

ASSC response to The Highland Council Consultation – Proposal to Introduce a Visitor Levy Scheme

Founded in 1978, the Association of Scotland's Self-Caterers (ASSC) represents over 1,700 members, operating thousands of self-catering properties throughout Scotland, from city centre apartments to rural cottages, to lodges and chalets, to castles. Our vision is that the ASSC takes the leading role in advancing a vibrant and prosperous self-catering sector recognised as pivotal to the future of Scotland's tourism economy. Our purpose is to empower our diverse and professional membership, enabling them to deliver exceptional experiences to guests. Our focus is on supporting businesses and communities in the promotion of Scottish self-catering as a sustainable, inclusive and responsible form of accommodation.

Introduction

The Association of Scotland's Self-Caterers welcomes the opportunity to respond to The Highland Council's consultation on a visitor levy. Like many other tourism stakeholders, the ASSC has consistently opposed calls for a visitor levy in order to ensure that Scotland remains as competitive as possible with other visitor destinations. However, given it is highly likely that Highland Council will proceed with a visitor levy, it has to be managed appropriately, mitigating negative impacts and avoiding unintended consequences.

We acknowledge the Council's right to consider this discretionary power, but we urge a more considered and collaborative approach that takes full account of industry input, recent legislative developments, and the practical implications of levy collection on small and microbusinesses across the region.

The ASSC were represented on the Scottish Government's Visitor Levy Expert Group which was chaired by VisitScotland. Similarly, as representatives on the Highland Council Visitor Levy Reference Group, we are committed to working with Highland Council on its proposals outlined in this consultation to ensure that the final plans work effectively for tourism and for affected businesses, as well as visitors and the local community.

However, it remains our stated position that we oppose a visitor levy for the Highlands given the negative impact it will have on affected businesses, including self-catering, who are already subject to an accumulated regulatory burden through recent policies over short-term let licensing and planning. We further oppose its introduction in light of the difficult economic climate and the emerging complexity of the current charging model.

Key Recommendations

1. Transition to a Fixed Flat Fee Banded Model

The ASSC strongly supports the industry's call for a move away from a percentage-based levy model towards a **tiered fixed flat fee** per night, as outlined in the Scottish Tourism Alliance proposal to the Scottish Government.

The current percentage-based system introduces **unnecessary complexity**, is **difficult to administer**, and **distorts pricing structures**, particularly for self-catering providers who operate across varied platforms and booking systems. A flat fee banded model is:

- **Simpler and fairer:** Providers and visitors understand it upfront.
- **Easier to administer:** No need to calculate percentages or adjust for VAT intricacies.

- **More predictable for local authorities:** Revenue forecasting is significantly improved.
- **Aligned with UK and international best practice,** such as proposals emerging in Wales and operating models in Paris and Barcelona.

We therefore recommend Highland Council delay further development of its own levy plans until the Scottish Government has had time to review the STA's proposal and consider amending Sections of the Visitor Levy (Scotland) Act 2024 accordingly.

2. Encourage the Scottish Government to amend Legislation to Transfer Collection Responsibility to Local Authorities via QR Code System

While the Visitor Levy Act currently designates accommodation providers as the primary collectors of the levy, this is **both impractical and inequitable**, particularly for small businesses already managing substantial regulatory demands. Tourism accommodation providers should not be used as unpaid tax collectors for local authorities.

We recommend that **responsibility for collection be transferred from operators to local councils**, facilitated by a **digitally enabled QR code system**.

This model, adapted from successful international examples in Venice and Bali, would allow:

- Guests to scan a **venue-specific QR code** (provided by the council) and pay their levy directly to the local authority.
- Automatic record-keeping and transparency for local authorities.
- Reduction of VAT complications, since the levy would **not be processed through the operator's revenue** stream.
- Minimal administrative load on accommodation providers.

This approach ensures **better compliance, clearer audit trails**, and **enhanced data for tourism strategy**, without overburdening operators.

3. Pause Implementation to Avoid Operational Pitfalls

As the experience in Edinburgh shows, rushing into implementation can lead to confusion, miscommunication, and reputational damage for both councils and Scotland's wider tourism offer.

We echo the STA's request for the Scottish Government to **pause further visitor levy consideration** until the methodology is reviewed and amended. Highland Council should **monitor the Edinburgh pilot**, assess outcomes and unintended consequences, and allow time for the **updated collection model** to be properly designed and trialled.

4. Levy Revenues Must Be Ringfenced for Tourism

Any funds raised through a visitor levy must be used in accordance with the **Visitor Levy (Scotland) Act 2024, Sections 13 and 19**, for infrastructure and services that benefit visitors directly. This is not a general revenue tool - it is a tourism reinvestment mechanism. The creation of a meaningful **Visitor Levy Forum** with strong industry representation will help ensure transparency, oversight, and alignment with national tourism priorities.

Conclusion

The ASSC remains opposed in principle to the introduction of a visitor levy, particularly given the fragile recovery of the tourism economy, the ongoing cost-of-living crisis, and the regulatory overload currently facing accommodation providers.

However, if Highland Council proceeds with a levy, it must:

- **Encourage the Scottish Government to adopt a flat fee banded model and Implement a QR code-based payment system** that removes the burden from providers.
- **Pause current plans** until the Scottish Government completes a review and legislative amendments.
- **Ensure full industry engagement** and transparent governance mechanisms.

This is the only way to ensure that the levy does not damage the very sector it is intended to support.

Consultation Questions

2.1 To what extent to do you agree with this proposed position?

Strongly disagree

2.2 Please use this space to provide any comments to support your response to this question.

While the ASSC agrees with the statement that *“tourism key industry for the Highlands, contributing significantly to the economy and filtering through all corners of the region”*, it is for that very reason that we disagree with the proposed position of The Highland Council to introduce a local visitor levy. Our sector, according to a recent independent analysis from BiGGAR Economics contributes £200m GVA to the local economy alone, the highest for any council area in Scotland, underlining the fact that these regulations are far too important to get wrong.

The power to introduce this levy is discretionary and not compulsory. While local authorities like Highland Council may be understandably tempted to utilise the power in order to generate additional revenue at a time of acute fiscal challenges, a visitor levy is the last thing the Highlands self-catering sector needs at this time. The industry has come through a pandemic, only to be hit by a cost-of-living crisis, and the recovery remains precarious. Moreover, there are significant costs associated with short-term let licensing and planning, not to mention difficulties for operators getting through this intertwined process, with the accumulated regulatory burden for business showing no sign of abatement. It appears the Council are shrinking a sector through short-term let regulations only to then tax it on top.

With City of Edinburgh Council proceeding in haste with their visitor levy proposals, we would respectfully encourage The Highland Council to take stock and pause its plans, monitor what unfolds in the capital, and allow time for the charging model to be reviewed by the Scottish Government. A headlong rush to introduce a Highlands visitor levy by August 2026 will damage the essential tourism and hospitality businesses that local economies throughout the council area rely on to support jobs and attract visitors.

3.1 To what extent do you agree with the proposal to introduce a Visitor Levy Scheme in Highland by Autumn 2026?

Strongly disagree

3.2 Please use this space to provide any comments to support your response to this question.

Highland Council should not select a timeframe purely on the basis that it is the earliest possible date but instead one which would allow for the smoothest possible implementation for those businesses who will ultimately be responsible for administering any new charge.

City of Edinburgh Council has already had to roll-back on its proposed timescale due to operational concerns from industry and has now shifted its transition period. In the rush to be first, rather than getting it right first time, such a slapdash approach risks undermining the levy before it has even started.

Highland Council therefore need to learn the lessons from what has unfolded in the capital as its Autumn 2026 start date poses operational impossibilities for operators.

4.1 To what extent do you agree with this proposed position to operate the scheme indefinitely?

Strongly disagree

4.2 Please use this space to provide any comments to support your response to this question.

The proposal to operate a visitor levy scheme indefinitely is deeply concerning and ill-advised. The permanence of such a measure would suggest a disregard for the dynamic nature of Scotland's tourism economy, especially in areas like the Highlands where seasonal fluctuation, changing visitor behaviours, and evolving economic conditions all demand flexible policymaking.

An indefinite scheme removes necessary accountability mechanisms and suggests an unwillingness to review, adapt or suspend the levy in response to unintended consequences or shifting market realities. It risks locking the region into a system that may ultimately undermine the very tourism sector it aims to support.

The cumulative regulatory burden already being experienced, through short-term let licensing, planning restrictions, and the impact of broader economic stressors, requires urgent reconsideration, not further entrenchment. A sunset clause or formal review timeline should be built into any levy scheme to ensure it remains fit-for-purpose, effective, and fair over time.

5.1 To what extent do you agree with this proposed position to apply the levy every day of the year?

Strongly disagree

5.2 Please use this space to provide any comments to support your response to this question.

A year-round application of the levy demonstrates a one-size-fits-all approach that fundamentally misunderstands the nature of tourism in the Highlands. Seasonal variation is a defining feature of tourism here, with many operators relying on income from a relatively short window of peak-season activity to sustain their businesses over the quieter months. Applying a flat, year-round levy will disproportionately burden accommodation providers during off-peak periods when occupancy is lower and margins are tighter.

While a one-size-fits-all, all-year-round fee would not be appropriate, introducing a seasonal variation would present significant operational challenges. The administration of a seasonal levy—particularly for small and microbusinesses as well as online booking platforms—would be complex and resource-intensive. It would likely lead to increased confusion, compliance difficulties, and unintended errors, especially for providers already grappling with existing regulatory obligations.

If the goal is to sustain tourism infrastructure and services, the approach must be strategic and reflective of the sector's economic rhythms, but also simple and streamlined enough to be workable in practice. Without careful planning, a seasonal model risks being burdensome and counterproductive.

The fact remains that the current proposal is not fit for purpose.

6.1 To what extent do you agree with the proposal to set the levy rate at 5%?

Strongly disagree

6.2 Please use this space to provide any comments to support your response to this question.

As stated, The ASSC does not support the introduction of a Highland visitor levy. However, if it is introduced by the Council following this consultation, it is absolutely essential that it is set at a realistic level, with a transparent framework in place and good governance embedded throughout. It is a supplementary revenue scheme which should be used to enhance and protect tourism assets and infrastructure. If there isn't clear messaging about where the money goes, it will cause not only a loss of trust in the business community but potentially alienate visitors too who will simply choose alternative destinations outside of the Highlands to the detriment of the local economy.

Relatedly, the interaction between VAT and the levy needs to be considered. Businesses must register for VAT if their VAT taxable turnover is more than £90,000. If the Highland's levy is incorporated into the taxable income for businesses, then this will result in them potentially being financially penalised for collecting the levy. It risks taking some businesses over the VAT threshold. The Council need to clarify whether the levy count towards VAT registration thresholds. Moreover, is VAT applied to the levy itself? For VAT returns and accounts, do businesses count levy revenue based on stay dates, not invoice or booking dates?

Finally, the financial implications of any new levy should also be considered alongside the many cost pressures facing businesses, including how the levy sits with policies such as short-term let licensing and planning controls.

6.3 If the Council does not agree a rate of 5%, what rate would you consider is appropriate?

I don't support a levy being introduced in Highland

6.4 Please use this space to provide any comments to support your response to this question.

While tourist taxes may be common elsewhere, Scotland's economic and legislative context is fundamentally different. A 5% levy in the Highlands would effectively become a "tax on a tax," in addition to 20% VAT and being subject to VAT, unlike most other countries, which apply reduced VAT rates to tourism services. A 5% levy becomes a 6% levy for VAT registered businesses. This would severely impact the competitiveness of Scottish tourism, especially in rural and price-sensitive areas such as the Highlands.

Moreover, unlike other international destinations, the levy in Scotland will also apply to local Scots holidaying within their own country. This places an additional burden on domestic visitors, who represent the majority of self-catering stays and 45% of all overnight stays in Scotland, and risks displacing them to alternative UK destinations such as the Lake District or Northumberland. That would directly harm local Highland economies that rely on these visitors.

On a practical level, the current percentage-based model introduces serious administrative and compliance challenges for small and micro businesses. It reduces price transparency, complicates integration with online booking systems, and creates confusion for visitors and providers alike. These complexities could distort pricing strategies and further deter visits.

If a levy is to be introduced, it must be fair, proportionate, and easy to implement. A flat fee, banded model - supported by the wider industry - offers a far more balanced solution, reducing compliance burdens while safeguarding the sector's future competitiveness.

7.1 To what extent do you agree or disagree with the Visitor Levy Scheme objectives? (please tick for each objective)

SUSTAIN public services and infrastructure used by businesses, communities and visitors to ensure the impacts of visitors are strategically and sustainably managed – **Strongly Disagree**

SUPPORT the delivery of a thriving tourism sector offering a wide range of visitor experiences by working together, in partnership, with businesses, visitors and communities – **Neither agree nor disagree**

DEVELOP innovative approaches to balance strategic demands and opportunities ensuring that Highland achieves its full potential as a highly positioned destination for visitors – **Neither agree nor disagree**

7.2 Please use this space to provide any comments to support your response to this question.

Sections 13 and 19 of the Visitor Levy (Scotland) Act are perfectly clear. Proceeds from the levy should be spent on “developing, supporting or sustaining facilities or services which are substantially used by persons visiting the scheme area for leisure or business purposes (or both).”

Any net revenue raised by a Highlands visitor levy must be used as a force for good in terms of tourism and clearly evidence an environmental, social, heritage and economic impact which, in turn, contributes to Scotland’s national tourism strategy. This should be considered additional revenue, ringfenced for reinvesting in tourism priorities, not as a revenue raiser for existing Council services or obligations.

The second and third objectives would appear to fall within the bounds of what is acceptable under the Act. However, the first objective regarding “public services and infrastructure” requires further detail and analysis to see if it follows the statutory direction. Any Highlands visitor levy must be used to benefit tourism rather than an opportunity to fund existing council services. It is a supplementary budget for tourism and the Council’s core budgets must be kept intact, be it for waste management or road maintenance etc.

8.1 To what extent do you agree or disagree with the review of decisions related to the levy scheme?

Neither agree nor disagree

8.2 Please use this space to provide any comments to support your response to this question.

As stated, we do not believe in the introduction of this levy; however, any new charge taken forward must have a transparent framework in place and good governance embedded throughout.

9.1 To what extent do you agree or disagree with this position on local exemptions?

Strongly Disagree

9.2 Please use this space to provide any comments to support your response to this question.

Highland Council should give careful and considered attention to a range of potential exemptions from the proposed Visitor Levy, particularly in cases where the impact would be disproportionately felt or where a compelling rationale exists. Suggested exemptions include:

- **Non-VAT registered businesses:** To ease the regulatory and administrative burden on small and micro-enterprises, which are most vulnerable to the additional pressures created by the levy. The enabling legislation supports this exemption and leaves its implementation at the discretion of Highland Council.
- **Local residents of the Highlands and Islands:** Identified via postcode, to ensure those living within the region are not financially penalised for travelling within their own communities -

especially where overnight stays may be necessary due to the region's geography and travel distances.

- **Scottish residents travelling for medical reasons:** Recognising that such journeys are essential and non-discretionary, and should not be subject to additional cost.
- **School groups:** In support of educational access and travel for young people, which is vital to broadening horizons and fostering understanding of the region's natural and cultural heritage.

Exempting Local Residents: How It Could Work in Practice

As a matter of principle, residents of the Highlands should not be charged a levy when staying overnight within their home region. To make this exemption both fair and enforceable, the Council should introduce a clear, practical method of verification based on proof of residency.

Guests claiming exemption as local residents could be asked to present one of the following at the time of booking or check-in:

- A valid driver's licence or government-issued photo ID showing a Highland postcode;
- A recent utility bill (within the last three months) bearing their name and Highland address;
- A Council Tax bill or official correspondence from Highland Council confirming their residence.

Importantly, accommodation providers should not be expected to store or manage sensitive personal data. Any verification system must be simple, proportionate, and compliant with GDPR regulations. To that end, Highland Council should issue clear guidance and provide templated forms for operators. Ideally, this would be supported by a digital verification process—integrated into the proposed QR code payment system—that flags eligible postcodes and allows for secure self-certification and document upload where necessary.

Crucially, this exemption should not expose providers to financial or compliance risk. In cases where valid proof of exemption is not provided, the levy should remain payable. The administrative responsibility for validating exemptions must rest with Highland Council - not with accommodation providers, who should retain the right to collect the levy in the absence of clear, confirmed evidence.

11.1 To what extent do you agree or disagree with this position in relation to the administration of reimbursement for national exemptions?

Strongly Disagree

11.2 Please use this space to provide any comments to support your response to this question.

The current functionality of the National Digital Portal only enables accommodation providers to declare the total amount of levy collected and due to be remitted. It does not distinguish between standard payments and those eligible for exemptions or reimbursements, whether national or local. As it stands, visitors cannot use the portal to claim exemptions or submit supporting evidence, based on the ASSC's engagement with the Improvement Service, this functionality is not currently available.

This creates a significant issue: accommodation providers are still required to collect the levy upfront, and the revenue is counted as turnover. Even if a guest later qualifies for a refund, the amount remains part of the operator's declared turnover, placing them at a financial disadvantage.

Furthermore, there is currently no clear guidance or process outlined for how refunds will be administered. This gap in policy and system design must be urgently addressed to ensure fairness, transparency, and compliance with the intended spirit of the levy scheme.

12.1 To what extent do you agree or disagree with this position on how we will make decisions on the net proceeds from a Visitor Levy?

Neither agree nor disagree

12.2 Please use this space to provide any comments to support your response to this question.

The ASSC would support the creation of a Visitor Levy Forum if the levy is taken forward, providing it included an appropriate and meaningful level of business and industry representation given that those stakeholders are the ones shouldering the administrative burden.

13. Additional Information

Thank you for completing our consultation regarding a Visitor Levy for Highland. Having considered the proposed content for the Visitor Levy Scheme, and provided your responses to the questions asked, please use the space below if you wish to provide any further comments about the proposed scheme.

The Association of Scotland's Self-Caterers (ASSC) offers the following final observations from the perspective of the Scottish self-catering sector:

Clarity on Scope and Communication:

There remains a concerning lack of public understanding around who the visitor levy will apply to. Many in the Highlands and beyond still believe it targets only international tourists. In reality, this levy will also affect families from across Scotland and the wider UK who choose to holiday or visit loved ones in the region. This includes individuals staying overnight while visiting friends or family, or those attending hospital appointments. These visitors already contribute to local government through general taxation, and may understandably resent what feels like an additional charge. Highland Council must clearly communicate that the levy will apply to local, national, and international visitors alike.

Economic Impact on Domestic Tourism:

While international visitor numbers may be rising, domestic tourism, the backbone of Scotland's self-catering sector, is under pressure. Price-sensitive consumers are likely to reconsider their holiday destinations, especially in the face of ongoing cost-of-living challenges. A visitor levy risks further deterring domestic travellers and diverting spending away from rural communities that depend on tourism. A 2023 PwC report for the European Commission clearly states that tourism demand is highly price-sensitive. Introducing a levy at this time could undermine recovery and growth in an already fragile market.

Impact on Small and Microbusinesses:

The introduction of a visitor levy will increase administrative burden and costs for small and microbusinesses such as self-catering operators. These businesses already operate on tight margins and have endured significant pressures, from the Covid-19 pandemic to rising energy costs and mounting regulatory requirements. Additional complexity and bureaucracy threaten the viability of many operators in the sector.

Competitive Disadvantage and Broader Tax Context:

While it is true that many European destinations impose tourism taxes, they typically benefit from reduced VAT rates. In Scotland, the levy would come on top of a 20% VAT rate – one of the highest in Europe – and the highest Air Passenger Duty on departure. Additionally, the UK Government has just hiked the ETA (Electronic Travel Authorisation) fee by 60%, a move that makes visiting the UK significantly more expensive for many tourists. This risks making Scotland, and the Highlands in particular, a less competitive destination. Policymakers must consider the cumulative effect of taxation on our tourism offering before setting any rate.

Principles of Fairness and Use of Revenue:

Should the levy go ahead, it is vital that it is applied fairly across *all* forms of visitor accommodation to ensure a level playing field. Furthermore, tourism businesses must not be expected to become unpaid tax collectors for local authorities. Any revenue generated must be ringfenced specifically for tourism-related infrastructure and improvements, not absorbed into general council budgets. The purpose must be clearly tourism-focused, with transparency and accountability in how funds are spent.

Collaboration and Implementation:

Finally, should Highland Council proceed with implementing a levy, it must be done in genuine partnership with industry stakeholders. Only by working in lockstep with accommodation providers and tourism bodies can the council hope to minimise harm, reduce the regulatory burden, and maintain the strength of the region's visitor economy.

Tourism is a vital part of our economy, supporting local businesses, jobs, and communities. The decisions we make now will shape our global appeal for years to come. We need a strategy that welcomes, not discourages, visitors. This is a dangerous game.