



VISITOR LEVY IN ENGLAND

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ICAEW welcomes the opportunity to comment on the Visitor Levy in England published by the Ministry of Housing, Communities and Local Government and HM Treasury on 26 November 2025, a copy of which is available from this [link](#).

ICAEW recognises that visitor levies are becoming an established feature of modern tax systems and, in principle, supports the devolution of powers to English local authorities to introduce such a levy should they wish to do so. Feedback from ICAEW members operating in the hospitality and visitor economy indicates that businesses are already operating under significant cost and administrative pressures, which heightens the importance of ensuring that any new levy is designed and implemented with care.

In ICAEW's view, the principal risk is not the introduction of a visitor levy itself, but the potential creation of a fragmented and inconsistent compliance landscape. If multiple local authorities are permitted to design materially different schemes, this would increase complexity, raise costs for businesses operating across regions, and undermine certainty for investment and long-term contracting.

This response therefore focuses on how a visitor levy can be introduced in a way that balances local democratic choice with national consistency, aligns with existing UK tax principles and systems, and avoids disproportionate administrative burdens for accommodation providers. In particular, we emphasise the importance of a standardised national framework, clear definitions and exemptions set at a national level, and sufficient implementation lead times to protect existing contractual arrangements and maintain business confidence.

ICAEW

Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK
T +44 (0)1908 248 250 F +44 (0)20 7920 0547 icaew.com

The Institute of Chartered Accountants in England and Wales (ICAEW) incorporated by Royal Charter (RC000246)
Registered office: Chartered Accountants' Hall Moorgate Place London EC2R 6EA UK

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KEY POINTS

1. We note feedback from our members that the hospitality sector already faces significant economic pressure from increased costs and the existing tax burden. ICAEW's Business Confidence Monitor for Quarter 4 2025 fell for the sixth consecutive quarter and is now at its lowest level since Quarter 4 2022. Businesses report the tax burden as the biggest business challenge, with 64% of businesses citing this as an issue, a record high. Consequently, there is considerable wariness regarding the introduction of a Visitor Levy in England. Our members in both business and practice increasingly tell us that it is becoming more expensive, more complicated and more uncertain to do business in this country. Any introduction of a Visitor Levy in England has to mitigate those factors as much as possible to enable confidence and growth.
2. However, ICAEW recognises that powers to introduce such levies are becoming a standard feature of tax systems across Europe and have already been granted in Scotland and Wales. Therefore, we support the devolution of powers to English local authorities to introduce a levy, should they wish to do so.
3. Our primary concern is the potential for a fragmented compliance landscape. The only pro-business way to introduce a Visitor Levy in England is through a consistent national framework. We strongly caution against a scenario where (depending how Strategic Authorities develop in due course) potentially over 30 different local authorities design 30 divergent levies, creating a "compliance nightmare" for national businesses.
4. To balance local autonomy with national consistency, we recommend:
 - a. **A national model scheme:** The government should legislate for a statutory "off-the-shelf" model scheme. Local authorities should be able to adopt this standard scheme via a simplified vote with a 12-month notice period, avoiding the need for duplicative local consultations.
 - b. **Operational consistency:** While rates may vary locally to reflect unique economic circumstances, the definitions (eg, of accommodation types) and exemptions must be defined nationally.
 - c. **Centralised collection:** To minimise administrative friction, the levy should ideally be collected centrally (eg, by HMRC or via a single national digital portal), rather than through disparate local authority systems.
5. Regarding the specific design, while there is no single perfect solution, feedback from the sector and our tax design principles suggest the levy should be:
 - a. **A flat rate:** We advise against a percentage-based levy due to the complexity of bundling packages (eg, dinner, bed and breakfast). While a per-room rate is probably optimal for the hotel sector, we consider that a flat rate per person per night is probably the most appropriate universal metric to ensure consistency across all accommodation types (including hostels and short-term lets).
 - b. **Aligned with other tax rules (particularly VAT):** To ensure coherence, rules such as the "tax point" and the cap on long stays should align with existing VAT rules (specifically the 28-day reduced value rule).
6. Finally, implementation timelines are critical. Businesses require an absolute minimum of 12 months' notice to update systems. Crucially, unless a statutory "grandfathering" clause is included to exempt bookings made prior to the announcement of the levy, the lead time must be extended to 18–24 months to protect contracts in the MICE (meetings and conferences) and international tour sectors.

7. **Note on terminology:** throughout this response, we have used the terms 'Local Authorities', 'Mayoral Combined Authorities', 'Combined Authorities', and 'Foundation Strategic Authorities' to refer to the relevant body granted the power to levy the tax. Unless otherwise stated, our comments regarding the powers and constraints of the levying authority apply equally to all such bodies. References to Mayors apply equally to any relevant local leader.

ANSWERS TO SPECIFIC QUESTIONS

Question 1: Should the power to raise a visitor levy also be extended to Foundation Strategic Authorities?

8. Yes. We note that under the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025, the power to introduce a levy has been granted to all principal local authorities in Wales. This creates a regulatory imbalance where a single local authority in Wales is deemed competent to exercise this power, yet a Foundation Strategic Authority in England is questioned on its capacity to do so.
9. Critically, the Welsh model pairs local decision-making with centralised collection by the Welsh Revenue Authority. We consider that a similar centralised collection model (eg, via HMRC) is the only viable way to introduce a levy in England without creating significant administrative friction, particularly as it mitigates the administrative risk for smaller authorities. If the government adopts the centralised collection model, the administrative argument against extending powers to Foundation Strategic Authorities falls away, leaving only the question of democratic accountability.

Question 2: Do you agree that Mayors should be able to invest the revenues from a levy in interventions to support economic growth, including the visitor economy?

10. Yes. We agree that Mayors must have the flexibility to invest levy revenues in broad interventions to support economic growth, rather than being restricted by a narrow statutory definition of tourism spending.
11. Strictly ring-fencing funds for direct tourism promotion creates artificial barriers to effective investment. Improved transport infrastructure (eg, a better bus service) or enhanced public safety measures are not exclusively tourism projects, yet they fundamentally make a destination more attractive to visitors.
12. Rigid hypothecation would force authorities into bureaucratic arguments over whether a specific project is pro-tourism or general infrastructure. To ensure efficiency, Mayors must have the discretion to fund holistic improvements that benefit both residents and visitors without fear of legal challenge.
13. However, we note that the success of a similar levy in Manchester relies heavily on the fact that the contributing businesses have a degree of control over the funds. The sector is willing to pay only because they have confidence the money will not be subsumed into general council reserves. We therefore recommend that contributing businesses are at least consulted with on how to spend funds raised by a levy.

Question 3: Should a share of revenues for local authorities be allocated on the basis of the proportion of overnight stays in the authority or some other centrally defined metric, or should the distribution within the area be determined entirely by Mayors and other local leaders?

14. A distribution model based strictly on where the overnight stay occurs risks entrenching regional inequalities. A central business district or historic city centre often hosts the vast majority of hotels. Under a rigid formula, this area would retain all the revenue, leaving neighbouring boroughs – which may host cultural attractions, transport hubs, or the workforce, but fewer hotels – with no funding to support the wider visitor ecosystem.
15. Mayors need the flexibility to make strategic interventions. For example, investing levy revenue in a transport link from a peripheral borough into the city centre benefits the hotels in the centre, even if the spending physically occurs elsewhere. A central formula prevents this cross-subsidisation. The Combined Authority is best placed to understand these functional economic geographies. Decisions on distribution should be made locally, allowing leaders to

balance the need to reinvest in high-traffic areas while also supporting emerging destinations.

Question 4: Do you agree that all overnight stays in commercially let visitor accommodation should be within scope of a levy, unless otherwise exempted within the national framework or by Mayors (see sections 4.3-4.5)?

16. Yes. Taxes should be broad-based to promote neutrality and simplicity (see Appendix 1), so we strongly agree that, where implemented, the levy must apply to all commercially let visitor accommodation.

Question 5: Should the government introduce a threshold below which providers are not liable for a levy? If so, what form should this take? Please provide evidence for why any suggestions should be considered.

17. We recommend the introduction of a de minimis monetary threshold below which providers are not liable for the levy. The administrative cost of collecting a tax should not be disproportionate to the revenue it yields. Without such a threshold, the levy would capture thousands of casual "hobbyist" hosts, such as those renting a room for a single festival weekend, forcing them to register and file returns for negligible sums. In these cases, the cost to the local authority of processing the registration and enforcing compliance would likely exceed the tax revenue generated, resulting in an economically inefficient system that strains public resources.
18. Regarding the form of this threshold, we advise against using a nights per year metric, as this creates significant audit and compliance challenges. Verifying the exact number of nights a property was occupied is practically impossible for tax authorities without intrusive investigations, whereas a monetary turnover threshold is far simpler to verify against bank deposits or platform payout records.
19. To ensure the system remains simple and coherent, we recommend aligning this per supplier monetary threshold with the existing £1,000 income tax trading and property allowances.

Question 6: Do you agree that the following exemptions should apply at a national level? Please provide details for why any additional exemptions should be considered. Exemptions could include: a) Stays in registered Gypsy and Traveller sites where the accommodation is a primary residence. b) Stays in charitable or non-profit accommodation provided for shelter, respite, or refuge, where the accommodation is not commercially operated. c) Other types of accommodation, such as for statutory Temporary Accommodation arranged by local authorities (please provide details for why any additional exemptions should be considered).

20. We strongly agree that exemptions for statutory, vulnerable, and non-discretionary stays must be established at a national level rather than left to local discretion. This approach ensures that the levy targets discretionary visitor spending rather than penalising essential shelter or vulnerable groups. If individual Mayors were permitted to define their own criteria for what constitutes homelessness accommodation or charitable refuge, it would create a fragmented and confusing compliance landscape for providers operating across multiple regions.
21. We specifically endorse the exemptions for registered Gypsy and Traveller sites, charitable refuges, and statutory temporary accommodation. To ensure these exemptions are administratively simple to apply, we recommend that the legislation leverages existing tax definitions rather than creating new status tests. For instance, properties already classified as night shelters for council tax purposes, or those used for statutory homelessness functions, should automatically qualify for exemption. This reduces the administrative burden

on local authorities and charitable providers, who should not be required to navigate complex new application processes to prove their status.

22. Finally, we note that both the Visitor Levy (Scotland) Act 2024 and the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 have enshrined similar exemptions in primary legislation. Harmonising the English definitions with these existing frameworks would promote consistency across the UK, reducing the compliance burden for organisations that operate nationally. Regarding additional exemptions, we recommend that long-term student accommodation (specifically that which qualifies for council tax class N exemption) is explicitly exempted to avoid any ambiguity, ensuring the levy remains focused strictly on the short-term visitor economy.

Question 7: Do you think that Mayors and other local leaders should have the power to introduce additional local exemptions to those outlined nationally? Please provide examples of specific exemptions, and evidence for these.

23. We do not think Mayors and local leaders should have the power to introduce additional local exemptions beyond the national framework. While we support the principle of local devolution, allowing divergence on the tax base (ie, who pays) rather than just the tax rate (ie, how much) would undermine simplicity and certainty. If each Combined Authority is permitted to design its own unique list of exemptions, we risk creating a postcode lottery of tax rules that will be prohibitively complex for businesses to navigate, particularly for national hotel chains and digital booking platforms that operate across multiple jurisdictions.
24. The practical implications of local exemptions are severe for compliance and software development. For example, if one authority chooses to exempt business travellers while a neighbouring authority does not, accommodation providers would need to implement different data collection and verification processes for each location. Verifying such exemptions (eg, proving a guest is on a business trip or is a local resident) places an excessive administrative burden on front-desk staff and small business owners, who would effectively be deputised as tax inspectors. Furthermore, standard accounting and booking software cannot easily adapt to a landscape where the rules of liability change from one postcode to another.
25. To ensure the system remains cost-effective and robust, we recommend that the list of exemptions remains closed and defined strictly at the national level. If a specific type of stay is deemed worthy of exemption (such as for medical treatment or disaster relief), it should be exempted nationally to ensure consistency. Granting local powers to carve out additional niches will inevitably lead to market distortion, increased disputes, and a higher tax gap due to the difficulty of enforcing bespoke local rules.

Question 8: Do you agree that a levy should be set as a percentage of accommodation costs?

26. While we acknowledge the economic argument that a percentage (ad valorem) levy is inherently progressive and inflation-proof, we believe that the practical administrative burdens of such a model outweigh the benefits. We would therefore lean towards a flat rate being the best approach, which is supported by feedback we have received from members in the sector.
27. A percentage-based levy creates significant complexity for bundled or inclusive accommodation packages. For example, if a hotel sells a “dinner, bed and breakfast” or “spa break” package for a single inclusive price, if the levy is a percentage of the accommodation cost, the provider must perform a complex apportionment calculation to strip out the value of

the food, beverage, and amenities to identify the room element. This increases the risk of error and disputes with the tax authority. A flat rate avoids this.

28. A flat rate also offers greater transparency. A visitor knows exactly what the tax liability will be (eg, £2 per night) regardless of seasonal price fluctuations or dynamic pricing models used by the hotel.
29. We note that the Manchester per-room approach was overwhelmingly approved by the hotel sector and has the advantage of simplicity for that specific market. However, a per-room basis is often unworkable for other parts of the visitor economy (eg, hostels or campsites).
30. Therefore, to achieve the national consistency we advocate for in this response, we would lean towards a flat rate per person per night being the metric most capable of applying universally across all accommodation types.

Question 9: How should a percentage-based levy be applied to inclusive packages where accommodation is only part of the total cost (for example, packages that include meals, entertainment, or transport)?

31. Total cost. While we recognise this is a blunt instrument approach, the alternative – requiring businesses to unbundle and apportion costs – is administratively unworkable for the vast majority of small providers. It would introduce significant subjectivity, requiring complex fair market value calculations for every bundled booking (eg, weddings, conferences, or dinner-bed-and-breakfast deals). Furthermore, permitting apportionment creates a significant risk of tax avoidance through value shifting, where operators might artificially depress the room rate and inflate the cost of non-taxable services (such as food or equipment hire) to minimise liability.
32. Applying the levy to the total headline price provides a single, indisputable tax base that is easy for the taxpayer to calculate and easy for the authority to audit. However, we would note that such an approach might warrant a lower levy rate than might otherwise be applied.

Question 10: Do you agree that Mayors and other local leaders should have the flexibility to set levy rates locally? Please describe any factors that should be considered in setting a rate.

33. Yes, if Mayors and other local leaders have the power to implement a levy and to spend the revenue from such a levy, they should also have the flexibility to set the levy rate locally. This will allow them to factor in unique local conditions – the rate in London might need to be different to the rate in Northumberland, for example.
34. However, the government should limit this flexibility to nationally defined range (eg, a floor of 1% and a ceiling of 5%). This provides some certainty to businesses and ensures no economic harm is done to any particular region if its visitor levy rate is significantly different from its neighbours'.

Question 11: Should the government put in place a cap on the maximum tax rate? If so, at what level should a cap be set? Please provide evidence in support of your views.

35. We cannot comment on what the maximum tax rate should be but, as per our response to Question 10, a national cap (or range) would be a sensible approach. Without a statutory cap, there is a risk of a "ratchet effect" where rates are increased each year in an attempt to plug funding shortfalls in local authority budgets. This uncertainty would deter investment by hospitality businesses and undermine customer demand for UK hospitality and tourism.
36. For reference, we note that Edinburgh and Aberdeen are applying rates of 5% and 7%, though Edinburgh's is capped at the first five consecutive nights. We understand Amsterdam has the highest rate in Europe at 12.5%.

37. For those applying per night rates, Manchester's rate is £1 per room per night while Wales' main rate is £1.30 per person per night. Barcelona's highest rate works out at €6.75 (c. £5.85) per person per night.

Question 12: Should the government put in place a limit on the maximum number of consecutive nights to which a levy applies? If so, at what level should that limit be set? Please provide evidence in support of your views.

38. Yes. We recommend that the government introduces a limit on the maximum number of consecutive nights to which the levy applies.
39. Firstly, to avoid any doubt, we understand here that the consultation is referring to a "cap" (where the levy is payable on the first X nights, and zero thereafter – as in Edinburgh) rather than an "exemption" (where stays exceeding X nights are wholly tax-free – as in Wales).
40. An exemption model creates retrospective accounting issues. If a guest extends a short stay (eg, 20 nights) into a long stay (eg, 30 nights), an exemption rule would require the accommodation provider to process a refund for the tax already collected. A cap model ensures that the liability for the initial period remains fixed, regardless of subsequent extensions.
41. On that basis, we recommend that the cap is set at 28 days (nights). This recommendation is grounded in the need for coherence across the tax system. Under current UK VAT legislation (the reduced value rule), the VAT treatment of hotel accommodation changes after a continuous stay of 28 days, recognising that the stay has become quasi-residential. Aligning the visitor levy cap with this existing statutory threshold would allow accommodation providers to synchronise their accounting systems, tracking a single date (day 29) for both VAT and levy purposes, rather than monitoring two separate timelines.
42. Stays exceeding 28 days are unlikely to be for leisure purposes. They typically represent contract workers (eg, construction teams, locum medical staff) or individuals in temporary housing between permanent homes. Taxing these stays indefinitely adds a direct cost to labour mobility and penalises individuals who are "resident" in the area out of necessity rather than choice. A 28-day cap better targets the visitor economy while protecting the local working population (though we note it is not a perfect solution by any means).

Question 13: Are there any other flexibilities or safeguards that should be built into the rate-setting framework?

43. We strongly recommend the introduction of a statutory "rate lock-in" period. Once a Combined Authority has set a levy rate, legislation should prevent any increase of that rate for a minimum period (eg, two years). Frequent minor adjustments to the rate would create disproportionate administrative costs for accommodation providers and software vendors, who would be required to constantly update their systems and pricing structures. A defined lock-in period provides the stability required for medium-term business planning and marketing.
44. Furthermore, a critical safeguard is required regarding transitional arrangements for future bookings. As the proposed tax point is the date of arrival (rather than the date of booking), there is a significant risk that businesses will be left with unrecoverable tax liabilities for bookings taken months in advance. We urge the government to include a statutory "grandfathering" clause, whereby any booking confirmed prior to the announcement of a new or increased levy rate is legally exempt from the increase, even if the stay occurs after the implementation date. Without this safeguard, accommodation providers would effectively be taxed retrospectively on fixed-price contracts concluded in good faith before the tax liability was known.

45. Finally, regarding the timing of rate changes, we recommend that any variation aligns with the government's financial year (1 April). While we recognise that many businesses operate on different accounting reference dates (eg, 31 December), aligning the visitor levy changes with the annual adjustment of business rates and other statutory charges minimises the number of times in a year that businesses must update their accounting parameters. Allowing rate changes to occur on ad-hoc dates (eg, mid-summer) would be administratively disruptive.

Question 14: Should Mayors and other local leaders have powers to vary the rate for different types of accommodation, including short term lets?

46. Yes. Notwithstanding our response to Question 17, which encourages national consistency wherever possible, Mayors should have the power to set the specific rate for different types of accommodation (eg, setting the levy at £2 for hotels and £1 for hostels). This pricing autonomy is vital to ensure the levy reflects the specific economic value of the local visitor economy.
47. We note that under the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025, the rate in Wales is fixed nationally (currently £1.30 for standard accommodation), with local authorities only having the power to opt in or opt out. Although there are very strong arguments for this national consistency, we do not recommend this national price model for England, as it restricts the ability of Mayoral Combined Authorities to tailor the levy to their market (eg, as mentioned above, London may bear a higher rate than a rural county).
48. However, we strongly recommend adopting the national definitions aspect of the Welsh framework. If every English authority is free to invent its own classification system (eg, creating unique definitions for "glamping" or "luxury serviced apartments"), it will create a compliance nightmare for national operators. The government should legislate a closed list of standard accommodation categories. To balance the need for local economic adaptability with national consistency, Mayors would have the power to set the price for these categories, but strictly no power to redefine the categories themselves. This provides the pricing flexibility Mayors demand with the administrative consistency businesses require.

Question 15: Do you agree that Mayors should have the flexibility to decide whether the levy applies to different constituent authorities within their region?

49. No. We understand the rationale for the proposal: that flexibility would allow Mayors to target the levy towards areas of high demand while protecting areas that require regeneration. We recognise the intention to provide local leaders with the tools to manage diverse economic geographies within a single region.
50. However, despite this rationale, we disagree with the proposal to allow Mayors to selectively apply the levy. The tax system should not distort economic behaviour or pick winners and losers between similar businesses.
51. Allowing geographic fragmentation creates severe border effects and economic displacement. For example, a hotel located on one side of a borough boundary could be subject to a 5% levy, while a competitor just a few hundred metres away in a neighbouring borough is not.
52. This artificial price difference would incentivise particularly price-sensitive bookings (such as large conferences or tour groups) to move to the non-levy borough, punishing the businesses in the taxed zone. To ensure a level playing field, if a Mayor or combined authority chooses to introduce a levy, it should apply uniformly across the entire area.
53. Furthermore, from an administrative perspective, fragmentation increases the risk of error for businesses and platforms. A hotel chain with multiple properties should not be required to

track which specific boroughs have opted in or opted out of the levy. A consistent regional approach is the only way to ensure the system is simple, fair, and robust against avoidance.

Question 16: Should Mayors and other local leaders be able to vary the application of a levy in their areas based on, for example, seasonality? Please provide details of any other flexibilities that should be considered.

54. We strongly advise against granting powers to vary the levy rate based on seasonality, particularly if the government proceeds with a percentage-based model.
55. If the levy is set as a percentage of the room rate, a specific seasonal rate is redundant. Market forces already dictate that accommodation prices are significantly higher during peak seasons; therefore, a fixed percentage levy automatically generates a higher tax yield during these periods. The mechanism inherently factors in seasonality without requiring complex legislation or dual-rate structures.
56. Seasonal variation is more justifiable under a flat-rate (per person/room) system, as a fixed charge does not naturally scale with demand. Furthermore, applying a seasonal split is administratively simpler under a flat-rate model (simply counting the number of nights falling before and after a set date) compared to a percentage model, which would require the provider to apportion the value of a single booking across two different tax periods.

Question 17: Do you agree that a formal consultation process conducted by Mayors and, if powers are extended to them, Foundation Strategic Authorities should be required before a levy is introduced and that this approach is proportionate?

57. In principle, we agree that a formal consultation is necessary to ensure democratic accountability. However, we are concerned that requiring a full, bespoke public consultation for every single authority that wishes to introduce a levy is disproportionate and economically inefficient.
58. If every combined authority is required to design its own scheme from scratch and commission its own economic impact assessment, the taxpayer will effectively pay for the same work to be repeated dozens of times across the country. This creates a fragmented patchwork of different rules that burdens national businesses and delays revenue collection.
59. To address this, we propose that the government legislates for a statutory model scheme – a standard, pre-approved framework (eg, standard scope, flat rate, 28-day cap) that has already been consulted on at a national level. This would create a two-tier adoption process:
 - a. Fast-track off-the-shelf option: any authority wishing to adopt the model scheme exactly as written may do so via a simple council vote and a statutory 12-month notice period (incorporating the statutory grandfathering for existing bookings discussed in our response to Question 13). Because the scheme's parameters would already have been approved by parliament, the democratic requirement is satisfied. This saves local authorities significant professional fees and accelerates implementation.
 - b. Slow-track bespoke option: authorities wishing to deviate from the model scheme (eg, by introducing complex local exemptions or non-standard rates) must undergo a full public consultation and produce a bespoke impact assessment. This preserves local autonomy for areas with unique needs but creates a strong incentive for Mayors to stick to the national standard to avoid cost and delay.
60. This approach ensures that the consultation requirement is proportionate. It provides Mayors with flexibility to address local circumstances and needs, while encouraging consistency across England, which is good for business. Any variation in the visitor levy will be because there is genuine need rather than a slightly different view of the best way of doing things.

Question 18: Do you agree with the proposed components of the prospectus?

- 61. Yes.
- 62. In line with our response to Question 17, the prospectus may also set out what variations are being made compared to the model scheme and why.

Question 19. Do you think that the proposed length of the notice period of 12 months is appropriate?

- 63. We consider 12 months to be the absolute minimum operational lead time required to ensure a safe implementation, given the complexity of updating software systems and the lead times involved in the travel trade.
- 64. However, we must highlight that a 12-month window does not fully cover the booking cycle for the MICE (meetings, incentives, conferences, and exhibitions) sector or the international tour operator market, where contracts are frequently signed 18-24 months in advance. Therefore, our agreement to a 12-month notice period is strictly contingent on the inclusion of a statutory "grandfathering clause" (as detailed in our response to Question 13). This clause must exempt any booking confirmed prior to the announcement of the levy, ensuring that businesses are not penalised for fixed-price contracts entered into before the liability existed.
- 65. If the government is unwilling to introduce a statutory grandfathering clause, then the notice period must be extended to 18–24 months. Without this extension or protection, the levy would effectively operate as a retrospective tax on businesses unable to recover the cost from customers on existing contracts.
- 66. That being said, a 12-month notice period for a local authority to introduce a model scheme, as proposed in our response to Question 17, should be sufficient, provided that the model scheme itself includes the statutory grandfathering provisions outlined above.

Question 20. Do you agree that introduction of a levy, and any subsequent changes to the core elements of a levy, should be subject to the relevant statutory Mayoral budget voting process in MSAs?

- 67. Yes.

Question 21. If Foundation Strategic Authorities have powers to introduce a visitor levy, do you agree that a simple majority council vote should be required ahead of consultation on a levy, ahead of implementation and this be repeated ahead of any changes to the core elements of a levy? Is this approach fair and proportionate?

- 68. We do not consider it our place to prescribe the specific democratic mechanism (eg, simple majority vs. supermajority) used by local authorities.
- 69. However, we must highlight significant concerns regarding the potential for policy volatility if the barrier to implementation and repeal is too low. The visitor economy operates on long-term planning cycles, with pricing and contracts often set 18–24 months in advance. A system where a levy can be introduced and then abruptly repealed following a change in local administration creates an unpredictable environment that damages business confidence.
- 70. We urge the government to implement safeguards to prevent this "flip-flopping." Regardless of the voting threshold chosen, we recommend that any decision to vary or repeal a levy should be subject to a statutory notice period. This would decouple the levy from short-term political cycles and provide businesses with the necessary horizon to adjust their operations and pricing strategies.

Question 22: If Foundation Strategic Authorities have powers to introduce a visitor levy, what are your views on the consent mechanism in Foundation Strategic Authorities where a levy is applied to a smaller area within the Foundation Strategic Authorities' geography?

71. While we defer to the government on the specific voting mechanisms, we must highlight a critical governance principle regarding the geographic application of the levy.
72. We believe a distinction must be drawn between a levy applied uniformly across the entire Foundation Strategic Authority and one applied to a specific sub-region. Where a levy applies to all constituent authorities equally, we accept this is a matter for collective decision-making (eg, a majority vote of the Foundation Strategic Authority Board). However, where a levy is proposed for a smaller area or a single constituent authority, we strongly recommend that the formal consent of that specific authority be required.
73. This safeguard ensures that local leaders retain direct accountability for taxes raised specifically within their boundaries. Without this consent mechanism, there is a risk that a regional body could impose a levy on a specific district against its will, creating political friction and effectively disenfranchising the local leadership. Ensuring that "targeted" levies require the express consent of the affected authority preserves the spirit of partnership within the Foundation Strategic Authority.

Question 23: What further or different governance and accountability mechanisms are needed in Foundation Strategic Authorities, Mayoral Strategic Authorities or the Greater London Authority?

74. We recommend that authorities establish a "Visitor Economy Advisory Board", comprising representatives from the levy-paying businesses in that region. We recognise that the ultimate power to decide spending priorities lies with the Mayor or local authority. However, establishing a formal consultation channel is the most effective way to secure industry buy-in for those decisions. A formal Advisory Board turns levy payers into stakeholders, ensuring that the spending strategy enjoys broad commercial support and reducing the risk of political opposition from the business community.

Question 24: Do you agree with the proposed approach to reporting, and should any further accountability mechanisms be considered?

75. Yes, we agree with the proposed approach to reporting.

Question 25: Do you agree that it should be the visitor accommodation provider that is ultimately liable?

76. Yes. We agree that the ultimate legal liability for the levy must rest with the visitor accommodation provider. This mirrors the standard UK tax principle (as seen in VAT) where the supplier is the "taxable person" responsible for collecting the tax from the consumer and remitting it to the authority. It is practically impossible for a local authority to enforce tax debts against transient visitors (in most cases, the ultimate payer). The provider is a fixed entity with a physical asset (the property) within the jurisdiction, making enforcement feasible.
77. However, while the liability sits with the provider, the collection mechanism must be flexible to reflect the reality of the modern market. We strongly recommend that the legislation explicitly permits (and encourages) digital platforms to collect and remit the levy on behalf of the provider. This significantly reduces the administrative burden for small "hobbyist" hosts (who may lack the systems to calculate tax).

Question 26: How could digital booking platforms or intermediaries best be integrated to streamline levy assessment, collection and tax returns?

78. The most significant streamlining measure would be to enable platforms to collect the levy at the point of booking and remit it directly to the local authority or preferably, through a national “clearing house”, such as HMRC.
79. The booking platform would just need the registration number of the accommodation so that it can report that accommodation’s levy accordingly.

Question 27: Do you agree that a self-assessed model is the most appropriate approach for administering a visitor levy?

80. Yes. We agree that a self-assessed model is the most appropriate and pragmatic approach. This aligns with existing UK tax administration (such as VAT), where the onus is on the business to accurately report liability.

Question 28: Do you agree that the tax point of a levy should be the point of arrival?

81. We disagree with the proposal to set the tax point strictly at the point of arrival. We recognise the policy rationale is to link the tax liability to the physical occupation of the accommodation. However, this approach prioritises conceptual purity over administrative reality and misaligns with standard UK accounting practices.
82. We recommend that the tax point for the levy aligns with the existing time of supply rules for VAT. Under these rules (section 6, VAT Act 1994), the tax point is triggered by the earlier of:
 - a. the date payment is received, whether in whole or in part (for pre-paid bookings or deposits); or
 - b. the date the service is performed (the stay).
83. By aligning the tax point with the payment date, the liability for pre-paid bookings is crystallised immediately. This provides rate certainty for the guest and the business. However, to maintain the policy link to actual stays rather than mere bookings, we recommend that legislation includes relief provisions: if a stay does not occur (cancellation or no-show), the levy liability is extinguished, even if the accommodation provider retains booking fees. This ensures the levy applies only to accommodation actually occupied, while preserving price certainty for transactions that proceed as planned.
84. Conversely, if the tax point is forced to be the point of arrival, the liability is determined by the rate in force on the day of the stay. If a local authority introduces or increases the levy between the booking/payment date and the arrival date, the provider faces an administrative nightmare: they must either absorb the cost increase themselves or request a surcharge from a guest whose price was already fixed.
85. We recognise that using 'date of performance' for pay-on-departure bookings creates complexity when a continuous stay straddles a rate change. To avoid requiring providers to apportion a single booking across multiple tax periods, we recommend that the levy rate in force on the first night of the stay applies to the entire continuous duration of that booking. This 'day one' rule aligns with how property management systems operate and prevents mid-stay rate fragmentation.
86. To ensure clarity and prevent avoidance, the 'day one' rule should include two safeguards:
 - a. Extensions: Any extension to a stay agreed after arrival should be treated as a new supply, subject to the rate in force at the time of the extension.
 - b. Variable occupancy: For per-person levies, additional guests joining mid-stay should be charged at the same rate as the original booking (ie, the day one rate) for the remainder of the stay. Requiring providers to track which individual guests arrived on which nights, and apply different rates accordingly, is administratively disproportionate for marginal policy benefit.

87. This approach – payment-based tax points with relief for cancellations, and a 'day one' rule for rate changes – delivers the government's policy objectives (taxing actual stays, revenue certainty for local authorities) while aligning with established UK tax principles and existing business systems.

Question 29: In your view, should levies be administered locally by relevant authorities, through a centralised approach, or a combination of local and central authorities?

88. We strongly advise against a purely local administration model where each authority procures its own separate software, registration portal, and payment gateway. This would result in significant duplication and complicated systems, adding unnecessarily to public spending and a fragmented, high-friction and significantly more expensive user experience for national businesses.
89. We advocate for the development of a single national visitor levy portal. A single portal allows accommodation providers operating across multiple jurisdictions (eg, hotel chains, serviced apartment operators) to manage their obligations via a single login and a standardised return format. It is also fiscally inefficient for individual authorities to spend public funds duplicating the procurement of levy management software. A shared service approach reduces the cost per transaction significantly.
90. While the collection mechanism should be centralised, we agree that enforcement and compliance functions must remain local. Local Trading Standards and planning officers have the necessary "boots on the ground" knowledge to identify unregistered accommodation providers within their specific geography. Local authorities are best placed to audit businesses based on local intelligence, which a central body cannot replicate.
91. If the collection mechanism is centralised, there is an even stronger argument to keep the design and rates of the levy as consistent as possible across England.

Question 30: Do you agree a portion of levy revenues should be retained by the relevant authorities to fund administration costs, if levies are administered locally?

92. It is reasonable for the relevant authority to retain a portion of the levy revenue to cover the direct and necessary costs of administration if levies are administered locally. It would be fiscally unsustainable to expect relevant authorities to pay for the operation of a new tax system from existing budgets.
93. We also note that if HMRC is asked to collect the levy, HMRC needs to be funded accordingly. As well as funding for the initial build of any system to collect the levy, it might be sensible for HMRC to keep a percentage of the levy collected for each local area that implements it.

Question 31: Should the registration process for accommodation providers to support the administration of the visitor levy be operated locally or nationally alongside the registration scheme for short-term lets in England?

94. Nationally. If every Mayoral Authority operates its own bespoke registration system, national operators (eg, hotel chains, serviced apartment groups) will be forced to navigate dozens of different portals, each with different data requirements and login procedures. This creates unnecessary compliance friction.
95. We note that the government is already committed to introducing a national registration scheme for short-term lets (STLs). It would be grossly inefficient to build a national digital infrastructure for STLs but then force hotels to register via disparate local council schemes. The national STL register should be expanded to become a "National Visitor Accommodation Register" (covering all levy-liable providers, including hotels).

96. The system should operate on a "tell us once" basis. A provider should only have to register once on the national register to obtain a "levy ID" that it can use everywhere in England.

Question 32: What processes or solutions for collecting revenues could be introduced to minimise the burden on businesses?

97. We believe that the single most effective measure to minimise the burden on business would be for the levy to be collected centrally (ideally by HMRC or a dedicated national agency) and then distributed to the relevant authorities. A national hotel chain should not be required to build integrations with multiple different local authority finance systems. Most businesses already possess a compliance relationship with HMRC for VAT, PAYE, etc. The most efficient mechanism would be to integrate the visitor levy into this existing infrastructure.
98. The central collecting body should act as a clearing house. The business submits a single return detailing the activity (linked to the property postcode). The central system then splits the revenue accordingly and remits the funds to the relevant Mayoral Authority.

Question 33: What further support could reduce the administrative burden on businesses in collecting and remitting a levy?

99. The collecting authority should ensure there is an open API that allows property management systems and booking engines to push the levy data directly to the authority's system automatically.
100. It may be sensible to align filing deadlines with those of VAT, for example, allowing the visitor levy filing to be an add-on task to an existing quarterly routine. Alternatively, allow longer filing periods (eg, annual), particularly for smaller providers.

Question 34: Tax authorities will require enforcement powers to ensure compliance with a levy. Do you agree with the powers listed? a) Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises. b) 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. c) Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty in certain circumstances.

101. Yes. We agree that tax authorities require robust powers to ensure compliance. However, given that the levy applies to private individuals (short-term let hosts) as well as commercial businesses, these powers must be exercised with specific safeguards that mirror national tax law. We would caveat that powers to inspect premises must not extend to an unrestricted right of entry into private homes used as short-term lets. Legislation must mirror the safeguards in Sch 36, Finance Act 2008. Entry into a private dwelling should only be permitted with either the occupier's consent or the approval of an independent tribunal.
102. The penalty regime should align with the HMRC points-based penalty system (as used for VAT and income tax). This is familiar to businesses and proportionate (punishing persistent offenders rather than one-off errors).
103. We strongly support the inclusion of care and management powers that allow authorities to reduce debts or waive penalties. This is essential for hardship cases. Authorities should use these powers to waive penalties during an initial 12-month period to focus on education rather than punishment. As the levy might be introduced on different timelines in different authorities, such a soft landing might be best applied to the taxpayer rather than the authority.

Question 35: Do you agree that an appeals process should enable providers to appeal on the basis of liability, classification or enforcement action? Please provide details of any additional areas which should be considered.

104. Yes, we agree that an appeals process should enable providers to appeal on the basis of liability, classification or enforcement action.
105. Areas that can be appealed should also include calculation, tax point and the application of any reliefs or exemptions.

Question 36: Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?

106. There is a risk of financially penalising disabled visitors who require the support of a carer. A disabled visitor travelling with an essential carer would effectively pay (under a per-person levy) double the levy compared to a non-disabled solo traveller, solely due to their disability needs. To mitigate this, the national exemptions framework (see Question 6) should explicitly exempt essential carers from a per-person levy.

APPENDIX 1

ICAEW TAX FACULTY'S TEN TENETS FOR A BETTER TAX SYSTEM

The tax system should be:

1. Statutory: tax legislation should be enacted by statute and subject to proper democratic scrutiny by Parliament.
2. Certain: in virtually all circumstances the application of the tax rules should be certain. It should not normally be necessary for anyone to resort to the courts in order to resolve how the rules operate in relation to his or her tax affairs.
3. Simple: the tax rules should aim to be simple, understandable and clear in their objectives.
4. Easy to collect and to calculate: a person's tax liability should be easy to calculate and straightforward and cheap to collect.
5. Properly targeted: when anti-avoidance legislation is passed, due regard should be had to maintaining the simplicity and certainty of the tax system by targeting it to close specific loopholes.
6. Constant: Changes to the underlying rules should be kept to a minimum. There should be a justifiable economic and/or social basis for any change to the tax rules and this justification should be made public and the underlying policy made clear.
7. Subject to proper consultation: other than in exceptional circumstances, the Government should allow adequate time for both the drafting of tax legislation and full consultation on it.
8. Regularly reviewed: the tax rules should be subject to a regular public review to determine their continuing relevance and whether their original justification has been realised. If a tax rule is no longer relevant, then it should be repealed.
9. Fair and reasonable: the revenue authorities have a duty to exercise their powers reasonably. There should be a right of appeal to an independent tribunal against all their decisions.
10. Competitive: tax rules and rates should be framed so as to encourage investment, capital and trade in and with the UK.

These are explained in more detail in our discussion document published in October 1999 as [TAXGUIDE 4/99](#).