



## **Urgent Concerns on the Operational Viability of City of Edinburgh Council's Proposed Visitor Levy Scheme**

On behalf of the Scottish Tourism Alliance's Council, we are writing to express urgent concerns regarding the proposed Visitor Levy being introduced by City of Edinburgh Council, specifically the operational challenges of its implementation by May 2025.

While the policy objectives of supporting Scotland's tourism economy are commendable, the timeline is entirely unfeasible, and the proposed approach risks undermining both its intent and effectiveness.

### **Operational Impossibility of a May 2025 Introduction**

The proposal to implement the Visitor Levy in May 2025, only 15 weeks from now, is operationally impossible. Industry feedback and technical realities point to insurmountable challenges:

#### **1. Lack of Prepared Systems by Online Platforms:**

Major online booking platforms have confirmed that they will not have the necessary systems in place to manage, collect, and remit the levy within this timeframe. These platforms are integral to the successful operation of the levy, as they facilitate the majority of bookings across the tourism sector.

#### **2. Unrealistic Implementation Timeline:**

While the legislation prescribes an 18-month lead-in period, even this timeframe was optimistic given the complexities of designing and deploying new systems, educating stakeholders, and ensuring compliance. Compressing this timeline to just 15 weeks makes the levy's implementation untenable.

#### **3. Administrative Burden on Local Authorities and Businesses:**

Local authorities and businesses require significant lead time to develop and implement procedures, train staff, and integrate technological solutions. The current timeline precludes the possibility of adequate preparation, risking widespread noncompliance and operational chaos.

#### **4. Outstanding Questions Still Needing Addressed:**

There still remains several unanswered questions concerning some of the complexities around the role of third parties in collecting the Visitor Levy, including destination management companies (DMCs), tour operators and online booking platforms. Separate correspondence will soon follow from the STA, along with UKinbound and the Short-Term Accommodation Association that will set out these concerns in detail.

## Legal Concerns and Risk of Judicial Review

In addition to operational issues, there are significant legal concerns that may result in judicial review:

### **1. Commercial sensitivities:**

There remain a number of commercial sensitivities around the need for price transparency, as the Digital Markets, Competition and Consumers Act 2024 must be taken into consideration, which provides protection to consumers on the display of pricing and The Price Marking Order 2004. The UK regulation requires clear display of prices to consumers, including taxes and mandatory charges.

### **2. Potential Contravention of Sections 13 and 19 of the Visitor Levy (Scotland) Act:**

The decision to top-slice revenues for purposes such as housing and participatory budgeting appears to contravene the statutory provisions governing the use of levy revenues. Such an approach undermines the legislative intent that funds be directly used to enhance the visitor economy.

### **3. Lack of Representation for Small Accommodation Providers:**

The absence of representation for small accommodation providers on the Visitor Levy Forum raises concerns under section 16(4) of the Act, which requires fair representation of affected parties. This exclusion risks alienating key stakeholders and undermining the levy's credibility.

## Recommendations

Given these challenges and that other local authorities in Scotland are looking towards Edinburgh's example, we strongly urge the Scottish Government to:

- **Ensure that City of Edinburgh Council postpones the Implementation Date:** A revised timeline, extending well beyond May 2025, is essential to ensure that systems and processes are in place and that stakeholders are adequately prepared.
- **Revise Guidance on the Implementation Period:** The 18-month implementation lead-in period must be a fixed and clearly defined requirement, allowing sufficient time for all stakeholders to adapt. This guidance should explicitly state that the 18 months begins after the final framework and necessary technical specifications have been issued.
- **Avoid Commercial Challenges:** Consult closely with corporate lawyers to ensure that there is no risk of commercial sensitivities and contract breaches as a result of introducing a visitor levy.
- **Clarify Revenue Usage:** Provide clear guidance to ensure all revenue usage complies with sections 13 and 19 of the Act, prioritising the enhancement of the visitor economy as intended.
- **Ensure Fair Representation:** Revise guidance regarding composition of Visitor Levy Forums to include representation for small accommodation providers, ensuring compliance with section 16 (4) of the Act.
- **Engage Key Stakeholders:** Collaborate closely with online booking platforms, local authorities, and businesses to establish a realistic and phased implementation schedule for any Visitor Levy.
- **Conduct Feasibility Studies:** Ensure that local authorities assess the technical and administrative requirements comprehensively to set a practical lead-in period.

Rushing the implementation risks not only operational failure but also loss of confidence among stakeholders and potential harm to Scotland's tourism reputation. If the levy is to succeed in its goal of being a "force for good," it must be supported by a framework and timeline that are realistic and achievable.

### **Additional Considerations**

The STA, representing the largest body of tourism and hospitality businesses in Scotland, has previously voiced significant concerns about the timing, complexity, and implications of the Visitor Levy. The STA strongly advocates for a pause in the current plans to focus on:

- Reviewing the administrative and financial burden of the percentage-based charging model, and considering a simpler, capped flat fee.
- Ensuring the 18-month implementation period is used effectively to prepare businesses, test systems, and communicate with consumers.
- Addressing the risk that the levy could harm Scotland's price competitiveness, particularly given the already high VAT rates that make Scotland one of the most expensive destinations in Europe.
- Evaluating how the levy proceeds will be invested strategically to enhance the visitor economy, avoiding their diversion to routine council expenditures.

The STA warns that rushing to implement the Visitor Levy in its current form will harm businesses, displace visitor spending, and jeopardise Scotland's reputation as a premier visitor destination. These are lessons that must be heeded to avoid turning the levy into a cautionary tale for future policy making.

We remain available for further discussions and look forward to a revised approach that ensures both feasibility and compliance.

Yours sincerely,

The Association of Scotland's Self-Caterers (ASSC)  
British Holiday & Home Parks Association (BH&HPA)  
Caravan and Motorhome Club  
The Federation of Small Businesses (FSB) in Scotland  
Hostelling Scotland  
Scottish Agritourism  
The Scottish Bed & Breakfast Association (SBBA)  
Scottish Destination Management Association (SDMA)  
The Scottish Golf Tourism Development Group (SGTDG)  
Scottish Independent Tour Operator Association (SITOA)  
The Scottish Tourism Alliance (STA)  
UKHospitality Scotland  
UKinbound