

Fiona Hyslop MSP  
Cabinet Secretary for Culture, Tourism and External Affairs  
Scottish Government  
Regent Road  
Edinburgh  
EH1 3DG

16 May 2018

Dear Fiona,

### **Tourism tax**

On behalf of the Federation of Small Businesses (FSB), I would like to ensure you have early sight of some new FSB research on the possible introduction of a tourism tax in Scotland. The study examines the views of the small business community in the local authority areas that have been pressing for such a tax – namely, Aberdeen City Council, the City of Edinburgh Council and the Highland Council.

FSB is Scotland's leading business organisation. Our mission is to help smaller businesses achieve their ambitions. These micro and small businesses comprise the majority of all enterprises in Scotland (98%), employ around one million people and contribute £108bn to the economy.

As you may be aware, FSB has consistently opposed the introduction of a tourism tax since it was first proposed by local authorities. In 2016, a clear majority of businesses, both within and outwith the tourism sector, were against imposing a levy on visitors to the country.<sup>1</sup> In light of on-going debates about its introduction and in particular Edinburgh Council's work to develop a business case, FSB conducted new research with small businesses in the areas most likely to be affected.

The results clearly illustrate that small businesses remain opposed to a tourism tax:

- 77% oppose the introduction of such a tax;
- In Edinburgh, there has been a 21% increase in opposition to the tax;
- 70% believe that it would have a negative impact on their (tourism) business; and
- 78% think it would have a negative impact on the business community and wider economy.

It is worth noting that FSB is not alone in opposing a tourism tax and is joined by other industry bodies such as the Scottish Tourism Alliance (STA), the Association of Scotland's Self-Caterers (ASSC) and the British Hospitality Association (BHA). The STA have said that "applying a further cost to visitors... is not a sensible approach to take", while the ASSC state that it "would threaten the existence of many small businesses across the Scottish tourism sector".

In light of this evidence, it is our hope that the Scottish Government recognises that, to quote the letter you wrote to the BHA in December 2017, a tourism tax is not in the "long-term interests" of the industry. Further, given that many of the industry bodies with strong links to tourism and hospitality have made their opposition clear, FSB would welcome assurances from the Scottish Government that local authorities will not be granted the power to introduce such a tax.

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<sup>1</sup> See: <https://www.fsb.org.uk/media-centre/press-releases/small-firms-reject-bed-tax>

I trust the foregoing is of interest and, should you or your officials require any further information, please do not hesitate to contact the FSB Scotland team via the details below.

Yours sincerely,



Andy Willox OBE  
Convener, Scottish Policy Unit, Federation of Small Businesses (FSB)