

E-mail alert: introduction of visitor levy

- 1.1 On Thursday 10 September, the Minister for Local Government, Devolution and Regional Growth made a [written ministerial statement](#) confirming next steps on delivery of powers for Strategic Authorities to introduce a visitor levy. The statement was accompanied by the Government's [response to its consultation](#). The following decisions have been made:
- 1.2 The following decisions have been made:
- All strategic authorities, regardless of whether they have a directly elected mayor, will be able to introduce a levy. The original consultation did not have a preferred position on non-mayoral strategic authorities.
 - Levy revenues will be available to invest in interventions in line with regional growth strategies, including but not limited to supporting the visitor economy. Strategic Authorities will make these decisions, which could involve passing funding down to local authorities in their areas. Further guidance will be provided on how spending plans and reporting have to be set out (with local leaders expected to set out plans by March 2028). Monitoring will include public annual reports and data submission to central government. It will be for mayors and other local leaders to consider how best to engage local stakeholders on spending priorities. This is in line with proposals originally consulted on, albeit a consideration of whether to mandate a share of the levy to be allocated to local authorities has not been taken forward.
 - Local consultation and advance notice to business will be required prior to introduction of a levy. The Government will consider whether to prescribe any necessary details that must be included in these consultations, but expect that strategic authorities will include information such as when and where the levy will apply (including exemptions), the levy rate, expected revenues, objectives of the scheme and how revenues will contribute to economic growth in the area. Following consultation, strategic authorities will set out their levy plan through a final prospectus and will need to notify businesses of the date the levy will come into effect. This is in line with the Government's original proposals, except there will not be a national minimum notice period. However, strategic authorities have to consider what is an appropriate time needed for implementation of required systems, including taxpayers' considerations on adjusting pricing.
 - The consultation proposed that the introduction of the levy, including subsequent changes to core elements, should be subject to the relevant mayoral statutory budget voting process. In its response, the Government said it will further consider voting arrangements, especially for non-mayoral strategic authorities which have different governance arrangements. This suggests that practically speaking, the minimum notice period would be from the date the budget is set, to 1 April; and given the need to pass legislation, it is likely that this would mean the earliest a levy could possibly be implemented (assuming staffing and systems were in place in advance of budget setting) would be 2028/29.

- The levy will be applied on a blanket geographical basis for the entirety of the strategic authority's area. This is different to the original consultation which proposed that the levy could be applied on a more selective geography.
- The levy will apply to all short-term, visitor accommodation, bar certain national exemptions (accommodation and land uses not provided on a commercial basis, including traveller sites, charitable accommodation for shelter or refuge and temporary accommodation) and discretionary local exemptions to a small number of other accommodation types, such as tent pitches, hostels or touring caravan pitches. These exemptions will apply based on accommodation type, rather than visitor characteristics. This is in line with consultation proposals. Whilst exempting temporary accommodation (TA) in particular will mean that housing authorities are not affected, there does appear to be a contradiction between the idea of accommodation type vs. visitor type – with TA frequently being provided in hotels.
- The Government will apply a de minimis threshold below which providers will not be liable for the levy, with the intention that this threshold exempts only occasional, informal providers. The response does not specify how this will be specified, e.g. presumably it could be in terms of nights' accommodation provided, number of rooms, or a financial threshold. This proposal was not set out explicitly in the original consultation, but fits in the overall consultation theme of exemptions, with the response noting the intention that this would have the effect of excluding occasional, informal providers where administrative costs of collection may outweigh the revenue generated.
- The levy will be set as a percentage of the accommodation cost (excluding meals and other non-accommodation elements), rather than a flat cash sum. The Government does not intend to cap the rate, leaving it to local flexibility. The original consultation did not have a firm proposal on this issue.
- Strategic authorities will set the rate but will not be able to vary rates by season, accommodation type or constituent authority – a single blanket rate will apply. They are also not going to be allowed to cap the number of nights for which the levy is payable. These issues were subject to open questions in the original consultation, without a preferred government position.
- The levy liability will sit with accommodation providers, administered through a self-assessment process. Providers will be legally responsible for calculating and collecting the levy. This is in line with the consultation.
- Further engagement will deal with technical issues such as the exact point at which liability arises, interaction with refunds and whether booking platforms may be able to take a role in supporting the collection and remittance of the levy to the strategic authority. The tax point was originally proposed to be the date of arrival rather than date of booking/payment, but the response appears to shift the final decision to the implementation stage.

- Strategic Authorities will be the tax authorities, responsible for administration and collection of the levy. The Government intends to provide proportionate powers to support administration and collection of the levy, including measures to address non-compliance, including inspections, interest charging, penalties and data sharing between authorities. Registration of accommodation providers will be part of the local tax administration system, but providers will need to notify the relevant authority of their liability to pay the levy, provide self-assessed returns and keep records. Providers will have access to a clear and accessible appeals process based on a nationally established framework. The Government did not have a preferred position on these issues as part of the original consultation.

- 1.3 The powers will require legislation to be approved by Parliament. As per the plans set out in the 2026 King's Speech, the Government intends to legislate for a visitor levy in this Parliamentary session, with a view to local leaders being able to set out plans for how revenues will be invested by March 2028. It is unlikely that an authority would be able to agree or give notice of the introduction of a levy prior to the passing of legislation (e.g. as most authorities concluded was the case with the introduction of a second homes premium for council tax which required a year's notice).
- 1.4 There will be many, significant areas to consider as a result of the proposals - so it will be important to see how the details of how these powers are to be implemented. For example, how the ringfencing of revenue to work on implementing growth strategies will be applied, what the timeframes and requirements for implementation decisions and consultation will be, the extent of authorities' powers to vary schemes and apply discounts, and what authorities' information gathering and enforcement powers will be.
- 1.5 Plans for assignment of business rates income and a share of income tax revenues will be set out in the fiscal devolution roadmap alongside the Autumn Budget in October. Unlike the visitor levy being additional to budgets from day 1, these reforms appear to be fiscally neutral at the point of implementation, with tax income replacing grant funding.
- 1.6 LG Futures will continue to monitor for further announcements and provide updates as they become available.