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Consultation – summary of responses

## **Proposals for a discretionary visitor levy for local authorities**

March 2023

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh  
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

## Overview

This document provides a summary of the responses to the consultation on proposals for a discretionary visitor levy for local authorities.

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government. This work has taken an objective and systematic analysis of all the consultation responses received and has passed internal Welsh Government quality assurance methods.

Available at: [Discretionary visitor levy for local authorities | GOV.WALES](#)

## Action Required

This document is for information only.

## Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

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## Additional copies

This summary of response and copies of all the consultation documentation are published in electronic form only and can be accessed on the Welsh Government's website.

Link to the consultation documentation: [Discretionary visitor levy for local authorities | GOV.WALES](#)

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# **1. Executive summary**

## **Purpose of the consultation**

- 1.1 On 20<sup>th</sup> September 2022 the Welsh Government launched a public consultation on proposals to provide discretionary powers for local authorities to apply a visitor levy in their areas. This included seeking feedback on the possible design options for a visitor levy to support decision making. Alma Economics was commissioned by the Welsh Government to analyse these responses, with this report summarising the views expressed.

## **Overarching themes**

- 1.2 A number of overarching themes were reflected consistently across multiple questions in the consultation. Ensuring a levy is implemented in a fair way was a theme which was echoed across multiple responses. Many respondents suggested that the levy should be designed in a way which avoids potentially regressive effects, such as disproportionately falling on individuals on low-incomes and placing significant cost and administrative burden on smaller accommodation providers, who are less able to absorb this.
- 1.3 Keeping the design and implementation of the levy simple and clear was another overarching theme, as this would help to minimise the administrative burden placed on accommodation providers and local authorities, as well as increasing compliance.
- 1.4 A third overarching theme was a preference by many respondents for a levy to be administered at least partially on a centralised basis. It was acknowledged that there could be unintended consequences of fully local determination of a levy, including added complexity and competition across local authorities which could prove detrimental to some local visitor economies. Other respondents acknowledged benefits of local administration, including being able to design and implement a levy which is best suited to local needs.
- 1.5 A summary of the responses to the consultation are summarised in more detail by topic area below.

## **Tax purpose and scope**

- 1.6 A majority of respondents disagreed with discretionary visitor levy powers for local authorities, on the basis of the administrative burden and inconsistencies this would create, and the potential for adverse competition across local authorities. Respondents agreeing with the proposal typically valued how this would enable the levy to adapt to local circumstances.
- 1.7 With regards to the scope of visitors falling under a levy, respondents against including day visitors within the scope of the levy raised concerns about the practicalities of extending the levy to include day visitors. Respondents arguing that day visitors should be included in the scope highlighted that this would be fair given day visitors also use visitor services and assets and generally contribute less to the visitor economy than overnight visitors.

## **Tax framework**

- 1.8 Most respondents were against local autonomy in the tax framework, citing how local autonomy could introduce inconsistencies across different areas and incentivise competition across local authorities. Those in favour of the proposal typically valued the flexibility of local autonomy when adapting the levy design to local circumstances, including the type and level of the rate which is set and where revenues are spent.

## **Tax design and liability**

- 1.9 There was general disagreement with the levy being self-assessed for visitor accommodation providers, with business organisations in particular raising concerns about the administrative burden this would place on accommodation providers, highlighting a range of practical concerns.
- 1.10 Most respondents preferred the levy to be collected in advance when feasible, for reasons of convenience, the ability to leverage existing booking systems, and minimising the risk to providers of underpayment by visitors.
- 1.11 There was also general disagreement with visitor accommodation providers being responsible for collection and payment of the levy to the tax authority. Those who disagreed were most commonly concerned with the

administrative and financial burden this would entail, particularly for smaller providers who may not have the systems or workforce to readily comply.

## **Visitors in scope**

- 1.12 The majority of respondents disagreed that all visitor stays within commercially let visitor accommodation should be within scope of the levy, however, they did not generally offer a reason for this view. Those agreeing with the proposal did so for reasons of fairness and clarity, although some suggested it should only go ahead if there are nationally established exemptions.

## **Exemptions**

- 1.13 There was varying support for the proposed exemptions to the visitor levy. Those who sided with exemptions typically did so on the basis that the exemption promoted fairness and equality by supporting groups with specific protected characteristics (avoiding violations to the Equalities Act 2010), whilst others argued that certain groups fall outside of what should be defined as a visitor (e.g., visits to homeless shelters and refuges, and visits for medical treatment are visits more out of need than a want).
- 1.14 Those who disagreed with the proposed exemptions typically viewed that this could introduce inconsistencies to the framework which could make it less clear and introduce administrative burden to tax authorities and accommodation providers. Others viewed that exemptions would be unfair, given all visitors benefit from visitor services and infrastructure and should thus contribute to their maintenance.
- 1.15 The majority of respondents agreed with establishing any exemptions within a mandatory framework set out in legislation. The most common reasons for agreeing were the view that this would promote clarity, consistency, fairness, and facilitate monitoring and enforcement.
- 1.16 There was widespread disagreement with granting local authorities discretionary exemption powers, due to the preference for a consistent and clear implementation, and concerns about the resulting administrative burden and challenges to enforcement.

### **Accommodation types in scope**

- 1.17 Respondents largely disagreed that all commercially let visitor accommodation should be within scope of the visitor levy because of a lack of information on the definitions and processes, the absence of a national registration scheme, and the likelihood of the levy having a disproportionate impact on smaller accommodation providers.
- 1.18 A small majority of respondents agreed that some commercially let visitor accommodation providers should be exempt from charging and collecting the levy. The most commonly suggested exemptions included businesses below a certain turnover threshold, specialist accommodation, and low-cost accommodation.

### **Statutory licensing proposals**

- 1.19 A small majority of respondents disagreed with there being a list of visitor accommodation providers available to the tax authority, including concerns regarding the effectiveness of the proposed list, and the view that existing systems and registers could be used instead. Those who agreed typically viewed that a list would enable effective monitoring and enforcement of the levy, holding all accommodation providers accountable for their compliance.
- 1.20 Most respondents did not agree that the proposed statutory licensing scheme would help local authorities identify local visitor accommodation providers and operate the levy. The most frequently mentioned reasons for this view were that existing registers would be better suited to the needs of local authorities, and concerns regarding the effectiveness and fairness of the proposed scheme. Those who agreed typically viewed that this would enable effective administration of the levy and ensure consistency with other regulations.

### **Rate type**

- 1.21 There was no clear consensus across respondents on the type of rate which should be used for a visitor levy, although there was general agreement that the chosen rate should reflect the principles of fairness, to avoid any regressive effects, and simplicity, to avoid creating administrative burden on accommodation providers.

- 1.22 The majority of respondents agreed with applying the same type of rate across local authorities, highlighting that this would promote consistency, clarity, minimise administrative burden, and avoid adverse competition across local authorities. Those advocating for local autonomy on the type of rate typically argued that this would help the levy adapt to local conditions.
- 1.23 The most common reasons for supporting a per person, per night levy included simplicity and ease of administration, its proportionality to the number of visitors who utilise local services and infrastructure, and consistency with international precedent. Critics of this rate type most frequently highlighted the disproportionate financial and administrative burden placed on low-cost accommodation providers, which could also disproportionately raise the cost of accommodation used by low-income visitors.
- 1.24 Respondents who supported a per night, per room type of levy rate typically did so for reasons of ease of administration. Arguments against this type of rate included the adverse impact on single travellers, who would pay proportionately more than group visitors, and health and safety concerns should visitors be incentivised to fit more people in rooms.
- 1.25 Respondents who supported a percentage of the accommodation charge type of levy typically did so because this was viewed as more progressive in nature and would be adaptable to the price of the room. Critics were typically concerned that it could deter accommodation providers from investing in increasing the quality of their accommodation, as well as concerns around the administrative burden this would present.

### **Chargeable rate**

- 1.26 Respondents generally viewed, to varying extents, that seasonal demand, wider economic circumstances, and price elasticities should be considered when setting the level of the levy rate. Some respondents viewed that there could be value in offering flexibility in the level of the rate in crisis situations or across seasons.
- 1.27 Respondents generally preferred a shorter number of consecutive nights after which the levy would not apply, on the basis that this could incentivise



longer stays and consequently boost local visitor economies. Advocates for a higher threshold typically did so on the basis that this would be more proportionate to visitors' utilisation of local resources.

- 1.28 The majority of respondents agreed that the same rate should apply in each local authority area to improve consistency in implementation and understanding of the aims of the levy, promote fairness, reduce competition across local authorities, and reduce the administrative burden. Those disagreeing typically did so on the basis that the rate could be adapted to local circumstances.
- 1.29 There was majority agreement across respondents on applying the same rate regardless of location within the local authority area. The main reasons for agreement were the reduction of administrative burden for local authorities, a consistent treatment of all providers, and increased clarity and understanding of the levy's design. Those who disagreed typically argued that varying the rate within local authorities could distribute visitors more equitably across the area, sharing the impact of tourism more widely.
- 1.30 The majority of respondents agreed with setting a cap or bandwidth for the level of the rate as this would increase consistency of application, create a level playing field across providers, and ensure local authorities make decisions in the best interest of their communities.
- 1.31 Most respondents preferred an annual review of the visitor levy rate, the most frequent option available, because they viewed this would allow the rate to be regularly adapted based on the feedback of stakeholders and wider local circumstances.

#### **Record keeping and submitting returns**

- 1.32 Respondents typically highlighted the impact of information provision, including the general resources that would be required to comply with the necessary data requirements, such as investment into updating and reconciling administrative and booking systems, and additional staff costs. On the other hand, some respondents viewed that much of the required information was already being captured in their existing booking systems.

- 1.33 Most respondents favoured a lower frequency of submission of self-assessed tax returns options, with the majority of respondents preferring annual returns. The reasons in favour of annual returns included alignment with the frequency of existing tax return submissions and minimising the administrative burden on accommodation providers.

#### **Enforcement and compliance**

- 1.34 Of the three proposed enforcement powers, about half of respondents agreed with the tax authority having discretionary debt relief powers to enforce compliance. Most commonly, respondents indicated that debt relief powers would provide the necessary flexibility to adapt to times of economic hardship for providers, and to wider socio-economic circumstances.

#### **Use of revenues**

- 1.35 Respondents commonly advocated for revenues to be committed to sustaining and enhancing infrastructure and services utilised by visitors. Specific suggestions were wide ranging, including improvements to transportation networks, ecosystem management, destination marketing, and promoting the Welsh language. There was generally strong support for ring-fencing of revenues for these purposes, rather than local authorities having full discretion.

#### **Transparency and engagement**

- 1.36 There was generally strong support for there being local engagement to help decide how levy revenues are allocated. The most common organisations suggested to be consulted with were tourist boards and tourist industry members, Destination Management Partnerships, impacted businesses and residents, and community and town councils.
- 1.37 There was also generally strong support for the publication of an annual report detailing the revenues collected and benefits of a visitor levy at a local level. Reasons given for this included supporting stakeholder buy-in for the levy and creating an environment of accountability.

#### **Implementation timescales**

- 1.38 The majority of respondents disagreed with the use of local governance processes to decide on the implementation of the visitor levy, as they

expressed concerns this proposal could result in inconsistencies in the implementation and administration of the levy, and confusion across visitors and accommodation providers. Some respondents however highlighted that local governance could help with securing local buy-in to the levy.

1.39 The large majority of respondents were in favour of local consultation taking place prior to the introduction of the levy. Most respondents highlighted that local consultation would improve local engagement and understanding of potentially adverse impacts, offering ways to mitigate them.

1.40 Most respondents were in favour of a fixed implementation date for the introduction of the levy with a significant period of advance notice. These respondents typically viewed that a notice period would give time for accommodation providers to prepare for the introduction of the levy, and visitors to become informed of how the levy will affect them.

#### **Operational delivery models**

1.41 There was no clear preference on a preferred delivery model, although the majority of respondents preferred the implementation and administration of the levy to be at least partially centralised.

1.42 Across the proposed options, most respondents preferred fully centralised implementation and administration. The most commonly raised advantages of central implementation and administration were cost effectiveness, consistency and simplicity of implementation, and positive effects on providers operating across multiple local authorities.

1.43 On the other hand, some respondents highlighted the advantages of at least a partial local involvement in the implementation and administration of a levy. The advantages most frequently mentioned was an improved ability to adapt to local needs.

#### **Welsh language**

1.44 Whilst most respondents did not have specific views concerning the impact of the visitor levy on the Welsh language, a small number of respondents expressed concern that any decline in tourism resulting from a levy could reduce opportunities to use the Welsh language, as well as having a potentially negative impact on Welsh-speaking communities. On the other

hand, some respondents highlighted that revenues raised through a levy could be used to promote the Welsh language.

## **2. Introduction**

### **Background to the consultation**

- 2.1 The visitor economy is a major source of jobs and economic growth across Wales. The Welsh Government's ambition is to grow tourism for the benefit of Wales by supporting local communities in a way that is sustainable for the land and environment of Wales, developing a framework which is mutually beneficial to both visitors and citizens.
- 2.2 The 2021-2026 Programme for Government – carried out in collaboration with Plaid Cymru, as part of the Co-operation Agreement – sets out the Welsh Government's commitment to introduce legislation permitting local authorities to raise a levy on visitors to Wales.
- 2.3 The introduction and subsequent use of such a levy would enable local authorities to raise additional revenue to re-invest in the conditions that make tourism a success. The levy would be implemented as a local tax with the powers to raise the levy being discretionary for local authorities. This would enable decisions to be taken locally, according to the needs of Welsh communities.

### **Form of the consultation**

- 2.4 On 20<sup>th</sup> September 2022 the Welsh Government's launched a public consultation on proposals to provide discretionary powers for local authorities to apply a visitor levy in their areas. This included seeking feedback on the possible design options for a visitor levy to support decision making. Through this process, the Welsh Government intends to design and implement a tax that is aligned to its core tax principles:
- Raises revenue to fund public services as fairly as possible.
  - Delivers Welsh Government policy objectives.
  - Is clear, stable, and simple.
  - Is developed through collaboration and involvement.
  - Contributes directly to the Well Being of Future Generations Act 2015 goal of creating a more equal Wales.

- 2.5 The consultation closed to responses on 13<sup>th</sup> December 2022.
- 2.6 The online consultation was hosted through an online portal and consisted of 35 closed-format and 51 open-format free-text questions (in addition to 2 questions about respondent backgrounds and business segments). Additionally, respondents could reply directly to the consultation through email or post.
- 2.7 Alma Economics was commissioned to analyse the responses to this consultation and this report provides a summary of that analysis, including a description of the methodology, and a question-by-question summary of respondents' views and sentiments.

### **3. Approach and methodology**

#### **Data processing**

- 3.1 The consultation received 1,286 responses, including 1,005 responses to the main survey submitted electronically, 155 hard copy responses received via email and post in response to the main survey, and 126 responses to an adjusted format Youth and Community version. All responses were treated equally regardless of how they were submitted. The majority of respondents (79%) provided only partial answers, as they did not answer all quantitative questions.
- 3.2 During the manual review of responses, the research team screened responses that were part of an organised campaign or that were clearly intended as offensive, abusive or explicitly vulgar. The team identified a small number of campaign responses, but not enough to skew our findings, so no adjustment was made.

#### **Approach to quantitative analysis**

- 3.3 The consultation included 35 closed-format questions, and descriptive analysis of responses to these questions was undertaken using Python. The main text presents a breakdown of responses to each consultation question. Each question includes a chart that summarises responses as a percentage of consultation respondents who answered the question. A summary of the responses to the Youth and Community version of the consultation questionnaire is presented in Appendix 1.

#### **Approach to qualitative thematic analysis**

- 3.4 The consultation included 51 open-format questions with free-text fields. To analyse these responses, the research team followed an approach that combined manual and automated coding.

#### **Developing an initial codebook of themes**

- 3.5 Following the approach developed by [Fereday and Muir-Cochrane \(2007\)](#), the team developed an initial set of themes and ideas based on the consultation, an understanding of the policy context and wording of specific questions (the deductive phase), with further themes added as part of the

review process (the inductive phase). This set of themes formed the basis of a codebook which was used to ensure consistency across members of the research team, with each theme in the codebook reviewed until the team agreed upon criteria and examples of the theme.

### **Initial manual coding**

- 3.6 For responses received which followed the consultation format, a sample of approximately 100 free-text responses for each open-format question was manually reviewed and coded into themes, with team members adding to the codebook as needed. The coding was reviewed by a second coder as part of quality assurance. Individual responses aligned with consultation format received via email were treated in the same way as those submitted through the consultation portal.

### **Integrated manual and automated text analysis**

- 3.7 Due to the high number of responses, automated text analysis was used to replicate the process of manual coding, allowing the research team to assign rankings to the prevalence of each theme. This approach followed a three-step process:
- Firstly, the research team applied a supervised machine learning model that extrapolated the themes identified in the sample of free-text responses to “label” all other responses to the question.
  - Secondly, the team reviewed the automatically-labelled responses and provided feedback on which responses were correctly or incorrectly labelled.
  - Thirdly, this feedback was incorporated into the machine learning model as part of an active learning process to produce an updated set of theme “labels” for responses (now taking into account manual input by the research team).
  - This three-step process was repeated until the research team agreed on 80% of the themes assigned by the automated text analysis within the sample of responses. This approach is consistent with academic evidence and best practice on text analysis.



## **Thematic analysis**

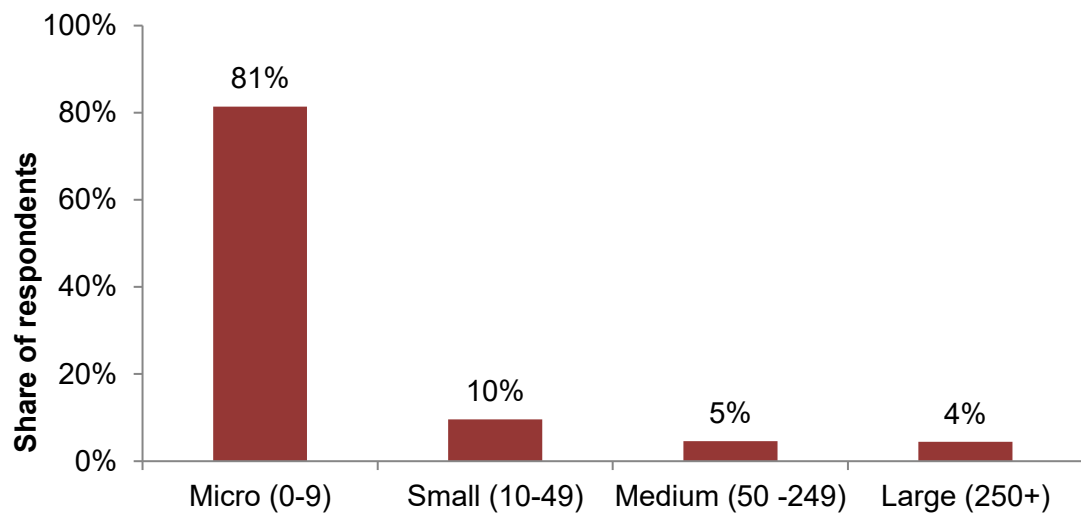
- 3.8 For each open-ended question, a descriptive summary has been presented of the key themes emerging from the integrated manual and automated text analysis as well as responses set aside during the data cleaning stage. The identified themes reflect themes raised across the main survey, hard copies, and the Youth and Communities questionnaire. While it is difficult to provide accurate counts of responses allocated to each theme, themes are presented in the approximate order of the number of corresponding responses.
- 3.9 Individual quotes have been included where appropriate to illustrate the narrative around specific themes, and quotes were only selected from respondents who provided permission for their views to be published and with any potential identifiers (such as the name of a specific organisation) removed. The majority of respondents (59%) who answered the question on data confidentiality chose to stay anonymous.

## 4. Summary of findings

4.1 This chapter summarises the findings from the analysis of responses to the consultation, starting with an analysis of the profile of respondents and moving on to summarise the responses to each question. The responses have been analysed in the question order of the consultation document, and grouped based on the topic which they cover.

### Profile of respondents

Figure 1. Distribution of respondent businesses by number of employees



Note: Overall, 700 respondents answered this question, representing 64% of the 1,087 respondents providing a return following the consultation template.

4.2 Most respondents who answered this question (81% or 570 respondents) indicated that their business was of micro size, having fewer than 10 employees. The second most common business size (10% or 67 respondents) was small, representing businesses of 10-49 employees. Medium and large size businesses were almost equally frequent, selected by 5% (or 32 respondents) and 4% (or 31 respondents) of respondents respectively.

Table 1. Distribution of respondents by type of visitor accommodation

Type of accommodation	% of respondents
<b>Self-catering</b>	64%
<b>Campsite or camping park</b>	10%
<b>B&amp;B</b>	8%
<b>Hotel</b>	7%
<b>Holiday Park</b>	6%
<b>Glamping accommodation</b>	5%
<b>Touring Park</b>	4%
<b>Guest House</b>	4%
<b>Farmhouse</b>	3%
<b>Hostel style accommodation</b>	2%
<b>Restaurant with rooms</b>	1%
<b>Holiday village</b>	1%
<b>Canal boat, motor boat or sailboat</b>	1%
<b>Campus accommodation</b>	1%
<b>Other</b>	15%

Note: Overall, 653 respondents answered this question, representing 65% of the 1,087 respondents providing a return following the consultation template.

- 4.3 The majority of organisation respondents who answered this question (64% or 421 respondents),<sup>1</sup> classified their accommodation as self-catering. The second most prevalent type of accommodation (10% or 64 respondents) was campsite or camping park, followed by B&Bs (8% or 51 respondents), hotels (7% or 45 respondents), and holiday parks (6% or 41 respondents).
- 4.4 A significant number of respondents (15% or 95 respondents) also viewed that their organisation did not fit in any of the available categories. This

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<sup>1</sup> The percentages quoted in this paragraph and presented in the table do not sum to 100%. This is due to the fact this was multiple-choice question, thus allowing each respondent to provide more than one answer. The percentages quoted are calculated with respect to number of respondents, as opposed to number of responses.

includes the 15 local authorities that responded to the consultation, charities, public sector organisations, national parks, and individuals.

## Tax purpose and scope

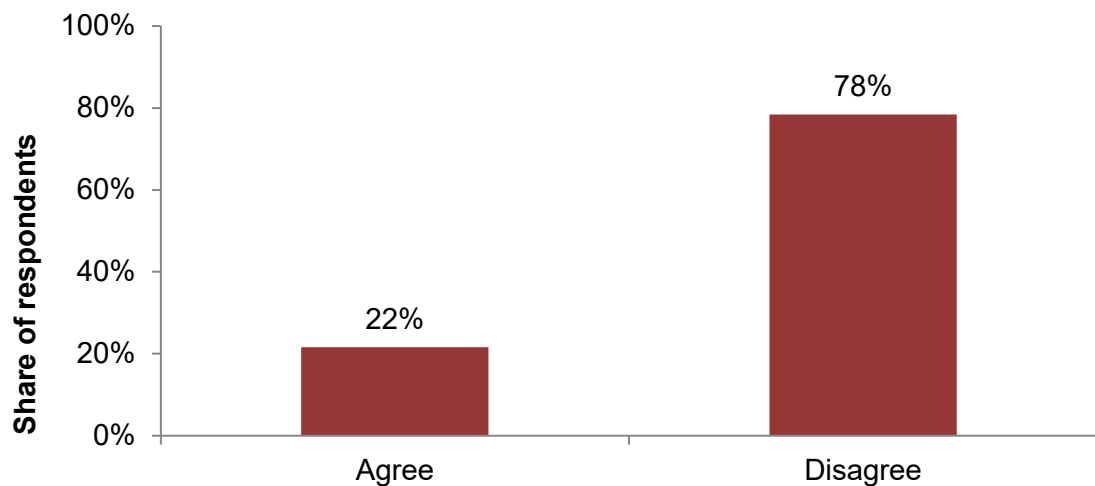
4.5 This chapter presents views on the application of a levy to day visitors and other activities and how these could be feasibly applied before making any final decisions on this matter.

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Question 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?

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Figure 2. Share of respondents agreeing or disagreeing that local authorities should have discretionary visitor levy powers



Note: Overall, 1,019 respondents answered this question, representing 94% of the 1,087 respondents providing a return following the consultation template.

4.6 The majority of respondents to this question (78% or 799) disagreed 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. Most of the respondents who elaborated on the reasons behind their view on this question focused on the local or central aspect of implementation, rather than the implementation of the levy itself.

## **Themes against discretionary visitor levy powers**

### **Increased administrative burden**

- 4.7 The majority of respondents to this question were against the proposal to give local authorities discretionary visitor levy powers because they viewed that a localised approach to the implementation of the levy would significantly increase the administrative and compliance burden for all stakeholders. Many respondents were concerned that if local authorities were to yield this responsibility, then they would have to collate returns from all accommodation providers in scope and enforce compliance. It was suggested by some that this could result in local authorities having to hire additional personnel or reassign the current ones to administrative jobs, potentially interfering with other local authority functions. Similarly, some accommodation providers also indicated that a centrally administered visitor levy would be easier to manage and comply with.

*“Administrative ease: the payment of tax liabilities should be a simple process that is not burdensome to either the taxpayer or the tax collector”  
(Business industry organisation)*

*“We strongly believe that any visitor levy should be a Centralised all-Wales Scheme, so that all parties involved are working within the same parameters. This will make the scheme easier to understand by the end customer and will simplify administration” (Local authority)*

### **Consistent levy implementation**

- 4.8 The second most common theme amongst respondents disagreeing with the statement in question was the view that the application of the levy should be consistent across the country. Many of these respondents viewed that a consistent national approach to the levy’s implementation would promote simplicity and effective monitoring and transparency of the levy at a national level. Some respondents viewed that a national approach would promote fairness, with a consistent framework applied across all accommodation providers in Wales. Lastly, some respondents in favour of consistency also suggested that national-level implementation would promote the creation of

regional and national partnerships, leading to more efficient administration of the levy.

*“The best tourism taxes are simple to understand and administer. Having a consistent framework across all Wales would be the best way to levy such a tax and avoid unnecessary complexities that lead to the tax being misapplied or miscalculated.” (Anonymous response)*

*“Cross-regional (or even pan-Wales) projects could truly maximise the impact of the levy yet regional collaboration and cooperative projects are unlikely to happen unless they are explicitly part of statutory guidance, even then fair allocation may lead to conflict. Lastly, given the levels of concerns from the industry, a central levy could provide greater business clarity and consistency as well as a more joined-up approach to communication and marketing” (Charity)*

#### **Adverse competition between local authorities**

- 4.9 The third most frequently raised theme by those disagreeing with this statement was potentially adverse incentives for local authorities to compete against each other for accommodation providers and visitors. Respondents who raised this theme highlighted that divergences in the implementation of a levy across local authorities could incentivise accommodation providers to relocate to areas with a lower administrative burden and financial cost. It was also suggested that divergences in local levy implementation could distort visitor patterns across local authority areas, with visitors influenced by more affordable accommodation when choosing to visit an area. Some respondents highlighted that this competition could lead to all local authorities deciding not to implement the levy. Some respondents were also concerned that local authorities could abuse the discretionary powers for short-term political gain, for instance attracting more visitors while ignoring potential long-term effects on local services.

*“Similarly, there are risks around local decision making in regard to local politics and individual business interest which came out somewhat in the consultation events. A centrally directed levy would be able to more*

*strictly and fairly apply objective data around projected footfall as well as identifying key areas for regional collaboration.” (Charity)*

*“A possible unintended consequence of the discretionary nature of the levy might be that the decision not to charge the levy is used to promote the advantages of staying in one area over another area where the levy is charged potentially creating economic distortions between local authority areas (and, potentially with accommodation providers in England, close to the border).” (Anonymous response)*

## **Themes in favour of discretionary visitor levy powers**

### **Providing flexibility to accommodate local circumstances**

- 4.10 The most common theme among respondents agreeing with the proposal in question was the view that discretionary visitor levy powers would allow local authorities to adapt to area-specific circumstances. These respondents, and in particular local authorities, emphasised that each area attracts different types of visitors and accommodation providers, thus a bespoke approach is required to maximise the impact of the levy, while ensuring the sustainability of the tourism sector. Some respondents highlighted that their area does not attract many visitors, so they would benefit from not implementing the levy, whilst others felt the levy would give them the means to address the negative impacts of tourism in peak season. Some respondents raised concerns that developments such as the COVID-19-pandemic and the cost-of-living crisis have had uneven effects across local authorities, thus creating the need for localised policies to address them. Lastly, it was suggested that discretionary levy powers would allow local authorities to implement the levy at a later stage, when the Welsh tourism industry has recovered.

*“We recognise that the benefits and costs of hosting visitors will vary across Wales. Some areas of Wales experience large volumes of visitors at peak times (ie, during the summer period) which strain local services and infrastructure. It is those areas which stand to benefit the most from a levy. [...] We are looking to empower local authorities to make decisions in line with needs of their communities. This is in line with the wider policy*

*approach which the Welsh Government takes on local taxes.”*

*(Anonymous response)*

*“During the recovery period after COVID-19 Pandemic and being hit with the cost-of-living crisis, and the massive increase in energy charges. To impose this tax now or in the near future will be detrimental to our business/self catering industry.” (Accommodation provider)*

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**Question 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?

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### **Practical concerns with applying the levy to any other activity**

- 4.11 The most common theme raised in response to this question was disagreement with applying the levy to any activity types other than overnight visitors (e.g., day visitors). The majority of respondents raising this theme viewed that it would not be practical to tax any other activity, as identifying other types of visitors would be impractical and add significantly to the administrative burden of a levy. Some respondents also suggested that taxing other activities could have an adverse impact on residents who might also engage in these activities.

*“In our experience taxing other activities (e.g. day visitors) would be near impossible to implement. Tourism taxes around the world are nearly always levies on overnight stays. This is because the tax can be verified and collected at the point of check-in / check-out, where an accommodation provider typically has face-to-face interaction with travellers.” (Online booking platform)*

*“It would be impractical to extend such a tax to day visitors – how do you identify who they are when they could as easily be taking a walk on a beach as enjoying a tourist attraction? You could end up with day visitors paying multiple levies or none at all depending on what they did.” (Accommodation provider)*



### **The levy should apply to day visitors, given lesser contribution to local economies**

- 4.12 The second most frequently mentioned theme was the view that day visitors should also pay the visitor levy given they contribute less than overnight visitors to local visitor economies. Some respondents raised that day visitors do not stay long enough in an area to spend significant amounts locally, whilst overnight visitors were associated with driving spend on accommodation, entertainment, and restaurant businesses, among others.

*“Overnight visitors are evidenced to contribute significantly more to local visitor economies than day visitors. Overnight visitors are more likely to spend money in local shops, pubs and stay in accommodation that requires maintenance staff. [...] By contrast a three-year average reported by Welsh government shows that between 2017-2019 the average day-tripper spent was £42, whereas the average overnight visitor over the same period spent £184” (Anonymous response)*

*“Yes, it would be perverse to penalise the most beneficial category of visitors only (IE those who stay overnight) while not raising any revenue from those who cause impacts on the destination without bringing the most benefit – IE, day visitors.” (Business industry body)*

### **The levy should apply to day visitors, given their utilisation of public services and the environment**

- 4.13 The third most common theme raised by respondents was that a levy should apply to day visitors given their utilisation of local public services and strain on the environment. Respondents raising this theme argued that day visitors have a significant impact on local services and the infrastructure (including littering, use of public toilets and highways), and thus they should also contribute to sustaining them. Some respondents indicated that Wales predominantly attracts day visitors, further highlighting the impact of day visitors and the need to apply the levy to them.

*“Some destinations predominantly attract the day visitor market, putting extreme pressure on local services whilst generating a lower ROI per visitor than the staying visitor market. In such cases, if implemented, the*

*visitor levy should look at the possibility of being introduced to impose a levy on the day visitor market in addition to the staying visitor market.”*  
(Local authority)

*“Day visitors bring with them significant impacts in terms of service pressure, especially in relation to highways impacts, transport pressures, rights of way, toilet provision, signage for health and safety etc etc. Day visitors often contribute little, if anything to the local economy, and yet their impact is the most significant in terms of resource exploitation.”*  
(Land management organisation)

### **A levy should apply to all types of accommodation and visits**

- 4.14 The next most mentioned theme was the view that all types of accommodation and visits should be considered within scope of the levy. Some respondents highlighted that increasing the scope of the levy would promote fairness by avoiding overburdening particular types of accommodation providers whilst also would ensuring all visitors contribute to the maintenance of public infrastructure and services.

*“A visitor levy must apply to visitors staying at all forms of tourism accommodation across the board. Hotels, B&Bs, hostels, holiday lets, campsites, and all other forms of tourist accommodation have to be in scope for the tax to be fair and effective.”* (Accommodation industry body)

*“If Welsh Government is looking for an "equitable" deal between residents and visitor, by definition it has to be "equitable" as between different types of visitor. The visitor who stays a few nights in professionally-run holiday accommodation, using their car less, and contributing to the council's coffers by sustaining demand for local businesses is no more responsible than residents for a visitor who camps in a layby, dumps their personal waste in public toilet or on the beach and brings their food with them.”*  
(Accommodation industry body)

### **Other suggestions**

- 4.15 Respondents to this question suggested alternative types of activities that could be in scope for a visitor levy. These suggestions included applying a

levy to parking fees, admission to popular sights, commercial events, and use of major roads. The proposed activities were viewed by those suggesting them to facilitate an increased tax base, ease of implementation, and limiting adverse impacts on local services.

*“However, it may be possible to introduce a levy for admission to specific sites within Wales which receive a large number of visitors. Applying a levy in this way may better target visitors who use local resources without contributing to the local economy.” (Anonymous response)*

*“However, charging a higher (seasonal) rate for existing paid-for services, such as parking, in areas with high visitor numbers might be an option to explore together with any unintended consequences such as an increase in short-term and illicit roadside parking (or increased enforcement costs in preventing it).” (Anonymous response)*

*“If the Welsh Government is determined to tax visitors, why not simply introduce a toll scheme to the major roads in and out of Wales which requires all vehicles entering the country (and not registered in Wales) to pay a charge.” (Self-catering accommodation provider)*

#### **Adverse incentives for visitors and providers**

- 4.16 The last most prevalent theme raised by respondents was the view that applying the levy only to overnight visitors could adversely distort the behaviours of accommodation providers and visitors. Respondents raising this theme indicated that applying a levy to overnight visitors only could disincentivise them from staying at their destinations overnight, leading to providers adapting their offering to accommodate day visitors.

*“Taxes are often deliberately used to change consumer behaviour (for example to reduce fuel, tobacco or sugar consumption) Taxing overnight visitors could have the same impact and drive up the proportion of day visitors, whose economic impact is known to be considerably less than for staying visitors.” (Local authority)*

## Tax framework (legislation)

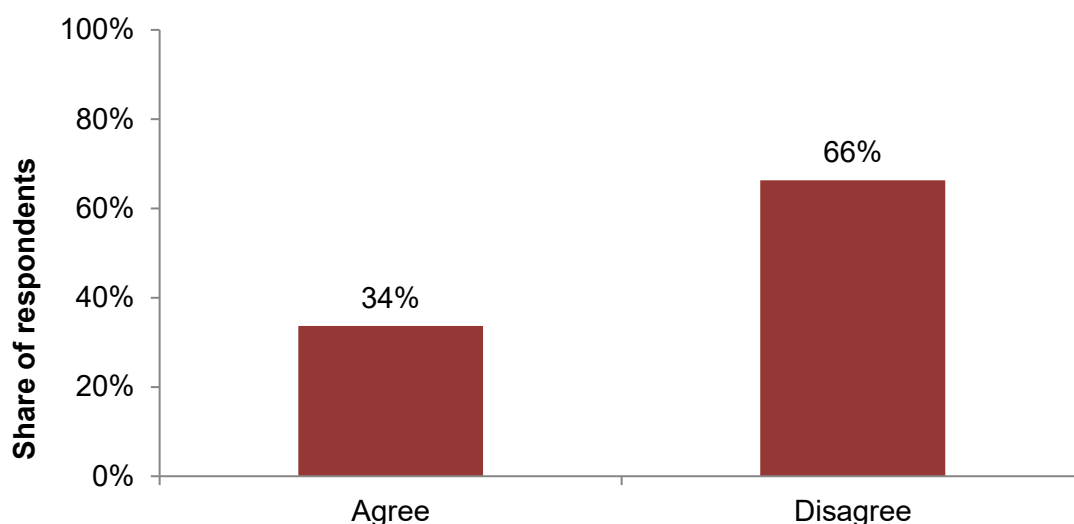
- 4.17 This chapter presents views as to whether there should be greater local determination on other aspects of the levy.

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**Question 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?

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Figure 3. Share of respondents agreeing or disagreeing that there should be local autonomy in some aspects of the tax framework



Note: Overall, 950 respondents answered this question, representing 87% of the 1,087 respondents providing a return following the consultation template.

- 4.18 Most of the respondents answering this question (66% or 630 respondents) disagreed that there were some aspects of a levy, such as setting rates and exemptions and determining use of revenues, which may benefit from local autonomy.

### Themes opposing local autonomy in the tax framework

#### Autonomy could hinder the consistency and enforcement of the levy

- 4.19 The most frequently raised reason for disagreement with local autonomy in the tax framework was the suggested need for consistency and enforcement

of the levy. Some respondents viewed that local autonomy would result in inconsistent application of the levy across authorities, thus hindering effective monitoring and enforcement. Other respondents highlighted that inconsistent application could create an uneven burden for accommodation providers across different local authorities implementing the levy.

*“We suggest that aspects such as the type of rate and exemptions should be set out in a national tax framework to ensure consistency and minimise loopholes. Having a national framework would assist businesses that operate in more than one local authority area and make it easier for visitors to understand the levy.” (Anonymous response)*

*“However, when looking specifically at rates and exemptions, [...] these should be consistent across all local authorities choosing to implement the levy. Allowing local authorities to set individual rates would create significant competition issues between local areas, increasing regional inequality.” (Anonymous response)*

#### **Adverse incentives for competition between local authorities**

- 4.20 The second most frequently mentioned reason for opposing local autonomy was the concern that it could lead to adverse competition between local authorities to attract accommodation providers and visitors. Some respondents, including a number of local authorities, viewed that local authorities might choose not to implement the levy at all, create various exemptions, or apply a lower rate than neighbouring authorities to get a competitive advantage.

*“To avoid the risk and potential unforeseen consequences of ‘internal competition’ all Local Authorities in Wales should adopt the same rates and exemptions (i.e. one LA area ‘undercutting’ another in an attempt to win ‘market share’).” (Local authority)*

*“In order to be consistent and equitable, to ensure that there is no adverse effect on competition and thereby comply with subsidy regulations, we would argue for a single type of rate to be applied across Wales and for exemptions to be specified in the legislation.” (Local authority)*

## **Local autonomy could lead to lack of clarity for visitors and accommodation providers**

- 4.21 The third most commonly raised theme amongst respondents disagreeing with local autonomy was the view that a legal framework that provided for local autonomy could lead to a lack of clarity and transparency on the applicable levy framework across both visitors and accommodation providers.

*“We agree that the tax framework should be set centrally by the Welsh Government but we do not think that local authorities should be able to vary aspects of the tax such as rates and exemptions. Such a system would be unnecessarily complex and confusing, leading to difficulties in how the tax is calculated and collected.” (Online booking platform)*

*“It is considered that should Welsh Government decide to take forward this approach it may lead to confusion and uncertainty for visitors, tourism businesses and local authorities.” (Local authority)*

## **Themes in favour of local autonomy in the tax framework**

### **Local autonomy provides flexibility to local circumstances**

- 4.22 The most common theme raised amongst respondents supporting greater local autonomy in the tax framework was the view that local autonomy in other aspects of the tax framework would allow local authorities to cater for local needs and challenges. The respondents to this question, and particularly local authorities, highlighted that local authorities possess in-depth knowledge of their respective local tourism sector and are uniquely qualified to decide the appropriate type and level of rate to address their area-specific challenges.

*“Autonomy allows the Levy to specifically target key issues in specific areas, rather than a generic approach.” (Local authority)*

*“[...] we believe each area has differing requirements in terms of how to determine the levy be introduced so that local authorities have a high level of autonomy and flexibility to enable them to address the specific destination challenged faced for that particular locality.” (Local authority)*

### **Local autonomy on where revenues are spent**

- 4.23 The second most frequently mentioned theme in favour of local autonomy was the view that local authorities should have the ability to decide on the use of revenue collected from the visitor levy. This theme was often mentioned along the view that local authorities possess unique insights on their local circumstances. As a result, it was viewed they can ensure the revenue collected is spent as effectively as possible, in line with local needs and priorities.

*“What would definitely benefit from local autonomy is the allocation of revenues collected by the levy which will enable them to be focused on the particular needs and pressures experienced by each local authority. There are merits for local determination in order for local authorities to be able to identify pressure points and identify local spending priorities - and for any ringfenced funds to be focused accordingly.” (Accommodation provider)*

### **Local autonomy should involve consultation with key stakeholders**

- 4.24 The third most common theme raised by respondents in agreement with greater local autonomy was the view that local stakeholders should be involved in the decision-making process. Some respondents mentioned that if aspects of the tax framework are determined locally, this should be done in close collaboration with all affected groups, including residents, accommodation providers, and booking platforms. Some respondents mentioned that this consultation would promote fairness in the implementation of the levy whilst accounting for expert opinions.

*“A national model for how a levy should be applied is beneficial, however the issues of managing visitors and their impacts vary widely across destinations and regions. Therefore the decision on how a proposed levy is allocated should be determined on a local level in consultation with residents and the tourism sector.” (Local authority)*

*“Local authorities are best placed to determine local rates, challenges, and risks within their area. However, they should be encouraged to consult locally to form an evidence base for the implementation and use of revenues.” (Anonymous response)*

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**Question 4:** Are there any other aspects of the tax framework which would benefit from greater local autonomy? For example: (i) Exemptions or reliefs; (ii) Type of rate; (iii) Level(s) of the rate; (iv) Use of revenues; (v) Reporting requirements.

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**No other aspects need greater local autonomy**

- 4.25 The majority of respondents to this question viewed that there are no additional aspects of the tax framework that would benefit from local autonomy. Respondents raising this theme most often mentioned that further local autonomy would make the tax framework inconsistent and complicated. Other reasons for opposing local autonomy were the potentially adverse effect on competition across local authorities – as previously mentioned, some respondents expressed concerns that local authorities might be incentivised to apply a very low rate to attract visitors and accommodation providers from neighbouring local authorities. To a lesser extent, other respondents highlighted the significant administrative burden that was associated with local decision making, whilst some were concerned that local authorities might make decisions for short-term political gain.

*“In summary, the implementation of a Visitor Levy should be regulated as much as possible at a national level to ensure consistency and fairness for both visitors and businesses and to protect against bias and potential political and individual interests.” (Charity)*

*“The public sector should be creating an even playing field in which business can thrive. Councils will be tempted to manipulate the system to suit their own agenda and this is unfair both to the business impacted and the many families who rely on these businesses to meet their own cost of living.” (Charity)*

*“Any local autonomy in relation to this levy will greatly complicate the scheme, resulting in increased compliance burdens for businesses.” (Accommodation industry body)*



### **Benefits to local autonomy in the use of revenues**

- 4.26 Use of revenues was the aspect of the tax framework that respondents most commonly raised as likely to benefit from greater local autonomy.

Respondents raised this theme commonly indicated that local authorities have the required expertise and understanding of local needs to decide on the most efficient allocation of funds, which differ across areas. Others viewed that local autonomy on the use of revenues would ensure that funds originating from a destination's visitor economy would be reinvested there, helping to promote the sector's long-term sustainability, and offsetting any distorting effects of the levy. A few respondents raising this theme also expressed the view that local autonomy on the use of revenues would increase clarity and transparency on how the funds raised were used and their impact.

*"Use of revenues should be a local authority decision, as each will face different pressures and have different priorities which could be supported by a visitor levy." (Local authority)*

*"The use of revenues and reporting requirements would be better dealt with on a local level so that local residents and the tourism sector have greater clarity on how the proposed revenues would be spent." (Local authority)*

*"It would be useful if any local authority implementing the visitor levy set out separately how much was raised each financial year and what the money was spent on. In short the funds raised should be hypothecated each year. Local authorities could decide in advance what the money would be directed towards - it could even be towards specific projects that benefit tourism locally [...]." (Resident)*

### **Benefits of local autonomy in setting the level of the rate**

- 4.27 The second aspect of the tax framework that was most frequently mentioned as needing greater local autonomy was the level of the rate. Respondents raising this theme highlighted the uniqueness of each visitor economy, rate levels needing to adapt to different types of accommodations, use of public services, and needs. Some respondents mentioned that local authorities

should have the option to charge a lower rate level if, for instance, an area does not attract many visitors, or if local accommodation providers cannot withstand the financial and administrative pressures of implementing the levy.

*“Yes I think the level of the rate could benefit from local autonomy given some counties are closer to the border and hence need to be able to compete with England than those that are further away from the border but to reiterate, I do not support the introduction of a levy.”*

*(Accommodation industry body)*

*“However, some aspects of the levy could benefit from more from local autonomy such as rate setting. The main reasons for this are, firstly, that Local Authorities are best placed to know the cost of levy implementation on them and local businesses, and therefore what a viable rate would be to cover these costs in a given payback period. [...]. Secondly, local autonomy on rate setting would provide Local Authorities, residents, businesses and other stakeholders with more ownership and agency over the decision, encouraging support of the scheme. [...]. In principle however, some element of local rate setting could be of great benefit and would allow for greater responsiveness to threats and opportunities which may occur both locally and nationally” (Charity)*

#### **Other reasons for disagreeing with local autonomy**

- 4.28 The last most prevalent theme to this question was general disagreement with applying greater local autonomy in aspects of the tax framework. Respondents raising this theme expressed concerns that local autonomy could have adverse effects on the effectiveness of the levy, leading to negative unintended consequences such as loopholes which could reduce revenue collection. Other respondents highlighted that having differences in aspects of the tax framework across local authorities would lead to a lack of clarity for visitors as well as providers operating across multiple local authority areas.

*“[...] although we recognise local autonomy is well intentioned, our experience in other markets shows that giving each local authority the*

*ability to change exemptions or reliefs, or to vary the tourism tax rate and the way it is calculated would lead to a confusing and inefficient system.”*  
*(Online booking platform)*

## Tax design and liability

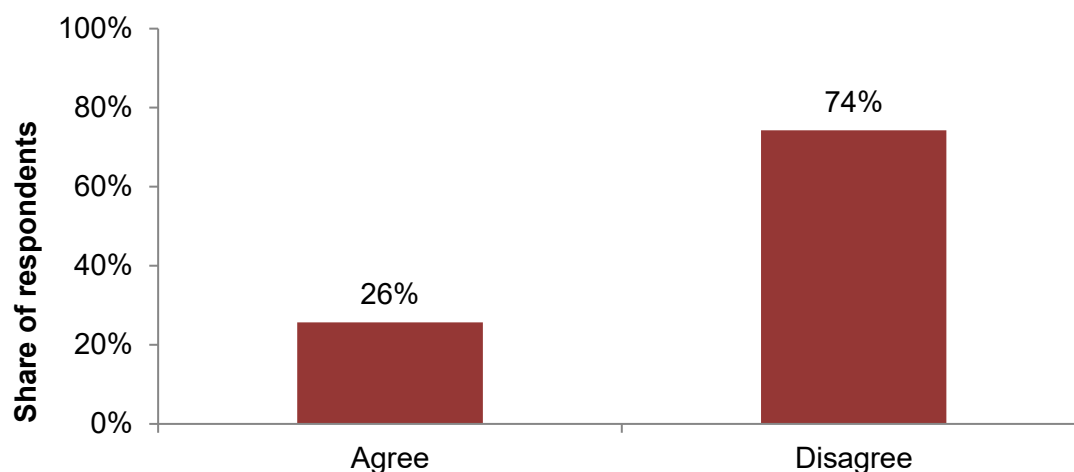
4.29 This chapter analyses respondents' views on the proposal for visitor accommodation providers being ultimately responsible (liable) for onward payment (remittance) of the tax to the tax authority.

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**Question 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?

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Figure 4. Share of respondents agreeing and disagreeing with the levy being self-assessed tax, charged and collected by visitor accommodation providers



Note: Overall, 957 respondents answered this question, representing 88% of the 1,087 respondents providing a return following the consultation template.

4.30 The majority of respondents to this question (74% or 711 respondents) disagreed that the levy should be a self-assessed tax for visitor accommodation providers (based on number of overnight stays), who would be responsible for charging and collecting the levy from visitors for an overnight stay and then remitting this to the tax authority.

## **Themes opposing the levy-being a self-assessed tax for visitor accommodation providers**

### **Concerns about the burden placed on providers by self-assessment**

- 4.31 The most commonly mentioned reason for disagreeing with the proposal was the view that it would create a significant administrative burden for visitor accommodation providers. Most respondents raising this theme highlighted the administrative burden placed on accommodation providers that would result from responsibility for assessing, enforcing, charging, and collecting the levy, as well as remitting it to the local authority. Some respondents also expressed concerns about the financial burden associated with these processes, given employees would need to be reassigned to these tasks, new ones hired, and systems put in place or updated. Some suggested these adverse consequences could be exacerbated in the case of the levy being implemented autonomously by each local authority. A few respondents also raised concerns around the fairness of self-assessment, viewing that this could disproportionately affect smaller accommodation providers that have a lesser capacity to adapt to the administrative burden associated with compliance.

*“This is a challenging issue because it creates another cost and an administrative burden on businesses who already have numerous other regulatory and licensing requirements upon them to fulfil, including the collection of VAT. [...]. For larger businesses, this would require adjustments to, or the introduction of, booking systems and staff resourcing to administer the collection - yet for small and/or independent businesses, this could potentially be a disproportionate burden which they are unable to accommodate and could be put at risk of operating as a result.” (Accommodation provider)*

*“This would be a huge administration burden for small holiday accommodation operators. This administrative burden cannot be absorbed by these small businesses; they often have limited resources, personnel and financial, are running the business alongside a main farming operation so time may also be a barrier to administering a visitor levy collection and declaration. Besides the administrative burden, there is*

*the additional financial cost that the businesses would have to endure: from the training for the collection of the levy, to submitting tax remits, to upgrading computer systems or their whole booking system to be in keeping with expectations.” (Anonymous response)*

#### **Practical concerns with self-assessment**

- 4.32 The second most frequently mentioned reason for opposing the proposal in question was practical concerns around the implementation of a self-assessed tax and the responsibilities placed on providers. Most respondents raising this theme were concerned that if accommodation providers were given the responsibility for assessing, charging, collecting, and remitting the levy, there might be challenges to enforcement and ensuring accountability. Some respondents viewed that it would be challenging for the tax authority to monitor each individual accommodation provider, potentially leading to misuse or misapplication of the levy. Other respondents raising this theme indicated that it would not be possible to assign these responsibilities to providers without having a robust national register of visitor accommodation providers. Lastly, a few respondents also raised concerns around the risk of inconsistent record-keeping across accommodation providers, which could hinder effective monitoring and transparency when collecting and reporting data at a local authority and national level.

*“Given there is no central register of accommodation providers it is impossible that this can be accurately collected. Until WG can establish & maintain a register, along with penalties for those conducting business ‘under the radar’ the genuine businesses are again going to be penalised.” (Anonymous response)*

*“If all operators are able to be tracked down by Local Authorities (or is that the Welsh Treasury)? At the moment it is difficult to see any system that could do this effectively, without a robust Statutory Registration Scheme in place.” (Accommodation industry body)*

#### **Additional information is required to form a view**

- 4.33 The next most common theme raised by respondents opposing the proposal in question was the need for additional information to have an informed view.

Some respondents raising this theme highlighted that accommodation providers are unable to fulfil the proposed responsibilities without clear statutory guidance and detailed instructions on how the collection and remit would operate in practice. Other respondents also requested clarifications on the definitions used in the consultation document, viewing that these will be important to the effective implementation of the levy.

*“There are other practical issues to consider regarding the administration required for visitor accommodation providers, such as how the levy may be integrated with their accounting software, how the charge may be collected from booking platforms (if not collected separately) or how to make refunds of the charge if stays do not go ahead.” (Anonymous response)*

#### **Assessment should be the responsibility of booking platform**

- 4.34 The last most prevalent theme raised by respondents disagreeing with the proposal was the view that third party providers should have the responsibility for assessment of the tax. This theme was often related to the preference of charging the levy at the time of booking. These respondents viewed that it was more efficient for booking platforms to be responsible for collecting, and remitting the levy to the authority, given that they possess all the required information from the booking.

*“A simpler and easier way of charging the levy would be for third party providers [...] to add in a predefined levy rate at the time of the booking. This would be similar in concept to additional airport fuel duty, which is levied automatically when booked.” (Local authority)*

#### **Themes supporting the levy-being a self-assessed tax for visitor accommodation providers**

##### **Self-assessment is the most practical solution**

- 4.35 The majority of respondents that agreed with the proposal in question viewed that self-assessment would be the most practical and efficient solution. Many of these respondents, and particularly local authorities, viewed that only accommodation providers possess the required information,

having the ability to interact with visitors directly on arrival and departure to effectively address information gaps.

*“Accommodation providers already handle most bookings and transactions directly with their customers and the collection of tourism taxes should be no different. [...]. This approach has other advantages and can help to minimise tax leakage as accommodation providers can verify the number of travellers that physically stay at the property and other information necessary to calculate the tax.” (Anonymous response)*

*“Should WG agree the best form of visitor levy is a bed tax, a self-assessed tax requirement to accommodation providers would be the most appropriate method. It would be difficult to determine an alternative as it would only be the accommodation providers that know their occupancy figures and be in a position to submit this data to the tax authority.” (Local authority)*

#### **Suggestions to reduce the administrative burden of self-assessment**

- 4.36 The second most commonly raised theme among respondents in favour of a self-assessed tax was offering suggestions on how the self-assessed tax regime would operate in practice, whilst minimising the administrative and financial burden on accommodation providers. The most common suggestion provided by respondents was to integrate the charging, collection, and remitting process with existing software and systems already widely used by providers. This was argued to have potential to significantly reduce the administrative burden associated with the proposed self-assessment responsibilities. The next most commonly proposed suggestion was the provision of financial compensation to accommodation providers to offset the cost of the increased workload due to self-assessment, ensuring fair implementation of the levy, or ensuring the levy falls directly on visitors. The last commonly raised suggestion was for the Welsh Government to create a central online portal that all accommodation providers could use for submitting the required information, facilitating increased consistency and efficiency in monitoring of the levy.



*“Careful consideration will need to be given to how businesses will evidence levy income to WG. Any systems for doing so should be integrated within existing reporting systems and at zero cost to businesses.” (Destination management organisation)*

*“Requiring businesses in Wales to be legally responsible for recording and collecting a new form of tax revenue from visitors will incur significant additional cost for the accommodation sector in Wales. We would ask the WG / LA's how they propose to reimburse the business community for this additional cost burden.” (Tourism industry body)*

*“Some concerns would be on liability and emphasis on false information provided by visitors over whom some accommodation types would have less oversight (such as online booking for self-catering and caravan parks) if the system were to be charged on Per Person Per Night basis. The liability for false information should fall on the visitor, not the business in these circumstances, as the evasion is that of the visitor not the business.” (Non-profit organisation)*

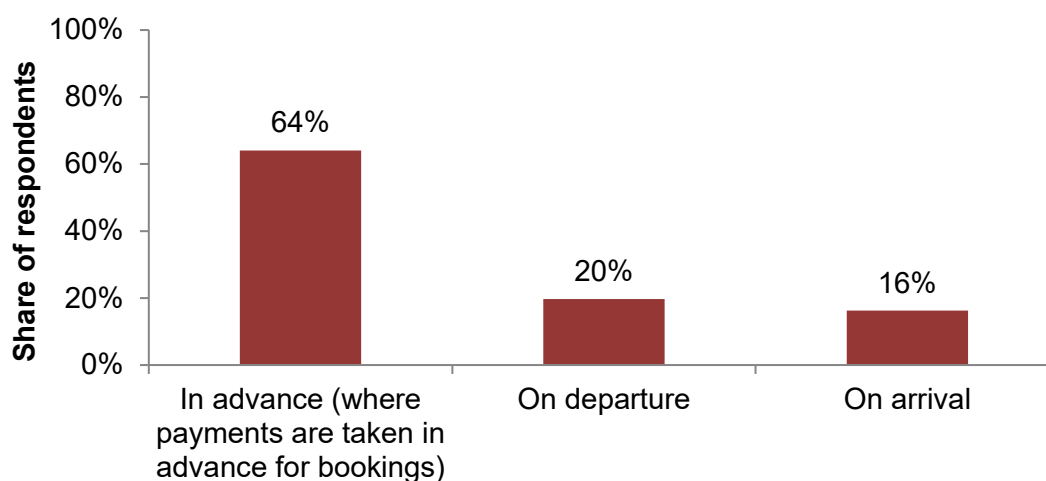
*“The government has proposed that the tourism levy be collected by accommodation providers, but we recommend that the Welsh Government invest in an easy-to-use online payment platform, provide suitable alternatives for those who are less confident with the internet, and ensure that there is an effective enforcement system in place that does not place any liability on individual businesses or operators.” (Accommodation industry body)*

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**Question 6:** When should the levy be collected as part of the booking process?

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Figure 5. Share of respondents preferring options for collecting the levy as part of the booking process



Note: Overall, 487 respondents answered this question, representing 45% of the 1,087 respondents providing a return following the consultation template.

- 4.37 The majority of respondents to this question preferred the levy to be collected in advance (64% or 312 respondents). The second most popular option was collection on departure (20% or 96 respondents), followed by collection on arrival (16% or 79 respondents). While the majority of respondents to this question selected collection in advance, the thematic analysis of their responses suggested that their preferred option was collection on payment, regardless of when payment takes place.

### **Themes in favour of collection on payment**

#### **Clarity and easily understandable approach**

- 4.38 The most common reason for respondents preferring collection on payment was the view that this approach is clear and understandable for everyone involved. It was viewed by those supporting this option that all parties would be able to understand that the levy will be part of the final payment, whether this is in advance, on arrival, or on departure.

*“We suggest that the levy be collected at the point that the accommodation is paid for, whether this be on arrival or in advance. This would reduce confusion for the visitor of a levy being applied at a separate point in time, and potential objection to an unforeseen cost.” (Tax industry body)*

### **Flexibility of approach**

- 4.39 The second most frequently raised theme amongst respondents preferring collection on payment was the view that it is a flexible approach, with collection on payment accommodating a range of payment preferences.

*“Collection of tax should be made at the time of payment. If someone pre-pays months in advance, or pays at check in or check out, tax is collected when payment is made.” (Online booking platform)*

### **Themes in favour of collection in advance**

#### **Convenience of approach**

- 4.40 The most common reason for preferring the levy to be collected in advance was the view that this is the most convenient option for all parties involved, with many respondents suggesting this would minimise the administrative burden on accommodation providers, and that visitors are already familiar with online payments as part of the booking process.

*“It is the easiest system to administer, and most visitors are already used to this concept when booking holidays.” (Local authority)*

*“In advance would be the only possible option for the majority of operators without an in-person check-in/out reception.” (Local authority)*

#### **The approach leverages existing systems**

- 4.41 The next most common theme among respondents preferring collection in advance was the view that booking platforms should be actively involved in the payments process, with many of these respondents highlighting that third party booking platforms already have robust systems in place to charge the levy as part of the booking process.

*“Given a significant proportion of bookings are via OTAs and booking Agencies then it's hard to see how they would not have a role.”  
(Destination management organisation)*

*“It would make sense that where possible and where platforms are used for advance bookings that these should be tasked with including the tax where possible.” (Non-profit organisation)*

### **Approach reduces risk to providers**

- 4.42 The most prevalent theme raised by respondents in favour of collection in advance was the view that this approach would reduce accommodation providers' liability. Some responses highlighted that accommodation providers could be liable to pay at least part of the levy in cases of cancellations or visitors providing false information, with collection in advance limiting the exposure to this risk.

*“A visitor levy per person paid on departure could leave the business vulnerable to potential underpayment of tax due by visitor, but still required to pass on the tax due to the tax authorities.” (Tourism industry body)*

*“If a levy is to be collected, then unless it is made at the point of booking (in advance) there will be instances where the payment is challenged yet the accommodation provider will remain liable” (Anonymous response)*

### **Themes in favour of collection on arrival**

#### **Ease of enforcement and application**

- 4.43 The most common reason for selecting collection on arrival was the view that it is easier to apply and enforce. Respondents with this view commonly suggested that face-to-face interaction helps to support effective collection of the levy and would allow accommodation providers to enforce payment of the amounts due.

*“[...] it should be paid on arrival to avoid situations where a) people book in advance but don't travel resulting in a rebate of the visitor levy (increased burden on the accommodation provider), or b) tourists leave*

*without paying the levy on departure (increased burden on the accommodation provider to chase for the payment).” (Resident)*

### **Facilitates effective monitoring and verification**

- 4.44 The second reason most frequently cited by respondents in favour of collection on arrival was the view that it would help providers verify visitor numbers. Many of these respondents mentioned that, depending on the type of the levy that will be decided, accommodation providers could be required to provide an accurate estimate of the number of visitors per overnight stay. Some of these responses viewed that the most convenient and reliable estimate could be produced by charging the levy on arrival, as all visitors must be present.

*“Any earlier and bookings will say 1 adult and 3 arrive, thus avoiding tax on 2.” (Non-profit organisation)*

*“The tax should be paid / collected at the point of check-in or check-out, so that the accommodation provider can accurately verify the number of people in the property, their ages (if relevant) and accommodate any changes that have been made since the point of booking” (Online booking platform)*

### **Themes in favour of a flexible approach on collection**

#### **Approach can be tailored to each type of provider**

- 4.45 Respondents raising this theme viewed that a flexible approach would account for accommodation providers with differing business models who might have different preferences for the mode of collection. For instance, some respondents mentioned that smaller providers might not have online booking platforms, thus collection in advance would be more challenging.

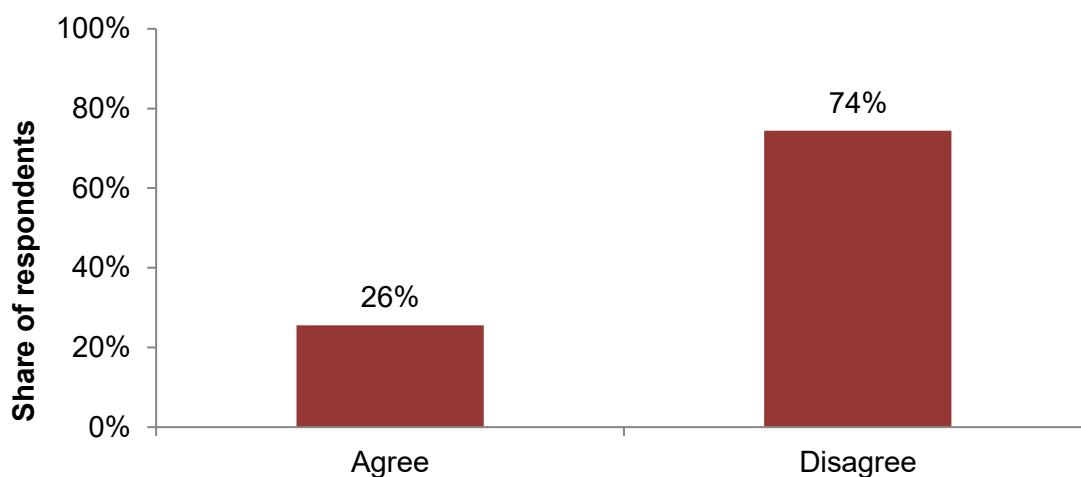
*“It is difficult to answer as each operator works to different methods, therefore it's not a case of one size fits all. Some businesses may not even see their visitors in person, whilst others are very involved in meet/greet/departure.” (Local authority)*

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**Question 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?

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Figure 6. Share of respondents agreeing and disagreeing with visitor accommodation providers having responsibility for collection and payment of the levy to the tax authority



Note: Overall, 894 respondents answered this question, representing 82% of the 1,087 respondents providing a return following the consultation template.

- 4.46 Most of the respondents answering this question (74% or 658 respondents) disagreed that the ultimate responsibility should be on the visitor accommodation providers for collection and payment of the levy to the tax authority.

### **Themes opposing visitor accommodation providers having the ultimate responsibility for collection and payment of the levy**

#### **Concerns about the financial liability and burden**

- 4.47 The most common reason offered by respondents for disagreeing with the proposal in question was the view that there is a significant financial risk and cost associated with the proposed responsibilities. Most respondents in this theme expressed concerns that accommodation providers would be exposed to the risk of payment to the tax authority should visitor non-payment occur. To address this issue, a small number of respondents suggested offering

financial compensation to providers for accepting the proposed responsibilities.

*“We believe the complexities and costs of collecting an overnight visitor levy are so great that they seriously risk the financial viability of a great number of the county’s small business accommodation providers” (Local authority)*

*“It is yet another burden on already hard-pressed accommodation providers. If, for whatever reason, the accommodation provider has been unable to collect the tax, they will still have to pay the bill.”  
(Accommodation provider)*

#### **Concerns about administrative burden**

- 4.48 The second most common theme raised by respondents was the view that giving accommodation providers the ultimate responsibility for collection and payment of the levy would place significant administrative burden on them. Specifically, respondents viewed that providers would need to devote significant worktime to collect and remit the levy, conflicting with other responsibilities. Other respondents mentioned that accommodation providers would need to invest in costly updates to their administrating systems as well as paying for additional labour resource. This was especially viewed to be the case for smaller accommodation providers, who might not have the necessary infrastructure and personnel.

*“[...], additional administrative burden on small businesses, will only discourage newcomers to the tourism industry, and investment from property owners in their disused buildings to create new enterprises.”  
(Anonymous response)*

*“Taxation direct to the accommodation provider is the feasible option, however this responsibility will ultimately put additional pressure on the operators. As well as administrative responsibilities, operators would be faced with increased bank transaction charges and also require additional technology and systems to administer.” (Local authority)*

## **Themes supporting visitor accommodation providers having the ultimate responsibility for collection and payment of the levy**

### **Collaborative approach**

- 4.49 The most common reason provided by respondents for agreement with the proposal was the suggestion that a more collaborative approach would support accommodation providers when the collecting the levy. Most respondents raising this theme suggested that third party booking platforms should help with the collection of the levy, sharing the final liability. A few respondents suggested that the tax authority should also be significantly involved in collecting the tax.

*“If the booking is made through a third-party booking agent /platform then the collection and payment could be passed to them to make to the tax authority providing that there is no provision for them to also charge commission on the levy.” (Anonymous response)*

*“The responsibility for collection and payment of the levy should take a collaborative and understanding approach between the visitor accommodation providers and the local tax authority in order to minimise the administrative burden on businesses.” (Anonymous response)*

### **Promotes clarity and simplicity**

- 4.50 The second most common theme raised by those in agreement with the proposal was the view that visitor accommodation providers having the ultimate responsibility is the approach which offers the most clarity and simplicity.

*“The most viable way for a visitor levy on overnight stays to be introduced would be for it to be collected at source by accommodation businesses and paid to the tax authority, so we agree without the above proposal if a levy was introduced.” (Local authority)*

*“We believe it would be difficult to implement an introduced levy by anyone else outside of the booking transaction agreement between the accommodation operator and visitor.” (Local authority)*



### **Consistent with other taxes**

- 4.51 The third most prevalent theme raised by those in favour of the proposal was the view that the responsibility for collection and payment by accommodation providers is fair and reasonable given that there is precedent of other taxes being collected in a similar way.

*“We believe that ultimate responsibility rests with the visitor accommodation provider to collect the levy from overnight visitors, in the same way as providers would transact and provide tax returns with other agencies such as HMRC.” (Local authority)*

*“We feel the collection and responsibility of the payment of the levy to the tax authority should operate similar to the VAT process and therefore it would be the responsibility of the visitor accommodation provider.” (Local authority)*

## Visitors in scope

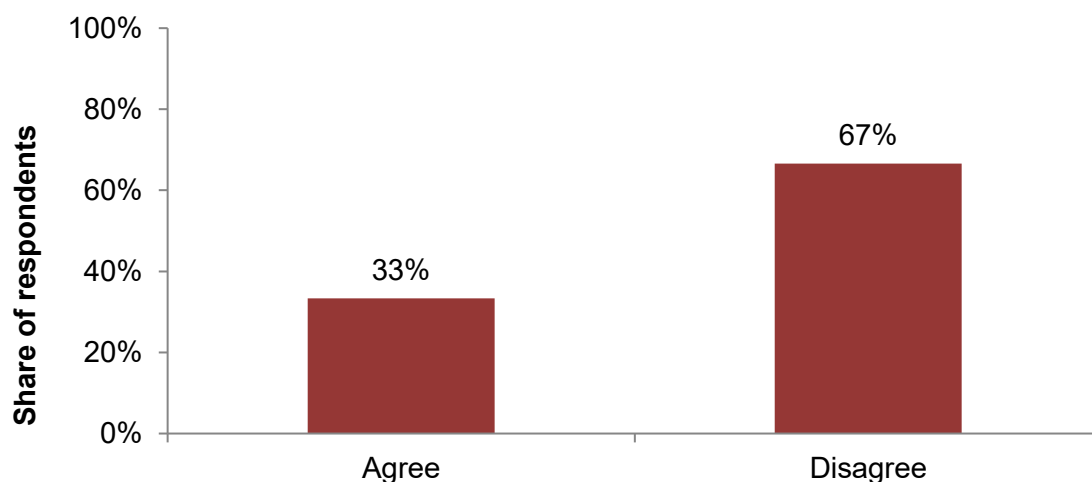
- 4.52 This chapter analyses respondents' views on the proposal that all visitors staying overnight within commercially let visitor accommodation (where not exempted) should be considered within scope of the levy, including those travelling for reasons outside of a holiday.

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**Question 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)?

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Figure 7. Share of respondents agreeing and disagreeing that all visitor stays within commercially let visitor accommodation should be within scope of the levy



Note: Overall, 926 respondents answered this question, representing 85% of the 1,087 respondents providing a return following the consultation template.

- 4.53 Most of the respondents answering this question (67% or 617 respondents) disagreed that all visitor stays within commercially let visitor accommodation should be considered within scope of the levy (unless otherwise exempted). Despite this, there was generally limited explanation of why respondents disagreed with the proposal, with most specific explanations offered by those who agreed.

### **Promotes fairness**

- 4.54 The most frequently raised theme was agreement with the proposal in question, with respondents viewing that it would promote fairness, acting to treat all visitor accommodation types and sizes equally.

*“A levy should apply equally to all forms of tourism accommodation. A visitor levy must apply to visitors staying at all forms of tourism accommodation across the board.” (Accommodation industry body)*

*“This an additional tax burden on a sector which is already heavily taxed. It is therefore imperative that there should be a level playing field and that all commercially let visitor accommodation is within scope of the levy” (Destination management organisation)*

### **Promotes clarity and understanding**

- 4.55 The second most common theme was the view that a consistent approach among all commercially let visitor accommodation would help providers and visitors better understand how the levy applies to their specific circumstances. Many respondents raising this theme viewed those different applications of a levy across different accommodation types might lead to a lack of clarity by visitors as to which ones apply the levy. Similarly, there was concern by some respondents that accommodation providers might be unsure if they should apply the levy, or might seek to exploit loopholes.

*“If you start making exemptions then (a)The system is very complex and harder to communicate clearly to people; (b)People will look to avoid the tax by using loopholes.” (Local authority)*

### **Support for national exemptions**

- 4.56 The third most prevalent theme in response to this question was the view that the proposal should only go ahead if there are nationally established exemptions. It was viewed by some respondents that exemptions should apply to circumstances where the visit is made by necessity, instead of choice, such as medical visits. It was also generally advocated for these exemptions to be implemented nationally.

*“If the decision is to levy a charge, then it should apply to all stays unless exempted in very few, specific and evidence-based cases.” (Anonymous response)*

*“We suggest that all visitor stays in commercially let accommodation should be within the scope of the levy, subject to a limited number of exemptions that should be established in a national framework.” (Tax industry body)*

### **Need for a comprehensive list of providers**

- 4.57 The next most common theme raised by respondents was the view that applying the levy to all commercially let visitor accommodation would require a comprehensive list of providers. It was highlighted by such respondents that tax authorities might not be aware of all providers operating in each area, hindering enforcement and monitoring of levy collection and payment, which could allow providers to exploit loopholes as well as reducing tax receipts.

*“The Welsh Government will not be able to claim that they are being “equitable” without a comprehensive and continually updated list of accommodation providers.” (Tourism industry body)*

### **Reduced administrative burden**

- 4.58 The last prevalent theme in response to this question was agreement with the proposal on the basis that it would result in a lesser administrative burden. Respondents raising this theme viewed that providers who are required to implement their own exemptions or apply a complicated set of exemptions would require significant time and resources. Consequently, many respondents preferred that all commercially let visitor accommodation should fall within scope, making the framework of exemptions simple and easier to comply with.

*“We agree that all visitor stays within commercially let visitor accommodation should be considered within scope of the levy. It would be difficult to differentiate accommodation use for holidays, work or visiting*

*friends and family and in doing so would take up considerable local authority officer time.” (Accommodation industry body)*

*“Moreover, the visitor levy is not a 'tax on being on holiday', it is a levy to raise funds to offset the costs of additional people using local services while they are in the area. A person is using these local services regardless of the reason behind their visit.” (Resident)*

## Exemptions

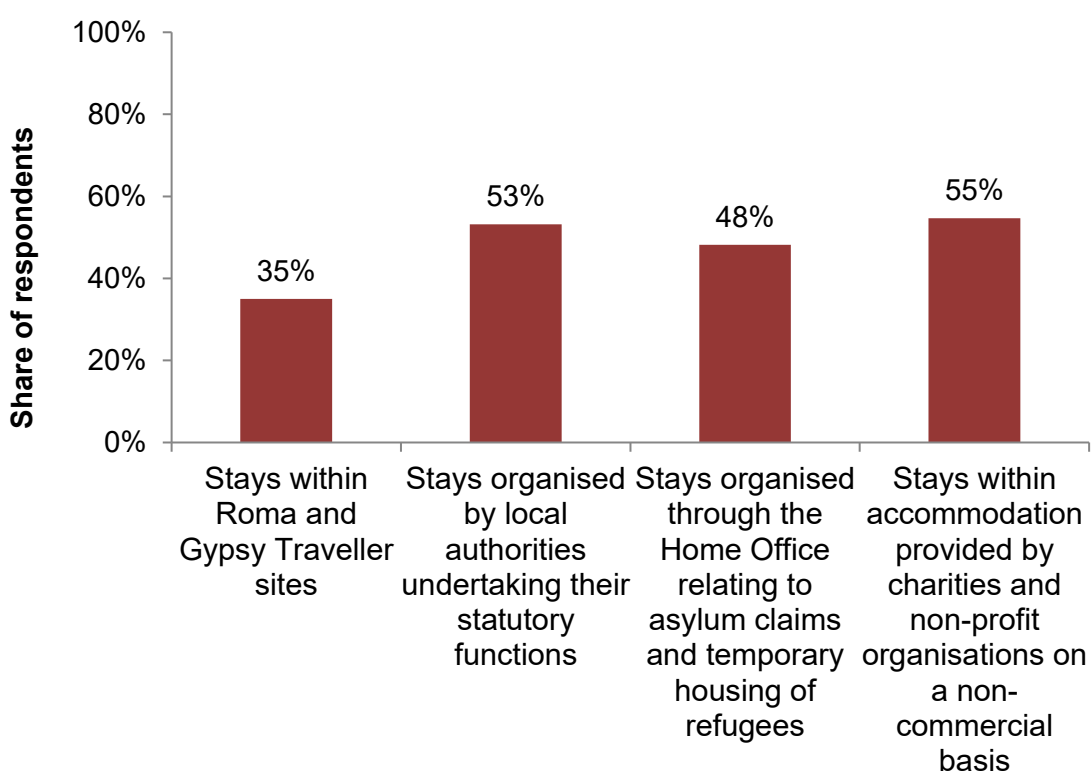
4.59 This chapter analyses respondents' views on if there are specific circumstances where application of the levy to any other types of stay would be disproportionate, and if applying exemptions in any other scenario should be considered.

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**Question 9:** Do you agree or disagree with the following proposed exemptions

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Figure 8. Share of respondents agreeing with proposed exemption options



Note: Overall, 872 respondents answered this question

4.60 The most common of the proposed exemptions supported by respondents who answered this question (55% or 477 respondents)<sup>2</sup> was exempting stays within accommodation provided by charities and non-profit organisations on a non-commercial basis. The exemption with the second highest agreement (53% or 463 respondents) was stays organised by local

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<sup>2</sup> The percentages quoted in this paragraph and presented in the graph do not sum to 100%. This is due to the fact this was multiple-choice question, thus allowing each respondent to provide more than one answer. The percentages quoted are calculated with respect to number of respondents, as opposed to number of responses.

authorities undertaking their statutory functions, followed by stays organised through the Home Office in undertaking their statutory functions relating to asylum claims and temporary housing of refugees (48% or 420 respondents). The exemption with the least support was stays within Roma and Gypsy Traveller sites (35% or 306 respondents).

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

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**Themes in favour of exempting stays within Roma and Gypsy Traveller sites**

**Supporting community's lifestyle and culture**

- 4.61 The most common theme raised by respondents agreeing with exempting stays within Roma and Gypsy Traveller sites was the view that transient stays are inherent to Roma and Gypsy Traveller culture. Such respondents viewed that exempting these stays from the visitor levy would help to protect their unique lifestyle and identity.

*“Transient stays are inherent in the culture of this group and therefore it would be inappropriate and unfair to include this group in the scope of the levy.” (Local authority)*

**Fair approach promoting equality**

- 4.62 The second most commonly mentioned reason provided by respondents for exempting Roma and Gypsy Traveller sites was the view that it would promote fairness. Given that transient stays are part of their culture, some respondents flagged that imposing a levy could be viewed as unfair and in violation of the Equalities Act 2010.

*“As stated in the question ‘stays are inherent to the culture’ and therefore placing a levy upon a group of people who will be disproportionately impacted because of cultural practices and in time such a levy may be detrimental to the culture itself. Such a levy would most likely be contrary to the Equality Act 2010.” (Local authority)*

## **Themes against exempting stays within Roma and Gypsy Traveller sites**

### **Promotes the aim of the levy**

- 4.63 The most frequently raised theme opposing the exemption of Roma and Gypsy Traveller sites related to the stated aims of the visitor levy, with some respondents highlighting that these communities utilise local services and infrastructure, and as such should similarly contribute to their maintenance.

*“As they do not pay council tax but clearly [...] put pressure on local services, they should pay.” (Resident)*

*“If you intend to charge business visitors, ie people who have no choice about staying, then you should charge Roma and Gypsy travellers equally. They put just as much stress in local facilities.” (Anonymous response)*

### **Consistent application of the levy**

- 4.64 The second most common theme among those who disagreed with exempting Roma and Gypsy Traveller sites was need for a consistent approach across visitor types. Respondents raising this theme viewed that the levy should be consistently applied across all commercially let visitor accommodations, otherwise there would be significant administrative burden, loopholes, and fairness concerns.

*“if the levy is to apply to visitors in other contexts we are not sure why the travelling community should be exempted. If the point is a contribution to local services then that should apply equally to travellers.” (Accommodation provider)*



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- 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).**
- 

## **Themes in favour of exempting stays organised by local authorities undertaking their statutory functions**

### **Fair approach**

- 4.65 The most common theme raised in support of exempting stays organised by local authorities under their statutory duties was the view that this would contribute to promoting fairness and equality. Many respondents raising this theme viewed that these stays are not the visitors' choice, and the alternative could be homelessness – as such, exempting such stays from paying the levy would contribute to preventing homelessness, thus having societal benefits.

*“For those being housed under this act it is not always a choice on where they are relocated to as part of the process.” (Local authority)*

*“Those accommodated under such arrangements are not ‘tourists’ and are vulnerable persons in need of public assistance and should not be subject to the levy.” (Land management organisation)*

### **Consistency with proposed scope of the levy**

- 4.66 The second theme most frequently raised in support of exempting the stays in question was the view it would be in line with the suggested scope of the levy, given that people housed under local authorities' statutory duties should be classified as residents and not visitors.

*“These represent residents and not visitors.” (Local authority)*

*“Stays of over 28 days are not classed as holiday lets and do not count towards targets (182/252) on VOA returns. If bookings of this type are taken to support Councils and Government, they should be exempt from the Levy and a pro rata adjustment made on 182/252 rules.” (Accommodation provider)*

## **Themes against exempting stays organised by local authorities undertaking their statutory functions**

### **Challenges to identifying this group**

- 4.67 The most frequent theme raised by respondents opposing the proposed exemption was concerns that there would be challenges to identifying the specified individuals, with some respondents viewing that this would require disclosure of confidential information related to benefit receipt and housing status.

*“It would not be practical to identify homeless people without disclosure of sensitive information and typically they have no means of paying.” (Local authority)*

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

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## **Themes supporting the exemption of stays organised through the Home Office under statutory functions**

### **Consistency with proposed scope of the levy**

- 4.68 The most commonly raised theme for this question was the view that stays organised through the Home Office under statutory functions are not within the proposed scope of the levy, with these respondents highlighting that asylum seekers and refugees should not be classified as visitors and thus should be exempt from the visitor levy.

*“These stays are not related to Tourism.” (Local authority)*

### **Promotes fairness and equality**

- 4.69 The second most frequently emerging theme was the view that applying the levy to refugees and asylum seekers would be unfair. Such responses highlighted that stays in asylums and refugee accommodations are not made by choice, so it would be unfair to apply the levy on stays made by necessity for humanitarian reasons. Furthermore, some respondents mentioned that even if the levy was to be applied, the individuals using these types of accommodation should not be able to pay.

*“Those accommodated under such arrangements are not ‘tourists’ and are vulnerable persons in need of public assistance and should not be subject to the levy.” (Land management organisation)*

## **Themes opposing the exemption of stays organised through the Home Office under statutory functions**

### **All visitors use public services**

- 4.70 The most common reason for opposing the exemption of stays organised through the Home Office was the view that all visitors utilise public infrastructure and services, and thus would benefit from the reinvestment of the funds. Many of these responses suggested that there is no need for exemptions, as the revenues raised through the levy will improve public services and infrastructure, which are universally utilised by all individuals classified as visitors.

*“[...] if you are to apply it, there should be no exemption. Visitors, irrespective of the nature of their visit, are still using local services.” (Accommodation provider)*

### **Concerns about the effectiveness of the levy**

- 4.71 The next most common theme raised by respondents was the view that even the Welsh Government would end up indirectly paying for it through the benefit system in the absence of an exemption. These respondents viewed that asylum seekers and refugees typically have limited access to resources, meaning the levy could end up being paid for via the benefit system.

*“Asylum seekers will have limited access to funds. And as above, these placement costs are normally funded from either the UK or Welsh Governments.” (Local authority)*

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### **a. 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)**

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### **Promoting fairness and societal impact**

- 4.72 The most frequently raised theme in favour of this exemption was the view that accommodation provided by charities and non-profit organisations have

a positive impact on society and thus should be supported. Many of these respondents indicated that shelter, respite or refuge accommodation supports vulnerable individuals that require assistance and provide them with equal opportunities, thus promoting fairness, with concerns raised that applying the levy in these cases could risk creating financial barriers and thus exclude the most vulnerable individuals for certain accommodation.

*“These are non-commercial organisations, not seeking to make a profit and are making an important contribution to society and it’s well-being, they should therefore be exempt.” (Accommodation industry body)*

*“Also, we would not want to create a financial barrier for those individuals accessing services that prevent or reduce risk of harm.” (Local authority)*

#### **Consistency with the proposed scope of the levy**

- 4.73 The second most common theme raised by respondents was the view that exempting stays within accommodation provided by charities is consistent with the scope of the levy outlined in the consultation. These respondents typically viewed that such stays do not fall within the scope of visitor stays and thus should not be applicable for a visitor levy.

*“These people cannot be classified as tourists and may have no choice as to where they are accommodated.” (Anonymous response)*

#### **Clarification on charitable status**

- 4.74 The third most commonly raised theme in responses to this question was the request for clarifications on the definitions used in the consultation, with these respondents advocating for clearer guidance on which organisations are classified as charities to ensure robust application of the levy and fair exemptions.

*“There is a danger of how charities are defined and could possibly provide for displacement or unfair competition. For example, accommodation ‘provided by charities and non-profit organisations on a non-commercial basis’ covers far wider than shelter and refuges (which are uncontroversial). [...] Would it be defined by activity or by charitable status*

*and how would this be enforced and checked, especially for accommodation providers?” (Business industry body)*

**Question 10:** Are there any other exemptions that we should consider?

Please select all that you think should apply:

Table 2. Share of respondents who agreed with other exemption options

<b>Other exemptions to consider</b>	<b>% of responses agreeing</b>
<b>Overnight stays for medical treatment</b>	41%
<b>Children and young people</b>	36%
<b>Disabled people</b>	22%

Note: Overall, 876 respondents answered this question, representing 80% of the 1,087 respondents providing a return following the consultation template.

- 4.75 Most respondents who answered this question (41% or 361 responses)<sup>3</sup> agreed with exempting overnight stays for medical treatment. The second most frequently selected exemption was children and young people (36% or 318 responses), followed by disabled people (22% or 197 responses).

## **Themes against considering additional exemptions**

### **Administrative concerns**

- 4.76 The most common theme raised by respondents to this question was concerns that additional exemptions would create additional administrative burden. These responses typically highlighted that additional exemptions would need to be decided, verified, and then applied, which would require significant resources.
- 4.77 This theme was often mentioned along the need for a consistent approach on the application of the levy. Respondents raising this theme viewed that

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<sup>3</sup> The percentages quoted in this paragraph and presented in the table do not sum to 100%. This is due to the fact this was multiple-choice question, thus allowing each respondent to provide more than one answer. The percentages quoted are calculated with respect to number of respondents, as opposed to number of responses.

the levy should apply to all accommodation providers to ensure fairness and minimise administrative burden.

*“Exemptions should be kept to an absolute minimum or the system becomes unmanageable and people will look for loopholes to exploit.”  
(Local authority)*

*“The implementation would also create additional administration for accommodation providers” (Local authority)*

*“Too many exemptions will make the levy difficult to implement.”  
(Resident)*

### **Concerns around verification and evidence**

- 4.78 The second most frequently mentioned theme raised by respondents opposing additional exemptions was the view that it would be challenging to verify and evidence multiple exemptions. These respondents typically expressed concerns that providers do not have the required information to verify the proposed exemptions in a reliable manner. As a result, it was viewed by respondents that it could be challenging to provide evidence of exemptions to the tax authority.

*“How would any of the additional suggested exemptions be defined and evidenced?” (Accommodation industry body)*

*“The accommodation provider is not in a position to determine the circumstances that apply to their visitors.” (Tourism industry body)*

### **Legal concerns**

- 4.79 The third most commonly raised theme in opposition of additional exemptions was concerns around legal issues surrounding the proposed exemptions. Some respondents had worries around if providers would not be able to effectively enforce the proposed exemptions, given confidentiality and data protection restrictions. Other respondents, including several accommodation providers, were concerned with the risk of visitors providing incorrect information given that they would be ultimately liable for evidencing exemptions.

*“There are also very substantial issues around data protection on medical aspects, and all these add more burden on training and capacity for SMEs. As such, while these need to be considered there must be a proportionate expectation of SMEs. Legal liability on accommodation providers may be problematic also, as it seems unfair that the burden of proof falls on them and not individuals in providing accurate evidence and information – and that liable for providing false information.” (Non-profit organisation)*

## **Themes in favour of considering additional exemptions**

### **Necessity of medical visits**

- 4.80 The most common theme raised in support of the proposed additional exemptions was the fairness of exempting medical visits. These respondents typically emphasised that medical visits are a necessity and thus it would be fair for these visits to fall outside of the scope of the visitor levy.

*“For cases where the stay is for medical treatment the levy should not be included. The principle here is that visits for medical treatment are not being made by choice, e.g. as they are for leisure or business purposes.” (Local authority)*

### **Concerns about taxing children**

- 4.81 The second most frequently raised theme for those supporting the additional exemptions was concerns that applying the levy to children would not be appropriate. These respondents typically viewed that it would be unfair to apply a levy to children, with many of their visits likely to be for educational purposes.

*“[...] supports a number of organisations with volunteer-led activities for youth and young people helping them to access the outdoors - and these activities/young people should also be exempt from the levy. For example, educational and residential visits; the Duke of Edinburgh Award Scheme; Scouts and Guides.” (Accommodation provider)*

*“Children need residential trips as part of their education and therefore should be exempt to not add additional costs to these trips.” (Anonymous response)*

### **Promoting fairness**

- 4.82 The third most commonly raised theme in favour of the additional exemptions was the view that exemptions promote fairness and equality if they support vulnerable groups. Some respondents mentioned that the groups supported through the proposed exemptions often lack resources and alternative accommodation, thus staying in visitor accommodation helps to prevent homelessness. Other respondents also highlighted that failing to apply the proposed exemptions could be discriminatory to those in lower socio-economic groups.

*“We would not want to incur an additional financial barrier that could impact larger families and those from a lower socio-economic background who have lower disposable incomes.” (Local authority)*

*“Furthermore, the accommodation for these individuals / families whilst staying in an area is likely to be in most cases their primary and only residence at that time, which means they will not have access to alternative accommodation in which they could stay. Applying the visitor levy under these circumstances would be unfair and is likely to be discriminatory.” (Land management organisation)*

### **Other suggested exemptions**

- 4.83 Some respondents offered suggestions for alternative exemptions that should be considered by the Welsh Government. The most frequently mentioned exemption was exempting workers and residents in the case of an emergency, such as when doctors are in need to make visits to other areas or during natural disasters. Another suggestion by respondents was exempting care and respite workers, who might accompany patients in medical visits.

*“We would wish to exempt emergency workers in emergency situations. For example, if clinical staff couldn’t get to/from Nevill Hall hospital, they*



*might need to be accommodated in local hotels to ensure the safe running of the hospital. In addition, we would also wish to exempt local residents being rehomed temporarily in visitor accommodation in emergency situations, for example those being evacuated during a flood.” (Local authority)*

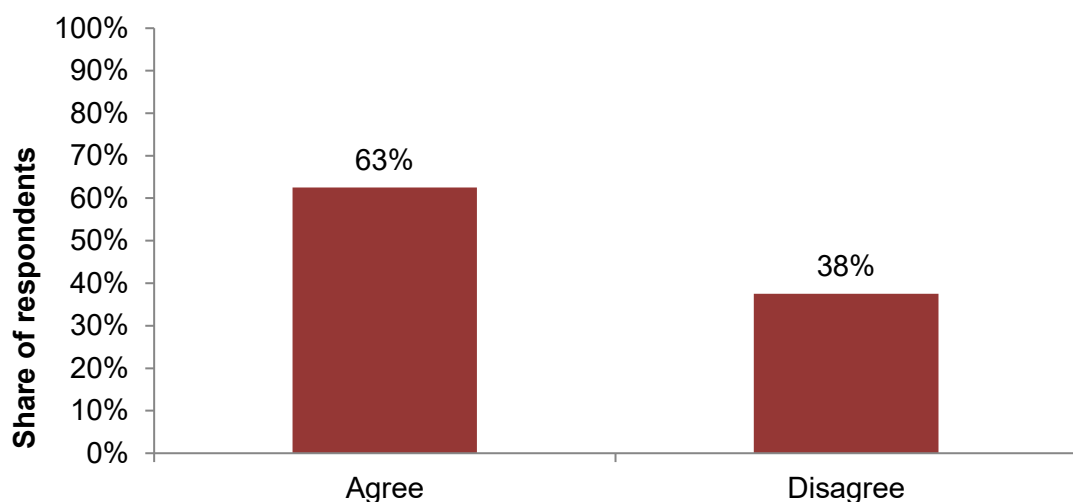
*“Care workers and support assistants who have to accompany those they are caring for. This could include both paid for and unpaid role and could be evidenced through a letter of employment or through an unpaid carers card.” (Charity)*

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

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Figure 9. Share of respondents agreeing and disagreeing with establishing exemptions in mandatory framework in legislation



Note: Overall, 824 respondents answered this question, representing 76% of the 1,087 respondents providing a return following the consultation template.

4.84 The majority of respondents in this question (63% or 515 respondents) agreed that any exemptions should be established within a mandatory framework set out in legislation.

**Clarity and simplicity**

4.85 The most common theme raised by respondents to this question was agreement with establishing exemptions in a mandatory framework set out in

legislation, perceiving this as the most simple and clear approach. Many respondents raising this theme indicated that a common mandatory framework would ensure the same exemptions apply across local authorities, increasing the clarity around the levy that applies.

*“To ensure clarity and consistency and remove any ambiguity of interpretation of new primary legislation. Additions and amendments can be made via secondary legislation with consultation requirements based on emergency need or not” (Tourism industry body)*

*“This would mean that all information about the tax is clearly set out in one place for the benefit of travellers and the tourism industry. It would also ensure that there are not variations in exemptions at the level of local authorities, which could cause confusion and be difficult for businesses to keep up with, should they change frequently.” (Online booking platform)*

### **Ensuring consistency**

- 4.86 The second most frequently raised theme was agreement with the proposal in question, as it would ensure consistency across local authorities, although some respondents also suggested that there must be a clear mechanism for considering additional exemptions in the future.

*“any such exemptions should be consistent across Wales. All local authorities should be required to employ the same exemptions and definitions as dedicated by the legislation” (Online booking platform)*

*“Agree that exemptions should be set out within a mandatory framework to ensure consistency across Wales. The WG should also consider a process to apply for an exemption for those cases that may fall outside of the agreed exemptions.” (Local authority)*

### **Promotes fairness**

- 4.87 The third most common theme was the view that a common mandatory framework setting out exemptions would ensure a level playing field for visitors and providers. Specifically, the respondents in this theme associated consistency with fairness, as it was viewed that common exemptions would help avoid unfair competition across local authorities.

*“It is important that exemptions are standardised and handled fairly across local authority areas, rather than allowing local authorities to make potential political exemptions for their own ends. This will also help to prevent any equality, diversity, and inclusions issues arising as a result of flexed exemption criteria.” (Business industry body)*

### **Facilitating effective monitoring and enforcement**

4.88 The next most prevalent theme raised by respondents was agreement with including exemptions in a mandatory framework in legislation, on the basis that this would facilitate more effective monitoring and enforcement.

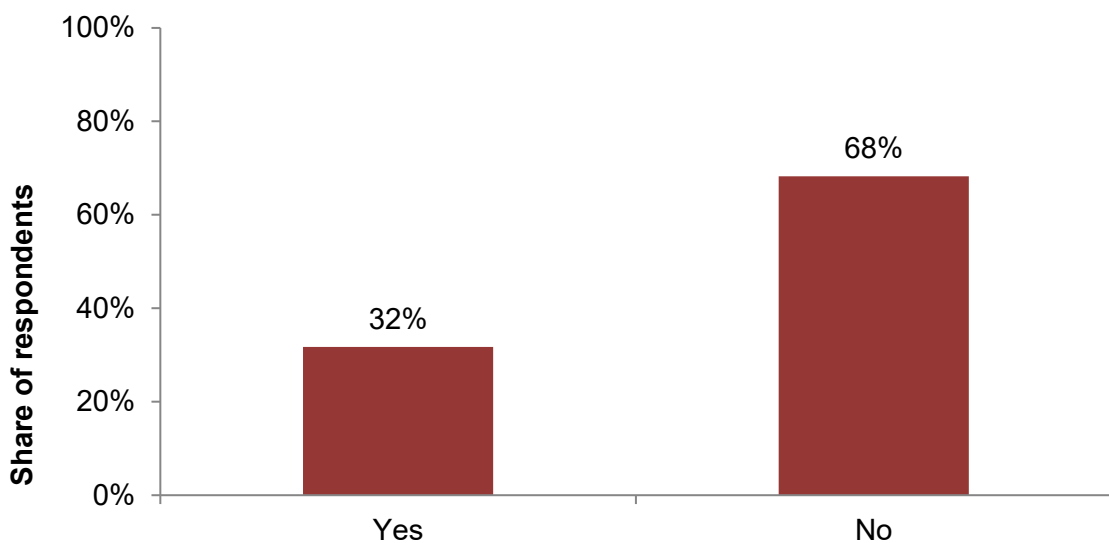
*“They have to be consistent and clearly defined to minimise the risk of loopholes and challenges.” (Local authorities)*

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

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Figure 10. Share of respondents agreeing and disagreeing with local authorities having discretionary exemption powers



Note: Overall, 836 respondents answered this question, representing 77% of the 1,087 respondents providing a return following the consultation template.

- 4.89 The majority of respondents in this question (68% or 569 respondents) disagreed with local authorities having discretionary exemption powers.

### **Themes in opposition of local authorities having discretionary exemption powers**

#### **Need for a consistent and clear approach**

- 4.90 The majority of respondents disagreeing with local authorities having discretionary exemption powers advocated that the same exemptions should apply nationally to ensure there is consistency and clarity on available levy exemptions. Many of these respondents viewed that having different exemptions across local authorities could lead to a lack of clarity across accommodation providers and visitors on available exemptions. A few respondents suggested the introduction of a mechanism through which local authorities could apply for exemptions on a case-by-case basis.

*“To be equitable it must be the same for each council. I could very easily see a scenario where an individual council could look to extend the levy to second home owners who are already paying increased council tax.”*

*(Resident)*

*“Giving 22 local authorities discretionary exemption powers will inevitably lead to a significant lack of consistency across Wales. However, there should be a mechanism by which a local authority or group of local authorities can make a case for an additional exemption that was not considered during the production of the levy but which becomes a clear need later.” (Local authority)*

#### **Concerns about the administrative burden**

- 4.91 The second most commonly raised reason for opposing local authorities having discretionary exemption powers was the concern that it would significantly increase the administrative burden for local authorities and accommodation providers.

*“By opening exceptions to local authorities it both increases the workload for the authority and therefore the cost to run the scheme as well as opening the scheme up to manipulation.” (Charity)*

*“This would add to complexity for accommodation providers.” (Non-profit organisation)*

### **Impact on effective monitoring and enforcement**

- 4.92 The third most frequently raised theme by respondents disagreeing with the proposal was the concern that if each local authority applies different exemptions, monitoring and enforcement would be significantly more challenging. Many of these respondents viewed that different exemptions would lead to a lack of clarity both for the tax authority and accommodation providers, hindering monitoring efforts and potentially creating opportunities for tax avoidance. To address this issue, some respondents highlighted that exemptions should be transparent and consistent across local authorities.

*“Approach to applying visitor levy needs to be transparent across all areas in Wales.” (Tourism industry body)*

*“As already stated this makes the system too complicated and open to abuse.” (Local authority)*

### **Themes supporting local authorities having discretionary exemption powers**

#### **Discretionary exemption powers in exceptional circumstances**

- 4.93 The most frequently raised theme by respondents agreeing with the proposal in question was the suggestion that discretionary exemption powers should be allowed during exceptional circumstances (e.g., during crises). Most respondents raising this theme favoured consistency in exemptions, but also recognised the need for flexibility during crises, suggesting that building flexibility into the tax framework would allow for exemptions tailored to the needs of each local authority under exceptional circumstances.

*“Yes, discretionary exemption powers for LAs should be reserved for exceptional and unforeseen circumstances e.g., war, disease and economic depression as well as an individual’s personal circumstances.”*

*While these are examples of exemptions which should apply across all participating local authority areas, we agree that a residual power for discrete exemptions would be useful to cover localised difficulties, eg property flooding while occupied.” (Tourism industry body)*

*“Though the mandatory framework should be introduced pan-Wales, including the power to introduce local level exemptions in extenuating circumstances determined by local circumstances if/when they arise should be included.” (Local authority)*

### **Ability to adapt to local circumstances**

- 4.94 The second most commonly raised reason for supporting discretionary exemption powers was the view that it would allow for tailoring of the levy to the needs of each local authority. Respondents raising this theme typically viewed that each local authority is unique in terms of visitors it attracts, types of accommodations offered, and socioeconomic circumstances, thus an approach tailored to each authority would be most suitable.

*“to allow for locality and local issues to be taken into consideration” (Non profit organisation)*

*“Local authorities should be allowed to issue discretionary exemptions in cases where a national framework does not support the individual case.” (Anonymous response)*

## Accommodation types in scope

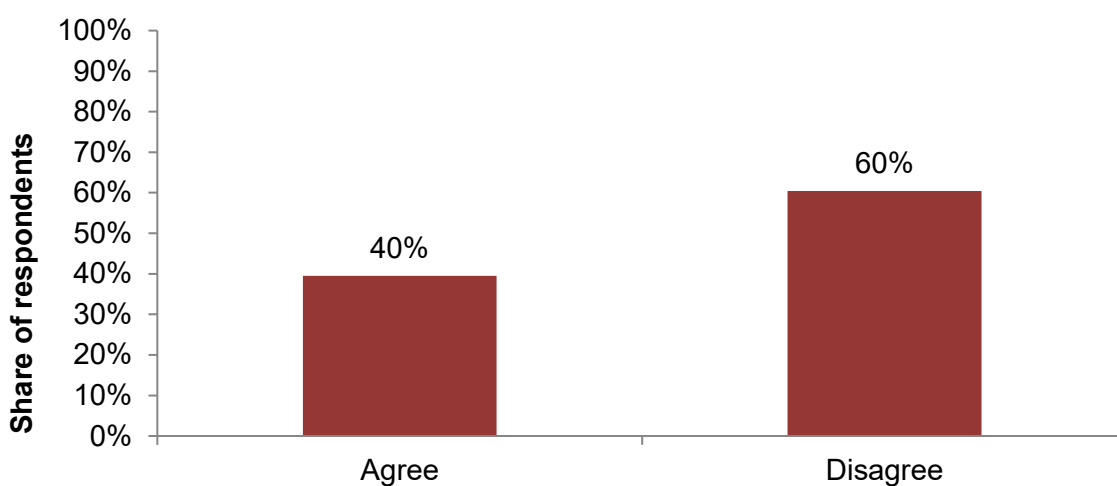
4.95 This chapter provides an analysis of views on whether there should be any exemptions to considering all visitor accommodation providers within scope – for example, a threshold of letting days for when an accommodation should be considered within scope of the levy or based on a minimum price of accommodation or a room, or profit or turnover of the visitor accommodation provider.

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**Question 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?

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Figure 11. Share of respondents agreeing and disagreeing with all commercially let visitor accommodation being within scope of the levy (to ensure fairness)



Note: Overall, 903 respondents answered this question, representing 83% of the 1,087 respondents providing a return following the consultation template.

4.96 The majority of respondents to this question (60% or 546 respondents) disagreed that all commercially let visitor accommodation should be within scope of this levy.

## **Themes opposing considering all commercially let visitor accommodation within scope of the levy**

### **Additional clarifications are needed**

- 4.97 The most frequently raised theme by respondents opposing the proposal was the request for additional information, with these respondents for example viewing that the definition of commercially let accommodation providers is not clear, thus not allowing respondents to make an informed decision on their support for the proposal.

*“From the definition of commercial let visitor accommodation outlined in the consultation document it is not clear what is meant by commercially let visitor accommodation. The definition is not clear, and clarity is urgently required.” (Anonymous response)*

### **Need for a national registration scheme**

- 4.98 The second most frequently raised reason for opposing the inclusion of all commercially let visitor accommodation in the levy was the lack of a national registration scheme. Some respondents had concerns that, without a national registration scheme for accommodation providers, it would be very challenging to administer a visitor levy.

*“A tax also cannot meaningfully and reasonably be introduced before a statutory registration scheme.” (Accommodation provider)*

*“[...] the only sensible way to proceed would be to set up the registration scheme first.” (Accommodation provider)*

### **Disproportionate impact on small accommodation providers**

- 4.99 The third most commonly raised theme by respondents disagreeing with the proposal was the concern that smaller accommodation providers would be disproportionately affected, and thus should be exempt from the levy. Specifically, respondents raising this theme typically viewed that smaller providers are less likely to have the resources to administer the levy, and thus are less able to afford the loss of visitors. Some respondents also raised concerns about the impact on fairness of not exempting low cost accommodation, given the view that this could have an adverse effect on low income families, unfairly excluding them.



*“There may be practical difficulties in operating the levy for smaller visitor accommodation providers, ones which have infrequent bookings or unconventional types of accommodation.” (Tax industry body)*

*“We strongly believe that exemptions to the tax should apply (see Question 8) on the basis of the low-cost and affordable access to holidays it provides” (Accommodation provider)*

## **Themes in favour of considering all commercially let visitor accommodation within scope of the levy**

### **Promoting fairness and equality**

- 4.100 The majority of respondents agreeing with the proposal in question felt that a levy with a wide scope would be most fair to accommodation providers, ensuring that the benefits and disbenefits flowing from a levy are equally distributed across all providers. Many respondents raising this theme viewed that excluding some commercially let visitor accommodation could give them an unfair advantage, as visitors would be incentivised to switch to cheaper levy-free accommodation. Some respondents also emphasised that the impact of visitors on the environment and their use of public services is not dependent on the type of accommodation they use, and as such they should all pay the levy to contribute towards the maintenance of local services.

*“We agree that including all commercially let visitor accommodation within the scope of the levy would best achieve the policy objective, and would not prejudice one type of visitor accommodation over another.” (Industry tax body)*

*“It is not equitable that one commercially let business undercuts another by being exempt while another operator has to pay. This also applies if one business on one side of Council border has to pay it, whilst their neighbour in another Council area does not.” (Accommodation industry body)*

*“The social and environmental impacts of visitors to an area are not necessarily determined by the type of accommodation in which they stay*

*and therefore for fairness a levy should be applied to all let visitor accommodation.” (Land management organisation)*

### **Ensuring consistency and enforcement**

4.101 The second most frequently raised theme in support of including all commercially let visitor accommodation in the scope of the levy is the view that it would ensure consistency and support effective enforcement. These respondents typically viewed that monitoring and enforcing the levy only on specific accommodation providers would generate complexities, ultimately leading to a lack of clarity and ineffective application of the levy.

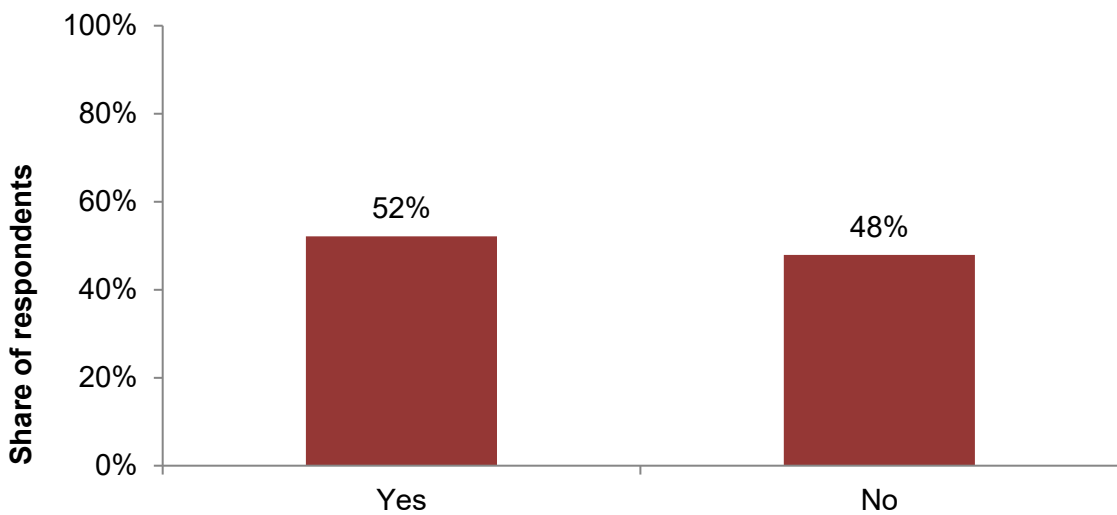
*“If a tourism tax is to be introduced, we believe it should be universal and apply to all commercially let visitor accommodation. Such a tax is simple to administer and collect, rather than having to accommodate multiple exemptions and variations which are often difficult to apply, cause confusion and ultimately lead to mistakes.” (Online booking platform)*

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**Question 14:** Should there be any commercially let visitor accommodation that is exempt from charging and collecting a visitor levy?

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Figure 12. Share of respondents agreeing and disagreeing with exempting from the levy some commercially let visitor accommodation



Note: Overall, 846 respondents answered this question, representing 78% of the 1,087 respondents providing a return following the consultation template.

- 4.102 A small majority of respondents to this question agreed with exempting some commercially let visitor accommodation (52% or 441 respondents), as opposed to those disagreeing (48% or 405 respondents).

### **Themes in favour of exempting commercially let visitor accommodation**

#### **Exempting businesses below a certain turnover**

- 4.103 The most commonly raised theme by respondents to this question was that commercially let visitor accommodation that does not meet a predefined turnover threshold should be exempt from the levy. These respondents typically advocated for this being a fair approach, ensuring the viability of small providers and the sustainability of the sector. Some respondents also suggested that visitors of small accommodations do not have a considerable impact on local services as they are few in number.

*“I think that any business on Small Business Rate Relief should be exempt from the levy. Such businesses are usually small scale and contribute to the local economy in many ways, by employing local businesses for example to do laundry/gardening/building maintenance. They have very little impact, if any, on public service provision, or infrastructure needs.” (Anonymous response)*

*“perhaps businesses which fall below a certain threshold for their annual turnover, and/or number of nights charged for, should be exempted.” (Accommodation provider)*

#### **Exemptions for specialist accommodation**

- 4.104 The second most frequently suggested exemption suggested by respondents was specialist accommodation providers. These respondents typically viewed that care centres for individuals with learning difficulties, and physical or mental health needs should not be burdened with the levy as this accommodation type is not related to tourism and generates value for society.

*“Specialist accommodation that gives respite care e.g. centres that care for children or adults with learning difficulties, dementia or severe health*

*problems. Specialist accommodation that has facilities treating medical conditions or with specialist facilities or services, e.g. holiday centres with dialysis facilities, hospice care..” (Local authority)*

### **Other suggested exemptions**

- 4.105 The third most prevalent theme in this question was respondents suggesting other, less frequently raised exemptions that should also be considered. Some of these respondents suggested exempting low-cost accommodation to reduce the impact of a levy on low-income groups. Other respondents advocated for exempting charities and non-for profit organisations from paying the levy, whilst some participants also proposed exemptions for accommodation located in rural areas.

*“For instance, there could be a property that is let on a residential basis for part of the year and let on a short-term basis to ensure that the property is not void during periods of the year. [...]. Fundamentally, we believe that a landlord holding an occupational contract and registered on the Rent Smart Wales database should be exempt from the levy.”  
(Accommodation industry body)*

*“[...] supports an exemption for diversified rural businesses and independent short-term lets in rural areas.” (Anonymous response)*

### **Themes against exempting commercially let visitor accommodation**

#### **Consistency and fairness**

- 4.106 The most common theme against exempting commercially let visitor accommodation was the need for a consistent approach to exemptions. These respondents typically argued that the levy should be applied to all commercially let accommodations in order to ensure there is equal treatment across accommodation types.

*“People use local services so it is best that anyone staying in commercially let property or on a commercially let site should pay the levy.” (Resident)*

*“In order to ensure fairness, consistency and simplicity.” (Land management organisation)*

**Concerns regarding administrative burden**

- 4.107 The second most frequent theme raised by respondents opposing the proposal was concerns about the potential increase in the administrative burden for local and tax authorities. These respondents typically viewed that exempting some accommodation types would be difficult to administer as the tax authority would have to assess which providers meet the criteria.

*“Some individual visitor accommodation providers may not have tax or reporting requirements, eg, individuals who are eligible for the rent-a-room scheme are not required to submit a self assessment tax return. It should be considered that, in the absence of a de minimis, the visitor levy will create an administrative burden that may disproportionately impact such individuals” (Tax industry body)*

## Statutory licensing proposals

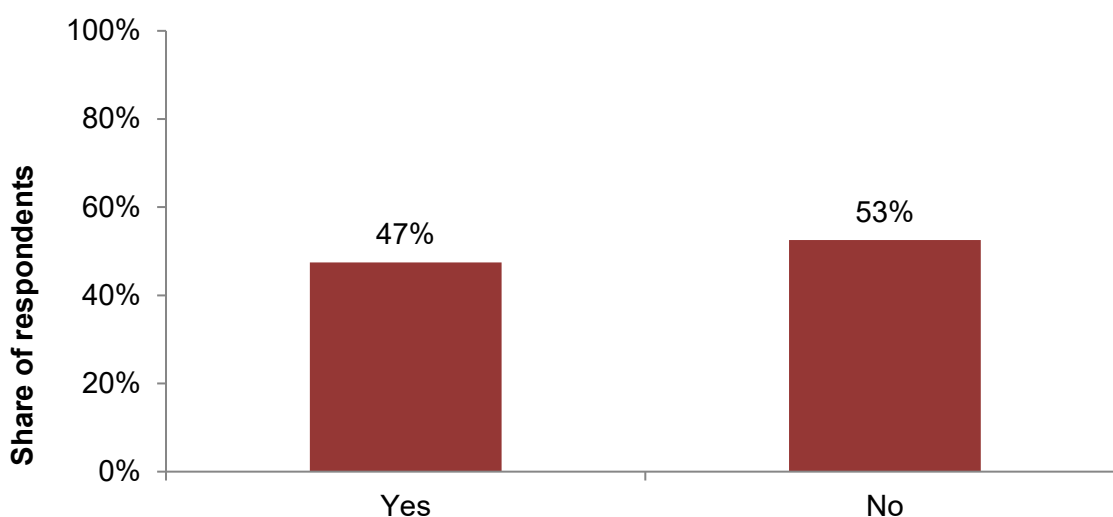
4.108 This chapter analyses respondents' views on how a statutory licensing scheme may benefit the operation of a visitor levy.

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**Question 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?

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Figure 13. Share of respondents agreeing and disagreeing with the creation of a comprehensive list of visitor accommodation providers which would be available to the tax authority



Note: Overall, 845 respondents answered this question, representing 78% of the 1,087 respondents providing a return following the consultation template.

4.109 A small majority of respondents to this question disagreed with creating a comprehensive list of visitor accommodation providers (53% or 444 respondents), as opposed to those agreeing (47% or 401 respondents).

### Themes in favour of the tax authority having a comprehensive list of visitor accommodation providers

#### Enabling effective monitoring and enforcement

4.110 The most common theme raised by respondents agreeing with the proposal in question was the view that a registration scheme would facilitate effective monitoring and enforcement of the levy. Many of these respondents viewed

that a complete list of visitor accommodation providers operating in the local area would allow the tax authority to more effectively enforce and monitor the levy, regardless of the type of rate and other features of the levy.

*“This is integral to the process. Without a recognised and regulated register, LA’s cannot fully account for their accommodation base therefore complicating the introduction of a visitor levy even further.” (Local authority)*

*“Through this consultation process it has been identified that statutory registration enforcement is integral to the introduction of a visitor levy. At present local authorities cannot fully account for a comprehensive listing of all accommodation providers. Should this mechanism not be in place prior to local authorities using their discretionary powers to introduce the levy, the sector will challenge unfairness of compliance” (Local authority)*

#### **Reduced administrative burden**

- 4.111 The second most commonly raised theme by respondents agreeing with the proposal was the view that a comprehensive list would facilitate the effective administration of the levy. These responses typically viewed that a comprehensive list of visitor accommodation providers would help local authorities identify which providers should apply the levy and collect the revenues efficiently.

*“The effective implementation and recording of the pending requirements for statutory registration would be key to this and would also allow for more efficient and effective data collection and analysis of the levy as a whole.” (Charity)*

*“In order to administer a visitor levy that is collected by visitor accommodation providers, it is necessary to have an obligation for those within the scope of the levy to register to the tax authority and a list of all visitor accommodation providers to act as a control measure.” (Tax industry body)*

### **Promoting consistency and fairness of the levy**

- 4.112 The third most frequent reason for supporting the introduction of a comprehensive list of providers was the view that it would ensure consistency of application across accommodation providers and areas. Some respondents viewed that by ensuring a consistent application of the levy, all providers would operate on an equal basis, minimising the potential for unfair cost advantages.

*“To ensure the system is fair and accountable. It will also mean that there is less room for some individual providers to evade the levy.” (Resident)*

*“It is important to have intelligence on the sector to be able to administer the levy, and also to ensure that legitimate businesses are not undermined by others who may ignore the levy.” (Non-profit organisation)*

*“Without a comprehensive list how can a level playing field be created and maintained? Local authorities will simply not be able to enforce the tax fairly or in a way which captures the sources of many of the problems conceived of being solved by this tax.” (Tourism industry body)*

### **Ensuring wide and mandatory registration**

- 4.113 The next most frequently raised theme by respondents was the view that for the list of providers to be effective, it must be mandatory and ensure it applies to all providers. Some respondents raised concerns that providers of certain types of accommodation might not be required to register to the list, thus limiting its usefulness. To address this issue, some respondents suggested making registration mandatory for all commercially let visitor accommodation providers. Other respondents also suggested that a comprehensive mandatory list would help ensure safety and quality standards across all visitor accommodation.

*“If a levy is to be applied to overnight stays by visitors, it needs to be applied to all visitor accommodation, including accommodation sold on OTA platforms [...], not just long-established accommodation businesses operating year-round that are known to the local authority.” (Local authority)*



*“Registration should mean that the identities of those selling accommodation to paying guests are known to the tax authorities and to key statutory regulators such as fire and rescue authorities – this is important to enable the same safety standards to be applied and enforced on all types of tourism accommodation, including those on “sharing economy” platforms [...], as are already applied and enforced on hotels and on Bed & Breakfasts.” (Accommodation industry body)*

### **Enabling robust measurement of levy impact**

- 4.114 The last prevalent theme raised by respondents agreeing with the list of providers was the view that the list would support the Welsh Government when identifying and measuring the impacts of the levy. Respondents raising this theme typically viewed that a comprehensive impact assessment should take place both before and during the implementation of the visitor levy to understand whether the policy objectives have been achieved and if there have been any unintended impacts, and that a comprehensive list of visitor accommodation providers would be crucial for this purpose.

*“Indeed, as well as needing this before supporting the administration, it is important to gather this information to make a real and detailed economic impact assessment at the local level for the proposals in this consultation document.” (Non-profit organisation)*

*“It is believed that there should be a comprehensive list of visitor accommodation available to all public bodies operating within an area, not just for taxation purposes. This will aid implementation of wider objectives in relation to housing provision in rural areas, especially in relation to holiday lets/second homes and future restrictions at LPA level.” (Land management organisation)*

### **Themes against the tax authority having a comprehensive list of visitor accommodation providers**

#### **Concerns regarding effectiveness**

- 4.115 The most common reason raised by respondents for disagreeing with the creation of a list of visitor accommodation providers was concern it would not be useful given doubts about how effective it would be in identifying all

providers, as well as potentially generating additional financial costs and administrative burden.

*“More control, more admin, more bureaucracy will cost more money to run and eat into any benefit of having a levy in the first place. How many people would need to be employed at each council to run your proposed scheme?” (Resident)*

*“This approach would not create a level playing field and could still result in being unable to identify all properties present in a local area” (Local authority)*

### **Utilising existing systems and registers**

- 4.116 The second most frequently raised theme by respondents opposed to the proposal in question was the view that there are existing registers that could be used instead. These respondents typically highlighted that it is unnecessary to create a new list of visitor accommodation providers, given the same information is already captured in other registers (e.g., the business rates register).

*“It should be noted that holiday caravan parks are already licensed by local authorities under the Caravan Sites and Control of Development Act 1960 and in theory a comprehensive list of this form of visitor accommodation providers is already available.” (Accommodation industry body)*

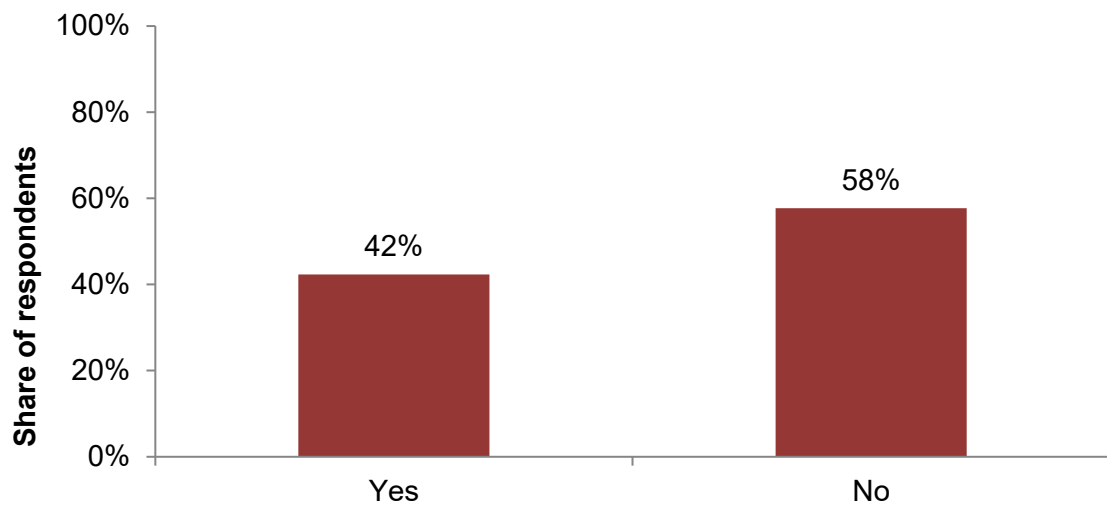
*“If the levy were to be delivered in this way, genuine holiday let businesses will in any case be registered for business rates and therefore information is already available for audit and administrative purposes” (Anonymous response)*

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**Question 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?

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Figure 14. Share of respondents agreeing and disagreeing with utilising the proposed statutory licensing scheme to ensure a comprehensive list of visitor accommodation providers



Note: Overall, 768 respondents answered this question, representing 71% of the 1,087 respondents providing a return following the consultation template.

- 4.117 The majority of respondents to this question (58% or 443 respondents) disagreed that the proposed statutory licensing scheme would help local authorities identifying local visitor accommodation providers and operating the levy.

### **Themes opposing the use of the statutory licensing scheme to identify providers and implement the levy**

#### **Utilisation of existing registers**

- 4.118 The most commonly raised reason by respondents for disagreeing with the creation of a statutory licensing scheme was the view that there are other existing frameworks or systems that could be used instead. These respondents typically highlighted that all the information required for the effective implementation of the levy could be collated in existing systems, minimising the need to become familiar with a new system as well as avoiding development costs.

*“In our evidence gathering, it has been suggested by some that HMRC’s existing VAT/self-assessment gateway could be utilised to register all*

*accommodation businesses. This would make the administration of the scheme less of a burden and more accessible for micro and SME businesses already familiar with payment and reporting routes. Revenue could then be dis-aggregated by HMRC to be redistributed to each authority within an agreed statutory timeframe. Resources for a register could then be spent tracking those who are offering casual accommodation, but are failing to register with HMRC.” (Tourism industry body)*

### **Concerns regarding effectiveness and fairness**

- 4.119 The second most frequently raised theme by respondents opposing the licencing scheme was the view that it would not significantly help local authorities. The respondents typically had concerns that the scheme would not be effective when identifying accommodation providers in the local area and would thus not significantly reduce the enforcement and monitoring burden.

*“The second is lack of confidence that any register can deliver equitable taxation as between the accommodation sectors (let alone other sectors of the visitor economy) until it is already substantially complete. In particular, [...] the amateur/casual providers operating from second homes can continue to hide behind council tax status, operating below the radar on social media - or even on OTA platforms where identity is protected unless a booking is confirmed.” (Tourism industry body)*

*“However practical consideration will need to be given by Welsh Government to how this will be maintained by Local Authorities given the breadth and variety of accommodation available, the informality and "Pop up" nature of some of this, and diminishing Local Authority resource.” (Destination management organisation)*

### **Themes supporting the use of the statutory licensing scheme to identify providers and implement the levy**

#### **Promoting effective administration**

- 4.120 The most common reason raised by respondents for supporting the use of the statutory licensing scheme was the view that it would facilitate effective

administration. These respondents typically viewed that the statutory licensing scheme would support tax authorities when compiling a list of visitor accommodation providers in the local area, facilitating a more effective management of the levy overall.

*“The model for a visitor accommodation licensing scheme would provide the tax authorities with a comprehensive list of short-term letting operators and could support the operation of a visitor levy.” (Online booking platform)*

### **Ensuring consistency with other regulations**

- 4.121 The second most commonly raised theme by respondents agreeing with the proposal was the suggestion that the licensing scheme would be consistent with existing regulations. Many of these respondents were concerned that the proposal might lead to duplication of efforts or conflicting guidelines across regulations and interventions.

*“The proposed statutory licensing scheme would augment the levy and provide a detailed list of all such providers in an area. An additional overlapping and parallel registration scheme would both duplicate work, and also create potential problems if the two lists do not correlate.” (Local authority)*

*“However, any regime needs to scan across with the proposals elsewhere to be sure to be effective. There is a problem that there are multiple interventions in tourism all at once and a lack of clarity on how they fit together” (Non-profit organisation)*

### **Ensuring compliance**

- 4.122 The third most frequently mentioned theme was the view that a statutory licensing scheme would help tax authorities ensure accommodation providers comply with the levy. These respondents typically viewed that the scheme would create a comprehensive list of all local providers within scope, thus reducing the cost of identifying providers and assessing their eligibility. Other respondents also suggested that the licensing scheme would help to ensure compliance with health and safety standards.

*“A statutory licensed scheme would help raise standards by ensuring that all accommodation providers would have to meet certain standards and comply with relevant legislation. [...]. This measure could enforce accreditation and assurance of relevant planning conditions, insurances, health and safety test compliances which all ultimately gives a great service and confidence to the booking visitor. It would be very difficult to implement, maintain and enforce a visitor levy without the introduction of a statutory licensing scheme as they need to be undertaken in parallel.”*  
(Local authority)

*“Poor compliance means inequity between compliant and non-compliant businesses, produces distortions in the market, potential loss of revenues for the local authorities and governance reputational damage. Therefore we agree there should be a comprehensive list of visitor accommodation providers available to the tax authority to support the administration of a levy”* (Tax industry body)

#### **Promoting clarity and fairness**

- 4.123 The last prevalent theme in favour of the statutory licensing scheme was the view that it would be a clear and simple approach that would promote fairness across areas and providers. The respondents raising this theme typically viewed that the proposed approach would promote clarity and understanding across stakeholders, thus facilitating compliance. These respondents also typically highlighted that a clear framework, consistently applied across providers, would ensure that all accommodation providers are equally treated by the tax authorities.

*“A Statutory Licensing Scheme, if delivered effectively, should ensure that Local Authorities have a comprehensive list of all visitor accommodation. This will be welcomed by the trade as it would deliver a level playing field which has been lacking for some considerable time”* (Destination management organisation)

*“We believe that both property registration and tourism tax remittance should be made as simple as possible for accommodation providers, particularly those who are small businesses.”* (Online booking platform)

## Rate type

- 4.124 This chapter analyses respondents' views on which type of rate would work best for Wales, if local determination would be beneficial, and any potential impacts.

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**Question 17:** Which of the following do you think would be the most appropriate type of rate for this levy? (i) A per night, per room/accommodation; (ii) A per person, per night; (iii) A percentage of the accommodation charge; (iv) A blended model of the above.

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Figure 15. Share of respondents selecting option as most appropriate type of visitor levy rate

Types of rates	% of responses
A per person, per night	34%
A percentage of the accommodation charge	26%
A per night, per room/accommodation	25%
A blended model of the above	15%

Note: Overall, 543 respondents answered this question, representing 51% of the 1,087 respondents providing a return following the consultation template.

- 4.125 Respondents to this question most commonly preferred a per person, per night type of rate for a future visitor levy (34% or 184 respondents), followed by a percentage of the accommodation charge type (26% or 141 respondents), and a per night, per accommodation basis (25% or 136 respondents). The least frequently selected option was a blended model of the above, selected by 15% of respondents (or 82 respondents).

### Themes in favour of a per person, per night type of rate

#### Simplicity and ease of administration

- 4.126 Most respondents in favour of a per person, per night type of rate supported it as the simplest and easiest system to administer and manage. The respondents raising this theme suggested that collecting information on the number of visitors and length of stay would be administratively easier compared to the information needed for the other options.

*“The per person rate is by far the easiest to administer and it negates all the issues and complexities of defining, recording and collecting the other options. It can be applied to and works across serviced accommodation, caravanning, camping, cottages etc. without complications.” (Anonymous response)*

### **Promotes fairness**

- 4.127 The second most frequently mentioned reason for supporting this type of levy was the view it would ensure that visitors contribute fairly to supporting local infrastructure. The respondents identified it as the basis which best reflects the impact of visitors, given that the levy payable would be scaled to the number of individuals who are benefiting from local services and infrastructure.

*“This would best reflect the impact of the staying visitor. However, mitigations would need to be considered for accommodation providers such as campsites and caravan parks where the levy could comprise a sizable proportion of the cost of the stay.” (Local authority).*

### **Consistency with international benchmarks**

- 4.128 The last prevalent theme in favour of a per person, per night levy was the international precedence for this type. The respondents raising this theme highlighted that other European countries have already implemented a per person, per night levy, thus its impact is already known. This was viewed to allow tax authorities to leverage lessons learned and maximise the impact of the levy.

*“It is clear to both the visitor and the accommodation provider. This is the model used in other European Countries who have already introduced a levy.” (Local authority)*

### **Themes against a per person, per night type of rate**

#### **Concerns regarding proportionality for low-cost accommodation providers**

- 4.129 The issue of proportionality was the most common criticism of a per person, per night basis. Many critics viewed this basis as regressive, with the tax representing a larger proportion of the cost of low-cost accommodation



options such as budget hotels, camping, and self-catering, which would disproportionately impact on low-income families. Some businesses highlighted practical challenges to administering a levy on this basis, including the need to effectively measure the number of guests, with potential reliance on guests' honesty in self-reporting.

*“The only downside is that someone staying in a five star hotel would pay the same as someone in a tent but it would still be a charge per visitor and therefore be equally applied across the board” (Anonymous response)*

## **Themes in favour of a percentage of the accommodation charge type of levy**

### **Progressive in nature**

- 4.130 Most respondents who supported a percentage of the accommodation charge type of levy highlighted that this type of rate would ensure fairness for all visitors. In particular, a percentage basis was commonly viewed as progressive on the basis that the tax burden reduces with the cost of the underlying accommodation, avoiding disproportionately penalising visitors on low-income families.

*“Per person and per room are regressive taxation. A family on minimum wage will pay the same as a rich banker in a 5000 a night penthouse. A percentage of the charge means that hostels and cheap accommodation will incur less tax so the tax will tend to hit the richer harder.” (Anonymous response)*

*“More importantly, it would ensure that the socioeconomic duty is better served because people who can only afford cheaper accommodation, would be paying a percentage of the lower accommodation charge whilst people who can afford higher end accommodation would pay a higher levy.[...]. Generally speaking, this would penalize people on lower incomes.” (Local authority)*

### **Flexible to changes in price**

- 4.131 The second most common theme in favour of this type of levy was the view it allows the accommodation price to vary depending on the circumstances

faced by accommodation providers. Specifically, some accommodation providers valued the flexibility a percentage-based charge would offer, given its ability to vary based on seasonality, discounts, and other price drivers.

*“The percentage of an accommodation charge has a number of benefits. It supports addressing seasonality which is a strategic priority within our DMP because accommodation is likely to be cheaper out of high season and therefore the levy would also be proportionately cheaper.” (Local authority)*

## **Themes against a percentage of the accommodation charge type of levy**

### **Concerns regarding business investment**

- 4.132 The most common reason for opposing a percentage of the accommodation charge type of levy was the potential for adversely impacting business investment. Many of the critics of this basis highlighted that this could reduce incentives to invest in increasing the quality of accommodation, given the levy would increase alongside any increases in the room rate.

*“Feedback we have received on this question is that a percentage of turnover rate would be a barrier to future investment in the sector.” (Destination Management Organisation)*

### **Concerns regarding administrative burden**

- 4.133 The second most frequently mentioned argument against this type of levy was concerns regarding the burden associated with calculating the tax owed. Some businesses highlighted the added complexity of calculating the level of a percentage based tax, since it is not always clear what should be included in the accommodation charge.

*“Percentage of accommodation charge will be very difficult to administer as many providers include food and other amenities (e.g use of health facilities, excursions etc) as part of the cost so it is not clear what the accommodation part of the bill is.” (Local authority)*

## **Themes in favour of a per night, per room (or accommodation) type**

### **Promoting fairness**

- 4.134 Most respondents in favour of a per night, per room (or accommodation) type of levy argued that this was the most simple and fair way to administer the levy. These respondents typically indicated that the information required to calculate the charge for this type of rate is already generally collected regularly by accommodation providers.

*“Per night per room would be the easiest to manage. It is also more equitable as accommodation charge is generally higher where people have invested in their businesses. If the overall standard of accommodation is to be improved there shouldn't be disincentives to improve property and charge more.” (Anonymous response)*

## **Themes opposing a per night, per room (or accommodation) type**

### **Adverse impact on single travellers**

- 4.135 Most critics of a per night, per room levy rate argued that it would penalise single travellers relative to those travelling as groups or families, given the same rate would apply regardless of the number of visitors. It was viewed that groups of visitors could split the total cost amongst themselves, thus limiting the impact on each one.

*“A rate per room / per accommodation would mean that a single person would pay the same as a family if renting a holiday cottage” (Anonymous response)*

### **Adverse impact on health and safety**

- 4.136 The second point of criticism for this type of levy concerned the potential unintended effects on health and safety due to adverse incentives. As mentioned above, some respondents highlighted that the levy cost per person lowers as the number of visitors increases. This raised concerns that it could encourage more visitors to stay in one accommodation to spread the cost over more individuals, potentially compromising their health and safety (e.g., through overcrowding).

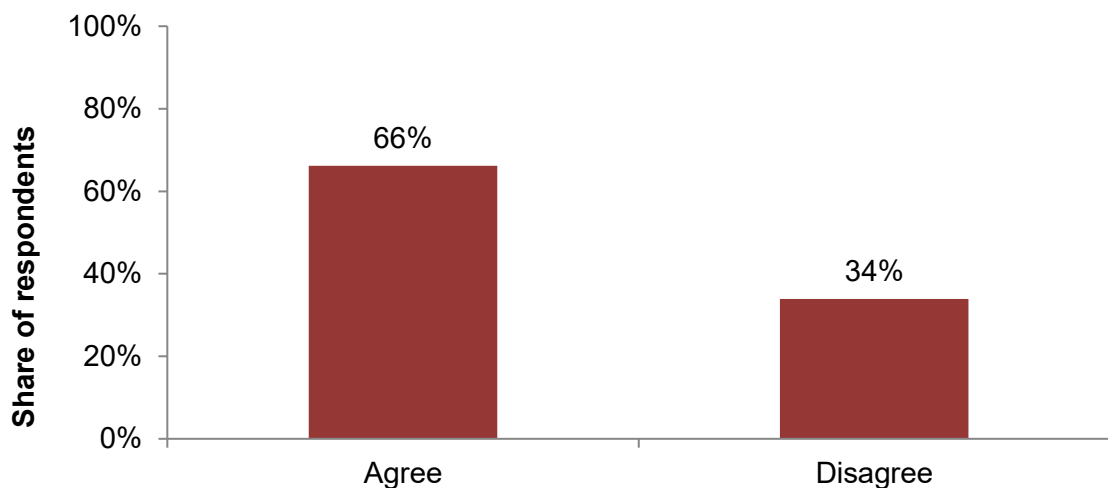
*“If you apply a room tax, the guests will try to squeeze as many into each room as possible to save money, especially at lower income and budget levels which could cause all kinds of unintended consequences such as fire risk.” (Industry Representative Organisation)*

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**Question 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?

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Figure 16. Share of respondents agreeing or disagreeing with applying the same type of rate across local authorities



Note: Overall, 812 respondents answered this question, representing 75% of the 1,087 respondents providing a return following the consultation template.

4.137 The majority of respondents to this question (66% or 537 respondents) agreed with applying the same type of rate across local authorities, as opposed to it being locally determined.

**Promoting consistency across local authorities**

4.138 The most commonly raised theme by respondents to this question was the view that applying the same type of rate nationally would ensure consistency. These respondents typically viewed that a consistent type of levy would not create unfair advantages for accommodation providers in authorities that chose a different type of levy. Some respondents viewed that

consistency would increase compliance, thus increasing the collected revenues.

*“To maintain the level of consistently where possible across Wales. Not only beneficial to the visitor but also supports the level playing field for destinations whereas the opposite could be detrimental to areas that charge more.” (Local authority)*

*“The tax should be applied in a standardised way and it needs to be clearly defined as to what the tax rates are in order to achieve the highest possible ratio of revenues generated.” (Accommodation industry body)*

### **Reduction of administrative burden**

- 4.139 The second most commonly raised theme by respondents to this question was the view that applying the same type of rate would be administratively easier. These respondents typically viewed that accommodation providers would need to devote more resources to implementing the levy if the type of rate is determined locally. Many of these respondents explained that different rates would be more administratively complex, especially for providers operating across different local authorities.

*“The system should not be complicated and it should be the same across Wales otherwise this will simply mean a high proportion of the tax will go on administrative costs. [...]. The way that this tax is implemented should not place unnecessary cost on the industry.” (Accommodation industry body)*

*“In the likely event that the [...] will be required to collect any levy, for ease of administration, systems and procedures, the same type of rate would be beneficial.” (Touring park)*

### **Avoiding adverse competition across local authorities**

- 4.140 The third most frequently raised theme by respondents to this question was the concern that offering local authorities the choice of the type of the levy would create competition between them. These respondents were typically concerned that local authorities might be incentivised to apply rates of a

particular type to attract specific accommodation providers and visitors to their areas.

*“To avoid the risk and potentially unforeseen consequences of ‘internal competition’ all LAs in Wales should adopt the same rates and exemptions (i.e. one LA area ‘undercutting’ another in an attempt to win ‘market share’).” (Land management organisation)*

*“A consistent rate applicable across all areas in Wales would eliminate the possibility of Local Authorities competing with each other.” (Tourism industry body)*

### **Facilitating understanding of the levy**

- 4.141 The following most commonly raised theme by respondents was the view that applying the same type of rate would help stakeholders understand the rationale and application of the levy. The majority of these respondents viewed that a consistent type of rate would benefit visitors by helping them to understand the reasons behind observed price differences in visitor accommodation stays. Other respondents viewed that the proposal would help accommodation providers understand how the levy is calculated, how much they should charge, and what proportion of revenues would be reinvested in the local tourism sector. This theme was often raised by local authorities.

*“Consistency in how the levy is applied across Wales will be important to avoid confusion amongst visitors who have no awareness of district boundaries.” (Destination management organisation)*

*“A consistent rate would reduce confusion for operators and visitors.” (Local authority)*

### **Increasing compliance**

- 4.142 The last prevalent theme raised by respondents to this question was the view that a standardised type of rate would promote compliance. These respondents typically viewed that accommodation providers would find a consistent rate easier to administer and apply, leading to greater compliance and revenue collection. Some respondents also suggested that tax

authorities would be able to monitor and enforce the levy more effectively when the type of rate is consistent.

*“The tax should be applied in a standardised way and it needs to be clearly defined as to what the tax rates are in order to achieve the highest possible ratio of revenues generated. The way that this tax is implemented should not place unnecessary cost on the industry.”*  
(Charity)

*“As explained above, we believe the tax should be consistent in all ways across all local authorities in order to minimise confusion, reduce mistakes and ultimately ensure less tax leakage. A centralised approach is much simpler to implement for all stakeholders.”* (Online booking platform)

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**Question 19:** Are there any additional impacts Welsh Government 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)?

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## **A per night, per room (or accommodation) levy**

### **Health and safety breaches**

- 4.143 The most frequently highlighted concern relating to visitors and visitor accommodation providers related to a per night, per room (or accommodation) levy was the risk of potential health and safety breaches. These respondents typically highlighted that this type of rate could risk creating adverse incentives for visitors to add more occupants to a room; where accommodation providers have limited ability to validate and monitor visitor numbers it was viewed that this could potentially leading to unsafe situations.

*“This may mean that visitors attempt to place more occupants into a property/room than its actual capacity to avoid the levy, unintended consequences. This could lead to breaches in H&S and violate commercial insurance policies.”* (Charity)

### **Decreasing verification burden**

- 4.144 The most frequently mentioned theme raised regarding the impact of this rate type on tax authorities was a lower burden of verifying information. The respondents typically viewed that it would be easier for both tax authorities and accommodation providers to verify the number of rooms (or units of accommodation) compared with verifying the number of visitors.

*“In terms of the practical aspects, a flat rate charge per room is easy to understand for accommodation users , although in terms of self-catering accommodation whether a room where a sofa that can convert into bed should be included may complicate matters. There would be fewer record-keeping requirements for accommodation providers and local authorities would probably find it easy to check bedroom numbers although there would be no means of easily checking whether a room containing a sofa - bed was being used as a bedroom.” (Tax industry body)*

### **Adverse behavioural changes**

- 4.145 The risk of adverse behavioural changes was the impact most raised by respondents in relation to visitors. Some respondents viewed that a per night, per room (or accommodation) levy could incentivise visitors to provide false information regarding the number of visitors in their party. Other respondents suggested this type of rate might shift the distribution of visitor patterns towards group visits compared with individual visits, with the burden of this type of levy rate falling disproportionately on individual visitors.

*“The cost of the levy per person reduces the greater the number of visitors staying in the same room, so this may result in a higher cost for solo travellers compared with groups, and for those staying in standard hotel accommodation compared with non-standard accommodation. This may result in behavioural changes regarding the type of accommodation visitors choose to stay in.” (Tax industry body)*

*“This would encourage visitors to maximise the number of guests per room with potential risk to both comfort and safety, as well as greater wear and tear on accommodation” (Local authority)*



## **A per person, per night levy**

### **Challenges to verifying the number of visitors**

- 4.146 The most commonly raised impact of a per person, per night levy on accommodation providers was challenges with verifying visitor numbers. These respondents typically raised concerns that some accommodation providers could find it challenging to accurately verify the number of visitors, relying on visitors to self-report and thus giving rise to the potential for receiving false information or unrecorded additional visitors utilising room bookings.

*“Bookings are usually made by one person who will need to give an honest report of the number in their party. False numbers are not always the fault of the operator as some visitors attempt to avoid additional costs [...]” (Tourist industry body)*

### **Administrative and enforcement cost**

- 4.147 The most frequently raised impact on tax authorities was the cost associated with administering and enforcing a levy of this type. These respondents typically highlighted that verifying the number of visitors would require significant investment in systems, personnel, and infrastructure from tax authorities, as well as accommodation providers.

*“Hugely costly in terms of staff time to administer and even more costly in terms of lost tax on profits and lost VAT” (Anonymous response)*

*“admin costs, resourcing and staff time, financial costs, education and training” (Local authority)*

### **Adverse behavioural change**

- 4.148 The most commonly raised impact on visitors of this type of rate was the potential for adverse behavioural impacts. As in the case of a per night, per room (or accommodation) type of levy, respondents were concerned that visitors would be incentivised to offer false information to reduce the amount they would pay.

*“bookings are already often made by one person who could then avoid stating the actual number in their party to avoid additional costs. This*

*would be very difficult for owners to police, if not impossible.”*  
*(Accommodation industry body)*

## **A percentage of the accommodation levy**

### **Adverse impact on high-cost accommodation**

- 4.149 The most common view regarding impacts of this type of rate on accommodation providers was the negative impact it could have on high-cost accommodation providers. Respondents raising this theme typically highlighted that a percentage of the accommodation charge type of levy could penalise providers who offer high-cost and high-quality accommodation, creating adverse incentives to reduce the quality of accommodation provision.

*“Market intervention will have a negative impact on visitor accommodation providers who will have to reduce prices to minimise the percentage difference between budget providers” (Resident)*

### **Challenges monitoring compliance**

- 4.150 The most commonly offered impact on tax authorities for this type of levy was the view that it could be challenging for tax authorities to accurately monitor the compliance of accommodation providers. These respondents typically highlighted that a percentage of the accommodation charge would be the most difficult type of rate to calculate and enforce robustly, given the levy will vary depending on the cost of the room, which can vary significantly across seasons and with inflation.

*“It would be a logistical nightmare for the tax authority to determine whether the correct rate was being collected and declared on a percentage basis. Many accommodation providers will vary their rate by season and evidencing individual charges for stays will be burdensome for both business owners and the tax authority.” (Business industry body)*

## Chargeable rate

- 4.151 This chapter analyses respondents' views on what an appropriate cap may be at which point a visitor levy would no longer be charged.

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**Question 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

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### Seasonal demand and associated price changes

- 4.152 The most frequent factor suggested by respondents to be considered when setting a levy rate was the seasonality of demand for accommodation and resulting price changes. These respondents typically viewed that some flexibility should be built into the levy to account for seasonal highs and lows in room rates. There were some suggestions that the levy could function as a toll to incentivise off-season visits, by making them comparably cheaper, which would be beneficial for accommodation providers and local visitor economies.

*“It is well known that in winter months, most areas of rural Wales see a large decrease in their tourist numbers. Due to this some holiday accommodation owners close their business as it is viewed as impracticable to continue to trade through the quieter months, [...]”*  
(Business industry body)

*“It would be useful to drop the levy in low season or have a tiered system that would make low and shoulder season more attractive”* (Local authority)

### Wider economic circumstances

- 4.153 The second most commonly suggested factor was considering the impact of wider economic circumstances when determining the chargeable rate. These respondents typically expressed concerns that crises – such as the current cost of living crisis, the COVID-19 pandemic, and the war in Ukraine – can have had a considerable impact on the tourism sector. It was therefore viewed that the chargeable rate of the levy should be flexible to such

adverse factors. Other respondents raising this theme also suggested that providers' profit margins should be considered when setting the rate of the levy.

*“Wider economic circumstances such as the cost of living crisis, energy crisis and potential recession that we are heading towards suggest that it is not a good time to implement a further tax on tourists who already have reduced disposable income.” (Resident)*

*“Feedback from the sector on the impact of wider economic conditions on profit margins and existing pressures on consumer price sensitivity” (Local authority)*

### **Conduct an impact assessment**

- 4.154 The third most commonly suggested theme in response to this question was the suggestion to set the chargeable rate based on the findings from an impact assessment. These respondents typically viewed that the impact of the levy on visitor accommodation, the tourism sector, and the local economies is ambiguous. As such, these respondents typically argued that an impact assessment should be conducted better understand the sensitivity of likely impacts to the rate which is set. Some respondents also suggested conducting impact assessments during the first years of the levy's implementation, with the rate being adapted based on the findings.

*“[...] it is vital to understand the adequacy of any tax in the relevant local authorities involved, individually. In other words, at the individual authority level, what is the level of resource required to be worth administering the tax in the first place. Without this full impact assessment, it's difficult to understand the impact at the individual business level.” (Business industry body)*

*“In terms of factors and evidence of appropriateness, analysis of tourist numbers and spend for first 2 years of the levy, minimum, would give an indication of success. If there is a drastic drop then it could be reviewed, alternatively, it could also be increased if visitor numbers and spend are not affected.” (Charity)*

### **Consideration of price elasticity**

- 4.155 The next most commonly raised theme in response to this question was the need to consider the price elasticity of demand when setting the rate of the levy. Respondents raising this theme, and local authorities in particular, viewed that consideration of the price elasticity of demand for goods and services consumed by tourists (including visitor accommodation) will be vital to setting a levy rate which minimises any adverse impacts on the tourism sector.

*“The tourism tax would be self-defeating if it were to reduce tourism in Wales. Therefore, a careful analysis of price elasticity of demand should be conducted before the Welsh Government sets the chargeable rate.”*  
(Online booking platform)

*“It is critical that the price elasticity of demand is understood beforehand and any levy does not lead to a reduction in the overall size of the sector”*  
(Local authority)

### **Other suggestions**

- 4.156 A range of other suggestions for factors which should be considered when setting the rate were provided by respondents to this question. The most common alternative suggestion was the consideration of international precedent for visitor levies or similar. Respondents make this suggestion highlighted that visitor levies have been introduced in various countries – including Spain and France – and consequently evidence on the impact of the levy in these countries should be considered when setting the rate. Some respondents proposed accounting for businesses’ cumulative tax burden. Respondents raising this theme viewed that accommodation providers that are already paying a significant amount in taxes should have a lower rate or no rate at all. Another suggestion was using information on the length of stay to incentivise longer stays; for example, by reducing the rate as the duration of stay increases. Other respondents suggested examining a representative set of case studies to understand the impact of the levy.

*“As an alternative we would like to see the cumulative tax burden calculated utilising HMRC VAT and Self-Assessment Gateway. If the*

*cumulative sum of tax exceeds a given threshold, then no further tax would be applied. This could be coupled to an analysis of the mean rates currently charged for set types of accommodation.” (Accommodation industry body)*

*“For evidence, some detailed work using actual case studies not just modelling, would be necessary before introducing primary legislation.” (Tourist industry body)*

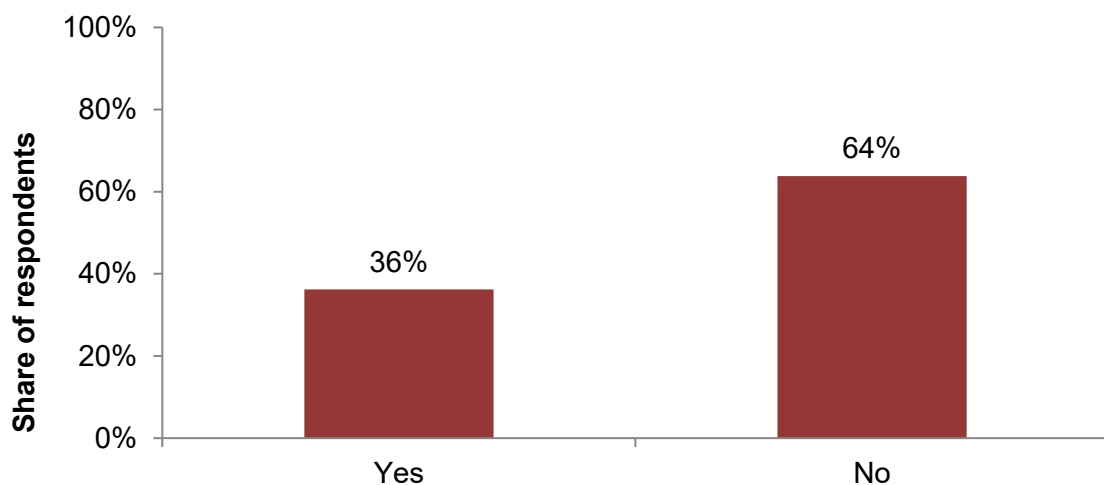
*“Similar to France/Spain and other countries which are experienced in the field” (Anonymous response)*

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

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Figure 17. Share of respondents agreeing or disagreeing with considering a levy rate proportional to the accommodation cost



Note: Overall, 716 respondents answered this question, representing 66% of the 1,087 respondents providing a return following the consultation template.

4.157 The majority of respondents in this question (64% or 457 respondents) disagreed with considering a rate proportional to the accommodation cost when determining what rate should be set.

## **Themes opposing the consideration of a rate proportional to the accommodation cost**

### **Complexity and administrative burden**

- 4.158 The most common theme raised by respondents opposing the proposal was concerns that a levy proportional to the accommodation cost would be too complex to administer. Respondents raising this theme typically viewed that calculating the levy with respect to the accommodation cost would require complex calculations, resulting in a significant workload for accommodation providers. Some respondents suggested that the proposal could also be confusing for visitors as they might not understand what part of the final cost the levy represents.

*“[...] using a proportionate rate would add complexity to the calculation of the levy. To aid ease of administration for visitor accommodation providers, the type of rate should be as simple to calculate as possible.”*  
(Tax industry body)

*“The tax needs to be as simple as possible for both owners and operators to be able to implement if it is introduced. The consumer needs to understand it too, varying rates for different types and qualities of accommodation will cause confusion and misrepresentation if it reduces the amount to pay.”* (Accommodation industry body)

### **Disincentivising the offering of high-quality accommodation**

- 4.159 The next most commonly raised theme in opposition of the proposal was the view that a rate proportional to the accommodation cost would penalise providers of high-cost accommodation. Given high-cost, high-quality accommodation would incur a higher levy, it was viewed that accommodation providers might be pressured to reduce prices or shift their offering to low-cost, low-quality accommodation.

*“If you apply it to accommodation cost, you will end up distorting the accommodation market forcing higher value establishments to reduce the price per room per night to account for the higher levy. This will put higher value establishments under more pressure when they are already facing higher energy bills for example.”* (Resident)

*“The Welsh Government has previously supported many schemes to improve the quality of accommodation available in Wales. This goes completely against those schemes in penalising accommodation for improving quality. It could disincentivise providers from further improvements if they know it will push them into a higher tax bracket.”*  
(Local authority)

## **Themes supporting the consideration of a rate proportional to the accommodation cost**

### **Promoting fairness**

- 4.160 The most commonly raised theme by respondents supporting a rate proportional to the accommodation cost was the view that it is a fair approach. These respondents typically viewed that applying a higher levy to more expensive accommodation was fair, whilst potentially incentivising visitors to visit other types of accommodations or different areas within Wales. It was viewed that this could reduce the pressure on high demand areas, whilst yielding economic benefits for regions that typically do not receive many tourists.

*“A percentage accommodation charge would be the fairest and least confusing and would reflect seasonal variations in pricing, as it would be proportionate to the cost of the accommodation.”* (Local authority)

*“The principle of fairness is important to the operation of a visitor levy. [...] It could be argued that a proportional charge will create a lower additional charge in parts of Wales where prices are already lower, potentially attracting visitors away from areas of heavy demand to new geographical areas where under-tourism is an issue.”* (Tourism industry body)

### **Supporting low-income groups**

- 4.161 The next most commonly raised theme for the view that a proportional levy rate could have a positive impact on small providers and low-income visitors. These respondents typically argued that a proportional rate would lessen the impact of a levy on low-cost accommodation providers, which would also



ensure that low-income visitors are not disproportionately impacted by the implementation of the levy.

*“Because (for example) a £2 levy on a £30 B&B room is nearly 7%, whereas a £2 levy on a £250 hotel room is under 0.8%, so a fixed amount would be regressive taxation and would impact the less affluent consumer much harder.” (Accommodation industry body)*

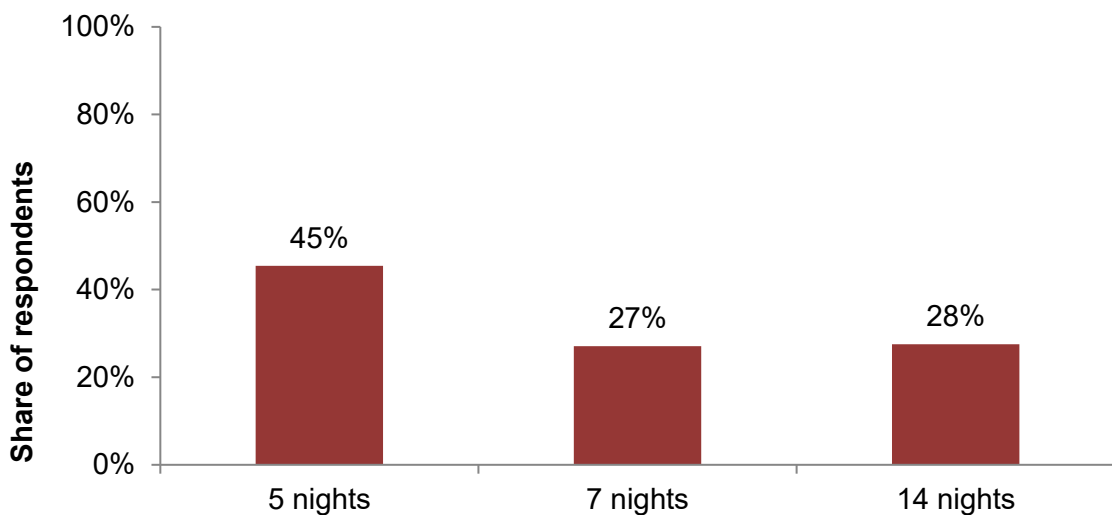
*“This will help avoid people on low incomes, including residents of Wales who wish to holiday within Wales, and who are benefitting from the affordable cost that camping provides, from being taxed to the same levels as a visitor staying in expensive holiday accommodation eg a city centre boutique hotel.” (Accommodation provider)*

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**Question 22:** What is the appropriate number of consecutive nights after which the levy would not apply to any subsequent nights?

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Figure 18. Share of respondents selecting as appropriate the number of consecutive nights after which the levy would not apply



Note: Overall, 240 respondents answered this question, representing 22% of the 1,087 respondents providing a return following the consultation template.

4.162 Most respondents in this question (45% or 109 respondents) who selected one of the proposed options preferred 5 nights as the number of consecutive

nights after which the levy would not apply to any subsequent nights. The remaining options were almost equally common, with 7 nights and 14 nights elected by 27% and 28% of respondents (or 65 and 66 respondents respectively).

### **Themes supporting 5 nights as the threshold**

- 4.163 As evidenced by the chart above, the majority of respondents to this question preferred the levy to not apply to any subsequent nights after 5 nights. The themes below present the most common views in favour of this option.

#### **Encourages longer stays**

- 4.164 The most commonly raised reason for supporting the 5 nights threshold for the levy was the view that it would incentivise visitors to extend their trips. These responses typically emphasised that overnight visitors contribute significantly to the economy, thus the Welsh Government should promote longer stays. To that end, it was viewed that a low threshold should be established to incentivise visitors to stay longer.

*“Overnight stays bring in the larger value of all visits. It follows that more nights would bring more value. The level should be at the lowest level so as to encourage any such stays.” (Business industry body)*

#### **Minimising the impact on Welsh tourism**

- 4.165 The second most frequently emerging theme among respondents supporting a 5 nights threshold was the view that it would be the least damaging option to Welsh tourism. This theme was common among respondents opposing the levy, who viewed that its introduction would have adverse effects on visitor numbers, the tourism sector, and the Welsh economy. To minimise these perceived impacts, these respondents commonly argued that the levy should stop being applied as early as possible.

*“The lower the number of nights that are taxed, the less onerous it will be on visitors and the less damaging it will be to Wales’ reputation as an attractive visitor destination.” (Accommodation provider)*

### **Themes supporting 7 nights as the threshold**

- 4.166 The second most commonly selected option for the threshold was 7 nights. These respondents raised the following themes as justification.

#### **Alignment with international tourism taxes**

- 4.167 The most frequently raised view in favour of a 7-night threshold was that it is consistent with international tourist tax precedent. These respondents typically highlighted that other countries also applied a threshold of 7 consecutive nights after which the tax is not applied.

*“Our preference would be for the threshold to be 7 nights, in line with other tourism tax jurisdictions around the world” (Online booking platform)*

*“Consistent with other countries who have a tourism-based levy.” (Local authority)*

#### **Increasing the tax base**

- 4.168 The second most common theme in support of 7 nights was the view that it would increase the levy’s tax base. Respondents raising this theme, and in particularly local authorities, viewed that a higher threshold would increase the number of people that would pay the levy, as well as the duration, thus increasing the revenue raised.

*“We believe that this will cover most stays and will provide an adequate contribution.” (Local authority)*

*“This would capture most stays in Wales, therefore maximising the levy opportunity” (Anonymous response)*

### **Themes supporting 14 nights as the threshold**

- 4.169 The third most commonly selected option was a threshold of 14 nights. The themes below present the most commonly raised views by respondents selecting this option.

#### **Best accounts for externalities**

- 4.170 The most frequently raised reason for supporting a 14-night threshold was that it best reflects the impact that visitors have on local services and the environment. These respondents typically highlighted that a threshold of 14

nights was the best option provided for generating the necessary tax revenue to counteract the negative impacts of tourism in local areas.

*“[...] the difference may be too negligible to affect behaviour and therefore on balance, we would opt for 14 nights because this fits with the rationale for implementing a visitor levy, i.e. that visitors have an impact on the location in which they visit, and that impact is felt for every day of their visit.” (Local authority)*

### **Promoting of business visits**

- 4.171 The second most commonly raised theme was the view that a 14-night threshold would incentivise more business visits. These respondents typically viewed that business visits are more likely to be of long duration, and therefore a higher threshold would provide the best balance between generating revenue but not adversely affecting business visits.

*“The cap is of particular importance to business visitors who may book accommodation for several months in order to take advantage of temporary work opportunities in the area. Having to pay the levy for the whole period of their stay may incentivize them to seek accommodation nearby in England.” (Local authority)*

### **Other relevant suggestions**

- 4.172 This section contains themes raised by respondents who did not select any of the available options, and instead offered alternative suggestions on the number of consecutive nights after which the levy should not apply.

#### **The levy should always apply**

- 4.173 The most frequently raised other suggestion was that the levy should always apply, regardless of the number of subsequent nights. The most cited explanation for this suggestion was that the use of public services does not decline with the duration of stay. On the contrary, some responses suggested that the impact on public infrastructure and the environment might increase the longer a visitor stays. As a result, their contribution to the maintenance of these services should not diminish, either. Other respondents in this theme suggested that applying the levy to only a certain

number of nights would disproportionately affect low-income visitors who cannot afford longer visits.

*“If someone is staying in commercial accommodation in an area they should contribute towards the support of local services. Over time, they are likely to use more local services, so there should be no cut-off point.”*  
(Resident)

*“There is no reason for a limit. Again it is favouring the wealthier visitors who can afford a longer holiday and penalising the poorer families who may be only able to afford a short break. If the tax is intended to compensate for the impact of visitors why would you stop taxing after x days?”* (Local authority)

#### **A threshold of 3 nights encourages longer stays**

4.174 The second most commonly suggested threshold was 3 nights, as it was viewed that this would reduce the cost of subsequent nights thus incentivising longer stays. It was also highlighted that this threshold would be consistent with the observed average duration of stays.

*“Setting a cap on 3 nights’ accommodation could potentially encourage longer stays.”* (Local authority)

*“weekend breaks and 2 nights are probably most common but it would be good to attract them for longer so a 3 night cap may help this”* (Local authority)

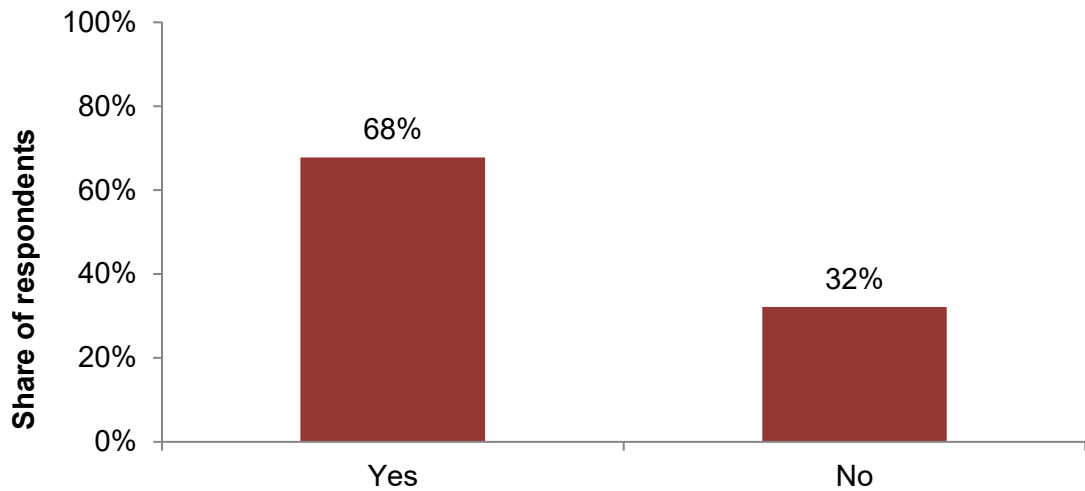
*“As reported within the Welsh Governments ‘Domestic GB Tourism statistics: Overnight trips 2021’, the average duration of Wales trips during the reporting period was 3.7 nights with an average spend of £198 per trip. Considering that this statistic is less than any of the options above, [...] a tourism levy should not be charged on any stay over 3 nights.”*  
(Accommodation industry body)

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

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Figure 19. Share of respondents agreeing or disagreeing with applying the same rate in each local authority



Note: Overall, 756 respondents answered this question, representing 70% of the 1,087 respondents providing a return following the consultation template.

- 4.175 The majority of respondents in this question (68% or 515 respondents) agreed with applying the same rates in each local authority area rather than this being locally determined.

### **Themes in favour of applying the same rates in each local authority**

#### **Improving consistency and understanding**

- 4.176 The most commonly raised theme in agreement with the proposal in question was the view it would help ensure consistency across local authority areas. Respondents raising this theme, and local authorities in particular, typically highlighted that applying the same rates across the country would improve understanding of the levy and help promote compliance.

*“[...] we believe the tax should be consistent in all ways across all local authorities in order to minimise confusion, reduce mistakes and ultimately ensure less tax leakage. A centralised approach is much simpler to implement for all stakeholders.” (Online booking platform)*

*“Allowing each local authority to locally determine rates would not only cause regional disparity and inconsistency across destinations but would also negatively impact the visitor booking experience when planning trips to Wales.” (Local authority)*

### **Promoting fairness**

- 4.177 The second most frequently raised theme by respondents supporting applying the same rate was the view it would promote fairness. These respondents typically viewed that if local authorities have responsibility for applying rates, this could result in accommodation providers facing different levy rates depending on the area they are based. These respondents typically viewed this to be unfair, given some accommodation providers could face higher costs due solely to their location.

*“Consistency is vital for workability and fairness” (Accommodation industry body)*

*“If it is to be implemented then it absolutely has to be set and administered centrally to ensure clarity and fairness.” (Accommodation provider)*

### **Reducing adverse local authority competition**

- 4.178 The third theme most commonly raised in support of a consistent rate across local authorities was the view that it would decrease incentives for adverse competition between them. These respondents typically viewed that local autonomy on setting the levy rate would risk incentivising local authorities to set lower rates than their neighbouring authorities in order to attract more visitors and accommodation providers.

*“To ensure a level playing field and to avoid some LA areas being deemed unattractive to visitors due to a higher rate than another area.” (Accommodation provider)*

### **Reducing complexity and administrative burden**

- 4.179 The last prevalent theme in favour of applying the same rates across local authorities was the view that it would be simpler to understand and administer. Respondents raising this theme typically highlighted that

significant time and resources would be required by local authorities to decide on the level of the rate, and monitor the implementation of levies in our local authority areas.

*“The more workable alternative is to introduce a blanket tourism tax policy, centrally administered, for all tourist properties in Wales. This would be consistent, simple to administer and raise more funding for local authorities.” (Online booking platform)*

## **Themes against applying the same rate in each local authority**

### **Ability to adapt to local circumstances**

- 4.180 The majority of respondents disagreeing with applying the same rate across local authorities viewed that local authorities should have some flexibility to deal with their unique local circumstances, such as the level of tourism, the type of accommodation prevalent in their area, and other local demographic and economic circumstances.

*“Local authorities should determine the rates based on local economic circumstances and needs.” (Residents)*

*“Each local authority has different demands and needs with a varying amount of tourist activity and economic contribution. By allowing the authority to set the rate allows a fairer implementation across Wales, however there must be clear national guidance on setting the levy so that businesses across local authority borders are not significantly disadvantaged by a higher/lower rate in the neighbouring authority.” (Accommodation industry body)*

- 4.181 This theme was often mentioned alongside the view that local authorities have the knowledge of local circumstances to effectively administer the levy.

*“Local authorities have insight into their tourism market and services and would be best placed to decide what rates would be appropriate for their area.” (Tax industry body)*

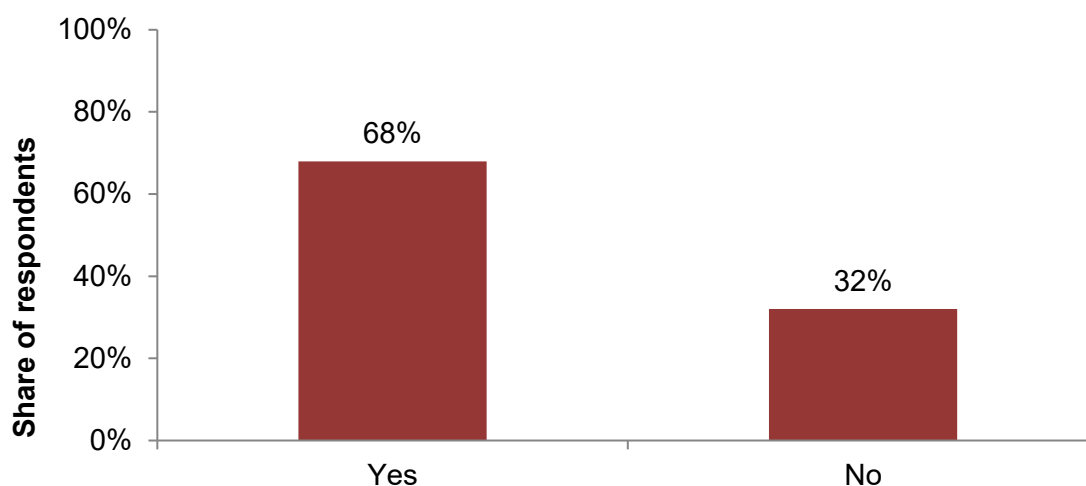


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**Question 24:** If rate setting were to be determined locally should the same rate apply regardless of location within the local authority area?

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Figure 20. Share of respondents agreeing or disagreeing with applying the same rate regardless of location, if the rate is locally determined



Note: Overall, 699 respondents answered this question, representing 64% of the 1,087 respondents providing a return following the consultation template.

- 4.182 The majority of respondents to this question (68% or 475 respondents) agreed with the same rate applying regardless of location within the local authority area, if the rate is determined locally.

### **Themes in favour of applying the same rate regardless of location**

#### **Reducing administrative burden**

- 4.183 The most commonly raised reason for supporting the application of same rates within each local authority area was the view that this is the simplest and most administratively effective approach. These respondents typically expressed concerns that significant resources would be required to collect data, monitor, and implement the levy on local area level.

*“This would make the charge easier to understand and ease administration for visitor accommodation providers in the local authority.*

*[...]. However, having multiple rates would increase complexity.” (Tax industry body)*

*“The more localised the taxation rates are determined, the more complex the process becomes. This would be impossible to roll out further than at LA level.” (Local authority)*

### **Promoting fairness**

- 4.184 The second most frequently raised theme in support of the proposal was the view that applying the same rate within local authorities is a fair approach. These respondents typically viewed that applying different rates within local authorities could result in some accommodation providers being disproportionately affected only based on their location.

*“Yes, in the interests of fairness this should be the case. We do not want local authorities deciding whether a business can operate it or not, all do it or none do it.” (Accommodation industry body)*

*“If it is to be implemented then it absolutely has to be set and administered centrally to ensure clarity and fairness. There should be no potential for specific areas or types of accommodation being disproportionately targeted for higher levies” (Accommodation provider)*

### **Increasing consistency and understanding**

- 4.185 The third most common theme in favour of applying the same rate was the view it would increase consistency within local authorities. Specifically, the respondents highlighted that varying the rate within local authorities would lead to a very complicated application of the levy, and confuse all stakeholders.

*“[...] if these powers are granted it is important that the rate is consistent across the local authority in order to minimise confusion, reduce mistakes and ultimately ensure less tax leakage. A centralised approach is much simpler to implement for all stakeholders.” (Online booking platform)*

### **Ensures compliance and accountability**

- 4.186 The following theme most frequently raised in support of applying the same rate was the view that it would increase the ability of tax authorities to

effectively monitor the implementation of the levy, including ensuring compliance. These respondents typically raised concerns that varying the rate within local authorities could lead to loopholes which could be challenging to monitor for compliance.

*“Rate setting should not be determined locally and certainly not different rates within the same local authority area. Intervention is open to abuse.” (Resident)*

*“Having rates based on sub jurisdictions within each local authority, again, makes compliance and tax determination very difficult.” (Online booking platform)*

## **Themes opposing applying the same rate regardless of location**

### **Equitable distribution of visitors**

- 4.187 The most commonly raised reason for opposing the proposal was the view that varying the rate within local authority areas could facilitate a more equitable distribution of visitors, and resulting benefits, across different areas. Respondents raising this theme argued that not all areas within the local authority receive the same number of visitors, and consequently not all areas should have to apply the same levy given they do not place the same pressures on public services. Some respondents further suggested that the rate of the levy could be adapted to attract visitors to alternative areas, thus helping grow the visitor economies of areas with fewer visitors.

*“However, this should not be ruled out for the future as rate variation could act as an important method of dispersal for more equitable tourism across areas with high tourism inequalities.” (Charity)*

*“once regional changes come in then it does open up great changes to encourage tourists to parts of the county which are quieter and avoid honey pots.” (Accommodation provider)*

### **Ability to target touristic hotspots**

- 4.188 The second most frequent theme raised by respondents disagreeing with the proposal was the view that the levy should be targeted more intensively

toward tourist “hotspots”. Respondents raising this theme typically viewed that given visitors are not equally distributed across areas within the same local authority, their utilisation of public services also differs. These respondents typically viewed that this justified local authorities being able to selectively apply higher rates to touristic hotspots.

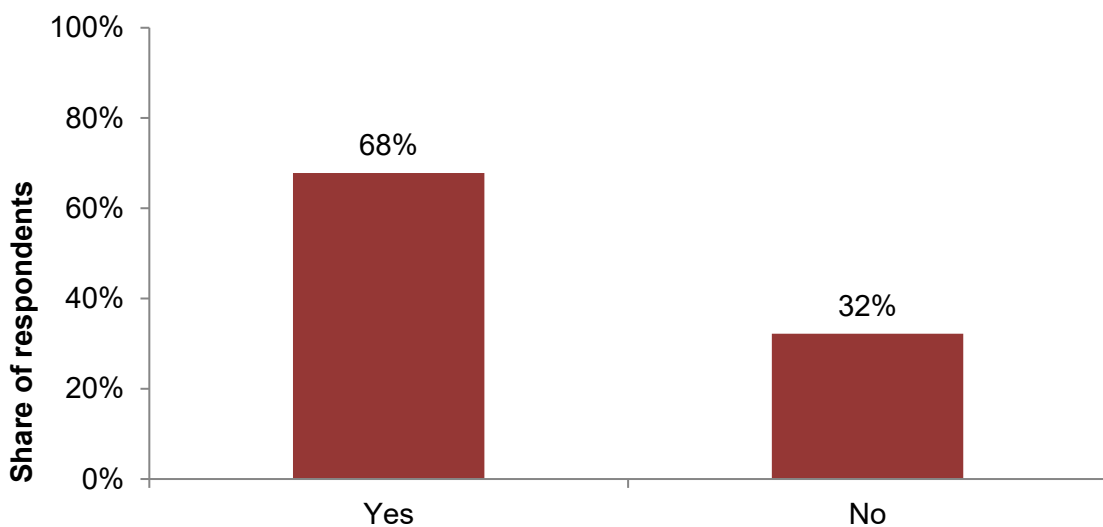
*“If a rate were to be determined locally, it could in theory be a valuable option for a given local authority to be able to set different rates as a means of helping to address over tourism hotspots which can have a particularly negative impact on local communities” (Local authority)*

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**Question 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?

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Figure 21. Share of respondents agreeing or disagreeing with setting a cap or bandwidth on the level of the rate, if determined locally



Note: Overall, 667 respondents answered this question, representing 61% of the 1,087 respondents providing a return following the consultation template.

4.189 The majority of respondents to this question (68% or 454 respondents) agreed with setting a cap or bandwidth for the level that a rate can be charged, if this is determined locally.

### **Implementation of a cap or bandwidth increases consistency**

- 4.190 The most commonly raised theme by respondents to this question was the view that a cap on the level of the levy rate would increase the consistency of implementation. These respondents typically argued that without a cap on the level of the rate some accommodation providers in some areas might be disproportionately affected, leading to visitors switching to alternative areas. Some respondents viewed that this impact could be amplified for low-cost accommodation providers, where the level of the rate could be disproportionate to the accommodation charge.

*“If it is to be implemented then as stated above, this should be set and administered centrally and not locally to ensure clarity and fairness. There should be no potential for specific areas or types of accommodation being disproportionately targeted for higher levies” (Accommodation provider)*

*“Whatever rate model is decided upon, there would need to be a cap set otherwise the rate could negatively impact and single out accommodation providers by type putting them at a clear disadvantage.” (Local authority)*

- 4.191 Some respondents raising this theme were in support of applying a cap on the rate of the levy but adapting this for different types of local authorities. These respondents typically viewed that local authorities can have very different socio-economic conditions. As a result, some respondents suggested that a cap could be implemented for groups of local authorities sharing similar characteristics, providing a degree of consistency whilst also offering a rate tailored to each area’s needs.

*“Options to explore might include the ability for local authorities with similar tourism characteristics to band together and impose the same rate or, there could be a national default rate that local authorities may choose to vary within defined parameters as those affected by the levy are less likely to trust it if it varies substantially.” (Tax industry body)*

### **A bandwidth increases fairness**

- 4.192 The second most frequently mentioned theme was the view that imposing a bandwidth on the level of the levy rate would promote fairness across local

authorities. In particular, the respondents suggested that a bandwidth would limit the ability of local authorities to engage in price competition, trying to attract more visitors and providers. As a result, this would ensure that accommodation providers are not disadvantaged because of their local authority.

*“In the interest of fairness a cap on the amount charged would be beneficial to everyone, But this should be extended to the whole of Wales. again it would be unfair and unreasonable to expect one business to collect and pay a levy when other businesses do not have to.”*  
(Accommodation provider)

#### **A cap or bandwidth would limit the autonomy of local authorities**

- 4.193 The third most prevalent theme raised by respondents was concern that applying a cap or a bandwidth on the rate that can be charged would not allow local authorities to adapt the levy to the local circumstances. These respondents typically argued that each area has different socio-economic circumstances, and visitor markets, thus local authorities should have flexibility in setting the level of the rate to account for these differences.

*“Local authorities having the option to set the level of the rate could have advantages because the rate can reflect local circumstances and needs without compromising the wider benefits offered by a national framework.”*  
(Tax industry body)

#### **Addressing adverse incentives**

- 4.194 The last prevalent theme raised in response to this question was the view that a cap or bandwidth would ensure that local authorities make decisions to benefit residents and local businesses. Some respondents expressed concerns that local authorities might be incentivised to engage in competition with neighbouring authorities to attract more visitors, ignoring the long-term effects on public services and infrastructure.

*“Again, any proposed tax needs to offer a level playing field. Without a cap or bandwidth, local authorities could take a short-term revenue view (ie maximise income) at the cost of longer-term damage to visitor*

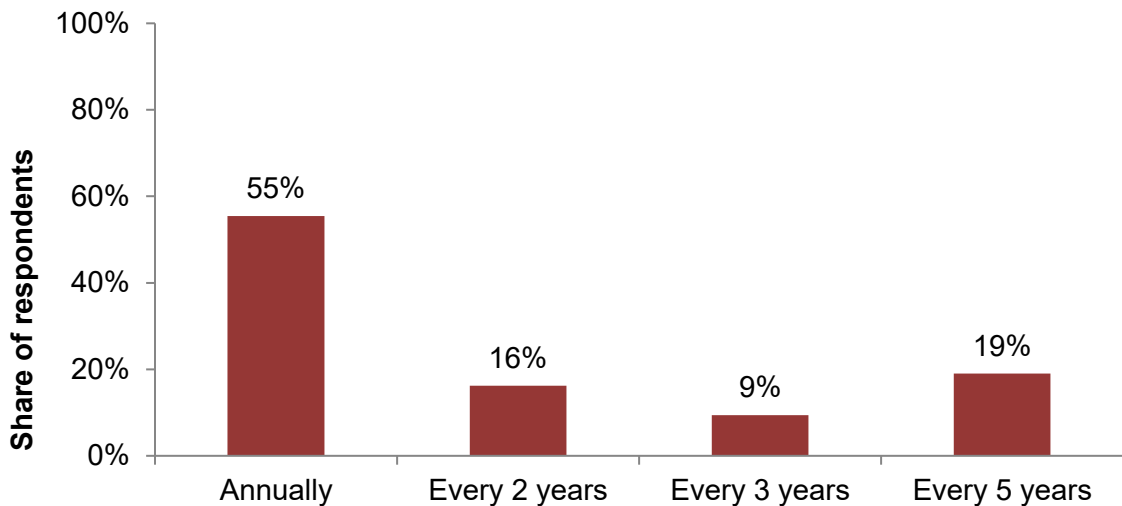
*numbers and the reputation of the area as a visitor destination.”*  
*(Accommodation provider)*

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**Question 26:** How often should any proposed visitor levy rate be reviewed?

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Figure 22. Share of respondents agreeing or disagreeing with proposed frequencies for levy rate review



Note: Overall, 395 respondents answered this question, representing 36% of the 1,087 respondents providing a return following the consultation template.

- 4.195 The most commonly selected option of the rate review frequencies proposed was annually (55% or 219 respondents), followed by every 5 years (19% or 75 respondents), and every 2 years (16% or 64 respondents). The option that was least frequently selected was every 3 years (9% or 37 respondents).

### **Themes in support of an annual review of the levy rate**

#### **Ability to adapt the rate based on feedback**

- 4.196 The most common theme raised by respondents in favour of an annual review frequency was the view that the rate should frequently take into account feedback from key stakeholders. These respondents typically highlighted that the limited evidence and testing of a visitor levy in this context means that there should be flexibility to review and adapt the rate

annually using feedback from visitor accommodation providers, residents, and visitors.

*“If the scheme is introduced across Wales, the initial rollout of the levy would need to be reviewed annually to identify any operational issues, gain valuable feedback from accommodation providers, as well identifying any unintended consequences.” (Local authority)*

*“Given the newness of this policy flexibility to renew annually might be necessary” (Destination management organisation)*

### **Flexibility to adapt to changes**

- 4.197 The second most frequently raised reason for supporting an annual review was the view that it would allow for adaptations based on the economic circumstances. Respondents raising this theme typically highlighted that the rate of the levy should be flexible to account for any potential adverse impacts on the tourism sector, as well as external factors such as inflation and crises (e.g., the COVID-19-19 pandemic).

*“We have seen how quickly inflation can change within a year. An annual review would ensure that changes can be made when required and need not necessarily imply that they will be made every year; just considered.” (Local authority)*

*“To ensure it is relevant, proportionate and can be reduced at the point it is deemed to be having a negative impact on the local economy, jobs and visitor numbers. The economic climate is fast-changing and any new tax should be nimble to react to the latest trends or economic issues.” (Accommodation provider)*

### **Annual review only after the initial rollout**

- 4.198 The third most frequently raised theme was the suggestion that the rate should be reviewed after the first year, after which there should be a decision on the ongoing frequency of review of the rate. These respondents typically highlighted that there is not currently sufficient information to decide on an optimal review frequency, suggesting that a review of the frequency of



review should take place one year after the initial implementation in order to have a more comprehensive view of the potential impacts.

*“The levy should be reviewed after the first year to understand any issues and unintended consequences. After that year one review, it will be clearer how frequency it would need to be reviewed in future.” (Local authority)*

*“However, it is important to undertake an annual review to identify necessary information and begin to collect data and information and identify any potential patterns at an early stage” (Anonymous response)*

## **Themes in support of a review every 5 years**

### **Alignment with other timescales**

- 4.199 The most frequently raised theme in favour of a 5-year review cycle for the levy rate was the view that this would align with the timeframes of wider reviews and frameworks that are reviewed less frequently, such as the election cycle.

*“We suggest that the rate is reviewed at set intervals of 5 years to tie in with the electoral cycle of the Senedd.” (Tax industry body)*

## **Themes in support of a review every 3 years**

### **Integration with wider reviews**

- 4.200 The most commonly raised reason for supporting a 3-year review cycle was the suggestion it could be aligned with wider reviews and guidance, such as Government guidance which is communicated every 3 years.

*“If local rate setting is taken forward, this could be carried out through National Government guidance which is communicated every 3 years with recommendations for local review. This would allow initial learning and evaluation to be gathered and disseminated as part of any review process.” (Charity)*

## Record keeping and submitting returns

- 4.201 This chapter analyses respondents' views on potential costs of record keeping and submitting returns in more detail to help inform the policy design.

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**Question 27:** Welsh Government have outlined the potential record keeping requirements for businesses based on different rate types. To help them 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:

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### A per night, per room (or accommodation) levy

#### Length of stay

- 4.202 The information requested most frequently with regards to a per night, per room (or accommodation) levy was the length of stay.

*“The form for self-catering should be as similar as possible to the VOA forms. Name of customer, (booking ref if there is one), length of stay, tax collected and payable. If the Welsh Government decides to introduce this tax it must have light touch administration.” (Accommodation industry body)*

#### Occupancy

- 4.203 The second most frequently requested piece of information was the occupancy per room, although some respondents highlighted the difficulty in defining a room in some accommodation types, such as campsites.

*“Details of rooms available, occupancy per room, number of people in each room and rates charged. However, defining a “room” for campsite accommodation is the fundamental starting point and problematic – what is a “room” in a tent, caravan, motorhome or pod?.” (Accommodation provider)*

#### Bookings

- 4.204 The last piece of information that was deemed necessary to collect by respondents was the number of bookings, with respondents viewing that this

would be significantly easier to maintain than a register with the number of visitors.

*“In summary, by adopting a scheme around per night, per room/accommodation, providers would just need to maintain accurate records of room/accommodation bookings, and not get into the realms of counting the number of guests in each room.” (Local authority)*

## **A per person, per night levy**

### **Number of people staying**

- 4.205 The most commonly suggested information to be collected for a per person, per night levy was the number of people staying in the accommodation. It was viewed by these respondents that this information is necessary for the calculation of the levy charge, although some respondents indicated that this information might be challenging to verify, as visitors can misreport or more visitors can come afterwards without notice.

*“Number of nights for which accommodation is booked, Number of persons staying each night - far more difficult” (Accommodation provider)*

### **Length of stay**

- 4.206 The second most commonly requested piece of information for a per person, per night type of levy was the length of stay. These respondents typically highlighted the need for this information as it would be required to estimate the total cost based combined with the per night rate.

*“booking log. invoices demonstrating room and number of rates, individual booking forms with party numbers and nights” (Land management organisation)*

## **A percentage of the accommodation charge levy**

### **Cost of the accommodation**

- 4.207 The most commonly requested information that would be required in this type of levy was the cost of the accommodation, with respondents raising this theme arguing that the accommodation charge is a necessary component in the calculation of this type of levy.

*“The accommodation costs for each property / room for each booking (excluding food and drink charges)” (Local authority)*

### **Bookings per room**

- 4.208 The second most frequently raised suggestion on the required information for this levy type was the number of bookings per room.

*“A percentage of the accommodation charge levy: (i) Number of units or rooms available to hire; (ii) Number of bookings made per unit or room per month; (iii) Total cost of unit or room hire per stay” (Local authority)*

### **Number of available rooms**

- 4.209 The last piece of information respondents viewed as necessary for a percentage of the accommodation charge levy was the number of available rooms.

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**Question 28:** Welsh Government 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)?

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### **Impact of compiling data**

- 4.210 The most commonly suggested impact of collecting and recording the identified information was the significant resources required to compile the data, with significant time and expenses being required to collect and analyse all the required information. Some of these respondents also highlighted that the resources needed would depend on the type of the levy and type of visitor accommodation. Other respondents raised concerns that these impacts would also vary across provider sizes, disproportionately affecting smaller providers.

*“There will be time and indeed cost impacts on tourism businesses as a result of having to collect, collate and analyse the information and data needed for a return.” (Tourist industry body)*

*“There will be costs incurred in the collation, management, calculation and payment of this system. The actual amount will vary from business to business and depend upon how this is to be calculated and collected” (Accommodation provider)*

### **Updating and reconciling administrative systems**

- 4.211 The second most frequently raised impact of collecting and recording the suggested information was the need to update and homogenise the existing administrative systems. These respondents typically viewed that some accommodation providers would need to invest significantly into their systems to be able to collect and analyse all the suggested information. Some respondents highlighted that some small providers may not even have any administrative systems and would either need to buy new ones or invest in additional staff (or both). On the other hand, accommodation providers already possessing administrative systems could use different solutions, creating a need for homogenising the information collected. Some respondents proposed that the Welsh Government invest in a common online dashboard to avoid the aforementioned issues.

*“Accommodation providers all operate under a varied capability, knowledge, resource and technological systems. The accommodation operators currently have no central online dashboard for all their administrative functions and there are no uniformed systems in place that have been developed.” (Local authority)*

*“The levy will mean that many businesses across the sector will have to update online booking systems, creating both extra staffing and financial burdens.” (Accommodation industry organisation)*

### **All suggested information is already being collected**

- 4.212 The third theme most frequently raised in response to this question was the view that no significant impact would result from collecting the suggested

information, with these respondents highlighting that most providers already collect the suggested information as part of their booking or check-in processes.

*“Most of the information required will already be recorded as part of booking and check-in processes, for some types of visitor accommodation provider.” (Tax industry body)*

*“For organisations where accommodation and “rooms” can be clearly defined, some of this information may already be within their booking process.” (Accommodation provider)*

### **Avoiding overlapping systems and reporting requirements**

- 4.213 The following most prevalent theme raised by respondents was concern that the proposal might lead to overlapping systems and reporting requirements, with some respondents arguing that any reporting requirements should be integrated into existing systems, otherwise there will be a duplication of efforts and increased costs.

*“Concerns have been raised by member businesses that devolution is leading to unnecessary development of dual systems. This is a barrier to business and will lead to additional cost burden to businesses in Wales.” (Tourist industry body)*

*“Any administrative processes should be integrated into current reporting processes with HMRC or the VOA and be cost neutral to the accommodation provider.” (Destination management organisation)*

*“Implementation of a separate system will increase the cost and administrative burden for businesses. This would be reduced if the collection and reporting of the visitor levy could be integrated with existing systems.” (Tax industry body)*

### **Additional staff cost**

- 4.214 The next theme most frequently mentioned by respondents was the view that collating the proposed information would entail significant staff costs. These respondents typically highlighted that the staff of accommodation

providers would need time to familiarise themselves with the reporting requirements and the systems used, as well as submitting the returns. To address this issue, some respondents suggested that the Welsh Government should provide compensation to accommodation providers for the administrative costs associated with the application of the levy.

*“There is no existing mechanism for this process and additional staff would have to be employed, reducing the net benefit of implementing the Levy.” (Local authority)*

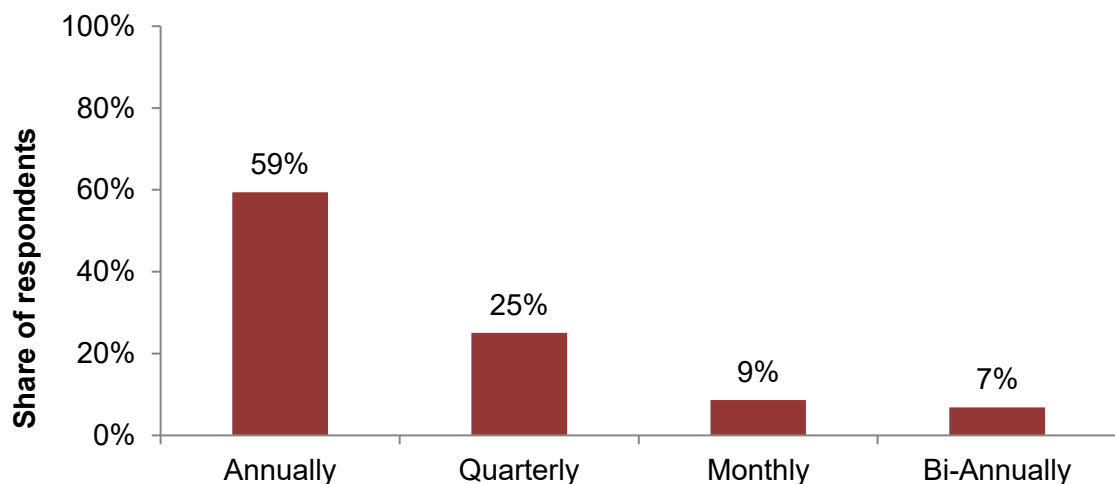
*“Reporting will impose a cost on the accommodation provider, which needs to be allowed for (IE retained by the accommodation provider out of the gross Visitor Levy (along with other costs such as payment processing commissions), before the net Visitor Levy is remitted to Government.” (Accommodation industry organisation)*

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**Question 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?

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Figure 23. Share of respondents agreeing with proposed frequencies of submitting self-assessed tax returns



Note: Overall, 510 respondents answered this question, representing 47% of the 1,087 respondents providing a return following the consultation template.

4.215 The majority of respondents to this question (59% or 303 respondents) preferred annual submissions of self-assessed tax returns. The second most frequently selected option was quarterly submissions (25% or 128 respondents), followed by monthly (9% or 44 respondents). The least common option was bi-annual submission, selected by 7% of respondents (or 35 respondents).

## **Themes in favour of annual submissions**

### **Alignment with other submission timescales**

4.216 The most commonly provided reason for supporting annual submissions of self-assessed tax returns was the view that it would be consistent with the other submissions made by accommodation providers. These respondents typically argued that levy tax returns should be aligned with the timescales of other returns – including other annual tax returns – to maximise efficiency, and reduce the administrative burden and financial cost placed on accommodation providers.

*“All tax returns should be aligned and relative to HMRC returns. HMRC returns are primary and therefore all other tax regimes should be aligned. For micro and small businesses then an annual return would be the simplest” (Accommodation industry body)*

*“[...] where possible the collection of the visitor levy should be integrated into existing tax reporting and collection systems. This would mean that return submissions are aligned with existing dates for other purposes, reducing complexity for visitor accommodation providers.” (Tax industry body)*

### **Minimising administrative burden**

4.217 The second most frequently provided reason for choosing an annual frequency was the view it would minimise the administrative burden associated with submitting the returns. Respondents raising this point typically viewed that more frequent submissions would require significant staff hours, placing unfair burden on providers. This was viewed to be particularly problematic for smaller providers.



*“[...] businesses should be required to submit self-assessed tax returns annually, as the default option. Mandating businesses to submit the returns more frequently than this would be an unwelcome additional administrative burden on the sector.” (Accommodation industry body)*

*“Reduce the admin burden. Tax returns are required annually - small businesses in particular should not be required to file monthly for this specific tax [...].” (Resident)*

## **Themes in favour of quarterly submissions**

### **Providing balance between regular revenue and administrative burden**

- 4.218 The most commonly raised theme by respondents supporting a quarterly submission frequency was the view that it would provide frequent cash flows for accommodation providers while not generating unmanageable administrative burden. These respondents typically indicated that quarterly submissions would strike a good balance between being frequent enough to provide local authorities with the funds needed to maintain local public services, whilst avoiding an unmanageable administrative burden for accommodation providers.

*“This allows for the flow of tax revenue to the localities, but does not overburden accommodation providers with constant compliance. We also recommend having the tax return due by the 30th day of the month following the last month in the quarter. This allows providers time to close their books and complete the compliance.” (Online booking platform)*

*“This should create an even cashflow throughout the year and ensure that information is provided on a regular basis. By opting for quarterly, it should reduce the administrative overhead as this should be less onerous than monthly but frequent enough to identify any non-compliance issues.” (Local authority)*

### **Alignment with other submission timescales**

- 4.219 The second most frequently raised theme in favour of quarterly submissions was the view that this frequency would be consistent with other returns submitted by providers, such as VAT returns, which would be beneficial in

terms of minimising administrative and financial costs accruing to accommodation providers.

*“We believe that self-assessed tax returns would be submitted on a quarterly basis. This would align the tax returns to the submission of VAT returns to HMRC for most businesses.” (Local authority)*

*“quarterly to match VAT” (Land management organisation)*

### **Themes in support of a flexible approach**

4.220 The following themes present the most common views among respondents who preferred a flexible approach, as opposed to a common submission frequency.

#### **Flexibility to businesses of different sizes**

4.221 The most common suggestion in support of a flexible approach was allowing flexibility to vary submission frequencies depending on accommodation providers' business size. These respondents typically viewed that while frequent returns would be beneficial, they might place disproportionate administrative burden on smaller providers. To address this issue, these respondents generally advocated for larger providers having more frequent submissions, whilst smaller ones should have annual submissions.

*“This could vary due to the size of organisation, and so for example smaller businesses such as our Certificated Locations might find it easier to administer an annual return.” (Accommodation provider)*

*“More frequent obligations may be appropriate for larger businesses who may already have quarterly filing obligations (eg, VAT).” (Tax industry body)*

#### **Granting accommodation providers autonomy**

4.222 The second most frequently raised proposal in support of a flexible approach to submission frequency was granting accommodation providers the autonomy to choose the submission frequency most suited to their needs. Respondents raising this theme typically viewed that each individual provider faces different challenges and has unique needs not known by external

parties, and as such accommodation providers are best-placed to decide on the appropriate submission frequency.

*“We suggest that accommodation providers be given as much flexibility as possible over how frequently they report and pay the levy.” (Tax industry body)*

*“However, there should also be flexibility in the system to allow more frequent submissions at the discretion of each individual business.” (Accommodation industry body)*

## Enforcement and compliance

- 4.223 This chapter analyses respondents' views on proposed tax authority powers to police the system, to deter, prevent and identify those who seek to avoid, evade or defraud the public purse.

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**Question 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?

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Table 3. Share of respondents agreeing with proposed enforcement power options

Enforcement powers	% of responses agreeing
Discretionary debt relief powers	50%
Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises	41%
Civil powers to charge interest and penalties, and to recover unpaid tax	39%

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Note: Overall, there were 740 responses to this question.

- 4.224 Most respondents (50% or 373 respondents) agreed with discretionary debt relief powers to enforce compliance with the levy. 41% of respondents (or 306 respondents) agreed with civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises. 39% of respondents (or 288 respondents) agreed with the tax authority having civil powers to charge interest and penalties, and to recover unpaid tax.

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

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## **Themes in favour of the tax authority having civil information and inspection powers**

### **Facilitates enforcement and ensures compliance**

- 4.225 The most frequently raised theme in favour of civil information and inspection powers was the view that it would help tax authorities when enforcing the levy, with these powers deemed necessary to effectively monitor and inspect accommodation providers. This was viewed by some respondents to promote fairness, as effective enforcement would ensure the levy would apply to all accommodation providers within scope. This view was particularly prevalent among local authorities.

*“[...] if Welsh Government proceeds, we agree that there should be reasonable and proportionate civil enforcement and inspection powers. One of the underlying concerns of members and partners is that those evading tax collection or onward payment, whether through omission from a list of licensed businesses or otherwise, will be able to do so relatively easily. (Tourist industry body)*

### **Promoting understanding and a collaborative approach**

- 4.226 The second most commonly raised theme in agreement with the proposed powers was the suggestion that the powers could be implemented in a way which promotes a collaborative approach between tax authorities and accommodation providers. Some respondents viewed that accommodation providers might make mistakes due to a lack of understanding or by accident, where a collaborative approach would be proportionate.

*“In order for enforcement to be effective, it is essential that any action takes a collaborative approach and officers communicate regularly with businesses before the last-resort option of imposing any penalties.” (Accommodation industry body)*

*“Yes, as it is important to have a level playing field in adherence to regulations and tax, but the onus must be on support rather than prosecution as a starting point.” (Business industry body)*

### **Promoting public confidence in the levy**

- 4.227 The third most frequently raised theme in support of the proposed powers was the view that by supporting effective compliance this would reassure the public of the robustness and fairness of the levy, improving the public perception of it, which could support its ongoing implementation.

*“It is essential for the collection of any tax to have supporting compliance rules. This will help to maintain public confidence in the scheme and reduce the risk of tax avoidance or evasion.” (Local authority)*

*“It is important that there is effective oversight of the exercise of compliance powers to ensure consistency and thereby build and maintain trust.” (Tax industry body)*

### **Themes against the tax authority having civil information and inspection powers**

#### **Improper use of funds**

- 4.228 The most common concern raised by respondents with civil information and inspection powers was the view that they would be costly to utilise. Respondents raising this point typically viewed that enquiring about returns and auditing accounts would require significant resources, which might offset some of the revenues raised through the levy.

*“Although resourcing such inspections may be costly, if the inspections were to be funded through the levy the costs to administer the levy could end up disproportionately high in respect of the funds raised.” (Land management organisation)*

*“the cost of administering, and auditing this will use up most of the levy!” (Business)*

#### **Overlapping punishments**

- 4.229 The second most frequently raised concern with the proposed powers was the potential for overlapping regulations and inspection powers with those held by other institutions. Some respondents suggested this could lead to an accommodation provider being audited and punished multiple times for the same transgression.

*“Nevertheless, we caution against any duplication of powers of enforcement and punishment powers which already exist and which might be exercised to meet this requirement, be they within or outside devolved competence.” (Tourist industry body)*

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**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.**

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**Facilitating enforcement and promotes compliance**

- 4.230 The most common reason for supporting the proposed powers was the view that it would improve compliance, with these respondents typically viewing that the threat of penalties would help to persuade accommodation providers to fulfil their statutory levy obligations. Some respondents suggested that where this threat is not sufficient, tax authorities should also have the power to recover unpaid tax.

*“So that effective legal action can take place against any provider who fails, without reasonable excuse, to undertake their statutory obligations.”  
(Local authority)*

*“There needs to be an incentive for accommodation providers to comply.”  
(Local authority)*

**Promoting understanding and a collaborative approach**

- 4.231 The second most commonly raised theme was agreement with the proposed powers conditional on tax authorities adopting a lenient approach. These respondents typically viewed that accommodation providers should only be penalised if the mistakes were intentional or repeated. Otherwise, these respondents suggested that the tax authority should collaborate with accommodation providers to improve their understanding and help them avoid future mistakes.

*“Penalties should only apply in the case of clear fraud or criminality.”  
(Accommodation industry body)*

*“There needs to be an incentive for accommodation providers to comply. However, there should be safeguards in place to ensure that providers who have made genuine mistakes are not penalized.” (Local authority)*

### **Proposed powers are consistent with those for other taxes**

- 4.232 The third most common theme raised by respondents to the proposed powers was the view that there is precedent for them in other tax frameworks. These respondents typically argued that authorities implementing other taxes have civil powers to charge interest and penalties, and to recover unpaid taxes, and so granting these powers for the levy would be fair and reasonable.

*“Should the Welsh Government move ahead with the tourism tax, these powers will be necessary to enforce compliance. They are consistent with enforcement of similar taxes in other jurisdictions.” (Online booking platform)*

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

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#### **Allowing flexibility**

- 4.233 The most commonly raised theme relating to discretionary debt relief powers was the view that these would give the tax authority the required flexibility to accommodate economic hardship or other special circumstances faced by accommodation providers.

*“As with enforcement, penalties and powers, there also needs to be discretionary debt relief powers to be agreed on a case-by-case basis in certain circumstances of hardship.” (Local authority)*

*“There will always be exceptions that merit a special treatment. These should be exceptional in nature and should not be part of the normal day to day activities.” (Local authority)*

#### **Accounting for external factors**

- 4.234 The second most frequently raised theme in support of the proposed powers was that they would help to account for the impact of factors outside of



accommodation providers' control. These respondents typically suggested that exceptional factors – such as economic crises, pandemics, and wars – could affect the tourism sector, but are not controlled by the accommodation providers. Consequently, it was viewed that it would be fair for the tax authority to apply discretionary debt relief powers in such cases where a breach occur.

*“There may be isolated cases, such as family illness or death, which could cause the late tax return.” (Local authority)*

*“There will always be circumstances where businesses need this kind of local one-off assistance due to reasons beyond their control.” (Tourist industry body)*

#### **Providing consistent guidance**

- 4.235 The third theme most frequently raised by respondents with regards to the proposed powers was the suggestion that the Welsh Government should offer national guidance on proposed discretionary powers. These respondents typically argued that there needs to be some degree of consistency on debt relief powers across local authorities, and thus the Government should provide national guidance on the circumstances under which the tax authority could exercise the proposed powers.

*“However clear guidance on this will be important to they are able to respond to potential challenge and be consistent in their decision making.” (Destination management organisation)*

## Use of revenues

- 4.236 This chapter analyses respondents' views on how revenues should be used in your local area to benefit the local visitor economy.

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**Question 31:** How should revenues raised by a visitor levy be spent? What are the reasons for your answer?

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### Reinvestment in local economy

- 4.237 The majority of respondents advocated for visitor levy revenues to be reinvested into the local economy, including investment in public infrastructure and services. It was viewed that this would support sustainable tourism and socio-economic development in local areas, as well as helping overcome any negativity impacts surrounding the implementation of the levy. A few stakeholders suggested that projects funded through levy revenues should carry a "levy badge".

*"Raised revenue should be spent to improve facilities for visitors which will also by default improve facilities for residents through investment in the public domain, Toilets, bins, parking, gardens, signage, general environmental improvements, marketing. All projects funded by a levy should carry a levy badge." (Anonymous response)*

### Ring-fencing revenue for the tourism sector

- 4.238 The second most frequently raised theme in this question was the request for the revenues to be ring-fenced for the tourism sector. Many respondents advocated for revenues to be spent specifically on enhancing local visitor economies, and so not being used to fund existing local authority budgets. Some also advocated for funds to be spent on destination marketing, which would contribute toward increasing awareness of tourist destinations.

*"Funds should be ring fenced for the development of infrastructure, services, sustainable transport/active travel, and workforce that aid sustainable tourism. This should include ensuring that there are mechanisms in place for all public sector bodies delivering these services and infrastructure to benefit from the levy e.g. National Park Authorities, AONB's, NRW, Cadw." (Land management organisation)*

*“Revenues MUST therefore be spent specifically on areas which support tourism and should in no way be allowed to supplement existing budgets within local authorities” (Accommodation provider)*

### **Local authority discretionary use of funds**

4.239 The last prevalent theme amongst respondents in this question was the view that local authorities should have discretion on the spending of revenues raised from the visitor levy. These respondents typically highlighted that local authorities have deep knowledge of the local needs and socioeconomic circumstances, thus they are ideally placed to decide on the most efficient use of revenues. This theme was particularly common amongst local authorities.

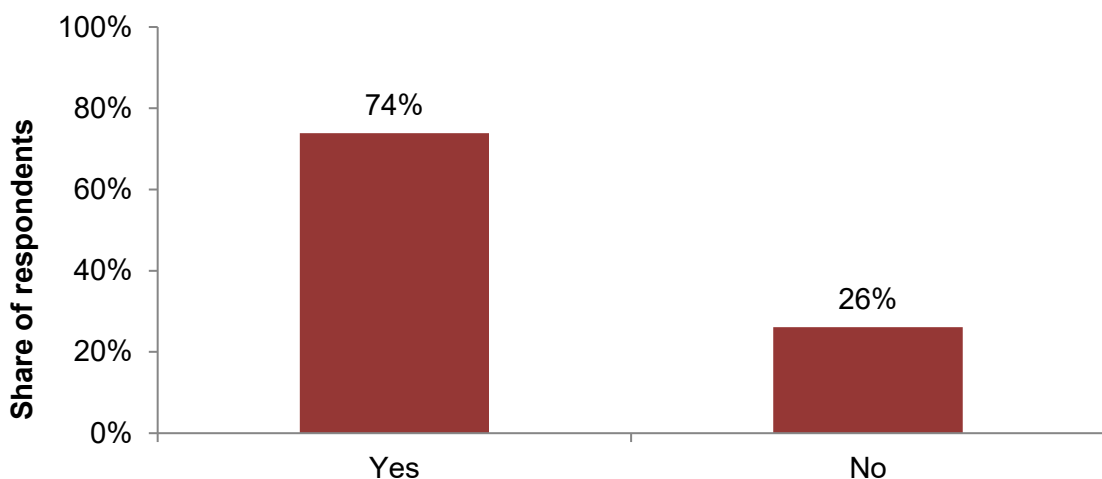
*“Revenues should be returned to local authorities to decide how to spend. Local authorities may choose to invest this in projects to improve infrastructure to support tourism, but the money should not be hypothecated.” (Local authority)*

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**Question 32:** Should the revenues raised by a visitor levy be hypothecated (ring-fenced)?

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Figure 24. Share of respondents agreeing or disagreeing with hypothecating (ring-fencing) the revenues raised by the visitor levy



Note: Overall, 651 respondents answered this question, representing 65% of the 1,087 respondents providing a return following the consultation template.

- 4.240 The majority of respondents to this question (74% or 481 respondents) agreed with ring-fencing any revenues raised by the visitor levy.

### **Themes supporting ring-fencing any revenues from the visitor levy**

#### **Ensuring transparency in the use of funds**

- 4.241 The most frequently raised theme raised by those agreeing with ring-fencing of levy revenues was the view that this would ensure transparency in their allocation and use. The majority of respondents raising this theme viewed that those who pay the levy would want to know where it is being spent, and so transparency would be valuable. Other respondents also highlighted that providers might want assurances that the revenue raised will be reinvested in the tourism sector.

*“Visitors to Wales who are subject to the visitor levy may expect revenues raised to be spent on the tourism sector. Hypothecation may help communicate the purpose and the use of the visitor levy to visitors and visitor accommodation providers.” (Tax industry body)*

*“Yes, if a levy is to be implemented, the businesses who are collecting and remitting the tax, along with the tourists paying it, would want to know that the revenue is being spent where it is needed and in the original area which it was collected.” (Accommodation industry body)*

#### **Supporting tourist sector sustainability**

- 4.242 The second most commonly raised theme by those supporting the proposal was the view that ring-fencing the revenues would ensure it benefits tourism, with respondents highlighting the importance of supporting the long-term sustainability of Welsh tourism.

*“It would be preferable for the continued growth of the tourism sector in Wales that this money is ring-fenced for projects and spending that benefit*

*the tourism economy or work towards a more sustainable tourism sector.”*  
*(Online booking platform)*

### **Guarding against appropriation of funds**

- 4.243 The third theme most frequently raised by respondents in support of ring-fencing was concerns about potential misuse of funds by local authorities, with respondents concerned that without ring-fencing local authorities might be tempted to use the revenues to cover budget gaps in other areas.

*“Failure to ring fence revenue leads to the very likely possibility that local authorities will use the revenue to supplement other budget areas”*  
*(Accommodation provider)*

*“[...] we have seen a growing certainty that local authorities will utilise the revenue raised to fill budget gaps arising under an increasing number of statutory duties rather than to support shared amenities or any form of destination management, be that local or more regional in partnership with other councils/relevant bodies.” (Tourism industry body)*

### **Themes opposing ring-fencing any revenues from the visitor levy**

#### **Undermining local authority decision making**

- 4.244 The most common reason for disagreeing with ring-fencing of levy revenues was the view that this would limit local authority powers and flexibility. These respondents, and local authorities in particular, typically highlighted that local authorities possess unique knowledge of local circumstances and needs, and thus should have discretion on the most effective use of the revenues collected.

*“Therefore, whilst it seems sensible and right that local authorities re-invest income from a visitor levy into tourism, we would not want to prescribe to local authorities which investment is the most appropriate to that end” (Accommodation industry body)*

#### **Increasing the administrative burden**

- 4.245 The second most frequently raised theme in opposition of ring-fencing was the concern it would increase the administrative burden, with these

respondents typically suggesting that ring-fencing would require significant monitoring and audit costs being incurred by local authorities, which could be disproportionate to the level of revenue raised.

*“Hypothecation brings with it a requirement to introduce monitoring, reporting and audit arrangements. The amounts of money involved here could be very small in terms of local authority budgets, and any levy should not increase the administrative burden on local authorities by introducing additional and disproportionate reporting requirements.” (Local authority)*

## Transparency and engagement

- 4.246 This chapter analyses respondents' views on reporting requirements being standardised across all local authorities and determined via the tax framework.

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**Question 33:** What local engagement should take place when deciding how revenues are allocated?

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### Local boards of tourism industry members

- 4.247 The most frequent suggestion for local engagement was with tourism industry participants through local boards, with some respondents advocating for the creation of boards consisting of businesses, community representatives, and regional destination organisations.

*"[...], our preferred mechanism is the development of local boards of tourism industry members to lead on the allocation and monitoring of an annual budget of funds drawn down from the revenue raised by the tax,[...]. Such boards could include representatives from the private sector regional destination organisation, local tourism businesses and community representatives (councillors at all levels)." (Tourism industry body)*

### Consulting primary legislation and guidance

- 4.248 The second most frequently raised theme was the request to consult with primary legislation or guidance, with these respondents viewing that local authorities should follow central legislation or guidance when deciding upon how revenues should be allocated locally.

*"You should listen to local voices but maintain a framework for areas into which the revenues are spent to avoid wastage." (Resident)*

### Consulting with Destination Management Partnerships

- 4.249 The third most commonly raised theme was the view that Destination Management Partnerships should be consulted when deciding on revenue allocation. These respondents typically viewed that these organisations already contain all of the key stakeholders that should be consulted with and are therefore well placed to support decision-making.

*“This could be the responsibility of the local Destination Management Partnership that has stakeholder involvement and is serviced by the local authority who would be able to manage the financial allocation.” (Local authority)*

### **Impacted businesses and residents**

- 4.250 The following most prevalent theme was the view of the need to consult with impacted businesses and residents on how revenues should be allocated. The respondents raising this theme typically highlighted that this would promote a sense of inclusion and fairness, given these groups will shoulder the majority of the levy burden.

*“Local residents, businesses and tourists should participate in discussions as to where the revenue is spent. This allows a sense of inclusion, and by ring fencing the money raised and listening to local people, businesses and tourists, it is more likely that tourists will be encouraged to re-visit and local residents and businesses will cooperate.” (Accommodation industry body)*

### **Community and town councils**

- 4.251 The last prevalent theme raised in response to the question was the suggestion to engage with community and town councils. These respondents typically argued that local businesses and residents have already chosen individuals to represent them in decision making, and thus local councils should be consulted on the revenue allocation decision.

*“Local authorities have duly elected members who are there to represent their local constituents. It should be decided through the usual local government/committee process.” (Accommodation provider)*

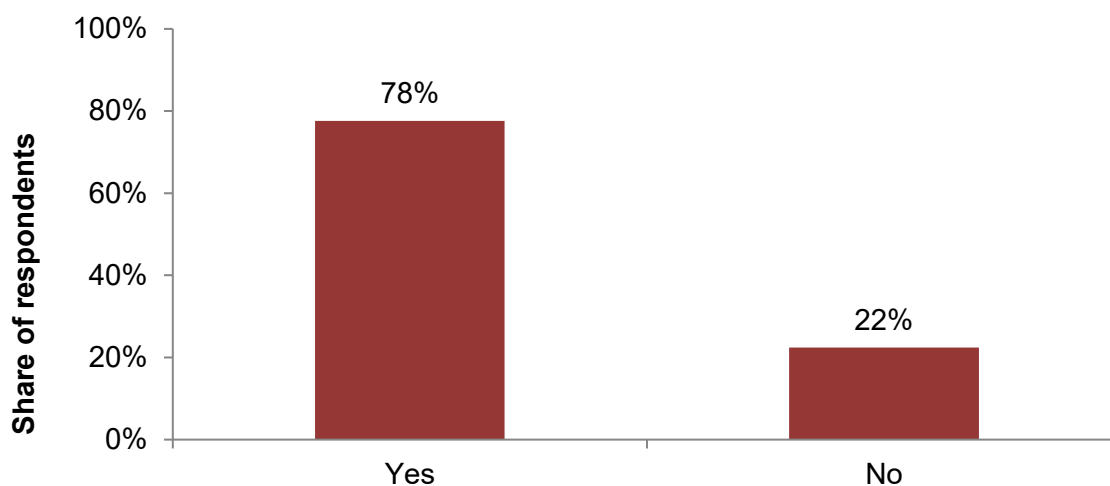


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**Question 34:** Should there be a separate annual report detailing the revenues collected and benefits of a visitor levy at a local level?

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Figure 25. Share of respondents agreeing or disagreeing with creating a separate annual report detailing revenues and benefits of a visitor levy at a local level



Note: Overall, 719 respondents answered this question, representing 66% of the 1,087 respondents providing a return following the consultation template.

The majority of respondents to this question (78% or 558 respondents) agreed that there should be a separate annual report detailing the revenues collected and benefits of a visitor levy at a local level.

#### **Promoting accountability and transparency**

4.252 The most common theme raised by respondents was that a separate annual report was needed for accountability and transparency. Respondents suggested three main areas that the annual report needed to cover: (i) the mechanisms used to split levy revenues between local authorities, (ii) the projects funded by levy revenues, and (iii) the impact of levy spending on local areas. A much smaller number of respondents wanted the report to include the percentage of revenue spent on administration and enforcement.

*“As revenues are collected on behalf of and spent in local areas, we would expect that the revenues raised from the visitor levy would not be shown in central government accounts. Instead they would be reflected in the local authority accounts. If revenues raised in one local area are*

*directed to or spent in a different local area, there should be transparency regarding the calculation and methodology of the split of revenues across local areas.” (Tax industry body)*

- 4.253 Some respondents viewed that visitors to Wales would feel more comfortable paying the levy if they could clearly see how their money was being spent (on direct improvements to visitor experiences, for example).

*“The more transparent the authority is about the use of any revenues generated, potentially the more support from businesses/visitors as they see how effectively the revenue is impacting the destination.” (Local authority)*

#### **Supporting buy-in to the proposed visitor levy**

- 4.254 Other respondents suggested that the annual report was key to increasing resident, accommodation provider and organisational buy-in: stakeholders would be more likely to support the levy if they could clearly see tangible evidence of the benefits generated by the levy if it was re-invested locally. In addition, transparency could support greater opportunities for engagement and feedback (local residents having a direct say on how revenue was spent) as well as help overcome some respondents’ concerns that local authorities would direct the money to general funding instead of tourism-specific services or projects (respondents frequently mentioned the concept of “correct” spending).

*“To ensure transparency to the public at large that monies collected through this levy are being utilised to address the visitor impacts they pertain to be addressing. Further to this, it is important to the industry as a whole that direct benefits can be identified as a result of the levy, otherwise it will be considered an additional burden on an already challenged area of the rural economy.” (Local authority)*

#### **Increasing the administrative burden**

- 4.255 Finally, a small number of respondents expressed concern that creating a separate annual report would lead to increased administrative costs (especially if revenues generated were only a small proportion of total local authority spending) or felt overly bureaucratic.

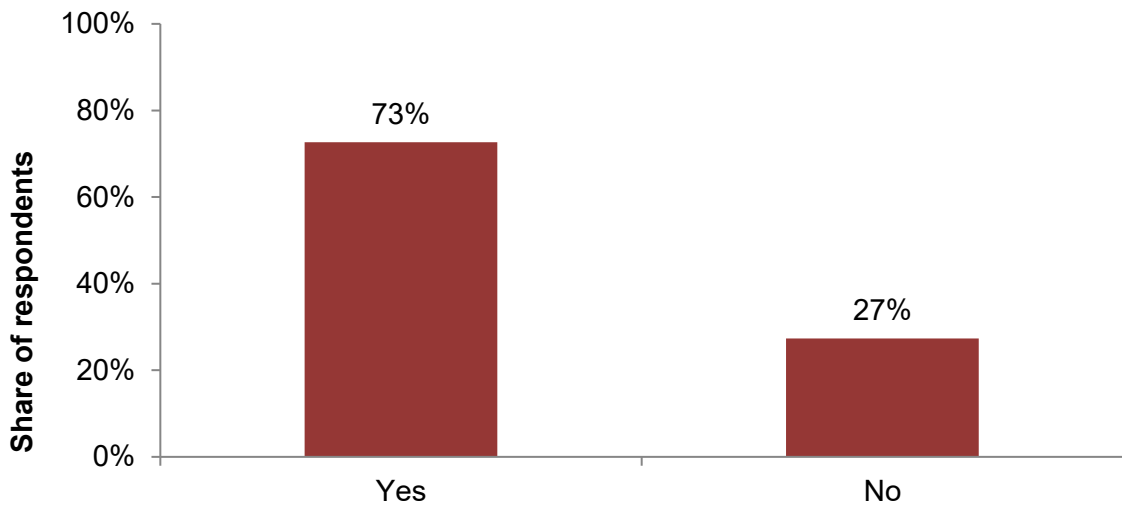
*“The amounts of money involved here could be very small in terms of local authority budgets, and any levy should not increase the administrative burden on local authorities by introducing additional and disproportionate reporting requirements.” (Local authority)*

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**Question 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?

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Figure 26. Share of respondents agreeing or disagreeing with setting out reporting arrangements within the tax framework to ensure consistency across local authorities



Note: Overall, 662 respondents answered this question, representing 61% of the 1,087 respondents providing a return following the consultation template.

4.256 The majority of respondents to this question (73% or 481 respondents) agreed that reporting arrangements for local authorities should be set out within the tax framework to ensure consistency in approach across local authorities.

**Consistency promotes transparency and clarity**

4.257 There were very few respondents who provided a response longer than one sentence to this free-text question. In general, respondents largely agreed that consistency was an important aim as businesses frequently spanned multiple local authorities. Consistency could also serve as a source of

transparency for businesses and the public, which would help reduce confusion about levy rates or exemptions (among other components).

*"Tourism taxes are much more effective and cause less confusion when there is a single, centralised resource containing all the information about the tax that businesses can refer to and rely on. Any other approach risks introducing complications that will inevitably make the tax less effective."  
(Online booking platform)*

### **Variation across local authorities too great for consistency**

- 4.258 A very small number of respondents opposed the proposal as they felt that differences between local authorities were too great for a consistent approach to work.

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**Question 36:** What information should be available for visitors regarding the levy?

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### **Suggestions for information to be made available**

- 4.259 Most respondents to this question agreed on a set of basic information to be shared with visitors about the levy: its objectives (why it was put in place), the specific rate applied to visitors, what exemptions are available and how funds raised by the levy would be used.

*"It should be made clear to visitors the rate of the levy, when it might apply, how it will be collected, what the levy is used to fund and when the rate might be changed."  
(Online booking platform)*

- 4.260 In addition to these elements of the levy, a few respondents mentioned two other pieces of information that should be shared with visitors: (i) the mechanisms were in place to ensure visitor contributions were spent responsibly, and (ii) specifying that the tax was collected by the local authority, not the accommodation provider itself.

*"At the very least the rationale for the tax needs to be clear to be communicated to visitors and that the tax is that of the council, not the business tasked with collecting, to avoid any unnecessary areas of conflict"*

*or problems at the point of collection for SMEs.” (Business industry organisation)*

**Suggestions for how information should be made available**

- 4.261 A few respondents expanded on their responses to describe how and where the information should be displayed. Within this group, the largest number of respondents said that the Welsh Government should share information on its website or as part of a centralised hub that listed projects supported by revenues raised by the visitor levy. Other means of sharing information included “communications packs” created by the Welsh Government and shared with all accommodation providers, general publicity across different forms of online/print media, tourism destination websites and information displayed on third-party booking platforms.

*“It would be great to see a centralised point that demonstrates where and how the money is being spent and the overall impact across Wales. The Balearic Islands is a great example of this.” (Charity)*

*“Communication material should be prepared and provided for accommodation providers and others involved in collecting the levy which enables high visibility and transparency about the levy and what it will be used for. The communication/marketing material should have the primary focus of communicating about the levy to visitors.” (Land management organisation)*

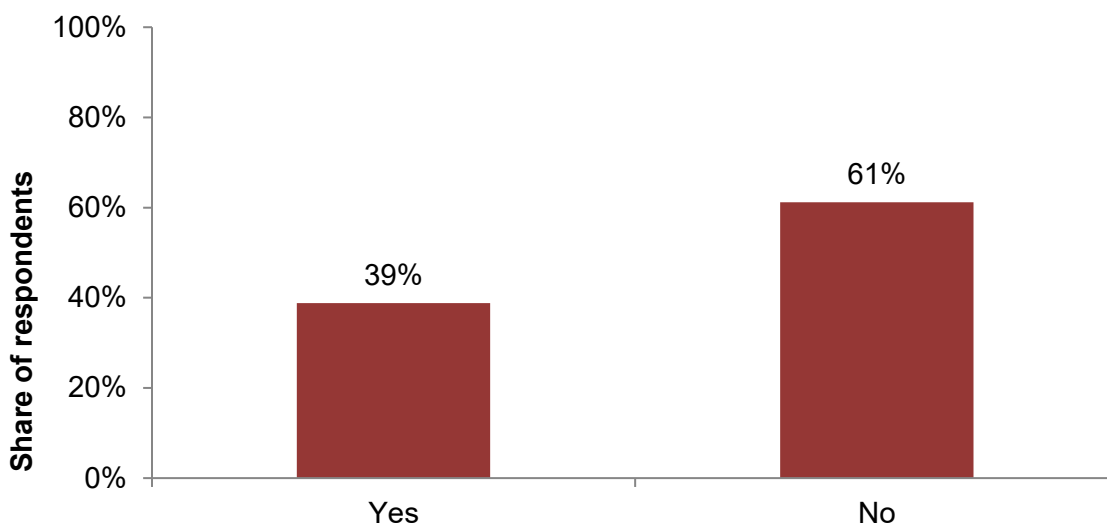
## Implementation timescales

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**Question 37:** Welsh Government 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?

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Figure 27. Share of respondents agreeing or disagreeing with local authorities deciding on the levy implementation through local governance processes



Note: Overall, 727 respondents answered this question, representing 67% of the 1,087 respondents providing a return following the consultation template.

- 4.262 The majority of respondents to this question (61% or 445 respondents) disagreed with the use of local governance processes to decide on the implementation of the visitor levy.

### **Lack of clarity and consistency across local authorities**

- 4.263 Respondents were generally split in the responses they provided to this question. A majority of respondents, including mostly accommodation providers and tourism industry organisations, opposed the proposal because they felt it would introduce differences in how local authorities implemented and administered the levy. It was viewed that this lack of consistency across local authorities could lead to confusion among visitors, residents and accommodation providers. These respondents typically felt that the levy should either be introduced across all Welsh local authorities or none at all.

*“The best tourism taxes are simple to administer. Having consistent framework across all Wales would be the best way to levy such a tax and avoid unnecessary complexities that lead to the tax being misapplied or miscalculated.” (Online booking platform)*

### **Offering flexibility to local conditions**

- 4.264 A small group of these respondents supported the proposal because they viewed it would provide an opportunity for individual local authorities to opt out of the visitor levy if the local authority felt it would negatively impact their tourism industry.

*“We believe some local authorities will recognise that the implementation of the levy will negatively impact their visitor numbers and therefore the revenue they receive from Tourism. They should therefore have the opportunity to influence and decide whether they wish to apply it to their area or not, and assess the risks of doing so accordingly.”*  
*(Accommodation industry body)*

### **Securing local buy-in**

- 4.265 On the other hand, a smaller number of respondents, including almost all local authorities, agreed with the proposal and thought that local governance processes were needed to build buy-in among local stakeholders and ensure that the levy was appropriate to the specific local economic conditions. These stakeholders felt that local governance processes aligned with a more democratic decision-making process.

*“In order to ensure that any decision to implement or not to implement the proposed visitor levy is based upon local conditions and local decision making.” (Local authority)*

### **Other suggestions**

- 4.266 Some of these respondents provided additional nuance in their responses: even if the decision on whether to implement the levy was to be based on local governance processes, the levy scheme ultimately adopted should be set and administered nationally (so all local authorities choosing to adopt the levy applied the levy uniformly).

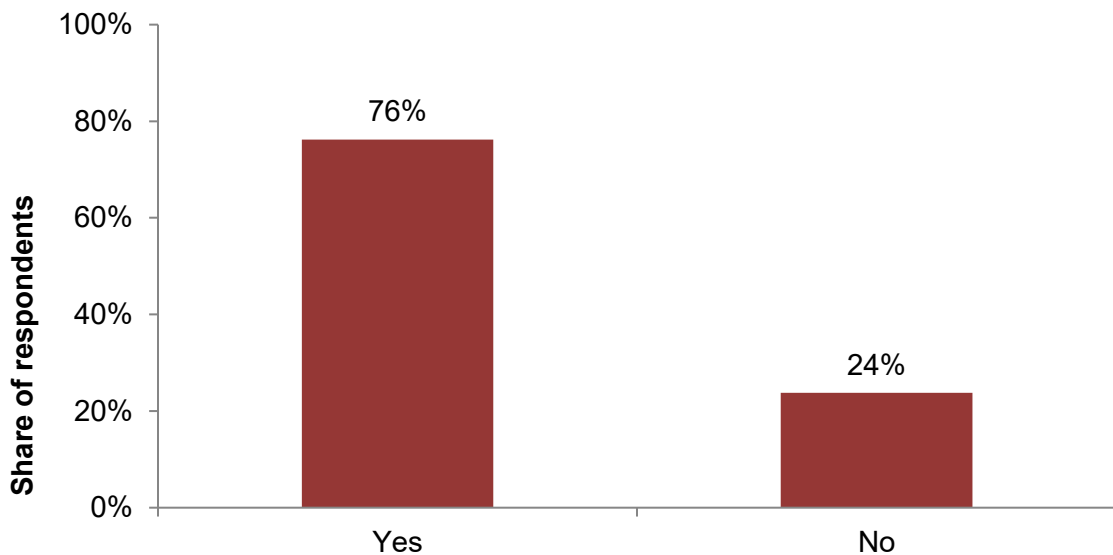
*“We do support the approach by way of local governance and democracy processes for each local authority to ultimately decide whether to implement a visitor levy. We believe that if a local authority decision is made to introduce the scheme, that scheme needs to be a standard scheme, administered centrally by Welsh Government or the Welsh Revenue Authority, based on standard levy rates, and whereby all relevant funds are re-distributed to local authorities.” (Local authority)*

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

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Figure 28. Share of respondents agreeing or disagreeing with conducting local consultation prior to levy introduction



Note: Overall, 749 respondents answered this question, representing 75% of the 1,087 respondents providing a return following the consultation template.

4.267 The majority of respondents to this question (76% or 571 respondents) agreed that local consultation take place prior to the introduction of a visitor levy.

**Consideration of local views and securing buy-in**

4.268 Respondents widely supported the use of local public consultations before any introduction of the visitor levy. These respondents viewed that



consultations would provide an opportunity for all voices (including views of local tourism businesses in retail, food and drink) to be heard, increasing local support for the levy.

*“It is important that there is local consultation beforehand, to ensure buy-in from local stakeholders. As the earlier informal consultation has demonstrated, the idea of a visitor levy can generate strong views both in favour and against it. Consultation would allow for setting out the evidence base, establish whether there is local support and allow local businesses and residents a voice in the introduction of the levy in their area.” (Tax industry body)*

### **Mitigating unintended consequences**

- 4.269 Another point raised by supporters of the proposal was that a consultation could help reduce the number of unintended consequences (or those that were not considered and addressed prior to the introduction of the consultation). This would help local authorities understand the true impact of the levy across different types of businesses and incorporate these impacts into their decision-making process.

*“Prior to introducing a levy, all local authorities wishing to introduce a levy must undergo extensive local consultation to enable the local authority to understand the full business impact that imposing a levy will cause. Failing to do so is likely to significantly increase the unintended consequences on businesses, who are already facing a multitude of challenges, and cause acrimony and fracture between the commercial and public sectors.” (Accommodation industry body)*

### **Facilitating a better understanding of levy uptake**

- 4.270 A small number of respondents suggested that consultations would allow the Welsh Government to gauge overall uptake of the levy (given the fixed costs associated with introducing a national framework).

*“If local authorities can decline to implement the levy, there is a risk that fewer local [authorities] will participate in implementing the levy, leading to lower revenues. Considering the upfront investment required by the Welsh*

*government to introduce the national framework and associated systems and processes to operate the levy, the level of uptake should be understood.” (Tax industry body)*

### **Suggestions for weighting of responses**

- 4.271 A few respondents, in particular industry organisations, mentioned that consultations needed to appropriately weight responses from local businesses compared to the local public (whether this came from guidance provided by the Welsh Government or from existing legislation).

*“If Local Authorities are to have discretionary powers to introduce a visitor levy, then genuine and robust consultation with local businesses and wider stakeholders will be essential. It would be useful to have some guidance built into the legislation on the appropriate weighting of responses from the business community, and the wider community.”*  
*(Tourism industry body)*

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**Question 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?

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### **Views in support of a period of transition**

- 4.272 A majority of respondents viewed that there should be a fixed implementation date for introduction of the levy with a significant period of advance notice prior to the implementation date, with proposals ranging from 12 to 24 months. This period would allow tourism businesses to fully prepare (including updating software for data collection and recording to be compatible with the levy) and for the levy to be clearly communicated to potential visitors and those who had booked in advance (before the levy had been implemented). Some respondents also viewed that the additional time would provide the tourism industry with much needed time to recover from the impact of the COVID-19-19 pandemic.

*“It is important that sufficient time is allowed to ensure that the appropriate systems and processes are in place so that administrative issues do not undermine the introduction of the charge. In particular, changes to*

*computer software often require considerable time to implement, particularly for older systems which may be in use for bookings of accommodation.” (Tax industry body)*

### **Opposition to retrospective action**

- 4.273 Many respondents also specifically stated that the levy should not apply retroactively to bookings made before the levy came into force (as this would be unfair to these visitors and could lead to booking cancellations). In particular, if this accommodation was booked, then these respondents felt that no further transitional arrangements were needed.

*“Tax should not be applied retrospectively. All bookings made before the implementation date stand without the levy applied. All made after the introduction date would be subject to the levy.” (Local authorities)*

### **Suggested exceptions to transitional arrangements**

- 4.274 Finally, a small number of respondents stated that no transitional arrangements were needed if the levy was paid upon arrival, as under this arrangement the booking date no longer made a difference to whether the levy was applied or not.

*“As the levy should be levied and paid on arrival, the date of when the accommodation is booked is irrelevant.” (Anonymous respondent)*

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

- 4.275 Very few respondents suggested specific proposals on how transitional arrangements could be designed to avoid deliberate avoidance or evasion. Among those who directly responded to the question, suggestions included clear guidance and communication or setting a booking deadline after legislation is passed (to avoid extensive block booking for future years).

*“Setting a booking deadline - which comes into effect a sensible time after the primary legislation is passed - allows visitors a chance to commit to a booking early. That is no more avoiding tax than people meeting a deadline for, say, stamp duty holidays.” (Tourist industry body)*

## Operational delivery models

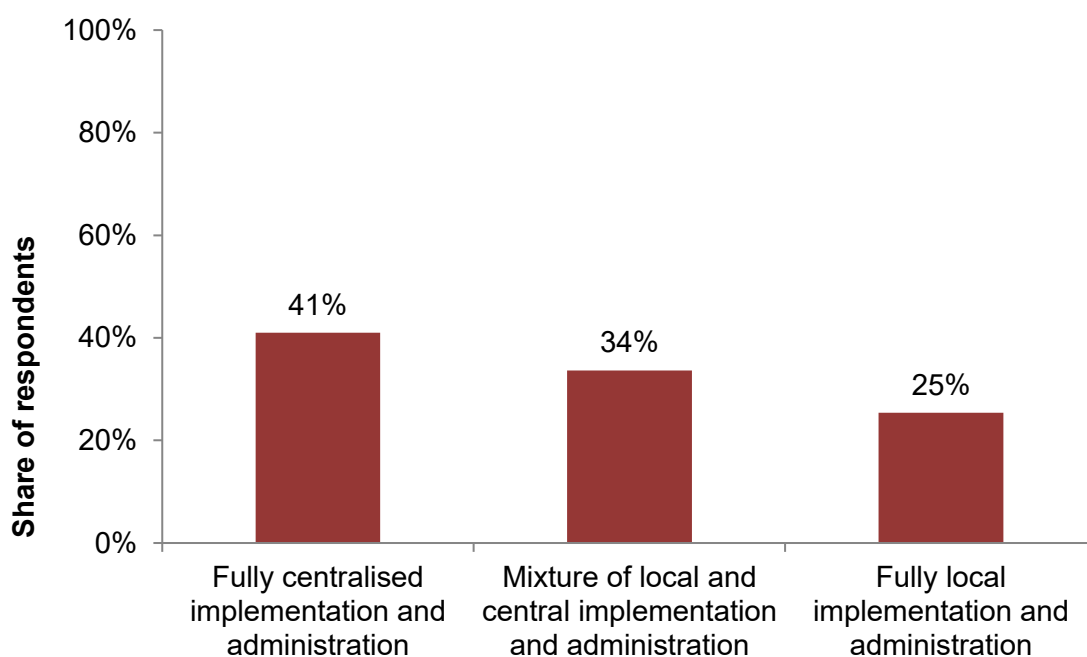
4.276 This chapter analyses respondents' views on how best to deliver the proposed visitor levy and whether there should be a full or partial role for a centralised authority or not.

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**Question 39:** How best can the proposed visitor levy be implemented and administered?

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Figure 29. Share of respondents preferring proposed implementation and administering options



Note: Overall, 532 respondents answered this question, representing 49% of the 1,087 respondents providing a return following the consultation template.

4.277 Respondents to this question most commonly preferred fully centralised implementation and administration (41% or 218 respondents). The second most commonly selected option was a mixture of local and central implementation and administration (34% or 179 respondents), while the option for a fully local implementation and administration was the least prevalent (25% or 135 respondents).

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**Question 40:** What would be the benefits and disbenefits of each option?

**a. Fully local implementation and administration**

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**Themes on benefits**

**Leveraging knowledge of local circumstances**

- 4.278 The most frequently mentioned benefit of a fully local implementation and administration was the ability to leverage knowledge of the local context. Specifically, respondents mentioned that local authorities possess a deep understanding of the economic, social, and tourism circumstances prevalent in the area. The responses highlighted that these circumstances differ across local authorities, and only local organisations understand them. As a result, it was viewed that a fully local implementation and administration would allow local authorities to leverage that knowledge.

*“Local staff would be more attuned to local sensitivities so may be better placed to explain the levy and provide support to visitors and visitor accommodation providers in their area.” (Tax industry body)*

**Increasing understanding and accountability**

- 4.279 The second benefit most commonly mentioned was the view that this option is a clear and simple approach, that will facilitate accountability. In particular, these respondents mentioned that providers and visitors would find this system simpler, and would be better able to follow the guidelines.

*“This is the clearest model with full accountability and clarity for the customer. Reduces the risk of any confusion and ensures administration is simplified as clearly linked to the LA area and scheme.” (Local authority)*

**Increasing local engagement and improves public perception**

- 4.280 The last prevalent highlighted benefit of this option was the potential to increase local buy-in. Specifically, the respondents viewed that a fully local implementation and administration would help residents, visitors, and accommodation providers understand the value of the levy and be more willing to facilitate its implementation.

*“Good buy in locally [...]” (Land management organisation)*

*“message needs to be one message across Wales so communication, processes, policy info needs to be central with local plans including income generation, spend plans and communication/engagement”  
(Anonymous response)*

*“Transparency, reporting and consequently greater trust in the process. Local accountability of persons involved.” (Anonymous response)*

## **Themes on disbenefits**

### **Increasing the administrative burden**

- 4.281 The most commonly mentioned disbenefit of this option was the potential increase in administrative burden for local authorities and providers. Specifically, it was viewed that a fully local implementation and administration would entail significant costs for coordination, staff time, and monitoring.

*“Disadvantage is an increased workload at a busy period of the year.”  
(Local authority)*

*“This would potentially be very complicated for businesses to implement and also difficult for guests to comprehend.” (Charity)*

### **Adverse effect on providers operating across local authorities**

- 4.282 The second disbenefit most commonly raised when commenting on this option was the effect on accommodation providers who operate on multiple local authorities. The respondents in this theme expressed concerns that a local implementation would require providers to follow different procedures and guidelines across local authorities, leading to confusion and administrative costs.

*“This is not ideal as it increases the compliance burden on those who operate within more than one local authority in Wales.” (Online booking platform)*

### **Lack of clarity across stakeholders**

- 4.283 The third most frequently highlighted disbenefit was that this option could be confusing for visitors and accommodation providers. These respondents typically mentioned that the implementation across local authorities could often be significantly different or conflicting, thus hindering understanding.

*“This would potentially be very complicated for businesses to implement and also difficult for guests to comprehend.” (Accommodation industry body)*

*“[...] we believe local implementation, across 22 authorities has the potential to cause confusion, lead to mistakes and cause tax leakage. A centralised approach is much simpler to implement for all stakeholders.” (Online booking platform)*

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### **b. Fully centralised implementation and administration**

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#### **Themes on benefits**

##### **Cost effectiveness**

- 4.284 The most common reason for supporting a fully centralised implementation and administration was the view it would significantly reduce costs. These respondents typically highlighted that there is a considerable administrative, coordinating, and staff cost associated with the implementation of the levy. Consequently, a centralised approach would result in the Welsh Government taking on this burden. Furthermore, some respondents mentioned that a centralised approach might also lead to the creation of economies of scale, thus reducing the total cost of applying the levy.

*“We believe this should be a pan-Wales approach, administered by Welsh Government through the Welsh Revenues Authority. This will increase efficiency and create economies of scale, which would not be present if the scheme were administered by 22 separate Councils.” (Local authority)*

*“As a small local authority, we feel that there may be economies of scale in achieving this regionally or within a local cluster.” (Local authority)*

### **Consistency and simplicity**

- 4.285 The second most frequently mentioned benefit was the consistency and simplicity of a centralised approach. Specifically, respondents viewed that the implementation and administration of the levy should be as clear as possible to maximise buy-in. National consistency was viewed as beneficial to that aim.

*“Clear and consistent across the country” (Accommodation provider)*

*“for a consistent approach and clarity to the consumer” (Accommodation provider)*

### **Positive effect on providers operating across local authorities**

- 4.286 The third benefit most commonly mentioned was the potential impact on accommodation providers operating across local authorities. Specifically, these respondents viewed that a centralised implementation would be the simplest approach for providers operating on multiple authorities, as the implementation of the levy would be the same. This would minimise costs of understanding the different approaches and maximise compliance.

*“This is ideal as many operators operate within many local authorities. Centralized remittance is the most efficient regime to employ.” (Online booking platform)*

### **Themes on disbenefits**

#### **Unable to address local needs**

- 4.287 The most common reason for opposing a fully centralised implementation was concern it would not be able to address local needs. Specifically, the respondents emphasised that each local authority has different needs, priorities, and socioeconomic circumstances, thus a common centralised approach cannot effectively address these issues.

*“Risk missing the complexity or nuances that exist in local areas.” (Land management organisation)*



### **Delays in receiving revenue flows**

- 4.288 The second most commonly raised disbenefit was the possible delay in the revenues reaching the local authorities. Specifically, some respondents were concerned that if the levy is centrally implemented and administered, then the revenues would also be centrally collected, and would then need to be redistributed to each local authority. As a result, these respondents highlighted that there could be a significant time lag from levy collection, to reinvestment of revenues raised.

*“[...] complex if collecting all tax to then redistribute back to 22 local authorities.” (Local authority)*

### **Reducing local engagement**

- 4.289 The last prevalent disbenefit mentioned was the potential to reduce buy-in from local stakeholders. In particular, these respondents were concerned that a centralised implementation would distance local stakeholders from the levy, disincentivising compliance and implementation.

*“Lack of local buy-in and sensitivities to local need/demands.” (Land management organisation)*

*“This may reduce local engagement and understanding of the levy, and risk increasing non-compliance by visitor accommodation providers.” (Tax industry body)*

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## **a. Mixture of local and central implementation and administration**

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### **Themes on benefits**

#### **Balanced approach**

- 4.290 The most common benefit associated with a mixed approach was the ability to balance the positive aspects of the other two options. In particular, the respondents indicated that this option would allow a degree of consistency and reduce administrative burden, while also providing some flexibility to deal with local needs.

*“[...] there needs to be consistent implementation of any tax, subject to local autonomy strictly limited to exceptional circumstances,[...]” (Tourism industry body)*

*“Ability to ensure consistency whilst also ensuring local buy-in.” (Land management organisation)*

### **Avoiding competition across local authorities**

- 4.291 The second most commonly mentioned benefit was the potential to avoid competition across local authorities. These respondents typically mentioned that a mixed approach would allow enough flexibility to address local needs, but would also maintain a nationally consistent standard. This was viewed to limit the ability of local authorities to manipulate the implementation of the levy to attract visitors and providers from neighbouring authorities.

*“[...], there needs to be central control over the Tourism Levy protocol and guidance in order that [...] unfair competition does not take place between local authorities via the deliberate manipulation of the guidance that will govern the levy.” (Accommodation industry body)*

### **Themes on disbenefits**

#### **Complicated approach**

- 4.292 The most frequently mentioned disbenefit of this approach was the complication of the implementation and administration. Respondents raising this theme, and particularly local authorities, expressed concerns that balancing some flexibility with national standards would be confusing for accommodation providers and could lead to mistakes.

*“A more complex model which would increase confusion and not help with transparency or accountability.” (Local authority)*

#### **Lack of accountability**

- 4.293 The second most common theme relating to the disbenefits of this option was the lack of accountability. Specifically, there were concerns that a mixed approach would lead to two bodies monitoring and implementing the levy simultaneously. This was viewed to lead to duplication of efforts, unnecessary costs, and lack of accountability.

*“Lack of one accountable body would lead to confusion; duplication of work and dual costs.” (Local authority)*

## Welsh Language

- 4.294 This chapter analyses respondents' views on potential impacts of the proposal on the Welsh language, how positive effects can be increased, and negative ones mitigated.

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**Question 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?

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#### No discernible impacts

- 4.295 The most frequently mentioned theme raised by respondents was the view that the proposed introduction of a visitor levy would not have a discernible impact on the Welsh language.

*“We have not identified any direct effects (either positive or negative) on the opportunities available for individuals to use the Welsh language or for treating the Welsh and English languages on the basis of equality, from the proposed introduction of a visitor levy in itself.” (Land management organisation)*

*“The CLA does not think the introduction of a visitor levy would have an impact on a business’s ability to operate using the Welsh language so long as any reporting could be conducted in Welsh.” (Accommodation industry body)*

#### Conduct impact assessment

- 4.296 The second most common theme among respondents in this question was the view that there is not currently enough information to assess the potential impacts. In particular, it was suggested that an impact assessment should take place prior to implementation to understand how the Welsh language might be affected. This suggestion was particularly common among local authorities.

*“We are not clear how any such levy would have a positive or negative impact on the Welsh language, but we assume that an impact assessment will be undertaken prior to any decision to implement any scheme” (Local authority)*

### **Negative perception of Welsh language**

- 4.297 The third theme most frequently mentioned was the view that a visitor levy would have an indirect effect on the Welsh language through the visitors’ perception of Wales. Specifically, the respondents expressed concerns that visitors would be dissatisfied with the introduction of the levy as it would increase the cost of accommodation, leading to them having a negative view of Wales and the Welsh language by extension.

*“I do not see how the introduction of a tourist tax will have any positive impact on visitors’ views on Wales, the Welsh people and/or the Welsh language. There could indeed be a negative perception [...]” (Resident)*

*“I can’t imagine that an unfair tax applied to tourists wishing to visit and spend money in Wales is likely to enhance views of Wales and the Welsh Language” (Accommodation provider)*

### **Displaced families will not learn Welsh**

- 4.298 The last prevalent theme raised in response to this question was concerns that Welsh families would be displaced, leading to fewer people learning and speaking Welsh. Specifically, the respondents highlighted that the introduction of the levy would have adverse effects on local economies and on accommodation providers in particular, leading to many families relocating to other countries. These responses then suggested that families will attend schools not teaching Welsh, and will therefore have limited opportunities to practice Welsh.

*“Consideration needs to be given to what alternative work is available should both primary and secondary visitor economy jobs disappear or reduce in value. [...]. That is an issue for Welsh-speakers or, indeed, English speakers whose own young families would have been attending Welsh-medium schools had they not had to leave to find work. A lack of*

*work is itself a lack of opportunity to use Welsh every day” (Tourism industry body)*

*“The overall effect of a tourism tax will result in fewer tourists to Wales, resulting in less income for local businesses and so make people unemployed. Due to the lack of alternative jobs people who currently speak Welsh will not have work and will move away to find it. This will lead to a decline in Welsh speakers and fewer children in the schools learning Welsh.” (Local authority)*

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## **b. How could positive effects be increased?**

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### **Promoting tourism**

- 4.299 The most common suggestion on increasing the positive impacts identified was ensuring the levy would support the tourism sector. The respondents raising this theme viewed that accommodation providers are an integral part of maintaining and spreading the Welsh language, so they should be supported.

*“Rework the proposal in a way that supports the Tourism industry that employs Welsh speakers at the moment” (Local authority)*

### **Use of bilingual materials**

- 4.300 The next suggestion most frequently mentioned was the use of bilingual material in English and Welsh. In particular, it was proposed that any material handed to visitors, and all reporting conducted as part of the levy, should use of Welsh as well as English.

*“Communication material should be bilingual” (Local authority)*

*“More bilingual signs in accommodations, most are just in English. More promotion of the Welsh Language by accommodation owners.”*

*(Anonymous response)*

### **Use the revenue raised to facilitate the positive effects**

- 4.301 The last prevalent suggestion was using the revenues raised through the levy to directly promote the Welsh language. The respondents raising this theme suggested that apart from supporting local services and tourism, the

revenues raised should be invested in institutions promoting Welsh language and culture.

*“levy used to increase funding for welsh language and culture awareness”  
(Local authority)*

*“We call on the Government to ensure that the levy revenue would be collected and used in the most effective way to bring economic benefit to Welsh-speaking communities, contributing to the creation of the good jobs”. (Anonymous response)*

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### **c. How could negative effects be mitigated?**

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4.302 Overall, there were few responses to this question. The themes raised by those who responded are presented below.

#### **Promoting tourism**

4.303 The most common suggestion for mitigating the negative impacts identified was ensuring the levy would support the tourism sector. As previously mentioned, some respondents viewed that the tourism sector is critical in maintaining and promoting the Welsh language. As a result, these respondents typically suggested that by promoting the tourism industry, the negative impacts on the Welsh language would be mitigated. One respondent also provided specific suggestions on how the tourism sector could be supported.

*“Create a 52 week a year Tourist and leisure industry with added tax breaks for investment which in turn brings in the much needed income per capita and improves the Welsh GDP.” (Resident)*

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**Question 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.

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4.304 There were very few detailed responses to this question, and those who did respond to the question were most likely to say that they were unsure how to answer the question as they were not clear how the levy would have immediate or direct effects on use of the Welsh language. Suggestions proposed by respondents included the following:

- Setting as a spending priority ways of using Welsh to improve the visitor experience or relationships with hosting communities.
- Bilingual campaigns for promotion, marketing, or awareness rolled out in conjunction with introduction of a visitor levy.
- Investments in visitor attractions focused on Welsh history or language.
- Rebates for visitors who booked Welsh language courses.
- Supporting interventions that develop the economy and create local employment opportunities (such as the Arfor 2 programme).
- Enabling local people to secure affordable housing in Welsh-speaking communities, by buying or renting them (such as the Welsh Language Communities Housing Plan).

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**Question 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

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4.305 The themes raised in response to this question are reflected in the analysis of previous questions.



## 5. Appendices

### Appendix 1 – Analysis of Youth and Community survey version

Question	Yes	No	Don't know	Total responses
<b>Question 1:</b> We think local authorities should be able to apply a levy if they want to and use the money in their local area. Do you agree?	41%	57%	2%	126
<b>Question 2:</b> We think visitors staying overnight should have to pay the levy. Do you agree?	42%	56%	2%	125
<b>Question 3:</b> We think 3 (a Wales-wide framework that all local authorities must follow) is the best idea. Do you agree?	42%	48%	10%	122
<b>Question 4:</b> We think accommodation providers should collect the levy. Do you agree?	36%	56%	8%	123
<b>Question 5:</b> We think all visitors staying in visitor accommodation should have to pay the visitor levy. Do you agree?	34%	64%	2%	124
<b>Question 6:</b> Do you agree with this list [of proposed exemptions]?	37%	54%	9%	124
<b>Question 8:</b> We think all accommodation providers should charge a visitor levy. Do you agree?	41%	56%	2%	124
<b>Question 9:</b> No matter what we decide, we think it [the type of rate for a levy] should be the same across Wales. Do you agree?	53%	37%	10%	118

<b>Question 10:</b> We think the visitor levy should be set at the same price across all of Wales. Do you agree?	49%	39%	12%	124
<b>Question 11:</b> We think local authorities should spend the money on whatever they think is best. Do you agree?	31%	61%	8%	123
<b>Question 13:</b> We think local authorities should decide whether to use the levy and should involve the community in the decision. Do you agree?	55%	30%	15%	116