

## Transient Visitor Tax Consultation Response

### **Summary and Recommendations**

A response to the Transient Visitor Tax Consultation has been drafted which details Leaders' unanimous support for the principle of the tax, as well as wider support for the principle of discretionary taxation and local fiscal empowerment.

The response also includes elements specific to the consultation which Leaders are asked to consider today around issues of local consultation and exemptions from the tax.

This paper invites Leaders to:

- i. Note that a COSLA Consultation response will be submitted detailing the previously agreed COSLA position; and
- ii. Agree a position in relation to local consultation and exemptions.

### **References**

Previous reports on Transient Visitor Tax:

- COSLA Leaders February 2019 – Local Government Settlement 2019
- COSLA Leaders April 2019 – Fiscal Empowerment and Local Taxation

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**November 2019**

## **Transient Visitor Tax Consultation Response**

### **Purpose**

1. To highlight to Leaders that a consultation response will be submitted to the Scottish Government consultation on Transient Visitor Tax (TVT) and seek Leaders agreement on specific areas raised in the consultation.

### **Current COSLA Position**

2. In June 2018, and as part of COSLA's ask for discretionary taxation powers for Local Government, Leaders unanimously mandated that COSLA take forward the ask for enabling legislation to allow TVT as a tangible example of discretionary taxation. Following this, the Cabinet Secretary for Finance, Economy and Fair Work (Derek Mackay) included in Stage 1 of the Scottish Budget a commitment to support discretionary taxation in the form of TVT.
3. COSLA officers have worked with Scottish Government as they have developed a consultation on TVT, which was published on 9<sup>th</sup> September 2019. A copy of the consultation document can be accessed [here](#).

### **What is changing?**

4. As Leaders are aware, TVT represents legislative delivery on the principle of discretionary taxation and local fiscal empowerment. It is therefore paramount that the principled arguments made by COSLA to date through our lobbying activity are maintained in a consultation response. The fundamental purpose of our response is to make the case that local authorities should have the power to introduce such a tax if the circumstances are right in their local area, and the flexibility to design such a tax locally to maximise positive local impact.
5. As such, we are not asking Leaders to revisit aspects of the principle which are already mandated or to review the response in its entirety. Instead we seek to test aspects of our response which have developed through discussions with Scottish Government and feature in the consultation document.

### **Local and National Exemptions**

6. The consultation document details a list of examples which Scottish Government feels would be adversely or unfairly affected by the tax and should therefore be exempt nationally. These include:
  - Homeless people
  - Asylum seekers/refugees
  - Travelling communities (such as Gypsy travellers and other traveller communities)
  - Victims of domestic abuse placed temporarily in refuges or short term accommodation because their normal home is not safe for them to stay in

- Those placed in temporarily in refuges or short term accommodation because their normal home is unsafe for them to stay in
7. Local Authorities have a legal duty to protect above mentioned examples and there are therefore no envisaged circumstances where these identified groups would be charged the tax. In addition, Local Authorities already pay for accommodation for the groups listed, so charging the a visitor tax would be counterintuitive. We therefore consider these groups already exempt and legally protected locally from paying TVT and do not see the need for their explicit exemption to be set out in primary legislation. If there are consistent, statutory policies in place across Local Government such as these, there would be little need for duplication in the TVT legislation. In the eventuality that these exemptions are set nationally we do not foresee this impacting on the design or administration of the tax locally.
  8. The Consultation goes on to list a range of other possible exemptions which could be considered locally. These include, but are not limited to, disabled people and registered blind/deaf and their carers, those travelling out with their local authority for medical care, children and young people under a certain age, students, long stay guests, business travellers and local residents. As an extensive list of national exemptions adds complexity to the administration and design of TVT, is it proposed that Local Authorities are best placed to decide on these types of non-statutory exemptions when consulting on the design of TVT in their authority area.

#### Local Consultation and Sharing Best Practice

9. The introduction of TVT will result in changes for businesses, citizens and the tourist sector more broadly. It has already been agreed by COSLA Leaders as part of the development of any scheme of TVT locally, high quality, local consultation will be essential. This will ensure that an introduced scheme results in positive outcomes across the industry, and that the best solutions to local circumstances are achieved.
10. Consultation has become a key focus of the business and tourism sectors and it is proposed that COSLA makes the offer in the consultation response to work with Local Authorities to develop a framework of best practice that Local Government and industry partners can reference when consulting with businesses around the design, implementation, administration, and enforcement of the tax. Having discussed this with officers from local authorities, this approach is considered helpful to Councils as it would be to business. COSLA Officers will work closely with Local Government to draw upon the expertise and knowledge that already exists within councils in progressing this work.

#### **Next Steps**

11. The deadline for submissions to the Consultation is 2<sup>nd</sup> December and COSLA will submit their response, subject to Leaders approval of the aspects detailed in this report. Following analysis of the consultation responses, it is anticipated that stage 1 of the Bill process will commence in Q2 2020. COSLA will continue to lobby for TVT through engagement with the legislative process and further reports will be brought to Leaders as appropriate.

**November 2019**

