Ollscoil na Gaillimhe
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Designing a Visitor Accommodation Levy (VAL) for Ireland

Policy Recommendations and Revenue Potential

University of Galway, Ireland

KEY FINDINGS

- The key design features of a Visitor Accommodation Levy (VAL) are tax base, liability, coverage, exemptions, tax rate, administration, collection and use of funds.
- Revenues will depend on the base/coverage, the tax rate, exemptions and caps, and could raise in excess of €200 million per annum for the local authorities.

SUMMARY FOR POLICYMAKERS

A VAL is a tax on overnight paid accommodation, usually levied by the local authorities. Its purpose is twofold, namely to:

1. Raise revenue that empowers local democracy and devolves fiscal decision-making, and

2. Correct for so-called market failures i.e. to make visitors contribute to the cost of local public services and tourist infrastructure that support the visitor economy.

Ireland is an outlier in the EU and the Organisation for Economic Co-operation and Development (OECD) in not imposing such a levy.

A VAL has been recommended by the *2022 Commission on Taxation and Welfare*, the *2024 Dublin City Taskforce* and the *2026 Local Democracy Taskforce.*

As national legislation would be required, a realistic timeline for the first local VAL in Ireland to commence is 3–4 years.

KEY MESSAGES

Key design questions:

- What is the tax base?
- Who is liable ‘in law’?
- What is the coverage or scope, and what are the exemptions?
- What is the rate?
- Who administers and collects the levy?
- How are the funds used?

Our specific recommendations draw on best-practice arrangements internationally while reflecting local circumstances and priorities.

The authors examined visitor levies in other countries, particularly recent developments in Scotland, England and Wales.

Our research findings are that:

- **Revenues** will depend on the categories of accommodation providers covered in the legislation, as well as the tax rates levied and any exemptions or caps. Based on a fixed tax rate per person per night, we estimate that each €1 of a VAL would generate €44 million per annum for the local authorities.
- **Pre- and post-legislative consultation** with key stakeholders (accommodation providers, tourism industry, residents, visitors, business organisations and public representatives) is essential.

WHAT THE DATA SHOW

As there is no universal register of accommodation providers in Ireland, we have used Fáilte Ireland's National Quality Assurance Framework (NQAF) registers. As of January 2026, the total NQAF bedspaces are 225,098. This figure underestimates total accommodation capacity as it excludes unregistered B&Bs, short-term lets (STL) and student campus accommodation.

The choice of tax rate is a percentage rate or a fixed rate, to be applied per person or per room. As both approaches have advantages, we recommend that local authorities have the discretion to choose percentage rate or fixed rate at a level that is appropriate to the local circumstances, the strength of the local tourist sector and the uniqueness of the destination.

In terms of revenue estimates, a €2 tax rate per person per night would generate €88 million, or just over 1% of total local authority income. A €5 tax rate per person per night would generate almost €220 million, equivalent to 2.8% of total local authority income.

For hotels only, our estimates show that a €1 tax rate per person per night would generate the same revenue, circa €33 million, as a 1% room tax rate per night based on 2025/26 data for the number of hotel rooms, occupancy rates and the Average Daily Rate (ADR).

TRENDS & CONCERNS

- Visitor levies on overnight paid accommodation are very common **worldwide**, usually levied at the city or municipal level.
- The market for accommodation services is **complex**, with, for example, the issue of price sensitivity varying by destination, purpose and duration of travel, accommodation type, booking horizon and season.
- The need to address concerns over the possible **impact** of a VAL on the visitor economy, especially on the tourist industry, tourist numbers and visitor-related activities.
- Registration of **STL** is key, for this category of paid accommodation to be included in the tax net.
- Avoid **excess** number of national and local exemptions, as they reduce the tax base, increase administration costs, and may lead to costly behaviours such as lobbying, fraud/evasion, etc.

POLICY RECOMMENDATIONS

- **Learn** from other visitor levy/tourist tax experiences internationally and recent UK developments, while tailoring design to local conditions and priorities.
- Undertake early and wide-ranging **consultation** and engagement with all stakeholders.
- The **naming** of the levy/tax and the ring-fencing of revenues are important, to ensure transparency and secure acceptance.
- When setting the **tax rate**, consider carefully percentage rate versus fixed rate, per room versus per person, and the level or size of the rate.
- The importance of **tax administration,** including collection, compliance and enforcement.
- **Local discretion** is strongly recommended, in terms of an opt-in to a national VAL scheme, local rate-setting powers, and determining exemptions and caps.

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Current research on a visitor levy/ tourist tax is available on request.