



MARBLE ARCH LONDON

Overnight Levy Consultation

Established in April 2016, Marble Arch London BID is a champion for business and provides a strong, collective voice for approximately 200 member businesses and organisations located in the Marble Arch district. The BID area stretches from Park Lane in the south, along Edgware Road, to Paddington Green in the north, taking in Connaught Village to the west and Marylebone to the east.

The Marble Arch area is a vibrant cultural hub in the heart of London with a historic significance that makes it one of the city's most attractive places to visit. Our response to the Visitor Levy Consultation has been drawn up by listening to the views and experience of our members. We held two webinars, on 9 January and 14 January 2026. These were attended by accommodation providers who between them host over 2,500 rooms.

Keeping London Competitive

There is increasing pressure on our hospitality sector, with NI increases, the 2026 Revaluation and business rates, new minimum salary visa requirements, rising food prices, the introduction of ETAs later this month, energy costs, loss of tax-free shopping, and scrapping of the reduced VAT rate for hospitality – all contributing to ever-increasing costs and ever-shrinking margins.

The proposed overnight levy could make London less attractive and less competitive. No matter how this is packaged, it becomes more expensive to stay in London.

Responses to Individual Questions

Chapter 2: The Case for a local overnight visitor levy in England	
1	Should this power to raise a visitor levy also be granted to Foundation Strategic Authorities?
	<i>Not applicable.</i>
Chapter 3: Use of Revenues	
2	Do you agree that Mayors should be able to invest the revenues from a levy in interventions to support economic growth, including the visitor economy?
	We support promoting London as a destination overseas. But wider economic growth ambitions need to be tangible, immediate, relevant and visible to visitors and accommodation providers.
3	Should a share of revenues for local authorities be allocated on the basis of the proportion of overnight stays in the authority or some other centrally defined metric, or should the distribution within the area be determined entirely by Mayors and other local leaders?
	London Councils are seeking to retain a minimum of 50% of funds raised in their areas to fund local services that support tourism and enable growth. This would be supported if there was a genuine dialogue with accommodation providers as to how the funds retained might be spent to support the visitor economy. Visitors want to see cleaner streets, less rough sleeping and more visible policing, not to have their phones snatched, more affordable housing so that staff can actually live in London, improved public transport, night buses – things that improve London as a destination and encourage repeat visits. Some clear targets that can be measured within each 4/5-year cycle would be supported by accommodation providers.

Chapter 4: Scope of the Levy	
4	Do you agree that all overnight stays in commercially let visitor accommodation should be within scope of a levy, unless otherwise exempted?
	Yes. It is vital that short term lets are included.
5	Should the government introduce a threshold below which providers are not liable for a levy? If so, what form should this take? Please provide evidence for why any suggestions should be considered.
	No. This would make sense for very small, seasonal providers, especially outside London, but could create unforeseeable loopholes as providers attempt to reframe services to fall below the threshold.
6	Do you agree that the following exemptions should apply at a national level? Please provide details for why any additional exemptions should be considered. Exemptions could include: Stays in registered Gypsy and Traveller sites where the accommodation is a primary residence. Stays in charitable or non-profit accommodation provided for shelter, respite, or refuge, where the accommodation is not commercially operated. Other types of accommodation, such as for statutory Temporary Accommodation arranged by local authorities (please provide details for why any additional exemptions should be considered).
	Yes. Refuge and respite stays are of particular relevance to one of our members that offers this service for seriously injured ex-military personnel, plus serving personnel on MOD business where a spending limit is capped. Would the government pick up this additional levy passed to service personnel? A unique service – and a charity – an exemption will be sought for this operator.
7	Do you think that Mayors and other local leaders should have the power to introduce additional local exemptions to those outlined nationally? Please provide examples of specific exemptions, and evidence for these.
	As above with our response to Question 6, there should be a clearly defined method and application process for seeking exemptions, with transparent criteria for assessment and a process for appeal.
Chapter 5: Levy Rates	
8	Do you agree that a levy should be set as a percentage of accommodation costs?
	Yes, percentage. Short term lets should be levied a higher percentage.
9	How should a percentage-based levy be applied to inclusive packages where accommodation is only part of the total cost (for example, packages that include meals, entertainment, or transport)?
	Our accommodation providers do offer packages (bed and breakfast; dinner, bed and breakfast) for both tourists and corporate contracts (for international conventions and with airline crews for example where transport and food are included). It is going to be very hard to unpick and itemise these rates and packages. Convention hotels offer conference rates and day delegate packages (some of which might include food for example) – these would need to be completely reconstructed and are already locked down/booked for future years. The international convention market is incredibly competitive; the market is global. When London loses out on international conventions to other cities across the globe, they lose out due to the accommodation prices, not the conference pricing. The overnight levy potentially adds greater risk to London's convention sector.
10	Do you agree that Mayors and other local leaders should have the flexibility to set levy rate locally? Please describe any factors that should be considered in setting a rate.
	Accommodation providers that have multiple hotels across many regions of the UK already find this very challenging to build multiple rates into new, bespoke administration and charging systems. But flexibility should be built in to address or respond to specific regional challenges.
11	Should the government put in place a cap on the maximum tax rate? If so, at what level should a cap be set? Please provide evidence in support of your views.
	Yes, there should be a maximum percentage rate applied, to provide long-term certainty and clarity for accommodation providers and guests alike.
12	Should the government put in place a limit on the maximum number of consecutive nights to which a levy applies? If so, at what level should that limit be set? Please provide evidence in support of your views.

	Some of our larger accommodation providers provide multiple rooms for long stays for visitors from the Middle East in the summer. Stays beyond a month/28 days attract VAT reductions, which could be mirrored by the overnight levy. However, this would limit the ability to levy a charge on short term lets, so on balance, no cap on the number of nights.
13	Are there any other flexibilities or safeguards that should be built into the rate-setting framework?
	The levy could alternatively be based on occupancy levels, as in practice room rates increase as occupancy levels rise.
14	Should Mayors and other local leaders have powers to vary the rate for different types of accommodation, including short term lets?
	Yes, Short Term Let properties should be liable for a higher percentage rate. Whereas hotels contribute enormously to the local and London economy by providing jobs and investing in local supply chains, there is no evidence that short term let accommodation contributes in the same way. In fact, the impact on communities, increasing local housing rent and sale prices, ASB, noise and litter add increasing pressure to local authorities and hollows out communities.
15	Do you agree that Mayors should have the flexibility to decide whether the levy applies to different constituent authorities within their region?
	No views on this.
16	Should Mayors and other local leaders be able to vary levy rates in their areas based on, for example, seasonality? Please provide details of any other flexibilities that should be considered.
	Seasonal variations might be welcomed, although this could lead to an increased administration burden. January and February are always quieter for accommodation providers, so a reduced percentage in these months would be welcomed.
Chapter 6: Transparency and Accountability	
17	Do you agree that a formal consultation process conducted by Mayors and, if powers are extended to them, Foundation Strategic Authorities should be required before a levy is introduced and that this approach is proportionate?
	Yes. The consultation needs to be genuinely meaningful and involve listening exercises with accommodation providers to understand the complexities of operations, agents, commission and booking platforms.
18	Do you agree with the proposed components of the prospectus?
	The prospectus should also set out what proportion, if any, will be passed on to local authorities, and how those local authorities propose to spend the levy to support accommodation providers and their guests.
19	Do you think that the proposed length of the notice period of 12 months is appropriate?
	No. Many of our accommodation providers have long-term contracts (two, three, four and even five-year contracts) with airline crews that are all inclusive (no extras). They would therefore not be able to pass on any of the overnight levy as part of these contracts. Our major convention hotel bids years in advance to host international conventions, part of London's offer. Advance purchase business makes up a significant proportion of bookings. One year is definitely too short notice. Accommodation providers would have to re-negotiate rates and take the hit if customers refuse to accept contract variations. Wholesale rates are agreed 24 months in advance with agents; likewise corporate rates are locked in over longer periods of time than a year – with no allowance or room for added extras. Airline companies placing cabin crew contracts could likely use this extra levy as a bargaining tool between hotels in different regions. An example from one of our large accommodation providers – they have 13 room types and multiple rate package on each room type, plus advance purchase deals, making existing bookings incredibly hard to unpick.
20	Do you agree that introduction of a levy, and any subsequent changes to the core elements of a levy, should be subject to the relevant statutory Mayoral budget voting process in MSAs?
	Yes, any changes must be re-consulted upon too, both by the Mayor and the local authority.
21	If Foundation Strategic Authorities have powers to introduce a visitor levy, do you agree that a simple majority council vote should be required ahead of consultation on a levy, ahead of implementation and this be repeated ahead of any changes to the core elements of a levy? Is this approach fair and proportionate?

	Not applicable.
22	If Foundation Strategic Authorities have powers to introduce a visitor levy, what are your views on the consent mechanism in Foundation Strategic Authorities where a levy is applied to a smaller area within the Foundation Strategic Authorities' geography?
	Not applicable.
23	What further or different governance and accountability mechanisms are needed in Foundation Strategic Authorities, Mayoral Strategic Authorities or the Greater London Authority?
	The Assembly is intended to hold the Mayor to account and could scrutinise delivery of targets against the prospectus. Hotel sector representation could act as a sounding board for the operation of the levy and be genuinely collaborative.
24	Do you agree with the proposed approach to reporting, and should any further accountability mechanisms be considered?
	Nothing to add.
Chapter 7: Liability and Assessment Model	
25	Do you agree that it should be the visitor accommodation provider that is ultimately liable?
	Yes, it would be even more damaging to place this on the overnight guest. There does need to be transparency however that there is an expectation on accommodation providers that this charge will be passed on to the guest.
26	How could digital booking platforms or intermediaries best be integrated to streamline levy assessment, collection and tax returns?
	Many of our accommodation providers have layers of systems, bespoke systems in some cases, different rate plans, wholesale agents, commission rates. Some suggest that an entirely new system would need to be built to accommodate the overnight levy, plus every contract and piece of correspondence with clients and customers would need revision, incurring significant costs. Advance purchase rates are locked in far in advance in some cases, with no extras then permitted. Would the accommodation provider be expected to take the hit on that? When a room is 'comped' (given as complimentary as the guest is not happy), who would be liable if no charge is passed to the guest and no spend has been incurred? What would happen with chargebacks – where a bank or credit card company refunds the guest following a challenge? How will the levy be applied in this situation? This is currently a big loophole associated with digital check-ins and already costs hotels thousands. Accommodation providers would potentially pay more commission to agents, as the rates agreed would include the overnight levy. Unless the levy was charged on the fee net of commission. This needs greater clarification. For short term lets this might be even more complicated as a fair proportion in Westminster are organised 'offline' and hard to track, especially medical lets where someone travels to the UK for surgery or treatment and stays for an extended period to recuperate.
27	Do you agree that a self-assessed model is the most appropriate approach for administering a visitor levy?
	Yes. The challenge however is on short term lets where operators may not declare the correct number of nights to stay within the 90 nights rule.
28	Do you agree that the tax point of a levy should be the point of arrival?
	In principle, yes. In practice however some long-term contracts are much more complicated. For example, airline crew contracts involve monthly payments, and are not in any way related to the point/date of arrival or departure.
Chapter 8: Administration	
29	In your view, should levies be administered locally by relevant authorities, through a centralised approach, or a combination of local and central authorities?
	For accommodation providers with multiple hotels across the UK there is an argument that a centralised system of reporting would be cleaner and less burdensome. Rather than providers having to make multiple submissions and remitting the levy to multiple different authorities every quarter. At the moment our accommodation providers with multiple hotels spend approximately four months of every year preparing annual returns.
30	Do you agree a portion of levy revenues should be retained by the relevant authorities to fund administration costs, if levies are administered locally?

	In principle, for the Mayor, yes. Accommodation providers however MUST also be able to at the very least have their administration costs met for processing and reporting on the levy on a full cost recovery basis. At the moment the consultation only makes reference to the Mayor having the ability to retain a proportion of the levy. The Edinburgh model allows for accommodation providers to retain up to 2%, this must be replicated in the English and London framework.
31	Should the registration process for accommodation providers to support the administration of the visitor levy be operated locally or nationally alongside the registration scheme for short-term lets in England?
	This is difficult without seeing the short-term lets registration system. Accommodation providers share the view that a separate bespoke system would probably be more appropriate, to absorb the complexities or different layers of agents, commissions, long-term contracts and booking platforms. At the moment the short lets register is not designed to count the number of nights/stays.
32	What processes or solutions for collecting revenues could be introduced to minimise the burden on businesses?
	Would it not be simpler to administer the levy through an existing, established fiscal system like VAT or business rates?
33	What further support could reduce the administrative burden on businesses in collecting and remitting a levy?
	Accommodation providers must have their costs met of establishing new systems, testing these, collecting, reporting on and remitting the levy. Full cost recovery has to be the fundamental point for accommodations providers.
Chapter 9: Compliance and Enforcement	
34	Tax authorities will require enforcement powers to ensure compliance with a levy. Do you agree with the powers listed? Civil information and inspection powers, including those to enquire into tax returns, audit records retained by visitor accommodation providers, and inspect premises. Civil powers to charge interest and penalties, and to recover unpaid tax, where a visitor accommodation provider fails to undertake their statutory obligations relating to the visitor levy. Discretionary debt relief powers, for example the ability to reduce a debt to nil or to not issue a penalty in certain circumstances.
	No views.
35	Do you agree that an appeals process should enable providers to appeal based on liability, classification or enforcement action? Please provide details of any additional areas which should be considered.
	No views.
Chapter 10: Equalities impacts	
36	Do you have any views on the potential impacts of the proposals in this consultation on persons who share a protected characteristic?
	People with disabilities or long-term health problems specifically accessing respite care with charitable accommodation providers will be disproportionately impact by these proposals, unless an exemption can be given.