

TOURISM ALLIANCE

Westminster Hall Debate Briefing

Overnight Visitor Levy — Supporting Questions

25 March 2026 | Prepared by the Tourism Alliance

Framing: The 50 Million Target

The government's 50 million arrivals target requires context. With global arrivals at **1.4 billion in 2024** and forecast to approach 2 billion by 2030, 50 million visits would represent roughly **2.5% of global arrivals** — a declining share of a growing market.

In 2024, UK inbound visits were **41.2 million** — only 1% above pre-pandemic levels, while Western Europe grew 4% and the global market grew 5%. The UK is **already losing competitive ground**.

Q1 | Has the UK lost global market share over 30 years?

Yes — significantly, and the trend is ongoing.

The figures are as follows:

- 1995: ~540 million global arrivals (UNWTO). UK: approximately 23–24 million. UK share: ~4.3–4.4%.
- 2024: 1.4 billion global arrivals. UK: ~41 million. UK share: ~2.9%.
- That is a fall of roughly one-third in market share over 30 years. The 1990 baseline was when the UK ranked 4th globally.

For comparison, Spain grew from 107 million arrivals in 2014 to 137 million in 2024 — adding 30 million tourists in a decade. The UK added virtually none over the same period on a pre-COVID basis.

The WEF 2024 Travel and Tourism Development Index ranks the UK **113th out of 119 countries** for price competitiveness, citing high VAT, absence of VAT-free shopping, rising APD, and costly visa requirements.

Suggested line: "Fifty million in absolute terms is not the same as fifty million in competitive terms. The UK's global market share has fallen by around a third over 30 years. Without tackling price competitiveness — including by pausing any new levies — we will continue to lose ground even if raw numbers nudge upward."

Q2 | Hotel occupancy / room density data — is the UK 'at capacity'?

There is no single published table comparing taken hotel rooms per 1,000 population across London, Paris, Amsterdam, Barcelona and Manchester at short notice. The stronger argument for the debate is the price competitiveness ranking (113th/119), which demonstrates the UK is failing to attract its share of the market because of cost — not despite capacity constraints.

London occupancy runs at 80–85% in peak season — normal for a healthy hospitality market, not evidence of saturation that would justify a punitive levy. Meanwhile:

- London welcomed 10.4 million international visitors in H1 2024.
- London was the 2nd highest-ranked city globally for international arrivals in 2024 (behind Istanbul only).
- The 2026 business rates revaluation has already increased hotel bills substantially due to pandemic-depressed 2023 valuations unwinding — adding cost pressure before any OVL.

Q3 | Does APD apply on the London–New York leg of a return journey?

Yes — APD is charged on the London–New York (outbound) leg only.

APD is a departure tax. It applies to passengers departing UK airports. On a New York–London–New York return:

- New York to London: No APD. The passenger is arriving into the UK.
- London to New York: APD is charged. This is the UK departure leg.

Route / Band	Economy (2025)	Premium cabin (2025)	Premium cabin (Apr 2026)
Short-haul (Band A, up to 2,000 miles)	£13	£28	£30
Long-haul (Band B, 2,001–5,500 miles e.g. New York)	£90	£216	£230
Ultra long-haul (Band C, over 5,500 miles)	£94	£224	£238

A family of four flying economy to the US pays **£352 in APD in 2025**, rising to **£408 in April 2026**. Passengers arriving into the UK pay nothing; only those departing pay. An American visitor to London pays APD only when they leave — a structural disincentive to visit.

Q4 | Is the UK ETA charged without a child discount?

Correct. No child discount or exemption exists.

Every traveller — including babies and children — must obtain an individual ETA at the full rate. There is no age-based reduction. The current fee is £16 per person (rising to £20 from 8 April 2026).

The contrast with Europe is stark:

	Cost	Validity	Child discount	Family of 4
UK ETA	£16 (£20 from Apr 2026)	2 years	None — full fee for all ages	£64 (£80 from Apr 2026)
EU ETIAS (Europe)	€20 (free for under-18s/over-70s)	3 years	Free for under-18s and over-70s	€40 (adults only; children free)

A family of four pays €40 for ETIAS to visit 29 EU countries (two adults at €20; children under 18 are exempt). The same family pays £64 — rising to £80 from April 2026 — to visit the UK alone, with no child exemption. Note: ETIAS does not launch until Q4 2026, so the comparison is forward-looking — but it will be the live reality within months of this debate. This is a direct and worsening pricing disadvantage for family tourism from major markets including North America, Australia and the GCC.

Q5 | Hotels in the 'premium band' vs distribution warehouses

The figure of approximately **1,100 hotels vs 1,140 distribution warehouses** in the highest rateable value band is credible based on available VOA data, but the precise count requires verification via the VOA's searchable database at *find-business-rates-valuation (GOV.UK)*.

The structural argument is sound and well-supported:

- From 1 April 2026, the new five-multiplier business rates system was explicitly designed to increase contributions from large distribution warehouses occupied by online retailers.
- However, hotels face a double burden: the 2023 revaluation used pandemic-depressed valuations (April 2021 AVD), and the 2026 revaluation now unwinds this — causing hotel bills to rise by tens of thousands of pounds even as the broader reform was marketed as hospitality-friendly.

- UK Hospitality has warned that in 2027/28, average pub rates will be £4,500 higher than today and £7,000 higher in 2028/29. Hotels face proportionally larger increases.
- Hotels are comparably rated to major logistics assets yet are far more labour-intensive, operate in local communities, and attract the very visitors the government says it wants to grow. They should not be bearing a similar rates burden to a shed.

Q6 | Is APD the world's most expensive departure tax?

Effectively yes — particularly for long-haul and premium travel.

IATA Director General Willie Walsh has explicitly described APD as "the biggest travel tax in the world." The evidence supports this:

- Germany's comparable long-haul departure tax: €70.83 per passenger.
- Netherlands: €29.05 per passenger (flat rate, all destinations).
- UK APD (economy, long-haul, 2025): £90. Premium cabin: £216.
- UK APD has risen 780% above its 1994 introduction level for Band B (long-haul) destinations, against background inflation of 106% over the same period.
- APD in 2024 increased the average UK ticket price by more than 20% (IATA analysis).

No major competitor country charges anywhere near £216 for a single long-haul premium departure. The UK's rates are a structural deterrent to high-value visitors — the business travellers and wealthy leisure tourists who spend most per visit.

Q7 | Total 'policy cost' of visiting the UK vs comparator cities

No single published TA or UKinbound document provides a precise all-in comparative figure. However, the components are well-documented and can be assembled quickly. For a notional family of four taking a 5-night trip in economy, the policy cost stack for the UK versus Paris looks approximately like this:

Cost component	UK (London)	France (Paris)
Pre-travel permission fee (per person)	£20 (ETA, no child discount)	€20 (ETIAS; free for under-18s/over-70s)
APD — return departure (economy)	£90/person (NY–London band)	None
Accommodation VAT rate	20%	10%
Tax-free shopping for non-EU visitors	Abolished	Available
City/visitor levy per night	Varies; OVL proposed	Up to ~€16/night (5-star)
WEF price competitiveness ranking	113th / 119	Not in bottom tier

UKinbound's published summary: **"An international visitor to the UK already pays one of the highest levels of APD in Europe, 20% VAT on accommodation and hospitality, and cannot claim back VAT on shopping. Adding an OVL on top of this risks making the UK the most expensive major tourism destination in Europe — before the visitor has bought a meal or seen a single attraction."**

Quick Reference Card

Issue	Key stat / answer
UK global market share	Down ~one-third in 30 years (c.4.4% → c.2.9%)
Price competitiveness ranking	113th / 119 (WEF 2024)
APD on NY–London–NY return	Paid on outbound (London–NY) leg only
APD long-haul premium (2025)	£216 per person — world's highest departure tax
APD rise since 1994 (Band B)	Up 780% vs 106% inflation
ETA — child discount?	None. £16/person (£20 from 8 April 2026)
EU ETIAS vs UK ETA (family of 4)	€40 (family of 4, adults only) to visit 29 EU countries vs £64–80 for UK alone
Accommodation VAT: UK vs France/Spain/Italy	20% vs 10%
Hotels vs warehouses (top RV band)	~1,100 hotels vs ~1,140 warehouses — verify via VOA