

Fife Visitor Levy Draft Scheme - Frequently Asked Questions

This FAQ has been prepared to support the statutory consultation and explain the rationale behind key elements of the proposed draft Visitor Levy Scheme. It aims to help businesses, residents, visitors and stakeholders understand why particular options are being proposed and where decisions remain open for consultation. Based on

General Questions

Where can I find out more information on Visitor Levy in Fife?

You can visit the Fife Council website or Welcome to Fife which is our dedicated tourism website for visitors and tourism businesses in Fife for the most up to date information and additional information and resources.

<https://www.fife.gov.uk/have-your-say/fife-visitor-levy>

<https://industry.welcometofife.com/support/fife-transient-visitor-levy/>

What is a Visitor Levy?

A Visitor Levy is a charge applied to overnight stays in visitor accommodation. The Visitor Levy (Scotland) Act 2024 gives local authorities the power to introduce a levy, but does not require them to do so. Fife Council has not yet made a final decision on whether to introduce a levy.

Who would a Visitor Levy apply to?

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.

Has Fife Council decided to introduce a Visitor Levy?

No. Fife Council is seeking views on a draft scheme through statutory 12 week consultation. Feedback received will help inform a final recommendation and any decision made by elected members.

Why is Fife considering a Visitor Levy?

Tourism is worth approximately £956 million to the Fife economy, supports over 12,500 jobs and attracts millions of visitors each year. A Visitor Levy could provide a dedicated funding stream to support visitor infrastructure, destination development, events, sustainable tourism and improvements that benefit visitors and communities.

How could the money be spent?

Under legislation, levy revenues must support facilities and services that are used by, or substantially benefit, visitors. Proposed investment priorities include:

- Enhancing the Visitor Experience and Destination Appeal
- Supporting Sustainable Tourism and Infrastructure
- Protecting and Enhancing Fife's Natural, Built and Cultural Assets:
- Strengthening the Visitor Economy and Business Resilience
- Supporting Communities and Delivering Wider Local Benefits

All spending would need to align with the objectives of the scheme and the Fife Tourism Strategy.

Could money raised be used in the general Council budget?

No. Visitor Levy income would be ring-fenced, accounted for separately and used for purposes connected to visitors and the visitor economy. The Draft Scheme proposes annual public reporting on how much has been collected and how it has been spent, with oversight from the Visitor Levy Forum that would include business, community and Council representatives.

What types of accommodation would the Visitor Levy apply to?

The proposed Visitor Levy would apply to eligible chargeable overnight accommodation located within the Fife Council area. This includes:

- Hotels
- Hostels
- Guest houses
- Bed and breakfast accommodation
- Self-catering accommodation, including short-term lets (such as lodges, cabins, chalets, safari tents, treehouses, pods and shepherd's huts)
- Timeshare accommodation when rented to non-owners
- Static caravans let by private owners or through a caravan park
- Accommodation in a vehicle or vessel that is permanently or predominantly situated in one place
- Any other accommodation that offers overnight stays to visitors and is not the guest's only or usual place of residence

The final accommodation types covered by the scheme will be determined following the statutory consultation and in line with the requirements of the Visitor Levy (Scotland) Act.

Levy Structure

Why is Fife consulting on a fixed-rate levy rather than only a percentage charge?

Stakeholder feedback showed accommodation businesses generally preferred a fixed-rate model because it is simpler to calculate, easier to integrate into booking systems and creates lower administrative burdens. The economic assessment also found that fixed-rate models are lower risk and less costly to administer.

Why is a percentage-based option still being considered?

The legislation now allows councils to apply either a fixed rate or percentage charge. While more complex, percentage-based models can generate significantly higher revenues for tourism investment. The consultation therefore seeks views on both approaches before a final decision is made.

Why are rates of £3, £4 and £5 per unit being consulted on?

These rates reflect the range currently being considered by a number of Scottish local authorities and provide an opportunity to understand stakeholder views on different levels of investment and potential impacts. The £4 rate has been identified as an initial reference point for consultation, but no decision has been made.

Why not charge a lower rate?

A lower rate would reduce the level of investment available to support tourism infrastructure, visitor facilities and destination development. The Council is seeking views on finding the right balance between revenue generation, affordability and competitiveness.

Why can't the levy be applied per person, per night, which is the model used primarily in Europe?

This is not an option that is available to us under the legislation.

What is a unit?

A unit refers to the accommodation being booked, such as a hotel room, self-catering property, bed and breakfast room, hostel room or glamping pitch, rather than the number of people staying in it. This approach provides certainty at the point of booking and reduces administrative complexity.

Area and Timing

Why is the levy proposed across all of Fife?

Visitors travel throughout Fife and benefit from facilities, services and attractions across the region. A Fife-wide scheme would be simpler to administer, easier for visitors to understand, and help ensure investment can support destinations across the area. There is also no clear evidence that excluding particular areas from a visitor levy results in increased visitor

numbers or tourism spending in those locations, however it may reduce the investment potential of the particular area.

Why is the levy proposed year-round?

Tourism in Fife takes place throughout the year rather than only in the summer months. A year-round approach is simpler to administer and provides a more consistent and predictable funding stream.

When would a levy start in Fife?

If approved following consultation, legislation requires a minimum implementation period of 18 months. The earliest likely start date would be early 2029.

Exemptions

Why are there relatively few local exemptions proposed?

Both the early engagement findings and experiences from other local authorities indicate that additional exemptions increase complexity, administration costs and enforcement requirements while reducing revenue available for investment. The draft scheme therefore proposes keeping exemptions to a minimum.

Why is there no exemption for Fife residents?

Although this was one of the most commonly suggested exemptions during early engagement, analysis found it would be complex and costly to administer. Residents would still need to pay the levy and then apply for reimbursement, creating additional administrative burdens for both visitors and the Council. Investment funded by the levy would also benefit all users of visitor facilities, including local residents.

Why is there no exemption for medical stays?

While this was identified during engagement, no exemption is currently proposed because it would add complexity to the scheme and create challenges around eligibility checks and administration.

Why are motorhome, touring caravan and tent pitches proposed as exempt?

These accommodation types are often lower cost, involve longer-term arrangements for seasonal pitches and can be more challenging to administer consistently through a levy scheme. There is also concern that applying a levy could encourage unauthorised overnight stops or wild camping. The proposed exemption aims to reduce administrative complexity while recognising the nature of these accommodation types.

Why are charitable and educational stays being considered for exemption?

These stays are often linked to charitable, educational or community purposes rather than commercial tourism activity. The proposed approach aligns with other existing relief arrangements and recognises the public benefit these organisations provide.

Night Cap

Why is there no proposed maximum number of chargeable nights?

A night cap was supported by some respondents during early engagement. However, the draft scheme proposes no cap because Fife generally has a relatively short average length of stay approximately 2.5-4 nights. Removing a cap creates a simpler scheme for visitors, businesses and the Council, while maximising revenue available for investment.

Could a night cap still be introduced?

Yes. Stakeholders are invited to provide views during consultation.

Businesses and Administration

Why are accommodation providers responsible for collecting the levy?

The legislation places responsibility on accommodation providers to collect and remit the levy, similar to arrangements used internationally. This is considered the most efficient way to collect the charge at the point of booking or stay.

Why will businesses retain a percentage of the levy collected?

The retention payment is designed to help offset the costs accommodation providers face for administering the levy, including system updates, staff training, record keeping and reporting requirements.

Why is a fixed-rate model viewed as easier for businesses?

The economic assessment found it is simpler to calculate, easier to integrate into booking systems and creates lower ongoing administration costs than a percentage-based model, particularly for smaller operators.

Governance and Transparency

How will stakeholders influence spending decisions?

A Visitor Levy Forum would be established bringing together accommodation providers, tourism businesses, communities and other stakeholders. The Forum would advise on investment priorities, scheme performance and future reviews.

Who will make final spending decisions?

The Council would retain responsibility for decisions on the allocation of levy revenues through existing democratic governance and decision-making processes.

How will people know where the money has been spent?

The Council would publish annual "Levy In, Levy Out" reports detailing income collected, administration costs, expenditure and outcomes delivered. Separate accounts would be maintained for levy revenues.

Why is consultation important if the Council already has a draft scheme?

Legislation requires local authorities to undertake statutory consultation before making a final decision. The draft scheme provides a basis for discussion and may be refined or amended in response to feedback received from businesses, residents, visitors and stakeholders.

Why Are Some Decisions Still Open for Consultation?

Yes. Throughout the 12-week statutory consultation views will be gathered on the proposed scheme

Which elements of the scheme could change following consultation?

The Council is actively seeking views on:

- Whether a Visitor Levy should be introduced at all
- The levy rate
- Fixed-rate versus percentage-based charging
- Proposed exemptions
- Whether a night cap should apply
- Governance arrangements
- Investment priorities
- Any other elements of the draft scheme

The statutory consultation is intended to gather feedback on these issues before any final decision is taken.