

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

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 to help support community pubs and independent breweries through the alcohol duty system.
- A larger Relief of 20% on draught products including beer could create an **extra 2,251 jobs** and result in a **£70 million** boost to the economy.
- It would be an investment in 1000s of community-based SME pubs and breweries that provide 10,000s of jobs, supporting a sector still recovering from the pandemic, recent inflationary pressures and the cost of living crisis.

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.
- Alcohol Duty was frozen until February 2025 in the Spring Budget ([link](#)). The Chancellor is expected to make a decision on duty from February in the Autumn Budget.
- Most (80%) of independent breweries' beer is sold in local pubs mainly within 40 miles of the brewery, with more than half (63%) from 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. Data shows that in the first half of 2024, **50 pubs were closing a month** ([link](#)). So far in 2024 around **70 small independent breweries closed**.
- The activities of the beer and pub sector is estimated to sustain more than a million jobs, contribute £34 billion in GVA ([link](#)) and £11.4 billion in tax revenue.

PROPOSAL

- The Chancellor should increase the Draught Relief to 20% or more and freeze duty for non-draught products. This would encourage people to support their local community pub and drink in a supervised environment instead of at home, secure SME jobs and businesses in the sector.
- New research by the Centre for Economics and Business Research (Cebr) shows that a 20% Draught Relief could create **2,251 additional full time equivalent (FTE) jobs**, see a **£70m increase to the economy**, **£34m in additional employee compensation** and raise **£39m for the Treasury** with many of the costs being offset. It would see an extra **20m pints sold**.
- An increase to 50% could result in **8,584 extra FTE jobs**, a **£265m boost to the economy**, **70m extra pints sold**, **£150m from increased taxes** and **£132m in employee compensation**.

ABOUT

- **The Society of Independent Brewers & Associates (SIBA)** was established in 1980 to represent the growing number of independent breweries. Today it has around 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.