

London Chamber of Commerce and Industry

Visitor Levy in England - Response to consultation

Submitted on 16 February 2026 via the online form on the MHCLG website

Submission summary

LCCI welcomes the opportunity to contribute to this consultation and recognises the importance of clarity and consistency in any potential Visitor Levy framework. London's visitor economy already operates in a high-cost environment, characterised by elevated business rates, labour pressures, regulatory complexity, and comparatively high VAT on hospitality services. The overall tax burden on visitors to the UK is already materially higher than in many comparator destinations, with VAT on accommodation at 20% placing the UK at the upper end of international comparisons. In this context, any further transaction-based charge should be carefully assessed for its potential impact on price competitiveness, business travel, and event attractiveness.

If the government proceeds with enabling powers for a levy, the design must prioritise proportionality, predictability and administrative simplicity. A flat-rate model, nationally defined safeguards, clear caps on chargeable nights, and uniform application within defined areas would provide greater certainty than percentage-based or highly fragmented approaches. The VAT treatment of any levy must also be clarified to avoid unintended cumulative price impacts.

Any revenue raised should be hypothecated to reinvest in the visitor economy, with clear reporting of gross revenue, administrative costs, and the net allocation. Meaningful engagement with affected businesses should inform both implementation and spending priorities. The effectiveness and impact of the Levy should be reviewed after a two-year period.

Given the operational implications for accommodation providers, adequate notice periods, streamlined digital collection mechanisms, and proportionate enforcement arrangements would be essential. The introduction of a levy should not impose disproportionate administrative or financial burdens on businesses already operating in a challenging cost environment.

Consultation questions

Chapter 2: The case for a local visitor levy in England

1. Should the power to raise a visitor levy also be extended to Foundation Strategic Authorities?
 - No

LCCI does not support extending the power to introduce an overnight visitor levy beyond Mayoral Strategic Authorities. Expanding the levy's scope risks increasing policy fragmentation and uncertainty for businesses operating across multiple areas, particularly in sectors such as hospitality and tourism, where supply chains and customer markets are not confined to administrative boundaries.

Given LCCI's broader concerns about the cumulative cost pressures on London businesses and the potential impact on competitiveness from a new visitor levy, extending the power to additional authorities would further amplify these risks without clear evidence of proportional benefit.

Any introduction of a visitor levy could have significant operational and commercial implications for accommodation providers and should therefore proceed only after full and transparent engagement with impacted sectors. Before implementation, the government should also demonstrate clear evidence of proportionality and a net economic benefit, ensuring that the levy does not impose unnecessary burdens on businesses or undermine competitiveness.

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?
 - Yes

LCCI does not support the introduction of an overnight visitor levy in principle, reflecting concerns about additional cost pressures on businesses and potential impacts on London's competitiveness as a visitor destination. If an overnight visitor levy were to be introduced, it would be essential that any revenues raised are used transparently and in ways that directly support the visitor economy, rather than absorbed into general budgets. International experience indicates that visitor or tourist tax revenues are commonly reinvested in areas closely linked to the visitor economy, including transport and public realm improvements, destination marketing, visitor services, and wider sustainable tourism and cultural initiatives.

To maintain business confidence, any funds raised should be clearly and demonstrably ringfenced for reinvestment in the visitor economy and related economic infrastructure. Revenues should not be absorbed into general budgets. Clear annual reporting should distinguish between gross revenue raised, administrative costs retained, and net funds allocated to economic interventions. Spending priorities should be developed through structured consultation with the sector to ensure alignment with visitor economy needs.

In LCCI's view, decisions about how revenues are invested should be informed by meaningful engagement with affected businesses and representative organisations, to ensure that spending priorities align with the needs of the visitor economy and mitigate the levy's wider impacts on businesses.

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?
 - Proportion of overnight stays

If revenues from an overnight visitor levy are to be distributed within a Mayoral area, allocations should be based on clear, objective and predictable criteria. Approaches tied to the proportion of overnight stays or another centrally defined metric provide greater transparency and certainty for businesses and help maintain a clearer link between where the levy is generated and where funds are spent.

Allowing distribution to be determined entirely by local discretion risks reducing transparency and weakening accountability, particularly for businesses seeking to understand how the costs they bear translate into tangible local benefits. Any allocation mechanism should therefore be simple, well-defined, and clearly communicated, with appropriate reporting to demonstrate outcomes.

Chapter 4: Scope of the levy

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)?
 - Yes

A consistent scope across all commercially let visitor accommodation would provide clarity and help ensure a level playing field between accommodation types. Applying the levy uniformly would avoid distortions between hotels and other forms of accommodation and reduce the risk of differential treatment within the visitor economy.

Any decision to apply the levy widely should be considered alongside clearly defined national exemptions or thresholds, set within a transparent national framework, rather than through scope exclusions at the outset. In practical terms, this could include thresholds linked to the scale of operation, limits on chargeable nights, or simplified compliance arrangements, all applied consistently across accommodation types.

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.

- Yes

Introducing a threshold would help ensure the levy is applied proportionately and does not impose undue administrative or cost burdens on very small or infrequent providers. Without such a threshold, compliance requirements could outweigh any revenue raised from smaller operators. If a threshold is adopted, it should be simple, transparent, and easy to administer. International practice shows that thresholds or limits are common in overnight visitor levies: for example, the proposed levy in Edinburgh applies only to the first five consecutive nights of a stay, while in cities such as Venice and across the Catalonia region, tourist taxes are capped after a defined number of nights. More broadly, European visitor levies often include capped stays or exemptions to manage proportionality and administrative complexity.

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).

- Yes

A small set of nationally defined exemptions would help avoid situations where the levy is applied to accommodation that is not operating on a commercial basis for visitors or where its application would be clearly inappropriate, such as refuges, accommodation for the homeless, or other temporary accommodation for those in need. Keeping exemptions nationally defined would also reduce complexity for businesses operating across multiple areas and limit the risk of inconsistent treatment between locations. Exemptions should be narrowly drawn and clearly specified to avoid reclassification, confusion, or additional compliance costs for providers.

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.

- No

Allowing Mayors to introduce additional local exemptions beyond those set nationally would heighten the risk of inconsistency and complexity for businesses operating across multiple locations. If any local exemption power is granted, it should be tightly constrained, clearly justified, and accompanied by transparent consultation and reporting requirements. This would help limit business uncertainty and reduce the risk of the levy being applied unevenly. Any such approach should avoid imposing additional compliance or classification burdens on businesses.

Chapter 5: Levy rates

8. Do you agree that a levy should be set as a percentage of accommodation costs?
- No

A percentage-based levy would add avoidable complexity for businesses, particularly where accommodation is sold through variable pricing models, bundled offers, or third-party booking platforms. Calculating the levy as a proportion of price would require ongoing adjustments, reconciliation, and interpretation of what constitutes the taxable base, increasing administrative burden and the risk of error.

Many international destinations operate flat-rate per-night visitor taxes, which are simpler to administer and easier for businesses and visitors to understand. For example, cities such as Paris, Venice and Rome apply fixed per-person or per-room charges per night rather than percentage-based rates. These flat-rate approaches offer greater predictability, reduce compliance complexity, and limit the need for ongoing recalculation as prices change.

The competitiveness implications of a visitor levy must also be considered within the wider tax landscape. Analysis referenced by the British Chambers of Commerce indicates that visitors to the UK already face a comparatively high tax burden, including a 20% VAT rate on accommodation, and that overall visitor taxation is materially higher than in many comparator destinations. Introducing an overnight levy in this context risks compounding existing price-competitiveness pressures at a time when London competes globally for international visitors, business travel and events. Any proposal should therefore clearly demonstrate that it will not exacerbate the UK's structural competitiveness challenge.

Clarity is required on the VAT treatment of any levy. If structured as a service charge and therefore subject to VAT, the levy would effectively be taxed again at the standard rate, increasing the total cost borne by visitors and amplifying cumulative price impacts. In a market already characterised by relatively high VAT on hospitality services compared with international competitors, this interaction risks compounding competitiveness pressures. The VAT treatment should therefore be explicitly clarified at the national level prior to implementation.

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.
- No

Allowing wide local discretion over levy rates would increase uncertainty for businesses and undermine the predictability of pricing and investment decisions, particularly for operators active across multiple locations. Variable local rates also risk creating competitive distortions between neighbouring areas and add complexity for businesses managing bookings, pricing, and compliance.

If a levy is introduced, a more constrained framework, with clear national parameters and limits on rate-setting, would provide greater certainty for businesses and reduce administrative complexity.

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.

○ Yes

Introducing a cap on the maximum levy rate would help provide greater certainty for businesses when setting prices, managing bookings and making investment decisions. A defined upper limit would also reduce the risk of cumulative cost impacts over longer stays and help ensure that, if introduced, the levy operates in a predictable and proportionate way.

Caps are widely used in visitor-levy systems internationally to support proportionality and predictability. In Catalonia, the regional tourist tax is capped at seven nights per stay, while in Venice, the overnight tourist tax applies for a maximum of five nights. Rome similarly caps its per-night levy at ten consecutive nights. These established models illustrate that nightcaps are a common and practical safeguard within operational visitor-levy frameworks.

If a levy were introduced, LCCI would support setting a cap on chargeable nights that is lower than our major international competitors. This would provide a clearer safeguard against disproportionate impacts while maintaining – as far as it is possible – London’s competitiveness.

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.

○ Yes

If a visitor levy were to be introduced, additional safeguards would be essential to limit cumulative cost impacts and provide certainty for businesses. In particular, LCCI would support a clear cap on the number of chargeable nights per stay, set conservatively at the lower end of international practice.

International experience shows that caps are a common safeguard in operational visitor-levy frameworks, helping to ensure proportionality and predictability. As noted elsewhere, comparable regimes often apply caps of five to seven nights; a five-night cap would offer clearer and more effective protection against disproportionate impacts on longer stays, while remaining simple to administer and understand.

This approach would complement other safeguards, such as clear notice periods and streamlined administration, and help ensure that any levy operates in a predictable and proportionate manner within a competitive visitor market.

14. Should Mayors and other local leaders have powers to vary the rate for different types of accommodation, including short-term lets?
- No

Allowing levy rates to vary by accommodation type would increase complexity for businesses and authorities and could lead to uneven treatment across business models. Differentiated rates may also incentivise reclassification or avoidance, creating additional compliance and enforcement challenges. A more uniform rate structure would provide greater clarity and predictability for accommodation providers and reduce the administrative burden.

15. Do you agree that Mayors should have the flexibility to decide whether the levy applies to different constituent authorities within their region?
- No

Applying the levy to only part of a Mayoral area would increase complexity for businesses and visitors and could create boundary effects between neighbouring locations. Businesses operating across different parts of the same area would face additional compliance and pricing challenges, while visitors could be deterred by inconsistent treatment within a single destination. A uniform application across the relevant area would provide greater clarity and reduce the administrative burden.

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.
- No

A consistent approach over time would reduce operational complexity and improve clarity for both businesses and visitors.

Chapter 6: Transparency and accountability

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?
- Yes

A consultation requirement would enable businesses to assess potential impacts, raise practical implementation issues, and provide feedback on proposed rates, scope, and administration prior to the introduction of a levy. This would help identify operational issues early and reduce the risk of avoidable disruption.

18. Do you agree with the proposed components of the prospectus?
- Yes

The proposed components would help provide clarity on how a levy would operate, including its scope, rate, use of revenues, and administrative arrangements. Setting these details out in advance would help businesses understand the likely impact and assess practical implications before a levy is introduced.

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

- Yes

Introducing an overnight visitor levy would require accommodation providers to invest in modifications to their booking, billing, and accounting systems to ensure accurate calculation, application, and reporting of the charge. These changes are unlikely to be cost-neutral. Even when digital booking platforms are used, configuration, testing, reconciliation, and staff training would still be required.

A minimum 12-month notice period would provide businesses with a reasonable baseline for planning pricing changes, system updates, contractual adjustments, and customer communications. Given the operational and commercial implications of introducing a new levy, longer notice periods would be preferable where possible, particularly when the levy's design is complex in terms of scope, rates, exemptions, or administration.

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?

- Yes

Subjecting the introduction of a levy and any subsequent changes to the statutory Mayoral budget process would provide a clear decision-making framework and appropriate scrutiny. This would help ensure transparency, allow for challenge and debate, and give businesses greater visibility over how and when changes may occur.

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 that this be repeated ahead of any changes to the core elements of a levy? Is this approach fair and proportionate?

- No

Given the significance of introducing a visitor levy at the regional level, requiring approval by a supermajority (e.g., three-quarters of constituent councils) would provide a stronger safeguard than a simple majority. A higher threshold would help ensure that decisions reflect broad, cross-area consensus rather than narrow or politically transient majorities.

For businesses, such a requirement would provide stronger assurance that any introduction or change to a levy has undergone thorough local scrutiny, enjoys widespread democratic support, and is not vulnerable to abrupt shifts in the political balance. In our view, this approach would better support predictability, stability and proportionality – all essential conditions for maintaining business confidence and effective long-term planning.

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

- Yes

Transparent and proportionate reporting would be essential to maintaining business confidence in any visitor levy framework. Clear public reporting on revenues raised, administrative costs, and fund allocation would help demonstrate whether the levy is delivering tangible outcomes aligned with its stated objectives.

Given LCCI's concerns about the introduction of a visitor levy in principle, robust accountability mechanisms would be particularly important. If implemented, the levy should be subject to regular review and to the transparent publication of its economic impact, including effects on business costs and competitiveness. Accountability mechanisms should focus on authority-level transparency rather than imposing additional reporting burdens on accommodation providers.

Chapter 8: Administration

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

- A combination of local and central authorities

From a business perspective, a hybrid approach would allow revenues to be allocated and spent locally, while centralising collection and compliance processes to minimise duplication and complexity for businesses. Any administrative approach should aim to align with existing systems where possible and avoid requiring businesses to navigate multiple reporting or compliance regimes.

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

- No

If an overnight visitor levy is introduced, revenues should be directed, as far as possible, towards mitigating the additional burden on businesses and supporting the visitor economy. While some administrative costs are unavoidable, they should be minimised to ensure the majority of revenues are directed toward economic outcomes rather than overhead.

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?

○ Nationally

Operating the registration process at the national level would reduce duplication and prevent multiple overlapping registration requirements for businesses operating across different areas. A single national system would also provide greater consistency, simplify compliance for accommodation providers, and lower administrative costs compared with locally operated schemes.

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

Collection processes should be designed to align as closely as possible with existing booking and payment systems. International practice shows that administrative burden is reduced when levy collection is integrated directly into digital booking platforms, with automated calculation and remittance.

Where self-assessment is required, reporting should be consolidated through a single digital portal, with clear, standardised definitions of the taxable base and minimal data-entry requirements. Businesses should not be required to submit separate returns to multiple authorities in the same region.

Aligning reporting cycles with existing tax or accounting processes and providing clear guidance from the outset would further reduce compliance risk and administrative duplication.

Chapter 9: Compliance and enforcement

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 not issue a penalty in certain circumstances.

○ No

While some form of enforcement would be necessary for any levy, the proposed package of powers appears disproportionate to the scale and nature of the charge. Introducing broad inspection, penalty, and recovery powers risks increasing compliance pressure and uncertainty for accommodation providers, particularly smaller businesses.

If a levy is introduced, enforcement arrangements should be proportionate, clearly defined, and focused on supporting compliance rather than penalising errors. Any enforcement framework should also take account of the administrative burden already placed on businesses by collection and reporting requirements.

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.

- Yes

An appeals process would provide an important safeguard and help ensure the levy is applied fairly and consistently. Clear appeal routes can also reduce the risk of disputes escalating and give businesses confidence that errors or misunderstandings can be addressed proportionately. Any appeals process should be straightforward, accessible, and clearly communicated to minimise the additional administrative burden on businesses.

We would be happy to discuss our submission in more detail. If you have any questions, please contact Igor Bartkiv (Policy and Research Manager at the LCCI) at ibartkiv@londonchamber.co.uk.

About the London Chamber of Commerce and Industry (LCCI)

The London Chamber of Commerce and Industry (LCCI) is London's key hub for the business community, representing over 11,000 companies across all sectors and boroughs. Our membership includes microbusinesses, SMEs, large employers, universities, colleges and multinational firms, offering a broad and diverse perspective on the operational pressures shaping London's economy. A significant proportion of our members are active in or connected to the visitor economy, including hospitality, tourism, retail, culture, professional services, transport, and other trade-exposed sectors.

As a business-led organisation, LCCI's policy positions are grounded in the practical operating conditions required for businesses to remain competitive, invest with confidence and contribute to sustainable economic growth in London and across the UK.