



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Baroness Goldie
House of Lords
London
SW1A 0PW

25 July 2025

Dear Baroness Goldie,

Thank you for your recent question about how Edinburgh's visitor levy interacts with VAT. My apologies for not having an answer for you in the chamber.

As you will know, VAT is a broad-based tax on consumption, with a 20 per cent standard rate applying to most goods and services on the price paid. As such, if accommodation providers increase their prices in response to the levy, VAT will apply to the entirety of the higher price.

Local authorities wishing to introduce a visitor levy scheme in Scotland have several flexibilities they can use, including the rate the levy is set at and discretion over which businesses are in scope. These flexibilities are not VAT rules and so HMRC has no authority over these charges.

A copy of this letter will be placed in the Library of the House.

Yours sincerely,

Spencer Livermore

FINANCIAL SECRETARY TO THE TREASURY