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Visitor Levy (Amendment) (Scotland) Bill – call for views

Response by the Chartered Institute of Taxation

1. Introduction

- 1.1. The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 20,000 members, and extensive volunteer network, in providing our response.
- 1.2. The CIOT is pleased to provide a response to the Local Government, Housing and Planning Committee’s call for views on the Visitor Levy (Amendment) (Scotland) Bill. The CIOT previously [responded](#)¹ to the call for evidence on the Visitor Levy (Scotland) Bill in 2023 and [responded](#)² to the initial consultation ‘Consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax’ in 2019.
- 1.3. The Scottish Government’s approach to tax policy is underpinned by a set of six guiding principles³:
 - Certainty
 - Proportionality to the ability to pay
 - Convenience
 - Efficiency
 - Engagement
 - Effectiveness
- 1.4. Our stated objective for the tax systems include:
 - A legislative process that translates policy intentions into statute accurately and effectively, without unintended consequences.
 - Greater simplicity and clarity, so people can understand how much tax they should be paying and why.
 - Greater certainty, so businesses and individuals can plan ahead with confidence.

¹ [230919 Visitor Levy Bill - CIOT response updated.pdf](#)

² [191129 Transient Visitor Levy - CIOT comments.pdf](#)

³ [Framework for Tax 2021](#)

- A fair balance between the powers of tax collectors and the rights of taxpayers (both represented and unrepresented).
- Responsive and competent tax administration, with a minimum of bureaucracy.

2. About CIOT

- 2.1. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.
- 2.2. The CIOT’s work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.
- 2.3. The CIOT draws on our members’ experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.
- 2.4. Our members have the practising title of ‘Chartered Tax Adviser’ and the designatory letters ‘CTA’, to represent the leading tax qualification.

3. Question 1: Allowing for a flat rate fee to be charged.

- 3.1. We discussed the potential for flat rates, either on a per person or per room basis, in both our [2019 submission](#) and our [2023 submission](#).
- 3.2. A flat rate per room per night would, when taking the Adam Smith principles into consideration, be an efficient and convenient basis to calculate the tax, and simple for most accommodation users to understand. However, the principle of ‘ability to pay’ is often taken to imply progressivity. A flat rate charge is not very progressive. However, these principles should sensibly apply to the tax system as a whole: since there can be tension between them, not every principle can be carried through totally to every tax.
- 3.3. With a flat rate per person per night, accommodation providers will have to ensure that they have mechanisms for recording and obtaining evidence to prove (for compliance purposes) how many people have stayed in the accommodation each night. Although this raises clear practical issues with self-catering accommodation, where the provider may be entirely reliant on self-declaration by the user(s), there are also likely to be issues with hotels, particularly where rooms are booked on a price per room basis, rather than number of guests.

4. Question 2: Allowing for a flat fee model to contain different fees for different circumstances such as difference geographical locations, times of year or types of accommodation.

- 4.1. Overall, these changes mean that, to an extent, we have a blended model – percentage fee (with flexibility to vary for different purposes or different types of accommodation) or fixed fee, further split into ‘per person, per night’ or ‘per night’ (with flexibility to further vary between different purposes or areas within each local authority).
- 4.2. Whilst this offers flexibility, this does add complexity and is less easy for visitors and providers to understand (albeit each local authority must choose between percentage or fixed fee, with variations possible in both).

There is often a tension between different tax principles, and adding complexity in this case may be the trade-off to allow flexibility and fairness.

- 4.3. In our [2023 submission](#), we noted that an option for consideration may be for local authorities to base their flat rates upon different types of accommodation. Within our submission, we discussed the importance of a national legislative framework containing parameters, alongside guidance and definitions, to provide some transparency on the use of different categories and consistency throughout the country. We would note that neither the 2024 Act, nor this new legislation, define 'different purposes'. The explanatory note for the new legislation provides that different amounts may be set by 'reference to different sizes, types, values or locations of overnight accommodation, different amounts paid to reside there, different categories or numbers of persons using such accommodation, or different times of year'. With no framework (within the legislation or regulations), there is scope for variation in design between local authorities levies, potentially adding another layer of complexity and administrative cost, albeit more so for organisations who provide accommodation in different local authorities, or different areas within a local authority (if councils choose to use that power).
5. **Question 3: Clarification of the point of chargeable transaction in cases where accommodation is sold through a third party, such as online travel agents, digital platforms tour operators, or booking intermediaries. The chargeable transaction is the first sale by the liable person (typically the accommodation provider) to that third party.**
- 5.1. No comment.
6. **Question 4: Clarification that levy returns should be calculated based on the date of occupancy, not the date of booking or payment.**
- 6.1. The amendment to levy returns, to calculate based on date of occupancy rather than date of booking, seems sensible given the separate reporting platform being developed.
- 6.2. However, it is important to note that the overall tax administration burden on accommodation providers should not be underestimated across the complete tax system. Many accommodation providers will also need to navigate the new digital record keeping and quarterly reporting requirements as Making Tax Digital for Income Tax, which is being phased in from April 2026.
7. **Question 5: The powers in section 6 of the Bill which Scottish Ministers to amend the operation of part 2 and 3 of the 2024 Act via regulations.**
- 7.1. We note that the Financial Memorandum details that the 'regulation-making power [to make further provision about the operation of Part 2 and 3 of the 2024 Act] is intended as a contingency to address any future implementation issues identified after the Bill is enacted, without requiring further primary legislation.'⁴ A key reason for the inclusion of regulatory making powers is that Scotland does not have an appropriate, legislative vehicle to make these changes.
- 7.2. The lack of an appropriate and regular legislative vehicle for making changes to tax policy in an effective and efficient manner is of continuing concern to CIOT. Tax law in Scotland should be set out in primary legislation with secondary legislation in Scotland reserved for operational and administrative matters. It is difficult to scrutinise framework legislation, because by its very nature, the import of measures that can result from it are

⁴ [Financial Memorandum accessible](#)

unknown at the time given over to its scrutiny. On that basis, in relation to tax law in Scotland, we remain of the view that framework legislation and accompanying regulation making powers should be used solely for setting out how the tax is administered.

8. Question 6: What is your view on the timescales available for consideration of this Bill?

8.1. The Chartered Institute of Taxation has welcomed recent engagement with the Scottish Government prior to the introduction of this new Bill, but we would note that our engagement has been more focussed on taxation matters outside of the points addressed in this Bill.

8.2. The introduction of any tax in Scotland will always come with its hurdles, but there is certainly a need for reflection on stakeholder engagement more widely over the introduction of the Scottish Visitor Levy, to inform the introduction of any future new local taxes in Scotland. It is very important to have the right voices at the table, including from a taxation perspective, to help identify issues at an early stage, and facilitate collaborative discussions on how to navigate to try and avoid expedited last minute changes to legislation and guidance, where possible.

9. Question 7: What is your view on the timescales available for consideration of this Bill?

9.1. Due to a lack of a regular legislative mechanism, changes to devolved tax policy have been largely managed to date via secondary legislation. There are times when primary legislation has been needed and therefore there have been several instances where such changes have taken a considerable length of time to resolve, sometimes years. This expedited Bill is an anomaly in that respect.

9.2. However, making changes by expedited bills so late in the implementation of a new tax is not ideal and does not provide taxpayers with the clarity and confidence they need to prepare for and engage with the new tax from day one.

9.3. A better way of ensuring that the Scottish Parliament has the ability to amend primary legislation would be to institute a regular tax legislative process, such as a finance or tax bill. We think this would offer an appropriate and timely opportunity to make changes to tax legislation, whilst ensuring the need for robust scrutiny is met.

10. Question 8: Is there anything else you wish to tell us about the proposed legislation and accompanying documents?

10.1. Within our [2019 submission](#), we discussed the use of a national framework versus local flexibility, when designing the Scottish Visitor Levy. To ensure consistency, to make the levy easier to operate for accommodation providers and easier to understand for visitors, our preference was for a national framework, with local flexibility in relation to rate-setting and spending of funds.

10.2. On reflection, the Scottish Visitor Levy legislation as a whole provides a greater degree of discretion to local authorities to design their own levy and power to Ministers via secondary legislation, more so than has been adopted in Wales with the Welsh Visitor Levy. Whether this was the right decision or not, is something that will need to be reflected on in due course.

10.3. We are strongly in favour of post-implementation evaluations (such as those we are seeing for Land and Buildings Transaction Tax and Scottish Landfill Tax) for not only the rate but also in terms of how much the levy has raised and cost, its operational effectiveness and whether it has achieved its policy aims.

11. Acknowledgement of submission

11.1. We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation are included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation

27 January 2026