

Appendix A - Visitor Levy for Aberdeen Proposal

This document outlines the proposal for introducing a Visitor Levy in Aberdeen. Aberdeen City Council intends to utilise the powers granted by the Visitor Levy (Scotland) Act 2024 to impose a levy in respect of persons staying in certain types of accommodation overnight in its local authority area.

The levy, which would apply to visitors staying in overnight accommodation within the city, would aim to provide a sustainable source of funding to reinvest in the visitor economy, including business and leisure tourism services, improvement of local amenities, and promotion of the city. The main purpose is to drive the continued growth of Aberdeen's visitor economy.

The proposal is based on the Visitor Levy (Scotland) Act 2024, which allows local authorities to introduce a levy, details the potential levy structure, charges, objectives, how the net proceeds could be used, and the governance arrangements for managing the levy. The aim is to ensure transparency and fairness, making sure that the levy will benefit Aberdeen's local community and visitor economy.

1. Levy start date

The soonest we could introduce a Levy would be 01 April 2027. This milestone is subject to consultation feedback on this proposal, the successful implementation of the Scottish Government national digital platform, lessons learned from elsewhere and national feedback, which may require us to add in additional tasks.

2. Levy duration

The levy will remain in force indefinitely or until the Council decides to change it.

3. Accommodation liable for the levy

The levy will apply to all overnight accommodation, including those with an annual turnover under the VAT threshold, within Aberdeen City Council. This includes:

- Hotels;
- Hostels;
- Guest houses;
- Bed and breakfast accommodation;
- Self-catering accommodation, including short-term lets;
- Caravan sites and campsites, where people are staying in static caravans, shepherd's huts, yurts, teepees, etc.
- Accommodation in a vehicle, or on board a vessel, which is permanently or predominantly situated in one place; and
- Any other place at which a room or area is offered by the occupier for residential purposes otherwise than as a visitor's only or usual place of residence.

4. The levy rate

The Visitor Levy (Scotland) Act 2024 stipulates that the levy is expressed as a percentage rate. The levy will be at 7% and will apply year round. The levy will be the same across the entire Aberdeen local authority area. There was consultation upon a range of levy rates from 5%-10%.

5. Collecting and enforcing the levy

Accommodation providers within the local authority area will be liable for the levy. They will be required to submit regular reports, detailing the total accommodation charges and the total levy collected to a national online visitor levy portal. The levy will be payable at the same time as submitting returns.

Accommodation providers are required to keep accurate records of all transactions that are subject to the levy. The Council will conduct inspections, as required, to ensure compliance with the scheme and remittance requirements.

Accommodation providers who fail to comply may be subject to penalties.

Appeals relating to decisions made by the Council on the operation and/or enforcement of the scheme can be registered via an online portal or email address. The Council will aim to review and process these appeals within 28 days.

6. Exemptions and exclusions

The Visitor Levy is payable by anyone staying in accommodation which is not their only or usual place of residence (temporary or otherwise). Individuals from the below categories are not required to pay the levy:

- Those who are homeless or at risk of homelessness. This includes those who are currently homeless or at risk of losing their home in the next eight weeks. This also includes people living in very poor housing conditions, such as overcrowding, serious damp, or disrepair, or as a result of experiencing domestic abuse or other forms of violence;
- Those whose residence is unfit for habitation;
- Asylum seekers and refugees; and
- Members of the Gypsy/Traveller communities staying on dedicated sites.

In addition, all individuals in receipt of the following UK disability benefits, payments, or allowances from paying the levy are exempt:

- Disability Living Allowance
- Disability Assistance
- Attendance Allowance
- Pension Age Disability Benefit
- Personal Independence Payment

An additional exemption from the levy is proposed for individuals travelling to Aberdeen for medical appointments, accompanied by a companion.

Individuals in these categories will need to pay the levy and request reimbursement from the Council. Reimbursement can be applied for online, submitting receipts for their overnight stay, relevant evidence (as this will be detailed on the Council's website) of their exemption/exclusion and bank details.

For those in receipt of the UK disability benefits, payments or allowances detailed above, evidence will be required to be submitted online and should include:

- The name of person in receipt of relevant eligible benefit;
- A copy (scan/photo) of the relevant benefit award letter;
- Proof of payment for overnight accommodation;
- The name of the person in receipt of the relevant benefit should be included on the receipt or booking, as evidence that they were a member of the group staying in the overnight accommodation; and
- Bank details (to enable payment via BACS).

The Council will assess the evidence received and pay the reimbursement via bank transfer if the applicant is found to be eligible.

7. Scheme Objectives

The overarching aim of the Scheme is:

To ensure that Aberdeen is a leading visitor destination by supporting the ongoing, sustainable growth of the city's visitor economy.

Based on this, the Objectives of the Visitor Levy are to:

- Grow the visitor economy to ensure increasing revenue for accommodation providers and greater returns from the visitor levy.
- Invest in measures which enable success in the visitor economy, benefit businesses, meet environmental and net zero goals, and achieve the aims of the Destination Strategy.
- Fulfil Aberdeen's potential as a leading leisure and business tourism destination by further establishing awareness of the city and supporting distinctive, high-quality experiences, venues and attractions to build demand and drive visits.
- Stimulate additional investment in venues, conferencing and expos, sport championships, culture and heritage, festivals and events; releasing the city's talent to benefit the visitor economy and local communities.
- Enhance the city for the benefit of visitors and residents, with profitable businesses, sustainable communities, rewarding jobs, and inclusivity for all.

8. Use of funds

The Visitor Levy (Scotland) Act stipulates that the net proceeds of a visitor levy must be spent on facilitating the achievement of the scheme's objectives and "developing, supporting and sustaining facilities and services which are substantially for or used by persons visiting [overnight] for leisure or business purposes (or both)."

After administration costs, it is proposed from the stakeholder group that the remaining funds will then be split into the following investment streams:

- Economic Growth and Competitive Edge (63%)
- Destination Awareness and Development (18%)
- Destination Readiness and Improvement (13%)
- Reserve Fund (5%)

More detail of each of these investment streams can be found in the Annex.

The Council will make decisions on the use of funds after consultation with the Visitor Levy Forum (see details below), with these decisions delegated to the relevant executive Committees.

9. Reviewing and changing the scheme

The Council will review the visitor levy for Aberdeen every three years to assess whether the scheme is successfully achieving its objectives and measure the impact of the scheme on businesses and communities. The review will be reported, along with detail on how the income has been spent and the benefits which the visitor levy-funded projects have brought.

If the Council wants to make changes to the scheme following the review, it will publicly consult on the change and publish a report detailing the decision and its justification. Significant changes to the scheme will require an 18-month implementation period.

Significant changes to the scheme include:

- Increasing the visitor levy scheme area;
- Increasing the visitor levy percentage rate; and/or
- Removing any exemptions.

10. Visitor Levy Forum

Within six months of giving notice to Ministers that a local authority plans to introduce Visitor Levy, the Council needs to establish a Visitor Levy forum to discuss and advise on the visitor levy scheme, including the review and modifications to the scheme. The Forum will also be consulted on how the visitor levy funds will be spent.

The local authority appoints the membership of the forum and must ensure that the membership of the Visitor Levy forum includes such persons as the authority considers to be

representative of communities, businesses engaged in tourism and tourist organisations in its area.

11. Impact Assessments

An initial Integrated Impact Assessment (IIA) was carried out in January 2025 on the impacts of the implementation of the visitor levy. The IIA was updated in July 2025 based on feedback received during the consultation process. The scheme will be reviewed regularly to address evolving equality considerations.

12. Measurement and Reporting of Visitor Levy Objectives

Aberdeen City Council will produce an annual report outlining how the net proceeds from the scheme have been allocated and utilised. Aberdeen City Council (ACC) will establish key metrics to evaluate the scheme's impact on the local tourism economy, measuring its success against the defined objectives.

Objectives	Outcomes
To ensure that Aberdeen is a leading visitor destination and support the ongoing, sustainable growth of the visitor economy.	<ul style="list-style-type: none"> • Increase in Sector Growth: Economic Impact • Increase in Sector Growth Comparison (% change in economic impact in city vs comparator average) • Increased inward investment in Aberdeen • Increase in accommodation bed nights
Grow the visitor economy to deliver increased revenue for accommodation providers, which will result in increased future financial returns from the Visitor Levy.	<ul style="list-style-type: none"> • Increase in overnight accommodation occupancy rate • Increase in average cost per room per night • Increase in length of stay • Increased return from the Visitor Levy to Aberdeen City Council
Invest in measures which enable success in the visitor economy, benefit businesses, meet environmental and net zero goals, and achieve the aims of the Destination Strategy.	<ul style="list-style-type: none"> • Increase in number of businesses, third sector and other organisations engaged through delivery of the Destination Strategy, directly funded by the Visitor Levy • Progress update of advancement toward Council environmental and net zero goals in those areas supported by the Visitor Levy

<p>Fulfil Aberdeen’s potential as a leading leisure and business tourism destination by further establishing awareness of the city and supporting distinctive, high-quality experiences, venues and attractions to build demand and drive visits.</p>	<ul style="list-style-type: none"> • In line with Destination Strategy targets, increase in: <ul style="list-style-type: none"> ○ Awareness of Aberdeen as a location for a holiday or short break ○ Individual intention to visit ○ Views and Attitudes towards the destination (Net Promotor Score) • Increased win ratio for Convention Bureau and P&J Live conference and expo bids • Individual evaluation, including Return on Investment (ROI) of projects supported by the Visitor Levy
<p>Stimulate additional investment in venues, conferencing and expos, sport championships, culture and heritage, festivals and events; releasing the city’s talent to benefit the visitor economy and local communities.</p>	<ul style="list-style-type: none"> • For conferences, expos, sport championships, festivals, exhibitions, and events secured for the city <ul style="list-style-type: none"> ○ Increase in total number of events ○ Increase in high-value events of national and international significance ○ Positive Return on Investment (ROI) from larger and multi-year projects ○ Evaluation Reports for all supported projects
<p>Enhance the city for the benefit of visitors and residents, with profitable businesses, sustainable communities, rewarding jobs, and inclusivity for all.</p>	<ul style="list-style-type: none"> • Increase in employment levels in the visitor economy • Increase in average wages in the visitor economy • Increase in positive evaluation of the visitor economy in Destination Organisation-led business surveys • Improving metrics in Residential Survey via City Voice (data points based on annual projects) • Evaluation reports of all supported community projects

13. Forecast Revenues

The Visitor Levy (Scotland) Act 2024 states that charges must be a percentage of the room fee. Revenues generated from different levy rates have been forecast (including the impact

of exemptions for asylum seekers, those in receipt of disability related benefits and people using accommodation for overnight stay for hospital appointments). The estimates show that between £4.6 million and £10.7 million could be raised annually from a 5% and 10% (of room cost charge) levy if applied to all hotels, self-catering apartments, B&B/Guest house, short-term lets and hostels in Aberdeen¹.

Estimated Levy Generated			
Levy %	Low	Central	High
5%	£4.6m	£5m	£5.3m
7%	£6.35m	£7m	£7.6m
10%	£9.3m	£10.1m	£10.7m

The stock of available accommodation units by accommodation category has been obtained from the Aberdeen 2024 Accommodation Audit. Assumptions on occupancy rates and average room rates by accommodation category are shown below:

	Occupancy Rate (Low)	Occupancy Rate (Central)	Occupancy Rate (High)
Hotels	61.5%	65.6%	69.7%
Guest Houses /B&B /Inns	40.0%	48.0%	66.7%
Short Term Lets (Self Catering) and Serviced Apartments	36.5%	50.0%	54.0%

	Occupancy Rate (Low)	Occupancy Rate (Central)	Occupancy Rate (High)
Hotels	Assumed average since Sep 2018, including Covid Occupancy (CoStar)	Actual CoStar Jan - Nov 24	Average Occupancy since Sep 2018, excluding Covid (March 2020 - May 2021, CoStar)
Guest Houses /B&B /Inns	SG Scottish Occupancy Survey, Guest House/B&B Occupancy rate average 2019 -2021	SG Scottish Occupancy Survey, Guest House/B&B Occupancy rate average 2011 - 2021	Scotland Accommodation Survey Guest House, B&B Room Occupancy 2023
Short Term Lets (Self Catering) and Serviced Apartments	Scottish Accommodation Survey Self Catering Aberdeen & Grampian Occupancy 2023	SG Scottish Occupancy Survey, Guest House/B&B Occupancy rate average 2011 - 2021	SG Scottish Occupancy Survey, Guest House/B&B Occupancy rate average 2011 -2019

¹ These estimates were determined using varying sources to determine a low, central and high case scenario for each levy percentage rate. Sources include CoStar UK Limited, Scottish Government Occupancy Survey and Scottish Accommodation Survey.

These revenue forecasts must be considered with caution. Past performance of the sector may not accurately predict future performance. Further, there may be an impact on visitor demand as a result of the visitor levy. While many studies indicate that such demand is broadly unaffected by the introduction of a levy this is another source of uncertainty. For example, in Porto who introduced a tourist tax on 1 March 2018, the volume of overnight stays has continued to increase. Porto, with a population of 232,000, recorded a 22% increase in overnight stays to 5.9 million in 2023 from 2019, according to Portugal's National Statistics Institute².

When determining the right level for Aberdeen, consideration must be given to visitors' perceptions and how a charge compares with other cities, who may on an international level be seen as competitors. Among the cities that apply a percentage of the room cost, this varies from 4% in Budapest, 5% in Berlin, 6% in Bergamo to 7% in Amsterdam, and some even charge additional Euros per person per night on top of the percentage rates. In Scotland, Edinburgh and Highland Councils are both proposing a 5% levy rate.

For Aberdeen with an average room rate of around £70, a 7% rate would produce an average levy rate of around £4.90 per night. This is lower than the average levy rates for Glasgow (£5) and Edinburgh (£9) even at the higher percentage and could produce a significant revenue stream to develop the visitor economy while at the same time not burdening an already price sensitive local market with excess costs. It is for these reasons that a 7% levy rate is proposed.

14 Costs

14.1 Costs for Businesses – Accommodation Providers

Accommodation providers will be required to calculate and collect the visitor levy payable by visitors staying on their premises, and remit all levies collected to Aberdeen City Council. To comply with these requirements, accommodation providers could potentially incur both initial setup costs and ongoing administration costs.

14.1.1 Initial Setup Costs

This comprises of costs associated with undertaking or commissioning necessary updates or changes to existing property management systems, resource costs such as training for existing staff to learn new systems for remitting and billing with a visitor levy, and staff time in testing and piloting the new collection system.

Another component are costs associated with renegotiating existing contracts with third parties (such as third-party booking platforms or online travel agents) where a commission is based on the price of accommodation sales to exclude the cost of a visitor levy.

² Information taken from chart in Bloomberg Article dated July 2024 from Portugal's National Statistics Institute.

The Scottish Government in its 2023 consultation estimated these costs in the range of £150-£7,000 per accommodation provider depending on its size.

14.1.2 Ongoing Administrative Costs

Accommodation providers will be required to compile the relevant data return to comply with their new obligations, submit the data and payment to the Aberdeen City Council.

The ongoing costs are divided into the following:

- Costs associated with preparing regular visitor levy returns to the local authority (assuming one return per quarter).
- Costs associated with performing due diligence checks to ensure the correct visitor levy rate is applied to invoices.
- Costs associated with explaining to customers why a visitor levy has been added to their accommodation bill.

The Scottish Government in its 2023 consultation estimated these costs in the range of £200-£850 per annum per accommodation provider depending on its size.

14.1.3 Cost Recovery Proposal for Accommodation Providers

To ensure accommodation providers' costs are somewhat met it is proposed that a sum of 2.5% of proceeds collected for the levy payment is retained by the accommodation provider when they submit this return. This position can be reviewed by the local authority as part of the required three-year review of the visitor levy scheme.

14.2 Costs to Local Authorities (Aberdeen City Council)

Local Authorities will incur their own set-up and administration costs to ensure the collection and enforcement of the levy. An online platform is being developed by the Scottish Government's Improvement Service for levy collection.

Key features of the platform:

- A single platform for all local authorities, where accommodation providers will only need to register their properties once.
- Integrated with NDR (Non-Domestic Rates) and Council Tax for seamless validation.
- The platform can vary rates by geography and time to reflect local conditions.
- It records payments and sends enforcement emails to ensure compliance.
- The Improvement Service will provide dedicated customer service support to both businesses and local authorities.
- The platform will be jointly owned by IS for all local authorities and is designed to support a range of future capabilities, including a **cruise ship levy** module.
- **Penalty modules** to ensure compliance.

- The ability to monitor and track key data such as **rates** and **occupancy** by accommodation type, identifying any outliers and ensuring overall compliance with the levy

Development of the platform began in **October 2024**, with the full roll-out expected in **March 2026**. This is at least a full year before any scheme would come into effect in Aberdeen.

14.2.1 Set-up Costs

For Aberdeen City Council, the set-up cost will be **£60k**.

14.2.2 Ongoing Costs

To run the online platform IS estimate it will cost £500k annually. This is to be distributed across the participating local authorities. Currently, there are 2 proposed participating local authorities, with the potential to expand by another 8. Estimated annual running costs for Aberdeen City Council range between **£50k and £166k**, depending on the number of local authorities.

Additional human resources within Aberdeen City Council will be needed to monitor and enforce the payment of the levy and ensure robust evaluation and analysis of proposed and actual use of levy funds. 2.0 to 3.0 FTE is estimated with a range between **£96k and £131k**.

15 Net Revenues

The net annual revenues from the scheme will be the revenue from the scheme minus the costs recovery to accommodation providers and the costs incurred by Aberdeen City Council. We forecast these to be **£4.8m per annum** at a 5% levy rate, **£6.8m per annum** at a 7% levy rate and **£9.7m per annum** at a 10% levy rate.

Annex

A more detailed description of the proposed investment streams that net visitor levy funds will be used for is provided below.

Economic Growth and Competitive Edge (63%)

Business Tourism

- Convention Bureau Subvention Fund: New Convention Bureau-managed fund to attract one-off and repeat business events, expos and major conferences
- TECA Subvention Fund: Enhancement of existing fund to attract additional events specifically for the city's flagship business tourism venue

Leisure Tourism

- Culture & Events Subvention Fund: For large events, productions, sports championships, exhibitions, and festivals, aligned to the regional, national and international event criteria of the Event 365 Plan
- Culture & Sport Partner Fund: For the city's major creative and sport organisations to:
 - Grow and diversify audiences and participation
 - Enable innovation in programming, education and training
 - Maximise income generation
- Cultural Foundations Fund: Awarded to and facilitated by larger creative organisations to support emerging local talent in the creation of new, high-quality work by visual and performing artists, small producers and production companies

Note: A Subvention Fund is an amount of money able to be allocated to offset the costs for a conference or event, for example to waive fees, cover costs, or help subsidise a proposed activity. Subvention funds typically have conditions of use attached, such as covering rights holder payments to host events, costs of temporary event infrastructure, or technical support for conferences. Subvention funds may have conditions of use based on likely outcomes, examples include estimated economic impact of an event, public or delegate attendance, or number of overnight stays. The Council currently has such an arrangement with TECA.

Destination Marketing and Development (18%)

The Destination Strategy Fund aims to fulfil the city's strategic goals for the visitor economy; encouraging people to visit Aberdeen, stay longer and spend more.

It aims to:

- Maintain an effective, sustainable Destination Organisation
- Drive multi-day visits to the city through targeted marketing, communications and advertising campaigns
- Ensure local business, visitor attraction, and third sector awareness of market demands, trends and emerging opportunities for growth
- Support local businesses to develop and deliver distinctive, high-quality visitor experiences and adapt to new challenges, such as the climate emergency
- Help Aberdeen to provide an excellent, inclusive, visitor experience through volunteering programmes, accredited training, and skills development

Ring-fenced awards to the Destination Organisation and funded projects with businesses and third-sector organisations would ensure fulfilment of these aims.

Destination Readiness and Improvement (13%)

The Silver City Visitor Fund aims to improve the experience for business and leisure visitors once they are in Aberdeen; to surpass their expectations and provide impetus for repeat visits, favourable reviews, and positive word-of-mouth recommendations.

It would be focused on public spaces, enhancing already popular visitor areas, or improving others as market demands develop

It aims to:

- Enhance the public realm as used substantially by visitors
- Invest in measures to support visitor safety, mobility and accessibility
- Upgrade or replace assets proven to drive visitors to the city
- Provide a mechanism to support capital projects in the visitor economy

Use of funds must clearly and directly benefit the visitor economy but would elevate the existing experience of the city for both visitors and local communities, ensuring benefit for all.

Reserve Fund (5%)

A fund held in reserve and built-up over multiple years. Reserves could be capped at an upper limit e.g. at a level of 5% or projected levy income from the following 5-years. With any additional funds reallocated to uses outlined above.

It aims to:

- Reduce risk associated with long-term project, subvention or organisational funding
- Safeguard against unexpected downturn in levy receipts
- Ensure continuity of strategic goals in the event of levy projection shortfall
- Provide reassurance to events rights holders that the Council can fulfil any financial support or underwriting commitments