

CABINET

Date of Meeting	Monday, 26 th September 2022
Report Subject	Development of a Local Visitor Levy
Cabinet Member	Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

Welsh Government recently announced, as part of the co-operation agreement with Plaid Cymru, a programme for Government between 2021-2026 which includes a commitment to consulting on and introducing tax raising powers for local authorities to raise a levy on overnight visitor's accommodation in Wales.

This is commonly referred to as a Local Visitor or Tourism Levy and is seen as a levy of overnight accommodation stays in commercially let accommodation.

The policy aims for a visitor levy is to enable local authorities to raise additional revenue to re-invest in the conditions that make tourism a success.

The purpose of this report is to provide cabinet with early, basic information on the development of the levy and work led by Welsh Government.

Questions regarding the operation, benefits and impacts of introducing a levy will be for the WG public consultation in the autumn and will provide an opportunity for all stakeholders to contribute.

RECOMMENDATIONS

1	That Cabinet notes the latest developments for the development of a local Visitor Levy ahead of the formal Welsh Government consultation in the autumn 2022.
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REPORT DETAILS

1.00	EXPLAINING THE LOCAL TOURISM LEVY
1.01	As part of the Programme for Government 2021-2026, Welsh Government has made a commitment to introduce legislation permitting local authorities to raise a levy on tourism/visitors. A consultation to explore the impacts and operational considerations of a levy is planned to launch in autumn 2022.
1.02	The policy aims for a local visitor levy is to enable local authorities to raise additional revenue to re-invest in the conditions that make tourism a success.
1.03	To support the potential policy and operational design for a visitor/tourism levy, a fortnightly operational officer working group has been established by Welsh Government and the Revenues Manager represents the Council.
1.04	The policy design workshops commenced in early 2022 to identify and explore some of the key design questions in relation to a visitor levy. These will directly inform policy development and questions for consideration as part of the planned consultation in autumn 2022.
1.05	Powers under consideration would be discretionary for a local authority to choose whether to apply the visitor levy or not. Fundamentally, all taxes feature the same set of building blocks. Self-assessed taxes require individuals (businesses or their agents) to submit tax returns on a regular basis. If the proposals are adopted, there will be a requirement to implement new processes and potentially new digital systems to support with the collection and administration of a visitor/tourism levy.
1.06	There is a preference for consistency in the design and application of this levy across local authorities. Local authorities have been collecting local taxes for decades and have built up significant expertise and skill in doing so. However, it is also recognised there is an opportunity for a different approach where there is merit in doing so for a new local tax. In principle, as this is a new local tax, and the first that would be self-assessed, there is preference for simplicity and consistency in application across local authorities. This would be the case for both the design and operation of the tax.
1.07	There may be a range of operating models, including delivery of this tax through having singular central processes and digital systems in place to support the administration of the tax. New digital systems and processes are always easier to design and implement once rather than having multiple variants in place.
1.08	Welsh Government also believe there is also an opportunity for economies of scale and a role to play for a centralised function in the administration of

	the levy, collecting the levy from commercial operators and then re-distributing to local authorities the income from the levy. This could potentially take the form of a hybrid model which combines local authority expertise and insight with national IT systems, infrastructure, and support.
1.09	<p>As part of the Working Group, early discussion work has so far identified areas that will be subject to many complex operational considerations for the development of a Tourism/Visitor levy. These include, for example:</p> <ul style="list-style-type: none"> • Establishing tax liability • Calculation and payment of liability • Records management • Enforcement and compliance • Appeals and arbitration

2.00	RESOURCE IMPLICATIONS
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2.01	The purpose of this levy is to raise revenue for local authorities, to enable investment in public services and infrastructure which make tourism a success.
2.02	At this early stage it is impossible to assess the timescales or income projections for a levy. It is envisaged to be around 4-5 years before the levy can be introduced by local authorities.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
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3.01	None.
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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
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4.01	Welsh Government are expected to undertake a formal consultation in autumn 2022 on draft legislative proposals for a tourism/visitor levy. As a key stakeholder, the Council will have the opportunity to contribute to the consultation. A further report will be presented to Cabinet for consideration once the consultation is published.
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5.00	APPENDICES
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5.01	None
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	Welsh Government – Cabinet Statement: Development of a Local Tourism Levy https://gov.wales/written-statement-development-local-tourism-levy

7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: David Barnes, Revenues Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Co-operation agreement - outlines how the Welsh Government and Plaid Cymru will work together over the next three years on policies where there is a common interest.</p> <p>Programme for government - sets out the political commitments Welsh Government are committed to deliver over the next 5 years (2021-2026) to tackle the challenges faced by the Welsh public and to improve the lives of people across Wales.</p>