

By 30 May 2025

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<https://consult.gov.scot/local-government-and-communities/cruise-ship-levy-scotland/>



Scottish Government consultation: “Potential cruise ship levy (Scotland)”

ICAS response

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ICAS response to the Scottish Government consultation on a proposed cruise ship levy in Scotland – closing date: 30 May 2025

About ICAS

1. The Institute of Chartered Accountants of Scotland ('ICAS') is the world's oldest professional body of accountants. We represent over 23,000 members working across the UK and internationally. Our members work in the public and not for profit sectors, business and private practice. Approximately 10,000 of our members are based in Scotland and 10,000 in England. ICAS has a public interest remit, a duty to act not solely for its members but for the wider good.
2. The following submission has been prepared by the ICAS Tax Board. The Tax Board, with its five technical Committees, is responsible for putting forward the views of the ICAS tax community; it does this with the active input and support of over 60 committee members.

General comments

3. ICAS welcomes the opportunity to feed into the Scottish Governments' work in respect of the development of a potential cruise ship levy in Scotland. We cautiously welcome the proposals to devolve the taxing power to Scotland under Section 80B of the Scotland Act 1998 (as amended) which is in line with the Programme for Government announcements made in 2024/25. We have set out below some tax-related considerations which we believe need to be considered regarding this process. National and local devolution does add complexity for the taxpayer and businesses as well as additional accountability for the devolved jurisdiction, so the scope and policy intention for the levy need to be carefully thought through.
4. ICAS also welcomes the opportunity to participate in helping to shape policy, legislative provisions and guidance as an active participator and trusted stakeholder.
5. We consider it essential to ensure that the legislation and guidance is well publicised to the public and to those providing professional services to their clients in good time. Historically we have found that generally speaking, awareness of Scottish taxes is not high in Scotland¹ and there is a need for improvement of communications by the Scottish Government to ensure this improves, in line with the Scottish Government's own Framework for Tax principles.
6. ICAS, along with other professional bodies and stakeholders, continues to call for care and maintenance provisions in the form of a regular fiscal Bill which allows for a point in time at which all amendments to legislation are carried out rather than undertaking piecemeal changes to tax legislation, which

¹ ICAS joins forces with CIOT to call for review of the Scottish tax system | ICAS

the public as well as tax and legal professionals find difficult to follow and locate. It is far easier to refer to a Finance Act or equivalent when researching legislative updates than it is to have to search through discrete legislative provisions and SSIs to ensure one has a correct and complete understanding of the current law in place.

Specific comments

7. This response by ICAS relates to taxation matters only and does not offer comment on any other matters. As such, only certain questions have been responded to from the question bank, as follows:

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

8. ICAS cautiously supports the devolution of power to local authorities to create a Scottish cruise ship levy (SCSL) in their area, if they wish to do so, provided that the design and implications, including potential unintended consequences, are consulted on with key trusted stakeholders such as ICAS, prior to being legislated for.
9. Any tax implications (such as the design and structure of the levy itself (including the definition of who the taxable person is, e.g. passengers, the shipping company, the booking agent/platform, etc.) as well as the interaction of the levy with other taxes such as VAT and complexity/administrative burden) should be fully examined; the logic, purpose and outcomes questioned/debated.

Question 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).

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

10. An in-depth discussion needs to be had on what/who the tax base is for this levy and how it will be defined, including any considerations of avoidance and deliberate or accidental misunderstanding.
11. The definition of a cruise ship needs to be clearly set out and debated/researched so as to be clear and unambiguous in its application.
12. The incidence of smaller vessels including clipper cruises and mid-sized cruise vessels arriving into port and not being charged any kind of levy may also be a cause for debate.

Question 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?

13. If the levy is to be hypothecated (i.e. ring-fenced and the funds used for a particular purpose) then the hypothecation mapping would presumably need to include an element of funding for actively lowering the environmental impact of the cruise ship visits/tourists aboard a cruise ship visits to the affected local authority area.

Question 5: Who should collect any cruise ship levy? Select one

- Cruise ship operator
- Port operator
- Local authority
- Other (please specify)
- Don't know

14. Given that local authorities have been given responsibility to collect and administer Scottish Visitor Levy, it makes sense for them to take responsibility for this Levy as well. Presumably resources within the local authority have been/will be made available to collect and administer SVL once the levy commences and the same resources could also take responsibility for collecting and administering the SCSL. This depends on whether other tax implications arise on the levy such as VAT.
15. However, there are some questions around the material differences between trust ports (not for profit) and commercial ports and the way they operate and how they need to become involved in the levy collection if it is to apply.
16. ICAS has heard anecdotal evidence that around 90% of cruise ship passengers generally come ashore if the right number of tender boats are available to convey them and weather permits. Sometimes, there are restrictions on how many people can come ashore and tender bookings are made on a first come, first served basis. Once ashore, the average spend is around £100- £130 per visitor. Clearly then, the numbers are difficult to predict.
17. Depending on whether the proposal is to tax the cruise liner, the number of passengers aboard on docking into port, or just passengers who disembark, the levy could result in a loss to the local economy – all of which needs to be examined and debated.

Question 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 liability of a body;
- power to apply a penalty (e.g. a fine) if a cruise ship levy is not paid when it is required to be;
- power to apply a penalty (e.g. a fine) if a body provides inaccurate information in relation to a cruise ship levy, or destroys requested information.

18. If a levy is to be introduced, all of the above. If not, the power to collect a levy at all will be rendered impotent. Due consideration as to policing costs and enforcement costs should be given.

Question 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?

Question 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?

Question 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.

19. Yes

- Have conducted relevant impact assessments, e.g. impact on business, equality impacts, etc.

20. Yes

- 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).

21. Yes.

- Have assessed and documented the administrative burden from a proposed cruise ship levy and any steps taken to minimise this.

22. Yes.

- If a cruise ship levy rate is set locally, demonstrated why the chosen rate is suitable for that area.

23. Yes.

- Have appropriate mechanisms in place to allow for collection (and if necessary remittance) of a cruise ship levy.

24. Yes.

- Have made information about the cruise ship levy and how to pay it available in the public domain, for businesses and others.

25. Yes.

- Established an approach to monitoring and publicly reporting on revenues raised and their use on an annual basis.

26. Yes.

- Established an approach to monitoring and publicly reporting on the impact of a cruise ship levy on an annual basis.

27. Yes.

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

Question 11: Should any of the following groups be granted exemptions from payment of a cruise ship levy?

28. There is also the issue of whether a local authority should be able to create additional exemptions at a local level. Having all the exemptions set at a national level would potentially simplify administration and communication around a cruise ship levy, but allowing some to be created locally would enable flexibility to reflect local circumstances.

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

Question 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).

29. Yes.

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

30. Ideally a period of 12-18 months advance notice of the intention to introduce a levy should be given to allow those involved time to prepare.

Question 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?

- a cruise ship levy should be paid in this situation
- a cruise ship levy should not be paid in this situation

Question 16: What impact do you think a cruise ship levy would have on the following? Please select very positive impact, somewhat positive impact, neither positive nor negative impact, somewhat negative impact, very negative impact, or don't know.

- Cruise ship operators
- Ports
- Businesses linked to cruise ship industry
- Local Communities
- Local authorities
- Scotland as a whole

Please provide the reasons for your answer(s). This helps with developing a robust BRIA which considers as wide a range of impacts as possible. If there are any other groups that would be impacted by a cruise ship levy please also list them below, together with the extent to which you believe they would be impacted.

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

31. The term "Scottish Cruise Ship Levy" sounds appropriate as it distinguishes it from other areas of the UK and the term "Levy" indicates that it is likely to be a local tax as opposed to a national one.

Question 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?

Question 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.

Finally...A note on sustainability

24. ICAS considers that it is necessary to factor sustainability into assessments of impacts of taxation given its ever increasing importance. Ideally with the introduction of any new tax, reassurances should be set out that sustainability related matters have been appropriately considered and woven into the creation of the tax where appropriate.

25. In this case, a form of cross-reporting with the Scottish Environment Protection Agency and the Scottish Government may also be needed, so that the waste produced by cruise ships is not damaging local sea and coastal environments and harming wildlife and the local economy.

26. It is important that decisions made at government level seek to take account of the government target to be net zero by 2045, ensure a reduction in carbon emissions and that sustainable behaviours and practices are encouraged.

N.B. This document has been submitted to the email address : Localtax@gov.scot



