

WELSH GOVERNMENT INTEGRATED IMPACT ASSESSMENT

Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025

CONTENTS

Section 1. What action is the Welsh Government considering and why?	3
Section 2. What will be the effect on social well-being?.....	10
Section 3. What will be the effect on cultural well-being and the Welsh language?.....	15
Section 4. What will be the effect on economic well-being?.....	17
Section 5. What will be the effect on environmental well-being?	21
Section 6. Socio-economic Duty What will be impact on Socio-economic disadvantage?.	30
Section 7. Record of Full Impact Assessments Required	32
Section 8. Conclusion	33
Section 9. Declaration.....	35

SECTION 1. WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

1.1 The Welsh Government's Commitment

The Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 enables local authorities to introduce a visitor levy in their areas. The levy will be a fair contribution made by visitors and applied to overnight stays in visitor accommodation. It will raise additional funds for local authorities to reinvest in the public services and infrastructure that make tourism a success. Each local authority will have the power to decide to introduce a visitor levy in its area, meaning this will be a new, local levy designed in a way that works for residents, businesses, and visitors. Details on the Act can be found here: Visitor Accommodation (Register and Levy) Etc. (Wales) Bill | GOV.WALES

The levy has been kept simple but fair in design to help minimise any potential negative impacts; we anticipate it will have a positive impact for local areas that choose to use a levy by generating revenue to support local areas, thereby enhancing the reputation of the destination and supporting the visitor economy.

A statutory register of visitor accommodation providers, covering all defined visitor accommodation in Wales, will support the introduction of a visitor levy and enable better understanding of the sector to help inform future policy interventions.

We undertook a public consultation for the visitor levy proposals from September – December 2022, the details and outcomes can be found via <https://www.gov.wales/visitor-levy>, alongside consumer insight research to seek the views of Welsh residents and UK domestic holiday consumers <https://www.gov.wales/visitor-levy-research-views-consumers-and-residents>

Consideration has been given to the effect of this legislation in relation to the 5 ways of working¹ identified within the Well-being of Future Generations (Wales) Act.

This impact assessment draws on a range of statistical data and figures available at the time of writing. It is important to note that all data presented reflects a specific moment in time and may not capture the most recent developments or trends. For the latest and most up-to-date statistics and research relevant to Wales, please see: <https://www.gov.wales/statistics-and-research>.

Definitions

¹ Well-being of Future Generations (Wales) Act 2015: the essentials [HTML] | GOV.WALES

This impact assessment relates to the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill and should be considered alongside it.

Key wording/ phrases	Definition
Exemptions	A stay in visitor accommodation that will not be subject to a visitor levy.
Local Authority/ Local Authorities	The 22 Principal Councils in Wales, also referred to as Unitary Authorities.
Refunds	When the visitor levy has been passed on to a visitor and the legislation permits them to have the amount subsequently refunded.
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. (United Nations World Tourism Organisation). ²
Visitor	A person who stays in visitor accommodation.
Visitor Accommodation	Visitor accommodation that is defined in the Bill that is subject to a visitor accommodation provider registration.
Visitor Accommodation Provider	A person/ business who provides or offers to provide visitor accommodation at

² Sustainable tourism | Department of Economic and Social Affairs (un.org)

	premises in Wales in the course of trade or business.
Visitor Levy	An additional charge on overnight visitor accommodation. This is also referred to in other countries as a tourism tax, accommodation tax, or hotel tax.
WRA	This stands for the Welsh Revenue Authority, a non-ministerial department of Welsh Government that currently deliver the two devolved taxes in Wales: Land Transaction Tax and Landfill Disposals Tax

Indicative timeline



1.2 Prevention and the long term

Tourism brings both positive and negative impacts. For example, tourism provides benefit through the provision of jobs, careers, economic growth, educational opportunities and preservation of historical sites and monuments. It represents an economic contribution to the Welsh economy of an estimated Gross Value Add of £3.8 billion (or 5.1% of total GVA across Wales) in 2022³. Tourism is a significant contributor to the economy in Wales. There were over 69 million visits to Wales in 2023 representing a combined spend of over

³ [Wales Visitor Economy Profile: 2024 | GOV.WALES](https://gov.wales/wales-visitor-economy-profile-2024)

£4.95 billion. 8.65 million of these visits were overnight stays representing a spend of £2.02 billion⁴.

However, there is a cost associated for those local communities who host visitors. Visitors can generate additional pressure on local services and infrastructure that is shared with residents. It is well recognised that tourism has negative impacts globally, such as environmental costs with the over-exploitation of the natural environment^{5, 6} and social costs caused by the shortage of housing supply as homes are purchased as second homes by visitors⁷.

This Act seeks to provide new opportunities for investment at a local level through providing additional revenue to help manage tourism. It will empower local authorities to make decisions in line with needs of their communities over the long term.

1.3 Integration

During a particularly challenging economic climate following a global pandemic and cost of living crisis, local services in Wales continue to be stretched. A visitor levy would ensure a contribution is paid by visitors that can be reinvested back into those local areas. This will help sustain local services and infrastructure and help to foster a sense of shared responsibility between residents and visitors, to protect, and invest in, local areas. This will encourage a more sustainable approach to tourism and destination management.

There are numerous examples globally, that illustrate how a visitor levy is used to generate money that supports green areas, tidy streets, visitor services, local communities, conservation of landmarks, and public transport. For example, since 2016, the Balearic Islands have had a Sustainable Tax (ITS) to finance a 'fund to promote sustainable tourism'. ITS has financed 168 projects to completion, with a total value of €263 million and 27 new projects being approved in 2023 to a total value of €138 million⁸. Projects funded relate to a wide variety of issues, including the environment, sustainable tourism, cultural heritage, scientific research, training and employment, and social renting⁹. Projects funded by a visitor levy in Wales could aim to protect sensitive and ecologically valuable landscapes; upgrade visitor amenities footpaths and signs; protect endangered species; enhance visitor access through opening new car parks, walking and cycling routes which supports wider tourism and environmental objectives.

The visitor levy was taken forward as part of the Welsh Government's Co-Operation Agreement with Plaid Cymru from November 2021 to May 2024. This included the policy formulation, consultation, and overall approach to our proposals.

1.4 Collaboration and involvement

⁴ [Domestic GB tourism statistics \(overnight trips\): 2022 to 2023 \(revised\) | GOV.WALES](#); [International inbound visits and spend to Wales \[HTML\] | GOV.WALES](#);

⁵ [CEP-SS_Sustainable_Tourism.IP_03.e.pdf \(unece.org\)](#)

⁶ [The biodiversity implications of changes in coastal tourism due to climate change | Environmental Conservation | Cambridge Core](#)

⁷ [Research on second homes: evidence review summary | GOV.WALES](#)

⁸ [Review of impacts of visitor levies in global destinations | GOV.WALES](#)

⁹ [Inversions Turisme Sostenible | Illes Sostenibles](#)

Engagement with partners and stakeholders has been vital to the development of this legislation. Welsh Government officials have engaged widely both internally and externally to ensure views have been heard from a wide range of stakeholders on the potential impacts of the levy, whether directly or indirectly.

In the run up to the consultation, officials engaged extensively with local authorities, hospitality and accommodation providers via a Business Reference Group, Regional Tourism Fora and the Visitor Economy Forum. Officials met with online booking platforms, National Parks, third-sector organisations and administrations in other countries who have established visitor levies.

In addition to four in-person consultation events across Wales and a virtual event, an awareness campaign was launched with the public consultation to share information and encourage involvement. Activity included sharing content via the corporate Welsh Government, Welsh Treasury and Visit Wales social media channels, a Welsh Government blog and two digital films with one targeting young people. Articles were published in local media, and a call to action was shared via Welsh Government and stakeholders' newsletters to maximise responses.

A visitor levy working group was established to understand impacts from operationalising a levy. The group comprised of a mix of representatives from local authorities, visitor accommodation providers, National Parks, independent tax experts and tourism representative bodies. The working group focused discussions to help in the development of the guidance for implementation of the levy.

An Annex setting out our engagement activity is provided with this document. It sets out those we have engaged specifically in areas to inform our understanding of the potential impacts, as part of the development of the integrated impact assessment.

1.5 Impacts

The overall purpose of the Act is to provide local authorities with a power to adopt a visitor levy, and use the revenue generated for improving the local services and infrastructure in their area. A statutory register of visitor accommodation, covering all visitor accommodation providers in Wales, will support the introduction of a visitor levy and enable better understanding of the sector to help inform future policy interventions. This will:

- 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 supports tourism.
- Directly support our ambitions for sustainable tourism¹⁰.

¹⁰ [Welcome to Wales: priorities for the visitor economy 2020 to 2025 | GOV.WALES](#)

Any potential negative (indirect) impacts which could arise from the legislation are explored in more detail from section 2 of this assessment and the individual impact assessments published in parallel with this integrated impact assessment.

1.6 Costs and savings

Adopting a visitor levy has costs associated with it, but overall, it is intended that additional revenue is generated for making improvements to those areas that adopt a levy. A Regulatory Impact Assessment has been developed to accompany the Act , including in relation to its costs and savings implications for the Welsh Government, local authorities, the Welsh Revenue Authority, visitor accommodation providers, visitors and residents.

1.7 Mechanism

Primary legislation is necessary to deliver on the proposals set out above.

SECTION 2. WHAT WILL BE THE EFFECT ON SOCIAL WELL-BEING?

2.1 People and Communities

All visitors to a destination represent a cost to the local area. Visitors will determine where to stay based on their budgets and needs. A visitor levy is an additional cost to visitors that stay should businesses pass on the overall cost. We are of the view that all visitors will have an impact on an area, and we have therefore minimised any exemptions, except in circumstances where we assessed that including them in the scope of the levy would be disproportionate.

Concerns were raised throughout the consultation that the policy could be unfair for those staying in lower cost accommodation. Higher taxes might deter budget travellers or individuals with lower incomes from visiting areas that adopt a levy, potentially raising concerns about equity and inclusivity. However, the levy has been designed with two rates which will be applied per person per night. The base rate will be £1.30 for most accommodation types and there will be a lower rate for hostels and camp sites of £0.75. The addition of a lower rate recognises that these accommodation types are lower cost in comparison to others. Additionally, those under the age of 18 are not included in the calculable charge for the visitor levy for lower rated stays. This means that they will not have to pay the levy where it is passed on by a provider as they will not be included in levy calculations (i.e. there is no levy to pass on).

To reduce the risk of the levy becoming a barrier to socio-economically disadvantaged persons going on holiday in Wales, the Welsh Ministers also have the ability to assess and change the rates set out in the legislation.

It is intended that the revenue from the levy will help to mitigate any adverse impacts through providing benefits from improvements to the local area, through using the revenue to help sustain and revitalise the local services and infrastructure. For example, additional revenues could fund local transport initiatives, improving links between communities that would benefit residents and visitors.

The public register will provide information for visitors to check whether an accommodation type they are planning on booking for an overnight stay is in an area that is subject to a visitor levy (which may mean they would be subject to an additional charge by the provider), is in a non-leviable area (which means they should not be charged anything additional in relation to visitor levy by the provider), or is under consultation to introduce the levy (which means they may be subject to an additional charge by the time their booking takes effect). This information would help provide assurance and trust on any visitor levy charge that a provider invoices a visitor as part of their overnight stay.

2.2 Children's Rights

Ministers are required to have due regard to the United Nations Convention on the Rights of the Child when exercising any of their functions. The Children's Rights Impact Assessment (CRIA) considers the effect of the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill on children and young people in Wales and their rights under the United Nations Convention on the Rights of the Child (UNCRC).

The outcome of our assessment on children's rights demonstrates that there are no direct negative impacts arising from the levy. We anticipate a positive impact on children and

young people from the generation of additional revenues, which local authorities can use to improve the local services and infrastructure in their area. Revenues could be used to improve a range of amenities that will be beneficial to both residents and visitors. There could be potential for negative impacts on children and young people from lower socio-economic backgrounds due to the increase in costs for overnight stays if the levy is passed on - including educational or sports trips within those local authorities that introduce a levy. However, the legislation provides that for those under the age of 18, they are not to be included in the calculable charge for the visitor levy for lower rated stays. This means that they will not have to pay the levy where it is passed on by a provider as they will not be included in levy calculations (i.e. there is no levy to pass on). This will mitigate any potential negative effects on children and young people as many school trips, scout trips etc take place in accommodation such as campsites and hostels. Also, those from lower socio-economic backgrounds may be more likely to stay in visitor accommodation subject to the lower rate although we do not have data to confirm this. However, it is likely this trend exists as budgets will dictate the type of accommodation offering used by visitors. Therefore, impacts on lower socio-economic groups would lessen with this proposed exclusion from the calculation for lower rated stays for those under 18. We recognise that visitors will factor in budget and affordability when planning their visit to an area and may adjust their spending patterns and behaviour in response to a levy.

Residential school trips arranged by schools, sports, social clubs and/or other educational providers, would be subject to a visitor levy should the trip take place in a local authority area that charges a levy.. There is specific guidance that schools must consider when booking school trips which highlights that affordability must be considered and those in receipt of certain benefits may be eligible for financial support¹¹. The exclusion for under 18's from the calculation for lower rated overnight stays will mean that it is likely a proportion of educational and sports trips undertaken by children will not be subject to the levy. Given the nature of these types of trips, it is assumed that this would be a large proportion however it is not possible to ascertain due to lack of data.

Stays by students in student accommodation, halls of residence or residential accommodation, for example, those boarding at private schools or in full time higher education at university or other tertiary education establishments, are classed as exempt.

Local authorities are also required to consider potential impacts and undertake consultation to inform decision making regarding use of a visitor levy.

A link to the Children's Rights Impact Assessment: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: children's rights impact assessment | GOV.WALES](#) provides a more detailed breakdown of our assessment against the **UNCRC articles or optional protocols which relate to our proposed legislation.**

2.3 Equality

The Equality Impact Assessment was conducted to consider the potential impacts of the legislation on people with protected characteristics as described in the Equality Act 2010.

¹¹ [guidance-for-governing-bodies-on-charging-for-school-activities-revised-november-2013.pdf](#)

Our consideration of the potential impacts of the Act on people sharing protected characteristics has identified that the provisions are unlikely to directly impact people on the basis of protected characteristics.

Our consideration of the impact on disabled people is one area where costs may be higher, as evidence suggests in some scenarios that disabled people may face higher costs for staying in visitor accommodation¹². For disabled people, booking a holiday may lead to extra costs due to a lack of availability of accessible rooms, finding accessible and affordable accommodation and transport options, especially in rural and remote areas, and during peak seasons^{13 14}. However, all visitor accommodation providers are subject to the Equality Duty and must ensure their accommodation is accessible (unless there are reasons why this is not possible - such as due to a listed building status).

We considered whether disabled persons requiring a carer for care and support to facilitate a visit, should be subject to the levy. Consequently, the Act will provide for the WRA to issue refunds for persons in receipt of a disability benefit who are accompanied by a person providing care, support or assistance.

Officials have engaged with representatives from Disability Wales, Autistic UK, Access Groups in Wales, Carers Wales and the Carer's Trust and will continue to engage with representatives of the tourism industry, local authorities and the WRA to work through any challenges in implementing the levy. As set out in this assessment, local authorities are required to publish a local impact assessment evaluating the potential effects of their proposal on communities and businesses in their area, as part of their consultation requirements. Additionally, if evidence emerges that shows that certain groups are being disproportionately impacted by the levy, the Welsh Ministers will be able to introduce new or modify existing exemptions, to remedy this.

A full Equality Impact Assessment has also been published and is available via: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: equality impact assessment | GOV.WALES](#).

2.4 Rural Proofing

Rural tourism can benefit local communities by providing the farming and service sectors with a supplementary source of income through an opportunity to realise the economic value of high-quality locally produced products, heritage, and identity. These benefits result in economic growth with new sources of income and employment created through tourism.

A Rural Proofing Impact assessment highlighted issues related to digital connectivity and the potential for the levy to impact greater on micro to small sized businesses. It is recognised that visitor accommodation providers are more likely to be small, or micro-businesses¹⁵ and therefore, the associated administration of the levy, including applying to be registered, may be more burdensome for these businesses, especially those with less

¹² Cost of living for people with disabilities - House of Commons Library ([parliament.uk](#))

¹³ Locked out: liberating disabled people's lives and rights in Wales beyond COVID-19 [HTML] | [GOV.WALES](#)

¹⁴ Disability Price Tag 2023: the extra cost of disability | Disability charity Scope UK

¹⁵ PowerPoint Presentation ([gov.wales](#))

sophisticated accounting systems. Businesses may need to update their digital systems in order to apply and maintain their registration details and factor in new processes for filing and submitting returns to effectively administer a visitor levy. This presents additional administrative burden to these businesses; this burden is increased for those businesses who are less digitally enabled. However, the levy is simple in design and the burden, including the registration process, will likely be minimal as we have put a de minimis in place to enable most small businesses to fill and remit the levy less frequently (yearly rather than quarterly) to the Welsh Revenue Authority (WRA).

A full Rural Proofing Impact Assessment has also been published and is available: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: rural proofing impact assessment | GOV.WALES](#).

2.5 Health

There is no specific evidence of the impact of visitor levies on the dimension of health. The HMT Green Book¹⁶ specifies that taxation is a transfer of resources from one party to another, and therefore do not make society better or worse off as a whole. Taxation in and of itself has no direct health impact however we have considered secondary impacts should taxation prompt a behavioural change.

Our health impact assessment focuses purely on the domain of health impacts arising from net demand loss from use of a visitor levy or gain from investment of those revenues back into the tourism offer. Additionally, the focus is on residents and public health. The impacts on health of visitors are not considered in any detail since tourism is substitutable. A levy does not reduce a visitor's ability to have leisure time or holiday as they determine where and when to visit according to their budgets and what activities they undertake within a destination. As there is already variance in destination pricing, it is not considered that a levy would prevent UK domestic visitors in their ability to travel. Therefore, there is a nil health impact on visitors.

2.6 Privacy

A Data Protection Impact Assessment has been carried out as the Act introduces new data collection and processing of personal and special category data. The Act introduces a discretionary visitor levy that local authorities can choose whether to implement. The Act also requires all visitor accommodation providers to be registered.

The Act gives the Welsh Ministers powers to make further provisions about the register, including whether it is shared. Registration functions are conferred on the WRA through the Act. The Act also provides for parts of the register to be published. This will allow visitors to know whether the accommodation they are staying in is liable for the levy. It will also allow local authorities to use aggregate datasets for analytical purposes.

The visitor levy will be collected and managed centrally as a function of the Welsh Revenue Authority (the WRA) on behalf of local authorities. This will require aggregated data from levy payers on the number of visitors staying, to support compliance activities.

¹⁶ The Green Book (2022) - GOV.UK (www.gov.uk)

Alongside this the WRA will have investigative powers into levy payers. Where necessary, for example, to prevent fraud, the WRA may need to process some special category data. The WRA will manage the visitor levy data securely to safeguard levy payers' information as it does for its existing taxes. To ensure this, the WRA will present its own Data Protection Impact Assessment.

The WRA are data controllers in regards to both registration and visitor levy data which they will collect during their functions. A full Data Protection Impact Assessment has been published and is available: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: data protection impact assessment | GOV.WALES](#)

SECTION 3. WHAT WILL BE THE EFFECT ON CULTURAL WELL-BEING AND THE WELSH LANGUAGE?

3.1 Cultural Well-being

The Well-being of Future Generations (Wales) Act 2015's goal for culture is 'A society that promotes and protects culture, heritage and the Welsh language and which encourages people to participate in the arts and sports and recreation'.

In broad terms, providing local authorities with discretionary powers to introduce a visitor levy in their area and invest the revenue generated into local services and infrastructure is considered to improve cultural wellbeing. Beyond this, the Act's provisions are not considered to impact negatively on cultural wellbeing.

From a handful of case studies¹⁷, it is evident that revenues from visitor levies can make a positive difference for destinations' work in nature preservation, restoration of cultural heritage, and help fund social and community projects. While visitor levies are often a hot topic of debate, there is evidence that the willingness to pay (WTP) among consumers is comparatively higher if the purpose of taxation and the use of revenue is transparent and meaningful¹⁸.

Many of Wales' cultural attractions are free of charge. For instance, 101 of the 130 heritage sites managed by Cadw¹⁹ (Welsh Government's historic environment service) are free to enter. Thus, if the levy alters the overall spend of visitors to Wales during their visit, it may be that attendance at these establishments is neutrally, or even positively impacted.

However, the increased cost for visitors could see them spend less on the wider tourism offer, which may reduce engagement with paid-for attractions. This may be especially prevalent for those in low-income households, who already report that cost is a barrier to engagement with culture²⁰. There may also be impacts on educational trips, for example visits to Eisteddfodau. We intend to mitigate these impacts by ensuring that the levy is proportionate in its design, meaning that many visitors are unlikely to see a large fiscal impact.

It is intended that the levy will provide an extra source of income for public investment which is an enabler to the conditions which make tourism successful in Wales. Depending on how a local authority decides where to spend the revenue, it could be directed towards activities and projects that promote the local culture and heritage. Additionally, it will be expected that local authorities consult with their communities on where the money is spent and monitor the impacts of the levy following introduction of any levy in the local area.

3.2 Welsh Language

The Welsh language could be indirectly affected negatively if the levy discourages visitors from coming to Wales, especially those who are interested in the Welsh language and

¹⁷ [TOURISM TAXES BY DESIGN » GROUP NAO](#)

¹⁸ [Tourists' willingness to pay to improve sustainability and experience at destination - ScienceDirect](#)

¹⁹ [Homepage | Cadw \(gov.wales\)](#)

²⁰ [Exploring the relationship between culture and wellbeing | GOV.WALES](#)

culture. Impacts to the Welsh language could also materialise if the levy reduces the competitiveness and profitability of the tourism sector, which employs Welsh speakers, including those visitors from conducting educational visits to destinations in Wales. Should local authority areas that use a visitor levy be destinations that provide opportunities to undertake educational visits through the medium of Welsh language, then this may have an adverse impact should the additional cost to visitors dissuade a visit.

Any displacement impacts of the levy refer to potential demand loss for tourism in one area but a gain for another. It is not possible to ascertain exact behavioural change as this will likely be more nuanced than simply demand loss. There is likely to be minimal/no measurable impact because of the levy on the use of the Welsh language other than potentially realising there may be less opportunities to use Welsh if there was a loss in demand. There is no evidence showing that people would leave their communities because of a visitor levy.

The Welsh language is central to the Welsh life and culture. The levy demonstrates a clear link to Theme 3 of *Cymraeg 2050*, revenues could support the creation and maintenance of favourable conditions for the Welsh language. The revenue raised could be used to support the benefits offered to Welsh culture by tourism; for example, the visitor economy offers Welsh-speaking young people the opportunity to work in their communities, and visitors the opportunity to learn about and enjoy Welsh culture, music, and the Welsh language. The levy could therefore support the tourism industry and employment opportunities or initiatives in Welsh-speaking regions.

A full Welsh Language Impact Assessment has been published and is available: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: Welsh language impact assessment | GOV.WALES](#).

SECTION 4. WHAT WILL BE THE EFFECT ON ECONOMIC WELL-BEING?

Supporting growth in the Welsh economy, and through this tackling poverty, is at the heart of the Welsh Government's Programme for Government.

4.1 Business, the general public and individuals

Tourism is a crucial industry that enables the Welsh economy to thrive, representing over 10% of jobs in some areas of Wales²¹.

The introduction of a visitor levy in Wales has the potential to significantly support the tourism industry by reinvesting the generated revenue into improving the tourism offer and existing attractions. This reinvestment could enhance the long-term appeal of Wales as a tourist destination and stimulate growth in visitor numbers, thereby boosting the Gross Value Add (GVA) of tourism in areas implementing the levy. However, in the short term, there may be some negative effects on the tourism sector, including changes in visitor behaviour, such as reduced visitor numbers or spending, and increased administrative burden on visitor accommodation providers.

The immediate business impacts are:

- Time required to apply for registration and manage any amendments
- Time to process and file a tax return to the WRA (either quarterly or annually)
- Updating booking systems or property management information systems
- Financial costs of advisers or accountants, should a provider choose to employ or engage the services of another party to process and file returns on their behalf
- Financial cost of the visitor levy itself

This will vary according to how many visitors a provider receives, and how many visitor accommodation premises they operate. Furthermore, providers may absorb the costs or pass them on to visitors, therefore it is not possible to determine the exact costs by provider.

Assuming the costs are passed on in full to visitors, this may result in a drop in demand. The Economic Impact Assessment (EIA) outlines the macro-effects of a demand loss should this materialise. Note, it is not possible to ascertain the impact on demand on individual providers resulting from use of a visitor levy as price elasticity of demand may vary from provider to provider. For example, location, weather, time of year, amenities, events and quality will all influence consumer demand alongside price and income elasticities. Also, the level of pass-through may vary by provider and thus impacts again will vary along with this. Those providers that pass on the charge in full may experience loss of demand compared to competitors who absorb the costs. Yet those who absorb the costs may make cuts elsewhere (for example reduced investment) to accommodate the increased business costs, this in itself, may influence visitor demand for the provider. In short, impacts on any individual provider will vary according to both provider behaviour and visitor behaviour alongside the multitude of factors outside of price.

²¹ [Wales Visitor Economy Profile: 2024 | GOV.WALES](#)

The Economic Impact Assessment^{22 23} assesses visitor sensitivity to changes in price of accommodation and how demand loss would impact the Welsh economy in more detail. The key takeaway from our economic impact assessment is that based on evidence from other countries, a reasonable set of assumptions and what we know about the economy in Wales, the economic impact of the levy is likely to be marginal relative to the size of the economy in Wales and marginal relative to the size of the tourism sector in Wales.

Concerns were raised throughout the consultation about a potentially disproportionate impact on smaller visitor accommodation providers who would be subject to the same requirements as larger providers, for example the levy may have adverse impacts on smaller accommodation providers, often situated in rural areas²⁴. To mitigate this impact, the levy has been designed to be simple to administer, with the registration process also being developed to be straightforward in its approach. The Welsh Government considered it important that the design of the tax was simple to administer from a compliance perspective, which will make it more cost effective over the longer term. There will also be training, and guidance developed by both the Welsh Government and the WRA to support visitor accommodation providers. The WRA will consider non-digital alternatives when necessary (such as manual registration, paper return, letters rather than email, drop in hubs) should this be proportionate to do so. However, they will provide some form of assistance for those who have limited digital access and skills.

Overall, while the immediate economic impact is expected to be minimal, the long-term benefits could significantly strengthen the tourism sector in Wales.

4.2 Public Sector including local government and other public bodies

For the public sector, the benefits of additional revenue-raising powers will be balanced against the cost of administration of the levy for local authorities. Targeted engagement with local authorities has also taken place throughout the Acts development to discuss governance, audit and reporting considerations and local processes and impacts from the proposed operational model for the levy. These discussions helped further refine the design of the levy.

Impacts experienced by local authorities may differ as powers will be discretionary and the makeup of tourism is different across local authority areas. For example, if neighbouring local authorities make different choices about whether to introduce the levy, some visitors may choose to visit a different location to account for any changes to the cost of the stay and their budgets. This may increase demand for overnight accommodation in local authorities with lower cost accommodation who are not operating a levy and reduce it for those areas operating a levy. As discussed, behavioural change may be more nuanced than simple demand loss, and instead impacts may be on secondary spend or activity. Individuals may still visit the same destination but may book lower cost accommodation,

²² [The potential economic and greenhouse gas impacts of a visitor levy in Wales | GOV.WALES](#)

²³ [Revised analysis of the potential economic and greenhouse gas impacts of a visitor levy | GOV.WALES](#)

²⁴ [Rural business statistics - GOV.UK \(www.gov.uk\)](#)

stay for fewer nights or change their spending habits. Alternatively, visitors may increase the overall amount they spend to account for a levy.

Estimated revenue generation across Wales if all local authorities chose to introduce a levy as scoped would be around £33 million per annum. Revenues would be variable across local authority areas reflecting the size of the visitor economy varies across Wales. The levy presents an opportunity for local authorities to raise additional income, which, given the particularly challenging economic climate could help to support already stretched local services in areas relating to sustainable destination management spending.

The Act would provide an additional benefit in that information available from a public register would give local authorities a valuable single source of information on visitor accommodation in their area, which would support any consideration around implementation of the levy, instead of having to assess existing data which is not always wholly reliable or consistent.

4.3 Third Sector

Officials engaged with the third sector to understand the lived experiences of vulnerable groups and underrepresented communities accessing visitor accommodation. This was with the aim of identifying potential impacts and where possible reducing any negative impacts. **Annex A** provides a full list of the organisations we have engaged with.

This engagement identified that homeless people including those experiencing violence against women, domestic abuse and sexual violence (VAWDASV) and refugees asylum seekers who have No Recourse to Public Funds (NRPF) may be temporarily accommodated in visitor accommodation whilst awaiting permanent housing. The routes to accessing temporary housing in visitor accommodation may be via the local authority, a charity, or self-arranged. Housing functions are the responsibility of the local authority; however, we recognise that some charities may support individuals to arrange temporary accommodation whilst awaiting local authority support.

In the case of service providers supporting those who have NRPF they are funded by the Home Office for this function. Yet they have highlighted there is a 'cap' on funds when providing accommodation in emergency/temporary situations. The service provider will often fund the accommodation from their own reserves or donations received in this scenario. The preferred routes for charities in these circumstances is via Home Office or local authority services. Opting to use commercial visitor accommodation is not a favoured approach for multiple reasons, not least there is still a risk that the person is not being housed safely.

Should the introduction of a visitor levy in these situations mean that charities or vulnerable individuals are required to meet the cost of the levy, this could have a negative impact as they have limited to nil budgets to account for any extra payment for the levy and will be reliant on a third party, in this case the registered charity, to support them.

We therefore have enabled within the Act that registered charities supporting individuals in these circumstances will be able to reclaim back any levy amounts. Welsh Government recognise that for these types of stay, it will not always be possible or appropriate for the charity to disclose confidential information, therefore, we have ensured these refunds are processed by the Welsh Revenue Authority who can ensure appropriate safeguards are in place for handling any sensitive information to process refunds. Verifiable documents

could involve booking records, receipts, financial statements, and correspondence between the charity, service user and visitor accommodation provider.

Where stays are self-arranged, it would not be possible to exempt these stays or provide for a refund. This is because it would create a disproportionate and inappropriate burden on visitor accommodation providers to assess an individual's housing status.

4.4 Justice Impact Assessment

The Justice Impact Assessment summarises the outcome of engagement with the Ministry of Justice. The register of visitor accommodation will be a function of the WRA to be administered centrally. . We have also opted for a centrally administered model of delivery for the visitor levy and intend for the Welsh Revenue Authority to deliver the levy as they collect and manage the devolved taxes in Wales. The assessment concluded that the proposals are likely to have nil to minimal impact on the justice system.

SECTION 5. WHAT WILL BE THE EFFECT ON ENVIRONMENTAL WELL-BEING?

5.1 Natural Resources

Wales's tourism offer draws heavily on the availability of high-quality natural resources and healthy ecosystems²⁵. Visitors come to engage with Wales's areas of natural beauty, and to explore the natural environment that Wales has to offer. Wales is perceived as a destination for outdoor activities – a perception which is supported by the green and natural environment²⁶.

While the introduction of a visitor levy itself is not intended to directly impact the environment, there may be secondary impacts from its introduction, should there be a rise or fall in tourism demand for areas that introduce a levy. As explored within the economic impact assessment²⁷, and the regulatory impact assessment - there is a high degree of uncertainty over the behavioural response to a visitor levy.

The intention of the visitor levy is not to change visitor behaviour. However, as mentioned there could be a behavioural response from some visitors. If there is a fall in visitor numbers to Wales because of the introduction of the levy, this may in turn, have a reduction in some of the negative impacts of tourism on natural resources, which are discussed in more detail below.

Tourism generally can impact negatively on natural resources through over-tourism – for example, large numbers of people choosing to climb popular Welsh mountains at peak periods, or large volumes of people visiting the beaches during good weather. There are numerous consequences from these activities, such as increases in litter, physical damage to the natural environment (for instance to footpaths from walkers), or heightened levels of pollution from increased traffic and parking²⁸. A recent study undertaken by Natural Resources Wales looked at key visitor areas, comparing the lockdown period in June 2020 with the busy tourist season that followed in June 2021. Although only a snapshot, the assessment showed that the increase in tourist numbers in 2021 had a negative impact on bio-diversity.²⁹

Positive impacts are anticipated across the Welsh economy as the tax revenue is re-spent by local authorities across Wales. The Act proposes that the revenue is spent on projects related to destination management and improvement which includes actions that:

- mitigates the impact of visitors;
- maintains and promotes the use of the Welsh language;
- promotes and supports the sustainable economic growth of tourism and other kinds of travel;

²⁵ [Welcome to Wales: priorities for the visitor economy 2020 to 2025 \(gov.wales\)](#)

²⁶ [Wales Visitor Survey 2019 UK Staying Visitors \(gov.wales\)](#)

²⁷ [The Equality Impact Assessment for the Visitor Accommodation \(Register And Levy\) Etc. \(Wales\) Bill](#)

²⁸ The Environmental Impacts of Tourism (https://uk.sagepub.com/sites/default/files/upm-assets/109852_book_item_109852.pdf)

²⁹ [Natural Resources Wales / A snapshot of our impact on the natural world to help shape a sustainable future](#)

- provide, maintain and improve infrastructure, facilities and services for use by visitors (whether or not they are also for use by local people).

However, how local authorities using a levy intend to use the revenues will be up to elected officials in consultation with their local areas. Therefore, the revenues raised by the levy may be used to address some of these impacts, helping to ensure resources are sustainability managed. This could be done by using revenues from the levy to help preserve areas, fund local conservation projects, or mitigate the impacts of tourism – though the scale and nature of any benefits would depend on exact projects or activity funded by local authorities. Hence, we cannot specify what the exact benefits would be of yet unknown projects or activities.

Visitor levies are used successfully in more than 40 countries and travel destinations worldwide and there are several examples of destinations that have used the revenues generated by a levy to benefit and enhance the natural environment.

New Zealand funded 10 projects in 2019-20 through its International Visitor Conservation and Tourism Levy. These projects aim to protect sensitive and ecologically valuable landscapes, upgrade visitor amenities footpaths and signs and protect endangered species³⁰. In Iceland, a place well known for its unique environment, its natural attractions are viewed as its primary appeal to tourists. The Tourist Site Protection Fund (TSPF) finance projects that involve access to and preservation of natural tourist attractions. Typical projects include the construction of footpaths and trails; access ramps, bridges, and handrails; viewing platforms and safety barriers; parking and toilet facilities; and signage and information boards³¹. A further example is the Black Forest community of Münstertal, who have successfully used part of its local tourist tax to promote traditional agricultural measures such as open farming, helping support nature and species protection whilst also preserving and enhancing the attractiveness of the area for tourists³².

There are clear benefits that a visitor levy in Wales could provide. Use of public spaces and services are integral to the overall visitor experience. Investing and maintaining these can improve the reputation of the destination benefiting visitors, residents, businesses, and Wales' natural resources.

5.1a How will the proposal deliver one or more of the National Priorities in the Natural Resources Policy (NRP)?

The introduction of a visitor levy itself will not directly deliver any of the National Priorities in the Natural Resource Policy. However, we recognise that communities are best placed to shape and understand local priorities and that the visitor economy is variable across Wales. Therefore, by introducing legislation that gives discretionary powers for local authorities to implement a visitor levy, it supports and aligns with the 'taking a place-based

³⁰ <https://www.mbie.govt.nz/immigration-and-tourism/tourism/tourism-funding/international-visitor-conservation-and-tourism-levy/>

³¹ <https://www.gov.wales/review-impacts-visitor-levies-global-destinations>

³² Jörg Liesen and Thomas Coch, 2015, Financial support for landscape conservation through tourist taxes, NuL 47 (3), 2015, 069-076, (

approach' priority, empowering local authorities to make their own decisions aligned to the needs of their communities.

5.1b Does the proposal help tackle the following national challenges and opportunities for the sustainable management of natural resources?

The introduction of a levy could help address some of national challenges and opportunities for the sustainable management of natural resources, however, as previously noted, this will depend on how local authorities implementing the levy choose to spend the additional revenue.

5.2 Biodiversity

A. BIODIVERSITY IMPACT ASSESSMENT

Embedding biodiversity

How will your proposal integrate biodiversity into decision making?

This legislation will give local authorities the ability to charge a visitor levy on overnight stays in their communities. As such, biodiversity is not a direct aspect of the decision-making in relation to the visitor levy, however given that the revenues arising from these taxes can be directed to fund specific projects that support the visitor economy, these could include managing any negative impacts of tourism such as environmental degradation – this will be for local authorities to determine based on the priorities in their area.

Local authorities will have responsibility for spend and must account for biodiversity factors as part of their decision making in accordance with their duties under the Environment (Wales) Act 2016 Part 1³³.

The intention of the visitor levy is not to change tourist behaviour; however, it is estimated there could be a behavioural response i.e. visitors opt to visit local areas that do not apply a levy to avoid the extra costs. Should fewer visitors come to Wales (or a specific local authority within Wales), then this could see a reduction in Greenhouse Gas Emissions (GHGs)³⁴, lower levels of littering and biodiversity erosion in that area (depending on how both businesses and visitors respond).

It is well recognised that tourism can impact tourist destinations in both positive and negative ways, encompassing economic, socio-cultural and environmental dimensions. Globally, negative impacts can extend to:

- Environmental costs with the natural environment being over-exploited:

³³ [Environment \(Wales\) Act 2016 Part 1 \(gov.wales\)](#)

³⁴ [The Equality Impact Assessment for the Visitor Accommodation \(Register And Levy\) Etc. \(Wales\) Bill](#)

- Bio-diversity loss^{35, 36} as natural environments are eroded or spoiled by foot-traffic and the built environment.
- Littering and waste management challenges, as visitor numbers increase so does the amount of litter and impact on waste management services.
- Congestion, where transport infrastructure is unable to support visitor traffic in popular destinations³⁷
- Carbon emissions, caused by tourism related travel, estimated to account for 5% of all carbon emissions globally in 2016³⁸
- Soil and footpath erosion, as large volumes of tourists visit popular tourist sites³⁹

Environmental groups such as Keep Wales Tidy have recognised the opportunities provided by a visitor levy. In their consultation response and through a recent research paper on tourism litter⁴⁰, it highlighted that unless the negative issues associated with tourism are addressed, the tourism offer in Wales could be adversely impacted as natural environments decline and are inevitably affected by increasing footfall and traffic. The revenues generated by a levy could be used to support this resource gap, relating directly to the maintenance and restoration of local natural environments and supporting facilities to ensure that visitors want to return to Wales, thereby potentially increasing the levels of revenue as more tourists return to Wales over the long term and as a consequence the funding available to spend on improving the local area.

Additionally, although unintended, if visitor numbers decreased in some areas this may have a positive environmental impact, reducing pollution⁴¹ and other negative externalities of tourism. There may be different impacts on different local authorities depending on the number of tourists in each area.

Alternatively, enhancing an area and its amenities using the revenue from the levy might attract more visitors, so there may be a higher amount of environmental impact, but this is difficult to estimate. Or, if the introduction of the levy leads to visitors opting for day visits, this may exacerbate the negative environmental impacts associated with day tourism, without the funding of the revenue to help mitigate these impacts (given the charge is on overnight stays).

There may be some positive environmental impacts associated with the introduction of a visitor levy, although as noted this will be dependent on the spending priorities of the local authority levying the charge. The Act sets out that local authorities should spend the revenue raised on destination management and improvement, so any degradation felt in

³⁵ [CEP-SS_Sustainable_Tourism.IP_03.e.pdf \(unece.org\)](#)

³⁶ [The biodiversity implications of changes in coastal tourism due to climate change | Environmental Conservation | Cambridge Core](#)

³⁷ [Tourism Jobs and Growth \(Deloitte & Oxford Economics on visitbritain.org\)](#)

³⁸ [Tourism's Carbon Emissions Measured in Landmark Report Launched At COP25 \(unwto.org\)](#)

³⁹ [Tourism_Impacts_employment_gender_income_A_Lemma.pdf \(publishing.service.gov.uk\)](#)

⁴⁰ Keep Wales Tidy (2023), Tourism Litter, Challenges and Solutions ([Keepwalestidy.cymru](#))

⁴¹ [The Equality Impact Assessment for the Visitor Accommodation \(Register And Levy\) Etc. \(Wales\) Bill](#)

the local area as a result of tourism could be addressed by the use of this additional funding.

Has your proposal ensured biodiversity is accounted for in business decisions?

The natural environment and scenery were key themes in research as to why people visited Wales. Our environment and scenery were significant strengths identified through qualitative research, that make Wales feel distinctive compared to other UK holiday destinations⁴². If the enabling conditions for tourism are not protected, then this could lead to a decline in visitor numbers. The landscape and natural beauty that attracts visitors to Wales is that which can be most impacted by visitors. If funding is not available to ameliorate impacts, then there could be an impact on tourism attractors leading to a longer-term decline for tourism. Additionally, some areas may wish to enhance their local offering or services provided to tackle unique local issues to the benefit of visitors and residents but lack the resources available to currently do this.

Business will be required to factor in the additional processes for administering the levy i.e. collecting and submitting levy returns. To ensure this process is understood clearly, we have worked with stakeholders, alongside the Welsh Revenue Authority (WRA) to understand potential impacts and will develop guidance and training sessions to support visitor accommodation providers to administer the levy.

The guidance developed will stipulate the importance of seeking the input of environmental stakeholders to understand any issues in more detail. Local authorities will be encouraged to consider section 6 of the Environment (Wales) Act 2016, which requires public authorities to seek to maintain and enhance biodiversity through their decision making and exercise of functions.

How does your proposal improve understanding and raise awareness of the importance of biodiversity, encouraging others to act?

The purpose of the visitor levy is to raise revenue for local authorities to invest in sustainable tourism. As above, the Welsh Government is currently considering the guidance that will be provided to local authorities when implementing the levy which will encourage local authorities to consider section 6 of the Environment (Wales) Act 2016.

Improving our evidence, understanding and monitoring

Have you used the best available evidence of biodiversity to inform your proposal and this assessment?

N/A

⁴² [Wales Visitor Survey 2019: Qualitative Research Findings \(gov.wales\)](https://gov.wales/wales-visitor-survey-2019-qualitative-research-findings)

Have you used up to date knowledge of the key impacts on biodiversity to make evidence-based decisions?

From a handful of case studies⁴³, it is evident that revenues from visitor levies can make a positive difference for destinations' efforts to preserve nature, restore cultural heritage, and help fund social and community projects.

The Welsh Government commissioned Bangor University to review the impacts of visitor levies in global destinations⁴⁴. The research showed that in general, visitor levy revenues are used to finance public goods specific to the tourism industry, such as destination marketing, and to alleviate the externalities caused by the industry, such as environmental protection and restoration. The focus placed on these two areas of spending varies across the case studies considered.

To ensure a robust analysis of the estimated impact on the needs of the people who live, work, socialise and do business in rural areas is provided, this assessment has considered the outputs from:

- [Review of Impacts of Visitor Levies in Global Destinations by Bangor University](#)
- [Independent research provided by Cardiff University on the potential economic impacts of a visitor levy in Wales.](#)
- [Revised analysis of the potential economic and greenhouse gas impacts of a visitor levy](#) Alma Economics, Evidence review of elasticities relevant to a visitor levy in Wales.

Can your proposal contribute to our body of knowledge for biodiversity?

No, the purpose of the visitor levy is to provide a discretionary power which will allow local authorities to raise revenue through charging a levy on overnight stays.

Governance and support for delivery of biodiversity action

Can your proposal support biodiversity action in any way?

Yes, although it will be for those local authorities which choose to implement the visitor levy to decide how revenues are utilised. There is the potential for revenues to be utilised to support biodiversity action. Or more generally, to promote sustainable tourism and reduce impacts of visiting populations. Use of a visitor levy may promote more conscious travel should revenues be utilised to minimise negative environmental or biodiversity impacts.

Can your proposal help to build capacity for biodiversity action?

Yes, depending on use of revenues.

⁴³ [TOURISM TAXES BY DESIGN » GROUP NAO](#)

⁴⁴ <https://www.gov.wales/sites/default/files/statistics-and-research/2024-11/review-of-impacts-of-visitor-levies-in-global-destinations-summary-464.pdf>

Have you recorded decisions and actions to maintain and enhance biodiversity?

N/A – exact allocation of revenues will be for local authorities that use a visitor levy to decide.

5.3 Climate Change

Climate change has been identified as one of the biggest threats facing our future generations. We need to reduce our emissions through decarbonisation action (5.3a) and to adapt to the impacts of climate change by increasing our resilience (5.3b).

5.3a Decarbonisation

While the introduction of the visitor levy itself is not intended to directly impact carbon emissions, there may be secondary impacts from its introduction, should a local authority choose to introduce a visitor levy in their area. As examined within the economic impact assessment⁴⁵, there is a high degree of uncertainty as to the behavioural response to a visitor levy. However, should a negative economic impact materialise, based on a pessimistic estimate and fewer visitors come to Wales (or a specific local authority within Wales), then this may have a positive impact on carbon emissions.

For further information on the impact the introduction of the visitor levy may have on greenhouse gases (GHG) in Wales, see 'The Potential Economic & Greenhouse Gas Impacts of a Visitor Levy in Wales'⁴⁶ and 'Revised analysis of the potential economic and greenhouse gas impacts of a visitor levy'⁴⁷

5.3b Adaptation

The proposal does not directly affect the ability to adapt to the effects of climate change. However, the need for environmental sustainability forms a core part of the 2020-2025 Priorities for the Visitor Economy⁴⁸. As a result, the revenues raised by the visitor levy may go towards addressing some of these impacts – though the nature of these will depend on how local authorities implementing the levy choose to spend the additional revenue.

5.4 Strategic Environmental Assessment (SEA)

An SEA is not required for this policy as under Article 3(8), the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004 it does not apply to financial or budget plans and programmes. Additionally, although the visitor levy is a legislative

⁴⁵ [The potential economic and greenhouse gas impacts of a visitor levy in Wales | GOV.WALES](#)

⁴⁶ [The potential economic and greenhouse gas impacts of a visitor levy in Wales | GOV.WALES](#)

⁴⁷ [Revised analysis of the potential economic and greenhouse gas impacts of a visitor levy | GOV.WALES](#)

⁴⁸ [Welcome to Wales: priorities for the visitor economy 2020 to 2025 \(gov.wales\)](#)

provision that does relate to tourism, it does not set a framework for any future development consents and will not have a significant direct impact on the environment.

5.5 Habitats Regulations Assessment (HRA)

A Habitats Regulations Assessment is not required by law as the Act will not impact on the Natura 2000 European protected site network.

5.6 Environmental Impact Assessment (EIA)

The Act is not a project requiring development consent and therefore the various regulations which require Environmental Impact Assessment do not apply.

SECTION 6. SOCIO-ECONOMIC DUTY WHAT WILL BE IMPACT ON SOCIO-ECONOMIC DISADVANTAGE?

6.1 The Socio-economic Duty

There is evidence to suggest that person's willingness to pay a visitor levy in other countries is positively correlated to their socio-economic status, inferring disadvantaged persons are more likely to be deterred from visiting Wales. It may be that those at ages typically associated with lower incomes (for instance, younger people), are less able to afford the extra cost of accommodation associated with the levy.⁴⁹ The exclusion for under 18s from the lower rate (overnight stays in shared accommodation or on campsites) mitigate the impact of this issue.

Furthermore, willingness to pay is directly associated with a visitor's income and budget.⁵⁰ Studies have reported that men were more amenable to paying a visitor levy – this may be due to the interaction of gender and income, where women have lower incomes on average than men.⁵¹

The poorest areas in Wales are some of the areas that see the larger sections of their economy reliant on tourism. If the visitor levy results in a decrease in tourism demand, or average spend this would have a negative impact on the local economy, particularly in areas that rely heavily on tourism. The levy may impact socio-economically disadvantaged communities to a greater degree owing to the nature of work in the sector being characterised by low pay and insecure hours. The full socioeconomic impact assessment analyses the potential impact to socio-economically disadvantaged communities that job losses and reduced income for those working in the tourism industry could have, as well as the wider business community could also be negatively affected through reduced levels of turnover if the visitor levy result in reduced ancillary spending by visitors or reduced visitor numbers.

To reduce this identified risk of the levy being a barrier to socio-economically disadvantaged persons not being able to go on holiday in Wales, the Welsh Ministers have committed to keep the levy to a small sum, which can be reviewed to ensure it does not stop socio-economically disadvantaged persons from being able to go on holiday in Wales and to ensure the economic impact felt on local communities can be reacted to rapidly. Local authorities are also required to consider potential impacts and undertake consultation to inform decision making regarding use of a visitor levy.

At an individual level, it is impossible to determine how a visitor levy would impact an individual as the economic modelling provided in the regulatory impact assessment accounts for every local authority area in Wales switching on the levy.

⁴⁹ Durán-Román, J. L., Cárdenas-García, P. J., & Pulido-Fernández, J. I. (2021). Tourists' willingness to pay to improve sustainability and experience at destination. *Journal of Destination Marketing & Management*, 19, 100540 at page 47 ([Tourists' willingness to pay to improve sustainability and experience at destination - ScienceDirect](#))

⁵⁰ *Ibid* at page 48

⁵¹ UK Government (2020) [How much less were women paid in 2019?](#)

One of the main goals of the levy is readdress contributions for upkeeping a local area and to provide a lever to allow for additional funding for areas that host visitors. A review of Tourism Taxes by the European Tourism Association ⁵²suggests that for tourism taxes to be successful, there needs to be reciprocity and tangible benefits for local communities.

Local authorities that chose to adopt a levy in their area, are required to spend the revenue generated on destination management and improvement purposes, therefore, for those living in Wales, especially in tourist hotspots, the introduction of the levy could bring positive impacts.

A full Socio economic impact assessment has been published and is available here: [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: socio-economic duty assessment | GOV.WALES](#) .

⁵² Tax and tourism - ETOA - European tourism association | 1,100+ members : ETOA – European tourism association | 1,100+ members

SECTION 7. RECORD OF FULL IMPACT ASSESSMENTS REQUIRED

Impact Assessment	Yes/No	If yes, you should
Children's rights	Yes	Complete the Children's Rights Impact Assessment below
Equality	Yes	Complete the Equality Impact Assessment below
Socio-economic Duty	Yes	Complete the Socio-economic Duty Assessment below
Rural Proofing	Yes	Complete the Rural Proofing Impact Assessment below
Health	Yes	Refer to the Integrated Impact Assessment Guidance
Privacy	Yes	Complete the Privacy Impact Assessment
Welsh Language	Yes	Complete the Welsh Language Impact Assessment below
Economic / RIA	Yes	Refer to the Integrated Impact Assessment Guidance
Justice	Yes	Complete the Justice System Impact Identification form on the intranet
Biodiversity	Yes	Complete the biodiversity Impact Assessment below
Climate Change	Yes	Refer to the Integrated Impact Assessment Guidance
Strategic Environmental Assessment	No	Refer to the Integrated Impact Assessment Guidance
Habitat Regulations Assessment	No	Refer to the Integrated Impact Assessment Guidance
Environmental Impact Assessment	No	Refer to the Integrated Impact Assessment Guidance

SECTION 8. CONCLUSION

8.1 How have people most likely to be affected by the proposal been involved in developing it?

A public consultation ran from September to December 2022 seeking views from the public and stakeholders on the Welsh Government's proposal to introduce a discretionary visitor levy for Wales. A summary of responses⁵³ was published in March 2023.

There has been extensive engagement with hospitality and visitor accommodation providers via a Business Reference Group, tourism industry representative groups via Regional Tourism Fora and the Visitor Economy Forum, the Welsh Revenue Authority (WRA) and local authorities. Welsh Government Officials have also engaged with online booking platforms, National Parks, third-sector organisations and administrations in other countries who have established visitor levies.

Four in-person consultation events were held across Wales as well as a virtual event, an awareness campaign was launched with the public consultation to share information and encourage involvement.

Officials engaged directly with children and young people between 12 and 17 years old, seeking their opinions on the visitor levy through discussions and a role-play exercises. The consultation was accessible to a wide audience with a community and youth version published along with an easy read format.

Following the consultation, and in the lead up to the introduction of the legislation, the Welsh Government has continued to engage with representative groups who may be impacted by a visitor levy. This targeted engagement was to gather more evidence regarding the potential impacts of levy on various stakeholders, to clarify the policy and discuss mitigating any unintended consequences on those with protected characteristics, those based in rural areas and those from lower socio-economic backgrounds.

Engagement has been undertaken specifically in areas to inform our understanding of the lived experiences of the potential impact on vulnerable groups, as part of the development of the Equalities Impact Assessment⁵⁴, Childrens Impact Assessment⁵⁵, Socio-economic impact assessment⁵⁶ and Welsh Language Impact Assessment⁵⁷. **Annex A** includes a full list of this engagement.

Those local authorities that should decide to apply a levy in their area will also be required to monitor the impact of the levy on their communities.

⁵³ [Discretionary visitor levy for local authorities | GOV.WALES](#)

⁵⁴ [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: equality impact assessment | GOV.WALES](#)

⁵⁵ [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: children's rights impact assessment | GOV.WALES](#)

⁵⁶ [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: socio-economic duty assessment | GOV.WALES](#)

⁵⁷ [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill: Welsh language impact assessment | GOV.WALES](#)

8.2 What are the most significant impacts, positive and negative?

This integrated impact assessment is based on existing research, commissioned studies, consultation feedback, and stakeholder input. The Welsh Government has noted some key themes through the impact assessment process:

- The visitor levy could generate additional revenue for local authorities to invest in tourism-related services and infrastructure.
- Changes in visitor spend – to accommodate the additional cost of the levy, some visitors may spend less in other areas (for example, secondary spend on meals or entertainment). This may impact the revenues of wider businesses in the local area who benefit from visitor expenditure.
- Changes in visitor numbers – at the extreme, some visitors may choose to visit different local authority areas i.e. those without the levy, or another country entirely, to avoid the additional cost of the levy. Research suggests that this is more likely in the initial introduction period, but that these impacts may lessen as acceptance of the levy increases.
- The visitor levy could have mixed effects on different groups with protected characteristics, depending on exemptions and the use of revenue.
- The visitor levy could have positive or negative effects on the environment, depending on the changes in visitor numbers and the reinvestment of revenue.

While some negative impacts were raised and have been captured, reinvestment of the money generated by the levy by local authorities has the potential to support this industry, for example by improving Wales' tourism offer or the quality of our existing attractions. In the longer term, this may strengthen Wales' offer and support the continuing trend of sustainable growth in visitor numbers.

8.3 In light of the impacts identified, how will the proposal avoid, reduce or mitigate any negative impacts.

A visitor levy supports our ambitions for greater sustainable tourism.

The Welsh Government aims to balance the interests of visitors, residents, and businesses and to support sustainable tourism and local autonomy. A visitor levy will contribute to our well-being objectives and the seven well-being goals by empowering local authorities to make decisions based on their local needs and providing local authorities with the ability to generate additional revenue that can be invested back into local services and infrastructure that support tourism, and by supporting ambitions for greater sustainable tourism.

The Welsh Government has sought to avoid, reduce or mitigate any negative impacts by taking a cautious approach to setting the initial rate of the levy and will monitor its impact over time. We will continue to work with stakeholders to understand potential impacts.

It is anticipated that the wider benefits of a visitor levy in Wales will help to improve local areas that adopt a levy. For example, the levy will be providing local authorities with a tool they can use to develop, support and sustain facilities and services which are substantially

for, or used by, those visiting a local authority's area for leisure purposes. This may be particularly relevant in the context of pressures on such facilities and services that may arise or be exacerbated by high numbers of visitors, because currently these visitors will generally not directly contribute to the revenues of local authorities. The discretionary nature of the power will equip local authorities with a new fiscal power to raise revenues to support local visitor economies in the future.

8.4 How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The Act has been designed with a degree of flexibility to allow for adaptations to be made in the future should any disproportionate impacts or unintended consequences materialise.

The Welsh Government is taking a cautious approach to setting the initial rates of the levy and monitoring its impact over time. The approach provides a balance of generating sufficient revenue whilst reducing risks of a behavioural response. This will provide opportunity for visitors to become accustomed to paying a levy in Wales.

The Act sets out a requirement for Local Authorities to prepare and publish annually, a report on the amount of revenue generated from the levy and information on how the levy has been used towards destination management and improvement purposes.

Officials will develop guidance for local authorities setting out advice and best practice for monitoring and evaluating the impact of the levy.

The legislation provides for a review after 5 years from the point that Part 2 of the Act comes fully into force. Further reports would then be required at five yearly intervals following publication and completion of the first review. The outcome of the legislation will also be monitored with a combination of methods, including using data gathered from the relevant Visit Wales surveys, Tourism Barometer and surveying/ engagement with local authorities to understand the effectiveness of the legislation.

It is anticipated that the Welsh Revenue Authority will monitor the administration of the levy through regular engagement with local authorities as set out in the established Service Level Agreement between local authorities and WRA, and through engagement/feedback from tourism boards, tourism businesses and community representatives.

SECTION 9. DECLARATION

Declaration

I am satisfied that the impact of the proposed action has been adequately assessed and recorded.

Name of Senior Responsible Officer / Deputy Director: Anna Adams

Department: Welsh Treasury

Date: August 2025

Annex A

Visitor Accommodation (Register and Levy) Etc. (Wales) Act – Stakeholder Engagement on impact assessments

Welsh Government officials have engaged widely both internally and externally to ensure that we have heard views from a wide range of stakeholders on the potential impacts of the levy, whether directly or indirectly.

Alongside engagement with visitor accommodation providers, local authorities, the Welsh Revenue Authority and Visit Wales, the below is list of external organisations and stakeholders we have engaged specifically in areas to inform our understanding of the potential impact on vulnerable groups, as part the development of our Equalities Impact Assessment, Childrens Impact Assessment, Socio-economic impact assessment and Welsh Language Impact Assessment.

External engagement

Organisation	Area consulted on
Welsh Women's Aid (WWA)	Equalities Impact Assessment <ul style="list-style-type: none">Those fleeing domestic abuse and sexual violence
VAWDASV Regional Co-ordinators	Equalities Impact Assessment <ul style="list-style-type: none">Those fleeing domestic abuse and sexual violence
BAWSO	Equalities Impact Assessment <ul style="list-style-type: none">Those with no recourse to public fundingRefugees and asylum seekers
Third Sector Partnership Group	Equalities Impact Assessment
Llamau	Equalities Impact Assessment <ul style="list-style-type: none">Homelessness
Ethnic Youth Support Team	Equalities Impact Assessment <ul style="list-style-type: none">Those with no recourse to public fundingRefugees and asylum seekersEthnic Minority communities

	<ul style="list-style-type: none"> • Race
National Farmers Union	Rural Proofing Impact Assessment
Countryside Land and Business Association	Rural Proofing Impact Assessment
Farmers Union Wales	Rural Proofing Impact Assessment
National Parks	Rural Proofing Impact Assessment
Social Partnership Wales	Equalities Impact Assessment
Inter-faith Council for Wales	Equalities Impact Assessment
TGP Cymru - Travelling Ahead	Equalities Impact Assessment <ul style="list-style-type: none"> • Gypsy Roma and Traveller
Gypsies and Travellers Wales	Equalities Impact Assessment <ul style="list-style-type: none"> • Gypsy Roma and Traveller
Disability Wales	Equalities Impact Assessment
Autistic UK	Equalities Impact Assessment
Guide Dogs	Equality Impact Assessment
Freedom 365	Equality Impact Assessment
Fair Treatment for the Women of Wales	Equalities Impact Assessment
Children in Wales – Children and Young People (CYP)	Childrens Rights Impact Assessment
Welsh Youth Parliament	Childrens Rights Impact Assessment
Carers Wales and Carers Trust	Equalities Impact Assessment
Scottish Government – Visitor Levy (Scotland) Bill team	All impact assessments
Urdd Eisteddfod Genedlaethol	Welsh Language Impact Assessment