POLICY NOTE

THE VISITOR LEVY (INTEREST ON UNPAID LEVY AND PENALTIES) (SCOTLAND) REGULATIONS 2026

SSI 2026/9

The above instrument is made in exercise of the powers conferred by section 68 of the Visitor Levy (Scotland) Act 2024 ("the 2024 Act"). The instrument is subject to the negative procedure.

Summary Box

These Regulations specify the rate of interest that applies to unpaid visitor levy and unpaid penalties under the Visitor Levy (Scotland) Act 2024.

The purpose of the Regulations is:

- to specify a rate of interest for unpaid visitor levy amounts;
- to specify a rate of interest for unpaid penalties imposed under the 2024 Act;
- to provide certainty for local authorities and levy payers about how interest is calculated; and
- to support the effective and fair operation of the visitor levy system.

The Regulations support the efficient administration of the visitor levy by encouraging timely payment, promoting consistency across local authorities and providing a transparent basis for calculating interest.

Policy Objectives

The purpose of these Regulations is to specify the rate of interest applied to sections 66 and 67 of the 2024 Act, which make provision for interest to be charged on unpaid visitor levy and unpaid penalties. This is done under the power confered in section 68 of the 2024 Act.

The 2024 Act provides that interest may be charged where visitor levy amounts or penalties are not paid by the due date, and enables the Scottish Ministers to specify the applicable rate of interest by regulations. These Regulations set that rate by reference to the Bank of England rate, with a fixed percentage added.

The Regulations define the meaning of "Bank of England rate" for the purposes of calculating interest. They also provide for a short, three working day, grace period to ensure that changes to the Bank of England rate are applied consistently and predictably.

The Regulations specify that the daily rate of interest is calculated by adding 2.5 percentage points to the Bank of England rate, and then dividing this by 365. This approach mirrors interest rate-setting mechanisms used elsewhere in public finance and provides a balance between encouraging timely payment and ensuring that interest charges remain proportionate.

By establishing a single, nationally consistent interest rate, the Regulations support fairness, transparency and administrative simplicity for local authorities and for those liable to pay visitor levy or penalties.

UNCRC Compatibility

The Scottish Ministers have made the following statement regarding children's rights.

The Scottish Ministers certify that, in their view, The Visitor Levy (Interest on Unpaid Levy and Penalties) (Scotland) Regulations 2026 are compatible with the UNCRC requirements as defined in section 1(2) of the UNCRC (Incorporation) (Scotland) Act 2024.

EU Alignment Consideration

This instrument is not relevant to the Scottish Government's policy to maintain alignment with the EU.

Consultation

As these Regulations provide operational detail necessary to give effect to the assessment powers set out in the 2024 Act, no additional public consultation was required. However, local authority operational representatives and subject matter specialists were engaged during drafting to ensure that the Regulations reflect practical administrative requirements.

Impact Assessments

A Child Rights and Wellbeing Impact Assessment has been carried out in relation to these Regulations.

Financial Effects

The Minister for Public Finance confirms that no Business and Regulatory Impact Assessment (BRIA) is required, as these Regulations do not impose direct financial effects on business, local authorities, or the Scottish Government beyond the operational processes envisaged in the 2024 Act.

Scottish Government
Local Government and Communities
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