



**Chris Heaton-Harris**  
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*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 The old system was outdated system that set rates based on historical anomalies, and a new regime will be fairer to both consumers and producers and promote product innovation in response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 cidemakers 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.

These reforms mean higher strength still wines will pay more duty, while lighter wines below 11.5% alcohol by volume will become cheaper. I welcome that the 28% higher duty rate on sparkling wine will be abolished, and that from 2023 sparkling and still wines of the same strength will pay the same duty. Wine producers have been encouraged to respond to the alcohol review consultation before the deadline of 30<sup>th</sup> January 2022.

Thank you again for taking the time to contact me.

Yours faithfully,

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

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