

FIFE DRAFT VISITOR LEVY SCHEME

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1. Background

The Visitor Levy (Scotland) Act 2024 provides Local Authorities with discretionary powers to introduce a visitor levy on overnight accommodation stays within their area. Following amendments to the legislation in July 2026, councils now have the option of applying either a percentage-based charge or a fixed-rate charge per night, providing greater flexibility in scheme design. Fife Council intends to use the powers conferred by the Act to introduce a visitor levy on persons staying overnight in specified accommodation within the local authority area. The details set out below relate to the proposed Fife Visitor Levy Scheme, based on a fixed-rate levy model.

Under the legislation, it is for each individual Local Authority to determine:

- whether a visitor levy should be introduced
- whether a percentage rate or fixed rate should be implemented and at what rate the levy would be set
- how any revenues raised would be allocated

Any Visitor Levy scheme must have objectives that contribute to developing, supporting or sustaining facilities and services used by, or substantially benefiting, visitors. Revenue generated through a levy must therefore be reinvested to support the visitor economy and visitor-facing services and infrastructure. Any visitor levy scheme should align with the [Fife Tourism Strategy 2023-2030](#) which provides a framework for considering how any future levy income could support priorities relating to Place, People, Businesses and Sustainability, while also contributing to wider Council objectives.

In April 2025, Fife Council Cabinet Committee agreed to undertake preparatory work to develop the evidence base required to assess the potential introduction of a Visitor Levy. This included independent economic analysis, tourism data collection, benchmarking activity and engagement with businesses, residents, visitors and stakeholders.

Early engagement was undertaken between November 2025 and January 2026 through an online consultation, in person engagement sessions across Fife, meetings with accommodation providers, tourism businesses, local community and visitors.

The findings from this early-stage engagement have been used to inform:

- whether a Visitor Levy should be introduced in Fife
- which visitors, or types of accommodation would be subject to the levy
- the priority areas which revenues raised by the levy could be directed to

An analysis of Early Engagement results and Economic Impact results are available on request.

Fife Council intend to use the powers conferred by both the Visitor Levy (Scotland) Act 2024 (“the Act”) and the Visitor Levy (Scotland) Amendment Act to develop and draft a visitor levy scheme for consideration. The proposed scheme would apply to persons staying overnight in specified types of accommodation within the Fife Local Authority area.

2. Strategic Context & Alignment

Tourism is a key economic driver to Fife's economy, supporting businesses, employment and communities across the region. Fife welcomes millions of visitors each year, generating economic activity that supports accommodation providers, hospitality businesses, attractions, retailers, transport operators and a wide range of local supply chains.

This is reflected in our Fife Tourism Strategy, Tay Cities Regional Prospectus for Growth and Edinburgh & South East Scotland Region Deal Regional Prosperity Framework

The Fife visitor economy generates:

- 4.8 Million visitors to Fife (both overnight and day visits)
- 9.2 million visitor nights staying in serviced \ non serviced accommodation
- £956m generated in the local visitor economy
- Supporting 12,588 jobs

The Visitor Levy (Scotland) Act requires that income raised through a visitor levy is reinvested locally in facilities and services used by, or for the benefit of, all visitors and residents. In developing an outline draft visitor levy scheme, Local Authorities must identify their own priorities for investment and delivery within their area, ensuring that proposed expenditure aligns with the principles and objectives of relevant local tourism strategies, alongside other national, regional and local strategies that support and influence the visitor economy. The Council has therefore aligned the draft scheme and proposed investment priorities with the Fife Tourism Strategy 2023-2030, as well as wider economic, community and place-based objectives, helping to ensure that levy revenues support sustainable tourism growth while delivering broader benefits for residents, businesses and visitors.

3. Scheme Objectives

The proposed Visitor Levy Scheme is intended to strengthen this sector by ensuring that tourism growth is well-managed, sustainable and delivers tangible benefits for residents, as well as visitors.

In Fife, the overarching aim of any Visitor Levy would be to:

“Support a sustainable and thriving visitor economy while ensuring the benefits of tourism are shared across local communities.”

Proposed Objectives and Investment Priorities

The scheme proposes that levy revenues are invested in a way that supports the sustainable growth of the visitor economy while delivering benefits for visitors, businesses and local communities. The draft scheme is therefore underpinned by the following objectives and indicative investment priorities:

1. **Enhancing the Visitor Experience and Destination Appeal:** Supporting Fife's attractiveness as a visitor destination through investment in:
 - Visitor infrastructure, signage and wayfinding.
 - Public facilities and visitor amenities.
 - Destination marketing and promotion.
 - Tourism products, events and festivals.
2. **Supporting Sustainable Tourism and Infrastructure:** Ensuring tourism growth is sustainable and continues to benefit residents and visitors through investment in:
 - Sustainable and active travel infrastructure.
 - Maintenance and enhancement of parks, beaches, paths and public spaces.
 - Projects that improve accessibility and connectivity across Fife.
 - Facilities and services substantially used by visitors.
3. **Protecting and Enhancing Fife's Natural, Built and Cultural Assets:** Helping manage the impacts of tourism and safeguard the assets that attract visitors through investment in:
 - Measures to manage visitor pressures.
 - Protection and enhancement of natural environments and heritage assets.

- Conservation and improvement projects that support destination quality and resilience.
- 4. Strengthening the Visitor Economy and Business Resilience:** Supporting the long-term sustainability and competitiveness of Fife's tourism sector through investment in:
- Business support programmes.
 - Skills development and workforce initiatives.
 - Tourism innovation and sector development activities.
 - Initiatives that strengthen the resilience of the visitor economy.
- 5. Supporting Communities and Delivering Wider Local Benefits:** Ensuring tourism continues to deliver positive economic, social and environmental benefits through investment in:
- Community-led tourism and visitor economy projects.
 - Place-based initiatives that enhance local areas for residents and visitors.
 - Activities that contribute to the delivery of the Fife Tourism Strategy 2023-2030 and wider Council priorities.

These investment priorities are intended to provide a framework for future investment and may be further refined through consultation and engagement. The proposed approach is designed to support both the visitor economy and communities across Fife, recognising that successful tourism depends on high-quality destinations, well-maintained infrastructure, thriving local businesses, and communities that continue to benefit from and support tourism activity. Any future allocation of levy income would be guided by the statutory requirements of the legislation, the objectives of the scheme, and ongoing engagement with businesses, communities, and other stakeholders.

4. Proposed Scheme

Fixed Rate Levy

Statutory consultation will consider options of a fixed rate levy at a rate of £3, £4 or £5 per unit per night, with no tiered rate structure. A fixed-rate approach is generally simpler for visitors and accommodation providers to understand and administer, while also providing greater certainty over projected levy income and reducing administrative complexity.

The levy would apply across the whole of Fife and operate year-round, recognising that visitors stay throughout the area and that tourism activity takes place throughout the year rather than solely during the peak summer season.

It is proposed that the levy applies at the same rate for the full duration of a visitor's stay, with no maximum night cap. This approach provides a simple and consistent scheme for visitors, accommodation providers and the Council to administer, while maximising the revenue available to support investment in Fife's visitor economy.

Levels of Income

The table below provides potential fixed rate levy revenue based on three values chargeables for eligible properties, based on the fixed amount per unit, or area per night.

Based on available data on visitation to Fife published through STEAM (Scarborough, Tourism Economic Activity Monitor) figures for 2025 show there were 2.2 million visitors staying in paid serviced and non-serviced accommodation, staying on average 2.5 nights.

While the modelling provides an indication of the potential revenue that could be generated at different rates, these figures should be viewed as illustrative. Actual revenues would depend on future visitor numbers, occupancy levels, accommodation pricing, any exemptions applied, collection arrangements and wider market conditions at the time of implementation. A percentage comparison has also been provided for information.

Scenario Per unit	Gross Revenue Adjusted for PED	Net Revenue (Less admin costs & 5% business retention fee)
£3.00	£5.7m	£5.0m
£4.00	£7.6m	£6.8m
£5.00	£9.5m	£8.6m
3%	£6.8m	£6.0m
5%	£11.4m	£10.4m
7%	£15.9m	£14.7m

On the basis of modelling, and, as highlighted by stakeholders during the early engagement, the level of investment needed such as in tourism marketing, infrastructure and visitor management, a fixed-rate levy of £4 per night is identified as the Council's initial reference point for consultation. Alternative rates of £3 and £5 per night are also presented to test stakeholder views and to understand the sensitivity of income generation and potential impacts across the visitor economy.

Scheme Area, Start Date and Duration

The proposed Visitor Levy Scheme would apply across the entire Fife Council area and, if approved, would apply to eligible overnight stays commencing from the scheme start date. Following consideration of the consultation findings, the Council will make a final decision on whether to introduce the scheme. As soon as reasonably practicable after that decision, Fife Council will notify the Scottish Ministers of its decision and will publicise both the decision to introduce the scheme and the proposed date on which the scheme will come into force. In line with the

requirements of the Visitor Levy (Scotland) Act and associated guidance, the Council must then allow a minimum 18-month implementation period before the levy can be introduced. Clear communications will be provided to accommodation providers, visitors, residents and other stakeholders throughout the implementation period to ensure awareness of the scheme, implementation timescales and associated requirements.

Should a decision be taken to proceed, the earliest anticipated implementation date would be early 2029. This implementation period will provide sufficient time for both the Council and accommodation providers to prepare for the introduction of the levy, including the development and testing of collection and reporting processes, preparation of guidance and enforcement arrangements, and delivery of training and support for accommodation providers.

Accommodation bookings made on or after the date of formal scheme adoption would be liable for the levy on stays taking place from the commencement date. Once introduced, the scheme would remain in place unless amended or discontinued by the Council following the processes set out in legislation.

Accommodation Liable for the Levy

The levy will apply to eligible chargeable overnight accommodation, based within the Fife Council boundary.

This includes:

- hotels
- hostels
- guest houses
- bed and breakfast accommodation
- self-catering accommodation, including short-term lets (including but not limited to; lodges, cabins, chalets, safari tents, treehouses, pods and shepherd's huts)
- Timeshare's when rented out by the owner or resort to a non-owner
- static caravans (let by private owners or let through caravan park)
- accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
- any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

A visitor levy will apply to all paid overnight accommodation within the Fife boundary, including accommodation providers whose annual turnover falls below the VAT registration threshold.

Any amount charged by an accommodation provider for a visitor levy would be included in their turnover, which is used to determine if they need to register for VAT.

Accommodation providers who do not charge for overnight accommodation, or who cater solely for individuals who are exempt from paying a visitor levy are not liable for the charge.

Exemptions and Reimbursement

National Exemptions

The Visitor Levy is payable by anyone staying in accommodation which is not their only or usual place of residence (temporary or otherwise). Individuals who do not have an only or usual place of residence are therefore not required to pay the levy.

This includes people who are;

- homeless or at risk of homelessness
- refugees and asylum seekers
- people whose homes are unfit or unsafe for habitation, including those experiencing domestic abuse or other forms of violence
- members of gypsy/traveller communities staying on dedicated sites are also excluded

A visitor levy does not apply in the following circumstances:

- those residing overnight in vehicles or on-board vessels that are undertaking a journey involving one or more overnight stops. As a result, the following forms of overnight accommodation are outside the scope of the Act:
 - the provision of a cabin on a ferry or cruise ship, unless the vessel is permanently moored.
 - the provision of a cabin on an overnight sleeper train.
 - use of a hired or privately-owned campervan or motorhome where they are staying in informal campsites

In addition, individuals defined in s. 14 (1) of the Act are exempt from paying the levy. As at the time of agreeing the Scheme, those exempt under s. 14(1) are individuals in receipt of the following benefit payments: -

- disability payments made under section 31 of the Social Security (Scotland) Act 2018, including Adult Disability Payment, Pension Age Disability Payment, and Child Disability Payment.
- UK disability, incapacity, and injury-related benefits such as Disability Living Allowance, Attendance Allowance, Personal Independence Payment.
- War-related pensions and supplements.

Exemptions will be in place for those in receipt of Adult Disability Payment (ADP), Pension Age Disability Payment (PADP), and Scottish Adult Disability Living Allowance (SADLA), as these benefits replace existing disability benefits in Scotland from 2025. The list of exemptions was extended to include a wider eligibility of those receiving disability exemption as proposed in updated regulations that came into force on 1 April 2026.

Source. [The Visitor Levy \(Scotland\) Act 2024 Amendment Regulations 2026](#)

The national exemption also applies to individuals who reside in the United Kingdom and who are entitled to benefits, payments, or allowances equivalent to those listed in section 14(1)(i) of the guidance:

- under the legislation of Switzerland, EEA states or Gibraltar, where their entitlement arises.
- from international social security coordination agreements.
- under the legislation of Ireland.
- under the legislation of Northern Ireland.

Individuals who are exempt or excluded will need to pay a visitor levy to the accommodation provider and request reimbursement from Fife Council, unless their accommodation has been arranged and paid for directly via the Council. Applications for reimbursement will be made to Fife Council using a process to be published on the Council's website.

Applicants will be required to provide evidence demonstrating eligibility for exemption or exclusion and evidence that the visitor levy has been paid.

Alternative arrangements will be available for applicants unable to access online services.

Local Exemptions

In addition to the statutory exemptions set out within the Visitor Levy (Scotland) Act, Fife Council will use a limited number of local exemptions to support proportionality, minimise administrative burdens, and reflect the nature of certain accommodation types.

The levy would not apply to:

- **Accommodation in a vehicle or vessel undertaking a journey involving one or more overnight stops**, including motorhomes, campervans and vessels staying overnight as part of a wider journey. This includes in registered motorhome, campervan, caravan and camping sites
- **Tent pitches on camping sites.**
- **Seasonal pitches on caravan sites**, unless the pitch or accommodation unit is sub-let to another visitor for an overnight stay.

Rationale: Caravan and camping accommodation, including seasonal pitches, is generally lower cost than other forms of visitor accommodation and often involves longer-term arrangements between site operators and users rather than typical short-stay visitor stays. These accommodation types can also be more complex to administer consistently through a levy scheme, with exemption helping to reduce administrative and enforcement costs. In addition, applying a levy to caravan and camping accommodation may encourage some users to seek unauthorised overnight stops or wild camping locations, potentially increasing management and environmental pressures elsewhere in Fife. Where a caravan, camping pitch or similar unit is sub-let for short-term visitor use, however, the levy would apply in the same way as other visitor accommodation.

There are types of accommodation that may apply to the Council for a discretionary site exemption if they meet the following criteria:

- The property is occupied by a charity or trustee of a charity; and or
- Overnight stays must be wholly or mainly for charitable or educational purposes including summer schools

This discretionary exemption is aligned with the cases where charities may receive mandatory relief from paying Non-Domestic Rates and may be cross-checked with that register, or organisations who may be exempt from paying VAT on their stay due to educational purposes.

There will be no exemption in place for residents of the Fife Council boundary area.

Rationale: *Following analysis of what this would mean it is recommended not to have an exemption for Fife residents. An exemption of this type would be complex to manage and costly to administer. The costs of managing the processes for validating proof of Fife residence would potentially take a significant proportion of visitor levy income. The Levy would have to be paid to the accommodation provider and then reclaimed from the Council by the individual, which is likely to cause confusion for local residents and accommodation providers. The levy will be used to support, develop and sustain the visitor economy and all visitors, irrespective of residence, will benefit from this investment.*

Collection and Enforcement

Accommodation providers within the Fife Council area would be responsible for collecting the visitor levy on behalf of the Council and submitting quarterly returns through **visitorlevy.scot**, the national digital visitor levy service developed by the Improvement Service in partnership with Scottish Local Authorities. The platform is intended to provide a consistent and secure system for registration, return submission and payment processing, helping to reduce administrative burden and support a standardised approach to levy administration across Scotland.

To comply with the scheme, accommodation providers would be required to maintain accurate records of bookings, transactions and levy payments and submit quarterly returns detailing:

- The total accommodation charges liable for the levy.
- The total levy collected during the reporting period.

Levy payments would be remitted to the Council at the same time as each quarterly return. The proposed fixed-rate model is expected to simplify the calculation, collection and reporting of the levy for accommodation providers, while also reducing administration and processing requirements for the Council compared with a percentage-based approach.

To support accommodation providers in meeting the costs associated with administering the Visitor Levy, accommodation providers will be entitled to retain a proportion of the levy collected at their establishment, before remitting the remaining balance to the council.

The proposed retention rate is

- 5% of levy for all businesses with no cap

Fife Council will undertake monitoring and conduct inspections, as required, to ensure compliance with the Scheme and requirements of the scheme.

Accommodation providers who fail to comply with the scheme may be subject to penalties and enforcement action, in accordance with the powers set out in the Visitor Levy (Scotland) Act.

The size of these penalties is to be set by the Local Authority.

Appeals relating to decisions made by the Council on the operation and/or enforcement of the Scheme can be registered via the Council's online complaints portal or by email to the contact address published on the Council's website, following the Council's formal complaint procedure.

Reimbursement for Individuals

Individuals who are exempt or excluded will be required to pay the levy to the accommodation provider and request reimbursement from the Council unless their accommodation has been arranged and paid for directly via the Council.

visitorlevy.scot does not facilitate a reimbursement process enabling individuals to request levy payment refunds. As such Local Authorities are required to set up their own process to enable individuals to apply for reimbursement, which will sit outside the visitor levy platform. Alternative provision will be made for those who do not have internet access. Evidence required to be submitted includes:

- The name of the person exempted or excluded
- If exclusion applies, verification of such status from the relevant official body (this can include the Council's Homelessness service, social services, a relevant third sector provider or Police Scotland)
- If exemption applies, a copy (scan or photograph) of the relevant benefit award letter or similar document
- Booking confirmation or accommodation invoice - the name of the person exempted or excluded should be included on this document
- Proof of payment for the overnight accommodation

Where a visitor is eligible for an exemption or reimbursement, the Council will assess the evidence provided and, if satisfied that the eligibility criteria have been met, reimburse the Visitor Levy amount paid to the visitor. However, the VAT element applied to the levy is not recoverable and will not be reimbursed by the Council.

VAT

In line with current HMRC interpretation, the Visitor Levy is expected to form part of the VAT-able value of accommodation where the accommodation provider is VAT registered. As a result, visitors will pay the Visitor Levy inclusive of VAT. While this

position has been the subject of ongoing professional discussion, it remains the basis for the current scheme design and any change would be a matter for the UK Government. The VAT element applied to the levy is not recoverable and cannot be reimbursed by the Council, which may result in a small residual cost to visitors who are eligible for reimbursement where the accommodation provider is VAT registered. Where the accommodation provider is not VAT registered, no VAT will apply and there will be no residual cost to the visitor.

5. Governance, Visitor Levy Forum, Administration & Review

Governance and Visitor Levy Forum

The Council recognises that robust governance arrangements will be essential to maintaining confidence in the Visitor Levy Scheme and ensuring that revenues are invested transparently, effectively and in accordance with the Scheme's objectives. Should a Visitor Levy be approved, detailed governance arrangements would be developed during the implementation period through continued engagement with businesses, communities and other stakeholders.

In line with the requirements of the Visitor Levy (Scotland) Act, a Fife Visitor Levy Forum would be established within six months of formally announcing that a visitor levy is to be introduced. The Forum would act as an advisory body and provide views on the operation of the Scheme, priorities for investment, the use of levy proceeds, proposed amendments and future reviews of the Scheme. Membership would include representatives from accommodation providers, wider tourism businesses, tourism organisations, cultural bodies, local communities and residents, including representation from rural communities and visitor hotspot areas. National tourism bodies, such as VisitScotland, may also be represented. While elected members may participate, they would not form a majority of the Forum. Visitor views would also be considered through visitor insight, research and feedback mechanisms.

The Forum's remit would include advising on annual investment priorities, monitoring progress against the Scheme's objectives, scrutinising the outcomes delivered through levy-funded projects and providing input on any future changes to the Scheme. While the Forum would play an important role in informing decision-making, it would not have executive powers. Decisions on the allocation and use of Visitor Levy revenues would remain the responsibility of the Council and would be taken through established democratic governance and decision-making processes, ensuring accountability, transparency and appropriate scrutiny.

The Council would be required to maintain separate accounts for all income received through the Visitor Levy Scheme and to report on levy income, administration costs, net proceeds and expenditure through statutory reporting arrangements. To further support transparency and public confidence, the Council would publish an annual "Levy In, Levy Out" report detailing income collected, how funds have been invested, progress against the Scheme's objectives and the outcomes delivered. Businesses, communities and other stakeholders, including the Visitor Levy Forum, would have opportunities to review and comment on these reports.

In partnership with the Visitor Levy Forum, the Council would undertake a formal review of the Scheme every three years to assess whether it continues to achieve its stated objectives and to evaluate its impacts on accommodation providers, the wider visitor economy, visitors and local communities. Review findings would be published alongside information on how levy income has been spent and the benefits delivered through funded projects. The review process would also provide an opportunity to consider any changes required to the Scheme, including the impact of inflation on the levy rate. Following each review, the Council would consider whether the Scheme should continue unchanged, be amended or be revoked, with any proposed changes subject to the consultation and legislative requirements in force at that time.

Administration

The administration of the Visitor Levy scheme will require a combination of staffing, systems and governance arrangements. This includes the operation of registration and returns processes for accommodation providers, reconciliation of levy income, compliance, audit and enforcement activity, and the administration of exemptions and reimbursements.

The Council will ensure that sufficient capacity and expertise are in place from the outset to support implementation and maintain an efficient, compliant and customer-focused service.

Detailed administrative costs will be developed and presented as part of the final scheme following statutory public consultation and will be refined during the implementation period as operational arrangements are confirmed.

Reviewing and Changing the Scheme

The Council will review the Scheme every three years to assess whether it is successfully achieving its objectives and to measure the impact of the Scheme on businesses, visitors, and communities. The review will be published along with a report detailing how the income has been spent and the benefits which the levy-funded projects have brought.

Within the first 18 months of the Scheme's launch, and for each 12-month period thereafter, the Council will prepare an annual report detailing the levy value collected, how net proceeds were used, and the performance of the Scheme against its objectives. Performance may be measured through existing reporting methods, including resident and visitor satisfaction surveys, occupancy rate monitoring, committee and Visitor Levy Forum reporting, and tracking of allocated spend on services, infrastructure, culture, heritage, and events.

If the Council wishes to amend the Scheme following the review, it will publicly consult on the proposed change and publish a report detailing the decision and its justification. The three-year review would also be the opportunity to consider inflation impacts on the fixed amount.

Significant changes to the Scheme will require either a 6-month or 18-month implementation period depending on the change. Significant changes to the Scheme include:

Increasing the Scheme area – 18 months.

Increasing the fixed amount levy - 6 months

Moving to a percentage rate from a fixed amount or from a fixed amount to a percentage – 6 months

Removing any exemptions – 18 months.

Sources. Guidance on the [Visitor Levy for Local Authorities guidance-on-the-visitor-levy-for local-authorities.pdf](#).