SCOTTISH TOURISM ALLIANCE
Your voice in tourism matters

Scottish Tourism Alliance Submission
Aberdeen Visitor Levy Scheme – Formal Consultation

Justification for the Visitor Levy

The main purpose of the levy is to ensure that Aberdeen is a leading visitor destination and support the ongoing, sustainable growth of the visitor economy.

Funds from a Visitor Levy would be spent in ways which increase visitor numbers and motivate visitors to stay longer and spend more. Funds would be used to secure more large conferences and expos; increase frequency and quality of major public events and festivals; improve visitor attractions, arts and entertainment venues; support local culture and heritage; enhance visitor infrastructure and public spaces; and market Aberdeen to a wider audience.

To what extent do you agree with Aberdeen City Council introducing a Visitor Levy?
Strongly agree
Agree
Neither agree nor disagree
Disagree X
Strongly disagree
Don't know

Introducing a successful visitor levy scheme is about the right application, right place and right time, if it is to act as a force for good that enhances our visitor offer and appeal. However, the STA believes none of these conditions of success are currently in place in Aberdeen or any local authority in Scotland, and as a result it should not proceed with introducing a scheme at this time.

The STA continues to make the case to the Scottish Government that the current percentage charging modelling be replaced by a fixed-fee charge, in line with similar visitor levy schemes across other parts of the UK. A fixed-fee is a much simpler, competitive and transparent charge to administer for local authorities, accommodation businesses, and third parties such as destination management companies (DMCs), tour operators and online booking platforms.

Most importantly, a fixed charge makes much more sense to visitors, who are more likely to have experience of being charged this way when holidaying in other countries. We must keep in mind that in the UK 20% VAT is charged on top of a visitor levy – far more than in competitor countries.

We remain concerned that the Scottish Government is unwilling to take any action until a levy has been in place for at least three years and are worried a rush to introduce a visitor levy in its current form will damage the sector overall and the essential tourism and hospitality businesses that local economies rely on to support jobs and attract visitors.

However, we support the ambition and detailed proposals set out by Aberdeen City Council to use the revenue raised from a visitor levy to increase visitor numbers and encourage visitors to stay longer.

As a priority, we urge Aberdeen City Council to use existing budgets now to invest and secure assured revenue streams to protect the crucial work of VisitAberdeenshire in the long-term and continue to invest in attracting major events like Tall Ships and The World Rally Championship to the area.

This will in turn grow visitor numbers and spent, creating better conditions for supporting the introduction of a levy charge further down the line when there is hopefully a more stable economic environment and necessary changes have been made to the levy to ensure it is fit for purpose.

For any local authority looking to introduce a visitor levy, a comprehensive economic impact assessment is crucial before approving the introduction of a scheme, with a detailed cost-benefit analysis that captures the cost for accommodation providers to collect a levy, the impact of exemptions, and the indirect impact on the economy.

The Visitor Levy is proposed to apply across the entire Aberdeen local authority area. Do you agree with this approach?
Yes
No X
Unsure

Under the Visitor Levy (Scotland) Act 2024 the levy must take the form of a percentage and cannot be a fixed amount. The price advertised to the consumer must include the levy, which will be charged at the time of booking. Visitors will not pay any additional fees at check-in or check-out. For Aberdeen the proposed levy is 7% of the accommodation charge and will apply year-round, this would add around £5 per night on the current pre-VAT average hotel room of around £70 a night. A comparison of other European cities is below:

Comparable Visitor Levy Analysis
(Ranked lowest cost per night to highest cost per night)

City/Area	Average Daily Hotel Room Prices*	Visitor Levy - Per Night (2 Adults)**
Vienna	£114.90	£3.68
Budapest	£101.63	£4.07
Brussels	£123.40	£4.16
Aberdeen	**£70**	**£4.90**
Glasgow	**£99.78**	**£5.00**
Florence	£234.02	£5.40 avg
Rome	£198.30	£5.50 avg
Milan	£175.52	£5.50 avg
Zurich	£197.98	£6.16
Barcelona	£156.38	£6.66
Lisbon	£147.34	£6.66
Berlin	£105.61	£7.92
Edinburgh	**£180.53**	**£9**

City/Area	Average Daily Hotel Room Prices*	Visitor Levy - Per Night (2 Adults)**
Paris	£285.62	£11.65 avg
Amsterdam	£144.13	£18

*From CoStar, using their defined geographies 02/25 Last 12 months Average Daily Rate excluding VAT, for Scottish LAs the geography closest to the LA boundaries was used.
** Exchange rate of 1euro – 0.83 Pound Sterling, 1 CHF – 0.88 Pound Sterling

Aberdeen's proposal is for a higher percentage than other Scottish cities, but the actual charge per night is lower than Glasgow, Edinburgh or most European cities. The higher percentage rate would generate significant funds to invest in the visitor economy to attract more overnight stays in future, including from the key business and events sectors.

VAT Information for Aberdeen's Proposed Levy

Any amount charged by an accommodation provider for the visitor levy will be included in their turnover, which is used to determine if they need to register for VAT. HMRC set the threshold at £90,000 from 1 April 2024. The taxable turnover threshold for VAT registration is currently £90,000 and has applied since April 2024. This will continue to be the case from April 2025.

In the UK, VAT is charged at 20% on the price paid for taxable goods and services, including other taxes, levies, and charges. As a result, the Visitor Levy will be subject to VAT when an accommodation provider includes it in the cost of overnight accommodation.

The proposed levy is 7% of the accommodation charge which would generate in the region of £7m annually. Do you think this rate is appropriate?

Yes, 7% is appropriate
No, it should be lower X
No, it should be higher
I don't support a Visitor Levy at all
Don't know

If you think the rate should be different, what rate would you suggest?

5% (generating around £5m)
10% (generating around £10m)
Other (please specify by clicking the pen below)

The STA would advise Aberdeen City Council to consider a lower percentage level than the charge currently proposed at 7%.

We appreciate the balance between setting a level that will raise a worthwhile level of revenue, but remain extremely cautious that any additional charge on visitors in the coming years – on top of 20% VAT, a hike in electronic travel authorisation (ETAs) and other UK and global financial pressures – will risk discouraging visitors, negatively impact on visitor spend, and lead to people staying overnight for fewer rather more nights.

To avoid confusion among visitors and businesses, we would encourage local authorities to consider adopting a similar rate to each other, going above 5% potentially sends the message that the destination is more expensive than others, even though the average room rate is less.

We would also urge Aberdeen City Council to consider applying a visitor levy at different times of the year or in just certain parts of the local authority boundary to tactically deploy it to attract visitors during the low visitor season and encourage greater dispersal of visitor activity outside the city centre to less busier parts of their boundary to support sustainable tourism.

There is the potential to not apply the levy at different points of the year to make visiting cheaper to potentially extend the visitor season.

Not applying the levy all year or in less visited parts of the local authority area will also help support some small accommodation businesses to not go over the £90,000 VAT threshold.

However, it is important to note that different application of the levy may be complicated to apply in practice when it comes to online booking platforms and communicating these variations to businesses and consumers.

The STA continues to make the case to the Scottish Government that a fixed-fee approach would be a simpler, transparent and more competitive charging model – in line with other parts of the UK, such as proposals in Wales to charge £0.75 per person per night for those staying at campsites (pitches) and hostels, and £1.30 per person per night for those staying in all other visitor accommodation types.

As the City of Edinburgh Council looks to implement its approved visitor levy scheme in practice, it is already experiencing legal and administrative challenges based on the percentage model.

Challenges with the percentage-based model include:

- *Administrative complexity when it comes to accommodation providers having to strip the accommodation cost from the total stay charge to determine the levy, creating unnecessary administrative burdens and potential for inaccuracy and misinterpretation.*
- *Online Travel Agents (OTAs) and booking platforms face significant challenges in automating levy collection under the current percentage-based system, which require bespoke technical solutions.*
- *UK Digital Markets, Competition, and Consumers Act 2024 and Price Marking Order 2024 require clear price displays, which a percentage-based model operationally complicates.*
- *DMCs and travel trade operators face difficulties incorporating an unclear and variable percentage levy into packaged prices. Contractual agreements with suppliers in some cases prohibit disclosure of the naked rate.*
- *Percentage-based pricing could distort competitive pricing strategies and create inconsistencies between accommodation providers and travel trade operators.*
- *There is uncertainty regarding who is responsible for calculating and collecting the levy when intermediaries are involved.*
- *Local authorities struggle to predict net revenue under a fluctuating percentage-based system, increasing the risk of shortfalls in anticipated funding.*

We have heard from several local authorities already that their preference would be to instead have a fixed-fee model, and we would encourage Aberdeen City Council to make its own representations to the Scottish Government if it also favours this model. If local authorities make this clear to the Scottish Government, then there is a greater likelihood that the legislation could be changed to introduce a better charging model.

Considering the difficult economic climate and the emerging complexity of the current charging model, we would urge Aberdeen City Council to take a pause and instead use this time wisely to carry out a detailed economic and impact assessment, conduct a competitor analysis, secure VisitAberdeenshire funding, and to continue to listen to the views of its local businesses by working closely with its destination management organisation, chambers of commerce and industry organisations.

If you are an accommodation provider, what are the costs and benefits that you anticipate from the introduction of a visitor levy in Aberdeen?

N/a

Visitor Levy Scope and Timing

The levy will apply to all overnight accommodation in Aberdeen, including hotels, guesthouses, self-catering properties and camping and caravan parks. Do you agree with this scope?
Yes
No
Unsure

The earliest the levy could be introduced is April 2027. Do you think this timeline is appropriate?
Yes, April 2027 is appropriate
No, it should be later
I don't support a Visitor Levy
Don't know

Use of Revenue and Monitoring

If a Visitor Levy is introduced the Council needs to establish a Visitor Levy forum to discuss and advise on the scheme and make recommendations on how the visitor levy funds will be spent. Membership of the forum would include such persons as the Council considers to be representative of communities, businesses and organisations engaged in the visitor economy.

Local authorities are required to prepare an annual report detailing the amount of money collected, how the net proceeds have been used, and the performance of the scheme in relation to its objectives. Every three years, a more comprehensive review will be conducted.

Aberdeen City Council will establish a Visitor Levy Forum to oversee and advise on how funds are used. They will meet twice a year. Do you think this is a good approach?
Yes
No
Don't Know

The scheme will be reviewed every three years to assess its impact. Do you agree with this review period?
Yes
No, reviews should be more frequent
No, reviews should be less frequent
Don't Know

Initially the funds raised from the Visitor Levy will be allocated across four investment areas:

- **Economic Growth and Competitive Advantage (63%)** including funds to attract events across business, entertainment, culture and sport sectors; and to support Aberdeen's venues and emerging local creative and sporting talent.
- **Destination Marketing and Development (18%)** to support marketing and advertising of the city, ensure that local businesses are assisted to make the most of visitor opportunities, and maintain a well-trained, highly skilled workforce
- **Destination Readiness and Improvement (14%)** to ensure city accessibility and visitor safety, enhance public areas, and invest in assets which are popular with visitors
- **Reserve Fund (5%)** to offset any risks of long-term project commitments and help the visitor economy in times of crisis

Do you agree with this allocation of funds? If there are other ways you think funds should be spent, please outline them below.
Yes
No, I would like to see different priorities
Don't Know

The STA supports the four investment areas outlined by Aberdeen City Council, with the largest proportion aimed at economic growth and competitive advantage. We welcome the ambition of the funding plans set, particularly aimed at growing both leisure and business tourism through a series of new, targeted funds.

We would suggest that the council consider increasing the weighting allocated to destination marketing and development to support these activities.

Given the financial pressure on Scottish local authorities, the industry continues to be vigilant about whether the monies raised from a visitor levy will be treated as incremental income and strategically invested to enhance the visitor destination, or will disappear into funding routine council services like waste collection.

However, we are encouraged to see that the Aberdeen City Council plans under 'Destination Readiness and Improvement' to establish a Silver City Visitor Fund aimed at "improving the experience for business and leisure visitors, surpass their expectations and provide impetus for repeat visits, favourable reviews, and positive word-of-mouth recommendations."

Providing a safeguard for long-term projects, providing reassurance to events rights holders, and safeguarding against a shortfall or downturn in levy collection as part of a five-year capped Reserve Fund is also a sensible approach. We support the suggestion that any reserves be capped at an upper limit and reallocated to the other funds outlined once this level is reached.

Overall, the proposals currently set out by Aberdeen City Council have the potential to deliver transformational change for the destination, working in partnership with P&J Live and VisitAberdeenshire to increase visitor awareness and drive more major sport and cultural events, conferences, and expo activity.

We further welcome that Aberdeen's proposals include using the funds to benefit businesses. It is important that the visitor levy supports sector businesses to be resilient, thrive and grow, supporting them to embrace innovation and technology, and ensuring that they are enabled to deliver better visitor experiences in line with the changing landscape and consumer behaviour. For example, helping to meet tourism and hospitality sector workforce shortages and skills gaps through training opportunities.

We would also urge the local authority to consider increasing the percentage of the levy that accommodation providers are allowed to keep to help cover associated costs of collecting the levy, basing this on a detailed economic impact assessment of the costs faced by different types and sizes of Aberdeen accommodation providers, rather than basing the 2.5% figure on what other cities have adopted. So while we welcome Aberdeen Council's plans to allow businesses to retain at least 2.5%, we believe this should be a greater amount and properly evaluated.

The Aberdeen City and Shires Hotel Association, in conjunction with Edinburgh Hotels Association and the Greater Glasgow Hotels Association, have written to the STA to voice the need for the Visitor Levy Forum established to be given greater decision-making powers concerning how any levy revenue raised is spent to safeguard that it will lead to a positive economic growth impact, with recognisable positive outcomes for the city's local visitor economy and offer.

To ensure these forums "have teeth", we support their recommendation that the terms of reference for the forum give weight to the advice given by the Visitor Levy Forum when it comes to levy resource decisions, ensuring that there is buy-in from industry and local communities.

We welcome that Aberdeen City Council is making a concerted effort to capture the views of young people as part of its engagement activities, and would encourage other councils to do the same.

National Exemptions and Local Exemptions

The Visitor Levy (Scotland) Act 2024 sets out national exemptions and exclusions.
People who are exempt from the levy:

- People who are homeless or at risk of homelessness
- People whose main residence is unfit for habitation
- Asylum seekers and refugees
- Individuals who have arrived in the UK through other Home Office schemes

In addition, the visitor levy does not apply to:

- Someone staying on a dedicated gypsy/traveller site run by a local authority or a registered social landlord
- Those in receipt of specific disability benefits
- Individuals residing in certain types of overnight transport (e.g., cruise ships, sleeper trains, motorhomes not on campsites)

Local Exemptions: Aberdeen City Council proposes an exemption for individuals travelling to Aberdeen for medical appointments, along with their companion.

A companion for medical travel refers to an individual who is accompanying a patient due to medical necessity, such as assisting with mobility, communication, or personal care.

Do you agree with the proposed local exemption for medical travellers?
Yes
No
Don't Know

Do you think additional exemptions should be considered? If so, please specify:

The introduction of local exemptions continues to be a contentious issue, given the need to balance the potential administrative burden of managing any exemptions and consider the individual circumstances in any given area. If a local exemption for medical travellers and companions was introduced in Aberdeen, we would stress that the exemption be managed externally by the local authority to manage any sensitivities or confidentiality concerns for the individual.

There are a number of other exemptions Aberdeen City Council may want to consider in more detail as part of its visitor levy scheme. This includes the provision set out in the legislation to exempt accommodation businesses operating below the £90,000 VAT threshold from collecting a visitor levy. Since the visitor levy is treated as revenue, there is the potential that small businesses in the area will be pushed over the VAT threshold, along with facing an additional cost burden that includes credit card fees and online travel agent (OTA) commissions.

Many small accommodation providers already work hard to keep themselves below this threshold, often closing for periods of time or reducing operation hours during the winter off-peak season to avoid reaching this ceiling.

As a result, there is a risk some small businesses will have to close for even longer and open later in the visitor season, or close altogether if it no longer becomes financially viable to keep operating. This would have a knock-on impact on availability of visitor accommodation, which has already reduced since the introduction of the Short-Term Lets Licensing Scheme.

Aberdeen City Council may also want to consider similar measures to the City of Edinburgh Council and introduce a discretionary site exemption for properties occupied by a charity or trustee of a charity, and overnight stays for charitable purposes. For example, Hostelling Scotland, a registered charity, is offering free stays for disadvantaged young people and their families across its 29 youth hostels and 24 affiliate hostels across the country between September 2025 and June 2026.

For any temporary camping sites organised by volunteers for activities like Guides, Scouts, Duke of Edinburgh Awards, etc. we would also recommend exempting these groups from collecting and paying a visitor levy.

Administration
The levy will be collected by accommodation providers and submitted via a national digital online platform. Do you agree with this method of administration?
Yes
No

Don't Know

Accommodation providers will be responsible for recording and correctly remitting the visitor levy to Aberdeen City Council. This will most likely involve a quarterly return of revenues to the Council via a digital online platform. Training will be provided on how to use this platform. The accommodation provider will also be required to have a log of levy revenues received from guests, perhaps in the form of a spreadsheet.

If you are an accommodation provider - Will you have any additional costs in carrying out these functions and can you describe them?

The STA continues to encourage the Scottish Government to take a 21st century digital-first approach and consider in more detail proposals for a national QR code-based digital platform for payment of the levy, which would take away the time and cost burden and responsibility for collecting the charge from accommodation providers. It would also mean that local authorities could be paid more quickly and directly to local authorities.

We are hearing growing feedback that the collection portal that has been developed by the Improvement Service, which will not necessarily be adopted by all local authorities introducing a visitor levy scheme, is still time burdensome for businesses to input levy payments and is open to error, increasing the risk of errors being made and therefore potential fines and enforcement action.

Accommodation providers will be allowed to keep 2.5% of the levy they collect to help cover associated costs of collecting the levy. Do you agree with giving accommodation providers this rebate?
Yes
No
Don't Know

It is proposed that there will be no maximum number of nights to which the levy will apply, in order to streamline administration costs for both providers and the council. Do you agree with this approach?
Yes
No
Other (please specify by clicking the pen below)

The introduction of a cap on the number of nights of accommodation has both pros and cons.

Pros: A cap helps to reduce the costs facing festivals and major events being hosted across a longer period, ensuring performers, sports people, technicians, etc. do not face additional costs when there are already pressures concerning the price and availability of accommodation during busier visitor periods. It also supports television and film opportunities in the local area, reducing the production cost-burden of hosting actors and crew in local accommodation.

A cap on the number of nights that the levy applies has the potential to encourage people to stay longer if the charge is applied on a limited number of nights.

Cons: We are hearing from online booking platforms that the application of a cap on the number of nights the levy applies in Edinburgh is a logistical challenge for developers and a solution is still being *sought how to resolve this issue. We would urge Aberdeen City Council to closely follow how this issue plays out in Edinburgh to inform a decision on introducing a cap.*

Greater efforts would also be needed around communication of a cap, including that a stay in the local area would need to be across a continual period and would not apply if staying overnight outside the local authority at points during a trip.

Additional Comments

Do you have any additional comments or suggestions regarding the proposed Visitor Levy in Aberdeen?

Rather than waiting for the creation of the Visitor Levy Forum set out in the Visitor Levy (Scotland) Act, we would urge Aberdeen City Council to create a Visitor Levy Reference Group that includes key industry representatives to help inform plans for a potential visitor levy scheme, which is the approach recently adopted by the Highland Council.

If Aberdeen City Council decides to proceed with introducing a visitor levy, we would urge it to give businesses the full 18-month lead-in period to start collecting a visitor levy, as was the original intention in the legislation.

This should be accompanied from the outset by a clear timeline setting out dates for businesses to begin transitioning to collecting a visitor levy, including factoring in the lead-in times for the leisure and business travel trade.