



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

OVERVIEW

- Pubs and breweries pay way over their fair share of tax. **Breweries are the most taxed part of the UK economy** as a share of turnover.
- Draught Relief was introduced by the Treasury in August 2023 with a 9.2% Relief. A larger Relief of 20% on draught products including beer would be an **investment in thousands of community-based SME pubs and independent breweries** that support tens of thousands of jobs.
- **This investment would be a lifeline for community pubs and independent breweries** still recovering from the pandemic and facing dramatically increasing costs.
- It would **support the sector's recovery from the Covid-19** pandemic and help build the resilience it needs to continue being a **force for good in communities across the land**.

ISSUE

- As part of the new Alcohol Duty System ([link](#)), a tax discount was introduced for draught drinks including beer sold in community pubs from August 2023 which is a **gamechanger for the sector**.
- Under this Draught Relief, alcoholic products including beer, cider and mead packaged into containers larger than 20 litres and below 8.5% ABV **qualify for a lower duty rate**. In the Spring Budget 2023 this was increased from a 5% to a 9.2% reduction ([link](#)).
- Alcohol Duty was frozen until August 2024 in the Autumn Statement ([link](#)). The Chancellor is expected to **make a decision on duty from August in his Spring Budget**.
- The vast majority (80%) of the beer traditionally produced by independent 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](#)). In 2023 around 60 small independent breweries closed for good with more on the brink of survival.
- The activities of the beer and pub sector is estimated to sustain 936,000 jobs, pay £14.4 billion of wages and contribute £26.2 billion in GVA ([link](#)) and £15 billion in tax revenue.

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. The Chancellor should increase the Draught Relief to 20% in his Spring Budget as well as freeze duty for non-draught products.

ABOUT

- **The Society of Independent Brewers (SIBA)** was established in 1980 to represent the growing number of independent breweries in the UK. Today it has 700 members.
- **The Campaign for Real Ale (CAMRA)** was founded in 1971 and represents more than 160,000 beer drinkers and pub goers. Its vision is to have quality real ale and thriving pubs in every community.
- **The Independent Family Brewers of Britain (IFBB)** was founded in 1993 and is an association of 29 of the oldest family businesses in the country.