



November 2021

Dear Constituent,

Thank you for contacting me about alcohol duty.

The Autumn Budget 2021 confirmed that duty rates on beer, cider, wine and spirits will be frozen for another year, a move which will save consumers £3 billion over the next five years and provide further support to the hospitality industry and its suppliers as they recover from the pandemic. Duty rates on draught beer and cider will be cut by 5%, taking 3p off a pint and further supporting pubs.

I was glad to see the announcement in the Autumn Budget 2021 that, following a review, the alcohol duty regime is to undergo a major simplification. The old system was an outdated system that set rates based on historical anomalies, and a new regime will be fairer to both consumers and producers and promote product innovation in response to evolving consumer tastes.

This radical simplification of the duty system will reduce the number of main rates from 15 to 6, and tax products in proportion to their alcohol content.

All tax categories, such as beer and wine, will be moved to a standardised set of bands, with rates for products between 1.2-3.4% alcohol by volume (ABV), 3.5-8.4 % ABV, 8.5-22% ABV, and above 22% ABV. Above 8.5% ABV, all products across all categories will pay the same rate of duty if they have the same proportion of alcohol content. Registration and payment will also be simplified, and the practice where individual products have different administrative rules will end.

The new progressive manner in which alcohol is taxed will ensure higher strength products incur proportionately more duty, and these rates will be the same across all product categories. This change will address the problem of harmful high-strength products being sold too cheaply, and the new rates for low strength drinks below 3.5% ABV will encourage manufacturers to develop new products at lower ABVs, giving consumers greater choice and greater options to drink responsibly.

I welcome the introduction of a new small producer relief which will build on the previous success of the Small Brewers Relief, which will benefit cidermakers and other producers of lower ABV drinks. This will allow small producers to diversify their product range to other products below 8.5% ABV while still benefitting from reduced rates.

My colleagues at the Treasury have assured me that they will be consulting on the technical details of the Draught Relief, including keg and barrel sizes. It is the intention that most draught beer for sale in pubs will qualify for the relief, including where it is made by smaller or craft brewers. There will be industry consultation on the criteria to ensure that the relief supports pubs rather than supermarkets, given that smaller kegs are also sold for drinking at home.



Chris Heaton-Harris

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The technical details have outlined how new small producer reliefs will be finalised through the alcohol duty review consultation process, and this will include an exploration of the merits of any changes to the minimum juice content through the alcohol duty review consultation. I recognise that the UK has a history of cidemaking dating back thousands of years, a tradition that has produced a variety of cidemaking traditions throughout the country. As you know, the present requirement under the Alcoholic Liquor Duties Act 1979 that 35% of the finished product be made up by apple juice was last revised in 2010, following consultation with cidemakers. I am not aware of any plans to amend this provision in the 1979 Act.

Thank you again for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Chris'.

**CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY**