



October 2021

Dear Constituent,

Thank you for contacting me about alcohol and beer duty.

I welcomed the temporary cut to VAT from 20% to 5% for all food and non-alcoholic drinks, which was extended until the end of September and has now been followed by a 12.5% rate until the 31st March 2022. This will continue to support restaurants, pubs, bars, cafés and similar premises across the UK. I am not aware of any plans to permanently reduce the rate of VAT on all food and drink sold in pubs. I have spoken to colleagues at the Treasury who have made it clear that the temporary reduction to VAT was intended as a measure to support the industry during the coronavirus pandemic. To extend this reduction indefinitely would limit funding long-term for the vital public services which have served us so well in this time of national crisis.

In 2013, the Government took the decision to end the beer duty escalator, and beer duty has been frozen or cut several times since then. Duty on spirits has been frozen over the past two years. As a result of these changes, a typical pint is cheaper than it would have been had these measures not been introduced. I share your concern about the future of pubs and the hardship caused by the coronavirus outbreak. The steps taken by HMRC to make it easier to claim back the duty on any beer thrown away as a result of pub closures were a timely and sensible intervention.

I welcomed the Chancellor's announcement at the March Budget 2021 that, for the second year running, alcohol duties would be frozen, covering duty on spirits, beer, wine, and cider which will save drinkers £1.7 billion.

The Government and the Treasury recognise the importance of supporting our pubs and keeping costs down for customers. The Chancellor did commit in the last Budget to extend this support. There is a broad recognition of the need to reform the current duty system to support the alcoholic drinks and pubs sector in the longer term, and on the 1st October 2020, a call for evidence for reform of Alcohol Duty was published.

Cider making is an essential part of our national heritage, and I will continue to work with my colleagues to protect the cider making industry. I have conveyed your concerns to my colleagues at the Treasury, who assure me that alcohol duties are kept under review and the impact of any changes to cider duty is considered at each fiscal event. Specific support has been introduced to support cider makers, through the freeze on cider duty announced at Budget 2021. Cider duty has been frozen in five of the previous six Budgets. The Treasury is currently analysing the responses provided following the Alcohol Duty Review Call for Evidence, which included responses from small cider makers, and their views are being considered as part of the evidence base.

Regarding draft beer duty, I have passed your comments on to my colleagues at the Treasury, and they are aware of the strength of feeling this issue. There are currently no plans to introduce a



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preferential rate of duty for draught beer. All taxes are kept under review, and any changes would be considered before the next Budget.

Beer Duty doesn't always have to be paid to HMRC immediately, and that an application can be made to HMRC before duty becomes payable in these cases. These suspensions can be granted if, for example, beer is held post-production on your registered premises in duty suspension, has been sent to other registered premises approved to receive beer in duty suspension, has been sent to an excise warehouse approved to hold beer in duty suspension for certain purposes, or has been sent to a registered beer packager. There are strict rules governing these suspensions so I would suggest directly contacting HRMC to discuss these options or identifying specific criteria at:

<https://www.gov.uk/guidance/beer-duty>

Some pubs have unfortunately been forced to close their doors permanently due to financial strain. As hard as this is for owners and communities, it may not be the end. Since 2017, planning regulations removed permitted development rights from all pubs, requiring that planning permission must now be obtained prior to change of use or demolition. If listed as Assets of Community Value, this allows communities to have up to six months to bid to buy them if they have been put for sale. Ultimately, local councils must decide whether a building or land should be listed as an Asset of Community Value. I know the Government is nonetheless committed to making it easier for community groups to protect and take over local assets like pubs and will continue to explore options to strengthen the rights of our communities to do so.

Thank you again for taking the time to contact me.

Yours faithfully,

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY