SCOTTISH GOVERNMENT BUDGET 2026-27
HEADLINES FOR TOURISM AND HOSPITALITY BUSINESS

Non-Domestic Rates

- The Basic, Intermediate and Higher Property Rates in 2026-27 will be reduced, given the forthcoming revaluation on 1 April 2026.
- The Basic Property Rate ('poundage') on properties with a rateable value up to £51,000 is reduced to 48.1p, the Intermediate Property Rate for properties with a rateable value between £51,001 and £100,000 is reduced to 53.5p and the Higher Property Rate on properties with a rateable value above £100,000 is reduced to 54.8p.
- There will be 15% Non-Domestic Rates relief for the next three years for retail, hospitality and leisure premises liable for the Basic or Intermediate Property Rates (with a rateable value up to and including £100,000), capped at £110,000 per business per year. This is forecast to reduce the Non-Domestic Rates bills of eligible ratepayers by around £36 million in 2026-27.
- In addition, there will be 100% Non-Domestic Rates relief for the next three years for retail, hospitality and leisure premises located on islands, as defined by the Islands (Scotland) Act 2018, as well as specified remote areas, capped at £110,000 per business per year.
- The Small Business Bonus Scheme will continue for the next three years, to remove 100,000 properties from rates altogether.
- In light of re-evaluations starting from 1 April 2026, Small Business Transitional Relief will be introduced to ensure that ratepayers losing eligibility for Small Business Bonus Scheme relief, rural relief, hospitality relief or Small Business Transitional Relief introduced for the 2023 revaluation cycle, do so in a phased manner. Eligible ratepayers will pay 25% of any increase to their net bill in the first year (2026-27), 50% in the second year (2027-28) and 75% in the third year (2028-29). This relief is forecast to save ratepayers around £80 million over the next three years.
- The Finance Secretary said the Scottish Government is awaiting information from the UK Government about possible changes to business rates for pubs. She said that if additional resources become available, then she "stands ready" to use these for the industry.

Tourism and major events funding

- Overall funding for tourism and major events is just under £62 million for 2026-27 – a rise compared to the previous financial period, although this is predominantly to support major event activity, as funding for tourism is down £3.6 million.
- The VisitScotland for 2026-27 is just under £40 million to support activity to promote Scotland as a quality destination and grow international connectivity in a competitive global market.
- Investment of an additional £4 million announced for VisitScotland to manage the Rural Tourism Infrastructure Fund (RTIF), supporting regional destination development.
- £9.6 million is being invested in 2026–27 to prepare for flagship events such as the 2026 Commonwealth Games, international golf competitions, the 2027 Tour de France Grand Depart and UEFA EURO 2028.
- A commitment is made in the Budget to promote agritourism.

Income Tax

- The threshold for the "basic" and intermediate rates of tax in Scotland will increase by 7.4%.

Council Tax/ Local Authorities

- There will be two new council tax bands by 2028 paid on properties worth more than £1 million.
- Funding for local government will increase by 2% in real terms.

Land and Buildings Transaction Tax (LBTT)

- No changes made. A review to examine various aspects of the residential and non-residential arrangements for the tax is ongoing, including the treatment of mixed-use transactions.
- Scottish Government officials are also progressing an internal review focusing on non-residential leases, measures to support investment in Scotland, and the impact of the Additional Dwelling Supplement where exceptional circumstances or events occur. The findings are to be published before the end of this Parliamentary session.

Investment

- Commitment to invest £1 billion in the Scottish National Investment Bank by the end of this Parliament.
- Over £215 million to be invested in City and Regional Growth deals, along with support for regional economic partnerships and Community Wealth Building.
- Increased investment to scale Business Improvement Districts and the Scotland Loves Local initiative.

Transport

- A Private Jet Supplement is to be introduced in Scotland from 2028/29.
- Air Departure Tax (ADT) will apply to the carriage of passengers by air from Scottish airports from 01 April 2027. The UK-wide Air Passenger Duty (APD) will cease to apply from this date; however, the rates and bands of ADT will be matched with APD for the 2027/28 tax year.
- A consultation will also be launched in January 2026 on the introduction of an exemption from ADT applying to passengers on flights leaving Highlands and Islands airports, which are currently exempt from APD.
- Further investment in public transport announced to deliver new ferries, upgrade ports and harbours and replace ScotRail's Intercity fleet, as well as maintaining existing bus, ferry and rail services.
- £7 million to be invested in delivering bus fare cap pilot.
- £4 million to be invested in 2026-27 to support Local Authorities to build business cases for local bus improvements through franchising.
- Uplift in funding for Scottish Canals announced.
- Peak fares will be removed for islanders using Northern Isles Ferry Services.
- £1.2 billion to be invested in maintaining and improving the trunk road network, including around £200 million to support A9 dualling. Dualling of key sections of the A96 will also be taken forward.

Housing

- An additional £118 million was announced for the affordable housing supply programme.
- £1.3 million to be invested in the Scottish Empty Homes Partnership to bring empty homes back into use.

Health and Wellbeing

- The Budget funds the continuation of our Changing Places Toilet programme, with funding of £10 million over the next 3 years, starting with £3 million investment in 2026-27.

Environment

- A decade of 100% relief from non-domestic rates for EV charge points was announced.
- £226 million announced for active travel and bus infrastructure and £85 million in low carbon programmes including expanding public EV charging infrastructure and supporting zero-emission vehicles.
- Legislation to be introduced to increase both Scottish Land Fill Tax (SLFT) rates from 1 April 2026 to align with UK Landfill Tax rates for 2026–27 Scottish Landfill

Tax rates. Independent research will be commissioned this year to review reforming SLFT.

Culture and festivals

- £20 million uplift to the culture budget in support of multi-year funding to Creative Scotland. This brings the cumulative increase in the culture budget to £70 million per year compared to 2023-24.
- This includes an additional £800,000 for Screen Scotland, taking its funding to £12 million, to support its distinct operations that have helped successfully bolster the cultural and economic impact of screen production in Scotland.
- £11.65 million for The Art Works project, to establish a National Collections Hub for National Galleries of Scotland and National Museums of Scotland.

Workforce/ Entrepreneurship

- An extra £70 million was announced for universities and colleges.
- Funding announced for partners to deliver 25,000 Modern Apprenticeships, 5,000 Foundation Apprenticeships and at least 1,200 Graduate Apprenticeships in 2026-27.
- £2.5 million announced for Young Entrepreneurs Package.
- £326 million announced for Enterprise Agencies.
- £50 million Whole Family Support package announced to support parents into sustainable employment. Final details will be confirmed in the Tackling Child Poverty Delivery Plan.
- £90 million to continue to be invested in employability services, including £39 million for the Scottish Government's No One Left Behind approach and £40 million to provide Parental Employability Support.

To view the full Scottish Budget for 2026-27, please click here.

Note: The Scottish Budget is still to be passed and as a result changes could still be made to it.