

Discretionary visitor levy for local authorities

Q1. Your name

Emma Thornton

Q2. Organisation (if applicable):

Visit Pembrokeshire- Official Destination Management Organisation

Q3. Size of business based on number of employees (if applicable):

Micro (0-9)

Q4. Type of visitor accommodation provided (if applicable):

Other (please specify):
Destination Management Organisation

Q5. email / telephone number:

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Q6. Your address:

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Q7. 1. Do you agree or disagree that local authorities should have discretionary visitor levy powers to enable a more equitable basis for the funding of local services and infrastructure between residents and visitors?

Disagree

What are the reasons for your answer?

We are concerned that this consultation has omitted a vital initial first stage exploring the principle (and indeed viability) of a visitor levy in Wales and raises more questions than answers. We have been asked to respond to questions around implementation without detailed economic impact assessments and evidence that a levy is implementable.

We would like to challenge the reference the term "equitable" in this context; Visitors already contribute to car parking and public toilets and to the vibrancy and viability of many destinations across Wales resulting in increased rateable value and in turn business rates. In Pembrokeshire the visitor economy is one of the key economic drivers contributing £590 million to the local economy.

Whilst this is a consultation on the introduction of a Visitor levy in Wales we feel it is important to highlight that for Wales to do this in isolation will put Wales at a competitive disadvantage with other parts of the UK. South West Wales, is already a geographically more remote part of the UK and the introduction of a visitor levy introduce a further barrier to visit. It also impacts negatively on Wales's reputation as a "Value for money " visitor destination and is likely to be interpreted by many as anti visitor and in particular anti English given the high proportion of overnight visitors to Wales from England.

The consequent potential negative PR for brand Wales should not be underestimated and could be significantly damaging to the Welsh Visitor economy. We understand that Scotland is also investigating the introduction of a visitor levy. Should a levy be introduced in both Scotland and Wales then a coordinated PR campaign between the 2 nations would be highly recommended to mitigate this.

If a visitor levy is to be introduced, most of the businesses we have consulted believe it should be pan Wales and consistent in its design and implementation across the country. To not do so will lead to significant confusion from visitors who are not aware of district boundaries, and has the potential to create conflict between tourism businesses and visitors.

This will be an additional tax burden on a sector that already bears significant cost with existing regulation. Some businesses may feel they have to try and absorb the cost of the levy to remain competitive and to avoid conflict with visitors putting them under additional financial pressure.

Comparisons with other part of the world where a visitor levy is in place are ill informed not comparing like with like as many of these areas have significantly lower rates of VAT.

Those consulted unanimously agree that should a Levy be introduced, any revenues must be ring fenced and spent on improving tourism services and the visitor experience. There remain real concern that current proposals do not make this clear and that revenue would be used to plug Local Authority budget shortfalls in areas not directly impacted by tourism which would be entirely inequitable.

Q8. 2. Do you have any views on whether a levy should apply to any other type of activity in addition to overnight visitors (e.g. day visitors) and if so, what activity do you think it should apply to and how do you think this would work in a Welsh context?

If introduced we believe the levy should apply to both day visitors and overnight visitors .

Pembrokeshire is a popular day trip destination and 86% of our 7 million visitors a year (Source : 2019 Economic volume and value report) are day visitors who put equal pressure on the destination and contribute less to the local economy. Whilst we acknowledge developing a mechanism for charging is not straightforward, for the levy to be "equitable" it should be implementable across both day and overnight visitors.

Q9. 3. It is our view that the tax framework (legislation) which sets out how the levy would be applied and operated should ensure consistency of application across local authorities. However, there are some aspects such as setting rates and exemptions and determining use of revenues which may benefit from local autonomy. Do you agree or disagree with this position?

Agree

What are the reasons for your answer?

Consistency in the way in which the levy is applied across Wales will be important to avoid confusion amongst visitors travelling across Wales. Inconsistency across the UK will already be a significant problem and as visitors have no awareness of district boundaries, any inconsistency in how the levy is implemented risks confusion amongst visitors and potential conflict between tourism businesses and their customers.

This should include the way in which the tax is collected, integrating this with existing Local Authority and business accounting systems (which is achieved through BIDS legislation) and most importantly at zero cost to the business charged with collecting the levy.

There should also be clear criteria on how revenues should be spent (i.e. reinvested into activity and projects that improve the visitor experience). That said as priorities for investment will vary from county to county, there should be flexibility built into the legislation to allow for this. It might be helpful to refer to Business Improvement District(BIDS) legislation which provides clear guidance on what funds can be spend on e.g. must be additional to, and not replace LA service delivery, but provides local autonomy on the detail of the expenditure.

Q10. 4. Are there any other aspects of the tax framework which would benefit from greater local autonomy? For example: Exemptions or reliefs Type of rate Level(s) of the rate Use of revenues Reporting requirements What are the reasons for your answer?

As detailed above, consistency wherever possible in how the levy is applied will be essential to avoid confusion to visitors and reputational damage to Wales as a visitor destination.

At this stage we would see the only area which would benefit from local autonomy would be "Use of Revenues"

Q11. 5. We propose that the levy would be a self-assessed tax for visitor accommodation providers (based on number of overnight stays) who must charge and collect the levy from visitors for an overnight stay and then remit this to the tax authority. Do you agree or disagree with this?

Agree

What are the reasons for your answer?

It will be important for accommodation providers to have visibility of visit levy income charged to their business. A self Assessment mechanism would provide this. However this must be based on actual levy revenues at year end and not estimated. It would be inequitable and unfair to expect any business to pay in advance based on assumptions from a previous year's trading. In addition this revenue shouldn't be included in a businesses turnover for VAT purposes

Careful consideration will need to be given to how businesses will evidence levy income to WG. Any systems for doing so should be integrated within existing reporting systems and at zero cost to businesses.

Q12. 6. When should the levy be collected as part of the booking process?

What are the reasons for your answer?

This is difficult as depends on how the accommodation was booked. On arrival would work best for hotels and Guest Houses where the accommodation owner is on site but with Self Catering this is often not the case. On departure is not a viable option. The challenge with in advance is that the final occupancy doesn't always reflect what was originally booked.

Given given a significant proportion of bookings are via OTAs and booking Agencies then its hard to see how they would not have a role. That said our concern with their involvement would be the potential for collection costs being passed onto the accommodation business. Therefore if they are to be involved Welsh Government will need to ensure that this is at zero cost to the accommodation business.

With all all bookings, it will be important that it is made clear as part of the booking process that a levy will be charged and to set out when this will be payable i.e. in advance or on arrival.

Q13. 7. Do you agree or disagree that ultimate responsibility be on the visitor accommodation providers for collection and payment of the levy to the tax authority?

What are the reasons for your answer? If you answered no, what alternatives should be considered and how would these work?

Neither agree or disagree as it depends on the involvement of booking agencies and OTAS in the collection process (see response to Q6).

Q14. 8. Do you agree or disagree that all visitor stays within commercially let visitor accommodation should be considered within scope of the levy (unless otherwise exempted)?

Agree

What are the reasons for your answer?

This an additional tax burden on a sector which is already heavily taxed. It is therefore imperative that there should be a level playing field and that all commercially let visitor accommodation is within scope of the levy. The introduction of a statutory registration scheme will therefore need to be in place before a visitor levy is introduced.

For the levy to be "equitable and fair" and to be charged to all those staying overnight in Wales, Welsh Government will need to consider how the following would be included.

Those subletting caravans via OTAs or social media

Wild Camping

Campsites where a pitch is booked and the number staying is not confirmed as part of the booking process

Motorhomes

Casual short term lets

Pop up campsites

Boats

Other quirky accommodation

Q15. a. Stays within Roma and Gypsy Traveller sites (where transient stays are inherent to the culture)

Agree

What are the reasons for your answer?

Transient stays are inherent in the culture of this group and therefore it would be inappropriate and unfair to include this group in the scope of the levy.

Q16. b. Stays organised by local authorities undertaking their statutory functions (such as duties undertaken as part of The Housing (Wales) Act 2014) (e.g. provision of temporary accommodation for those who are homeless).

Agree

What are the reasons for your answer?

These are essential, non leisure visits and it is entirely appropriate that they would be outside the scope of the levy.

Q17. c. Stays organised through the Home Office in undertaking their statutory functions relating to asylum claims and temporary housing of refugees

Agree

What are the reasons for your answer?

As above

Q18. d. Stays within accommodation provided by charities and non-profit organisations on a non-commercial basis (e.g. for the purposes of shelter, respite or refuge/homeless shelters and refuges)

Agree

What are the reasons for your answer?

As above

Q19. 10. Are there any other exemptions that we should consider? Please select all that you think should apply:

Children and young people

What are the reasons for your answer?

Affordability

Q20. 11. Do you agree or disagree that any exemptions should be established within a mandatory framework set out in legislation?

Agree

What are the reasons for your answer?

Consistency in how the levy is applied across Wales will be important to avoid confusion amongst visitors who have no awareness of district boundaries.
Inconsistency would lead to confusion amongst visitors, potential conflict between tourism businesses and their customers and consequential reputational damage to Wales as a visitor destination.

Q21. 12. As set out in the consultation we believe that where exemptions are applied, they should be done so across all local authorities in a consistent manner. However, there may be circumstances we are not aware of where discretionary exemption powers for a local authority may be required. Should local authorities have discretionary exemption powers?

Yes

What are the reasons for your answer?

At this stage in the policy development it is not possible to state emphatically that some discretionary exemption powers might not be required. They should only be considered exceptionally and where a particular set of circumstances are unique to a LA area.

Q22. 13. To ensure fairness, it is proposed that all commercially let visitor accommodation is considered within scope of this levy. Do you agree or disagree with this?

Agree

What are the reasons for your answer?

Fairness and equitability

Q23. 14. Should there be any commercially let visitor accommodation that is exempt from charging and collecting a visitor levy?

No

If you answered yes, what would the basis for the exemption be and how would this be applied (for example a certain threshold)? What are the reasons for your answer? If you answered no: What are the reasons for your answer?

Except if they are providing accommodation for any of the exempt categories.

Q24. 15. Should there be a comprehensive list of visitor accommodation providers available to the tax authority to support the administration of a levy, rather than there being no registration requirements in place?

Yes

What are the reasons for your answer?

A comprehensive list of all accommodation providing commercially let accommodation is a prerequisite for a Levy being introduced in order for there to be a level playing field and for the levy to be equitable and fair. Considerable concern has been expressed by businesses around how the various categories mentioned in Q8 will be captured in the levy.

Q25. 16. Would utilising the proposed statutory licensing scheme (as opposed to creating a bespoke tax registration scheme) provide an appropriate means by which a local authority could ensure that it has a comprehensive list of visitor accommodation providers in its area and that this information would support the operation of a visitor levy?

Yes

What are the reasons for your answer?

A Statutory Licensing Scheme, if delivered effectively, should ensure that Local Authorities have a comprehensive list of all visitor accommodation. This will be welcomed by the trade as it would deliver a level playing field which has been lacking for some considerable time. However practical consideration will need to be given by Welsh Government to how this will be maintained by Local Authorities given the breadth and variety of accommodation available, the informality and "Pop up" nature of some of this, and diminishing Local Authority resource.

Q26. 17. Which of the following do you think would be the most appropriate type of rate for this levy?

A per person, per night

What are the reasons for your answer?

The challenge is that all rate types have complications.

The predominate preference from our businesses is that a per person, per night booking charge, and a flat rate would be the easiest to administer. However in setting the rate type it will be important to consider proportionality for different sectors e.g. Hotel/ Self Catering/ Guesthouse/ Camping and caravans/ Bunkhouses etc and affordability for lower income families. The guiding principle should be simple, equitable and fair and this should be the barometer for all aspects of the levy from design to implementation. Feedback we have received on this question is that a percentage of turnover rate would be a barrier to future investment in the sector.

Q27. 18. We propose that the same type of rate would apply across all local authorities that use a visitor levy rather than this being locally determined. Do you agree or disagree with this approach?

Agree

What are the reasons for your answer?

Consistency in how the levy is applied across Wales will be important to avoid confusion amongst visitors who have no awareness of district boundaries.

Inconsistency would lead to confusion amongst visitors, potential conflict between tourism businesses and their customers and consequential reputational damage to Wales as a visitor destination.

Q28. i. A per night, per room/accommodation levy

**Visitor
Accommodation
providers**

A decision on the type of rate chosen should be based on the simplest to administer, the most equitable to the trade and the visitor and any administrative processes should be cost neutral to the accommodation provider. Individual accommodation providers will be better placed to comment on the specifics of each rate type but please refer to Q17 for an overview of the feedback we have received on the proposed rate types.

Tax authority

-

Visitors

-

Q29. ii. A per person, per night levy

No Response

Q30. iii. A percentage of the accommodation charge

No Response

Q31. 20. When setting a rate, what factors and evidence should be considered to ensure the levy rate is appropriate? This could include for example price and income elasticities, seasonal demand (and therefore price changes) and wider economic circumstances.

A detailed Economic impact assessment of the proposed rate on all accommodation sectors should be undertaken before the introduction of primary legislation.

Detailed analysis of elasticities across Wales

Annual performance of the Visitor economy across Wales and consumer sentiment now and looking forward

Current economic climate

Q32. 21. When determining what rate (or rates) to set, should a rate proportional to accommodation cost (or type/quality) be considered?

Yes

What are the reasons for your answer?

The rates should be a fixed rate but vary depending on the accommodation type e.g. Hotel, B&B. Self Catering, Campsite Hostel etc to ensure proportionality and affordability.

Q33. 22. What is the appropriate number of consecutive nights after which the levy would not apply to any subsequent nights?

What are the reasons for your answer?

Pembrokeshire is committed to encouraging value not volume which is consistent with Visit Wales's own policy. That said Wales is a popular short break destination within the UK and post Covid we are seeing a trend towards visitors taking more shorter breaks. Therefore to inform the policy response to this question we would like to see some qualitative research undertaken to better understand visitor trends both now and looking forward.

Q34. 23. Should the same rate or rates apply in each local authority area rather than this being locally determined?

Yes

What are the reasons for your answer?

At this stage and considering what we know now, we would suggest consistency across Wales is important to avoid confusion and potential conflict between tourism businesses and their customers

Q35. 24. If rate setting were to be determined locally should the same rate apply regardless of location within the local authority area?

Yes

What are the reasons for your answer?

Consistency across a LA area would be important

Q36. 25. If rate setting were to be determined locally, should there be a cap or bandwidth set for the level that a rate can be charged?

Yes

What are the reasons for your answer?

Please see response to Q23

Q37. 26. How often should any proposed visitor levy rate be reviewed?

Other (please specify):

Given the newness of this policy flexibility to renew annually might be necessary

Q38. 27. We have outlined under Table 1 the potential record keeping requirements for businesses based on different rate types. To help us understand in more detail potential record keeping requirements for businesses, please could you outline what information you think would be required to be collected and retained by visitor accommodation providers for:

A per night per room/accommodation levy	To the best of our knowledge the potential requirements set out in Table 1 appear to cover most of the information that would be required.
A per person, per night levy	As above
A percentage of the accommodation charge levy	We would not support this rate type

Q39. 28. We wish to understand the impact of collecting and recording the information identified under Table 1 (and any other information you identified in response to the previous question) to help make a self-assessment of the tax liability. What would be the resource impacts of collecting this information (staff time and costs involved in making changes to any processes and systems)?

As a DMO and not an operational accommodation business we don't feel able to make a fully informed response to this question. We would add that given the policy and design of the levy is in development, accommodation businesses will also be challenged to respond fully.

A guiding principle should be that the design of the levy should ensure that it is simple to administer, is equitable to the trade and the visitor, and that any administrative processes are integrated into current reporting processes with HMRC or the VOA and be cost neutral to the accommodation provider.

Q40. How could this data be collected (is there an existing process or system that could be used as part of the booking process)?

Any administrative processes should be integrated into current reporting processes with HMRC or the VOA and be cost neutral to the accommodation provider.

Q41. 29. How frequently should visitor accommodation providers be required to submit self-assessed tax returns for a visitor levy, noting that it may be possible to allow more frequent submission if that suited the business?

Quarterly

What are the reasons for your answer?

This should align with regular reporting(e.g VAT) and not introduce a further administrative burden to accommodation providers

Q42. i. Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises

Agree

What are the reasons for your answer?

Visit Pembrokeshire does not support the introduction of a visitor levy in Wales . If Welsh Government proceeds, we agree that there should be reasonable and proportionate civil enforcement and inspection powers.

Q43. ii. Civil powers to charge interest and penalties, and to recover unpaid tax, where a visitor accommodation provider fails to undertake their statutory obligations relating to the visitor levy.

Agree

What are the reasons for your answer?

As above

Q44. iii. Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty in certain circumstances.

Agree

What are the reasons for your answer?

It will be important for Local Authorities to have discretion in this regard as there will always be individual circumstances where this will be required. However clear guidance on this will be important to they are able to respond to potential challenge and be consistent in their decision making.

Q45. 31. How should revenues raised by a visitor levy be spent? What are the reasons for your answer?

All revenues collected should be reinvested into tourism delivery and to improve the visitor experience. It should not be used to plug shortfalls in LA budgets. For example this could include (NB: This is not an exhaustive list) :

Skills

Marketing

Events

Enhancement (e.g Improved public toilet provision, digital connectivity, and public transport)

Practical initiatives that extend the season and encourage year round visitor economy.

Support for Micro businesses and SMEs

Initiatives that address the lack of affordable accommodation for hospitality staff close to where they work.

In addition some business have asked whether funds from a Visitor levy might be used to support capital projects in the absence of European funding post Brexit.

We have also received representation that perhaps targeted support for the NHS during periods of peak visitors might have some merit although this would need to be very carefully defined in order to meet the criteria of "enhancement" and "added value" and not simply plug shortfalls in NHS funding.

Funds should also support strategic activity and projects under the umbrella of a Destination Management Plan (DMP)

Any decisions on how revenues should be spent should be made locally.

Q46. 32. Should the revenues raised by a visitor levy be hypothecated (ring-fenced)? What are the reasons for your answer?

Yes

What are the reasons for your answer?

All revenues collected should be reinvested into tourism delivery and to improve the visitor experience. It should not be used to plug shortfalls in LA budgets

Q47. 33. What local engagement should take place when deciding how revenues are allocated?

Responsibility and oversight for how income from the visitor levy is spent should sit with a business led strategic public/private partnership. Where the governance structure includes public, private and third sector representation, these are strategic organisations and would offer appropriate strategic oversight and scrutiny. They will also have a wider placemaking role. Business Improvement Districts (BIDS) operate in similar way albeit focused on tight geographic area.

Q48. 34. Should there be a separate annual report detailing the revenues collected and benefits of a visitor levy at a local level?

Yes

What are the reasons for your answer?

Openness and transparency and to monitor and evaluate ongoing impact.

Q49. 35. We propose that reporting arrangements for local authorities would be set out within the tax framework to ensure consistency in approach across local authorities. Do you agree with this approach?

Yes

What are the reasons for your answer?

Openness and transparency and to monitor and evaluate ongoing impact.

Q50. 36. What information should be available for visitors regarding the levy?

Clear communication that a Visitor Levy will be charged must be in place on all online booking platforms and if added on arrival, on visible signage in the receptions areas of all businesses where it will be charged. It should also be itemised on all receipts.

Q51. 37. We propose that local authorities would be able to decide by way of local governance processes whether to implement a visitor levy. Do you agree or disagree with this approach?

Yes

What are the reasons for your answer?

Whilst our view is that this should be pan wales , if Welsh Government proceed as the proposals are currently drafted then Local governance processes to decide whether to introduce a levy or not will be important.

Q52. Should local consultation take place prior to the introduction of a visitor levy?

Yes

What are the reasons for your answer?

Yes. If Local Authorities are to have discretionary powers to introduce a visitor levy, then genuine and robust consultation with local businesses and wider stakeholders will be essential. It would be useful to have some guidance built into the legislation on the appropriate weighting of responses from the business community, and the wider community. Again Business Improvement District (BIDS) legislation may be a helpful reference point in this regard.

Q53. 38. What transitional arrangements should apply for accommodation that has been booked in advance of a local authority implementing a visitor levy? What are the reasons for your answer?

The Visitor Levy should be implemented with timescales that ensure there is no need for retrospective charge of the levy i.e. once the legislation has been passed an implementation date would be selected which allows visitors to make informed plans and businesses adequate time to prepare. Again we reiterate that any implementation of the levy should be cost neutral to businesses.

Q54. How could any transitional arrangements be designed to avoid deliberate tax avoidance or evasion?

If the levy were to be implemented as suggested above, deliberate tax avoidance shouldn't be an issue.

Q55. 39. How best can the proposed visitor levy be implemented and administered?

Mixture of local and central implementation and administration

Q56. 40. What would be the benefits and disbenefits of each option?

a. Fully local implementation and administration -

b. Fully centralised implementation and administration -

c. Mixture of local and central implementation and administration

The Local Authority would be responsible for collecting the levy but then revenues are passed over to the independent governance structure set up to oversee expenditure against an agreed plan developed in consultation with the local community. The responsibility for consistency in the implementation of the levy across Wales should sit with Welsh Government .

Q57. 41. We would like to know your views on the effects that the proposals to introduce a visitor levy would have on the Welsh language, specifically on opportunities for people to use Welsh and on treating the Welsh language no less favourably than English.

a. What effects do you think there would be?

In responding to this we would like to quote the WTA's response to this question, which we agree with, and which we believe captures the likely negative impact of a Visitor levy on use of the Welsh Language. A further unintended consequence alongside the new 182 day rule for self catering businesses which is also referred to in their response - "It is a common narrative at the moment that the visitor economy is destructive to the sustainability of Welsh-language communities, partly due to the enduring lack of distinction by commentators between locally-run accommodation businesses and second homes. We ask the Minister to really interrogate this representation of professional visitor businesses as "extractive" and consider how micro and SME tourism businesses actually slow rural outward migration; specifically through the home-grown development of professional businesses which keep younger family members in communities, including Welsh-speaking communities as part of succession planning. This has been recognised in the work of Dr Mandy Talbot. Damaging the competitive attractiveness of these local businesses at the same time as driving many of them into the more expensive council tax regime, when the effects of recession will still be being felt, cannot be said to be a positive contribution to the sustainability of Welsh-speaking communities or the 2050 million speaker target. We recognise the new inclusion of an exemption from council tax premiums for farm-based visitor accommodation, but this is not the only type of locally embedded visitor accommodation business, or indeed other types of visitor economy participants. The long-term viability of such businesses also supports the long-term viability of jobs, the need for which arises in whole or part, from the presence of visitors. Consideration needs to be given to what alternative work is available should both primary and secondary visitor economy jobs disappear or reduce in value. While it is the case that the affordability of residential accommodation is an issue in some visitor hotspots, it becomes even less affordable if there is no work. That is an issue for Welsh-speakers or, indeed, English speakers whose own young families would have been attending Welsh-medium schools had they not had to leave to find work. A lack of work is itself a lack of opportunity to use Welsh every day. We repeat concerns raised in a different consultation; that there is a real risk of businesses and their Welsh-speaking workforce/immediate supply chain being lost and replaced by wealthier incomers, with no Welsh language identity, taking up the property released as primary or second homes."

b. How could positive effects be increased

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c. How could negative effects be mitigated?

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Q58. 42. Please also explain how you believe the proposed policy to introduce a visitor levy could be formulated or changed so as to have positive effects or increased positive effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language, and no adverse effects on opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language.

No Response

Q59. 43. We have asked a number of specific questions through this consultation. If you have any related issues which we have not specifically addressed, please use this space to report them:

We conclude by reiterating that Visit Pembrokeshire does not support the introduction of a Visitor levy in Wales and remains extremely concerned that this consultation sets out proposals in the absence of any detailed economic impact assessment and modelling, and consequently raises more questions than answers. Having read the proposals and responded to the questions posed, it appears impossible to see how the introduction of a visitor levy in Wales in this context can be "simple", "fair" and "equitable," and will not do further damage to a vital yet fragile economy, which is still very much in recovery.

Submit your response

Q60. If you want to receive a receipt of your response, please provide an email address.

Email address

emma.thornton@visitpembrokeshire.com

Q61. Responses to consultations may be made public. To keep your response anonymous (including email addresses) tick the box.

No Response