



Llywodraeth Cymru
Welsh Government

OPEN CONSULTATION

Consultation on proposals for a discretionary visitor levy for local authorities

We want your views on proposals to provide discretionary powers for local authorities to apply a visitor levy in their areas.

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Overview

This consultation seeks your views on Welsh Government's proposals to provide discretionary powers for local authorities to apply a visitor levy in their areas. Specifically, the consultation seeks your feedback on the possible design options for a visitor levy to support decision making. This proposed legislation would enable local authorities to introduce a levy in their areas if they choose.

Foreword

Following the 2021 Senedd elections, the First Minister published the **Welsh Government's Programme for Government** – 2021-2026. The Programme for Government is ambitious and radical, recognising the scale of activity required as we recover from and begin to look beyond the unprecedented impact of the coronavirus pandemic, as well as our changed place in the world after the UK's exit from the European Union. One of our key commitments is to 'introduce legislation permitting local authorities to raise a levy on tourism'. This is also one of the areas referenced within the Co-operation Agreement with Plaid Cymru.

A visitor levy would be a new local tax designed in a way that works for local communities, businesses, and visitors to Wales. Revenues from local taxes fund the delivery of vital local services in Wales. They are important revenue streams which ensure the continued sustainability of local services to our communities – services from which we all derive huge benefit. They also make key contributions to our wider ambitions for a stronger, greener, and fairer Wales. The levy we are proposing would be discretionary in nature, as it would be for local authorities to decide whether to introduce it.

Wales is a world-class tourism destination which provides a substantial economic contribution to the Welsh economy and connects our country with

people from across the world. Tourism makes a positive contribution to all aspects of Welsh life. Visitors to Wales explore our unique offering, beautiful landscapes, and rich heritage. We hope visitors will continue to enjoy all we have to offer – now and in the future. A visitor levy, designed collaboratively and inclusively, presents an opportunity to support the continuing success of tourism across our nation. Involvement in this consultation will help shape a tax that works for Wales.

Businesses play a critical part in supporting our tourism industry, acting as ambassadors in welcoming visitors to Wales and providing goods and services that enable tourism to thrive. More broadly, businesses have had a positive impact in both promoting the Welsh tourism offer more widely, and in their substantial economic contribution to local economies.

We are conscious of the challenges businesses have faced through the coronavirus pandemic, and that many will have understandable concerns on the potential impact of a levy as they seek to recover. While we appreciate the range of views expressed to date on the levy, we are grateful for the involvement of individual businesses and representative groups to date in understanding the challenges faced. Going forward we want to continue this positive engagement, through both the formal consultation period and beyond as we continue to develop the policy.

Visitor levies are used across the world to the benefit of local communities and visitors. They are applied at varying geographical levels, from large urban areas to much smaller rural regions, including across parts of France, Italy and Germany. They ensure a small but proportionate contribution is paid by visitors which can then be reinvested back into those local areas. The principle of fairness underpins visitor levies and ensures a more even share of the costs between residents and visitors. Public goods and services are integral to the overall visitor experience, and a visitor levy can help support their funding, encouraging a more sustainable approach to tourism. A levy could support and enhance visitor destinations to encourage repeat visits. The proposals for a

visitor levy would provide discretionary powers for local authorities to raise a levy on tourism, to allow local authorities to make their own decisions according to the needs of local communities, empowering local decision making.

We have undertaken extensive engagement ahead of this consultation to help shape our thinking and to understand some of the potential impacts that a levy could have. This consultation will allow a wider range of responses to be considered before any final decisions are taken about the design and operation of the tax. Through this process, we want to design a tax that is aligned to our core tax principles. One that:

- 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.

This consultation will be open and extensive as we consider a range of potential options within the design of the levy. I welcome all views and I look forward to reading your responses which will help to shape a visitor levy for Wales.

Minister for Finance and Local Government

Introduction

Background

Tourism is a significant contributor to the economy in Wales. There were over 90 million visits to Wales in 2019 representing a combined spend of over £5.9 billion. 10 million of these visits were overnight stays representing a spend of

over £2 billion ([Wales Tourism Performance, January to December 2019](#) on GOV.WALES). The pandemic has had a significant impact across society, not least the tourism, hospitality and events sector. There have been significant Welsh Government and UK government interventions to support the sector during these difficult times. The current cost-of-living crisis is putting significant pressure on people and businesses across Wales and presents a challenging economic outlook. We want to support the industry's recovery to ensure the visitor economy flourishes once more.

Visitors to Wales can enjoy a range of activities, from hiking mountains, spending a day at the beach, or enjoying our vibrant cities and towns. We have a rich offering of beautiful unique landscapes and a range of visitor attractions that continue to draw millions of visitors to our home every year. These visits represent a significant contribution to local economies, with tourism employing 149,600 people in Wales in 2019, a total of 11.8% of the workforce. The visitor economy is variable in size across Wales and therefore in some areas there is a much higher proportion of the workforce employed in the tourism industry. Therefore, these areas receive a much greater benefit from tourism in comparison to areas with smaller visitor economies (and lower numbers of visitors) However, there is a cost associated with tourism for those local communities who host our visitors. Visitors can generate additional pressure on local services and infrastructure which are also accessed by residents. For areas that experience high volumes of visitors, the pressures associated are increased and therefore costs are increased. A levy would provide a mechanism to ensure a contribution from visitors towards local services and infrastructure provided in those areas (which they benefit and rely on as part of their visit).

The levy would support sustainable tourism, as defined by the UN World Tourism Organisation: 'tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities' ([Sustainable tourism: Sustainable Development Knowledge Platform](#)). A levy would enable local authorities to support sustainable visits because local services represent an

integral part of the overall visitor experience.

A visitor levy, designed through collaboration and consultation, represents an opportunity for local authorities to receive additional funding that would allow them to further invest and enhance these services. This would be to the benefit of local communities, businesses, and visitors. A levy, designed and delivered effectively, would serve to sustain, and encourage visitors to Wales.

Visitor levy context

Discussions regarding a visitor levy stem back to the Independent Commission on Funding and Finance for Wales (Holtham Commission) established in 2008 to review the then Welsh Assembly's funding and to consider further devolution of fiscal powers. The Holtham Commission assessed the case for increasing Wales's taxation and borrowing powers (**Fairness and accountability: a new funding settlement for Wales**). One of the taxes considered by the Holtham Commission was a tourism tax. The Holtham Commission report identifies the tax as one of many taxes that could potentially be taken forward in Wales, noting that it would be an opportunity to offset the public costs associated with tourism.

Certain other taxes identified by the Holtham Commission have since been taken forward. The Wales Act 2014 and 2017 provided Wales with taxation powers which have resulted in the creation of the land transaction tax and landfill disposal tax and the partial devolution of income tax. Conversations regarding a 'tourism tax' resumed in 2017 with a public call for ideas for new Welsh taxes which received a strong response. A 'tourism tax' was shortlisted as a tax to take forward from this list of ideas generated by the Welsh public and there was a subsequent debate in the Senedd to explore the idea further.

The suggestions for a 'tourism tax' have been developed into proposals presented in this consultation as a discretionary local visitor levy for local authorities to apply in Wales. We have used the term 'visitor levy' as we

recognise that the term ‘tourism’ may be interpreted narrowly as recreational holidaymakers whereas ‘visitor’ is a broader term. This is to recognise that there are a wide range of reasons for a visit into a local area beyond the purpose of a ‘holiday’ and therefore the potential application of a levy to these wider stays is explored in this consultation. Work to introduce a discretionary visitor levy for local authorities has been taken forward through a Programme for Government commitment (**Programme for Government - update**) following the formation of the new Welsh Government in 2021. The Welsh Government and Plaid Cymru entered into a Co-operation Agreement to introduce defined policy commitments aligned to common interests (**The Co-operation Agreement**). The visitor levy work has been progressed through the Co-operation Agreement.

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 (i.e. during the summer period) which strain local services and infrastructure. It is those areas which stand to benefit the most from a levy. Therefore, this levy would be discretionary in nature, enabling the 22 principal authorities (county and county borough councils) in Wales to exercise their own judgement about whether to apply it. We are looking to empower local authorities to make decisions in line with needs of their communities. This is in line the wider policy approach which the Welsh Government takes on local taxes.

Tourism strategy and context

As outlined in ‘Welcome to Wales: priorities for the visitor economy 2020 to 2025’ (**Welcome to Wales: priorities for the visitor economy 2020 to 2025**), our tourism strategy focuses on sustainable growth of the industry. Resources must be managed for the common good and protected for the future. A variety of world-class visitor destinations operate a visitor levy, enabling destinations to provide additional investment into the public infrastructure and services which support visitors. Introduction of a visitor levy for Wales provides Welsh local authorities with the opportunity to support and enhance our own world-class

visitor destinations through additional funding and investment. This would help promote the ongoing sustainability of visitor destinations across Wales.

Welsh Government approach to taxation

Policy development of a visitor levy is aligned to our approach to local and devolved taxes in Wales ([Tax policy framework update](#)). Collaboration and involvement are at the heart of our approach to developing tax policy. We have undertaken extensive engagement ahead of this consultation to help shape thinking and the development of the proposal for a visitor levy. We have held structured conversations with a range of partners including:

- Regular workshops with local authority officials
- Meeting the 4 regional tourism forums convened by Visit Wales and composed of local partners and businesses from each region
- Discussion at the Visitor Economy Forum with businesses and representative organisations chaired by the Minister for Economy
- Meeting with a variety of visitor accommodation providers from across Wales
- Meeting representative organisations
- Discussing proposals for the visitor levy with third sector organisations

A full list of engagement activity is available via the partial regulatory impact assessment published alongside this consultation. Meeting with officials or ministers should not be taken as an indication of support for the levy from that party. It should be noted that there was a wide range of views expressed on the principle of a levy and these views are explored in more detail through this consultation and the partial regulatory impact assessment.

Our approach to taxation looks to balance immediate need with longer-term considerations to avoid any future harm to our economy, society, communities, and the natural world. A visitor levy is based on the principle of fairness, for our visitors to provide a small, proportionate contribution through taxation to account

for some of the costs associated with their visit. Sustainability is embedded into our tax approach, and a visitor levy would help raise additional revenue to support our valued public services. It would represent a small percentage of the overall spend by visitors and provide local authorities with an additional revenue stream to invest locally.

A visitor levy would be a local tax, charged within a local authority area, and which would fund local authority expenditure. We propose that local authorities would be able to choose whether or not they introduce the levy according to the needs of their communities.

Visitor levy aims and objectives

A visitor levy is being designed with the following aims:

- Ensure a more even share of costs to fund local services and infrastructure that benefit visitors between resident populations and visitors
- Provide local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure that can support tourism.
- Support our ambitions for sustainable tourism ([Welcome to Wales: priorities for the visitor economy 2020 to 2025](#))

Delivery of the Programme for Government commitment to ‘introduce legislation permitting local authorities to raise a tourism levy’ links to our wider ambitions outlined within the Programme for Government ([Programme for Government - update](#)) to:

- Push forward towards a million Welsh speakers, and enable our tourism, sports and arts industries to thrive
- Develop further effective tax, planning and housing measures to ensure the interests of local people are protected.

- Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.

We intend to design a visitor levy with these wider aims and objectives in mind.

Purposes of this consultation

While we have set out in this consultation (where relevant) the direction in which we wish to take the policy, consultation responses will be reviewed and fully considered before any final decisions are made on the design of the levy, including those areas where we have indicated a preferred option.

Note on terminology

Levy - The terms 'levy' and 'tax' are used interchangeably throughout this document. We are proposing to introduce a new local tax which we are referring to as a 'visitor levy'. The term levy is defined by Cambridge Dictionary as:

“ ‘an amount of money, such as a tax, that you have to pay to a government or organization:’ ”

([Levy | meaning in the Cambridge English Dictionary](#))

Definitions

Throughout this document we refer to various groupings or words that may be interpreted differently by those reading. The definitions of these words are set within the context of this consultation document and the proposed visitor levy.

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They should be interpreted in this manner. For the purposes of clarity, we have set out some key definitions used in this document:

Cap

The number of nights booked after which the levy is no longer charged on subsequent nights booked.

Commercially

Advertised and made available in exchange for consideration as a part of a visitor accommodation business.

Consideration

Any form of value received, generally understood as ‘cash/money’

Local authorities

Wales’s 22 unitary authorities (county and county borough councils – also known as ‘principal councils’).

Price elasticity of demand (PED)

Price elasticity of demand (PED) measures the responsiveness of the demand for a good or service when its price changes.

Proportionate

A charge that is related in value to the cost of a service or good

Sustainable development

Means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at **achieving the well-being goals**.

Sustainable tourism

Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.

Tax authority

The public body that is undertaking the collection and administration of the visitor levy.

Visitor

An individual whose visit is transient in nature and duration of stay within visitor accommodation is temporary. In this context, a visitor is anyone staying within visitor accommodation regardless of destination of origin.

Visitor accommodation

A room, group of rooms or building, plot of land for siting of temporary transient accommodation (caravan, motorhome, tent or other temporary structure), houseboat (narrow boat), where someone might stay on a temporary basis and is not their fixed address and is let to visitors commercially.

Visitor accommodation provider

An individual or business who lets visitor accommodation commercially to visitors for consideration.

Visitor levy

A proposed discretionary local tax to be levied on visitors staying overnight in visitor accommodation.

Core tax principles

As a new levy, this proposal will need to align with Welsh Government's core tax principles.

The Welsh Government has 5 core tax principles which serve to ensure a consistent and strategic approach to tax policy development and delivery in Wales. The consistent assessment and application of these principles provides for the alignment of tax policies with wider Welsh Government objectives. Our taxes also need to operate coherently and cohesively as part of a wider UK tax and benefits system. Aligning our approach against these core principles should

ensure we are better able to address the wider needs of Welsh citizens and businesses.

Welsh taxes should:

- raise revenue to fund public services as fairly as possible.
- deliver Welsh Government policy objectives.
- be clear, stable and simple.
- be developed through collaboration and involvement.
- contribute directly to the Well-Being of Future Generations Act 2015 goal of creating a more equal Wales.

Our tax principles reflect the Welsh Government's values and objectives. They provide the platform from which we can build into our thinking and policy formulation, sustainability considerations; and the importance of ensuring Welsh taxes remain proportionate and progressive. As such, together with our tax approach, our tax principles provide a clear set of criteria from which to assess the contribution of tax policy and our wider tax system in creating a green, fair and inclusive Wales.

Next steps

Following the consultation period policy development will continue, informed by the responses received. The careful process of developing and implementing any proposals for a visitor levy would take some years. Next steps will be communicated following full consideration of the consultation responses.

Consultation format

This consultation explores the key choices relating to the design and operation of discretionary visitor levy powers for local authorities in Wales. Context is provided ahead of each question to enable the respondent to provide an informed response. All the questions are listed together in Annex A. Additional information is provided through the partial regulatory impact assessment that has been published alongside this consultation. References are provided where required in footnotes and a full list of sources is provided towards the end of this document in Annex B.

The starting point for any tax is to establish what is being taxed and for what purpose, and the scope of the tax (questions 1-2). It is then necessary to consider the framework and rules within which the tax would operate (questions 3-8). Following this we explore further the scope of the tax and circumstances where exemptions should apply (questions 9 -14). We recognise that statutory licensing also has a role to play and links to the visitor levy proposal and this is explored within the consultation (questions 15-16).

The consultation then leads to a discussion on the potential types of rate that could be implemented, an exploration of the potential impacts different rates may have and how rates should be set (questions 17-26).

We then explore record keeping requirements, the impacts different rates may have on record keeping requirements and how frequently visitor accommodation providers should submit returns (questions 27-29). The subsequent section addresses enforcement and compliance matters and reviews what powers the tax authority may require (question 30).

The sections towards the end of the consultation explore how revenues could be used (questions 31-32), transparency and engagement for local decision-making regarding use of revenues (questions 33-36) and finally a discussion on local

authority decision making and transition arrangements (questions 37-38). This is followed by an exploration of the potential operating models for collection of a levy (questions 39-40). Welsh language impacts are considered at the end of the document (questions 41-42). Question 43 provides respondents with an opportunity to provide further information if not covered by the questions posed.

Tax purpose and scope

Visitor levies are routinely applied in visitor destinations across Europe and other international destinations. They are generally applied to visitors who are staying overnight within a defined local area as administered by local authorities who have been provided with powers to implement the levy. However, application varies by destination with these types of levies being applied at various geographical levels (town, city, region, country). For example, local authorities in France and Germany can choose to have a visitor levy or not (known as the *taxe de séjour* or tourist tax in France and *Kulturförderabgabe* or culture tax in Germany). The purpose for a direct charge on visitors is to account for the costs of maintaining and investing into the local services and infrastructure that are used by visitors. Hosting visitors within our communities has an associated public cost. A visitor levy provides the basis for a more equitable system through which visitors contribute towards the costs of local services and infrastructure.

Where this type of tax is used in other countries, the revenues can benefit a range of local initiatives, services, and infrastructure projects (this is explored further within this consultation). Some destinations use visitor levies as a mechanism to restrict or reduce visitor numbers. Where used in this manner the tax is intended to influence behaviour and is designed in such a way. We propose that the purpose of the visitor levy presented in this consultation document is to provide additional revenue for local authorities and a more equitable taxation system. It is not the intent that the levy is used to disincentivise visitors to regions of Wales. However, we recognise that some

areas have localised challenges in managing large volumes of day visitors to certain sites or attractions within an area. Discussions with national parks and local authorities underlined some of these challenges often referred to as 'tourism imbalance'.

Tourism imbalance leads to a concentration in volume of visitors within smaller geographical areas as they opt to visit one destination or attraction over others. Parts of the country may experience different degrees of tourism imbalance, and this can be highly variable depending on the seasons and weather. Levies and charges specifically targeted towards day visitors are often used to control visitor numbers. However, we recognise that application of a levy towards a specific activity (overnight stays) would result in not all visitors having to pay a charge.

To effectively target a levy towards visitors, there must be an activity that has a strong association with visits. A visitor to an area may access a variety of local goods and services however these are also used by local resident populations. Some activities are likely to have a stronger association with visitors in comparison to others. However, clearly there is a strong link between visitor accommodation and the intended tax-base (visitors). It is for this reason that visitor levies are generally targeted towards those staying overnight within an area. Through our discussions ahead of the consultation there was also interest in the application of a visitor levy to other related visitor activities.

The application of a levy to 'day visitors' has been considered in detail. Through our research and engagement with other countries, we identified that levies on 'day visitors' were applied in areas with hard geographical borders and points of entry. Cruise ship or ferry passengers were generally the target of a 'day visitor' levy, due to the ability to effectively link cruise ship or ferry passengers to a 'day visit'. Areas such as Amsterdam, Rotterdam and Catalonia apply a 'day visitor' levy to cruise ship and ferry passengers given the sizeable volumes of visitors undertaking a visit through these modes of transport. Across the UK, we have freedom of movement and Wales has a porous border with England, and therefore without defined points of entry a visitor levy is significantly challenging

to apply to 'day visitors'.

Other forms of taxation in this space include 'entertainment taxes'. An 'entertainment tax' is targeted towards visitor attractions and events within a local area. There were limited examples identified internationally of this type of tax however Amsterdam is a prominent example. The 'entertainment tax' applies in Amsterdam to: operators of boat tours, renters of canoes and pedal boats, tour operators and city tours (**Entertainment tax for boats, touring cars and guided tours** - City of Amsterdam). From January 2023, Amsterdam is also applying an 'entertainment tax' to events and festivals alongside their existing 'tourism tax' on overnight stays. This type of tax is generally considered a separate tax from a 'visitor levy' applied to overnight stays. Where used, entertainment taxes are generally applied to everyone. This is because without a method of verification of an individual's primary residence, it is not possible to selectively tax visitors. Such a system would likely be unfeasible as it would require individuals to carry relevant identification with them and businesses to then check this information.

In the absence of effective verification methods, entertainment taxes can consequently impact residents, running counter to our policy aims for a visitor levy. This is because there is a weaker link to the proposed tax base. In 2018 almost half of visitors to attractions in Wales were local visitors (**Visits to Tourist Attractions in Wales 2018** on GOV.WALES). The scale of visitor attractions in Wales is vast and can range from paid to free activities and events. Impact on residents is less of an issue with a levy on visitor accommodation as although residents will also access visitor accommodation locally, this would represent a small proportion of the total of overnight stays. Therefore, the focus of this consultation is on a proposal for discretionary powers for local authorities to apply a levy on overnight stays. However, we are interested in hearing views as to whether respondents think other activity should be taxable and how these could feasibly work before making any final decisions on this matter.

Our approach

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

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

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

Questions

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

Tax framework (legislation)

The size of the visitor economy varies across our local authority areas in Wales with some areas experiencing higher volumes of visitors than others. Therefore, the extent to which local areas could benefit from a visitor levy corresponds to the volume of visitors they receive. However, higher volumes of visitors mean higher associated costs of providing the services and infrastructure to host these visitors. The local economic circumstances clearly vary from area to area. Recognising the differences across our communities in Wales, the proposed 'visitor levy' powers considered within this consultation would be optional for local authorities to apply as the appropriate accountable bodies to their local populations. This would empower local authorities to make decisions aligned to the needs of their communities. A framework is required for a levy to operate which determines the powers and responsibilities granted to local authorities regarding the operation of the levy. This framework provides the 'rules and regulations' in which a levy would operate.

The framework in which local taxes operate could provide greater local autonomy to enable more decisions to be taken at a local authority level. Alternatively, there could be less local autonomy which could provide greater consistency of application across local authorities. Frameworks for other local taxes grant varying degrees of local autonomy, for example councils set the band D charge for council tax locally while a national framework sets the relative rates for other bands. There are choices in the tax framework that can enable greater local determination or greater national consistency. For example, the tax framework for a visitor levy would have to determine:

- The process to introduce a levy
- What is taxable
- Who is liable
- Exemptions or reliefs
- Type of rate

- Level(s) of the rate
- Reporting requirements
- Compliance or enforcement actions taxpayers may face, including penalties

The proposed legislation could either determine each of the elements within the framework or it could allow for each local authority to determine the elements of the framework. Local authorities could be provided more autonomy through the framework, for example enabling local authorities to determine what rate to set and what type of rate to use.

Initial discussions with stakeholders highlighted that consistency of application for a new levy was of particular importance. This was a view that was strongly expressed by businesses across Wales. Consistent application would mean that there would be less autonomy at a local authority level. For example, the same type of rate would be applicable, reporting would be the same across local authorities, and the level or bandwidth of rates would be the same across local authorities. A consistent method of application would reduce the administrative complexity for businesses and for those collecting and administering the levy. This would also reduce any potential errors in the application of the levy. Additionally, it would reduce complexity for booking platforms and financial agents. It is proposed that those visiting areas where a visitor levy would apply would therefore be subject to similar application and treatment regarding the levy. Therefore, our preferred position is for greater central determination and consistency in the application of a levy through the framework.

Through these discussions, we did not identify a rationale for greater local determination within the framework for most aspects of the levy. However, there may be merits for more local determination in some areas, for example, local authorities are well placed to understand what rate may be appropriate for their area and what their local spending priorities are. Therefore, there is rationale for greater local determination on setting rates and determining how revenues are used. However, as a basic principle, we are aiming for consistency in application in the first instance. Given that this would be a wholly new local levy, we believe

that a consistent method of application would reduce any administrative burden. This would also enable more effective messaging to visitors, reduce the potential for confusion and make the levy more efficient to operate. It is our view that the levy should apply to the same activity, in the same manner across local authorities. Therefore, the levy would be the same type regardless of the local authority in which it is applied. However, as a discretionary power, the decision to apply it would rest with the local authority.

Our approach

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

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

Questions

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

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

Tax design and liability

Self-assessed taxes

Tax can operate on a basis of either being assessed by a tax authority or self-assessed by an individual or business (and verified/checked by the tax authority). In practice, the requirements for these 2 types of taxes are different and distinct. Taxes assessed by an authority are more suited to fixed or rateable values. A self-assessed tax is based on information that the authorities are unlikely to hold. For example, businesses that meet the VAT threshold must submit VAT returns to HMRC. This is based only on records and information they hold to help determine how much VAT is owed and how much VAT can be reclaimed. However, the tax authority has a key role in assuring the validity and accuracy of self-assessed taxes to ensure the integrity of the system is upheld through minimising the scope for error and preventing tax avoidance and/or evasion.

The type of tax model we are proposing would be based on actual volumes of visitors staying overnight within accommodation. As noted above, this is information that the visitor accommodation provider will be best placed to provide and so, a self-assessed tax based on that information appears to a workable model. The visitor themselves would also know this information however a direct charge applied to visitors is unlikely to be a workable proposal. This is because the information could not be verified by the tax authority in the absence of a fixed border or alternative mechanism to track information provided

by a visitor (for example duration and location of stay). If there was a direct charge on visitors for overnight stays, then the information would still require validation, and this would most logically be provided through visitor accommodation providers. A direct charge applied to visitors directly by the tax authority therefore becomes unfeasible to enforce without the appropriate mechanisms to verify the information provided.

Another option would be a self-assessed levy that is applied to either profit or turnover of a business (such as corporation tax). However, a self-assessed levy based on profit or turnover is not being proposed as the rationale is for visitors to pay the levy. This is to account for the maintenance and investment costs into the infrastructure and services that support the visitor economy, which visitors actively use.

The alternative to a self-assessed tax is a levy that is calculated and assessed by the tax authority. For a state-assessed tax, the taxable activity could not be an overnight stay as the tax authority cannot determine who has stayed overnight and where they have stayed, as this information would only be known by the visitor accommodation provider. Tax authority-assessed taxes are generally based on fixed values and bands because those do not require any additional information for the tax to be charged. Therefore, this mode of taxation is different to the one we are proposing, which is based on information that only visitor accommodation providers will know (e.g. who has paid them to stay overnight and occupancy rates). A tax-authority-assessed visitor levy would therefore likely take the form of a fixed value applied to each relevant businesses with no direct reference to the number of overnight stays paid for in their accommodation. For example, this could be an additional percentage charge applied to visitor accommodation through the business rates scheme. However, as highlighted in this consultation, the intent is for a direct charge on visitors, and a state-assessed levy would be a direct levy on businesses.

We recognise that tourism demand can be variable for a variety of factors, therefore a self-assessed tax based on the actual number of overnight stays

enables a more accurate, fairer mode of taxation that is reflective of actual demand and visitor volumes (and therefore demand on local services and infrastructure). A self-assessed tax based on the number of overnight stays is therefore our preferred basis for the proposed levy. This would be the first local tax of this nature in Wales.

Liability

As with any tax, there is a requirement to specify who is the responsible party for assessing the liability and paying this over to the tax authority. This would ultimately be the liable party who would have legal duties to collect payment of the tax and return this to the relevant tax authority. The tax we are proposing is one that visitors staying overnight in visitor accommodation would have to pay and visitor accommodation providers would have to collect and remit to the tax authority (similar to a VAT based model). We recognise that visitor accommodation providers use a range of platforms to advertise their services and take bookings. In practice, the tax may be collected at the point of booking by a third-party. However, fundamentally, only the visitor accommodation provider would have the knowledge to know exactly who is staying overnight in their premises. Therefore, it is our view that ultimate responsibility for collection of the tax from visitors and remittance to the tax authority would reside with the visitor accommodation provider. Liability resting with the visitor accommodation provider is the usual approach that is adopted in international models. Therefore, we propose that the visitor accommodation provider retains ultimate responsibility even where a third-party booking agent may collect the levy on the visitor accommodation provider's behalf.

Tax point

Aligned to this point, it is necessary to consider the appropriate tax point when the levy should be collected. Some visitor accommodation providers operate

self-check in processes and therefore have less of an understanding of the exact numbers of individuals staying in their rooms/accommodation. Whereas other visitor accommodation providers may have more formalised check-in processes where more information can be obtained from individuals staying overnight. In terms of payment, there are a wide range of approaches adopted for bookings, with some providers taking deposits and/or full payment in advance of a stay. The appropriate tax point would be a visitor's arrival or departure and check-in/out from the accommodation, as it is at this point those details of the stay and duration can be confirmed, and therefore the overall liability assessed.

The point of arrival is also the point of confirmation that the individual is a visitor to the area, as for example, the stay may be cancelled before this point. The point of departure enables an accurate assessment of the total number of nights that have been spent in the accommodation and therefore the total liability. However, we recognise in practice that rooms or accommodation are booked for a fixed period and therefore the calculation may be made on arrival. Therefore, this is the logical tax point. Nonetheless, we recognise that from a practical perspective, some visitors may prefer to pay this in advance and there should be full transparency about the total cost of any levy as part of a stay.

If payment of a levy were to be taken in advance, then visitors would be subject to normal refund processes by the visitor accommodation provider in the event of a cancellation. Advanced levy payments as part of a booking would not preclude any additional nights from being subject to a levy. However, ultimately, the total levy amount payable would have to be calculated by the visitor accommodation provider and they would retain liability and ultimate responsibility for making an accurate assessment and ensuring an appropriate charge.

Our approach

As the visitor levy we are proposing would be payable by visitors and is on the

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

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

Questions

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

Visitors in scope

The principle of fairness is important in taxation systems. We believe that taxes should be fair, proportionate, and progressive. Starting from the principle of fairness, all overnight visitors into a local area will access a variety of local public goods and services. Therefore, thought should be given as to which visitors are in scope for the levy. We published data in 2018 ([Welcome to Wales: priorities for the visitor economy 2020 to 2025](#)) which splits the reasons for overnight stays in Wales into the following categories and percentages:

- Holidays – 64%
- Visiting family and friends - 25%
- Business – 8%
- Other – 3%

The majority of those paying to stay overnight within an area do so for the purposes of a holiday. However, 36% of stays are related to other reasons. Given that the rationale for the levy is that there are public costs associated with hosting visitors, it is our view that all visitors staying overnight within commercially let visitor accommodation (and who are not exempted) should be considered within scope of the levy, including those travelling for reasons outside of a holiday. We are not proposing a charge for those staying with family and friends in their own homes. However, a levy would apply to any free or discounted nights offered within commercially let visitor accommodation, as part of a stay, where there has been a consideration for accommodation costs for any part of the stay.

The alternative would be to limit the levy to only those on holiday but there would not appear to be a difference in terms of local impact depending on the nature of a visit. Attempting to distinguish the reason for a visit would add an additional level of complexity to the levy, for example, determining the classification of a visit that is both for a holiday and business. There may be a case for exempting certain types of accommodation or visitor from a levy (relating to specific exemptions) which is explored within the next section. While we have set out our view above, we welcome views on whether any general classes of overnight stays should be excluded from the scope of the proposed levy.

Our approach

There are public costs associated with hosting visitors regardless of the nature of their visit. We propose that all visitors staying overnight within commercially let visitor accommodation (where not exempted) should be considered within

scope of the levy, including those travelling for reasons outside of a holiday.

Questions

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)?

Exemptions

Introduction

There may be circumstances where to charge a levy would be disproportionate and potentially discriminatory. Through our review of visitor levies internationally, there was evidence of a range of exemptions from a charge being applied to various groups. Examples of exemptions identified internationally where visitor levies apply include: Homeless people, individuals fleeing domestic abuse or violence, those visiting for medical treatment, children and young people, and disabled people. Further detail is provided in the partial regulatory impact assessment accompanying this consultation.

Exemptions and reliefs from any levy are generally an exception rather than a rule. Taxation systems do not typically account for individual characteristics or circumstances of an individual and are fair in so far as the tax applies to everyone (albeit in a proportionate manner.) However, it is recognised that there may be certain circumstances where we should consider making an exemption and we would appreciate any further information or evidence on this matter.

We are of the view that all visitors will have an impact on an area, and we therefore have a preference to minimise any exemptions. However, we would

like to explore the case for any specific exemptions before reaching any final conclusions.

The following section sets out the potential exemptions we are considering for a visitor levy within Wales, as well as other groups and types of stay which could be considered for potential exemption.

Gypsy and Traveller sites

We would look to exempt Roma and Gypsy Traveller primary residence sites from the levy as their lifestyle is inherently transient for cultural reasons.

However, we recognise that Roma and Gypsy Travellers may be visiting an area for holiday, business or other reasons and staying in or on commercially let visitor accommodation amongst other visitors. In these scenarios, there would be no exemption.

Local authority arranged emergency stays

Local authorities have statutory duties to provide emergency accommodation for those who have a need of it. Example groups include:

- Homeless people
- Victims of domestic abuse

In some circumstances, this may involve housing individuals within commercially let visitor accommodation. These types of stays will often be arranged by local authorities and should therefore be practicable to identify and exempt without disclosure of sensitive information. In these situations, we would not want these groups to be inadvertently captured by a levy, particularly as they may have no recourse to funds. We therefore propose that these groups would be exempt from the levy.

Home Office arranged stays for asylum seekers and refugees

Another complex area is regarding asylum seekers and refugees who may stay temporarily in visitor accommodation. This is an area which is reserved to UK government. The Home Office arranges emergency accommodation for either those claiming asylum whilst they are awaiting a decision or on a temporary basis for those who have been refused asylum and are waiting to leave the country. This is undertaken in tandem with local consortia and/or contracts with private sector accommodation providers. Emergency or temporary accommodation arranged in these circumstances can sometimes be within visitor accommodation such as hostels and bed and breakfasts. Given asylum seekers will have limited recourse to funds, application of a levy could have a substantial negative impact. In these scenarios, we would want to ensure that there is an exemption. For clarity, those staying with individuals under the 'Homes for Ukraine' scheme would be out-of-scope (as by definition this is a long term stay in non-commercially let accommodation).

Those fleeing violence or domestic abuse

There may be other scenarios where individuals in these circumstances arrange their own accommodation. However, it would be significantly challenging and likely not be practicable for visitor accommodation providers to be identifying these individuals to apply an exemption. Individuals in these scenarios are in highly vulnerable situations. For example, someone fleeing domestic abuse may not feel comfortable providing personal details or disclosing the nature of their visit to the visitor accommodation provider. Likewise, the visitor accommodation provider may not feel comfortable asking individuals to disclose this type of information. This type of information can be highly sensitive and requires additional safeguards to ensure it is held securely and not accidentally disclosed

which could cause harm to the individual. Placing such requirements on visitor accommodation providers may be inappropriate given the nature of the service they provide. Additionally, there is no way to validate information provided by individuals and this would therefore require the visitor accommodation provider to make a judgement call about application of an exemption. This would be significantly challenging to undertake in an appropriate manner. Therefore, we propose that the exemption would only apply for these types of stay where arranged by the local authority.

Emergency stays within premises operated by charitable or non-profit organisations

We recognise that there may be some visitor accommodation providers that provide their accommodation for charitable or non-profit purposes that may involve a charge to the individual (for cost recovery). For example, stays for respite or refuge purposes. It is our preferred position that visitor accommodation provided by a charity or non-profit organisation for the purposes of respite, refuge or shelter is not included within the scope of the levy. This is because we do not consider it appropriate to charge those staying in visitor accommodation who may not be making a 'choice' to stay due to their circumstances (e.g., someone fleeing domestic violence and staying in a refuge), in the same way as someone visiting for recreational or business purposes. Additionally, we would not want to create a financial barrier for those individuals' accessing services that prevent or reduce the risk of harm.

Other stays out of scope by definition: non-commercially let visitor accommodation and long-term stays

We recognise that there is diversity of visitor accommodation types and overnight stays and for the avoidance of doubt the definitions of visitor, visitor

accommodation and visitor accommodation provider used in this document ensure that certain overnight stays in visitor accommodation are excluded from the scope of the levy. For example, stays in non-commercially let accommodation and long-term stays (e.g., hospitals, prisons, students staying in student accommodation, individuals staying with family and friends in their own property) are not considered in scope of a visitor levy.

Other issues: non-local authority arranged stays from homeless/ gig economy workers within commercially let visitor accommodation

Through our discussions, challenges were raised by hostels in urbanised areas regarding the application of a levy to all customers. It was highlighted that there were homeless and gig economy workers who may be utilising the visitor accommodation temporarily due to its affordability. We recognise that this may be more prevalent for urbanised hostels due to the nature of their location and the cost of the visitor accommodation. Generally, it was understood that the nature of the stay was not always known nor the background of the individual, however it was recognised that some individuals may disclose this information to a visitor accommodation provider. These types of stays are challenging to identify by their very nature unless they take place within defined premises such as shelters, and accommodation provided specifically for homeless people.

Children and young people

Some international destinations apply an exemption (or a reduced rate) for children and young people. Children and young people may be staying overnight in visitor accommodation for the purpose of a holiday with family, or for educational or for social purposes. For example, many schools and youth organisations will arrange residential visits for educational and social

development purposes. Naturally, there is an existing cost for these types of trips and a levy would be an additional cost to consider if applied to children and young people. Generally, existing consumption taxes opt for exemptions or reduced rates for children and young people however there is inconsistency within the tax system on a standard definition of a 'child' or 'young person'. For example, baby wear, children's clothes and children's footwear are zero rated for VAT. However, notably this exemption does not include all children and young people. Another example is an exemption from Air Passenger Duty for children (if they are in the lowest class of travel) , however in this example the definition of a child is someone below 16 years old. Children and young people are not exempted from paying VAT within the existing costs for visitor accommodation. However, this is a complex area, with 'welfare' services for children being VAT exempted but not 'activity based' services ([HMRC internal manual](#) on GOV.UK). Existing local taxes (council tax) apply an exemption to those aged under 18 years old. As demonstrated, there is inconsistency on treatment of children and young people within the tax system, with exemptions and reductions applied in a varying manner.

In the context of a visitor levy, identifying whether someone is a child or young person should not be overly complex if an exemption were to apply. Children and young people would generally be travelling with adults, or as part of an educational or social trip arranged by a third-party organisation. This would not be classed as sensitive data; however, UK GDPR regulations still apply and would need to be considered if an exemption were to apply for this group. Children and young people may be visiting an area for multiple reasons; however, their trips are likely to be accompanied and supervised by an adult (parent/guardian/carer) who retains responsibility for safeguarding until the age of 18. Depending on the type of rate that is chosen (discussed further in this consultation) there would be varying impacts from inclusion of children and young people within the scope of the levy. For example, those with large families would face a higher cost comparatively to those without. However, this would likely be the same for all aspects of the trip. Application of a levy would also

increase costs for educational/school trips involving overnight stays. As there are existing costs and VAT charges for children and young people staying in visitor accommodation, it would not necessarily be disproportionate to also apply a visitor levy. However, as noted, this would be an additional financial barrier that could impact larger families and those from a lower socio-economic background who have lower disposable incomes.

Stays for medical treatment

Some countries apply an exemption for those who may be visiting an area for the purposes of medical treatment and are staying overnight in commercially let visitor accommodation. This exemption is also often extended to family members/carers/friends who may be accompanying the individual and supporting or caring for them. Medical information about an individual is classed as special category data (**Special category data** on ICO) and would require additional safeguards relating to recording and storing this information. Therefore, application of an exemption in these circumstances is challenging due to the nature of the data involved. We would be interested in your views about whether an exemption should apply for these types of stays. We recognise that all visitors will utilise an array of local services and infrastructure and therefore there remains a rationale for a charge. However, where treatment is specialised and may have required travel to a specific area (and travel of accompanying family/friend/carer) then there is a lack of choice at an individual level about a requirement to stay locally. Notably, there is some voluntary provision of accommodation in these scenarios and the number of these types of stays is likely to be low in volume.

Disabled people

Some examples internationally demonstrate exemptions for disabled people. This is another challenging area to determine whether any exemption should

apply. Visitor levies are based on individual consumption and therefore a basis of choice for a visit. A visitor levy should not act as a barrier for a disabled person's visit any more than someone who is non-disabled. Identification to enable an exemption would also remain a challenge as not all disabilities are visible, and an exemption could lead to inconsistent treatment of disabled people staying in areas where a levy is charged. We are however looking for views on a particular exemption for this group if there is a rationale or evidence we have not considered.

Consistency of application

As referenced in the tax framework section of this consultation, there is a preference for consistency in application of a visitor levy across local authorities. In the case of exemptions, this would ensure equity of treatment across all areas using a visitor levy. Therefore, we believe that where an exemption is deemed necessary and applied that this exemption would apply across all local authority areas. As part of initial discussions, we did not identify a specific rationale why local authorities may require discretionary exemption powers. However, enabling this would provide greater flexibility in the administration of a visitor levy and there may be unique local circumstances and scenarios where having discretionary exemption powers would be beneficial.

Our approach

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

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

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

Questions

9. Do you agree or disagree with the following proposed exemptions:
 - a. Stays within Roma and Gypsy Traveller sites (where transient stays are inherent to the culture)
 - b. Stays organised by local authorities undertaking their statutory functions (such as duties undertaken as part of The Housing (Wales) Act 2014) [[footnote 1](#)] (e.g. provision of temporary accommodation for those who are homeless).
 - c. Stays organised through the Home Office in undertaking their statutory functions relating to asylum claims and temporary housing of refugees
 - d. Stays within accommodation provided by charities and non-profit organisations on a non-commercial basis (e.g. for the purposes of shelter, respite or refuge- homeless shelters and refuges)
10. Are there any other exemptions that we should consider? Please select all that you think should apply:
 - Children and young people
 - Overnight stays where the purpose of the visit is for medical treatment
 - Disabled people

- Other exemption
11. Do you agree or disagree that any exemptions should be established within a mandatory framework set out in legislation?
 12. As set out in the consultation we believe that where exemptions are applied, they should be done so across all local authorities in a consistent manner. However, there may be circumstances we are not aware of where discretionary exemption powers for a local authority may be required. Should local authorities have discretionary exemption powers?

Accommodation types in scope

As outlined under the visitors in scope section of this consultation, we are proposing that most visitors staying overnight in visitor accommodation should be in scope to be charged the levy. For clarity therefore, it is important to also be clear which visitor accommodation types are within scope of the levy. There are multiple types of visitor accommodation available which we define as:

“ ‘A room, group of rooms or building, plot of land for siting of temporary transient accommodation (caravan, motorhome, tent, or other temporary structure), houseboat (narrow boat), where someone might stay on a temporary basis and is not their fixed address.’ ”

For example, this would include (non-exhaustive):

- Bed and Breakfast (B&Bs)
- Caravan sites
- Campsites
- Guesthouses
- Hostels and bunkhouses
- Hotels

- Self-catering accommodation (houses, cottages, and apartments)

We recognise that there is a wide range of visitor accommodation available to let across our regions in Wales. The make-up of visitor accommodation is variable depending on locality. From a point of fairness, we view that all commercially let visitor accommodation should be within scope of the levy. However, there may be certain situations where inclusion within scope of the levy may be challenging. For example, accommodation provided on an infrequent basis, such as for a few nights a year. This presents a challenge from an enforcement perspective.

We also recognise that some visitor accommodation offerings in Wales are 'budget' and let at a lower rate in comparison to other visitor accommodation types. Application of a levy on stays in budget accommodation could therefore lead to low tax revenues being collected and any costs associated with collecting a levy potentially outweighing any revenue return in such scenarios. This was a point that was raised by some accommodation providers through our engagement.

We want to explore whether there should be any exemptions to visitor accommodation types in scope and the reasons for this. The point between infrequent provision of visitor accommodation and a more regular offering can be challenging to establish. To help determine tax liability, thresholds are applied to aspects of existing local taxes such as the definition of self-catering accommodation for non-domestic rates purposes ([Non-Domestic Rates for Self-Catering Properties in Wales](#) on Business Wales). For a visitor levy, we are looking to understand whether there is a rationale for exempting certain visitor accommodation. For example, this could be based on a minimum number of letting days that the property is made available to let or based on the price of the accommodation (or room). Having a threshold and setting this level too high would remove a large portion of the tax base and create an unfair tax system. A high threshold in terms of price would however remove a lot of individuals who may be using budget visitor accommodation in lieu of a permanent residence

(e.g., those who are homeless) and therefore prevent any additional barriers to these groups. However, having a threshold based on days let and setting this too low could result in many individuals becoming liable for charging and collecting a levy which may be challenging to enforce. Additionally, a threshold can create distortive effects if businesses change how they operate to avoid any additional burden from charging and collecting a levy, for example through attempting to avoid breaching a threshold. International examples demonstrate that there is generally no threshold (France, Balearic Islands, Germany, Philadelphia) as in principle a threshold for the levy would create unfairness across the visitor accommodation sector as visitors access all visitor accommodation types. Rather than application of a threshold, the rate is often made proportional to accommodation costs to reflect the diverse nature of offerings. Our preferred position is therefore to not have any type of threshold for application of the levy and therefore all visitor accommodation would be in scope.

There is great variety across visitor accommodation providers in Wales and potential impacts would vary across providers as outlined in our partial regulatory impact assessment. Smaller providers (small and micro businesses) may have less resource and time available to accommodate changes in comparison to larger providers who may outsource accounting functions to a third-party. Some providers highlighted in discussions that they may not turn a profit in the initial years the business is established. These providers therefore felt that there may be a basis for exempting start-up businesses or consider including businesses in scope based on profit or turnover. We recognise that this is a complex issue, however the option to exempt providers based on size or performance (be that turnover, profit, or physical space) is not a preferred position. This is because the levy would be payable by visitors and the visitor accommodation provider responsible for charging and collecting the levy. Therefore, it would be unfair to not charge visitors due to the nature of the accommodation in which they stay.

Consistent feedback was heard from a variety of stakeholders that application of

a levy should be consistent and any exempt property types could create an unequal system for a visitor levy. International examples demonstrate that a visitor levy is generally applied to most visitor stays (and therefore, most, if not all, visitor accommodation providers must charge and collect the levy) to ensure fairness between operators. We believe that fairness requires that all visitor overnight stays should be within scope and therefore all commercially let visitor accommodation should be within scope but would welcome responses to the following questions.

Our approach

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

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

Questions

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

Statutory licensing proposals

As outlined under the section covering the visitor accommodation types in scope of the levy, we are proposing that most visitor accommodation would be in scope for charging and collecting the levy. Wider challenges of fairness are recognised within the self-catering sector. There are many visitor accommodation providers who use online booking platforms to advertise and let out their accommodation for short-term lets. Some of these providers offer their accommodation infrequently for certain times of the year whereas others are operating a premises as a full-time business. In other jurisdictions where visitor levies apply, steps have been taken to ensure a level playing field between all visitor accommodation providers. This involves a statutory licensing or registration scheme where anyone offering visitor accommodation must first obtain a license and/or register with a relevant authority before advertising and letting their accommodation ([Airbnb news](#)). This ensures consistency of treatment by governing authorities for all visitor accommodation providers regarding any requirements that may be placed on them when providing visitor accommodation. Additionally, for the tax authority it supports enforcement of a levy through ensuring that sharing economy platforms do not accept advertisements without a provider meeting the relevant pre-requisites (e.g., obtaining a licence).

We recognise that a licensing scheme may support the implementation of a visitor levy through providing a clearer picture of who is operating and providing visitor accommodation services. This would help to support a level playing field through ensuring visitor accommodation providers are subject to the same treatment requirements regarding their obligations regarding the proposed visitor levy. A full consultation will be undertaken later this year regarding proposals for a statutory licensing scheme, with the intention to introduce statutory licensing announced earlier this year ([New package of measures to address high numbers of second homes](#) on GOV.WALES).

A licensing scheme provides benefits for the administration of a visitor levy through a more complete understanding of which businesses are operating within an area. In international examples, those who must obtain a license and/or register are also the same providers who are liable for charging and collecting a visitor levy. Existing information held would not be able to identify all infrequent visitor accommodation providers as there is currently no obligation to notify such activity to authorities or obtain a license or registration for this activity to be undertaken. Therefore, introduction of a visitor levy without having such requirement in place (or establishing a tax registration scheme in the legislation) creates additional enforcement challenges as authorities are less likely to be able to identify infrequent providers and undertake enforcement activity if required. Although it should be noted that there would be an enforcement challenge from a licensing (or tax registration) perspective as there would be those that fail to obtain a license (or register) and still provide accommodation services. Therefore, it would likely be a joint enforcement challenge from both a licensing/registration and tax perspective. However, placing requirements to obtain a license or register (and use of penalties for failure to do so) is supportive of a joint enforcement approach.

The alternative to not utilising a licensing system to support the administration of a visitor levy would be to have separate tax registration system or have no registration system in place. A separate tax registration system would place statutory requirements on visitor accommodation providers to register themselves with the tax authority for the purposes of tax administration. No registration system would mean that the tax authority is reliant on building up a database of providers through the requirement to file a tax return (in the model we are proposing) with the tax authority. An enforcement challenge would exist with no licensing or tax registration system in place although existing data sets held for the purposes of administering other local taxes alongside local insight could potentially support identification of providers and enforcement measures. However, having either no tax registration or licensing scheme in place for the purposes of tax means that there would be fewer enforcement measures that

could be deployed to encourage adherence to requirements.

Additionally, as the type of tax we are proposing would be based on a self-assessed model (as discussed under the tax design and liability section of this document), this type of tax lends itself to having a registration mechanism in place for providers to notify their tax details to the tax authority and submit returns. We recognise that if the scope is the same for licensing proposals and a visitor levy (i.e., those in scope for the levy may be the same that are required to be licensed) then there is an opportunity to collect this information in a joined-up manner to provide a better experience for the taxpayer. However, if the scope of the policies were to diverge then there may be a requirement for visitor accommodation providers to register explicitly for the purposes of tax administration. This is to ensure that the tax authority is aware of all providers operating and enable effective enforcement measures to deter those that seek to avoid or evade their obligations.

A licensing scheme generally requires prior approval from an authority and needs to be renewed on a periodic basis. A registration scheme may not require prior approval from an authority, although registration could be cancelled by an authority if the operator is later found not to be meeting certain requirements.

Our approach

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

Questions

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?

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?

Rate type

When considering how the levy may be charged, we need to establish what type of rate visitors should pay. There are multiple models of rate charging that may be suitable. These can principally be summarised as:

- A per night, per room/accommodation levy (£)
- A per person, per night levy (£)
- A percentage of the accommodation charge levy (%)
- A blended model of the above

A common approach used internationally is to vary the charge according to the quality or cost of accommodation. We understand that variation of a rate by quality would be challenging as existing schemes, such as those provided by Visit Wales (**Star quality grading** on Business Wales) and the AA (**AA: Quality assessment schemes**) are voluntary and therefore not all visitor accommodation is graded. However, variation by cost can provide a useful proxy for quality. For example, Hamburg applies a per person per night levy which varies according to the cost of the accommodation. To ensure fairness, regardless of the type of rate, we propose that any levy should not be disproportionate to the costs of the accommodation.

As outlined within the tax framework section, we are proposing that the same

type of rate would be utilised across all local authorities. This ensures consistency of approach and reduces confusion for the administration of the levy. Visitors would also become more accustomed to the type of charge where only one is in operation. This also provides benefits for booking platforms and visitor accommodation providers operating across multiple local authority areas.

Costs and benefits would be variable depending on the type of rate that we propose, and this is explored further within our partial regulatory impact assessment. However, a summary of the relative merits and impacts for each of the options is provided here for brevity to help inform your response.

A per night, per room/accommodation levy (£)

A per night, per room/accommodation levy would be a charge on either a room or whole accommodation basis depending on the type of visitor accommodation. This would be a simpler type of levy to operate as a single rate would apply regardless of the number of individuals staying in the room or property. Therefore, there would be less additional information required to be collected by businesses when taking bookings. Additionally, as this type of rate would be applied to the room/accommodation it is therefore applied to all those visiting as part of that booking. This ensures that all visitors staying have been charged the levy which aligns to the policy rationale. However, this method of charging is indirect where multiple individuals stay as part of a booking in the same room/accommodation.

However, this option is regressive in design as the burden of the tax in percentage terms would decrease as the price of the accommodation increased. For example, a £1 per room/accommodation per night levy for accommodation that costs £25 a night would be a 4% tax rate whereas applied to accommodation at £100 a night the percentage would be only 1%. Even when applying a variable rate of this type based on cost bandings per night, it would still be regressive as the cost of the accommodation per night may fall towards

either the lower or upper ends of the bandings (and therefore in percentage terms those towards the lower end of a cost band still face a higher tax rate). Therefore, those using relatively lower cost accommodation may face a disproportionately larger charge in percentage terms in comparison to those in higher cost accommodation.

This type of levy would also not reflect seasonally adjusted price changes unless accounted for in the design. For example, we note that businesses change their pricing schedules across the year to reflect demand and competition.

A per person, per night levy (£)

This is the most common type of rate that is applied across European destinations. This type of tax is still regressive in design as it is not directly linked to the overall cost of the room/accommodation (as per a levy per room/accommodation per night). Application of a per person, per night, enables greater targeting of the levy if there is a requirement to apply exemptions or reliefs based on individual circumstances. This is because the levy is applied per individual rather than on the overall cost of the room or bill. Therefore, individuals travelling in a group can be exempted from the charge (if an exemption applied). Applying an exemption in the scenario of a charge levied against the whole accommodation, would require calculating all individuals share of the charge. This is often not feasible as providers may not actively collect information on number of people staying. This type of rate would also likely be more straightforward for visitors to understand. Arguably, this type of rate is most aligned to the policy intent of the visitor levy as it would ensure that every individual staying under the booking has been charged the levy.

However, this type of rate would be more complex than a per night per room/accommodation levy. This is because of the requirement for businesses to gather additional information from visitors booking or staying in accommodation. This would be a requirement so that any returns submitted to the tax authority

could be checked against records of number of visitors staying in the accommodation per night. In some circumstances, there would be a reliance on self-declaration by visitors of numbers staying in the accommodation. Where there is no formalised in-person checking-in or out procedures in place, this type of charge would be hard to enforce effectively in some scenarios.

As noted for the previous option, this type of rate would not account for seasonal adjustments in price unless this was accounted for through the design.

A percentage (%) of the accommodation charge levy

A percentage-based charge is the most progressive type of charge as it would be directly linked to the cost of the stay and ability to pay. Additionally, this type of charge would account for any seasonal variation in the cost of accommodation, reflecting any changes in demand. This type of charge would be proportionate to the accommodation cost providing a fairer basis for the levy to operate across providers.

There may be certain challenges associated with a percentage-based charge. For example, some providers may provide additional services linked to a stay such as food, drink, and leisure packages. Some providers such as bed and breakfasts offer these as an intrinsic element of the stay. In practice, a percentage charge may therefore disadvantage these types of providers. A mechanism for recording and receipting extra services outside of the accommodation cost would likely be a requirement to ensure the fair application of this type of charge.

A blended model of the rate options detailed in this section

An additional option to consider would be a blend of the options identified in

this section. For example, this could be a rate charged per person per night alongside a percentage of the accommodation cost. There are few examples of blended models internationally, although Amsterdam adopts this approach for their visitor levy. The advantage of this option is that a percentage element included alongside a per person rate would provide the basis for a more progressive rate. However, the disadvantage is that it would be more complex to operate for authorities and visitor accommodation providers. Visitors could find this option confusing. This option is therefore non-preferable as it would introduce too much complexity into the design of the levy.

We recognise that there is seasonal variation in demand for visitor accommodation and providers will alter their prices accordingly to reflect the rise and fall in demand across the year. There is opportunity through the design of the levy to opt for a charge that would vary according to these seasonal changes. However, enabling seasonal variation for the levy may create greater administrative burden for both businesses and the tax authority. This could increase the costs necessary to implement and operate the levy.

We are seeking to explore the potential merits and impacts of the identified options in more detail. The above summaries are non-exhaustive, and more detail is provided in the accompanying partial regulatory impact assessment. Please provide any additional evidence or information on these points in your answers to the following questions.

Our approach

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

As outlined under the tax framework section of this consultation, it is preferable

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

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

Questions

17. Which of the following do you think would be the most appropriate type of rate for this levy?
 - a. A per night, per room/accommodation
 - b. A per person, per night
 - c. A percentage of the accommodation charge
 - d. A blended model of the above
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?
19. Are there any additional impacts we should consider based on the type of rate chosen (for example, impacts regarding: resourcing and staff time, financial costs, other administrative costs, time and costs required to update any digital systems, seasonal price changes, and any other impacts we

should consider)?

Chargeable rate

One of the key questions to consider is the appropriate rate at which to set any visitor levy. Consumer price responsiveness (price elasticity) is informed by a variety of factors such as disposable income, the availability of substitutes, individual preferences, and uniqueness of destination (such as specific attractions or activities that draw people to a region). The level of income elasticity (sensitivity, how much demand will vary according to changes in disposable income) for visitors are aligned to this. Levels of disposable income (income elasticity) will influence behaviour alongside the cost of goods and services (price elasticity).

Understanding price and income elasticities is complex due to the wide range of factors which influence individual behaviour. Analysis on elasticities at a UK level is variable. Some studies suggest that the domestic visitor economy is sensitive to price increases and therefore a rise in price leading to a fall in expenditure. Whereas other studies are suggestive of the visitor economy being less sensitive to price increases. However, understanding what behavioural responses a price increase would manifest through is challenging.

We commissioned independent research (this research is available online via [Statistics and research](#) on GOV.WALES) to review the existing literature to understand how changes in price and income may impact tourism demand. 33 studies were selected to be reviewed in full as part of a rapid evidence assessment. Whilst there is a large body of evidence to draw on, there are no studies that provide Wales specific estimates and only a small number cover the UK market. The research demonstrated that it is probable that overall demand for tourism in Wales is near to unitary price elastic, meaning a percentage change in price corresponding with a roughly equal percentage change in

demand. For example, a 1% increase in price leading to a 1% fall in demand for tourism to Wales. However, there was a large variation in the magnitude of estimates, with demand for tourism either price elastic (large change in demand in response to change in price) or inelastic (small change in demand in response to change in price) depending on the study concerned. Price elasticity of demand will likely be variable for destinations within Wales and by visitor place of origin. Of most relevance to the proposed visitor levy, accommodation was found to have a price elasticity of demand of -0.7 on average, making demand for accommodation relatively price inelastic (less sensitive to change in demand from price changes). Estimates for income elasticity of demand were typically found to be positive, implying that demand for tourism increases as income of visitors increases.

The research we commissioned looked at Wales as a whole and it is probable that visitors' price responsiveness will be variable at a regional level across Wales. This is reflective of the characteristics of the visitor economy, as some areas can charge higher prices as they have a greater demand due to the local offering and attractions. Individual reason for travel will also alter price sensitivity as business travellers are likely to be less sensitive to price increases when compared to recreational holidaymakers. Price elasticity will also be variable depending on the originating destination in the UK (for example individuals may have fewer or greater readily available substitutes and therefore sensitivity to price increases may vary). In practice, this means that potential visitors to regions within Wales may alter their behaviour depending on the cost of their stay. This could take a variety of different forms such as spending less on additional activities, opting to stay in cheaper accommodation, varying the length of visit or opting to stay in a different destination. There is a limited understanding of what drives visitor behaviour and more specifically the impact of visitor levies on behaviour (rather than changes in price more generally). The issue of price elasticities is explored further within our partial regulatory impact assessment. Understanding the elasticities for the visitor economy in Wales will help with the decision making on an appropriate rate (or rates) and whether rate

setting should be undertaken locally.

Elasticities are an important consideration when determining the level of rate(s). Another factor that should be considered depending on the type of charge is ability to pay. For example, those who are staying in budget accommodation are more likely to be from a lower socio-economic background and therefore have less disposable income. In contrast, those staying in luxury accommodation are likely to have greater ability to pay. Therefore, in many models internationally, there is variation by either quality/type/cost of accommodation to ensure that ability to pay is factored into the setting of a rate. This helps to ensure a charge that is proportional to the cost of the stay. Additional factors that could be considered when determining a rate is the wider macro-economic climate and visitor economy performance. For example, if there was growth in the visitor economy then it may be preferable to have a higher rate whereas if there is a decline then a lower rate may be preferable. An initial determination of the rate is preferable to provide certainty and consistency in application for a fixed period. However, it is preferential to have a review point to ensure that any charges remain proportionate and balanced.

As highlighted, elasticities will likely vary by local authority area in Wales. However, we also recognise that there are 'honeypot' sites within local authority areas which draw large volumes of seasonal visitors. Through our discussions the question was raised that if rates were to be determined locally, whether there should be variation within local authority areas. This could enable local authorities to determine what rates may be appropriate according to geographical location. However, we recognise that this would create additional complexity in the design and administration of a levy. This is because additional variables would be added meaning that any calculation starts to become more complex as does checking the accuracy of any return. We do not believe that the merits of intra-local variation outweigh the potential costs and complexity in enabling this. Therefore, our preferred position is to have no intra-local variation and for the same rate or rates to apply regardless of geographical location within a local authority area.

An additional factor to consider is VAT and the impact this has on the overall cost of an overnight stay. The matter of VAT was raised during our discussions with visitor accommodation providers and representative organisations, as other visitor destinations across Europe apply a reduced VAT rate for visitor accommodation. VAT is standard rated in the UK for visitor accommodation at 20%. However, the UK also operates a much higher VAT threshold than comparable European destinations, and this benefits many smaller providers in the industry as they do not have to charge VAT on the cost of the accommodation. Additionally, business rates relief also benefits many providers ([Business Rates in Wales](#) on Business Wales). VAT may apply to the overall cost of the stay inclusive of the levy as is the practice in other countries. VAT rates and rules are set by UK government, and we will continue discussions with UK government officials to understand the potential VAT treatment of the proposed levy based on any finalised proposals.

Behavioural responses will be considered through the design of the levy and when considering what level of rate may be appropriate and who should set this. However, price elasticities are likely to be variable, and therefore local authorities may benefit from being able to set their own rates. This would provide greater autonomy to local authorities and help to mitigate any unintended behaviour impacts from setting a rate that is not aligned to the price elasticities for that area. However, this presents a risk of having a patchwork of different rates across areas in Wales. This could prove complex for the administration and operation of the levy. Additionally, it could be confusing for visitors to Wales having to pay different rates depending on the intended destination. It would also increase administrative complexity for businesses operating across multiple local authorities when filing tax returns.

If local authority autonomy were granted for rate setting, then there is an option to establish the upper and lower limits (bandwidths) within which rates could be set. For example, local authorities may opt to implement council tax premiums on certain properties up to a maximum percentage of the standard charge. This could be determined within a national framework or alternatively left to local

discretion. For the purposes of a visitor levy, a bandwidth could operate based on plus or minus 50% of a set rate. For example, a £1 per person per night levy could be varied locally between £0.50 up to £1.50. Or a set 2% cost of the accommodation charge varied locally in the same manner (plus or minus 1 percentage point) between 1.0% and 3%. This would enable local variation but within a set framework to ensure consistency. This would account for any local variations in price sensitivities and encourage greater local decision making. As a starting point, from the basis of simplicity and consistency for the operation of the levy, we propose that the same rate or rates should be utilised to provide consistency in application across local authority areas opting to implement a levy.

The proposed intention behind this policy is to enable local authorities to apply a levy to visitors staying overnight. The levy would be applicable from the first night's stay within the accommodation. However, we recognise that individuals may be staying within visitor accommodation for varying amounts of time. Individuals staying for a longer duration may provide a wider economic benefit to an area. Therefore, it is our view that the levy should no longer apply after a certain number of nights. Many other countries implementing a levy have an upper limit after which the levy rate is either reduced or does not apply. For example, the Balearic Islands apply a 50% reduction in the rate starting from the ninth day of their stay at the same accommodation. In Florence, Italy their hotel tax is only charged for a maximum of seven consecutive nights. Catalonia only charges for the first 7 nights continuous stay. Based on data from the GB Tourism Survey 2019, the average length of stay for overnight trips by domestic visitors in the UK is 3 nights. For international tourists, the average length of stay is 7 nights. We would like to understand what may be an appropriate cap at which point a levy would no longer apply.

Our approach

We recognise that any rate that is set should be proportionate to avoid any

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

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

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

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

Questions

20. When setting a rate, what factors and evidence should be considered to ensure the levy rate is appropriate? This could include for example price and income elasticities, seasonal demand (and therefore price changes) and wider economic circumstances.
21. When determining what rate (or rates) to set, should a rate proportional to accommodation cost (or type/quality) be considered?
22. What is the appropriate number of consecutive nights after which the levy would not apply to any subsequent nights?
 - a. 5 nights
 - b. 7 nights

- c. 14 nights
 - d. Other number
23. Should the same rate or rates apply in each local authority area rather than this being locally determined?
24. If rate setting were to be determined locally should the same rate apply regardless of location within the local authority area?
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?
26. How often should any proposed visitor levy rate be reviewed?
- a. Annually
 - b. Every 2 years
 - c. Every 3 years
 - d. Every 5 years
 - e. Other

Record keeping and submitting returns

The type of levy we are proposing would be a self-assessed tax. This means that visitor accommodation providers would be required to keep certain records to enable a calculated self-assessment and submission of tax returns (payments) to the relevant tax authority (either a local authority or a central authority). We are aiming to minimise the administrative burden on businesses through the design of the levy. As explored earlier in this consultation, the type of rate would impact record keeping requirements for businesses and the detail they are required to provide within self-assessed returns. All parties involved would have to meet their obligations under the General Data Protection Regulations (UK GDPR) ([The General Data Protection Regulation](#) on Business Wales) and be mindful of this when collecting personal information.

Information that is required to be collected would vary according to the type of rate that may be introduced. Additional requirements around exemptions may

require additional information to be collected from customers such as the nature of their stay or evidence provided and recorded to enable an exemption. The following table provides an outline of potential record keeping requirements and is non-exhaustive as it is dependent on the final design of the policy:

Table 1- Information keeping requirements for Visitor Accommodation providers

Rate type	Potential additional information required to be collected, retained, and/or submitted
A per night per room/ accommodation levy	<ul style="list-style-type: none"> • Type of accommodation • Number of rooms let per booking • Levy charged per booking • Number of bookings • Number of exempted bookings and reasons for exemption* (if exemptions were to apply) • Total levy collected • Any levy refunds issued due to cancellations
A per person, per night levy	<ul style="list-style-type: none"> • Type of accommodation • Number of individuals staying per booking • Levy rate charged • Number of exempted bookings and reasons for exemption*(if exemptions were to apply) • Total levy collected • Any levy refunds issued due to cancellations
A percentage of the accommodation charge levy	<ul style="list-style-type: none"> • Type of accommodation • Number of bookings • Rate of each room or accommodation • Levy rate charged (based on calculation of the percentage and applied to the base rate of the room, excluding charges for additional services such as food and drink)

Rate type	Potential additional information required to be collected, retained, and/or submitted
	<ul style="list-style-type: none"> • Base rate of the room (minus additional charges such as food and drink) • Number of exempted bookings and reasons for exemption*(if exemptions were to apply) • Total levy collected • Any levy refunds issued due to cancellations

* Exemptions would be confirmed as part of finalisation of policy proposals supported by responses to this consultation. We have identified certain scenarios where we have set out a preferred position. Therefore, based on an assumed model, information would be required to identify numbers of exempted bookings and which category they may fall into to ensure the accuracy of levy payments.

Our approach

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

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

detail to help inform the policy design.

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

Questions

27. We have outlined under Table 1 the potential record keeping requirements for businesses based on different rate types. To help us understand in more detail potential record keeping requirements for businesses, please could you outline what information you think would be required to be collected and retained by visitor accommodation providers for:
 - a. A per night per room/accommodation levy
 - b. A per person, per night levy
 - c. A percentage of the accommodation charge levy
28. We wish to understand the impact of collecting and recording the information identified under Table 1 (and any other information you identified in response to the previous question) to help make a self-assessment of the tax liability. What would be the resource impacts of collecting this information (staff time and costs involved in making changes to any processes and systems)?
 - a. How could this data be collected (is there an existing process or system that could be used as part of the booking process)?
29. How frequently should visitor accommodation providers be required to submit self-assessed tax returns for a visitor levy, noting that it may be

possible to allow more frequent submission if that suited the business?

- a. Monthly
- b. Quarterly
- c. Bi-Annually
- d. Annually

Enforcement and compliance

In Wales, we administer our taxes on the principle of trust and mutual respect with our communities. We understand that most people want to pay the right tax at the right time. One of our primary aims with any tax is to ensure a high level of voluntary compliance, and we would intend to achieve this through designing the levy in a way that works well for our communities. However, recourse to compliance and enforcement measures, including penalties, would be needed to ensure fairness.

Operation of the levy would require the relevant tax authority to be able to identify visitor accommodation providers within the local authority area who are liable for the collection and remittance of the levy. Ultimate responsibility would rest with visitor accommodation providers to collect the levy and submit returns. We would opt to undertake an educative and awareness raising approach to this levy to support businesses to understand their requirements. While we would provide support in the first instance, we recognise that some taxpayers may get things wrong and there may be instances of deliberate tax avoidance or even evasion. Existing records would help to support the process of identification to enable notification and action to be taken against those businesses that fail to meet their obligations to self-assess and pay the right amount of tax. The tax authority would need to have relevant tools and powers - with appropriate safeguards – to ensure the right amount of tax is paid and to address behaviours such as avoidance and evasion.

Using a fine based civil penalty system in the first instance avoids criminalisation of individuals but can ensure an effective deterrent to protect the integrity of the tax system and encourage taxpayers to meet their obligations. This promotes fairness of treatment of taxpayers as those that have paid their taxes would be disadvantaged compared to those that have not. The financial penalty also acts to deter both the offender and others from similar behaviour. This can be used as part of an enforcement approach alongside recovery of any unpaid taxes and charging interest on amounts paid late. However, a civil penalty which is set too high may be disproportionate and can lead to financial difficulties for taxpayers. This in turn may impact the ability of the business to run effectively where penalties impact accounts and potentially leading to an inability to pay suppliers and staff where fines accrue. A civil penalty regime alone, or one where the penalty is set too low, may not be a wholly effective deterrent to those considering undertaking tax avoidance or evasion.

Potential enforcement powers for the tax authority required may include:

- Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises
 - This would enable the tax authority to identify any incorrect tax treatment or discrepancies between levy collected and levy self-assessed and paid over
- Civil powers to charge interest and penalties, and to recover unpaid tax, where an visitor accommodation provider fails to undertake their statutory obligations relating to the visitor levy. These obligations routinely include keeping adequate records, filing returns and paying tax on time, and complying with formal information/inspection notices from the tax authority.
 - This would ensure fairness and provide a deterrent for anyone looking to avoid or evade collecting, charging and remitting the levy
- Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty
 - There may be circumstances in which a provider enters financial

difficulty, or an individual may have a critical illness preventing them from undertaking their obligations regarding a visitor levy. Having discretionary relief powers regarding debt would enable more appropriate taxpayer treatment in these scenarios.

Powers conferred on the tax authority would need to come with appropriate taxpayer safeguards, including a right of appeal against decisions and arrangements for redress.

Our approach

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

Questions

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?
- a. Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises
 - b. 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
 - c. Discretionary debt relief powers, for example the ability to reduce a debt

to nil or to not issue a penalty in certain circumstances

Use of revenues

An important area that needs to be considered is how the revenues generated from a visitor levy may be utilised (including any revenue generated from the associated penalty regime). Revenue generation potential will vary by local authority area according to the size of the visitor economy (and therefore volume of visitors). For example, a £1 per person per night charge may generate millions for a local authority with a large visitor economy but only thousands for one which receives a much smaller proportion of visits. An initial Wales wide estimate has been provided within the partial regulatory impact assessment. Further revenue modelling work will take place as any proposals progress to provide more detailed estimates.

One key point is that it is a legal requirement that any funds raised from the levy must be used to fund local authority expenditure. The tourism barometer survey conducted by Welsh Government in June 2022 explored a question aimed at tourism businesses about how revenues from a visitor levy could be used ([Tourism Barometer: June wave 2022](#) on GOV.WALES). The diversity of responses demonstrates that local issues will vary, however 45% of respondents stated that revenues should go towards public infrastructure (although it should be highlighted 19% refused to respond as they objected in principle to the levy). Those that did respond highlighted the need for investment into toilets, roads, public transport, and car parks. Some suggestions were also made about more localised-led marketing of the area. Additionally, it was recognised by some that investment into the local community would be of benefit, for example in addressing skills shortages locally and to support employment initiatives. It is probable that the optimum outcome for any spend will vary by destination.

Some areas internationally use revenues from their visitor levy to directly fund

local sustainable public transport initiatives. For example, converting existing stock of public transport to more environmentally friendly options such as electric and increasing accessibility and connectivity of destinations to encourage greater uptake of public transport offers. Use of revenues in this manner would be supportive of wider sustainability goals and ambitions to reach net zero. There may be other localised initiatives that are more of a priority such as increasing or promoting regenerative tourism efforts. Ultimately, challenges will vary by destination and therefore local authorities are well placed to understand how revenues should be allocated.

The concept of ‘hypothecation’ was one that was prominently raised in our discussions with the tourism industry. Visitor levies across the world tend to opt for a ‘hypothecated’ (ring-fenced) method for expenditure of revenues raised. Internationally, revenues from visitor levies are often hypothecated loosely for tourism and environmental purposes, for example this is an approach taken in France (**Tourist tax in France: taxe de séjour**). However, some destinations opt to spend revenues on specific projects or initiatives – a good example of this is the International Visitor Conservation and Tourism Levy in New Zealand (**International Visitor Conservation and Tourism Levy**). Hypothecation can be applied very broadly or very narrowly; methods of application would vary degrees of control on spending by local authorities (**Combined authorities: Financial freedoms and devolution** Local Government Association). For example, a broad application would provide greater scope for how revenues are spent whereas a narrow approach would limit spend to specific activities or projects.

Hypothecated taxes are not necessarily always beneficial as they can restrict local decision making and prioritisation of how revenue is spent. Local authorities are democratically elected and accountable to the local populace, this involves making challenging decisions on allocation of resources. In practice, the level of tax received by local authorities would be variable and the wider economic context could lead to lower or higher tax receipts. Therefore, tying expenditure for a certain area or service to a specific tax would not necessarily

impact on the total spend for that area ([Hypothecated taxation](#) on parliament.uk). General taxation systems do not lend themselves towards this way of operating as revenues are pooled and then distributed according to priorities. Additionally, spend in one area may indirectly or directly benefit another. For example, local initiatives related to employment may benefit the tourism sector through having more skilled applicants for jobs. Or spending on environmental initiatives may make the area cleaner and more welcoming to visit which may encourage tourism and the wellbeing of residents and visitors. Spend restricted to one area does not always lead to an optimal outcome. Therefore, hypothecation can restrict local decision making, and it is local decision making which can lead to better outcomes.

However, hypothecation could provide greater awareness as to the purposes of the levy (where revenues are hypothecated for the purposes of tourism) and can create a clearer link between the levy and the service provided ([Hypothecated taxation](#) on parliament.uk). This helps support the messaging to visitors and residents as there is a stronger link between the levy and services received.

More generally, ambitions towards sustainable development cross multiple spend areas. Therefore, we propose that it would be beneficial for local authorities to retain decision making in how revenue may be allocated. However, this should be informed by the Well-being of Future Generations (Wales) Act 2015 and the sustainable development principles ([Well-being of Future Generations \(Wales\) Act 2015: the essentials](#) on GOV.WALES).

Our approach

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

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

Questions

31. How should revenues raised by a visitor levy be spent?
32. Should the revenues raised by a visitor levy be hypothecated (ring-fenced)?

Transparency and engagement

We believe in the principles of co-creation and strong partnership with our communities and industries across Wales. Our local communities have differing needs, and spending priorities and decisions will vary across local authorities. Regarding this levy, lessons learned from other areas such as the Balearic Islands emphasise the importance of leveraging local partnerships to support decision making in how revenues may be spent. Local forums and existing partnerships may provide a useful basis for engagement on decision making regarding potential projects and initiatives that could be linked to revenues raised by the proposed levy.

Furthermore, we are committed to the principle of transparency to support accountability and understanding of how our taxes work. Local authorities already report on their finances each year through an annual statement of accounts, and any revenue generated through a visitor levy would form part of this regular reporting. Yet, we note that there is an opportunity for bespoke reporting in relation to this new levy. For example, a separate report could detail what revenue has been raised and provide a qualitative assessment of what the additional revenue has enabled the local authority to do. A bespoke report could

outline specific projects, initiatives, or benefits that the additional revenue has enabled to demonstrate the efficacy of the levy. This report could be provided on an annual basis aligned to the financial year.

Having a report to demonstrate what revenue has been raised and what this has enabled local authorities to achieve would help aid understanding of the benefits of a visitor levy where introduced. The details of any report would require further exploration and we would want to ensure that a report adds value rather than being administratively burdensome. We are proposing that any reporting would be standardised to ensure consistency of approach across local authorities.

There would likely be a high degree of interest from our visitors in understanding why they need to pay a levy, who collects the levy and what the revenue goes towards. Availability and transparency of information would be important in explaining both the rationale and benefits of the levy. There may be various points where information can be made available to visitors, such as at the point of booking, arrival at accommodation or point of payment of the levy.

Additionally, we recognise that if a tax authority (be that a nominated local authority or the Welsh Revenue Authority) were to undertake functions on behalf of other local authorities that there would need to be further thought as to the governance and reporting arrangements. For example, accountability and oversight arrangements and costs of administration would all need further consideration. These already exist for local authorities and the Welsh Revenue Authority. However, if a service was being provided to local authorities in the administration of this tax, then that would require sufficient governance and oversight to manage this arrangement. This additional detail will need development as proposals progress using information and responses from this consultation. Therefore, we have not proposed any specific arrangements through this consultation for the eventuality of a tax authority undertaking administration on behalf of other local authorities but recognise the need for further discussions related to governance as proposals progress.

Our approach

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

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

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

Questions

33. What local engagement should take place when deciding how revenues are allocated?
34. Should there be a separate annual report detailing the revenues collected and benefits of a visitor levy at a local level?
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?
36. What information should be available for visitors regarding the levy?

Implementation timescales

As noted, the proposals presented here for consultation envisage a framework for a visitor levy being established, with it then being discretionary for local authorities to apply such a levy or not. The process of creating, passing, and implementing legislation can take years. This provides the opportunity for effective scrutiny and evidence to be gathered to help inform decision making.

As each local authority would need to determine if and when they would like to implement a levy, it is important that we establish clear transition arrangements and timescales. Proposals may take years to come into effect. Any plans for local introduction would be communicated well in advance to enable effective planning. It is proposed that the decision to implement would be subject to established local authority decision making procedures (e.g., a majority vote by the council or cabinet). There are a range of existing statutory requirements and expectations for local authorities to consider as part of their responsibilities i.e., equalities legislation, value for money considerations, political expectations –the levy's requirements could be incorporated into existing processes. Localised impact assessments would support local decision making and already form an integral part of local governance arrangements. We are interested in what other requirements may be suitable before local authorities opt to introduce the levy. For example, should local consultation be undertaken before a decision is made locally on introduction? We recognise that this may increase costs, time, and complexity for local authorities. However, there may be unique local issues to consider that the process of consultation may unearth.

We recognise that there is also a requirement for transparency in the costs of administering the proposed levy. Existing frameworks and statutory requirements mean that through annual statements of accounts, accounting officers already report on costs related to tax collection. Value for money considerations would form part of the decision-making process at a local level. Ongoing costs related to the administration of a levy would be reported through

existing processes. If new arrangements are put in place (such as a tax authority administering the levy or elements of a levy on behalf of other local authorities) then further consideration will be required as to the governance, oversight, and appropriate reporting of the costs of administration. Governance arrangements will be developed in further detail as policy proposals progress.

Additionally, accommodation providers may have already taken bookings for the year ahead before the decision is taken to introduce a visitor levy within the local authority area. In these circumstances, we would want to avoid any significant tax liabilities for visitor accommodation providers. It is important to set clear implementation timescales for any levy at a local authority level and for guidance to be provided as to the treatment of existing bookings. This is based on fairness as both the visitor accommodation provider and visitor should be aware of all associated costs for a stay when making a booking.

Exempting historical bookings from being subject to a levy could be considered. The merits of this approach are set out below:

- Exempting bookings would require accommodation providers demonstrating when a booking had been taken. This would avoid tax liabilities however this may be hard to enforce in practice as the date of booking may not be regularly collected. A declaration may be required from visitor accommodation providers regarding historical bookings and evidence required in support of any such declaration.
- Not exempting bookings might result in tax liabilities and a requirement to notify customers that they are required to now pay a levy. This is non-preferable as it could result in cancellations and potentially contravenes principles of fairness and transparency.
- There is a risk of exploitation if an exemption was applied for historical bookings. For example, those seeking to avoid their tax obligations may take or encourage block bookings for years into the future to avoid paying the additional charge. Therefore, an appropriate limit may be required, such as only historical advanced bookings for either part or the full financial year of

introduction being exempted.

Questions

37. We propose that local authorities would be able to decide by way of local governance processes whether to implement a visitor levy. Do you agree or disagree with this approach?
 - Should local consultation take place prior to the introduction of a visitor levy?
38. What transitional arrangements should apply for accommodation that has been booked in advance of a local authority implementing a visitor levy?
 - How could any transitional arrangements be designed to avoid deliberate tax avoidance or evasion?

Operational delivery models

Once the rules (framework/legislation) in which a levy would operate have been established it is important to consider how the tax authority would collect and enforce the levy. There are various operational delivery models that can be considered for the implementation and administration of the levy.

Implementation means the systems, processes, and guidance to be designed and delivered to enable the administration of the levy. Administration means the day-to-day role of the tax authority when delivering the levy, for example managing customer queries and complaints, undertaking enforcement activity, debt recovery, maintaining records, undertaking repayments and managing appeals processes. These models can vary from being delivered entirely locally by the local authority towards a more centralised model. A more centralised model of delivery for example could involve a central tax authority such as the Welsh Revenue Authority or a designated local authority or shared service undertaking functions on behalf of other local authorities. Shared partnership

working is common practice across local authorities, for example the Rent Smart Wales model has one designated council (Cardiff) that hosts the service and maintains a central register on behalf of 22 Welsh local authorities ([What is Rent Smart Wales?](#) on Rent Smart Wales). This provides a single licensing authority with which landlords can interact. This ensures a more operationally efficient delivery model and a better user experience.

A fully local model of delivery would mean that each local authority which chooses to implement a levy would need to establish the systems, guidance and processes required to introduce the levy. They would then need to provide the resources necessary to administer the levy on an ongoing basis. There is merit in this approach as local authorities are well placed to understand what works well for their local communities and can tailor their approach accordingly. They could draw on their existing expertise in collecting revenue and provide seamless integration between the collection of the levy and the use of the resulting revenue. Evidently, there is also opportunity to join up administrative and enforcement approaches at a local level which already exist for the current local taxes. This would provide a consolidated view of local tax activity and a more comprehensive understanding of local circumstances. However, if multiple local authorities wish to introduce the levy, there would be a missed opportunity to join up activity and provide a more cost-effective service for the taxpayer with a more centralised model.

A fully centralised model of delivery would mean one tax authority undertaking the implementation and administration of the levy on behalf of all local authorities who choose to implement a levy. Therefore, the system, processes and guidance would be the same regardless of the local authority in which an visitor accommodation provider was based. From an administrative perspective, the taxpayer would interact with a single authority and system. The advantage of this is that the taxpayer's liabilities for the levy can be considered holistically, for example a business may be providing visitor accommodation across multiple local authority jurisdictions. This would also enable a single return, payment and point of interaction for all visitor accommodation providers. However, a fully

centralised model presents challenges particularly from a tax management and enforcement perspective. This is because local intelligence and insight is critical to the administration and enforcement of local taxes. Understanding of the local context and individual circumstances provides a tailored approach which can result in a better experience for the taxpayer. A more tailored approach may be lost if activity is undertaken more centrally. Bigger accounts and providers may be prioritised under any central operating model. This could result in higher levels of non-compliance or error amongst smaller providers due to resources being directed towards larger providers. Additionally, greater local autonomy may lend itself to greater local delivery. Greater variation between local authorities in application of a levy would likely mean higher costs and potential for error for any central function undertaking the administration of a levy (due to potentially greater variation in rules and rates).

From an operational perspective, there are merits for a blended approach that combines both central and local knowledge and expertise e.g. a hybrid operational delivery model. For example, it makes sense to design one, consistent IT system for the operation of this tax rather than having multiple, bespoke versions across local authorities. The IT could be administered centrally or provided as a platform to participating local authorities to use. However, local knowledge may provide a better experience for the taxpayer when fielding queries and providing support given local authorities will have a better understanding of the area and be better equipped to factor this knowledge into the operation of the tax. Greater understanding of local circumstances and businesses could enable more appropriate taxpayer engagement. What an optimum delivery model would look like would depend on any final policy design and could involve more or less of a role for a central authority in administration of the tax.

There would be a requirement to implement new processes and potentially systems to support the administration of a visitor levy. As referenced within the tax framework section of this consultation, there is a preference for consistency in the design and application of this levy across local authorities. Local

authorities have extensive experience of collecting local taxes and have built up unique expertise in doing so. However, there is an opportunity for a different approach where there is merit in doing so for a new local levy. There are opportunities for potential efficiencies through having central processes and systems in place to support the administration of the levy. This is an opportunity to develop a Welsh way of administering taxes that makes use of the existing partnership working between central and local authorities.

A potential model could be considered which combines local expertise and insight with centralised IT systems, infrastructure, and support. Shared service and partnership arrangements work effectively across other policy areas and combine the strengths of both local and central delivery teams. These types of arrangement can lead to a more operationally cost-effective system. We are seeking views on the principle of a central authority being involved in the delivery of the levy rather than proposing a model. This will help inform decision making about how the levy could potentially operate.

Our approach

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

Questions

39. How best can the proposed visitor levy be implemented and administered?
 - a. Fully local implementation and administration
 - b. Fully centralised implementation and administration
 - c. Mixture of local and central implementation and administration

40. What would be the benefits and disbenefits of each option?
- Fully local implementation and administration
 - Fully centralised implementation and administration
 - Mixture of local and central implementation and administration

Welsh Language

Questions

43. 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.
- What effects do you think there would be?
 - How could positive effects be increased
 - How could negative effects be mitigated?
44. 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.
45. 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:

How to respond

Submit your comments by 13 December 2022, in any of the following ways:

- [complete our online form](#)
- [download](#), complete our response form and email VisitorLevyConsultation@gov.wales
- [download](#), complete our response form and post to:

Visitor Levy Team
Tax Strategy & Intergovernmental Relations
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

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- to (in certain circumstances) data portability
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Data Protection Officer
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Email: data.protectionofficer@gov.wales

Rydym yn croesawu gohebiaeth yn Gymraeg / We welcome correspondence in Welsh.

Information Commissioner's Office

Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Telephone: 0303 123 1113

Rydym yn croesawu galwadau yn Gymraeg / We welcome calls in Welsh.

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In order to show that the consultation was carried out properly, the Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. If you do not want your name or address published, please tell us this in writing when you send your response. We will then redact them before publishing.

You should also be aware of our responsibilities under Freedom of Information legislation.

If your details are published as part of the consultation response then these published reports will be retained indefinitely. Any of your data held otherwise by Welsh Government will be kept for no more than 3 years.

Footnotes

1. **Homelessness** on Law Wales

For example, interim accommodation provided:

“ ‘Where a person presents as homeless or threatened with homelessness to the local authority, the local authority may have a duty to provide interim accommodation whilst it considers a person’s application and decides what duty, if any, it owes to the person. Section 68 of HWA 2014 provides that interim accommodation must be provided if the local authority has reason to believe that an applicant may be homeless, eligible for assistance and have a priority need for accommodation (subsection (2)).’ ”

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