



Ein cyf/Our ref MD/00764/17

Adrian Barsby
Wales Tourism Alliance
Chair

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Dear Mr Barsby,

Thank you for your letter of 20 October regarding the proposed new tax on tourism. You outline some valuable points on the potential impacts of a tourism tax.

In publishing the shortlist of proposed new taxes I am committing to taking an inclusive and open approach to tax policy in Wales. The proposal for a tax on the tourism industry has been suggested as an opportunity to promote tourism – to help make destinations attractive to new visitors and persuade them to return again. International examples show that revenues from tourism taxes can help to fund the tourist offer of a region and increase competitiveness. It is for these reasons that I consider further exploration of this proposal is merited.

I am aware of the issues raised in your letter and in the paper you have helpfully provided by Professor Annette Pritchard in relation to the tourism tax and its potential impact on the industry in Wales. I am keen to hear the views of key stakeholders on such matters. My officials met with the Wales Tourism Alliance and the British Hospitality Association on 24 October, and I understand that discussion was constructive and further engagement is planned over the coming weeks. I very much welcome and appreciate your contribution to this discussion and will ensure that all the evidence gathered will be used constructively to inform my decision on which tax to take to the UK Government early next year.

I would like to use this time to engage with both the tourism sector and local authorities to understand more fully the opportunities and challenges a tourism tax could present, as well as considering examples of where and how a tourism tax has operated in other administrations and localities.

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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.

A tourism tax is only one of four ideas under active exploration. A similar approach will be adopted for all four proposals on the shortlist, in order to inform my decision about which to take forward. Subject to the necessary agreement by the UK Government of such a proposal under the Wales Act 2014 - further analysis, engagement, development and forecasting will be undertaken to determine whether the tax has potential to meet Welsh Government policy objectives.

The Welsh Government is in the early stages of its exploration of new taxes, and I would like to take this opportunity to reassure you that no definitive decisions will be made without due consultation and assessment of any resulting unintended consequences.

Yours sincerely,

Mark Drakeford

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government