Discretionary visitor levy for local authorities

Please [refer to the consultation](https://gov.wales/visitor-levy-html) as you answer the questions.

# Your details

## Your name

## Organisation (if applicable):

## Size of business based on number of employees (if applicable):

Micro (0-9)  
 Small (10-49)  
 Medium (50 -249)  
 Large (250+)

## Type of visitor accommodation provided (if applicable):

B&B  
 Campsite or camping park  
 Canal boat, motor boat or sailboat  
 Campus accommodation  
 Cruise ship  
 Hotel  
 Farmhouse  
 Glamping accommodation  
 Guest House  
 Holiday park  
 Holiday village  
 Hostel style accommodation  
 Restaurant with rooms  
 Self-catering (holiday cottage, house or apartment)  
 Touring park  
 Other (please specify):

## email / telephone number:

## Your address:

# Tax purpose and scope

As outlined, the purpose for the visitor levy is to enable a more equitable arrangement between visitors and residents. The levy would provide an additional revenue source for local authorities to re-invest locally into the services and goods which are integral to the visitor experience.

We propose that a discretionary levy on overnight visitors would provide a means to generate revenue for local authorities to invest into local services and infrastructure which is integral to the visitor experience. This would recognise the impact visitors have in some areas of Wales and provide a more equitable basis for the funding of local services and infrastructure between residents and visitors.

We know that some stakeholders are concerned about the impact of day visitors in some parts of Wales. The type of levy proposed in this consultation would apply to overnight visitors staying in commercially let visitor accommodation. However, we are interested in your views about application of a levy to day visitors and/or other activities and how these could be feasibly applied before making any final decisions on this matter.

## 1. Do you agree or disagree that local authorities should have discretionary visitor levy powers to enable a more equitable basis for the funding of local services and infrastructure between residents and visitors?

Agree  
 Disagree

What are the reasons for your answer?

## 2. Do you have any views on whether a levy should apply to any other type of activity in addition to overnight visitors (e.g. day visitors) and if so, what activity do you think it should apply to and how do you think this would work in a Welsh context?

# Tax framework (legislation)

We recognise the need for a consistent method of application of any discretionary visitor levy introduced in Wales. However, we note that there may be clearer rationale for greater local determination in some aspects of the tax framework.

We have outlined the key aspects of the tax framework in this section of the consultation, and these are explored in more detail throughout this consultation. We did not identify rationale through our engagement to date for greater local determination other than relating to variation of the level of the rate charged. We are interested in your views as to whether there should be greater local determination on any other aspect of the levy.

## 3. It is our view that the tax framework (legislation) which sets out how the levy would be applied and operated should ensure consistency of application across local authorities. However, there are some aspects such as setting rates and exemptions and determining use of revenues which may benefit from local autonomy. Do you agree or disagree with this position?

Agree  
 Disagree

What are the reasons for your answer?

## 4. Are there any other aspects of the tax framework which would benefit from greater local autonomy?

For example:

* Exemptions or reliefs
* Type of rate
* Level(s) of the rate
* Use of revenues
* Reporting requirements

What are the reasons for your answer?

# Tax design and liability

As the visitor levy we are proposing would be payable by visitors and is on the basis of overnight stays (as the taxable activity), visitor accommodation providers would be required to charge and collect the levy. This type of levy therefore lends itself to a self-assessed tax model (similar to VAT).

As the visitor accommodation provider is the only one who would know exactly who is staying in the accommodation overnight and in this model would be charging and collecting the levy, we propose they are therefore ultimately responsible (liable) for onward payment (remittance) of the tax to the tax authority.

## 5. We propose that the levy would be a self-assessed tax for visitor accommodation providers (based on number of overnight stays) who must charge and collect the levy from visitors for an overnight stay and then remit this to the tax authority. Do you agree or disagree with this?

Agree  
 Disagree

What are the reasons for your answer?

## 6. When should the levy be collected as part of the booking process?

On arrival  
 On departure  
 In advance (where payments are taken in advance for bookings)

What are the reasons for your answer?

## 7. Do you agree or disagree that ultimate responsibility be on the visitor accommodation providers for collection and payment of the levy to the tax authority?

Agree  
 Disagree

What are the reasons for your answer? If you answered no, what alternatives should be considered and how would these work?

# Visitors in scope

There are public costs associated with hosting visitors regardless of the nature of their visit. We propose that all visitors staying overnight within commercially let visitor accommodation (where not exempted) should be considered within scope of the levy, including those travelling for reasons outside of a holiday.

## 8. Do you agree or disagree that all visitor stays within commercially let visitor accommodation should be considered within scope of the levy (unless otherwise exempted)?

Agree  
 Disagree

What are the reasons for your answer?

# Exemptions

Welsh Government are of the view that there should be exemptions in circumstances where application of a levy is disproportionate to the context and the nature of an individual’s visit. These types of stays are often not made from choice but necessity and generally the individual has no recourse (or limited recourse) to funds to pay a levy, therefore application of a levy would be disproportionate.

We would like to minimise any exemptions to specific circumstances where application of a levy would be disproportionate. However, we are interested in understanding whether this reasoning would apply to any other type of stay and if we should consider applying exemptions in any other scenario.

As outlined under the tax framework section, we are of the view that there should be consistency in application across local authorities which choose to introduce a visitor levy. Therefore, we propose that any exemptions would be mandatory and set out in legislation. There may be circumstances that we are not aware where it would be justifiable for a local authority to have discretionary exemption powers and are interested in hearing views from respondents on this matter.

## 9. Do you agree or disagree with the following proposed exemptions:

a. Stays within Roma and Gypsy Traveller sites (where transient stays are inherent to the culture)

Agree  
 Disagree

What are the reasons for your answer?

b. Stays organised by local authorities undertaking their statutory functions (such as duties undertaken as part of The Housing (Wales) Act 2014) (e.g. provision of temporary accommodation for those who are homeless).

Agree  
 Disagree

What are the reasons for your answer?

c. Stays organised through the Home Office in undertaking their statutory functions relating to asylum claims and temporary housing of refugees

Agree  
 Disagree

What are the reasons for your answer?

d. Stays within accommodation provided by charities and non-profit organisations on a non-commercial basis (e.g. for the purposes of shelter, respite or refuge/homeless shelters and refuges)

Agree  
 Disagree

What are the reasons for your answer?

## 10. Are there any other exemptions that we should consider? Please select all that you think should apply:

Children and young people  
 Overnight stays where the purpose of the visit is for medical treatment  
 Disabled people  
 Other (please specify):

What are the reasons for your answer?

## 11. Do you agree or disagree that any exemptions should be established within a mandatory framework set out in legislation?

Agree  
 Disagree

What are the reasons for your answer?

## 12. As set out in the consultation we believe that where exemptions are applied, they should be done so across all local authorities in a consistent manner. However, there may be circumstances we are not aware of where discretionary exemption powers for a local authority may be required. Should local authorities have discretionary exemption powers?

Yes  
 No

What are the reasons for your answer?

# Accommodation types in scope

The principle of fairness is important to the operation of a visitor levy. The levy we are proposing would be payable by visitors and collected by visitor accommodation providers. As all visitors (where not exempted) would be subject to the levy, we propose therefore that all visitor accommodation providers would be responsible for charging and collecting the levy regardless of size or scale.

As outlined, our preference is for all visitor accommodation providers to be in scope of the levy. However, we want to explore views about whether there should be any exceptions to this, for example a threshold of letting days for when an accommodation should be considered within scope of the levy or based on a minimum price of accommodation or a room, or profit or turnover of the visitor accommodation provider.

## 13. To ensure fairness, it is proposed that all commercially let visitor accommodation is considered within scope of this levy. Do you agree or disagree with this?

Agree  
 Disagree

What are the reasons for your answer?

## 14. Should there be any commercially let visitor accommodation that is exempt from charging and collecting a visitor levy?

Yes  
 No

If you answered yes, what would the basis for the exemption be and how would this be applied (for example a certain threshold)? What are the reasons for your answer? If you answered no: What are the reasons for your answer?

# Statutory licensing proposals

We would be interested in your thoughts how a statutory licensing scheme may benefit the operation of a visitor levy. As highlighted, a separate requirement to register for the purposes of tax or no registration would be the alternative options.

## 15. Should there be a comprehensive list of visitor accommodation providers available to the tax authority to support the administration of a levy, rather than there being no registration requirements in place?

Yes  
 No

What are the reasons for your answer?

## 16. Would utilising the proposed statutory licensing scheme (as opposed to creating a bespoke tax registration scheme) provide an appropriate means by which a local authority could ensure that it has a comprehensive list of visitor accommodation providers in its area and that this information would support the operation of a visitor levy?

Yes  
 No

What are the reasons for your answer?

# Rate type

The advantages and disadvantages of the rate-type options have been summarised in this section of the consultation. There is no clear preferential type of rate that we have identified, and we are interested in your views as to what would work best for Wales.

As outlined under the tax framework section of this consultation, it is preferable for all local authorities to utilise the same type of rate to ensure consistency in the application of a visitor levy. This is an element that we propose would be set out within the tax framework with no option for local determination. We did not identify a rationale for local variation of rate type during our engagement, however, please highlight any reasoning for this in your response if you believe local determination of rate type would be beneficial.

An initial summary of impacts depending on the type of rate opted for has been provided in the previous section. Our partial regulatory impact assessment explores potential impacts from the various design choices in more detail. However, we would be interested in understanding if there are any impacts that we might not have considered or if you have further information to provide regarding potential impacts. For example, impacts regarding: resourcing and staff time, financial costs, other administrative costs, time and costs required to update any digital systems, seasonal price changes, and any other impacts we should consider.

## 17. Which of the following do you think would be the most appropriate type of rate for this levy?

A per night, per room/accommodation  
 A per person, per night  
 A percentage of the accommodation charge  
 A blended model of the above

What are the reasons for your answer?

## 18. We propose that the same type of rate would apply across all local authorities that use a visitor levy rather than this being locally determined. Do you agree or disagree with this approach?

Agree  
 Disagree

What are the reasons for your answer?

## 19. Are there any additional impacts we should consider based on the type of rate chosen (for example, impacts regarding: resourcing and staff time, financial costs, other administrative costs, time and costs required to update any digital systems, seasonal price changes, and any other impacts we should consider)?

## i. A per night, per room/accommodation levy

Visitor Accommodation providers

Tax authority

Visitors

## ii. A per person, per night levy

Visitor Accommodation providers

Tax authority

Visitors

## iii. A percentage of the accommodation charge

Visitor Accommodation providers

Tax authority

Visitors

# Chargeable rate

We recognise that any rate that is set should be proportionate to avoid any adverse behavioural impacts such as individuals choosing not to visit Wales. Determining what level to set this rate at is important as are the factors which should be considered when making this determination.

Most areas that apply visitor levies opt to vary the charge according to either the type/quality or cost of the accommodation. This ensures a level of proportionality to any rate that is set and promotes a more progressive tax share between visitors, linked to ability to pay.

As a starting point, from the basis of simplicity and consistency for the operation of the levy, we propose that the same rate or rates should be utilised to provide consistency in application across local authority areas opting to implement a levy. We recognise that a rate would be set at a moment in time and within a certain context. Circumstances and economies will vary over time and therefore any rate that is set would require a review point to ensure that it is still appropriate.

We would like to understand your views on what an appropriate cap may be at which point a visitor levy would no longer be charged.

## 20. When setting a rate, what factors and evidence should be considered to ensure the levy rate is appropriate? This could include for example price and income elasticities, seasonal demand (and therefore price changes) and wider economic circumstances.

## 21. When determining what rate (or rates) to set, should a rate proportional to accommodation cost (or type/quality) be considered?

Yes  
 No

What are the reasons for your answer?

## 22. What is the appropriate number of consecutive nights after which the levy would not apply to any subsequent nights?

5 nights  
 7 nights  
 14 nights  
 Other number, please specify:

What are the reasons for your answer?

## 23. Should the same rate or rates apply in each local authority area rather than this being locally determined?

Yes  
 No

What are the reasons for your answer?

## 24. If rate setting were to be determined locally should the same rate apply regardless of location within the local authority area?

Yes  
 No

What are the reasons for your answer?

## 25. If rate setting were to be determined locally, should there be a cap or bandwidth set for the level that a rate can be charged?

Yes  
 No

What are the reasons for your answer?

## 26. How often should any proposed visitor levy rate be reviewed?

Annually  
 Every 2 years  
 Every 3 years  
 Every 5 years  
 Other (please specify):

# Record keeping and submitting returns

The type of levy we are proposing is based on a self-assessed tax model. This requires businesses to retain certain records to demonstrate the accuracy of any self-assessed tax return. This ensures the integrity of the tax system through enabling the tax authority to verify the accuracy of any payments and seeks to deter anyone from deliberately avoiding or evading their tax obligations.

We recognise that there would be administration costs for visitor accommodation providers to operate a levy, increased costs may result from: staff time to administer additional record keeping, IT system changes, accounting changes or other operating process changes. We recognise that there is an opportunity in the design of the levy to minimise the administrative burden on visitor accommodation providers. We are looking to understand potential costs in more detail to help inform the policy design.

The impact of self-assessed returns would be variable according to existing arrangements, infrastructure, and systems that businesses already have in place in relation to the management of their finances. There is a preference to avoid having an end-of-year crunch point for businesses and the tax authority. More frequent returns also enable more accurate up-to-date data, more time for errors to be resolved, more timely provision of data for administrative purposes. Therefore, more frequent returns are likely to be more beneficial for the administration of the levy for all parties. This would enable greater support to be provided to businesses throughout the year when administering the levy. On the other hand, a more frequent return may be burdensome for some businesses.

## 27. We have outlined under Table 1 the potential record keeping requirements for businesses based on different rate types. To help us understand in more detail potential record keeping requirements for businesses, please could you outline what information you think would be required to be collected and retained by visitor accommodation providers for:

A per night per room/accommodation levy

A per person, per night levy

A percentage of the accommodation charge levy

## 28. We wish to understand the impact of collecting and recording the information identified under Table 1 (and any other information you identified in response to the previous question) to help make a self-assessment of the tax liability. What would be the resource impacts of collecting this information (staff time and costs involved in making changes to any processes and systems)?

How could this data be collected (is there an existing process or system that could be used as part of the booking process)?

## 29. How frequently should visitor accommodation providers be required to submit self-assessed tax returns for a visitor levy, noting that it may be possible to allow more frequent submission if that suited the business?

Monthly  
 Quarterly  
 Bi-Annually  
 Annually

What are the reasons for your answer?

# Enforcement and compliance

We recognise that most taxpayers seek to meet their obligations and respect the rule of law regarding taxes. However, to ensure the effectiveness of any tax system, there is a requirement for the tax authority to be provided with the powers sufficient to police the system to deter, prevent and identify those who seek to avoid, evade or defraud the public purse. We have outlined the need for investigative and civil penalty powers for the effective enforcement of a visitor levy.

## 30. To ensure compliance with the levy, it is likely the following enforcement powers would be required for the tax authority. Do you agree or disagree with the powers listed?

i. Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises

Agree  
 Disagree

What are the reasons for your answer?

ii. Civil powers to charge interest and penalties, and to recover unpaid tax, where a visitor accommodation provider fails to undertake their statutory obligations relating to the visitor levy.

Agree  
 Disagree

What are the reasons for your answer?

iii. Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty in certain circumstances.

Agree  
 Disagree

What are the reasons for your answer?

# Use of revenues

Revenues raised from a visitor levy are intended to be re-invested locally to support the local visitor economy. We recognise that the optimum way to spend revenue from any visitor levy is variable by local area and spending priorities and demand will vary by location. We are interested in your views about how revenues should be used in your local area to benefit the local visitor economy.

Additionally, we note that ring-fencing (hypothecation) was raised continuously through our engagement. As highlighted, ring-fencing is non-preferable as it can restrict local decision making and ability to set local spend priorities for which locally elected officials are accountable for.

## 31. How should revenues raised by a visitor levy be spent? What are the reasons for your answer?

## 32. Should the revenues raised by a visitor levy be hypothecated (ring-fenced)? What are the reasons for your answer?

Yes  
 No

What are the reasons for your answer?

# Transparency and engagement

Local authorities are well placed to engage at a more local level when considering the optimum use of revenues from a visitor levy in their area. Existing relationships, partnerships and forums may provide mechanisms for local engagement to take place.

Additionally, local authorities existing reporting arrangements regarding finances provide a mechanism to report on the visitor levy. However, we recognise that as the levy is intended to benefit the visitor economy, that more bespoke reporting and local evaluations would provide enhanced levels of awareness of the benefits of a levy and transparency in its use. We propose that reporting requirements would be standardised across all local authorities and determined via the tax framework (as outlined under the tax framework section). This ensures consistency of approach.

As visitors are unlikely to have paid this type of tax before in the UK, there would be a requirement for readily available information for visitors to understand the purposes, benefits, and use of a locally applied visitor levy.

## 33. What local engagement should take place when deciding how revenues are allocated?

## 34. Should there be a separate annual report detailing the revenues collected and benefits of a visitor levy at a local level?

Yes  
 No

What are the reasons for your answer?

## 35. We propose that reporting arrangements for local authorities would be set out within the tax framework to ensure consistency in approach across local authorities. Do you agree with this approach?

Yes  
 No

What are the reasons for your answer?

36. What information should be available for visitors regarding the levy?

# Implementation timescales

## 37. We propose that local authorities would be able to decide by way of local governance processes whether to implement a visitor levy. Do you agree or disagree with this approach?

Yes  
 No

What are the reasons for your answer?

Should local consultation take place prior to the introduction of a visitor levy?

Yes  
 No

What are the reasons for your answer?

## 38. What transitional arrangements should apply for accommodation that has been booked in advance of a local authority implementing a visitor levy? What are the reasons for your answer?

How could any transitional arrangements be designed to avoid deliberate tax avoidance or evasion?

# Operational delivery models

We propose that there is an opportunity for partnership working between central and local tax authorities on the delivery of this proposed levy. This could combine the strengths of local and centralised delivery. We are seeking views on how best to deliver the proposed visitor levy and whether there should be a role for a central authority or not.

## 39. How best can the proposed visitor levy be implemented and administered?

Fully local implementation and administration  
 Fully centralised implementation and administration  
 Mixture of local and central implementation and administration

## 40. What would be the benefits and disbenefits of each option?

a. Fully local implementation and administration

b. Fully centralised implementation and administration

c. Mixture of local and central implementation and administration

# Welsh Language

## 41. We would like to know your views on the effects that the proposals to introduce a visitor levy would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

a. What effects do you think there would be?

b. How could positive effects be increased

c. How could negative effects be mitigated?

## 42. Please also explain how you believe the proposed policy to introduce a visitor levy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

## 43. We have asked a number of specific questions through this consultation. If you have any related issues which we have not specifically addressed, please use this space to report them:

Responses to consultations may be made public. To keep your response anonymous (including email addresses) tick the box.

Keep my response anonymous