0%	£63.11	£3,092.32
Luxury Hotel (RV £411,000)	£10,500.00	2.0%	£210.00	£10,290.00

6.10 Feedback to date has indicated that a standard percentage retention may not fully offset administrative costs for smaller or micro-businesses. The council will therefore consider whether additional mechanisms may be required to support these providers, such as minimum retention levels or alternative support arrangements.

6.11 Depending on the agreed uses of the levy, tourism businesses may be able to access direct business support such as grant funding, helping them to invest in their own product.

6.12 The council must also carefully assess whether allowing retention of the Visitor Levy constitutes a subsidy under the Subsidy Control Act 2022. If so, the scheme must comply with the principles outlined in the Act to address any subsidy control considerations.

7.0 National and Local Exemptions

7.1 The key focus for the administration of the Argyll and Bute Council Visitor Levy Scheme is to keep it simple to understand and cost efficient, for accommodation providers to collect, and the council to administer.

7.2 At a **national level** several groups do not fall within the scope of the Act and are therefore not liable to pay a Visitor Levy charge. These groups are as follows:

1. Those who are using overnight accommodation and their only or primary residence, which could be due to:
    - 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; and
    - someone being an asylum seeker or refugee.
2. Someone staying on a dedicated gypsy/traveller site run by a local authority or a registered social landlord.
3. Those entitled to specified disability benefits, payments or allowances, the Scottish and UK benefits within scope of this exemption include:
    - disability payments made under section 31 of the Social Security (Scotland) Act 2018, including Adult Disability Payment, Pension Age Disability Payment and Child Disability Payment;
    - UK disability, incapacity, and injury-related benefits such as Disability Living Allowance, Attendance Allowance, Personal Independence Payment; and
    - War-related pensions and supplements.
4. Other people not subject to the Visitor Levy include those who are residing overnight in vehicles or on-board vessels that are undertaking a journey involving one or more overnight stops. As a result, the following forms of overnight accommodation are outwith the scope of the Act:
    - the provision of a cabin on a ferry or cruise ship, unless the vessel is permanently moored;
    - the provision of a cabin on an overnight sleeper train; and

- use of a hired or privately-owned campervan or motorhome where they are not staying overnight in campsites.

7.3 As noted in **paragraph 2.4** above, the cost of separately charged add-ons are not part of a levy, such as:
- meals or drinks
- parking for a vehicle
- laundry facilities or services for guests
- entertainment
- leisure facilities
- transportation to and from the accommodation.

7.4 Individuals in the exemption categories must pay the levy and request reimbursement from Argyll and Bute Council. Reimbursement can be applied for online, submitting receipts for their overnight stay (consideration to be given on how evidence will be provided, if not detailed separately on a receipt, for example a tour operator package), relevant evidence (as will be detailed on the council's website) of their exemption/exclusion and bank details.

7.5 For those in receipt of the UK disability benefits, payments or allowances detailed above, evidence will be required to be submitted online and should include:
- the name of person in receipt of relevant eligible benefit;
- alignment to the agreed Argyll and Bute Council Visitor Levy Scheme;
- a copy (scan/photo) of relevant benefit award letter;
- the name of the person in receipt of the relevant benefit should be included on the receipt or booking;
- proof of payment for overnight accommodation; and
- bank details (to enable payment via BACS).

7.6 The council will assess the evidence received and pay the reimbursement via bank transfer if the applicant is found to be eligible.

7.7 Further to a paper to Argyll and Bute Council on 29th April 2026, it was agreed that local exemptions could be included in the proposed revised Visitor Levy Scheme:
1) Healthcare visits by islanders (residents of all Argyll and Bute's 28 inhabited islands) to the mainland of Argyll and Bute (including registered carer(s) accompanying vulnerable patients to appointments); and
2) Outdoor education centres with a focus on young people, some of whom may come from deprived backgrounds, on residential trips.

Note: Healthcare visits include those to a hospital, dentist, optician or other health professional not accessible to island residents, with evidence of an appointment for clinical treatment. It is anticipated such a local exemption, within an approved scheme, will align with existing NHS travel reimbursement schemes to simplify administration and verification.

It should be noted that Argyll and Bute Council officers will develop the full detail of this administration process for political approval if the revised Visitor Levy Scheme progresses.

8.0 Collecting the Levy: Systems and Software Requirements

8.1 Officers from Argyll and Bute Council have been working with officers from other local authorities and developers from the Improvement Service to look at developing a single national platform to deliver the Visitor Levy in Scotland. The project has produced the service blueprint and has just moved into its formal development phase.

8.2 A national platform for the Visitor Levy in Scotland would offer a more sustainable solution to support the scheme in the long term. It would allow accommodation providers with properties across Scotland the opportunity to set up a single account covering multiple properties in multiple local authority areas for example Premier Inn, Crerar Hotels, Best Western Hotels etc.

8.3 Development works continue and the first design of the full end to end product will be available for User Acceptance Testing and Testing within the wider business communities in July 2025. It was proposed that the system would be ready for full deployment from March 2026.

8.4 Accommodation providers within the local authority area will be liable for the levy. They will be required to submit quarterly reports detailing the total accommodation charges and the total levy collected to the national online Visitor Levy platform.

8.5 The levy will be payable at the same time as submitting returns. (There is the potential to mirror the submitting timelines under current schemes such as VAT returns or short term lets).

9.0 Enforcing the Visitor Levy

9.1 Argyll and Bute Council officers will support businesses with training and advice to help them meet the Visitor Levy requirements for record keeping and collection. Accommodation providers are required to keep accurate records of all transactions that are subject to the levy. The council will conduct inspections, as required, to ensure compliance with the scheme and remittance requirements (more information to be provided).

9.2 Further to due process (to be advised), the Visitor Levy Act requires accommodation providers who fail to comply to be subject to penalties. The aim would be to provide the support required to enable businesses to comply.

9.3 Appeals relating to decisions made by the council on the operation and/or enforcement of the scheme can be registered via an online portal or email address. The council will aim to undertake an internal review and process these appeals within 28 days. As articulated in the draft revised Visitor Levy Guidance document, June 2026, if the overnight accommodation provider is unhappy with the council’s decision, the provider can appeal to the First Tier Tribunal. The guidance document advises that details of the internal review and appeal processes will be discussed with stakeholders in due course, but they are likely to follow existing procedures for the other local taxes, and so be familiar to both local authorities and businesses.

10.0 Annual Reporting, Reviewing and Changing the Visitor Levy Scheme

10.1 Within the first 18 months from when an Argyll and Bute Council Visitor Levy Scheme may come into force, and for each 12-month period following this, Argyll and Bute Council must prepare an annual report setting out:

- the amount of money collected
- how the net proceeds have been used; and
- the performance of the Visitor Levy Scheme in relation to its objectives.

10.2 The first review must be carried out within three years of a Visitor Levy Scheme coming into force. Second and subsequent reviews must be carried out within three years of the previous reviews. These reviews will assess whether the scheme is successfully achieving its objectives and measure the impact of the scheme on businesses and communities. The review will be reported, along with detail on how the income has been spent and the benefits which the visitor levy-funded projects have brought.

10.3 If the council wants to make changes to the scheme following the review, it will publicly consult on the change and publish a report detailing the decision and its justification. As per the 2026 Act, there are revisions to the implementation period based on change scenarios as outlined in **Table 3** below.

Table 3: Minimum Implementation Period

Change scenarios where implementation period would apply	Significant modification	Minimum Implementation Period
Expand the Visitor Levy Scheme (VLS) area	Yes	18 months
Removal of existing exemptions	Yes	18 months
Increase in levy rate (fixed amount or percentage) for an existing VL scheme	Yes	6 months
Amending the basis of charge (from fixed amount to percentage or vice versa)	Yes	6 months
Decreasing the levy rate or amount	No	No implementation period required (can come into effect on a date chosen by the local authority). However, consideration should be given to ensure liable persons have sufficient time to implement changes.

Source: Draft Revised Visitor Levy Guidance, June 2026

11.0 Visitor Levy Forum

11.1 Further to the establishment of the initial Shadow Visitor Levy Forum, an advisory group at the pre-implementation stage, a Visitor Levy Forum will be set up by the council within six months of the Argyll and Bute Council's formal announcement that a Visitor Levy will be introduced (post the 12-week consultation period). The Visitor Levy Forum will act as an advisory board to discuss and advise on the Visitor Levy scheme, including any proposed modifications. The Visitor Levy Forum will also be consulted on how the Visitor Levy funds will be spent.

11.2 The Visitor Levy Forum will be made up of representatives from the community and from businesses and organisations in the visitor economy. Forum membership may include elected members; currently three elected members on the Argyll and Bute Shadow Visitor Levy Forum. However, elected members must not make up a majority of the Forum. The appointment of elected members it intended to provide more effective links to the ongoing work being conducted within an approved Visitor Levy Scheme, and the decision-making processes of Argyll and Bute Council.

11.3 It should be noted that the Visitor Levy Forum has an advisory role and has no capacity to make any decisions. All decisions can only be made by Argyll and Bute Council elected members.

11.4 The Visitor Levy Forum will be in existence for the duration of the Visitor Levy Scheme, with at least two meetings per calendar year.