

Scrap Proposals for a Tourism Tax

Y Pwyllgor Deisebau | 12 Mai 2025
Petitions Committee | 12 May 2025

Reference: SR25/11287-3

Petition Number: P-06-1502

Petition title: Scrap proposals for a tourism tax

Text of petition: The recent proposals for a tourism tax in Wales are an ill thought out means of generating revenue for the Welsh Government, especially during a cost of living crisis.

This is fundamentally anti-business and counterproductive to the intent of the proposals as any tourism levy will lead to fewer tourists holidaying to Wales and less tax generated for the government.

Please sign this petition to indicate to the Finance Secretary the dissent of the public at these crudely drawn up plans.



1. Background

In its Programme for Government Update, the Welsh Government committed to 'introduce legislation permitting local authorities to raise a tourism levy'. The introduction of local tourism levies was also referenced in the Co-operation Agreement with Plaid Cymru in 2021.

The Cabinet Secretary for Finance and Welsh Language (the 'Cabinet Secretary'), Mark Drakeford MS, introduced the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill ('the Bill') to the Senedd in November 2024. He stated:

As one of our Programme for Government commitments, the Bill is a step towards ensuring fairness in the funding of local services and infrastructure, which supports our thriving tourism industry. It paves the way for local authorities to introduce a levy on overnight stays in visitor accommodation, if they choose to do so.

2. Welsh Government action

The Bill would give local authorities in Wales the power to introduce a visitor levy in their areas. The levy would be a per person per night charge, applying to all people who pay to stay in overnight accommodation.

The Bill sets out the three rates of the levy:

- the lower rate is £0.75 - applies to stays in hostels and those staying in tents on campsites;
- the higher rate is £1.25 - applies to all other types of visitor accommodation e.g. hotels, bed and breakfasts etc; and
- the nil rate - applies to overnight stays provided or arranged by a local housing authority within visitor accommodation for those who are homeless.

However, during the Senedd's debate on the general principles of the Bill, the Cabinet Secretary proposed to bring amendments at Stage 2 to increase the lower rate to £0.80, and the higher rate to £1.30 per night (see section 3.4 for further detail).

The Bill further allows a council to add a premium rate to the levy rate.

The Bill also establishes a register of visitor accommodation providers operating in Wales. Providers are required to register, regardless of whether the local authority area they are operating in has implemented the levy, with the Bill allowing the Welsh Ministers powers to publish information from the register.

Our Bill Summary, gives further information on the provisions of the Bill and timescales for its scrutiny.

3. Welsh Parliament action

The Bill was remitted to the Finance Committee which published its Stage 1 report on the legislation in March 2025. The majority of Committee Members agreed with the general principles of the Bill except Sam Rowlands MS.

The Committee made 17 recommendations to the Welsh Government. This section sets out some of the key areas identified in the Committee's report.

The Legislation, Justice and Constitution Committee also scrutinised and reported on the Bill.

3.1. Additionality of levy revenue

One of the Committee's key findings was whether the revenue collected by the levy would create additionality (extra money) for the tourist sector instead of replacing funding already allocated to the sector by local authorities. The report cited the Professional Association of Self-Caterers UK (PASC UK) who said:

Although the funds are intended for destination management and improvement, we believe they will likely replace existing spending in these areas, freeing up resources to be used for unrelated purposes.

To mitigate this concern, the Committee recommended that the Welsh Government should bring forward amendments at Stage 2 requiring principal councils wishing to introduce the levy to establish a Visitor Forum, similar to the approach taken for the Scottish visitor levy.

This would enable stakeholders to engage in decisions around the use of proceeds of the levy, which would support the additionality of the levy.

3.2. Adding a premium to the levy

The legislation allows a principal council to apply a premium to the levy rate. Stakeholders giving evidence to the Committee were concerned about the level of information available relating to this premium, while the Welsh Local Government Association (WLGA) suggested that the application of a premium may be appropriate in certain circumstances such as during ‘major events’.

The Committee recommended that the Welsh Government should, in advance of the Stage 1 debate, provide more details relating to the introduction of a premium.

The Committee also focused on the flexibility of applying a premium by recommending that the Welsh Government should commit to considering alternative approaches to the charging of premiums in the context of the visitor levy, as part of any future assessment of the legislation.

3.3. Exemptions to the levy

Another key area highlighted in the Committee’s report is the absence of exemptions for under-16s, educational trips and bodies with charitable status.

3.3.a.Children and young people

Evidence submitted to the Committee highlighted that the majority of European visitor levies exempt children and young people with witnesses commenting on the lack of a sympathetic approach to applying a levy to small children.

However, the Cabinet Secretary referenced the potential impact on the overall amount raised by the levy, saying:

I think that our figures show that if you took all of those under 16, of compulsory school age and below, out of the levy, the £33.3 million that our modelling suggests that you would collect goes down to £21.3 million.

3.3.b.Educational trips

The Committee also heard that learners engaging in organised residential school trips in support of their education are not ‘tourists’ or ‘holidaymakers’.

It was felt that applying the levy to educational trips would create an additional barrier to attending residential / educational trips and deprive children and young people of the residential experience.

The Cabinet Secretary reiterated the impact of eroding the base on the amount of revenue that would be raised by the visitor levy.

3.3.c. Charitable status

There was also a call from the Youth Hostel Association (YHA) and the Children's Commissioner for Wales for bodies, such as not-for-profit, social enterprises and charitable organisations, to be exempt from charging the visitor levy.

However, although the Cabinet Secretary made the same argument about the amount of revenue raise from the levy, he went on to say:

... charities—it's a catch-all term for a very, very diverse sector with different legal bases and so on. It can sound straightforward and it can become very complicated when you actually have to, in legal terms, define who you mean."

The Committee recommended that, in advance of the Stage 1 debate, the Welsh Government should provide the Senedd with a summary of any analysis carried out regarding the potential exemption of under-16s, educational trips and bodies with charitable status.

3.4. Welsh Government's response

The Welsh Government responded to the Finance Committee's report on 28 March 2025. It accepted 13 recommendations and 4 in principle.

During the Senedd's debate on the general principles of the Bill, the Cabinet Secretary said:

I'm glad to have been able to respond positively to the committee's recommendation to provide the Senedd with data on this matter. However, I can inform Members this afternoon that, having read the committee's report and having considered again the evidence presented to it, I have decided to go further than the recommendation itself.

He added:

At Stage 2, I will bring forward a Government amendment to exempt under-18-year-olds staying at lower rated accommodation from the levy altogether.

To compensate for this exemption, the Cabinet Secretary said there would be an increase in the levy “on those on whom it will be charged from the 75p originally proposed to 80p, and from £1.25 to £1.30 per night for the higher rate”.

He also confirmed the “changes to the treatment of children are the only ones I intend to introduce”.

The Senedd agreed the general principles of the Bill on 1 April 2025. The Bill is currently at Stage 2.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.