

The new alcohol duty system:

Consultation response

September 2022

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Foreword

Since we announced our review of alcohol duty in 2020, the input of stakeholders has made an invaluable contribution to the process. I am very grateful to all the respondents who have committed their time and views to the review, and particularly in response to the consultation published last Autumn.

The consultation responses reinforced our view that the alcohol duty system needs reform. Whether it was industry members, economists, public health groups or individual business owners, the need to move on from our current system was clear.

I would like to reflect again on why we can now introduce these reforms. Now that we have control over our own laws again, we are able to diverge from inherited EU laws. This means designing a system that is a better fit with our national priorities, encourages growth and innovation, aligns with public health goals and is fairer for hard-working producers.

Many respondents welcomed the significant simplification of the new regime and the move to a progressive tax structure where products are taxed according to their strength. The reform of Small Brewers Relief as a new Small Producer Relief was widely welcomed as an improvement that will support a wider range of small businesses to grow. Many respondents also celebrated draught relief for the recognition it gives to the vital role pubs and other on-trade venues play in our communities.


We promised that the reforms would not be dogmatic. We believe that the system we are confirming today is fairer, simpler to use, and better supports businesses to thrive. But we continue to listen to and value stakeholders, which is why today's announcement also includes some changes to our original proposals to address issues raised in response to the consultation. For example, recognising the scale of change for the wine industry, we are introducing an eighteen-month easement for wine, whereby all wine between 11.5% alcohol by volume (ABV) and 14.5% ABV will be taxed at 12.5%. We are also welcoming further views on aspects of Small Producer Relief and draught relief, to ensure stakeholders continue to be able to contribute to the reforms.

Furthermore, reflecting feedback received from many stakeholders, we will introduce the reforms on 1 August 2023, to allow businesses time to adapt their systems.

I believe that the proposals we are confirming today will deliver on our priorities. I recognise that many businesses are still adapting to a new environment after COVID whilst also dealing with the wider challenges facing the economy. We continue to find ways to support businesses, and we believe that reform of the outdated and disjointed system we inherited from our membership of the EU is a positive step towards this.

Today we are responding to the consultation by setting out how the new system will work, and when it will be introduced. We are publishing the draft primary legislation that underpins these reforms, and we welcome the views of stakeholders on the legislation. We are also inviting the views of stakeholders on further technical details on Small Producer Relief and draught relief, and opening a survey of small producers.

I look forward to your responses.

A handwritten signature in dark ink, reading 'Felicity Buchan'. The script is cursive and fluid, with the first name 'Felicity' and the surname 'Buchan' clearly legible.

Felicity Buchan MP
Exchequer Secretary to the Treasury

Chapter 1

Introduction

- 1.1 Alcohol duty is a long-standing system of taxes, with its origins in the 1643 Excise Ordinance levied by Parliament during the English Civil Wars. Today, it is composed of five individual taxes: beer duty, spirits duty, cider duty, wine duty and made-wine duty¹. These duties collectively raise over £12 billion each year, providing important revenue to fund public services. At the same time, they also help address the harms caused to society and public health by excessive or irresponsible drinking.
- 1.2 At the 2020 Budget, the Chancellor announced that the Government would take forward a review of alcohol duty. Given that alcohol duty was harmonised under European Union (EU) law, the Government saw an opportunity to reconsider the way that the duty system worked after the UK left the EU.
- 1.3 In October 2020, the Government launched a call for evidence to seek the views of stakeholders on how alcohol duty could be reformed. This closed in November 2020 with 106 responses.
- 1.4 The Government responded to the call for evidence at Autumn Budget 2021, setting out its proposals for the creation of a new alcohol duty system. In parallel, the Government launched a consultation on the proposals, to further seek the input of industry and other stakeholders. This consultation received 353 responses. In parallel, the Government has engaged with a wide range of stakeholders, both in specific events and in response to ad hoc requests for discussions. Details of this engagement and a list of respondents to the consultation can be found in Annex A.
- 1.5 As explained in the call for evidence document, the Government has three primary objectives for the review, namely to:
 - a) Simplify the current complicated system;
 - b) Make the basis of alcohol taxation more economically rational, with fewer distortions and arbitrary distinctions; and,
 - c) Reduce the administrative burden on producers when paying duty and complying with excise requirements.
- 1.6 The Government has also aimed to support public health, boost product innovation, and ensure the duty system reflects modern drinking practices.

¹ Made-wine duty incorporates other fermented beverages that do not fit into the other categories, such as mead and fruit wines.

- 1.7 As set out at Autumn Budget 2021, the Government regards the current system as in need of major reform. It is too complex, burdensome, and inconsistent. The Government therefore set out sweeping reforms to fundamentally restructure alcohol duty, taking advantage of the new opportunities available after the UK left the EU. The Government accepts that this will entail significant change for industry.
- 1.8 This document sets out how the Government intends to respond to the points of view raised through the consultation process, and how it intends to adjust its policy accordingly.
- 1.9 The reforms are not intended to significantly adjust the amount of revenue raised from alcohol duty, which is a matter for the Chancellor to consider annually through the fiscal event process. As set out in the published costings at Autumn Budget 2021, the Government anticipates that the reforms will slightly reduce overall duty revenues.

Responding to the technical consultation

- 1.10 Along with the Government's response to the consultation held last year, this document also includes a further consultation on some of the more technical aspects of the reforms. This in particular includes the proposals for the new Small Producer Relief (SPR). These are set out in Chapter 4.
- 1.11 In parallel, the Government has published the draft legislation it intends to introduce to Parliament in the next Finance Bill, for technical consultation with stakeholders.
- 1.12 The Government welcomes contributions from any individual or organisation interested in alcohol duty reform on both the technical policy questions set out in Chapter 5 of this document and the draft legislation. This includes, but is not limited to taxpayers, industry bodies and public health groups.
- 1.13 This consultation will run for at least four weeks and will close on or after 23:59 on 21 October 2022. Consultation responses should be submitted electronically to HMTVATandExcisePolicy@hmtreasury.gov.uk before the closing date, using the provided response template published alongside this consultation on the GOV.UK website. The Government is not able to consider responses that are submitted in any other way. If you have any comments on the draft legislation, these should be submitted to the HMRC Alcohol Policy Team at mailbox.alcoholpolicy@hmrc.gov.uk.
- 1.14 This is a joint consultation between HM Treasury and HM Revenue and Customs (HMRC). HM Treasury is leading on the new rates and reliefs, while HMRC is leading on the administrative regime for alcohol discussed. The lead officials for HM Treasury are Rhys Williams and Kate Ayling, and the lead official for HMRC is Catherine Ayres. All can be contacted via the email address above.
- 1.15 Annex C sets out the data protection notice for this consultation.

Northern Ireland

- 1.16 As set out in the consultation, the Government has been willing to consider changes to the alcohol duty regime that would diverge from EU law. Many

of the proposals set out in this document would do so, as they depart from the EU Directive governing the structure of alcohol duty.

- 1.17 The Government is aware that under Article 8 of the Northern Ireland Protocol of the Withdrawal Agreement, this Directive and other EU legislation continue to apply in Northern Ireland. Accordingly, the Government has set out in its policy paper of 14 July 2022 that it is seeking more additional freedoms that allow the Government to provide support to companies and citizens across the UK.
- 1.18 It remains the Government's preference to reach a negotiated outcome with the EU that allows the application of the reforms in Northern Ireland. Should that not be possible, however, the Government remains committed to the application of the reforms across the UK and is ready to explore other options to achieve that where necessary, including the use of the powers contained within the Northern Ireland Protocol Bill.

Chapter 2

Responses to the consultation

- 2.1 This chapter summarises the contributions made by respondents to the consultation that ran from October 2021 to January 2022. 353 responses were received, and a full list of respondents is available in Annex A. A list of the consultation questions can be found in Annex B.
- 2.2 In parallel to the responses received, HM Treasury and HMRC also discussed the consultation with other Government departments, interested businesses and trade bodies, public health groups and economists.

The overall new rates structure (Questions 1-3)

- 2.3 Broadly, respondents welcomed the new structure and the principles underpinning it as a considerable improvement on what went before. One distiller said that the new system “brought clarity and common sense to a chaotic mess”, while one business group stated:
- “The current structure of differences in rates and by type of alcohol produces an opaque duty system that [is not easy for taxpayers to understand] – at a given level of ABV, the effective duty rate between wine, spirits, beer and cider is very difficult to estimate. The transition to a singular tax form and standardised brackets is a big step in simplification and increasing transparency for businesses and consumers.”
- 2.4 A coalition of trade associations wrote:
- “We wholeheartedly welcome the overall direction of your proposals. The recommendations greatly simplify the previous duty regime based on the European Union’s Alcohol Duty Structures Directive ... The proposed new duty system is good for our economy and good for the nation’s health.”
- 2.5 One economics group wrote:
- “The proposed reforms to alcohol duty represent a genuinely significant achievement, greatly rationalising a system that was unfair, chaotic and harmful to public health.”

Industry views

- 2.6 Industry reactions to the consultation proposals varied significantly. Their responses tended to differ to reflect the types of products that each business produced, imported or sold.
- 2.7 Some producers (typically distillers and wine producers) questioned the progressive structure of the new duty regime (under which duty rates per unit increase in steps for higher strength products). They instead advocated

converging all product differences between categories and strengths, with all alcoholic products being taxed at a single rate of duty per litre of alcohol. These respondents tended to criticise the proposal to retain different rates for beer, cider and spirits/made-wine between 3.5-8.4% Alcohol by Volume (ABV).

- 2.8 Conversely, cidermakers and brewers favoured this structure and advocated for retaining (or increasing) category duty differences.

Brewers

- 2.9 The new overarching system was welcomed by brewers. They particularly welcomed the retention of different rates for beer relative to made-wine and spirits between 3.5% and 8.4% ABV. However, brewers expressed disappointment that there would continue to be significantly reduced rates for cider relative to beer. They also stated that beer duty remained too high and complained that the burden of taxation on brewers was the highest of any industry in the UK economy.
- 2.10 Most brewers were happy with the proposed bands and only a small number of respondents made suggestions for changes. However, some groups expressed concern about the impacts of the new structure on specialist high ABV beers. As a result, one beer group suggested that the 3.5-8.4% band should be widened further, up to 10% ABV. Another suggested a rate for beers and ciders sold between 8.5-12.5% ABV.
- 2.11 Some brewing groups also expressed concern that the proposal to increase the definition of beer from a product exceeding 0.5% ABV to 1.2% ABV could interact with labelling requirements.

Cidermakers

- 2.12 Cidermakers provided a mixed response to the overall changes to the duty rates. Some producers supported the reforms as striking a fair balance between the different objectives of the review. Cidermakers were also pleased to see that the Government had committed to retaining the duty exemption for small cidermakers. However, there were some criticisms from cidermakers, including:
- The definition of cider for tax purposes still needed to be widened to incorporate a wider range of flavourings and additives. This would facilitate greater innovation.
 - The rate for cider between 3.5% to 8.4% ABV would lead to significant increases for higher ABV ciders. Several producers suggested a lower duty rate should be chosen to reduce the impact on cidermakers. It was argued that there was little producers could do to reduce the ABV of their products without compromising its quality, especially for craft producers.
 - A small number of respondents criticised the Government's decision to maintain sparkling cider rates equal to those of sparkling wine for products above 5.5% ABV, while accepting that these products would see significant reductions in duty under the consultation proposals.

- There were also mixed views on the proposal to tax cider by its strength. Some cidermakers supported this as a welcome modernisation, with one remarking “we have long considered it unusual that duty rates were not linked to ABV”. However, others expressed concern that cider was a less predictable product than beer and the change would make it harder for them to plan.
- One cidemaker commented: “It was disappointing that fruit ciders had not received greater duty reductions, or that they had not been moved to be taxed at the same rate as apple or pear ciders.” However, this view was not uniformly shared amongst all cidermakers, with some viewing some fruit ciders as lower quality and closer to ‘alcopops’..

2.13 Most cidermakers supported the cider band ending at 8.4% ABV. One respondent suggested increasing this to 9.5% ABV.

2.14 There were also several comments from cidermakers, typically smaller producers, which called for amendments to the definition of cider to make it more restrictive. This included raising the ‘specific gravity’ requirement for apple juice above 1033 degrees, or raising the minimum juice requirement from 35% to 50% or higher. 50% was seen as particularly good choice as this would assure consumers that the majority of a cider was sourced from apples or pears. However, there was no consensus amongst cidermakers, with some arguing greater restrictions would make some ciders commercially unviable, limit flavour profiles and make lower ABV ciders harder to produce.

Distillers

2.15 Generally, distillers felt that the proposals were significantly simpler but overall constituted a missed opportunity for their sector. While they welcomed the reductions in duty for liqueurs and ready to drink (RTD) spirits-based products, they regretted that the consultation proposals had not put forward any reduction for duty rates above 22% ABV. They felt that spirits were still penalised unfairly relative to other drinks.

2.16 In addition, spirits producers contested the principle that lower ABV drinks should pay a lower rate of duty per unit. They put forward two main arguments for this. First, they argued that alcohol harms resulted from total consumption, and that the different strengths of drinks were irrelevant. Secondly, spirits could be served in different ways, e.g. in mixed drinks, and taxing solely on ABV would not fairly reflect consumption patterns. Spirits producers could also not reformulate their drinks to lower ABVs in many cases e.g. for Scotch Whisky, as they are limited by product regulations or other standards.

2.17 One distiller advocated increasing the threshold for the highest rate band from 22% to 24%, to incorporate a wider range of liqueurs.

Wine producers and retailers

2.18 Wine producers strongly welcomed the reduction in duty rates for sparkling wine, and for wine-based drinks below 8.5% ABV. One producer stated:

“The decision to equalise the duty between still and sparkling wines is welcome, and sensibly does away with an anomalous and illogical difference”

- 2.19 However, in contrast to other parts of industry, wine producers and retailers were less positive about the overall new regime. Most wine producers and retailers expressed concern that the new duty rate for products between 8.5% and 22% ABV would lead to unfair increases in duty for most still and fortified wines. These concerns were also reflected in a number of letters the Government received from members of the public.
- 2.20 In general, businesses trading in still wine felt that the consultation proposals had not met the review’s intended aims of being simpler, fairer and less administratively burdensome. Their concerns included:
- Wine was the only category experiencing a duty rise. The rate chosen for the 8.5-22% ABV band was too high and should be reduced. Most products in the market were in excess of the Government’s chosen mid-point of 11.5% ABV. Consequently, this would negatively impact women, amongst whom wine is a popular choice.
 - The new system would add significant complexity to their business operations. By taxing wine by ABV, depending on their systems, businesses could have to use 27 or more tax codes compared to 3 previously. Systems would also have to be updated to reflect the new approach to taxing wine, which would incur costs. This would be particularly burdensome on small businesses.
 - As an agricultural product, wine production is less predictable than that of beer or spirits. ABV levels can vary between vintages, and sometimes within them. This could mean a business might have to have a different Stock Keeping Unit (SKU) for each vintage of the same wine, where previously all years of that wine type would have had one SKU. This would add further complexity to business operations.
 - Given the way wine is currently taxed, many warehouses that hold wine in duty suspense do not have comprehensive records of the strengths of some products, and products may have been stored for many years or decades. Businesses would have to survey these stores in time for the 1 February 2023 implementation date, which could be both time and resource intensive.
 - It was argued there was a strong link between a country’s climate and a wine’s final ABV. The effect of the consultation proposals would therefore be to unfairly penalise wines from warmer countries.
 - There is a high degree of ABV measurement tolerance for wines when compared to beers and spirits. This means it is less certain what the ABV of a product may be at any time, and therefore undermines the principle of a strength-based system for wine. An importer may purchase a wine without ever having assured its ABV content. In addition, labelling rules vary significantly between nations.

- Wine faces a more restrictive regulatory environment than other products, which would make it harder for manufacturers to adjust or correct ABV levels to suit consumer preferences or offset duty increases arising from the proposals.
 - The changes would advantage “inferior” wine-based drinks over quality wines. One retailer said “I fear we’ll see a huge new market for ‘wine-based drinks’ watered down with sweet grape juice, available at low prices in supermarkets, and people will think merchants selling real wine are over-priced”.
 - The increases for still wine would undermine the Government’s new Free Trade Agreements, in particular with Australia, by outweighing the benefits of tariff reductions.
 - The changes would likely affect the whole of the wine supply chain, disrupting existing commercial practices and pricing strategies. This would be particularly disruptive to ‘en primeur’ wines which are sold well in advance of the final ABV being known.
 - Taxing wine by ABV would likely incentivise producers to push labelling rules to the limit and understate their ABVs, or simply declare fraudulent ABVs. Only laboratory testing could assure accurate ABV measurements, which would be unworkable and excessively burdensome.
 - There was simply not enough time for businesses to implement the changes before 1 February 2023.
- 2.21 Wine businesses argued these issues were likely to lead to a reduction in the availability and variety of wines to consumers, limiting choice, and would increase costs.
- 2.22 A small number of wine businesses argued that the changes would be deliverable if smaller producers were exempted.
- 2.23 To address these concerns, wine producers tended to favour one of two, contradictory, solutions. The first was to impose a flat strength-based rate across all products. The second was to revert to a series of bands which were not linked to strength. A large range of proposals were put forward for this second option, including:
- A single rate on wines between 8.5-15% ABV at a rate equal to the estimated average strength of a wine on the market (12%), with a single rate for wines between 15-22% ABV based on 18% ABV. This was the most popular option.
 - A single rate for wines between 11-15% ABV, with reduced rates for wine below 11% ABV, and a higher rate for wines above 15% ABV.
 - A rate for wines under 12% ABV and a higher rate for wines above 12% ABV.
 - A rate for wines between 7.5-10.5% ABV (based on 9% ABV strength) and a 11-15% ABV rate at £19/litre of pure alcohol (lpa).

- Six rates for wines between 8.5-22% ABV: 8.5-11% ABV, 11-13% ABV, 13-15% ABV, 15-18% ABV and 18-22% ABV.
- A series of 1% ABV width bands from 8.5% ABV to 22% ABV.

2.24 In parallel, some producers suggested creating a separate category for ‘wine of fresh grape’ between 8.5-22% ABV, relative to made-wine. Under this proposal, made-wines between 8.5-22% ABV would be taxed in proportion to the strength of the product as set out in the consultation proposals, while wine of fresh grape would pay a non-strength-based rate as set out above.

Public health views

2.25 Public health stakeholders strongly welcomed the changes. The Office for Health Improvement and Disparities commented:

“The proposed changes to the structure of alcohol duty set out by Her Majesty’s Treasury (HMT) represents the largest and most positive shift from the perspective of public health in contemporary alcohol policy.”

2.26 Public health groups however expressed concern that there would still be significant tax advantages for very cheap ciders, and stronger beers between 7.5% and 8.5% ABV would be paying less duty under the proposals. Mindful of the 19% increase in alcohol-related deaths across the UK during the pandemic,¹ they put forward several suggestions for the proposals to go further. These included:

- Increasing duty on cider significantly, and ultimately equalising cider duty with beer duty, thereby ending “cider exceptionalism”. They argued cider was disproportionately consumed by harmful drinkers and the current proposals would maintain a large differential between cider and other products.
- Lowering the threshold for the 8.5%-22% band to 6.5% ABV.
- Alternatively, having an additional higher band targeted at strong beers and ciders between 5.5% or 6.5% and 8.4% ABV. This would be set between the £19.08/lpa for beers and the £25.88/lpa for products at or above 8.5% ABV.
- Committing to automatically uprate duty rates, as in Australia, rather than having them subject to an annual decision at the Budget. It was suggested that this could be outsourced to an independent commission, which would review rates every 5-10 years.

2.27 Public health groups also argued overall that duty rates should be increased, including to offset the impact of freezes in previous years. They cited the increased affordability of alcohol as a concern. They also argued that there should be rigorous evaluation of the impact of the review proposals on public health.

¹ Source: Office for National Statistics

<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/causesofdeath/bulletins/alcoholrelateddeathsintheunitedkingdom/registeredin2020>

Rate for products below 3.5% ABV

- 2.28 For the lower strength rate, almost all respondents welcomed the proposal to extend this to cover all products at 3.4% ABV or below. This included public health groups, who welcomed incentives for manufacturers to reformulate their products or for consumers to switch to lower ABV offerings.
- 2.29 However, some respondents urged the Government to amend its approach to the lower strength rate:
- A large number of producers proposed that the 3.4% limit be increased to 3.5% ABV exactly. This was endorsed by most beer groups and brewers, as well as some cidermakers. They argued this would be clearer to consumers and align with EU Directives. A handful of producers suggested this be taken further to extend to 3.7% or even 4%.
 - Brewers and cidermakers expressed concern that the rates for all products would be the same. They proposed that further reductions be made for beer and cider in this range to distinguish them from made-wine and spirits. They argued these products, particularly spirits, benefitted from lower production costs than beer or cider and would therefore likely take market share.
 - Small brewers expressed concern that this would weaken the competitiveness of small brewers against larger ones for beers between 2.8 and 3.4% ABV, as the proposed changes would lead to a convergence in duty rates compared to the present arrangements under Small Brewers Relief (SBR).

Effect on innovation

- 2.30 Most producers who gave a view felt that the proposals would likely have a positive impact on innovation. One said:
- “The current banded system, particularly for wine and made-wine of 5.5%-15%, currently actively encourages the production of higher ABV products by giving a producer no reason to not cater to the desires of consumers who rank alcohol content above all else. With this removed, there should be ample room for the development of product in the 5.5%-10% space, where currently very few products are commercially viable due to the distortions created by the current bandings. We therefore wholeheartedly support the proposal”.
- 2.31 Another commented:
- “The collective treatment of made wines and spirits below 8.4% is a welcome development and will enable more innovation both in product formulation generally and strength. It allows the development of lower strength drinks without the penalty of having to pay disproportionately higher duty when compared with the existing tax regime. It also removes a raft of issues which make classification and technical definitions difficult to navigate”

Other comments

- 2.32 The Government received several responses which specifically addressed the application of the reforms to Northern Ireland. These responses asked for further clarity on how the reforms would work in Northern Ireland. They argued that to ensure the smooth functioning of the all-island economy and avoid disrupting complex cross-border supply chains, businesses should be given greater certainty. They also recommended that businesses be consulted as part of discussions between the UK and EU, and before proposals were put in place.
- 2.33 One public health respondent advocated reducing differences in excise duties between Northern Ireland and the Republic of Ireland, to help contribute to harmonisation long-term and reduce cross-border shopping.
- 2.34 There were a small number of suggestions for the alcohol duty structure to reflect factors other than the alcohol content of a product. These included sugar levels or calories contained within products, and to differentiate between products based on their carbon footprint.
- 2.35 Despite being outside the scope of the consultation, a small number of respondents called for other measures, including the introduction of minimum unit pricing in England, the implementation of the health prevention green paper, restoring the value of the public health grant, uprating the Soft Drinks Industry Levy, and providing additional funding for tobacco prevention.

Draught products (Questions 4-7)

The principle of draught rates

- 2.36 Most beer and cider respondents strongly supported the proposed new draught rates. They cited the benefits to pubs, which in turn would benefit local communities. Several (although not all) public health groups also welcomed the introduction of the draught rates, as this would provide the Government with greater flexibility in setting alcohol duty rates, and could encourage “consumers to substitute at-home drinking alone with in-pub drinking with friends”.
- 2.37 Producers of made-wine products (e.g. fruit ciders) welcomed the inclusion of their products in the relief. However, some brewers expressed reservations about aligning the made-wine rate for draught products with that for beer and argued the made-wine draught rate should be increased.
- 2.38 Some respondents however disagreed with the principle of draught rates. These included wine producers and distillers, but also extended to some brewers. Their arguments included:
- A reduced VAT rate for on-trade alcohol sales would be a quicker, fairer and more efficient way of generating the same outcome. It would be able to apply across all categories, unlike the draught rates.
 - This would unfairly advantage beer and cider to the detriment of wine and spirits. This was particularly acute as spirits held 27% market share for all on-trade sales.

- It was likely that producers would retain the benefit for themselves and not pass it on to pubs or consumers.
- One retailer argued lower prices in the off-trade were due to lower margins and greater competition.
- The proposals were highly susceptible to fraud.

2.39 Wine producers and distillers also disagreed with the proposals to exclude products at or above 8.5% ABV, and spirits-based drinks below this threshold, from the draught rates. They argued for this approach to be reversed, as they considered it arbitrarily excluded products already sold on draught in some venues.

2.40 Most respondents who supported the draught rates argued that they should be made more generous and were sceptical of the impact of the 5% proposed reduction. Proposals ranged from cutting the rates by a few percentage points, to abolishing duty on draught beer and cider altogether. This line of argument was also supported by public health groups, who said that the general rates should be increased to pay for further reductions in draught rates..

Qualifying criteria

2.41 Most respondents to the consultation accepted the need for qualifying criteria to ensure that draught products were not diverted to the off-trade.

2.42 There was a near-unanimous view amongst beer and cider respondents that the container size criterion should be reduced from 40 litres to 30 litres or 20 litres. This was supported by all their trade associations. Arguments in favour of this change included:

- While most cask ale was sold in firkins (40.1 litres), which would qualify for draught rates under the consultation proposals, keg beers were typically sold in 30 or 50 litre formats, so a significant proportion of keg beer would not qualify for the new relief.
- Survey data provided by one trade association suggested around 30% of beer from smaller producers was made in formats smaller than 40 litres. Survey data from a different trade association suggested 24% of pubs and social clubs used an average container size below 40 litres.
- Smaller container sizes were increasingly popular as they allowed pubs and other venues to hold less product at a given time, allowing them to vary their offerings more quickly and keep product fresh. In addition, smaller containers were lighter and therefore easier to handle in breweries and pubs, reducing health and safety risks. Smaller venues may not have the capacity to store 40 litre or 50 litre containers
- Some producers used Cornelius Kegs or “corny kegs” which were 5 US gallons or 19 litres in size. Other formats, such as “polypins” were also cited. Cider made by smaller producers tended to be sold in a bag-in-a-box format, usually around 20 litres. In general, larger containers tended to be more expensive, so smaller formats were favoured by smaller producers.

- 2.43 One large brewer suggested that the container size should be lowered further to 10 litres, provided the container was pressurised or connected to a pump delivery system. They argued this would align with the 22030010 customs commodity code. However, this was not supported by other brewing respondents.
- 2.44 Most respondents also supported the proposed rule that the container should be pressurised or be designed to connect to a pump dispense system. However, two reservations were expressed by respondents:
- Some smaller producers (particularly cidermakers) preferred bag-in-the-box formats, which would not fit this criterion.
 - Some pubs sold their beer or cider using gravity dispense, which would also not fit this criterion. This also included other mechanisms such as bunghole bush, shive and keystone.
- 2.45 As a result, one respondent suggested therefore that any container designed to be dispensed into a glass should qualify for the draught rates. However, other respondents supported limiting the draught rates to only those products intended to be sold to licenced premises that have some form of draught dispense system.
- 2.46 There were few suggestions for additional criteria or safeguards from respondents. One brewer suggested containers should be reusable to disincentivise waste. Another pointed out that there was a risk that non-carbonated or unpressurised drinks could be repackaged or decanted on site, which could be difficult for HMRC to detect.

Small Producer Relief (Questions 8-14)

- 2.47 While the consultation was open the Government published its response to the separate technical consultation on Small Brewers Relief (SBR). This supplemented the proposals for the Small Producer Relief (SPR) which were set out at the Budget. The Government's proposals included that SBR would be folded into SPR, its structure would be changed to soften the existing 'cliff-edge' and new arrangements would be introduced for mergers and acquisitions to avoid the relief distorting business decisions.
- 2.48 Unlike the overarching proposals, most comments on SPR were limited to industry responses. Some brewers took the opportunity to comment on the Government's proposals for SBR, which are discussed below.

The overall principle of SPR

- 2.49 The majority of cidermakers supported the overall idea of expanding SPR to cover ciders, including fruit ciders which are classed as made-wines. They said this would benefit small businesses to grow beyond the existing cidermakers' exemption, and in the long-run offer consumers more variety and choice.
- 2.50 Similarly, many brewers and brewing groups supported the decision to extend relief to other categories of small producer. However, some expressed reservations about how this would affect the competitive position of brewers

relative to e.g. cidermakers, and how the reliefs would work in practice. One beer group wrote:

“While we may agree with the principle of an expanded small producer relief, we raise concerns about cross-category market distortions, manipulating definitions of ‘control’ to game the system, and a ‘one-size-fits-all’ approach. If the aim to support a small producer within the respective sector, the system needs to be tailored to the sector, monitored for unintended market distortions, and reviewed regularly”

- 2.51 Wine and spirits producers were generally disappointed that the Government had not decided to extend SPR to their categories by imposing the 8.5% ABV limit on products eligible for SPR. They advocated reconsidering this proposal to either extend to a higher value, such as 12.5% ABV, or to drop it altogether.
- 2.52 Some producers expressed concerns about how the concept of products produced ‘under licence’ would extend to other products beyond beer. One respondent disagreed with this rule, saying it would advantage brand-owning producers over those who had their drinks produced by external suppliers. Another respondent said that while the concept was important to prevent bigger businesses from indirectly benefitting, the current definitions were unclear and would benefit from a more precise explanation.
- 2.53 A small number of respondents expressed concern that the relief would be offered to imported products and said reliefs should give preference to domestic producers.
- 2.54 A handful of respondents also argued that small producers should not get specific support, as this increased the complexity of administrative procedures and would advantage some products over others.
- 2.55 Some respondents expressed concern that the structure of the relief was excessively complicated and favoured alternatives. One respondent proposed an approach similar to income tax, where producers would get a fixed total amount of duty relief each year. They would deduct this from their returns until the maximum amount was reached. This is essentially the system used for beer and spirits in Australia.
- 2.56 One respondent expressed concern about any potential delay to the SBR reforms caused by it being merged with SPR. They said the reforms should come into force at the same time as the wider changes to the alcohol duty structures.
- 2.57 A number of wine respondents also criticised the Government’s decision not to create a ‘cellar door relief’ on the first 100 hectolitres (hL) of products sold directly to the public. They disagreed with the Government’s rationale for not taking this forward and asked that this decision be reconsidered.

The structure of the SPR relief

- 2.58 There were a wide range of views from stakeholders on the appropriate thresholds to start the new taper and the maximum size of businesses that should qualify. For example, one consumer group suggested that the taper should apply from 250hLpa, while another producer suggested 90hLpa.

Another suggested that no producer should be able to claim SPR if they exceeded 3,000hLpa (equivalent to 60,000hL at 5% ABV). Most beer respondents supported the Government's proposal in the SBR technical consultation to raise the threshold from 60,000hL to 100,000hL, although some urged the Government to go further to the equivalent of 200,000hL.

- 2.59 Wine and spirits producers who suggested SPR should be extended to those sectors also made suggestions. Generally, they suggested the SPR scheme should be less generous than that envisaged by the Government for products below 8.5% ABV. They suggested that the SPR entitlement for wines and spirits should end at 450hLpa or below. However, this view was not uniformly shared by respondents, with one wine producer suggesting that SPR should only be available on the first 500,000 bottles produced.
- 2.60 The substantial majority of producers who gave an opinion supported the proposal to base eligibility for SPR in terms of hectolitres of alcohol produced, and not hectolitres of finished product. They suggested this would help incentivise the production of lower strength products. However, some cidermakers and brewers disagreed and said that this would add excessive complication, as their business models and planning were based on hectolitres of finished product. They also argued it could discourage making new styles of product that were higher in ABV. Cidermakers also cited the uncertainty in high-juice ciders associated with seasonal variety, meaning that ABV levels would not be easy to predict.
- 2.61 If hectolitres of pure alcohol remained the basis for calculating SPR production, beer and cidermakers both raised the ABV on which to base the relief thresholds as a concern. Small brewers said that they tended to produce at higher average ABVs than the national average ABV of 4.2% for beer. Likewise, small cidermakers said that their higher-juice products tended to be in the range of 6-8% ABV rather than the 4-5% ABV typical of larger producers.
- 2.62 In general, most stakeholders agreed with the principle of basing SPR entitlement on total production across all products, including those above 8.5% ABV. However, some respondents did not agree with the proposal to capture production above 8.5% ABV as this would disadvantage smaller producers who had set up supporting distilling operations. The Government received case studies of breweries who also distilled, who would be significantly worse off than under the current regime. One respondent cited concerns around small cidermakers who produced cider brandy
- 2.63 The decision to introduce the 8.5% ABV limit was also criticised by some beer respondents, who noted that some small producers opted to produce beers above this threshold. They noted that beers eligible for SBR can be above 8.5% ABV, which would not be the case under SPR. They argued these beers would face very significant duty increases, potentially in the order of 40%.
- 2.64 Some respondents from the beer sector – in line with the range of views expressed in the SBR technical consultation – expressed scepticism about the Government's proposals to base SPR on nominal cash values of the relief.

They urged for any cash values to be reviewed regularly, at least annually, and automatically increased in line with inflation.

- 2.65 Most respondents who gave an answer did not support any of the suggested safeguards in the consultation document. They viewed these as either excessively burdensome or as unfairly restricting businesses from operating certain business models. However, a handful of responses supported adding protections e.g. to ensure relief was only granted to those making local products.

The 70hL exemption for cider

- 2.66 Alongside the extension of relief to other categories of small producers, the Government announced that it would retain the exemption for small cidermakers producing less than 70hL per year. This was welcomed by the cider industry. Conversely, this decision was criticised by some brewers who saw it as perpetuating unfairness across the categories.
- 2.67 The Government also received some feedback from cidermakers on how the new SPR scheme should be aligned with the existing exemption. Some cidermakers favoured introducing a zero-rate for both cider and made-wine produced below 70hL as part of the new SPR scheme, rather than continuing the existing duty exemption. This would provide cidermakers with relief across all their products and simplify paperwork, while also increasing the visibility of the sector to HMRC and reducing opportunities for evasion. However, there was no consensus on this point across the sector, with others considering the current arrangements to be less administratively burdensome.

Approvals, returns, payments and digitisation (Questions 15-23)

- 2.68 Broadly, respondents welcomed the new approach to the administration of the duty system and felt that it would reduce administrative burdens on both businesses and HMRC. One producer who welcomed the change described the current approach as “cumbersome, time consuming and not fit for purpose”.
- 2.69 Several respondents put forward requests for features in the new digital systems. These included:
- An ability for producers to directly track duty payments, without need for this to be done by a third-party such as a warehouse.
 - Ability to review form requirements in advance and prepare accordingly, allowing information to be requested in advance of submitting forms. Similarly, some noted that a checklist of required information prior to completion of the form would be helpful.
 - Removal of the requirement for a director’s signature on forms.
 - Removal of the requirement to complete an approval form ‘from scratch’ where minor amendments were needed.
 - Incorporation of features from the existing Alcohol and Tobacco Warehousing Declaration (ATWD) system into the new alcohol system.

Likewise, the Making Tax Digital system for VAT was cited as an effective digital system.

- The ability to reconcile payments to removals from bonded warehouses online.
- Blockchain technology to assure the entire supply chain, end-to-end, particularly for wine.

2.70 However, respondents raised some concerns about the HMRC proposals:

- Several larger producers said that submitting a single return for all their sites could be unmanageable and said they would like the ability to complete returns on a per-site basis. Other producers also said this could increase the risk of fraud by making it more challenging to monitor activity.
- Another large producer said they also did not support having to provide nil returns for all locations and were unclear about how the proposals would affect non-production locations.
- One small distiller said the proposals would reduce their payment period from six weeks to four weeks, affecting their cashflow.
- Any changes to HMRC systems would have an effect on businesses, causing time and expense in adjusting internal processes.
- A number of producers raised concerns about the 5km 'adjacent premises' rule. Some respondents said this rule was inflexible and unsuited to producers operating in rural areas.
- The non-transferability of wholesaling and other licenses in the event of a sale of a business could make purchases less attractive. It was unlikely businesses would have sales agreed in time to satisfy the proposed 45 day Fit and Proper Test period².
- Some respondents suggested that returns should be made quarterly rather than monthly, to reduce burdens on businesses and be consistent with VAT.
- Some producers asked for drawback arrangements to be made simpler and less burdensome, with responsibility not falling solely on the producer.

2.71 Overall, respondents were unresponsive to the proposed changes to the return and payments dates, but there were responses stating that having both on the same day would create logistical difficulties for them.

2.72 Many respondents expressed a desire for HMRC systems to be fully tested with user input, including with external software providers, and for sufficient lead-in time to be given to adjust their own systems. Several businesses asked for a six-month lead-in period at a minimum.

² Under the Fit and Proper test, HMRC assesses applicants against a number of criteria to test that the business is a genuine enterprise which is commercially viable, with genuine need for approval and that all persons with an important role or interest in it are law abiding, responsible and do not pose a significant threat in terms of potential revenue non-compliance or fraud.

Chapter 3

The Government's response

- 3.1 This chapter sets out the Government's response to the points raised in the consultation by respondents.

The overall system of rates

- 3.2 The Government has reflected carefully on the evidence provided by respondents to the consultation and has concluded that the structure of rates as set out at Autumn Budget 2021 remains appropriate. The Government believes that taxing products in a progressive structure, and by reference to the litres of pure alcohol (lpa) they contain, best meets the Government's objectives of simplicity, economic rationality and supporting public health goals.
- 3.3 While some industry respondents expressed the view that a flat-rate system (i.e. one where there was a single rate of duty across all strengths) would be a simpler solution, the Government does not consider that this would generate the optimal outcome. A progressive system encourages innovation at lower ABVs and is better aligned to public health goals than a flat rate system.
- 3.4 The progressive system will reduce or remove many of the distortions in the current system, particularly at lower strengths. However, the Government considers it necessary to maintain some differences between the rates for different categories in the 3.5-8.4% ABV band of the new system. Whilst some respondents to the consultation called for full equalisation across all categories, the Government recognises that this would have a significant impact on the costs faced by some industries.

The taxation of wine

- 3.5 The consultation proposals to tax wine by strength raised a significant number of questions and concerns from the wine industry, which the Government would like to address in this section.
- 3.6 Having discussed alternatives extensively with the wine industry, the Government remains committed to a single, strength-based duty rate for the 8.5-22% ABV band. This is the most appropriate solution to meet the goals laid out in the consultation: the creation of a new system that is simpler, more consistent and supports public health outcomes by taxing products in relation to their strength. The single rate for all products is a significant simplification from the five existing rates for still, sparkling and fortified wines, strong beers and spirit liqueurs.

- 3.7 The Government will maintain the rate per litre of pure alcohol at the proposed rate of £25.88, equivalent to the current duty per unit paid by a 11.5% ABV still wine. Although some respondents argued that this is not reflective of consumer preferences, the Government believes that lower strength products should pay less duty, which reflects consumer trends and is more aligned to public health goals. The Government does not agree that the characteristics of wine and wine production are different enough from other beverages to justify an alternative duty system.
- 3.8 Similarly, the Government considers that introducing multiple additional bands between 8.5-22% ABV would add more complexity to the system for many duty payers. Instead of multiplying the duty rate by the volume and strength of each product, businesses would need to perform different calculations using different rates for multiple bands, adding further complexity and administrative overheads.

Transitional arrangements

- 3.9 However, the Government agrees with the views of respondents that there is merit in a wider band for certain wines of fresh grape, for a limited period. To ease the transition into the new system, the Government will mandate that all wine of fresh grape between 11.5-14.5% ABV should use an 'assumed' strength of 12.5% ABV for the purposes of calculating duty until 1 February 2025.
- 3.10 In practice, this means that the duty payer should declare all wine of fresh grape with a labelled strength of between 11.5-14.5% as being 12.5% when completing their return. This is expected to cover a large proportion of the wine market and will simplify the transition to the strength-based system for duty payers, especially on mixed pallets, whilst preserving the principle of a strength-based system.
- 3.11 Any wine of fresh grape with a labelled strength outside of this range will need to be declared according to the labelled strength. This will preserve the ability of wine of fresh grape below 11.5% to benefit from the duty reductions offered by the reforms.
- 3.12 This easement will be in place for 18 months from 1 August 2023 until 1 February 2025, after which all wine in this range will be expected to have duty calculated based on the labelled ABV.

Determining ABV for duty purposes

- 3.13 The Government recognises that determining a precise ABV for wine is less straightforward than some other products, where the ABV is controllable.
- 3.14 In determining the strength of wine (and all other alcoholic products) for duty purposes, HMRC will accept the labelled ABV for duty calculation, unless there is reason to believe it is inaccurate. This is based on the current principles set out in the excise notice for domestic wine production:

For duty purposes, the strength of wine is the actual strength when it passes the duty point. However, if you [businesses] comply with certain

conditions, we [HMRC] will accept for duty purposes the declared [label] strength. (Para 9.3, Excise Notice 163)¹

- 3.15 Producers and importers of wine are currently, and will continue to be, expected to conduct due diligence to ensure that the actual strength and labelled strength of the wine in-bottle remain accurate.
- 3.16 Only where it is found that due care is not being taken to reflect accurate ABVs on labels (taking account of any tolerance levels in existing labelling rules) will it become a requirement to use actual ABV for duty calculations. The Government does not intend to mandate chemical analysis of alcoholic products by default.

The taxation of cider

- 3.17 The previous chapter explained the variety of views in the cider industry about whether the definition of cider should be changed. There was interest in changing some of the requirements of cider for tax purposes to better reflect the modern cider market, although respondents supported both tightening and loosening the definition.
- 3.18 The Government recognises the spirit in which these suggestions have been made, but this is a complex issue with conflicting views across industry. To better consider these views, the Government intends to run a consultation on the definition of cider for tax purposes in 2023, with details to be published in due course.
- 3.19 Through this consultation, the Government will seek views on which parts of the definition could be changed, including:
- Raising the minimum juice content requirement
 - Raising the specific gravity requirement
 - Allowing 'fruit additives' or a wider range of flavourings
 - The categorisation and definition of fruit ciders
- 3.20 Whilst some respondents called for the duty rate for cider to be increased to match that of beer, the Government believes it would be detrimental to cider producers to equalise rates of beer and cider as part of these reforms. Instead, the changes put beer and cider on the same basis for taxation for the first time and address harmful high-strength 'white' ciders, while cutting duty for draught, low ABV, sparkling and craft ciders.

The design of rates and bands

Products below 3.5% ABV

- 3.21 As outlined in the previous chapter, almost all respondents welcomed the proposal to extend the lower rate to cover all products at 3.4% ABV or below. Some producers proposed that the upper limit be increased to 3.5% ABV or expressed concerns that this could weaken the competitiveness of small brewers against larger ones in the 2.8-3.4% ABV range.

¹ [Excise Notice 163: wine production - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/excise-notice-163-wine-production)

- 3.22 Despite these concerns, the Government believes introducing new rates for low strength drinks below 3.5% ABV is consistent with its objectives to encourage manufacturers to develop new products at lower ABVs, giving consumers greater choice and more options to drink responsibly.
- 3.23 Some respondents also suggested that the rates should be differentiated between products to reflect relative production costs. However, the Government's view is that a single rate across all products best meets its objectives to make the alcohol duty system simpler and more consistent across product types.

Products between 5.5-8.5% ABV

- 3.24 Although responding very positively to the reforms overall, some public health groups expressed concern that the 3.5%-8.4% ABV band in the new duty rate structure may encourage the upwards reformulation of 'white' ciders or strong beers to the band's upper limit (8.4%). Consequently, they advocated for either the lowering of the band's upper limit, or the creation of a new higher rate band within the 3.5% to 8.4% ABV range, to prevent upwards reformulation.
- 3.25 After considering this proposal, the Government does not intend to either lower the upper limit of 3.5%-8.4% band or introduce a new higher rate band within this range.
- 3.26 Cider at or above 4.6% ABV (which includes most 'white' ciders) is already facing a duty increase under the new duty structure, and in the new duty system upwards reformulation is economically disincentivised. Further, altering the duty structure in this way would also impact the traditional cider industry, which generally produces stronger products.
- 3.27 However, the Government will keep this approach under review and will monitor the effect on the market. If there is evidence of upwards reformulation, the Government will review this position.

Uprating of duties

- 3.28 The Government does not intend to tie the uprating of alcohol duty to an automatic Retail Price Index (RPI) inflation escalator. Whilst many public health respondents urged the Government to do so in the consultation, current economic pressures could lead to inflation-based uprating having a disproportionately negative effect on the industry and consumers. The Government will therefore retain discretion to adjust duty rates regularly through the annual fiscal event process. However, the Government's fiscal forecast will continue to be based on the assumption that duty rates will be increased.

Draught relief

- 3.29 In order to distinguish between the on-trade and the off-trade, the Government announced its intention to introduce new reduced rates for draught products as part of the new alcohol duty system. The proposed qualifying criteria included beer, cider or made-wine products, such as fruit cider or mead, in large containers of at least 40 litres, below 8.5% ABV, and sold as to connect to a dispense system. Wine was also an eligible product

type, although the Government acknowledged that the other criteria largely excluded still and sparkling wine on the basis that these products are mostly above 8.5% ABV.

Container size

- 3.30 The Government received a large amount of feedback from industry on the container size criteria. While the feedback provided evidence that the most common container sizes used by industry would qualify, there was also concern that smaller formats, used by some smaller breweries and venues, would not benefit.
- 3.31 After reviewing the evidence from industry, the Government has decided to reduce the container size qualifying criteria from 40 litres to 20 litres. The Government believes this will allow a wider range of businesses to benefit from the relief, whilst protecting against diversion to the off-trade that could happen with smaller, more portable containers below the 20 litre threshold.

Inclusion of spirits

- 3.32 Some respondents were disappointed that the draught relief was not extended to spirits, arguing that this goes against the principles of the alcohol duty review. The Government considered whether it would be appropriate to include spirits in draught relief to equalise the treatment of alcohol products.
- 3.33 The Government acknowledges that the exclusion of spirits from draught relief creates a differential between products and arguably undermines the review's aim of reducing inconsistencies in how alcohol products are treated within the tax system.
- 3.34 The Government understands there is a small but growing market for draught, spirits-based 'ready to drink' products (RTDs), which presents a number of benefits to the on-trade. The Government therefore intends to expand draught relief to include spirits-based products below 8.5% ABV. The draught rate for spirits will be £18.13/lpa for products between 3.5%-8.4% and £8/lpa for products between 1.2% and 3.4% (as for beers, wines and made-wines).

The 8.5% ABV criteria

- 3.35 The Government proposed an 8.5% ABV limit to ensure that the relief does not undermine its public health goals by encouraging the consumption of higher ABV products. The 8.5% ABV limit also aligns with the new duty band structure, in which alcoholic products 8.5% ABV and above have a higher duty rate than products below 8.5% ABV. This is to incentivise the production and consumption of lower strength products.
- 3.36 Some respondents disagreed with this criterion, saying that this limit meant the draught relief only benefited the beer and cider industry. The Government considered whether the ABV limit should be raised, but it concluded that this would undermine the public health objectives of the alcohol duty review.

Dispense mechanism

- 3.37 The Government proposed that a draught container must be sold so as to connect to a dispense system in order for the product to qualify for the draught relief rate. This was intended to ensure the relief remained focused on the on-trade by requiring specialist dispense equipment.
- 3.38 The Government believes the dispense system requirement is an important part of ensuring that the draught product rate applies to the on-trade, and therefore intends to retain this rule.
- 3.39 In response to the consultation, some respondents suggested that some formats, such as cask or 'bag in a box' formats (where the drink was dispensed directly from the container) would not fall in scope of this criterion.
- 3.40 After further engagement with industry, the Government understands that these containers tend to have a 'dual use' ability, where they can be both connected to a pump line or dispensed directly from the container. The Government is considering whether the definition needs to be adjusted to reflect this dual purpose, but intends for bag in a box formats to qualify for the relief, provided that the product fulfils the other qualifying criteria.
- 3.41 The current draft legislation requires containers to be designed to be connected to a pump or pressurised delivery system. The Government is seeking further feedback from industry on how to define the dispense mechanism, including views on whether a dispense mechanism is required at all, to ensure the relief achieves its intended purpose of targeting the on-trade. We welcome industry's feedback on this qualifying criterion and have proposed specific questions for consideration in Chapter 5.

The value of the relief

- 3.42 Some respondents suggested that the draught relief should be made more generous than the rates provided, which are approximately 5% lower than the standard duty rates for beer and cider and approximately 20% for wine, made-wine and spirits.
- 3.43 The draught rates are being introduced in the UK for the first time, in order to support the on-trade by reducing the burden of taxation on products sold in those premises and encourage responsible drinking in social and supervised settings, in line with the Government's public health objectives. As such, the Government would like to monitor the impact of the relief before considering changes to the rates. The benefits to the on-trade and the effects on alcohol consumption must be sufficiently evidenced before the Government can consider whether the differential between the on-trade and off-trade rates should be increased.
- 3.44 The Government will keep the draught rates under review once implemented and will consider any changes to the rates through the annual fiscal event process.

Small Producer Relief

- 3.45 In order to provide more consistent forms of relief for small producers, the Government announced that it would build upon Small Brewers Relief (SBR) by introducing a new Small Producer Relief (SPR). SPR would largely mirror SBR, including the reforms announced in November 2021, but would also be applicable to lower strength beers and small producers of cider, wines/made-wines (such as fruit ciders or fruit wines) and spirits-based products.
- 3.46 The proposed qualifying criteria stated that producers would need to produce less than a maximum threshold of pure alcohol in the previous calendar year to qualify, products must be below 8.5% ABV and that product produced under licence would not qualify but would count towards production levels

The structure of SPR

- 3.47 The substantial majority of producers supported the Government's proposal to base SPR in terms of hectolitres of pure alcohol (hLpa) produced. While some respondents would prefer for the relief to be based on hectolitres (hL) of finished product (i.e. volume rather than strength-based), the Government believes that basing the relief on hLpa is more consistent with the broader design of the new alcohol duty system, and better supports the Government's objective to encourage the production and innovation of lower strength products.
- 3.48 In the Government's response to the technical consultation on SBR, the Government sought feedback on how to convert the current SBR thresholds of hectolitres of finished product into hLpa (i.e. what average ABV should be used to perform the conversion). As noted above, both beer and cidermakers raised the ABV on which to base the relief thresholds as a concern on the grounds that small brewers tend to produce at higher ABVs than the national average.
- 3.49 The Government has considered the feedback received and proposes to use an average ABV of 4.5%, slightly higher than the national average for beer of 4.2% ABV, as the basis for converting the current SBR thresholds to SPR. This is in line with evidence provided by one of the trade associations representing small brewers which suggests that this is a more realistic average for small producers.
- 3.50 As noted above, there was a wide range of views from stakeholders on the maximum size of businesses that should qualify for the relief. The Government has considered the responses and proposes to set the maximum size of businesses that should qualify for the relief at 4,500hLpa for all alcohol categories, which is based on converting the proposed 100,000hL threshold for SBR to hLpa using an ABV of 4.5%. We would welcome further views from stakeholders on these proposals.

The 8.5% ABV threshold

- 3.51 After considering the consultation responses, the Government has decided to maintain the criterion that products must be below 8.5% ABV to benefit from the relief. While some respondents felt this disadvantaged small producers producing stronger products, and effectively excludes wines and

spirits, the Government believes retaining this criterion supports the public health objectives of the reforms, as well as aligning with duty bands and draught relief, making the new system simpler and more consistent. It also encourages the production and innovation of lower strength products.

Calculating the relief based on total hLpa produced

- 3.52 Most respondents agreed with the principle that products above 8.5% ABV (and therefore not eligible for small producer reductions) should count towards a producer's overall production. While some stakeholders argued this will generate unfair outcomes e.g. where small breweries had set up supporting distilling operations, or were economically cooperating with small distilleries, the Government believes this rule is important to ensure that the relief is limited to genuine small producers – businesses producing non-eligible products still benefit from greater economies of scale and this rule prevents large established producers from being eligible for small producer rates if they expand into another category

Connectedness test

- 3.53 An existing principle of SBR is that breweries that are economically cooperating together (i.e. they are legally connected) should receive SBR on the total production of their group of breweries. How brewers are judged to be cooperating for SBR is based on Corporation Tax rules, which provides a wide definition of connection. The Government considers this rule is important for two reasons: that brewers that are economically cooperating have advantages such as lower overheads and that without such a rule, there would be avoidance opportunities as a brewery could artificially split into smaller sub-units.
- 3.54 The connectedness test will therefore be carried forward to SPR and cover all products that a producer makes. However, the Commissioners of HMRC will have discretion to treat connected persons as if they are not connected if it is appropriate in the individual circumstances. We have received a small amount of feedback that this approach may generate unfair outcomes. We welcome further views from stakeholders on what test to use for the purposes of SPR to determine when producers are cooperating.

Small Cidermakers' Exemption

- 3.55 In response to the consultation, some cidermakers provided feedback on how SPR should be aligned with the existing exemption for small cider makers. Some cidermakers favoured replacing the existing exemption with a 100% reduction in duty (which results in a zero rate) for the smallest cidermakers within the broader SPR scheme.
- 3.56 The Government believes this proposal has merit. It would mean a smoother system, whereby cidermakers would retain the full value of the relief as they grew past the hLpa equivalent of the 70hL threshold. The Government proposes that this 100% reduction in duties would apply to cidermakers producing 5 hLpa or less (which is equivalent to a cidemaker making 70hL of 7% cider). Once cidermakers exceed this threshold, they would move on to the next marginal band and their overall discount would reduce gradually from 100% down towards 0% as their business grew.

- 3.57 As this will no longer be an exemption but a 100% reduced rate through SPR, small cidermakers will require an approval from HMRC, and then would normally be required to submit monthly duty returns. HMRC are exploring how to minimise these administrative requirements.
- 3.58 The Government also proposes that this 100% reduction in duty would apply to all products below 8.5% ABV, rather than just apple and pear cider. The Government would welcome views from stakeholders on this proposal.

Cellar door relief

- 3.59 A number of respondents from the wine industry disagreed with the Government's rationale for not taking forward proposals for a 'cellar door relief' and asked that this decision be reconsidered. The Government has considered the additional feedback received but does not intend to pursue a cellar door relief. The Government believes that introducing a cellar door relief is inconsistent with its objectives to make the alcohol duty system simpler and more consistent, and raises challenges around fairness, unintended consequences and compatibility with the UK's international obligations which it would be difficult to overcome, as set out in the Government's response to the call for evidence.

Compounders and rectifiers

- 3.60 There are two types of spirit product producers that do not produce their own base spirits, which require special consideration for the purposes of SPR. These are rectifiers, who add flavours by redistilling spirits and compounders, who add flavours to spirits without redistillation. While these types of producers may be small, they could source their base spirit from large-scale producers and as such benefit from the economies of scale of a large producer. The Government is therefore considering whether rectifiers and compounders who use duty-suspended spirits to produce their products should be excluded from SPR and would welcome views on this point.

Production under licence

- 3.61 One of the SBR qualifying criteria is that less than half of the beer produced in the previous year is produced under licence. For cooperated breweries, the condition is that less than half of the beer produced in each group brewery was produced under licence.
- 3.62 The Government proposes that this rule should be carried forward to SPR but for cooperating groups, rather than being based on less than half the production in each production premises, production under licence should be less than half of the total alcoholic product produced across all premises combined. For example, if a producer across 3 premises produced 1000 hL of pure alcohol, a maximum of 500hL could be produced under licence in order for the producer to qualify for SPR. The Government would welcome views on this proposal.

Mergers and acquisitions

- 3.63 In the Government response to the technical consultation on SBR it was announced that a transitional relief for breweries that merge would be introduced. These transitional arrangements are included in the proposed

SPR scheme. Full details of how merger and acquisition transitional arrangements will work for SPR are set out at Chapter 4. The Government would welcome views from stakeholders on the technical detail of the transitional arrangements for mergers and acquisitions.

Effective rates and tapers

- 3.64 The Government received a wide range of views from stakeholders on the appropriate thresholds to start the new tapers. The Government has considered the feedback received and its proposals are set out below.

Beer

- 3.65 As noted above, the Government proposes to use an average ABV of 4.5% as the basis for converting the current SBR thresholds to SPR for beer at or above 3.5% ABV but below 8.5% ABV.
- 3.66 For draught beer, the Government proposes to apply the same marginal rates as for non-draught beer (rather than the same level of absolute relief).

Cider

- 3.67 For cider at or above 3.5% ABV but below 8.5% ABV, the Government proposes that after the 100% discount, the relief would start at a discount of around 25%.
- 3.68 As for beer, the Government proposes to apply the same marginal rates for draught cider as for non-draught cider.

Wine and made-wine

- 3.69 For wine and made-wine at or above 3.5% ABV but below 8.5% ABV, the Government proposes, that after the 100% discount, the relief would start at a discount of 10%.
- 3.70 As for beer and cider, the Government proposes to apply the same marginal rates for draught wine and made-wine as for non-draught wine and made-wine.

Spirits

- 3.71 For spirits at or above 3.5% ABV but below 8.5% ABV, the Government proposes, that after the 100% discount, the relief would start at a discount of 10%.
- 3.72 As for the other categories, the Government proposes to apply the same marginal rates for draught spirits as for non-draught spirits.

Low strength drinks of all categories

- 3.73 The Government proposes that after the 100% discount the relief would start at a discount of c25% for beer, cider, wine and made-wine and spirits below 3.5% ABV.
- 3.74 The Government proposes to apply the same marginal rates for draught products as for non-draught products.
- 3.75 These tapers are set out in the tables below:

Table 3.A: Beer 3.5-8.5% (non-draught)

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£19.08	£-
2	5	112.5	50.0%	£9.54	£95.40
3	112.5	225	55.0%	£8.59	£1,120.95
4	225	450	75.0%	£4.77	£2,086.88
5	450	900	85.0%	£2.86	£3,160.13
6	900	1350	100.0%	£-	£4,448.03
7	1350	4500	107.4%	-£1.41	£4,448.03

Table 3.B: Still cider 3.5-8.5%, sparkling cider of an alcoholic strength not exceeding 5.5% (non-draught)

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£8.78	£-
2	5	50	75.0%	£2.20	£43.90
3	50	100	85.0%	£1.32	£142.68
4	100	200	95.0%	£0.44	£208.53
5	200	600	100.0%	£-	£252.43
6	600	1000	100.0%	£-	£252.43
7	1000	4500	100.8%	-£0.07	£252.43

Table 3.C: Spirits, wine and other fermented beverages 3.5-8.5% and sparkling cider of an alcoholic strength exceeding 5.5% (non-draught)

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£22.50	£-
2	5	50	90.0%	£2.25	£112.50
3	50	100	90.0%	£2.25	£213.75
4	100	200	95.0%	£1.13	£326.25
5	200	600	100.0%	£-	£438.75
6	600	1000	100.0%	£-	£438.75

7	1000	4500	100.6%	-£0.13	£438.75
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Table 3.D: All alcoholic products (non-draught) below 3.5% ABV

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£8.42	£-
2	5	50	75.0%	£2.11	£42.10
3	50	100	85.0%	£1.26	£136.83
4	100	200	95.0%	£0.42	£199.98
5	200	600	100.0%	£-	£242.08
6	600	1000	100.0%	£-	£242.08
7	1000	4500	100.8%	-£0.07	£242.08

Table 3.E: Draught Beer 3.5-8.5%

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£18.13	£-
2	5	112.5	50.0%	£9.06	£90.63
3	112.5	225	55.0%	£8.16	£1,064.90
4	225	450	75.0%	£4.53	£1,982.53
5	450	900	85.0%	£2.72	£3,002.12
6	900	1350	100.0%	£-	£4,225.62
7	1350	4500	107.4%	-£1.34	£4,225.62

Table 3.F: Draught still cider 3.5-8.5% and draught sparkling cider of an alcoholic strength of at least 3.5% but not exceeding 5.5%

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£8.34	£-
2	5	50	75.0%	£2.09	£41.71
3	50	100	85.0%	£1.25	£135.54
4	100	200	95.0%	£0.42	£198.10
5	200	600	100.0%	£-	£239.80

6	600	1000	100.0%	£-	£239.80
7	1000	4500	100.8%	-£0.07	£239.80

Table 3.G: Draught spirits, wine and other fermented beverages 3.5-8.5%

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£18.13	£-
2	5	50	90.0%	£1.81	£90.63
3	50	100	90.0%	£1.81	£172.20
4	100	200	95.0%	£0.91	£262.83
5	200	600	100.0%	£-	£353.46
6	600	1000	100.0%	£-	£353.46
7	1000	4500	100.6%	-£0.10	£353.46

Table 3.H: Draught alcoholic products below 3.5% ABV

Band	Start (Greater Than)	End (Inclusive)	SBR Marginal Rate	Marginal Discount	Cumulative Discount
1	0	5	0%	£8.00	£-
2	5	50	75.0%	£2.00	£40.00
3	50	100	85.0%	£1.20	£129.98
4	100	200	95.0%	£0.40	£189.98
5	200	600	100.0%	£-	£229.97
6	600	1000	100.0%	£-	£229.97
7	1000	4500	100.8%	-£0.07	£229.97

3.76 The next chapter sets out further detail on how the Government proposes the Small Producer Relief will work. The Government would welcome further views from stakeholders on its proposals.

Approvals, returns, payments and digitisation

3.77 As set out at the Budget, the Government intends to minimise the administrative differences between the different categories of alcohol, by simplifying requirements and digitising the administrative systems.

- 3.78 To achieve this HMRC will replace regime-specific approval processes with a single alcohol approval that can cover all types of production.
- 3.79 Producers will be able to apply for, and amend, their production approval using a new online facility. Consolidating production approval data within a single system will allow HMRC to use the information it already holds, limiting the amount of new information it requests from applicants and so reducing burdens. This will allow approved businesses to diversify into other types of production more easily, without the need to make an entirely new application. A non-digital route will be provided for taxpayers who are digitally excluded.
- 3.80 Under the reformed alcohol approval, if a producer satisfies conditions, they will be able to, for the types of alcohol covered by their approval:
- produce alcohol,
 - hold product they have made themselves without payment of duty,
 - hold alcohol products produced elsewhere without payment of duty, and
 - import alcohol products direct to their premises.
- 3.81 In addition to reforming approvals, the new digital system will enable those required to pay duty to account for all their alcohol products and production premises on a single return. Returns will be submitted online with a standardised set of payment methods accepted, in line with HMRC's payment strategy.
- 3.82 The Government proposed in the previous consultation that the duty return and payment date would both be due on the last day of the month, but some stakeholders expressed concerns with that approach. We have therefore amended the dates so that returns will be due on 15th of the month and payments on 25th of the month. This approach aligns with the current return and payment dates for beer duty, while giving both cider and wine producers an extra 10 days before their monthly payment is due, compared to the payment periods they enjoy at present.
- 3.83 Further details around the new approval and duty return processes will be set out in future guidance.
- 3.84 To introduce these changes the Government will legislate in the next Finance Bill. However, the relevant sections will only be commenced once the new digital service is available. HMRC is working to introduce the new digital service from late 2024. However, businesses will be given at least 12 months' notice before the new administrative requirements take effect, allowing them time to make any necessary changes to their own internal accounting systems.
- 3.85 Secondary legislation will also be laid ahead of the digital service going live and preceded by a technical consultation, allowing business an opportunity to provide feedback.

- 3.86 For the period between 1 August 2023 and the digital service going live, HMRC will update existing forms to enable businesses to submit returns based on the new structure of rates and reliefs.
- 3.87 Under HMRC's Making Tax Digital programme, the rules on penalties and interest across all taxes are being harmonised². Further work is being conducted by HMRC to establish whether this approach should be extended to alcohol duty at this time. Further information will be provided on this in the future, with businesses being given at least 12 months before any changes are made

Additional features

- 3.88 Several requests for additional IT functionality were made during the consultation. Suggestions included: the ability to track duty payments, improved usability of online forms, removal of the requirement for wet signatures and a streamlined process for amending approvals. The government has listened to these requests and will include these within the new administrative system.
- 3.89 Stakeholders cited the Alcohol and Tobacco Warehousing Declarations (ATWD) system and Making Tax Digital for VAT, as good examples of HMRC systems. HMRC will look to replicate the successful elements of these projects within the design of the new alcohol system.

Other administrative issues

- 3.90 Concerns were raised in the consultation response about some of the administrative changes and the proposed timelines.
- 3.91 The Government has listened to concerns raised about the existing 'adjacent premises' rule. This provides, through guidance, that storage premises can only be located a maximum of 5km from a production site. The Government accepts that this rule presents a barrier to business expansion in some cases, and so this requirement will be removed.
- 3.92 Some concerns were raised over removing the ability for businesses to submit returns on a site-by-site basis. Although we appreciate retaining this facility would be welcomed by some, doing so would add an unnecessary level of complexity to the new IT system for both businesses and HMRC

Implementation

- 3.93 The Government previously indicated that the policies developed under the Alcohol Duty Review would be take effect from 1 February 2023. Many businesses covering both production and importation indicated through the consultation that they would not be able to update their systems and businesses practices in time to meet this timeline, particularly in light of other pressures on businesses in the current climate.
- 3.94 Given the evidence provided on this point, the Government it will introduce the new rates and reliefs on 1 August 2023, to give businesses time to adapt. Primary legislation to underpin the changes will form part of the next Finance Bill and a statutory instrument will be laid to make the necessary

²Details on the measure for Income Tax Self-Assessment and VAT returns [Late submission penalties - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/late-submission-penalties)

changes to secondary legislation. Both primary and secondary legislation will be subject to technical consultation, to allow industry to provide feedback on the drafting before it passes through parliament.

- 3.95 Changes to the administration of alcohol duty will take effect in 2024 and business will be given sufficient notice of the any new requirements.
- 3.96 The policy consultation on the definition of cider referenced earlier in Chapter 3 will take place in 2023 and any resultant policy changes will be legislated for according to the Tax Policymaking Framework

Chapter 4

Further detail on the operation of Small Producer Relief

- 4.1 This chapter sets out in further detail how the Government proposals for the new Small Producer Relief (SPR) will work in practice.
- 4.2 SPR will apply to any alcoholic product below 8.5% ABV, not made under licence, that is produced by a qualifying small producer.

Qualifying small producers

- 4.3 Whether a producer qualifies as a small producer will depend on the total amount of alcohol in all the alcoholic products they produce across all premises. A qualifying small producer is anyone who:
- Has produced less pure alcohol than the small production limit in the previous year
 - Reasonably estimates that they will not exceed the small producer limit in the current year
 - Has produced (in the previous year) products for which less than half the total alcohol content was contained in products produced under licence
 - Reasonably estimates that less than half the alcohol produced in the current year will be contained in products produced under licence
- 4.4 Alcohol contained in alcoholic products that are spoilt or disposed of before the duty point is not included in the total amount of alcohol produced.
- 4.5 The Government proposes that a 'small producer year' will run from 1 February to 31 January of the following year to align with the start date for duty increases.
- 4.6 If the total amount of alcohol in alcoholic products produced in a year exceeds the small production limit, any production after that point will not be small producer alcoholic products and the standard duty rates for those products will apply.
- 4.7 Alcoholic products produced on premises that are not approved by HMRC are not eligible for the SPR reduced rates of duty.
- 4.8 Alcoholic products produced before the producer has made a reasonable estimate of the amount of alcohol that will be produced in that year are not eligible for the SPR reduced rates of duty.

Duty rates

4.9 Qualifying small producers will receive a discount on the main duty rate for each type of product they produce.

4.10 A producer will calculate their duty discount by using a formula and lookup tables.

4.11 To implement the cash basis there will be a lookup table for each duty rate eligible for SPR, i.e:

- Non-draught products less than 3.5% ABV
- Draught products less than 3.5% ABV
- Still cider at least 3.5% ABV but less than 8.5% ABV and sparkling cider at least 3.5% ABV but not exceeding 5.5% ABV
- Draught cider at least 3.5% ABV but less than 8.5% ABV
- Beer at least 3.5% ABV but less than 8.5% ABV
- Draught beer, draught spirits, draught made-wine and draught wine at least 3.5% ABV but less than 8.5% ABV
- Spirits, made-wine and wine at least 3.5% ABV but less than 8.5% ABV and sparkling cider at least 5.5% ABV but less than 8.5% ABV

4.12 The lookup tables will be made up of several bands. Each band will cover a volume of pure alcohol ie 0-125 hLpa, the marginal discount rate and the cumulative discount. The marginal discount is how much duty relief a small producer will receive on each additional litre of alcohol they make. The cumulative discount is the amount of relief a small producer can get at the beginning of that band.

4.13 An example of how a lookup table will look is shown below.

Table 4.A: Example of a lookup table

Band	Start (hLpa)	End (hLpa)	Marginal discount	Cumulative discount
1	0	125	£9.540	-
2	125	250	£8.586	£1192.5
3	250	500	£4.770	£2265.8
4	500	1000	£2.862	£3458.3
5	1000	1500	£0.000	£4889.3
6	1500	5000	-£1.401	£4889.3

4.14 The formula to be used with the lookup tables is:

$$D = \frac{C + (M \times (P - S))}{P}$$

- D is the discount expressed in £ per litre of pure alcohol
- C is the cumulative discount for that band (found in the lookup table)
- M is the marginal discount for that band (found in the lookup table)
- P is the production amount in hLpa in the previous year (in some cases this may be the estimate)
- S is the start threshold for that band (found in the lookup table)

Example

If the lookup table above was for non-draught beer at least 3.5% ABV but less than 8.5% ABV. A 300 hLpa brewer making a 4% ABV non-draught beer (main duty rate £19.08) would calculate the duty discount on that beer using the figures in row 3 of the table. The duty discount would be:

$$\frac{2265.8 + (4.77 \times (300 - 250))}{300}$$

The equation = £8.35.

- 4.15 That duty discount is then applied to the standard duty rate meaning the brewer would pay £10.73 (£19.08 - £8.35) per lpa on their 4% ABV beer, a discount of 44%.

Production amount

- 4.16 The level of production is the key factor for determining the discount a qualifying small producer will receive under SPR.
- 4.17 When calculating the total amount of alcohol produced in the previous year, the alcohol in all dutiable alcoholic products produced by that producer across all premises must be included. This includes products over 8.5% ABV, which are not entitled to SPR.
- 4.18 Alcoholic products 1.2% or below will not count towards alcohol production for SPR purposes, as they will not fall under the new definition of alcoholic product.
- 4.19 Products that are spoilt or disposed of before the duty point will not towards alcohol production for SPR purposes.
- 4.20 Producers that only produce for part of the year will make a pro-rata calculation.
- 4.21 For producers that are economically cooperating with other producers, production levels must be aggregated. The connectedness test will be, as now for SBR, linked to s.1122 of the Corporation Tax Act 2010. However, the Commissioners of HMRC will have discretion to treat connected persons as if they are not connected if it is appropriate in the individual circumstances. We welcome further views from stakeholders on what test to use for the purposes of SPR to determine when producers are cooperating.

Example

- 4.22 A producer who in the previous SPR year made 200hL of 4 % beer, 300hL of 1% beer and 300hL of 35% vodka would have a total alcohol production amount for the purposes of SPR of 113hLpa.

- 4.23 Producers will calculate and record the previous year's production levels and estimated current year production levels in their business records.
- 4.24 In exceptional circumstances (beyond a producer's control), HMRC may allow a producer to disregard certain products or a certain quantity of products for the purposes of determining the production amount in a year.

Mergers and acquisitions

- 4.25 As set out in the SBR technical consultation, when two or more producers newly merge there will be a 3 year transitional period to move towards the new combined production volumes.
- 4.26 SPR production will be calculated over the merger transition as follows:
- 4.27 Immediately after the merger has taken effect, the SPR production will be the SPR production of the largest (in terms of production) single individual entity that is party to the merger. In the simplest case of two individual producers merging, this will be the SPR production of the larger of the two producers.
- 4.28 At the end of that year (i.e. the next SPR production recalculation), production will be based on the SPR production of the largest individual entity (pre-merger), plus *one-third* of the difference between this value and the combined production of the whole entity. This combined value may have changed since the merger if the combined entity has expanded or shrunk production.
- 4.29 At the end of the final year of the transitional provisions, SPR production will be based on the SPR production of the largest individual entity (pre-merger) plus *two-thirds* of the difference between this value and the combined production of the whole entity. Again, the combined production will need to be updated, and so the two-thirds value may not simply be twice the value used in the previous year.
- 4.30 This process can also be described through formulas:

Table 4.B: Table

Period	SPR production value
Post-merger	S
Next year (Y2)	$s + \frac{c_2 - s}{3}$
Year after (Y3)	$s + \frac{2(c_3 - s)}{3}$
Thereafter (Y4+)	$c_4, c_5, c_6 \dots$
Period	SPR production value

Where **S** is the production of the single largest entity pre-merger, and **C** is the combined production of the whole entity, as recalculated for that year.

Example

- 4.31 The small producer threshold amount is 4,000hLpa. Producer A has actual production of 1,000hLpa in 2021 and estimated production of 1,500hLpa in 2022. Producer B has actual production of 700hLpa in 2021 and estimated production of 800hLpa in 2022. If producers A and B merge in 2022 to become AB, the transitional arrangements will work as follows:

Table 4.C: Example of transitional arrangements

Period	Actual for previous year	SPR production value
2022	A 1000	A 1000 (pre-merger)
	B 700	B 700 (pre-merger)
	AB 1700	AB 1000 (after merger)
2023	AB 1900	AB 1300
		$(1000 + (1900 - 1000)) / 3$
2024	AB 2200	AB 1800
		$(1000 + (2200 - 1000)) * 2/3$
2025	AB 2300	AB 2300

- 4.32 If the combined production of a newly merged producer falls below the starting value of the transition (i.e. C falls below S in the formulae above), the merger transition will terminate and the new producer will move straight to calculating their production on its combined volumes.
- 4.33 If a subsequent merger takes place while a producer is already within a merger transition arrangement, the existing arrangement will end. However, the producer is entitled to claim a fresh transition arrangement for the new merger.
- 4.34 When connected producers de-merge, their individual production volumes for the previous year for the purposes of their SPR eligibility and duty rate will be nil, as they will only have combined production figures for the previous year.
- 4.35 If 2 or more producers who merge subsequently demerge in the transitional period, the transitional arrangements end. The same producers will not be able to make use of the transitional arrangements within a 7 year period.

Chapter 5

Consultation on further technical details

Questions in this consultation

Draught Relief – dispense mechanism

- 1 Does the dispense system criteria outlined in the draft legislation adequately distinguish between on and off trade containers? Is there an opportunity for eligible containers to be diverted to the off-trade?
- 2 Do the dispense system criteria outlined in the draft legislation capture 'bag in a box' formats? If not, are there design criteria for 'bag in a box' formats used in the on-trade which distinguish them from containers used in the off-trade?
- 3 Other than the fact they are pressurised, designed to be connected to a dispense mechanism and the size of the containers, are there any other distinguishing characteristics of draught containers which can be easily identified at the duty point and which would ensure that the product can only be sold in the on-trade?
- 4 Is defining a dispense system necessary to ensure the relief only benefits the on trade? Would removing this requirement and relying on the container size be sufficient to ensure products were not diverted to the off-trade?

Small Producer Relief

Structure

- 5 Would the proposed design of the Small Producer Relief (SPR) as outlined in this document achieve the Government's objective of providing a more general form of relief to small producers in a way that is consistent with the Alcohol Review's wider objectives?
- 6 Do you agree that the Government should use an average ABV of 4.5% as the basis for converting the current Small Brewers Relief (SBR) thresholds for use in SPR? If not, what would you propose as an alternative and why?

- 7 Do you agree that the maximum size for businesses to qualify for the relief should be 4,500 hectolitres of pure alcohol? If not, what would you propose as an alternative and why?
- 8 Do you agree with how production under licence should be treated for SPR? If not, how do you think production under licence should be treated?

Small Cidermakers' Exemption

- 9 Do you agree with the Government's proposal to replace the Small Cidermakers' Exemption with a 100% reduction in duty (giving the effect of a zero rate) for the smallest cidermakers within the broader SPR scheme?
- 10 Do you agree that this 100% reduction in duty should apply to producers producing 5 hLpa or less per year? If not, what would you propose as an alternative and why?
- 11 Do you agree that this 100% reduction in duty should be expanded to cover all products below 8.5% ABV rather than just apple and pear cider?

Effective rates and tapers

- 12 Do you agree with the proposed effective rates set out in the response document for draught and non-draught beer, cider, wine and made-wine and spirits for products below 3.5% ABV, and at or above 3.5% but below 8.5% ABV?
- 13 Do you agree with the proposed models for the new SPR tapers?
- 14 If not, what would you propose as alternatives and why? Please provide supporting information on your production volumes, strengths and costs via the small producer survey which can be found on the landing page for the consultation response.

Mergers and acquisitions

- 15 Do you agree with the proposed transitional arrangements for small producers that merge with one or more other small producers? If not, which parts of the mergers and acquisitions rules do you disagree with? How do you think they should be changed?
- 16 Do you agree that if a producer's production drops and the transitional arrangements provide a less generous SPR rate than the usual rules, the transitional arrangements should terminate?
- 17 Do you agree with the proposals for de-merger situations?

Other SPR questions

- 18 Do you agree that the connectedness test for whether businesses are economically cooperating should be as now for SBR (i.e. linked to

s.1122 of the Corporation Tax Act 2010)? If not, what would you suggest as an alternative?

19 Do you agree that compounders and rectifiers of duty-suspended spirits should be excluded from SPR?

Administration and implementation

20 Do you agree with the proposed “small producer year” running from 1 February to 31 January? If not, please propose an alternative.

21 When do you think the most appropriate time would be to introduce the new small producer relief?

Miscellaneous questions

22 Do you agree with changing the name of the ‘made-wine’ category to ‘other fermented products’? If not, what do you suggest as an alternative?

23 Do you agree with the removal of the strength limit of 8.5% from the definition of cider?

24 Do you agree with the proposed approach to the mixing of 2 or more alcoholic products per the draft clauses?

25 Do you agree that the facility brewers currently have to offset drawback claims against duty due on their monthly return should be extended to producers of all alcoholic products?

Small Producer Survey

26 We are also running a small producer survey to give us a greater understanding of economies of scale across the industry. The survey can be found on the landing page for the consultation response.

Annex A

Respondents to the consultation

List of respondents

A.1 353 individual responses were received from stakeholders. Those who responded (in alphabetical order) were:

1	Accolade Wines	180	Joseph Holt Ltd
2	ACIBEV	181	Joyce Corston
3	Action on Sugar	182	JW Lees & Co (Brewers) Ltd
4	Admiral Taverns	183	Karlau Ltd t/as SXOLLIE Cider
5	AEVP	184	Kate Fairservice
6	Alcohol Change UK	185	Katy Button
7	Alcohol Focus Scotland	186	Kelvin A Pugh
8	Alcohol Health Alliance UK	187	Ken Maitland
9	Alexa Stringer	188	Kerrie Tee
10	Alice McLeod Dumas	189	Kingsland Drinks Group Limited
11	Alivini	190	Laithwaites
12	Alliance Wine Co Ltd	191	Laura Clay / Association of Wine Educators
13	Amps Wine Merchants	192	Laura Hemsall
14	Andrew Keeling & Co	193	Le Grand Noir
15	Andrew Sheard	194	Lea & Sandeman Co. Ltd
16	Andy Braithwaite	195	Ledbury Real Ales
17	Angela Cheyne	196	Liberty Wines Ltd
18	Anthony Burgess-Webb	197	Lincoln Green Brewing Company
19	Anthony Rose	198	Lindsay Poole
20	Arcadian Wines Limited	199	Lion Little World Beverages
21	Asda	200	Liv-ex Limited
22	Association for Young People's Health		

23	Association of Convenience Stores	201	Liz Jamieson
24	Association of Directors of Public Health	202	Loudon & Loudon Ltd t/a Substrata
25	Aston Manor Cider	203	Lower Draught Beer Duty Group
26	Australian Commerical Wine Producers Ltd	204	Lucy Lindsley
27	Australian Grape and Wine Association	205	Mark Bishop
28	Australian Vintage Ltd	206	Mark Henstock
29	Australia-United Kingdom Chamber of Commerce	207	Mark Mackenzie-Charrington
30	Averys of Bristol	208	Marshall Manson
31	Baroness Hayter	209	Martin Shaw
32	Batwine Ltd	210	Mast Jagermeister UK
33	Baudouin Cuchet	211	Matthew Fowkes
34	BBPA, SIBA, CAMRA and IFBB	212	Michael Fletcher
35	Beam Suntory	213	Michael Gibson
36	Berkmann Wine Cellars Ltd	214	Michael Gould
37	Bevisol	215	Michael Rhodes
38	Billericay Brewing Company Limited	216	Michel Henri
39	Bin Two Ltd	217	Miguel Torres S.A (Familia Torres)
40	Black Sheep Brewery	218	Miss Karen Jenkins
41	Bolney Wine Estate	219	Moet Hennessy UK Ltd
42	Brightbeer Limited	220	Molson Coors
43	Brighton Spirits Company Ltd	221	Mr & Mrs Fine Wine
44	British Association for the Study of the Liver	222	Mr Charles Metcalfe
45	British Beer and Pub Association	223	Mr David Lloyd Morgan
46	British Distillers Alliance	224	Mr Graham Phillips
47	British Liver Trust	225	Mr Jeff Hoyle
48	Broadland Drinks Limited	226	Mr John Crossling
49	Bruce Montgomery	227	Mr Michael Hardy
		228	Mr Peter Moore
		229	Mr Stephen Murphy
		230	Mrs Carolynne Dorothy Lyle

50 Budweiser Brewing Group UK & Ireland	231 Mrs E Rossiter
51 C and C Group	232 Mrs Jacqueline Wallis
52 Cambridge Wine Merchants Ltd	233 Mrs Lilia O'Connor-Varga
53 Campaign for Real Ale	234 Ms Anne Burchett
54 CAMRA Birmingham	235 Ms Koren Harris
55 CAMRA Bolton	236 Ms Tamara Eileen Galloway
56 CAMRA Leeds	237 Munro Ventures Ltd T/A Milestone Brewery
57 CAMRA North London	238 Naked Wines UK
58 CAMRA Slough Windsor and Maidenhead	239 National Association of Cider Makers
59 CAMRA Sunderland and South Tyneside	240 Neil Hemsall
60 CAMRA Tendring	241 Neil McGregor
61 CAMRA West Kent	242 New Zealand Winegrowers
62 CAMRA Wyre Forest	243 Nick Abell
63 Cancer Research UK	244 Nick Dobson Ltd
64 Casella Family Brands (Europe) Ltd	245 Nick Palmer
65 Castle Rock Brewery	246 Nickolls & Perks Ltd
66 CEEV	247 North East and North Cumbria Integrated Care System
67 Cellar&Co Ltd	248 Northumberland County Council
68 Charles Eve / Wera Hobhouse MP	249 Office for Health Improvement and Disparities (OHID)
69 Chris Rand	250 Oliver Durell
70 Chris Ryan	251 Oliver Holtam / Vinum Fine Wines
71 Chris Wilson	252 Pam White
72 Christopher Druitt	253 Park Vintners Limited
73 Christopher Piper Wines Ltd.	254 Paul Green
74 Church End Brewery Ltd	255 Pauline Harte
75 Cider is Wine Ltd	256 Pernod Ricard
76 Cider of Sweden Ltd T/A Kopparberg UK	257 Peter Richards

77 City of York Council	258 Peter Ward
78 Clark Foyster Wines	259 Private Cellar Ltd
79 Cocha y Toro UK Ltd	260 Private Reserves Ltd
80 Cold Black Label	261 Q&A Wines Ltd
81 Colin Shevills	262 Quaff Fine Wine Merchant Ltd and Quaff 2 Ltd
82 Connolly's (Wine Merchants) Limited	263 Quintessential Brands
83 Connor Bennet	264 Rathfinny Wine Estate
84 Constantine Stores Ltd	265 Raymond Reynolds Limited
85 Convergence.Tech	266 Renegade Urban Winery
86 Cooper King Distillery	267 Reserve Ltd
87 Corkr Fine Wines t/t The Suffolk Cellar	268 Richard Bampffield
88 Cornish Scrumpy Company Ltd	269 Richard Gunn
89 Corporacion Vitivicola Argentina (CVA)	270 Ridgeview Estate Winery Limited
90 Daleside Brewery Ltd	271 Robbie Stevens
91 Dan Cobley	272 Robert Best
92 Daniel Holness	273 Robert Peel
93 Daniel Lambert Wines Ltd	274 Robert Sedgwick
94 David Holliday Ltd T/a The Norfolk Brewhouse	275 Robinson's Brewery
95 David Russell	276 Rooster's Brewing Co
96 David Smith	277 Rosalind Kent
97 David Williams	278 Royal College of Physicians
98 Davy & Co Ltd	279 RWM Holdings t/a Roberson Wine
99 Debbie Abrahams MP	280 Sam Brockington
100 Define Food & Wine Ltd	281 Saxby's Cider
101 Delibo Wine Agencies	282 Scottish Health Action on Alcohol Problems
102 Deloitte	283 Scottish Whisky Association
103 DGB Europe Limited	284 Seckford Wines Ltd
104 Diageo	285 Shaftesbury Wines t/a Campaign for Real Wine

105 Different Wines Ltd	286 Sharon Smith
106 Diggers Fine Cider Limited	287 Sheffield Alcohol Research Group
107 Direct Wines	288 Simon Heape
108 Donald Lancaster	289 Simon Woods
109 Double Maxim Beer Co Ltd - t/a Maxim Brewery	290 Simpsons Wine Estate
110 Dr A C Gilby	291 Small Brewers Duty Reform Coalition
111 Dr Jane Jana	292 Small Independent Cidermakers Association
112 Drinks Ireland	293 Social Market Foundation
113 Duncan Murray Wines	294 Society of Independent Brewers
114 Durham County Council	295 South African Liquor Brandowners' Association
115 Durham Police and Crime Commissioner	296 South Australian Wine Industry Association
116 E & J Gallo Winery Europe	297 South Tyneside Alcohol Alliance (South Tyneside Council and Partners)
117 East Street Wine Co. Limited	298 Stephen Gipson
118 Edward Budden	299 Stroud Wine Company
119 Edward Spearey	300 Stuart Ibbs / The Old Joiners Workshop
120 Emma Symington	301 Sunderland City Council Health and Wellbeing Board
121 Enoteca Fuga Ltd t/a Spiegel and Peach	302 Sunderland City Council Public Health Team
122 Eynsham Cellars Ltd	303 Tanners Wines Ltd
123 Far Out Wines Limited	304 Tavershams Auctioneers
124 Federacion Espanola del Vino (FEV)	305 Tesco PLC
125 Federation des Exportateurs (FEVS)	306 Thames Distillers Ltd
126 Federation of Wholesale Distributors	307 Thatchers
127 Ferry Ales Brewery	308 The Artisan Wine & Spirit Company Ltd
128 Frazier's Wine Merchants	309 The Ciderologist
129 Freixenet Copestick Limited	
130 Fresh Balance	
131 Gateshead Council	
132 Georgina Haughton	

133 Global Brands Limited	310 The Dorset Wine Company
134 Goddards Brewery Ltd	311 The Edinburgh Beer Factory Limited
135 Goedhuis & Company Ltd	312 The Federation of Small Businesses
136 Gonzalez Byass UK	313 The Good Wine Shop Limited
137 Gosnells Beverages Ltd	314 The Islay Spirits Company / Islay Rum
138 Graeme Humphrey	315 The Wine Society
139 Graham Smith	316 Thistly Cross Cider Co
140 Grahame Merifield	317 Thomas Buzzard
141 Grape & Grain Wine Merchants	318 Thomas Kidman
142 Greene King	319 Thornborough Cider
143 Gregory Edwards	320 Tibbits Production Limited t/a Artistraw Cidery and Orchard
144 Gwynne Hill Country Kitchen	321 Tirril Brewery
145 Hambleton Brewery	322 Titanic Brewery Co Ltd
146 Hamish Kirwan	323 Toby Wilmot
147 Harriet Steel	324 Tom Lewis
148 Hatch Mansfield Agencies Ltd.	325 Tom Mann
149 Hayman Distillers	326 Tony Green
150 Hayward Bros. (Wines) Ltd	327 Treasury Wine Estates
151 Hazel Calltainn	328 UK Spirits Alliance
152 Headley Rothwell t/a Old Chapel Cellars	329 UKHospitality
153 Healeys Cyder	330 Vicky and Neil Harris
154 Heineken UK Ltd	331 Vince Chandler
155 Helen Chester	332 Waddesdon Wine
156 Hennings Wine Merchants Ltd	333 Waitrose
157 Hepworth & Company Brewers Ltd	334 Westerham Brewery Company Limited
158 Highfern Ltd	335 White Horse Brewery
159 Hogs Back Brewery	336 Whitebridge Wines Ltd
160 House of Townend	337 Whyte and Mackay

161 Iain Gilchrist	338 William Forde
162 Ian Bridges	339 Wine and Spirit APPG
163 Ian Howie	340 Wine and Spirit Trade Association
164 innocentPilgrim	341 Wine Australia
165 Institute of Alcohol Studies	342 Wine Australia
166 Institute of Public Health in Ireland	343 Wine Drinkers UK
167 J Chandler & Co (Buckfast) Ltd	344 Wine Institute
168 James Marson	345 Wine Wizzard UK Ltd
169 James Wellington	346 Winery Exchange, TA W/X Brands
170 Jan Hemsall	347 Wines of Chile UK Ltd
171 Janet Hornby	348 Wines of Great Britain Ltd
172 Janice Biggin	349 Wines of Interest
173 Jennifer Schelin	350 Woburn Wine Cellar Ltd
174 Jeroboams Group	351 Yasmin Holmes
175 Joan Grayson	352 The Lighthouse Organisation Ltd
176 Joanna Brassey	353 York Wines (Sheriff Hutton) Ltd
177 John E Fells & Sons Ltd	
178 Joie de Vin Ltd	
179 Jonathan Grinsted	

Meetings held during the consultation

A.2 The Treasury and HMRC jointly held several roundtables during the consultation period. Attendees included:

- Alcohol Change UK, Alliance for the Defence of the Family and Marriage, British Liver Trust, Cancer Research UK, Institute of Alcohol Studies, Problems, Fresh and Balance, Public Health Gateshead, Scottish Health Action on Alcohol Problems, Public Health Gateshead, Royal Society for Public Health,
- Institute of Economic Affairs, Social Market Foundation, Sheffield Alcohol Research Group
- Accolade Wines, Budweiser Brewing Group, Diageo, Heineken, Treasury Wine Estates
- British Beer and Pub Association, Brown-Forman, European Cider & Fruit Wine Association, CAMRA (Campaign for Real Ale), Global Brands Inc,

National Association of Cider Makers (NACM), Society of Independent
Brewers, Scottish Whisky Association, Wines of Great Britain, Wine & Spirit
Trade Association,

Annex B

Consultation questions

Overview of new rates structure

- B.1 What are your views on the proposed new structures of alcohol duty?
- B.2 Do you think the proposed duty rates are appropriate?
- B.3 Are there any other changes that you think should be included in the new structures?

Draught products rates

- B.4 Do you support the principle of the proposed rates for draught products?
- B.5 Do you consider that the proposed rates are appropriate?
- B.6 Do you agree with the qualifying criteria for the draught rates?
- B.7 Would any safeguards be needed to prevent fraud or diversion?

Small producer relief

- B.8 Do you support the principle of an expanded small producer relief?
- B.9 Do you agree that this should be based on total production, measured in hectolitres of pure alcohol?
- B.10 What would the appropriate start point be for a taper be in hectolitres of pure alcohol?
- B.11 What is the largest size a producer should be to qualify for the small producer relief, in hectolitres of pure alcohol?
- B.12 To inform this, do you have any information on the cost differences between large and small producers in the different categories?
- B.13 Would any safeguards be needed for any categories? For example, would businesses be required to grow themselves a minimum percentage of the input ingredients to qualify for these new reliefs?
- B.14 Are you content for the small producer relief to otherwise follow the design of the Small Brewers Relief (SBR) scheme, e.g. on technical details?

Approvals

- B.15 What are your views on the proposed administration system for alcohol approvals?

- B.16 Will the changes reduce the complexities in the current system and support your business's ability to diversify, grow and adapt?
- B.17 Do you see any issues with the changes proposed and, if so, how could they be improved?

Returns and payment

- B.18 What are your views on the revised arrangements for declaration and payment of alcohol duty?
- B.19 Will the changes reduce administrative burdens?
- B.20 Do you see any issues with the changes proposed and, if so, how could these be improved?

Digitisation

- B.21 What are your views on the intention to digitise the approvals and accounting systems for alcohol producers?
- B.22 Do you have any suggestions on how further digitisation could support your business?
- B.23 Do you see any issues with the proposals and, if so, how these could be improved?

Annex C

Data protection notice

- C.1 This notice sets out how HM Treasury and HMRC will use respondents' personal data for the purposes of this consultation and explains their rights under the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA).

The data – data subject categories

- C.2 This consultation is open to all interested persons and organisations. Therefore, personal information that we will collect could relate to members of the public, parliamentarians, and representatives of organisations and companies.

The data we will collect – data categories

- C.3 Information will include the name, address, email address, job title and employer of the correspondent, as well as their opinions and answers to the questions posed by this consultation. Respondents may volunteer additional identifying information about themselves or third parties.

Legal basis of processing

- C.4 The processing we will conduct is necessary for the performance of a task carried out in the public interest – namely, consulting on departmental policies or proposals, or obtaining opinion data, in order to develop good and effective policies.

Special data categories

- C.5 Although not being requested, it is possible that special category data may be processed if such data is volunteered by the respondent.

Legal basis for processing special category data

- C.6 If special category data is volunteered by the respondent, the legal basis relied upon for processing will be explicit consent of the data subject and/or that the processing will be necessary for reasons for substantial public interest in the exercise of a function of the Crown, a Minister of the Crown or a government department – namely, consulting on departmental policies, or obtaining opinion data, to develop good effective policies.

Purpose

- C.7 The personal information collected will be processed in order to obtain the opinions of stakeholders, members of the public and representatives of organisations and companies about departmental policies, or generally to obtain public opinion data on an issue of public interest.

With whom we may share responses – and confidential information

- C.8 Information provided in response to this consultation may be published or disclosed in accordance with the access to information regime. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA) and the Environmental Information Regulations 2004 (EIR).
- C.9 If a respondent wishes the information that they provide to be treated as confidential, please be aware that under the FOIA there is a statutory code of practice with which public authorities must comply. It deals with, amongst other things, obligations of confidence.
- C.10 In view of this it would be helpful if respondents could explain to HM Treasury and HMRC why they regard the information they have provided as confidential. If we receive a request for disclosure of the information, we will take full account of the reasons provided, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury or HMRC.
- C.11 Where someone provides special category personal data or personal data about third parties, we will endeavour to delete that data before any publication takes place.
- C.12 Where information about respondents is not published, it may be shared with officials within other public bodies involved in this call for evidence to assist us in developing the policies to which it relates. In particular, all information provided to the consultation will be automatically shared with both HM Treasury and HMRC.
- C.13 HM Treasury and HMRC reserve the right to publish their own response or a summary of responses received from the public, which may feature quotations or extracts from provided responses.

How long we will retain data provided

- C.14 Personal information in responses to calls for evidence will generally be published and therefore retained indefinitely as an historic record under the Public Records Act 1958.
- C.15 Personal information in responses that are not published will be retained for at least three calendar years after the consultation has concluded.

Rights of respondents

- C.16 Respondents have the following rights in relation to this consultation:
- To request information about how their personal data are processed and to request a copy of that personal data;
 - To request that any inaccuracies in their personal data are rectified without delay;
 - To request that their personal data are erased if there is no longer a justification for them to be processed;

- In certain circumstances (for example where accuracy is contested), to request that the processing of their personal data is restricted;
- To object to the processing of their personal data where it is processed for direct marketing purposes; and,
- To data portability, which allows their data to be copied or transferred from one IT environment to another.

How to submit a data subject access request (DSAR)

C.17 To request access to personal data that HM Treasury holds about you, please contact:

HM Treasury Data Protection Unit
G11 Orange
1 Horse Guards Road
London
SW1A 2HQ
dsar@hmtreasury.gov.uk

Complaints

C.18 If a respondent has any concerns about the use of their personal data, they should contact HM Treasury at privacy@hmtreasury.gov.uk

C.19 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner, the UK's independent regulator for data protection. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF
0303 123 1113
casework@ico.org.uk

C.20 Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

Contact details

C.21 The data controller for any personal data collected as part of this consultation is HM Treasury, the contact details for which are:

HM Treasury
1 Horse Guards Road

London
SW1A 2HQ
020 7270 5000
public.enquiries@hmtreasury.gov.uk

C.22 The contact details for HM Treasury's Data Protection Officer (DPO) are:

The Data Protection Officer
Corporate Governance and Risk Assurance Team
Area 2/15
1 Horse Guards Road
London
SW1A 2HQ
privacy@hmtreasury.gov.uk

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk