



Wise in 5: Tourist tax

Wise in 5 is a snapshot comparative guide to a public policy issue across the nations of the UK and Ireland. It helps you be PolicyWISE (Wales, Ireland, Scotland, England) in 5 (it takes just five minutes to read).

This briefing was updated in December 2024. It includes a summary of the latest policy developments across the nations, as well as related research from PolicyWISE, The Open University and PolicyWISE's university partners.

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	National Legislation	Environmental Focus	Power to local authorities	Business-district Led Change
England				+
Northern Ireland				▲
Republic of Ireland	💡	💡	💡	
Scotland	+	+	+	
Wales	◈	◈	◈	
Key	+ Yes	💡 Proposed	◈ In Progress	▲ Considered

Wise in 5: Tourist tax

Overview

A 'tourist tax' (also known as a 'visitor levy') is a charge paid by short-term visitors in a country, designated locality, or city. Tourism levies can be used to fund public services, tourist facilities, local infrastructure, and environmental upkeep. A levy is often charged on overnight stays in accommodation, but there are divergences in application across jurisdictions.

Some European countries and cities implement a flat rate (e.g. £2 per person or bed, per night). Some levies are flexible – charged as a percentage of the room rate, or at a rate that reflects the hotel rating. Several nations charge a one-off fee for entering the country (New Zealand), a particular city (Venice), or on country departure ([Japan](#)).

While tourism levies are widely established in holiday destinations across Europe, their development at the national level in the UK and Ireland remains largely in its early stages. The Scottish Parliament passed the [Visitor Levy \(Scotland\) Act](#) in January 2024, while the Welsh Government introduced the [Visitor Accommodation \(Register and Levy\) \(Wales\) Bill](#) to the Senedd in November 2024.

It is also a subject of debate at city and local authority level, with the accommodation business improvement districts (ABID) in both Manchester and Liverpool introducing a local visitor charge, and discussions ongoing in cities such as Belfast

and Dublin.

Across Britain and Ireland, concerns have been raised about the use of levies by some within the tourism industry. These include fears that levies might discourage visitors (including those from lower income backgrounds), that it's unfair to draw comparisons with large European cities such as Paris or Berlin who use levies to manage numbers, and that levies are only effective when hotels have additional, sector-specific business or taxation rates.

Despite concerns, some research shows a willingness to pay tourist taxes amongst visitors. A [2022 study](#) focused on Andalusia (Spain), looked at tourist preferences and views on different types of visitor taxes and levies, including how views differed according to socio-demographic factors and types of tourism. It showed success and willingness to pay for the use of resources and environmental protection.

However, direct country (and market) comparisons remain difficult. Research by Bangor University, commissioned by the Welsh Government, identified that few of Wales's (or the UK's) comparator national tourist economies set visitor levies. Considering this, we are taking a comparative view of tourist tax developments across the different jurisdictions of Britain and Ireland.



Under the new Scottish legislation, local authorities there are consulting on the introduction of visitor levies. A similar process is expected in Wales, should new legislation be passed.

Nation by Nation

Scotland

The Scottish Government introduced the Visitor Levy Bill to the Scottish Parliament in May 2023, which became the [Visitor Levy \(Scotland\) Act](#) in July 2024.

The Act gives local authorities the power to apply a percentage tax or levy on overnight stays in accommodation. They can choose to apply the levy across the entire local authority area or in part of the area, to help fund relevant local activities and services. Before applying the levy, local authorities are required to consult locally and with tourist organisations.

During 2018–2019, there was a government-led consultation and “national discussion” on the topic. Progress was then paused because of the Covid-19 pandemic. The Government proposal set out the policy context which includes supporting the sustainability of the Scottish tourism sector and empowering local government and decision-making.

In anticipation of new legislation and the powers that would then become available, Edinburgh Council began discussions on how best to set a levy in 2019. In August 2024, the council approved [the final draft scheme](#), which includes a 5% fee per night of stay (capped at 7 nights), per person, for anyone staying at paid accommodation in the city. This includes short-term rentals like Airbnb. A public consultation on the plans began in September 2024, with the levy set to become active in the summer of 2026.

A further [consultation by the Highlands Council](#) started in November 2024, seeking responses to a proposed 5% levy on the cost of accommodation across the Highlands local authority area. This will provide an interesting rural comparison with Edinburgh’s urban tourist economy.

Wales

In 2021, the Welsh Government [‘Programme of Government’](#) committed to “introduce legislation permitting local authorities to raise a levy on tourism”. This policy was further emphasised in the government’s Co-operation Agreement with Plaid Cymru (which ended in May 2024).

The government held a public consultation in late 2022, emphasising that a levy would ensure a “proportionate contribution” is paid by visitors to support reinvestment in local areas. It stressed that a “more even share of the costs between residents and visitors” and local decision-making

on raising a levy would support “sustainable tourism”.

The [Visitor Accommodation \(Register and Levy\) Etc. \(Wales\) Bill](#) was introduced to the Senedd on 25th November 2024. As in Scotland, the power to introduce local visitor levies would be given to local authorities. It also proposes that there should be one set rate (per person, per night) wherever a levy is introduced by a Welsh local authority. The campsite and hostel levy will be £0.75, and for all other accommodation, £1.25 (no matter which local authority decides to introduce a levy).

In introducing the bill, the Welsh Finance Secretary [emphasises](#) the “additional revenue” potential of the levy, and the “long-term sustainability” of the tourism sector. As in Scotland, popular destinations such as Gwynedd, Pembrokeshire or Cardiff are most likely to consider using the powers once the bill is passed.

Where the levy is introduced, it would apply to all visitors with exceptions such as stays longer than 31 days or stays for carers accompanying disabled people.

Northern Ireland

In 2019, Belfast City Council explored the idea of implementing a visitor levy as part of its updated tourism strategy, aimed at boosting the city’s tourism revenue. In 2022, the City Growth and Regeneration Committee revisited the concept, signalling ongoing consideration of tourist levies.

Although the primary legislation to enable this does not (yet) exist in Northern Ireland, there are other potential options being considered such as a voluntary scheme or through the Business Improvement District mechanism. There are specific Tourism Business Improvement Districts in both England and Scotland, such as Blackpool and Loch Ness.

Recent strategic plans for tourism in Northern Ireland and Belfast do not discuss tourist taxes or levies, but they do refer to investment in tourism sustainability and quality improvement as priority areas. Both the 2023 [‘Tourism Strategy for Northern Ireland, 10-year plan’](#) and the 2024–27 [‘Visit Belfast Tourism Strategy’](#) emphasise “increasing the benefits of tourism for visitors and the local people, businesses and neighbourhoods, to affect positive change...aligned to economic, social and environmental sustainable development goals.”

Republic of Ireland

Ahead of the 2024 election, manifestos for two of the governing parties ([Fine Gael](#) and [Fianna Fail](#)) make a commitment to new national tourism strategies, although neither specify the introduction of a tourist tax.

The new administration might take the opportunity to reflect on the 2022 recommendation by the [Commission on Tax and Welfare](#), established by the then Irish Government through its coalition programme for government, to introduce an 'accommodation tax'.

The Commission references the tax as "an adaptation of the general 'polluter-pays principle' to a 'user-pays principle' that calls upon the user of resources (i.e. the tourist) to bear the cost in a more sustainable way".

Dublin City Council has endorsed the recommendation, supporting the principle of an accommodation tax in the city, at a 1% rate, if the government does provide the powers. The Head of Finance at Dublin City Council [reported on potential 'Hotel Bed Tax' revenues](#), pointing out that previous requests to the government on this matter have not been successful.

England

The UK Government in England has not consulted on further policy or proposals to introduce tourist tax legislation.

However, in both Liverpool and Manchester, new accommodation business improvement districts (ABID) have been created. These partnerships of accommodation providers have agreed to set voluntary visitor levies.

[Manchester's levy](#) was introduced in April 2023. Visitors pay £1 (plus VAT), per room or unit, per night. It applies at 74 hotels and short-stay serviced apartments within the central Manchester and adjoining Salford 'ABID zone'. Providers have a rateable value of £75,000 or more, meaning the levy is not applicable to small hotels or Airbnb-type accommodations with rates below that level. The proposal was supported to help the accommodation sector recover from the pandemic.

[Liverpool's levy](#) is paid by providers with a rateable value above £45,000 and aims to create jobs and funding for city promotion and events. The levy began at 1.6% of the property's rateable value and rose to 4.5% in 2024.

The £10 [Electronic Travel Authorisation \(ETA\)](#) for short trips to the UK is set to extend its requirement to 'Eligible non-Europeans' such as Australians and Americans in January 2025, and Europeans in April 2025. However, it has not been specified whether any ETA revenue will be spent on tourism.

International

Visitor levies and tourist taxes are increasingly being introduced across Europe. In Catalonia, the [tourist tax](#) varies between €0.6 and €5 per night, depending on the accommodation type, with an additional city surcharge in Barcelona which increased to €4 per night in October 2024.

Other cities have set tourist entry fees, like the €5 per day fee in Venice. This is additional to the Italian tourist tax for overnight stays, recently [proposed to increase](#) to a maximum of €25 per night, depending on the cost of the accommodation.

Further afield in [the United States](#), the price of an Electronic System for Travel Authorization (ESTA) includes both an administration fee and a supporting fee for The Travel Promotion Fund, mandated by the 2009 Travel Promotion Act. Some countries are set to introduce small one-off tourism fees, like the [150-300 baht arrival fee in Thailand](#) from mid-2025.

Other nations charge much higher fees, such as [The International Visitor Conservation and Tourism Levy \(IVL\)](#) in New Zealand which tripled in 2024 to a \$100 entry levy (roughly £47), supporting tourism and conservation challenges. The '[Sustainable Development Fee](#)' in Bhutan is the highest tourist fee in the world, at approximately £78 per day.

Wise up – 5 policy points to take away

Five key points from what we've learnt above, which could be considered as part of further policy development and delivery in any or all of the nations:

1. There are different policy delivery options – national legislation can enable national or local levies, or voluntary schemes can be offered through a mechanism such as (Tourism) Business Improvement Districts.
2. International examples show divergences in when and how tourist levies are collected, with some European countries varying the rate in-line with accommodation ratings. Visitors to New Zealand pay the 'International Visitor Conservation and Tourism Levy' before entering the country, rather than paying a nightly rate.
3. Policy development, and potential impact, should consider levy proposals within the context of the wider tax framework and principles at the local and national level. Levies in Europe are often introduced to 'compensate' for lower VAT hotel rates than the standard rate.
4. Discussions about a tourist levy can be framed as a benefit to local communities and a means to raise new funds for areas dependent on tourism. Policymakers should consider the balance of national/local aims, particularly redistribution of revenue locally and/or nationally. Wider priorities such as sustainable development and economic growth should be considered and assessed within this local/national context.
5. Varying charge rates depending on the visitor's origin location is within the reach of possibility for a tourist tax (e.g. travel domestically, from another UK nation, from the EU or internationally), although creating different categories according to home location risks.



This briefing was led by Dewi Knight, PolicyWISE Director and updated in collaboration with Lucy Adams, PolicyWISE Intern. With thanks to colleagues across the UK and Ireland for their feedback.



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