



SCOTTISH GOVERNMENT – CRUISE SHIP LEVY CONSULTATION

Report by Chief Officer, Economic and Community Regeneration

PURPOSE

- 1.1 The purpose of the Report is to seek homologation of the Comhairle's response to a Scottish Government consultation on the potential introduction of a local authority cruise ship levy in Scotland.

EXECUTIVE SUMMARY

- 2.1 This Report provides a summary of the Comhairle's response to the Scottish Government's [Consultation on a potential local authority Cruise Ship Levy in Scotland](#) which closed on 30 May 2025. Due to the closing date for the consultation, the proposed response was shared at a Members Seminar on 7 May 2025. Homologation of the response is now being sought.
- 2.2 The consultation sought views on giving local authorities powers to introduce a levy on cruise ships that visit their area. If such a power is given to local authorities, it would be up to each local authority to decide whether or not to introduce a levy. A response in favour of local authorities having these powers does not represent a Comhairle decision to proceed with a cruise ship levy, the implications of which would need to be more fully understood.
- 2.3 The consultation also sought views on a "point of entry levy". The Scottish Government began discussions on potential tourist taxes or visitor levies back in 2018/19 and carried out a formal consultation in 2019. Comhairle nan Eilean Siar, along with Orkney and Shetland Islands councils, submitted a joint response to that consultation expressing a clear preference for a landing levy approach that could be paid by visitors at points of entry, ports and airports. This view has been reiterated in the response to the cruise ship levy consultation.
- 2.4 On 20 September 2024, the Visitor Levy (Scotland) Act came into force. Following a Report to Sustainable Development Committee in September 2024, the three island local authorities jointly commissioned a feasibility study to inform decision making on the introduction of a visitor levy. Consultants were appointed in January 2025, and the findings were shared in detail with members on 7 May 2025. The cost benefit analysis suggests marginal benefits coupled with a risk to our visitor economy. It is therefore suggested that further development of an Outer Hebrides Visitor Levy Scheme be paused at present, particularly given option for a point of entry levy may emerge.

RECOMMENDATIONS

- 3.1 It is recommended that the Comhairle agrees to:
- a) homologate the response to the Scottish Government's consultation on the potential introduction of a local authority cruise ship levy in Scotland; and
 - b) pause the further development of an Outer Hebrides Visitor Levy Scheme until all tourism levy options for local authorities can be assessed.

Contact Officer: Murdo Mackay, Development Manager

Appendix 1: Response to Scottish Government consultation on the potential introduction of a local authority cruise ship levy in Scotland.

Background Papers: Report to Sustainable Development Committee, November 2024
Western Isles Visitor Levy Report by Urban Foresight

IMPLICATIONS

- 4.1 The following implications are applicable in terms of the Report.

| Resource Implications | Implications/None |
|------------------------|--|
| Financial | There are no financial implications associated with this Report |
| Legal | There are no legal implications associated with this Report |
| Staffing | There are no staffing implications associated with this Report |
| Assets and Property | There are no asset and property implications associated with this Report |
| | |
| Strategic Implications | Implications/None |
| Risk | There are no strategic risks associated with this initial consultation; the Comhairle has not considered introducing a levy at this stage. |
| Equalities | There are no identified equality issues within this Report |
| Corporate Strategy | There are no implications that impact on the Corporate Strategy at this stage. |
| Environmental Impact | There are no identified environmental impacts within this Report |
| Consultation | The possible introduction of a levy, and the proposed response, was discussed at a member's seminar on the 7 May 2025 |

BACKGROUND

- 5.1 The Scottish Government's [Consultation on a potential local authority Cruise Ship Levy in Scotland](#) closed on 30 May 2025. Due to the closing date for the consultation, the proposed response was shared at a Members Seminar on 7 May 2025. In parallel with this, work has been carried out on the feasibility of introducing a visitor levy in the Outer Hebrides. The findings of this have been shared with Members.

CRUISE SHIP LEVY CONSULTATION

- 6.1 The consultation on a possible cruise ship levy presents options for how a levy should operate if Scottish Government proceed to draft legislation for this purpose. It is prudent to engage with that process to ensure that any such levy is appropriate, should it be necessary to consider it for this area in the future. The Comhairle's response is detailed at Appendix 1.
- 6.2 The consultation also sought views on a "point of entry levy". The Scottish Government began discussions on potential tourist taxes or visitor levies back in 2018/19 and carried out a formal consultation in 2019. Comhairle nan Eilean Siar, along with Orkney and Shetland Islands councils, submitted a joint response to that consultation expressing a clear preference for a landing levy approach that could be paid by visitors at points of entry, ports and airports. This view has been reiterated in the response to the cruise ship levy consultation.

VISITOR LEVY FEASIBILITY STUDY

- 7.1 On 20 September 2024, the Visitor Levy (Scotland) Act came into force, providing local authorities with discretionary powers on overnight visitor accommodation, for the purpose of generating revenues to develop, support or sustain facilities and services which are substantially for or used by persons visiting the area for leisure or business purposes.
- 7.2 Comhairle nan Eilean Siar considered the implications in a Report to Sustainable Development in September 2024, at which point Members agreed to continue to develop proposals, engage with stakeholders and undertake a consultation. The three island local authorities have worked together to commission a feasibility study and consult with various sectors ahead of taking any decisions on the

introduction of a visitor levy. Consultants were appointed in January 2025, and the findings of the work commissioned into the introduction of an overnight visitor levy were shared in detail at the Members Seminar on 7 May 2025. The level of administrative burden, the rate at which the levy may need to be set, and the potential impacts on accommodation providers, raise question marks as to the value of introducing a visitor levy for the Outer Hebrides along similar lines to that being proposed in other local authority areas.

CONCLUSION

- 8.1 The Comhairle has provided input into Scottish Government proposals on the introduction of a levy on Cruise Ships. However, the question on a possible “point of entry levy” has resurfaced an option previously preferred by island local authorities. Initial investigations into an Outer Hebrides Visitor Levy point to marginal benefits coupled with risk to our visitor economy. It is therefore felt to be advisable to monitor implementation and roll-out of the Visitor Levy in other local authority areas, and to pause any further development until the outcome of the Scottish Government cruise ship levy in relation to the point of entry option. This would enable the Comhairle to weigh up the costs, benefits and risks of all levy powers it may receive in future prior to coming to any decisions.

**Scottish Government consultation on a potential local authority Cruise Ship Levy in Scotland
Response from Comhairle nan Eilean Siar**

1: Do you support giving local authorities the power to create a cruise ship levy in their area, if they wish to do so?

Yes - Regardless of whether the Local Authority exercises any powers, it can support the principal

2: What alternatives (if any) do you think would achieve the same goals as a cruise ship levy? Please provide details of any alternative option(s).

A QR code collected levy would be an alternative that would remove local authorities, port authorities and cruise operators from the burden of collection and administration. There are some good examples (Venice) that covers all visitors, not just Cruise, to the city.

3: What should the primary basis of a Cruise Ship Levy charge be, if introduced in Scotland?

Number of passengers who disembark the only workable option.

4: In addition to the main basis of the charge, should any cruise ship levy also take into account the environmental impact of a cruise ship?

NO - This would add a level of complexity and difficulty in enforcing and managing.

5: Who should collect any cruise ship levy?

This could potentially be any of the above and this Local Authority has not carried out an assessment or consulted fully with partners to be able to comment.

6: What enforcement powers should a local authority, or other relevant body, have to ensure compliance (and prevent avoidance and evasion) by those required to pay a cruise ship levy?

Please select all of the powers you think the body should have.

- powers to request, and obtain or inspect, the information necessary to assess the cruise ship levy.
- power to apply a penalty (e.g. a fine) if a cruise ship levy is not paid when it is required to
- power to apply a penalty (e.g. a fine) if a body provides inaccurate information.

All of the above could be options available to authorities

7: Do you think the rate of any cruise ship levy should be set at a national level or should it be for a local authority to decide?

Decided by LA's - The variety of different destinations from major cities to remote island areas would make a national rate unworkable.

8: If the rate of any cruise ship levy were to be set by individual local authorities, should an upper limit be set at a national level?

Don't know, possibly if there was too great a risk to the cruise sector locally.

9: Which (if any) of the following proposed actions do you believe local authorities should be required to undertake before being able to introduce a cruise ship levy? Please choose yes, no, or don't know for each proposed action below.

- Have held a consultation to gather views from all those who will be affected by a cruise ship levy.
- Have conducted relevant impact assessments, e.g. impact on business, equality impacts, etc.
- Have set and published objectives for any cruise ship levy and what it was seeking to achieve (either directly and/or through the use of revenue raised).
- Have assessed and documented the administrative burden from a proposed cruise ship levy and any steps taken to minimise this.

- If a cruise ship levy rate is set locally, demonstrated why the chosen rate is suitable for that area.
- Have appropriate mechanisms in place to allow for collection (and if necessary remittance) of a cruise ship levy.
- Have made information about the cruise ship levy and how to pay it available in the public domain, for businesses and others.
- Established an approach to monitoring and publicly reporting on revenues raised and their use on an annual basis.
- Established an approach to monitoring and publicly reporting on the impact of a cruise ship levy on an annual basis

All of the above

10: How should revenue raised by a cruise ship levy be used?

- Revenue raised by a cruise ship levy should be required to be spent on facilities and services used by cruise ship passengers and/or the cruise ship industry.
- A local authority should be able to use revenue raised by a cruise ship levy in any way it wishes.
- Don't know.

Similar to the TVL, if it was to be introduced then revenues raised should prioritise facilities used by cruise passengers

11: Should any of the following groups be granted exemptions from payment of a cruise ship levy? Please choose yes, no, or don't know for each potential exemption below

All listed, like disabled people, under 18 etc could be eligible for exemption.

12: If national exemptions are introduced, do you think local authorities should be able to create additional exemptions at a local level?

No, although there may be some merit, the risk of confusion across the country for operators would be high.

13: Should there be an implementation period for any cruise ship levy? (This would be a required period to run from the time a local authority formally decides to introduce a cruise ship levy to when it came into force).

Yes, a period would be required if any levy were to be introduced.

14: If there should be an implementation period how long should it be?

No firm view on this and close consultation with the sector would be required. Cruise operators tend to book at least a year in advance and any implementation period should allow for phased implementation. It may be legally challenging to apply a levy after a booking was made.

15: What, if any, transition arrangements should apply when a cruise ship port call is arranged before a local authority chooses to impose a cruise ship levy, but the port call takes place after the levy has been put in place?

Same response as Q14

17: Would the name 'cruise ship levy' be appropriate for a potential levy as explored in this consultation paper?

No opinion on the semantics of applying the word "levy" to avoid the word "tax"

18: Do you believe local authorities with islands should be given the power to create a broader 'point of entry' levy for one or more islands in their area, if they wish to do so?

Yes, this was the Comhairle's preference in 2019 (along with Shetland and Orkney Islands Councils).

This was the preferred and clearly stated preference of this local authority when the Scottish Government first consulted on the possibility of introducing tourist taxes/levies.

It has become clear in our current feasibility studies into a Transient Visitor Levy that the cost benefit analysis shows that if we were to introduce a levy it would have to be higher than the 5% Edinburgh has proposed. This has come as a surprise, but it does appear that the number of visitors and cost of collection don't currently justify the introduction of a Transient Visitor Levy. Introducing a levy at or above Edinburgh's could risk sectoral damage, at a time when the sector is challenged due to on-going ferry constraints, especially in the Uists and Barra, over the last few years.

The administrative burden on the local authority, registering, managing, auditing compliance on over 1000 operators is significant and would be significantly reduced when dealing with four or five operators if the "point of entry levy" became an option.

19: If there any other points you would like to make in relation to a potential cruise ship levy that you have not been able to make elsewhere in this consultation, please add them below.

None