



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).

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.

PolicyWISE creates neutral and constructive spaces for policy professionals and academics across the nations to develop relationships, respect and knowledge. We support and nurture a common culture of developing and sharing insight, knowledge, ideas and context from across the nations in a comparative and collaborative way.



	National legislation	Proposed environmental focus	Power to local authorities	Business district-led charge
England				+
Northern Ireland				
Republic of Ireland	💡	+		
Scotland	💡	+	+	
Wales	💡	+	+	
Key	+ In effect - Yes	💡 Proposed	⚠️ Considered	

Wise in 5: Tourist tax

Overview

Although tourism levies are relatively common in holiday destinations across Europe, as yet no national versions exist in the UK and Ireland. This could soon change however, as both the Scottish and Welsh Governments have consulted on proposals.

It is also a hot topic at city and local authority level with the accommodation business improvement district (ABID) in [Manchester](#) introducing a 'City Visitor Charge', and debates and discussions ongoing in cities such as Liverpool, [Belfast](#) and Dublin. 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, although there have been [divergences in application](#) with some European countries implementing a flat rate, a percentage of the room rate, or in relation to the hotel rating. Elsewhere, some charge a one-off fee for entering the country ([New Zealand](#)) or on departure ([Japan](#)).

Across the nations, there are consistent concerns from some within the tourism industry about the use of tourism levies. There are claims that levies might discourage visitors (those from lower income backgrounds in particular), that it's unfair to compare to large European cities such as Paris or Berlin which use levies to manage numbers, and that levies are only effective when hotels have different business or taxation rates as well.

A [recent study](#) focused on Andalusia (Spain), looked at tourist preferences and views of different types of visitor taxes and levies, including how this differed according to socio-demographic factors and types of tourism. It showed success and willingness to pay for use of resources and environmental protection. [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.



Manchester is introducing a 'City Visitor Charge', and debates and discussions are ongoing in cities such as Liverpool, Belfast and Dublin.

Nation by Nation

Scotland

The Scottish Government introduced the [Visitor Levy Bill](#) to the Scottish Parliament in May 2023.

It proposes to give local authorities the power to apply a tax or levy on overnight stays in accommodation. They will be able to 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 will be required to consult locally and with tourist organisations.

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

In anticipation of the bill and the powers that would then become available, Edinburgh Council has approved plans to set a levy of £2 per night, per person, for anyone staying at paid accommodation in the city.

Wales

The Welsh Government has [committed](#) to “introduce legislation permitting local authorities to raise a levy on tourism”, this policy is further emphasised in the government’s Co-operation Agreement with Plaid Cymru.

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, a “more even share of the costs between residents and visitors” to allow for local decision-making on raising a levy and to support “sustainable tourism”.

Although the consultation does not suggest a levy rate, the government says it would prefer that all local authorities utilise the same type of rate so that there is a nation-wide consistency in how the levy would be applied. Although legislation will not be introduced in the 2023/24 Senedd term, the Welsh Government intends to bring forward a bill at a later date.

Northern Ireland

Belfast City Council is actively looking at the idea of a [visitor levy](#), as part of a refreshed tourism strategy which aims to increase tourism income in the city.

Although the primary legislation to enable this does not (yet) exist in Northern Ireland, and with Stormont currently suspended, there are other potential options being considered such as a voluntary scheme or through the Business Improvement District mechanism (in a similar way to Manchester and potentially Liverpool).

Republic of Ireland

Reporting in Autumn 2022, the [Commission on Tax and Welfare](#) (established by the Irish Government through its coalition programme for government), recommended the introduction of 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”. The Government is currently considering and assessing the recommendation.

Dublin City Council has endorsed the recommendation, supporting the principle of its introduction in the city, at a 1% rate, if the government does provide the powers.

England

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

However, in both Liverpool and Manchester new accommodation business improvement districts (a partnership of accommodation providers) have agreed to set voluntary visitor levies.

[Manchester’s levy](#) was introduced in April 2023. Visitors pay £1 (plus VAT) extra, per room or per unit per night. It applies at 74 hotels and short-stay serviced apartments in the city (in the ABID zone), with a rateable value of £75,000 or more. Therefore, it doesn’t apply to small hotels or Airbnb-type accommodation with rates below that level. The proposal was supported to help the accommodation sector recover from the pandemic.

Liverpool’s intended levy will be paid by providers with a rateable value above £45,000 and aims to create jobs and funding for promotion and events.

Wise up – 5 policy points to takeaway

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 through a mechanism such as Business Improvement Districts.
2. International examples show divergences in how tourist levies are implemented, with some European countries varying the rate depending on the type or rating of the accommodation. Visitors to New Zealand pay the 'International Visitor Conservation and Tourism Levy' before entering the country, rather than pay 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. There should also be consideration of role in tax redistribution locally and/or nationally, and a contribution to sustainable development and growth.
5. Varying rates for visitors, whether domestic or from another UK nation, from within the EU or internationally, are within the scope of a levy, although creating different categories according to home location risks creating complexity within levy arrangements.



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We create the right circumstances for meaningful knowledge exchange between and within organisations, whether that is round-tables, seminars or conferences. We bring together thought-leaders from most areas of public policy, helping you find the solutions to the tricky issues you are looking to solve.

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