



MAKE IT 20%: EXPAND THE DRAUGHT DUTY RELIEF TO 20%

OVERVIEW

- Pubs and brewers pay way over their fair share of tax. **Breweries are the most taxed part of the UK economy** as a share of turnover.
- Draught Duty Relief was introduced by the Treasury in August with a 9.2% relief. However a bigger relief of 20% on draught products including beer would be an **investment in thousands of community-based SME pubs and brewers** that support tens of thousands of jobs.
- **This investment would be a lifeline for community pubs and small independent breweries** still struggling to recover from the pandemic and now facing dramatically increasing costs.
- It would help **support the sector's recovery from the Covid-19** pandemic and contribute to building the resilience it needs to continue being a **force for good in communities across the land.**

ISSUE

- As part of the Alcohol Duty System changes ([link](#)), the Chancellor introduced a new tax discount for draught drinks including beer sold in community pubs from August 2023 which is a **gamechanger for the sector.**
- Under this Draught Duty Relief those alcoholic products including beer, cider and mead packaged into containers larger than 20 litres and below 8.5% ABV will **qualify for a lower duty rate.** In the Spring Budget 2023 this was increased from a 5% reduction to a 9.2% reduction ([link](#)).
- Currently Alcohol Duty is due to increase by RPI in February 2024. The Chancellor therefore has the opportunity to make a decision in the Autumn Statement in November.
- The vast majority (80%) of the beer traditionally produced by small breweries is sold in local pubs within 40 miles of the brewery, with more than half (53%) placed into traditional casks which cannot be replicated at home.
- The sector is under intense pressure from the lingering impacts of the Covid-19 pandemic and the combined energy and cost of living crisis. **Over 700 pubs closed** in the last 12 months, an 80% increase on the previous year ([link](#)). The UK lost 160 active breweries during the pandemic and in 2022, 80 small independent breweries closed for good with more on the brink of survival.
- The overall effect of the beer and pub activity is estimated to sustain 936,000 jobs, paying £14.4 billion of wages and contributing £26.2 billion in GVA ([link](#)). It contributes £15 billion in tax revenue every year.

PROPOSAL

- A **more substantial cut of 20%** on draught products **would encourage people to support their local community pub and drink in a supervised environment** instead of at home and could secure SME jobs and businesses in the pub and alcohol sector.