SCOTTISH TOURISM ALLIANCE
Your voice in tourism matters

SCOTTISH GOVERNMENT BUDGET 2025-26
HEADLINES FOR TOURISM AND HOSPITALITY BUSINESS

Non-Domestic Rates/ Business Rates

- The Small Business Bonus Scheme will be made available again.
- Hospitality premises in island communities and three remote areas (Wrath, Knoydart and Scoraig) will again receive 100% business rates relief, capped at £110,000 per business.
- 40% business rates relief for hospitality properties liable for the Basic Property Rate (a rateable value up to and including £51,000), capped at £110,000 per business.
- Hospitality businesses in the Intermediate (rateable value of between £51,001 and £100,000) and Higher (rateable value above £100,000) property rate brackets are not eligible for this relief.
- This relief has not been passed onto retail and leisure properties, with the exception of grassroots music venues with a capacity of up to 1,500 and with a rateable value up to and including £51,000, capped at £110,000 per business.
- Small businesses will be supported by a freeze in the Basic Property Rate at 49.8p.
- Those paying the Intermediate and Higher Property Rate will see an inflation rise – set at 55.4p and 56.8p respectively.
- Scottish Government has committed to continue working with industry as part of the New Deal for Business Non-Domestic Rates sub-group on the long-term issues concerning the Non-Domestic Rates System.

Tourism and major events funding

- VisitScotland funding has been restored in line with inflation.
- VisitScotland will be given an additional £2 million fund to promote international connectivity, to encourage off-season visits (e.g. all-year round flight routes) and to attract tourists to visit lesser-known Scottish destinations.
- The Rural Tourism Infrastructure Fund will be reinstated to support strategic projects aimed at developing infrastructure, improving the visitor experience and attracting greater visitor spend in rural communities.
- The overall Tourism and Major Events Budget has increased by 13.1% compared to the last fiscal year – with a substantial increase to support major and mega

events hosted in Scotland, including the Orkney 2025 Island Games, Euro 2028 and The Open.

Income Tax

- Committed not to introduce any new bands for remainder of this parliament and income tax rates have been frozen until 2026.
- Aimed at protecting lower income households, the Basic and Intermediate rate thresholds will increase by 3.5%.

Council Tax

- There will be no cap on how much local authorities can raise through Council Tax.
- An extra £1 billion was announced for local authorities, bringing total funding up to £15 billion.

Culture and festivals

- £34 million uplift announced for culture – with a recommitment to increase arts and culture funding by £100 million by 2028-29 and plans to increase funding again at the next Budget to £20 million.
- Scottish Festivals budget doubled as part of the Festivals EXPO funding.
- Uplifts to Scotland's five National Performing Companies – Scottish Opera, Scottish Ballet, Royal Scottish National Orchestra, Scottish Chamber Orchestra, and the National Theatre of Scotland
- Additional £2 million to support Screen Scotland reach its goal of £1 billion gross value added to the Scottish economy by 2030.

Housing

- £768 million to be invested in the Affordable Housing Supply Programme to boost affordable housing supply and enabling housing providers to deliver at least 8,000 homes for social rent, mid-market rent and low-cost home ownership.

Transport

- Overall investment in public transport more than £2.6 billion to provide new ferries, enhance ports and harbours, and begin plans to replace ScotRail's Intercity fleets, along with maintaining existing bus, lifeline ferry and rail services.
- Approximately £1.1 billion announced for rail services, rail infrastructure and the maintenance of the network, including supporting replacing train fleets and advancing decarbonisation plans, including completion of enhancement and electrification of the East Kilbride line.

- Over £237 million to fund the maintenance and improvement of ports and harbours, along with funding to support resilience of ferry fleets.
- Around £1 billion to be invested in maintenance and enhancement of the trunk road network, including progressing major trunk road projects such as the dualling of the A9 and improving the A83.
- The Scottish Government remains committed to introducing an Air Departure Tax.
- Following roundtable engagement, the Scottish Government is due to launch its consultation on a cruise ship levy in January 2025.

Digital

- £100 million for the continued rollout of digital connectivity programmes, including accelerating access to full-fibre broadband.

Environment

- Over £300 million to be invested again in the Heat in Buildings Programme to support energy efficiency upgrades in homes and businesses.
- £188.7 million to fund active and sustainable travel measures and deliver "resilient and efficient" bus services.
- Around £90 million to be invested in protecting, maintaining and increasing woodlands and peatlands.

Skills and employability

- Over £2 billion to fund colleges, universities and the wider skills system. No update on the Apprenticeship Levy and the Flexible Workforce Development Fund.

Islands

- £6 million to support the National Islands Plan to deliver infrastructure projects designed in partnership with islanders to support successful and resilient island communities.

To view the full Scottish Budget for 2025-26 click here.

Note: The Scottish Budget is still to be passed and as a result changes could still be made to it. The Budget will be scrutinised by the Scottish Parliament and voted on by MSPs in February 2025.