



Visitor Levy

Frequently Asked Questions

Early Engagement Phase November – December 2025

What is a Visitor Levy

The Visitor Levy (Scotland) Act 2024 gives Scottish local authorities the power to introduce a charge on the purchase of overnight accommodation, calculated as a percentage of the accommodation cost. Each local authority can decide, following consultation with businesses, communities and visitors, whether to introduce a visitor levy scheme in its area. The levy would be collected from visitors, and the net proceeds must be used to develop, support, or sustain facilities and services that are substantially for, or used by, visitors. Accommodation providers are liable for collecting and paying the levy to local authorities.

Who Counts as a Visitor

A 'visitor' is defined in the legislation as anyone staying overnight in paid accommodation who is not living there as their usual place of residence. This includes visitors from Scotland and the UK and may include residents in Fife staying overnight outwith their usual place of residence.

Levy Paying Exemptions

Are there any visitors exempt from paying the visitor levy?

The legislation gives some groups of people automatic exemption from paying the levy. These include those who use overnight accommodation as their only or main residence (for reasons like homelessness, poor housing conditions, experiencing domestic abuse, or being an asylum seeker or refugee). It also includes people who are in receipt of the following:

- Disability living allowance
- Disability allowance
- Attendance allowance

- Pension age disability benefit
- Personal independence payment

All other exemptions are up to the local authority. These could include carers, Fife residents who make a booking within the local authority area, or people visiting family in care homes or hospitals. The law also says the rate could be different for different trip purposes, which might include business or work, or visits for medical treatment.

How would exemptions work

This would require exempt visitors to provide proof of their exemption status to either their accommodation provider (who may not want to ask for sensitive information, and to whom visitors might not want to disclose sensitive information to) or to the local authority, which would require additional staff resource to process and handle. Other local authorities have decided not to include extra exemptions above those listed in the Act, because of concerns about administering them. This has not yet been decided in Fife.

It is also up to the local authority to decide how exemptions should be managed. Other local authorities are offering reimbursement for those who are exempt as this means the accommodation provider does not need to ask for sensitive information or process exemptions.

Where and when would a Visitor Levy apply

Accommodation Types

The visitor levy applies to a wide range of accommodation types, including (but not limited to):

- Self-catering properties
- Hotels
- Bed and Breakfasts (B&Bs)
- Guesthouses
- Hostels
- Caravan parks
- Camping sites
- Vessels or vehicles used for commercial overnight stays that are permanently or predominantly situated in one place.

Local authorities have the power to create exemptions and may choose to remove certain accommodation types from scope within their local schemes. This has not yet been decided for Fife. Consultation with businesses, communities and visitors will help shape the decision.

Would the levy apply to all of Fife?

It is up to the local authority to decide through business, community and visitor consultation whether the levy should apply in the whole area, or only parts of the area.

Would a Visitor Levy apply all year round?

It is up to the local authority to decide through business, community and visitor consultation whether the levy would apply for the whole year, or only for parts of the year.

Visitor Levy Rates

Why can't the levy be a flat rate instead of a percentage?

The underpinning legislation, Visitor Levy (Scotland) Act 2024 explicitly says it must be a percentage rate. Introducing a flat rate would require the Scottish Government to agree an amendment to the legislation. Currently there are no plans to make this change.

How much will the levy be in Fife?

This has not yet been decided for Fife. Consultation with businesses, communities and visitors will help shape the decision.

There is no limit on how much the levy can be. Other local authorities such as the City of Edinburgh and Glasgow Council's are proposing a 5% charge. Aberdeen City Council is proposing a 7% charge.

Is the levy charged per night or per person?

Any visitor levy would be charged per room per night based only on accommodation portion of the room rate. For example:

Bed and Breakfast Room Rate based on 2 people sharing: £120 (Ex VAT)

Breakfast deduction: £20 (Ex VAT)

Accommodation portion of room rate would be £100 (Ex VAT)

Exclusive use properties including short term let properties

The visitor levy applies to the total accommodation charge for the unit, not per person or per room.

- A self-catering property that sleeps 10 is booked for £3,000 ex vat for 5 nights
- The local authority has set the visitor levy at 5%
- Total levy due = $\text{£3,000} \times 5\% = \text{£150}$

The calculation is always based on the overall amount paid for the overnight accommodation, excluding VAT

What is included in Accommodation Portion?

Even though these are not defined in the Act, it is expected that services routinely included in the room or unit price should be counted as part of the accommodation cost. This means that any services which are not optional should count as part of the accommodation cost.

- Standard cleaning between visitors
- Utilities e.g. electricity, water, heating, and complimentary Wi-Fi
- Basic amenities e.g. soap or toilet paper
- Complimentary refreshments given to all visitors on arrival e.g. tea, coffee, or biscuits in a welcome pack
- Agency fees to deliver standard services required to deliver the stay such as granting access to the accommodation and standard cleaning and laundry services between visitors.

Will the Visitor Levy be included in the advertised price or added later?

The visitor levy cost must be included in the total, final advertised price as per existing UK price transparency legislation (Digital Markets, Competition and Consumers Act 2024 and Price Marketing Order 2004). The visitor levy charged should be clear and be present in the price breakdown as above.

At what point does the visitor pay the levy?

When to charge the levy is a matter for accommodation providers to decide. Some may wish to:

- Charge the visitor in full when they make their reservation
- Charge the visitor when they check in
- Charge the visitor on check out
- Not charge the visitor and pay on their behalf

What if a visitor cancels their booking?

The legislation only requires that the visitor levy is charged if a person actually stays at your accommodation business. You should only remit the levy charged to the local authority after a stay is complete.

If the visitor does not stay in your accommodation and no levy payment has been received, you do not need to take any action.

If the visitor already pre-paid the levy but did not stay in the accommodation, it is your responsibility to refund them the levy in full, regardless of whether the rest of the stay is refundable.

VAT

When will VAT be applied?

The legislation states that the levy must be charged before VAT.

An example breakdown of costs is:

- Room Only Cost: £100
- 5% visitor levy: £5
- total before VAT: £105
- total after VAT (20%): £126

Without the visitor levy, the total cost for this example would be £120 (accommodation cost plus VAT at 20%).

Using the same example costs, if a person is staying in accommodation that is **not liable** to pay VAT (meaning it earns below the VAT threshold), the total costs would be £105, made up of £100 accommodation cost plus 5% visitor levy.

Will VAT be added to the Visitor Levy?

Yes, a business registered to pay VAT will need to treat the full payment including the visitor levy as income. At present the guidance from HMRC is that visitor levy will itself attract VAT. This could mean businesses operating under the VAT threshold may have to be careful not to breach the current threshold of £90,000 per annum otherwise they will need to start charging VAT.

My business is not VAT Registered is my business included?

It is up to the local authority to decide through business, community and visitor consultation whether to include or exclude businesses which fall below the VAT threshold from a VL scheme.

Collecting & Spending of Potential Levy's Raised

How is the money collected and paid?

Accommodation providers will collect the levy when visitors book or pay for their booking. It is up to the authority and/or accommodation providers to decide whether to list the visitor levy as a separate line on visitors' bills (like VAT) or to include it within the room rate or tour price.

The Improvement Service (the national improvement organisation for Local Government in Scotland) is developing a national platform for accommodation providers to use to report and remit the levy to their local authority. When the accommodation provider needs to report their visitor levy income and remit proceeds to the Council, they will be able to use the platform to populate the relevant detail, and the platform will then calculate the amount due to the authority.

The frequency of reporting and collection is up to the local authority, and no decision has yet been made in relation to this for Fife.

How should the Visitor Levy revenue be spent?

Revenue raised through the visitor levy must be used to support facilities and services that are primarily used by visitors, and spending should be aligned with local, regional, and national tourism strategies.

The objectives for tourism in the area will be set out in the [Fife Tourism Strategy](#) and these will inform where the money is spent.

Local authorities are required to:

- Produce annual reports detailing how the funds have been used
- Establish a Visitor Levy Forum with balanced representation from communities, tourism businesses, and relevant organisations
- The consultation held before introducing a levy, along with the ongoing work of the Visitor Levy Forum, is expected to help shape and advise how funds are allocated.

What could revenue raised support?

After administration costs, all money raised would be reinvested locally on facilities and services that are used by, or substantially for, leisure and business visitors. This includes infrastructure, events and culture, as well as improvements to destinations that enhance the visitor experience. As residents and visitors use many of the same facilities, the visitor levy has the potential to improve facilities for all.

The objectives for tourism in the area will be set out in the [Fife Tourism Strategy](#) and these will inform where the money is spent.

How would Fife Council support my business?

As part of the consultation we will engage directly with accommodation providers to find out what support they would like if the levy were introduced.

The Improvement Service are developing a national reporting platform to help accommodation providers submit returns to their local authority, so that there is a consistent approach across Scotland.

The local authority may also provide other types of support - for example, Glasgow City Council has proposed allowing accommodation providers to retain 1.5% of the levy funds that they collect to help with administrative costs, and the City of Edinburgh Council has proposed retaining 2% of the levy fund to mitigate costs for providers.

Additional business support may also be available through levy funds, for example training, marketing and business development opportunities.

Further Information

Additional FAQ's can be found at:

[Scotland's visitor levy | VisitScotland Business Support](#)

[Visitor Levy \(Scotland\) Bill](#)

[Fife Council](#)

If you have any questions or would like to discuss further please contact us.

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