

**Mark Drakeford AS/MS**  
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language



Llywodraeth Cymru  
Welsh Government

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Peredur Owen Griffiths MS  
Chair  
Finance Committee  
Senedd Cymru  
Cardiff Bay  
Cardiff  
CF99 1SN

28 March 2025

Dear Peredur

Thank you for the Finance Committee Report in relation to the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill, published on 21 March 2025.

I am pleased that the Committee supports the general principles of the Bill. I have set out the Government's response to the Committee's recommendations in the Annex to this letter. I hope that the information attached will help inform your further scrutiny as the Bill progresses through Stage 2.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee for information.

Yours sincerely,

**Mark Drakeford AS/MS**  
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg  
Cabinet Secretary for Finance and Welsh Language

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

## Annex 1

### Visitor Accommodation (Register and Levy) Etc. (Wales) Bill

#### Government Response to the recommendations from the Finance Committee Report

Recommendation	Response	Comments
<p><b>Recommendation 1:</b> The Committee recommends that the Senedd, taking into account the recommendations in this report, agrees the general principles of the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill. Sam Rowlands MS does not support this recommendation.</p>	Accept	Thank you for supporting the general principles of the Bill.
<p><b>Recommendation 2:</b> The Committee recommends that the Welsh Government amends the Bill at Stage 2 to commit to undertaking and publishing a review of the operation and effect of the whole Act no later than four years after Part 2 of the Act comes into force.</p>	Accept in principle	<p>We agree with the principle of reviewing the entire Act at an appropriate time in the future. This would be a sensible exercise to undertake. We will consider the most appropriate vehicle and timings to do this, and whether it would be pertinent to deal with this via an amendment to the Bill during Stage 2.</p> <p>It is important to consider the implications for the Welsh Ministers in a future government and provide the flexibility to them to determine the parameters and timings for any review.</p> <p>For any review to be undertaken, it would depend on an appropriate amount of evidence being gathered to inform findings.</p>

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<p><b>Recommendation 3:</b> The Committee recommends that guidance for Visitor Accommodation Providers produced by the Welsh Government or the Welsh Revenue Authority is:</p> <ul style="list-style-type: none"> <li>▪ appropriately targeted to both professional and non-professional users; and</li> <li>▪ clarifies the applicability of the registration requirements and levy proposals to the individual circumstances notified to the Committee by contributors to our scrutiny of the Bill.</li> </ul>	Accept	<p>The Welsh Revenue Authority (WRA) has developed an excellent reputation since its inception of delivering quality customer services, supporting and educating taxpayers. They will apply this ethos and values to all individuals who may interact with its services both now and in the future.</p> <p>Both the WRA and the Welsh Government are committed to ensuring that providers of visitor accommodation are aware of their duties and have access to guidance and support.</p>
<p><b>Recommendation 4:</b> The Committee recommends that, in advance of the Stage 1 debate, the Welsh Government should provide more detail to the Senedd on its policy intentions for the forthcoming statutory licensing Bill, together with an indication of the timescales for implementation should such a Bill be passed by the Senedd.</p>	Accept	<p>The First Minister will provide an update on the remainder of the legislative programme for this Senedd after Easter. We remain committed to bringing forward a bill to introduce licensing for visitor accommodation in Wales, as we set out in the Co-operation Agreement with Plaid Cymru, under which providers of visitor accommodation will have to be licensed to be able to operate.</p> <p>The licensing scheme will focus on safety, to reinforce confidence in visitors that accommodation in Wales is safe and providers are meeting the standards people expect. We will make the scheme simple and straightforward for businesses. Initially, we're proposing to focus on providers of self-catering accommodation referred to as 'short term lets'. However, we are still working through the legal detail of the bill and considering how best to give effect to these proposals in law. The Senedd will have the opportunity to consider those proposals in detail when we bring forward the bill later this year.</p>

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		<p>Given the interaction between registration and licensing, we would expect the implementation of licensing to follow the rollout of registration. However, we will continue to develop implementation plans as the detail of the Bill is finalised.</p>
<p><b>Recommendation 5:</b> The Committee recommends that the Welsh Government should bring forward an amendment to the Bill at Stage 2 to commit to publishing periodic reports analysing data collected from the register of visitor accommodation providers. Such a report should include an analysis of trends in the number and types of providers and accommodation across local authorities year-on-year</p>	<p>Accept in principle</p>	<p>Welsh Government already publishes regular research about the visitor accommodation sector in Wales without the need for a statutory requirement.</p> <p>We can commit that Welsh Government will publish research and analysis on a regular basis using information derived from the register.</p> <p>We are committed to open data and transparency. However, we will not bring forward an amendment to enshrine this in legislation.</p>
<p><b>Recommendation 6:</b> The Committee recommends that the Welsh Government, working with the Welsh Revenue Authority and relevant stakeholders, provides regular updates to the Senedd on the development of the Welsh Revenue Authority's approach to compliance and enforcement under the Bill, including any steps being taken to ensure that compliance and enforcement activity is proportionate to the nature and size of the visitor accommodation provider.</p>	<p>Accept</p>	<p>We will provide regular updates to the Senedd on the development of WRA's approach to administering the visitor levy and the national registration service. In addition, the WRA will be able to give direct evidence to the Finance Committee when called upon and at their regular scrutiny sessions.</p> <p>The WRA publishes a Corporate Plan and Annual Report which are both laid before the Senedd. This will provide opportunity for the Senedd to consider the WRA's approach to compliance and enforcement under the Bill.</p> <p>Per the committee's prior recommendation 2, a more comprehensive assessment could also be conducted at an appropriate time in the future once a suitable level of evidence has been gathered – in which the remit of this</p>

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		assessment could include the efficacy of the compliance and enforcement provisions.
<p><b>Recommendation 7:</b> The Committee recommends that the Cabinet Secretary should, in advance of the Stage 1 debate and in light of the comments received by the Committee, update the Senedd as to whether he remains of the view that 31 days is the appropriate maximum period for which stays in visitor accommodation in Wales should be subject to the levy.</p>	Accept	<p>We have considered the comments of the Committee and remain of the view that 31 days is the appropriate period. Those that can afford to stay for longer will be contributing for each night they stay. The levy is a small contribution to the local area, and I remain unconvinced that this would be a determining factor in someone staying additional nights or not.</p> <p>The 31 days rule is to distinguish between visitors and those who may be in the area for a prolonged period for work or other purposes and are more akin to residents.</p>
<p><b>Recommendation 8:</b> The Committee recommends that the Cabinet Secretary takes proactive steps to provide appropriate support to smaller visitor accommodation providers once the Bill comes into force.</p>	Accept	<p>We are committed to supporting all visitor accommodation providers and recognise smaller businesses may need extra guidance and support to implement the Bill.</p> <p>The Welsh Revenue Authority will work collaboratively to engage and educate, working with our partners to support the sector as a whole and ensure the success of the policy.</p> <p>More details on this engagement will be provided in the future.</p>
<p><b>Recommendation 9:</b> The Committee recommends that the Welsh Government should, in advance of the Stage 1 debate, provide more details about its proposals to strengthen the provisions of the Bill relating to the introduction of a premium.</p>	Accept in principle	<p>We recognise that there were competing views the committee heard in regard to a power for principal councils to levy an additional amount according to their local circumstances.</p>

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		<p>We recognise that this will be a new local levy, and it will be a change for everyone involved. We want to take a considered and evidence-based approach to future changes to the levy. That is why we will be introducing an additional regulation-making power at stage 2 which will allow further time to develop proposals, in collaboration with our stakeholders, which will permit principal councils to levy an additional amount.</p> <p>The Senedd and its committees will have the usual opportunities to scrutinise all regulations laid under the Bill. Those scrutiny procedures mean that there is no need for unprecedented statutory requirements to consult the Senedd and its committees before making and laying regulations.</p>
<p><b>Recommendation 10:</b> The Committee recommends that the Welsh Government commits to considering alternative approaches to the charging of premiums in the context of the visitor levy as part of any future assessment of the operation and effect of the Act.</p>	<p>Accept</p>	<p>We intend to amend the premiums provisions in the Bill at stage 2 so that they first require enabling regulations to be laid before an additional amount can be levied by a principal council.</p> <p>This will allow us time to consider the impact of the visitor levy at a local and national level, before implementing further changes. We anticipate this approach will allow sufficient time for the successful implementation of the levy before making any policy adjustments.</p>
<p><b>Recommendation 11:</b> The Committee recommends 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 from the levy in relation to:</p>	<p>Accept</p>	<p>If implemented throughout Wales, a visitor levy could raise up to £33.3 million per year in revenue. Details of this estimate are included in the Explanatory Memorandum published alongside the Visitor Accommodation (Register and Levy) Etc. (Wales) Bill.</p>

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<ul style="list-style-type: none"> <li>▪ under-16s,</li> <li>▪ educational trips, and</li> <li>▪ bodies with charitable status</li> </ul>		<p>Official surveys of domestic travel do not directly sample under-16s, though adjustments are made to account for them. Similarly, data on international travellers under 16 in Wales are not readily available.</p> <p>Due to a lack of age-specific data on nights spent in Wales by domestic and international travellers, the Welsh Government has based its analysis of potentially exempting under-16s on more recent domestic travel data. In 2022, it was estimated that 36% of trips taken in Wales by domestic visitors included children under 16 in the travel party. In the absence of similar information for international travellers, the same share has been assumed for international visitors. If under-16s were therefore exempt, up to 36% of nights spent in Wales could potentially be excluded from the tax base, reducing the estimated revenue from the levy from £33.3 million to £21.3 million per year.</p> <p>Due to limited data, no estimate has been produced for exempting educational trips or charitable bodies from the levy. I recognise the limitations in the data and will write with more information as more information becomes available. I also plan to publish a revised Explanatory Memorandum before Stage 3 proceedings</p>
<p><b>Recommendation 12:</b> The Committee recommends that, in advance of the Stage 1 debate, the Welsh Government should review its approach to the 30-day deadline for the filing of returns, and provide an</p>	<p>Accept</p>	<p>We have considered this issue, and remain of the view that one month is the correct period. The levy has been designed to be straightforward and easy to understand. The returns and payment process will be designed with users in</p>

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<p>update to the Senedd on whether it remains of the view that the proposed timescale is appropriate.</p>		<p>mind. Most providers will only be submitting a return once per year.</p> <p>We know some charities were concerned about the reporting periods; however, the type of information that will be required on a return will be limited in nature.</p> <p>We understand this will be a new process for many providers, but there will be advice and assistance to support providers along the way.</p>
<p><b>Recommendation 13:</b> The Committee recommends that the Welsh Government should bring forward amendments at Stage 2 requiring principal councils wishing to introduce the levy to establish a Visitor Forum in line with the approach taken in the Visitor Levy (Scotland) Act 2024, and that:</p> <ul style="list-style-type: none"> <li>• membership of the forum should include businesses engaged in tourism, tourist organisations in the principal council’s area and other relevant local bodies;</li> <li>• principal councils must have regard to any recommendations made by the Visitor Forum when deciding on the use of proceeds of the levy</li> </ul>	<p>Accept</p>	<p>We will bring forward amendments at Stage 2 to ensure that there are effective partnership arrangements between principal councils, businesses and local communities in deciding how best to allocate visitor levy revenues.</p>
<p><b>Recommendation 14:</b> The Welsh Government should set out its plans for further work in relation to section 40 and should keep this Committee informed of subsequent discussions.</p>	<p>Accept</p>	<p>We will give further consideration as to the engagement and consultation to undertake in relation to this power in due course.</p>

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<p><b>Recommendation 15:</b> The Committee recommends that the Cabinet Secretary provides an update on discussions held between the Welsh Government and local authorities on additional ongoing costs associated with introducing the visitor levy and that these changes are made to the Regulatory Impact Assessment after Stage 2.</p>	Accept	<p>Officials met with the WLGA on 13 February 2025 to discuss the costs in the EMRIA. We are working with the WLGA to arrange a forum with local authorities where we can review the costs amongst other items like the development of guidance. Following that meeting, we will continue to work in partnership with principal councils to ensure all potential costs are adequately reflected in the Bill.</p> <p>We will update the EMRIA ahead of Stage 3 with any revisions to the identified costs.</p>
<p><b>Recommendation 16:</b> The Committee recommends that the Cabinet Secretary works with the Welsh Revenue Authority to assess:</p> <ul style="list-style-type: none"> <li>- the variabilities relating to the administrative costs the Welsh Revenue Authority will incur during the implementation of the Bill,</li> <li>- whether the Welsh Revenue Authority has sufficient capacity to deal with its additional responsibilities under the Bill.</li> </ul> <p>and reports back to the Committee with details of those findings.</p>	Accept in principle	<p>We have an ongoing well-established relationship with the WRA and are assured that the WRA are well placed to deliver their additional responsibilities through the Bill.</p> <p>The WRA supported the development and assessment of administrative costs which are presented in the EMRIA (in section 8.5). As the Bill progresses through Stage 2, an updated EMRIA will be prepared to account for the impacts of any amendments to the Bill, in collaboration with the WRA. We can write to the Committee on its publication ahead of Stage 3, highlighting where the relevant estimations are set out.</p> <p>There is an annual budget process through which WRA will articulate their spending requirements. That process will allow us an ongoing opportunity to evaluate the level of resources that the WRA needs to discharge its duties effectively.</p>
<p><b>Recommendation 17:</b> The Committee recommends that the Cabinet Secretary explains the medium to</p>	Accept	<p>We will write to the Committee with further explanation as to our proposed approach. We will look to use regulations to</p>

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long-term funding model it will use to cover the additional administrative costs falling on the Welsh Revenue Authority as a result of the Bill and that the Regulatory Impact Assessment is updated with these details after Stage 2.		establish that operating costs deducted will be up to a maximum percentage of revenues collected in each principal council area. We will update the EMRIA after Stage 2 with details of this approach.