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PART 1

ALCOHOL DUTY

CHAPTER 1

CHARGE TO ALCOHOL DUTY

Alcoholic products

1 Meaning of “alcoholic product”

- (1) In this Part, “alcoholic product” means any of the following—
 - (a) spirits,
 - (b) beer,
 - (c) cider,
 - (d) wine, and
 - (e) any other fermented product.
- (2) But a product listed in subsection (1) is not an alcoholic product if it is of an alcoholic strength of 1.2% or less.
- (3) Schedule 1 defines each category of alcoholic product (and makes further provision in connection with the definitions).

2 Alcoholic strength

- (1) The “alcoholic strength” of any product is the ratio, expressed as a percentage, of—
 - (a) the volume of the alcohol contained in the product, to
 - (b) the volume of the product (inclusive of the alcohol contained in it).
- (2) The alcoholic strength of any product is to be determined by reference to the product as at 20°C.
- (3) The Commissioners may by regulations make provision about the means of ascertaining the alcoholic strength, weight or volume of any alcoholic product or other substance (including products or substances that are not in liquid form at 20°C) for the purposes of this Part.
- (4) Regulations under subsection (3) may, in particular, include provision for ascertaining the alcoholic strength, weight or volume of anything contained in a bottle or container by reference to information given on the bottle or container or in documents relating to it.
- (5) In this Part, “alcohol” means ethanol.

3 Categories of alcoholic products: regulations

The Treasury may by regulations—

- (a) amend Schedule 1;
- (b) provide that a beverage of an alcoholic strength exceeding 1.2%, of a description specified by or under the regulations, is to be treated as being an alcoholic product of a particular category listed in section 1 (whether or not it would otherwise fall within another category listed in that section).

Charge and rates

4 Alcohol duty: charge

- (1) An excise duty (“alcohol duty”) is charged on alcoholic products that are produced in, or imported into, the United Kingdom.
- (2) But subsection (1) is subject to the exemptions in Chapters 4 and 6.

5 Rates

- (1) Alcohol duty is charged at the rates shown in Schedule 2.
- (2) But subsection (1) is subject to—
 - (a) section 7 (draught relief), and
 - (b) section 10 (small producer relief).

6 Excise duty point and payment

- (1) Alcohol duty is to be paid, and the amount chargeable is to be determined and become due, in accordance with provision made by or under—
 - (a) section 43;
 - (b) section 1 of F(No.2)A 1992.
- (2) In this Part, “excise duty point” has the meaning given by section 1 of F(No.2)A 1992.

CHAPTER 2

DRAUGHT RELIEF

7 Qualifying draught products: reduced rates

Alcohol duty is charged on qualifying draught products at the reduced rates shown in Schedule 3 (instead of at the rates shown in Schedule 2).

8 Alcoholic products qualifying for draught relief

- (1) “Qualifying draught products” means alcoholic products that—
 - (a) are of an alcoholic strength of less than 8.5%, and
 - (b) at the excise duty point, are packaged in large draught containers.

- (2) But alcoholic products that are produced by a person otherwise than in accordance with an approval under section 37 are not qualifying draught products.
- (3) A “large draught container” means a container which—
 - (a) is of a capacity of at least 20 litres, and
 - (b) is designed to connect to a qualifying system for dispensing individual drinks.
- (4) For the purposes of subsection (3), “qualifying system” means—
 - (a) a pressurised gas delivery system, or
 - (b) a pump delivery system,of a description specified by the Commissioners by regulations.
- (5) The Commissioners may by regulations—
 - (a) amend subsection (3)(a) so as to specify a different capacity;
 - (b) amend subsection (4) so as to add or remove a qualifying system.

9 Repackaging qualifying draught products

- (1) For the purposes of this section, qualifying draught products are “repackaged” if—
 - (a) they are transferred to containers that are not large draught containers, but
 - (b) are not transferred in the course of serving a beverage for immediate consumption.
- (2) Repackaging is “authorised” if it is carried out—
 - (a) in accordance with an approval given by the Commissioners to a person under section 37, or
 - (b) in an excise warehouse.
- (3) A person may not repackage qualifying draught products on any premises in the United Kingdom unless the repackaging is authorised.
- (4) Where the repackaging of qualifying draught products is authorised, an amount equal to the duty shortfall is treated, for the purposes of this Part, as an amount of alcohol duty charged on the repackaged products.
- (5) Subsections (6), (7) and (8) apply if—
 - (a) a person repackages qualifying draught products, but
 - (b) the repackaging is not authorised.
- (6) The Commissioners may—
 - (a) assess as alcohol duty due from the person mentioned in subsection (5) an amount equal to the duty shortfall, and
 - (b) notify that person or that person’s representative of any assessment under paragraph (a).

- (7) The conduct mentioned in subsection (5) attracts a penalty under section 9 of FA 1994, calculated by reference to the amount of duty referred to in subsection (9)(b).
- (8) The alcoholic products, packaging and any equipment used in connection with the repackaging are liable to forfeiture.
- (9) In this section, the “duty shortfall” in relation to repackaged qualifying draught products is the difference between—
 - (a) the alcohol duty payable on the alcoholic products under section 7 (draught products: reduced rates), and
 - (b) the alcohol duty that would have been payable on the alcoholic products under section 5 (rates) if they had not, at the excise duty point, been packaged in large draught containers.

CHAPTER 3

SMALL PRODUCER RELIEF

Main provisions

10 Small producer relief: discounted rates

- (1) Alcohol duty is charged on small producer alcoholic products at the discounted rate.
- (2) The discounted rate, in relation to small producer alcoholic products, is equal to—
 - (a) the standard rate, less
 - (b) the duty discount for those products (determined in accordance with section 15 and Schedule 4).
- (3) In subsection (2)(a), the “standard rate”, in relation to alcoholic products, means—
 - (a) the rate shown for products of that kind in Schedule 2, or
 - (b) if Schedule 3 applies, the rate shown for products of that kind in that Schedule.

11 Small producer alcoholic products

- (1) “Small producer alcoholic products” are alcoholic products that—
 - (a) are of an alcoholic strength of less than 8.5%,
 - (b) are produced on small production premises, and
 - (c) are not produced under licence.
- (2) Subsection (1) is subject to section 14 (exclusions).

12 Small production premises

- (1) Production premises are “small production premises” if –
 - (a) the production limit condition is met, and
 - (b) the unlicensed product condition is met.
- (2) The “production limit condition” is met in relation to non-group premises if, in relation to those premises, neither of the following amounts exceeds the small production limit –
 - (a) the alcohol production amount for the previous year;
 - (b) the estimated alcohol production amount for the current year,
- (3) The “production limit condition” is met in relation to group premises if neither of the following amounts exceeds the small production limit –
 - (a) the aggregate of the alcohol production amount, in relation to every set of premises in the production group, for the previous year;
 - (b) the aggregate of the estimated alcohol production amount, in relation to every set of premises in the production group, for the current year.
- (4) The “small production limit” is 4500 hectolitres.
- (5) The “unlicensed product condition” is met if, in relation to each set of relevant premises –
 - (a) less than half of the alcohol production amount (if any), in relation to those premises, for the previous year was contained in alcoholic products produced under licence, and
 - (b) the producer reasonably estimates that less than half of the alcohol production amount, in relation to those premises, for the current year will be contained in alcoholic products produced under licence.
- (6) In subsection (5), “relevant premises” means –
 - (a) in the case of non-group premises, those premises, and
 - (b) in the case of group premises, those premises and each set of connected premises.

13 “Alcohol production amount” etc

- (1) In relation to a set of production premises –
 - (a) the “alcohol production amount” for a production year is the total amount of alcohol contained in alcoholic products produced on those premises in that year, and
 - (b) the “estimated alcohol production amount” for a production year is the producer’s reasonable estimate of the alcohol production amount for those premises in that year.
- (2) Subsection (1) is subject to subsections (3) to (6).
- (3) The reference in subsection (1) to the alcoholic products produced on a set of premises does not include a reference to any alcoholic products that are spoilt or disposed of before the excise duty point.

- (4) Subsection (5) applies where premises are in use for the purposes of the production of alcoholic products for part only (the “relevant part”) of a production year (including where premises begin to be used for those purposes part-way through a production year).
- (5) The alcohol production amount or (as the case may be) the estimated alcohol production amount is treated, for the purposes of this Part, as being the amount given by –
 - (a) dividing the actual alcohol production amount, or (as the case may be) the estimate of that amount, by the number of days in the relevant part of the production year, and
 - (b) multiplying the amount given by paragraph (a) by the number of days in the production year.
- (6) The Commissioners may, if satisfied that the circumstances are exceptional, agree with a producer that certain alcoholic products, or a certain quantity of alcoholic products, may be disregarded for the purposes of determining –
 - (a) the alcohol production amount, or
 - (b) the estimated alcohol production amount,in relation to those premises for any production year.

14 Exclusions

Alcoholic products produced on any premises are not “small producer alcoholic products” if –

- (a) they are exempt from duty under any of sections 27, 31 or 32;
- (b) they are produced by a person otherwise than in accordance with an approval under section 37;
- (c) at the time they are produced, the alcohol production amount attributable to the premises (in the case of non-group premises) or the production group (in the case of group premises) for the current year has exceeded the small production limit, or
- (d) they are produced –
 - (i) in the case of non-group premises, before the producer has estimated (for the purposes of section 13) the alcohol production amount attributable to the premises for the current year, or
 - (ii) in the case of group premises, before the producer in relation to those premises or any connected premises has estimated (for the purposes of section 13) the alcohol production amount attributable to those premises or any connected premises for that year.

15 Duty discount for small producer alcoholic products

- (1) The duty discount, in relation to small producer alcoholic products in a discount band, is the amount (in £ per litre of alcohol) given by –

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

where –

C is the cumulative discount for the discount band;

M is the marginal discount for the discount band;

P is the relevant production amount;

S is the start threshold for the discount band.

- (2) Where the alcoholic products are produced on non-group premises, the “relevant production amount” is –
 - (a) the alcohol production amount, in relation to those premises, for the previous year, or
 - (b) if that amount would be nil, the estimated alcohol production amount in relation to those premises for the current year.
- (3) Where the alcoholic products are produced on group premises, the “relevant production amount” is –
 - (a) the aggregate of the alcohol production amount for the previous year, in relation to every set of premises in the production group on which alcoholic products were produced in that year, or
 - (b) if there are no premises in the production group on which alcoholic products were produced in the previous year, the aggregate of the estimated alcoholic production amount, in relation to every set of premises in the production group, for the current year.
- (4) Small producer alcoholic products are in a particular discount band if the relevant production amount in relation to those products –
 - (a) exceeds the start threshold for that band, but
 - (b) does not exceed the end threshold for that band;
 (and the start threshold and end threshold for each band are the figures shown in the tables in Schedule 4).
- (5) The cumulative discount and marginal discount for a discount band are the figures shown, in relation to alcoholic products of a particular description, in the tables in Schedule 4.

16 Assessments where incorrectly low rate of alcohol duty applied

- (1) This section applies if –
 - (a) alcohol duty is charged on alcoholic products,
 - (b) it appears at the excise duty point that the alcoholic products are small producer alcoholic products, and
 - (c) it turns out that the alcoholic products were not small producer alcoholic products (including where circumstances were not as they appeared at the excise duty point or where circumstances subsequently changed).
- (2) This section also applies if –

- (a) alcohol duty is charged on small producer alcoholic products, and
 - (b) the discounted rate that at the excise duty point appeared to be the correct rate turns out to be lower than the correct rate (including where circumstances were not as they appeared at the excise duty point or where circumstances subsequently changed).
- (3) The Commissioners –
- (a) may assess as being alcohol duty due from the liable person an amount equal to the duty shortfall, and
 - (b) must notify that person or that person’s representative of any assessment under paragraph (a).
- (4) In this section “duty shortfall” means the difference between –
- (a) the actual amount of alcohol duty chargeable on the alcoholic products, and
 - (b) the lower amount that, at the excise duty point, appeared to be the amount chargeable.
- (5) The reference in subsection (3) to the “liable person” is a reference to the person liable to pay the alcohol duty on the alcoholic products.

Meaning of “producer”, “production premises”, “production year” etc

17 “Producer”, “production premises”, “group premises” etc

- (1) This section and section 18 apply for the purposes of this Chapter.
- (2) “Production premises” means premises (whether or not in the United Kingdom) on which alcoholic products are produced.
- (3) Production premises are “group premises” at a time in a production year (the “reference time”) if –
- (a) a person (“P”) who produces alcoholic products on the premises at the reference time or at any earlier time in that year, or
 - (b) a person connected with P,
- also produces alcoholic products on any other premises at the reference time or any earlier time in that year.
- (4) “Connected premises”, in relation to group premises, means premises on which alcoholic products are produced at the reference time or at any earlier time in the current year, by –
- (a) P, or
 - (b) a person connected with P.
- (5) References to “the production group”, in relation to group premises, are references to the group consisting of –
- (a) the group premises, and
 - (b) every set of connected premises.

- (6) Production premises are “non-group premises” at a time in a production year if, at that time, they are not group premises.
- (7) In this Chapter –
 - (a) references to the “producer”, in relation to a set of premises, are references to the person who produces alcoholic products on those premises, and
 - (b) references to a “small producer” are references to a person who produces small producer alcoholic products.
- (8) References in this Chapter to a person being or becoming connected with another person are to be construed in accordance with section 1122 of CTA 2010.
- (9) But the Commissioners may, if they think it appropriate, treat two connected persons as if they were not connected with one another for the purposes of this group of sections.

18 “Production year”, “current year” and “previous year”

- (1) A “production year” is a period of 12 months beginning with 1 February.
- (2) In relation to alcoholic products –
 - (a) the “current year” is the production year in which they are produced, and
 - (b) the “previous year” is the production year immediately preceding the current year.

Mergers and demergers

19 Mergers: general provisions

- (1) This section and sections 20 to 25 apply where a small producer (“SP1”) becomes connected with another small producer (“SP2”).
- (2) “Post-merger production group” means the production group that consists of –
 - (a) every set of premises on which SP1 or SP2 produces alcoholic products, and
 - (b) every set of connected premises,
 and references to “post-merger production group premises” are to premises within paragraph (a) or (b).
- (3) In relation to the post-merger production group –
 - (a) “Year 1” means the production year in which SP1 and SP2 become connected with one another,
 - (b) “Year 2” means the production year immediately following Year 1,
 - (c) “Year 3” means the production year immediately following Year 2, and

- (d) the “pre-merger year” means the production year immediately preceding Year 1.
- (4) Each of Year 1, Year 2 and Year 3 is a “merger transition year” in relation to the post-merger production group, unless any of the following apply –
 - (a) section 23 (early termination of merger transition period),
 - (b) section 24 (subsequent mergers), or
 - (c) section 26(8) (demergers in a merger transition year).

20 Modified “small production premises” test

- (1) This section (instead of section 12) applies in relation to a post-merger production group in a merger transition year.
- (2) Post-merger production group premises are “small production premises” if –
 - (a) the adjusted post-merger amount, determined in accordance with section 22 does not exceed the small producer limit, and
 - (b) in relation to each set of post-merger production group premises, less than half of the alcohol production amount (if any), in relation to those premises, for the previous year was contained in alcoholic products produced under licence.

21 Modified duty discount

- (1) This section applies in relation to alcoholic products that are produced –
 - (a) on post-merger production group premises, and
 - (b) in a merger transition year.
- (2) For the purposes of section 15, references to the “relevant production amount” are references to the adjusted post-merger amount (and subsections (2) and (3) of that section do not apply).
- (3) Section 14(c) does not apply for the purposes of the application of section 11 or 15 in a merger transition year.

22 Adjusted post-merger amount

- (1) In Year 1, the adjusted post-merger amount is the alcohol production amount in relation to the larger producer’s premises for the pre-merger year, determined in accordance with section 13 (and the alcohol production amount attributable to the smaller producer for the pre-merger year is disregarded).
- (2) In Year 2, the adjusted post-merger amount is the total of –
 - (a) the adjusted post-merger amount in Year 1, and
 - (b) one-third of the production difference for Year 2.
- (3) In Year 3, the adjusted post-merger amount is the total of –
 - (a) the adjusted post-merger amount in Year 1, and
 - (b) two-thirds of the production difference for Year 3.

- (4) The amount of the “production difference” for a merger transition year is the difference between –
 - (a) the aggregate of the alcohol production amount, in relation to every set of post-merger production group premises, for the previous year (determined in accordance with section 13), and
 - (b) the adjusted post-merger amount in Year 1.
- (5) If the alcohol production amount attributable to SP1’s premises for the pre-merger year is greater than the alcohol production amount attributable to SP2’s premises for that year –
 - (a) SP1 is the “larger producer”, and
 - (b) SP2 is the “smaller producer”,and vice versa.
- (6) If the amount mentioned in subsection (5) is equal in relation to both SP1’s premises and SP2’s premises, either SP1 or SP2 may be treated as the “larger producer” for the purposes of this section.
- (7) In subsections (1), (5) and (6), references to a person’s premises are references to –
 - (a) the premises on which the person produces alcoholic products immediately before becoming connected with the other person mentioned in section 19(1), if those premises are (at that time) non-group premises, or
 - (b) if those premises are group premises, the production group which, at that time, includes those premises (and the reference in subsection (1) to the alcohol production amount in relation to those premises is a reference to the aggregate of the alcohol production amount in relation to those premises and every set of connected premises).

23 Early termination of merger transition period

- (1) This section applies in relation to a post-merger production group if, in a relevant year, Amount A is less than Amount B.
- (2) “Amount A” is the aggregate of the alcohol production amount, in relation to every set of premises in the group, for the previous year (determined in accordance with section 13).
- (3) “Amount B” is the adjusted post-merger amount in the relevant year.
- (4) Neither the relevant year, nor any subsequent production year, is a merger transition year in relation to the group.
- (5) Each of Year 1, 2 and 3 is a “relevant year” for the purposes of this section.

24 Subsequent mergers

- (1) This section applies if –

- (a) a person who produces alcoholic products on group premises which are included in a post-merger production group (the “first post-merger group”) becomes connected with another person who produces alcoholic products (that are not exempt from duty under any of sections 27, 31 or 32), and
 - (b) the producers mentioned in paragraph (a) become connected with one another in Year 1, 2 or 3 in relation to the first post-merger group.
- (2) Neither the production year in which the producers mentioned in subsection (1)(a) become connected with one another, nor any subsequent year, is a merger transition year in relation to the first post-merger group.
 - (3) But subsection (2) does not prevent the application of sections 19 to 25 in relation to the post-merger production group that includes both of the producers mentioned in subsection (1)(a).

25 Simultaneous mergers

- (1) Subsections (2) to (4) apply if, at the same time as SP1 becomes connected with SP2, SP1 also becomes connected with one or more other small producers (who are not already connected with one another).
- (2) References in sections 19 and 22 to SP2 include references to the other small producers becoming connected with SP1.
- (3) For the purposes of section 22—
 - (a) the “larger producer” is the producer with a greater alcohol production amount attributable to the producer’s premises for the pre-merger year than any of the other producers mentioned in subsection (1), and
 - (b) each of the other producers is a “smaller producer”,(and this subsection applies instead of section 22(5)).
- (4) If the amount mentioned in subsection (3)(a) is equal in relation to any two or more of the producers mentioned in subsection (1), any one of them may be treated as the “larger producer” for the purposes of section 22.

26 Demergers

- (1) This section applies if a demerger event occurs in relation to a production group.
- (2) A “demerger event” occurs, in relation to a production group, if a group producer (the “demerging producer”) ceases to be connected with at least one other group producer.
- (3) A “group producer” in relation to a production group means a person who produces alcoholic products on premises that are (immediately before the demerger event) included in the production group.
- (4) For the purposes of the application of sections 12 and 15 in relation to the demerger year, the alcohol production amount for the previous year in relation

to production premises that were (immediately before the demerger event) included in the group is treated as being nil.

- (5) If, before the end of the restricted period, the demerging producer becomes connected again with another group producer, none of sections 19 to 25 apply by reference to that connection.
- (6) For the purposes of subsection (5), the “restricted period” is the period of 7 years beginning with the date on which the demerger event occurs.
- (7) Subsection (8) applies if the demerger event occurs in Year 1, 2 or 3 in relation to a post-merger production group (the “relevant group”).
- (8) Neither the production year in which the event occurs, nor any subsequent year, is a merger transition year in relation to the relevant group.
- (9) References in this section to the “demerger year” are references to the production year in which the demerger event occurs.

CHAPTER 4

OTHER RELIEFS AND EXEMPTIONS

General

27 Exemption: production for personal consumption

Alcohol duty is not charged on alcoholic products which—

- (a) are produced, in the United Kingdom, by a person who produces alcoholic products only for the person’s own domestic use, and
- (b) are not spirits.

28 Research and experiments

- (1) This section applies where—
 - (a) alcohol duty is chargeable on alcoholic products produced in the United Kingdom, and
 - (b) the Commissioners are satisfied that the alcoholic products are to be used only for the purposes of research into, or experiments in, the production of alcoholic products.
- (2) The Commissioners may remit or repay the alcohol duty.

29 Spoilt alcoholic products

- (1) This section applies where—
 - (a) alcohol duty is chargeable on alcoholic products, and
 - (b) the Commissioners are satisfied that the alcoholic products have become spoilt or unfit for use.
- (2) The Commissioners may remit or repay the alcohol duty.

30 Alcoholic ingredients

- (1) Subsection (4) applies where a person proves to the satisfaction of the Commissioners that—
 - (a) alcohol duty is chargeable, and has been paid, on alcoholic products, and
 - (b) the alcoholic products have been used as an ingredient in the production or manufacture of—
 - (i) a qualifying food product, or
 - (ii) a beverage of an alcoholic strength of 1.2% or less.
- (2) In this section “qualifying food product” means—
 - (a) vinegar,
 - (b) chocolates containing alcohol, where 100 kilograms of the chocolates would not contain more than 8.5 litres of alcohol, or
 - (c) any other food (for human consumption) which contains alcohol, where 100 kilograms of the food would not contain more than 5 litres of alcohol,(and a frozen or other beverage is not a qualifying food product for the purposes of this section).
- (3) Alcoholic products that are converted into vinegar are treated, for the purposes of this section, as being used as an ingredient in the production or manufacture of vinegar.
- (4) If the person mentioned in subsection (1) makes a claim in accordance with this section, the alcohol duty is to be repaid.
- (5) But no repayment of duty may be made unless the Commissioners are satisfied that the repayment claimed does not relate to any duty which has been repaid or drawn back prior to the making of the claim.
- (6) A claim for repayment under this section—
 - (a) must be in the form and manner, and contain the particulars, required by the Commissioners (either generally or in a particular case), and
 - (b) except so far as the Commissioners otherwise allow, relate to duty paid on alcoholic products used as an ingredient during a period of 3 months ending not more than 3 years before the claim is made.
- (7) The Commissioners may remit any alcohol duty chargeable—
 - (a) on alcoholic products imported into the United Kingdom at a time when they are contained as an ingredient in a qualifying food product within subsection (2)(b) or (c), or
 - (b) on alcoholic products used as an ingredient in the manufacture or production in an excise warehouse of a qualifying food product within subsection (2)(b) or (c).

Spirits

31 Imported medical articles

- (1) Alcohol duty is not charged on spirits contained in medical articles imported into the United Kingdom.
- (2) “Medical article” means an article recognised by the Commissioners as being an article used for medical purposes.

32 Flavourings

- (1) Alcohol duty is not charged on spirits contained in food and drink flavourings.
- (2) In this section –
 - “food and drink flavourings” means any qualifying flavourings which are for use in –
 - (a) the preparation of food for human consumption, or
 - (b) the preparation of any beverage of an alcoholic strength not exceeding 1.2%;
 - “qualifying flavourings” means any products falling within commodity code 3302 of the customs tariff established by regulations made under section 8 of the Taxation (Cross-Border Trade) Act 2018.

33 Authorised use for certain purposes

- (1) This section applies where a person proposes to use spirits, on which alcohol duty is chargeable, either –
 - (a) in the manufacture or preparation of medical articles, or
 - (b) for scientific purposes.
- (2) This section also applies where –
 - (a) a person proposes to use spirits, on which alcohol duty is chargeable, for the purposes of art or manufacture (other than the manufacture of medical articles), and
 - (b) the Commissioners are satisfied that denatured alcohol would not be suitable for that use.
- (3) The Commissioners may authorise the person to receive the spirits, and permit the delivery of the spirits from relevant premises to that person, without payment of the alcohol duty.
- (4) In subsection (3), “relevant premises” means –
 - (a) an excise warehouse, or
 - (b) premises in respect of which a person is approved under section 37.
- (5) An authorisation under this section may be given subject to the conditions (if any) –
 - (a) specified by the Commissioners in a notice published by them;

- (b) imposed by them in a particular case.
- (6) If a person fails to comply with a condition in respect of an authorisation, the failure attracts a penalty under section 9 of FA 1994.
- (7) Subsection (8) applies if—
 - (a) the spirits are delivered to the person mentioned in subsection (3), and
 - (b) the spirits are used otherwise than for the purpose in respect of which the authorisation was given.
- (8) The Commissioners—
 - (a) may assess as being alcohol duty due from the person an amount equal to the alcohol duty that would have been charged on the spirits if, at the time of delivery, no authorisation under this section had been given, and
 - (b) must notify that person or the person’s representative of the assessment.
- (9) In this section “medical article” has the same meaning as in section 31.

34 Imported goods not for human consumption

- (1) The Commissioners may remit any alcohol duty chargeable on spirits imported into the United Kingdom at a time when the spirits are contained in goods that are not for human consumption.
- (2) If it turns out that the goods containing spirits are for human consumption, the Commissioners—
 - (a) may assess as being alcohol duty due from the relevant person an amount equal to the alcohol duty that would (apart from subsection (1)) have been charged on the goods, and
 - (b) must notify the relevant person or that person’s representative of the assessment.
- (3) For the purposes of subsection (2), references to “the relevant person” are references to the importer.

35 Restrictions on use of certain goods

- (1) If a person makes unauthorised use of an article to which this section applies—
 - (a) that conduct attracts a penalty under section 9 of FA 1994 (civil penalties), and
 - (b) the article is liable to forfeiture.
- (2) This section applies to—
 - (a) an article containing spirits which are exempt under section 31 from the charge to alcohol duty;

- (b) an article in respect of which spirits were used in the manufacture or preparation, where remission of alcohol duty on the spirits was obtained under section 33.
- (3) A person makes “unauthorised use” of an article for the purposes of this section if—
 - (a) the person uses the article other than for medical or scientific purposes, and
 - (b) the person has not complied with the requirements under subsection (4).
- (4) The requirements are that—
 - (a) the person must obtain the written consent of the Commissioners to the use of the article other than for medical or scientific purposes, and
 - (b) the person must pay to the Commissioners an amount equal to the duty shortfall.
- (5) In this section, the “duty shortfall” means—
 - (a) the difference between the duty charged on the spirits contained in, or used in the manufacture or preparation of, the article, and
 - (b) the duty which would have been chargeable had the article not been exempt under section 31 or the duty had not been remitted under section 33.
- (6) The Commissioners may make regulations for the purpose of enforcing this section.
- (7) Regulations under subsection (6) may, in particular, require a person carrying on any trade in which spirits or articles containing, manufactured or prepared with spirits are, in the opinion of the Commissioners, likely to be or have been used—
 - (a) to give and verify particulars of the materials which the person is using or has used, or the articles the person has sold;
 - (b) to produce any documents (of whatever nature) relating to such materials or articles.
- (8) If a person contravenes or fails to comply with any regulation made under subsection (6), the contravention or failure attracts a penalty under section 9 of FA 1994.
- (9) In this section, a reference to an article includes a reference to any part of that article.

Remission and repayment

36 Further provision about remission and repayment

- (1) The remission or repayment of alcohol duty under any provision of this Chapter is subject to the conditions (if any)—
 - (a) specified by the Commissioners in a notice published by them;

- (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (2) If a person fails to comply with a condition in respect of the remission or repayment, the failure attracts a penalty under section 9 of FA 1994.

CHAPTER 5

REGULATED ACTIVITIES AND APPROVALS

37 Approval requirement: producers

- (1) A person may not produce alcoholic products on any premises unless –
- (a) the production on those premises is in accordance with an approval given under this section by the Commissioners to the person, or
 - (b) the person is exempt from the approval requirement under section 39 or 40.
- (2) The Commissioners may approve a person under this section only if they are satisfied that the person is a fit and proper person to produce alcoholic products.
- (3) An approval under this section may authorise the approved person to carry out other activities in relation to alcoholic products (including alcoholic products produced by another person in, or imported into, the United Kingdom) without payment of alcohol duty.
- (4) The activities that may be authorised include, in particular –
- (a) packaging alcoholic products (including repackaging qualifying draught alcoholic products);
 - (b) processing, or carrying out other operations on or in relation to, alcoholic products;
 - (c) holding alcoholic products on, or removing alcoholic products from, certain premises.

38 Supplementary provision about approvals

- (1) An approval under section 37 may be given to a person –
- (a) in respect of –
 - (i) more than one type of alcoholic product;
 - (ii) more than one set of premises;
 - (b) for such period as the Commissioners think fit.
- (2) An approval may be given subject to the conditions or restrictions (if any) –
- (a) specified by the Commissioners in a notice published by them;
 - (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (3) The Commissioners may, at any time, revoke or vary the terms of an approval.

- (4) An application for approval must be in the form and manner, and contain the information, specified by or under regulations made by the Commissioners.

39 Exemption: production for personal consumption

For the purposes of section 37(1)(b), a person is exempt from the approval requirement if –

- (a) the person produces alcoholic products only for the person’s own domestic use, and
- (b) the alcoholic products are not spirits.

40 Exemption: research and experiments

For the purposes of section 37(1)(b), a person is exempt from the approval requirement if –

- (a) the person produces alcoholic products only for the purposes of research into, or experiments in, the production of alcoholic products, and
- (b) the person complies with, and the alcoholic products are produced in accordance with, the requirements –
 - (i) specified by the Commissioners in a notice published by them;
 - (ii) specified by or under regulations made by them.

41 Mixing alcoholic products

- (1) A person may not mix two or more alcoholic products unless one of the following exemptions applies.
- (2) The first exemption applies if the products are mixed –
 - (a) in accordance with an approval under section 37, or
 - (b) in an excise warehouse.
- (3) The second exemption applies if all of the alcoholic products –
 - (a) fall within the same paragraph of section 1(1), and
 - (b) are of the same alcoholic strength.
- (4) The third exemption applies if –
 - (a) the alcohol duty on each of the alcoholic products being mixed has been paid, and
 - (b) that amount is equal to or exceeds the amount of alcohol duty that would (if the mixing had taken place before the excise duty point) have been chargeable on the resulting mix.
- (5) The fourth exemption applies if –
 - (a) the alcohol duty on each of the alcoholic products being mixed has been paid,
 - (b) the resulting mix is intended for consumption on the premises on which the mixing takes place, and

- (c) the method of mixing is of a description specified in a notice published by the Commissioners.

42 Post-duty point dilution of alcoholic products

- (1) A person may not mix water or any other substance with alcoholic products on which alcohol duty is chargeable if—
 - (a) the mixing takes place after the excise duty point in relation to that charge,
 - (b) the resulting product is intended for sale, and
 - (c) if the addition had taken place immediately before the excise duty point, the amount of alcohol duty would have been greater than the amount actually payable.
- (2) This section has effect, despite section 8 of the Isle of Man Act 1979, as if a removal of relevant alcoholic products to the United Kingdom from the Isle of Man constituted their importation into the United Kingdom (and references to the charge to alcohol duty and to the excise duty point are to be read accordingly).

43 Alcoholic products regulations

- (1) The Commissioners may by regulations (“alcoholic products regulations”) make provision—
 - (a) regulating the production, packaging, keeping and storage of alcoholic products produced in, or imported into, the United Kingdom;
 - (b) for determining when the production of any alcoholic product begins and when it is completed;
 - (c) for securing and collecting alcohol duty;
 - (d) for determining alcohol duty, the rate and the method of charging the duty;
 - (e) for charging alcohol duty, in specified circumstances, by reference to an alcoholic strength which any alcoholic product might reasonably be expected to have, or the rate of duty in force, at a time other than that at which the alcoholic product becomes chargeable;
 - (f) for full or partial relief from alcohol duty in specified circumstances (and whether or not subject to conditions);
 - (g) regulating or prohibiting the addition of substances to, the mixing of, or the carrying out of other operations on or in relation to, any alcoholic product;
 - (h) regulating the approval of persons under this Chapter;
 - (i) regulating the variation or revocation of any such approval or of any condition or restriction to which such an approval is subject;
 - (j) regulating the transportation of alcoholic products;
 - (k) requiring the production of certificates as to matters relating to alcoholic products imported into the United Kingdom, and the

production and producer of those products, as evidence that conditions for charging the duty at a particular rate are satisfied.

- (2) Alcoholic products regulations may, in particular, include provision—
 - (a) requiring the making of returns;
 - (b) for notifications and other communications with the Commissioners to be made electronically;
 - (c) for assessing an amount as alcohol duty due from a person in specified circumstances.
- (3) In this section, “specified” means specified by or under alcoholic products regulations.

44 Penalties and forfeiture

- (1) This section applies if a person contravenes or fails to comply with—
 - (a) section 37,
 - (b) section 41(1),
 - (c) section 42(1), or
 - (d) any provision made by or under alcoholic products regulations.
- (2) The person’s conduct attracts a penalty under section 9 of FA 1994.
- (3) Any alcoholic products, articles or substances (including packaging or equipment) to which the contravention or failure relates are liable to forfeiture.

CHAPTER 6

DENATURED ALCOHOL

45 Denatured alcohol

- (1) Alcohol duty is not charged on denatured alcohol.
- (2) “Denatured alcohol” means an alcoholic product which has been mixed with a substance, and in a manner, specified by or under regulations made by the Commissioners (and references, however expressed, to “denaturing” alcoholic products are to be construed accordingly).
- (3) Provision made under subsection (2) may include provision specifying a substance, or a manner of mixing, by reference to particular circumstances or other factors, or to the approval or opinion of specified persons.
- (4) Where—
 - (a) alcohol duty is chargeable on alcoholic products, and
 - (b) the Commissioners are satisfied that the alcoholic products are to be converted into denatured alcohol before the duty is required to be paid,
 the duty is to be remitted.

46 Licence to manufacture and deal wholesale in denatured alcohol

- (1) A person may not denature any alcoholic products, or deal wholesale in denatured alcohol, unless the person holds an excise licence as a denaturer under this section.
- (2) For the purposes of this section, a person deals wholesale in denatured alcohol if the person sells, at any one time to any one person—
 - (a) a quantity of at least 20 litres of denatured alcohol, or
 - (b) a smaller quantity, specified by or under regulations made by the Commissioners, of denatured alcohol.
- (3) The Commissioners may, at any time, revoke or suspend an excise licence under this section.

47 Regulations relating to denatured alcohol

- (1) The Commissioners may, with a view to the protection of the revenue, by regulations make provision—
 - (a) regulating the denaturing of alcoholic products;
 - (b) regulating the supply, storage, removal, sale, delivery, receipt, use, export or shipment as stores of denatured alcohol;
 - (c) permitting alcoholic products to be denatured in a warehouse;
 - (d) permitting dealing wholesale (within the meaning of section 46) in denatured alcohol of a specified description, in specified circumstances, without an excise licence;
 - (e) regulating the import, receipt, removal, storage and use of alcoholic products for denaturing;
 - (f) regulating the storage and removal of substances to be used in denaturing alcoholic products;
 - (g) about the manner in which account is to be kept of stocks of denatured alcohol in the possession of persons licensed as denaturers under section 46 and of retailers of denatured alcohol;
 - (h) for securing any duty chargeable in respect of denatured alcohol.
- (2) Regulations under this section may, in particular—
 - (a) provide for the imposition under the regulations of conditions and restrictions;
 - (b) impose, or provide for the imposition of, requirements on persons licensed as denaturers under section 46, and on retailers of denatured alcohol, to keep and preserve records relating to denaturing;
 - (c) confer powers on an officer to inspect, copy or remove for a reasonable period those records.
- (3) In this section, “specified” means specified by or under regulations under this section.

48 Penalties and forfeiture

- (1) This section applies if a person –
 - (a) fails to comply with section 46(1) (denaturing alcoholic products, or dealing wholesale in denatured alcohol, otherwise than in accordance with an excise licence), or
 - (b) contravenes or fails to comply with any provision made by or under regulations under section 47.
- (2) Conduct mentioned in subsection (1)(a) or (b) attracts a penalty under section 9 of FA 1994 (civil penalties).
- (3) Any alcoholic product or denatured alcohol to which the contravention or failure relates is liable to forfeiture.

49 Defaults in respect of denatured alcohol: possession of excess alcoholic products

- (1) This section applies if, in relation to a person who holds an excise licence under section 46 (the “denaturer”), at a time when an account is taken of the quantity of denatured alcohol in the denaturer’s possession –
 - (a) there is a difference between the actual amount and the proper amount, and
 - (b) either –
 - (i) where the actual amount exceeds the proper amount, the amount of the excess is more than 1% of the permitted amount, or
 - (ii) where the proper amount exceeds the actual amount, the amount of the excess is more than 2% of the permitted amount.
- (2) For the purposes of subsection (1) –
 - (a) the “actual amount” is the quantity of alcoholic products of any description in the denatured alcohol in the denaturer’s possession;
 - (b) the “proper amount” is the quantity of alcoholic products of the same description which, according to any accounts that are required to be kept by or under any regulations under section 47, ought to be in the denatured alcohol in the denaturer’s possession.
- (3) Where there is a difference between the actual amount and the proper amount, in relation to alcoholic products of a particular description, the “permitted amount” is the aggregate of –
 - (a) the quantity of alcoholic products of that description when an account was last taken, and
 - (b) the quantity of alcoholic products of that description that have since been lawfully added to the denaturer’s stock.
- (4) In a case within subsection (1)(b)(i), the relevant amount of any alcoholic products of the description to which the difference relates in the denaturer’s possession is liable to forfeiture.

- (5) The “relevant amount” for the purposes of subsection (4) is the amount corresponding to the amount of the excess mentioned in subsection (1)(b)(i), or such smaller amount as the Commissioners consider appropriate.
- (6) In a case within subsection (1)(b)(ii), the denaturer must, on demand by the Commissioners, pay alcohol duty –
 - (a) on the amount of alcoholic products (of the same description) equal to the amount of the difference, or
 - (b) if the Commissioners specify a smaller amount of alcoholic products (of the same description) in the demand, on that amount.
- (7) A demand made for the purposes of this section is to be combined, as if there had been a default of a kind mentioned in section 12 of FA 1994 (assessments to excise duty) with an assessment and notification under that section of the amount of duty due in consequence of the demand.

50 Defaults in respect of denatured alcohol: supply and use of denatured alcohol

- (1) This section applies if a person, in contravention of regulations under section 47, uses or supplies denatured alcohol containing alcoholic products of any description.
- (2) The person must, on demand by the Commissioners, pay alcohol duty –
 - (a) on the amount of alcoholic products contained, at the time of supply or use, in the denatured alcohol, or
 - (b) if the Commissioners specify a smaller amount of alcoholic products (of the same description) in the demand, on that amount.
- (3) For the purposes of this section, a supply of denatured alcohol to a person who –
 - (a) by reason of regulations under section 47 is prohibited from receiving it unless authorised to do so by or under the regulations, but
 - (b) is not so authorised,is treated as being a supply in contravention of those regulations.
- (4) A demand made for the purposes of this section is to be combined, as if there had been a default of a kind mentioned in section 12 of FA 1994 (assessments to excise duty) with an assessment and notification under that section of the amount of duty due in consequence of the demand.

51 Inspection of premises etc

- (1) An officer may, at any reasonable time –
 - (a) enter and inspect the premises of a person authorised by regulations under section 47 to receive denatured alcohol,
 - (b) inspect and examine any denatured alcohol on the premises, and
 - (c) take samples of any denatured alcohol or of any goods containing denatured alcohol (paying a reasonable price for each sample).

- (2) Subsection (1) does not affect any other power conferred by the customs and excise Acts.

52 Prohibition of use of denatured alcohol etc as beverage or medicine

- (1) It is an offence for a person—
- (a) to prepare, or attempt to prepare, denatured alcohol for use as a beverage or as a mixture with a beverage;
 - (b) to sell denatured alcohol (whether or not prepared as described in paragraph (a)) as a beverage or mixed with a beverage;
 - (c) to use any denatured alcohol or a derivative of it in the preparation of any article capable of being used as a beverage;
 - (d) to sell or possess any article capable of being used as described in paragraph (c), in the preparation of which denatured alcohol or any derivative of it has been used;
 - (e) except as permitted by the Commissioners and in accordance with any conditions imposed by them—
 - (i) to purify, or attempt to purify, denatured alcohol, or
 - (ii) after denatured alcohol has once been used, to attempt to recover the spirit or alcohol contained in it by distillation, condensation or in any other manner.
- (2) Subsection (1) is subject to subsections (5) and (6).
- (3) A person who commits an offence under this section is liable on summary conviction to a penalty not exceeding level 3 on the standard scale.
- (4) Any denatured alcohol, or any article, in respect of which an offence under this section is committed is liable to forfeiture.
- (5) No offence is committed under this section where a person uses denatured alcohol or any derivative of it—
- (a) in the preparation for use as a medical article (as defined in section 31),
 - (b) in the making of anything sold or supplied in accordance with regulations made by the Commissioners under section 47, or
 - (c) in art or manufacture.
- (6) No offence is committed under this section where a person sells or possesses anything that—
- (a) is permitted to be prepared or made, by reference to paragraph (a) or (b) of subsection (5), for a use described in that paragraph, and
 - (b) is sold or possessed for that use.
- (7) In this section, references to denatured alcohol include references to—
- (a) methanol, and
 - (b) any mixture containing denatured alcohol or methanol.

CHAPTER 7

WHOLESALING OF CONTROLLED ALCOHOLIC PRODUCTS

53 Definitions

- (1) This section defines certain expressions used in this Part.
- (2) A sale is of “controlled alcoholic products” if—
 - (a) it is a sale of alcoholic products on which alcohol duty is charged under this Part at a rate greater than nil, and
 - (b) the excise duty point for the alcoholic products falls at or before the time of the sale.
- (3) Controlled alcoholic products are sold “wholesale” if—
 - (a) the sale is of any quantity of the alcoholic products,
 - (b) the seller is carrying on a trade or business and the sale is made in the course of that trade or business,
 - (c) the sale is to a buyer carrying on a trade or business, for sale or supply in the course of that trade or business, and
 - (d) the sale is not an incidental sale, a group sale or an excluded sale, and a reference to buying controlled alcoholic products wholesale is to be read accordingly.
- (4) A sale is an “incidental sale” if—
 - (a) the seller makes authorised retail sales of alcoholic products of any description, and
 - (b) the sale is incidental to those sales.
- (5) A sale is an “authorised retail sale” if it is made by retail under and in accordance with a licence or other authorisation under an enactment regulating the sale and supply of alcohol.
- (6) A sale is a “group sale” if the seller and the buyer are both bodies corporate which are members of the same group (see section 61).
- (7) A sale is an “excluded sale” if it is of a description specified by or under regulations made by the Commissioners.
- (8) “Controlled activity” means—
 - (a) selling controlled alcoholic products wholesale,
 - (b) offering or exposing controlled alcoholic products for sale in circumstances in which the sale (if made) would be a wholesale sale, or
 - (c) arranging in the course of a trade or business for controlled alcoholic products to be sold wholesale, or offered or exposed for sale in circumstances in which the sale (if made) would be a wholesale sale.

- (9) “UK person” means a person who is UK-established for the purposes of value added tax (see paragraph 1(10) of Schedule 1 to the Value Added Tax Act 1994).
- (10) “Enactment” includes an enactment contained in—
 - (a) an Act of the Scottish Parliament;
 - (b) an Act or Measure of Senedd Cymru;
 - (c) Northern Ireland legislation.
- (11) References in this Part to the “alcohol wholesaling provisions” are references to this section and sections 54 to 61, and Schedule 6.

54 Further provision relating to definitions

- (1) The Commissioners may by regulations make provision as to the cases in which sales are, or are not, to be treated for the purposes of this Part as—
 - (a) wholesale sales,
 - (b) sales of controlled alcoholic products,
 - (c) incidental sales,
 - (d) authorised retail sales, or
 - (e) group sales.
- (2) The Commissioners may by regulations make provision as to the cases in which a person is, or is not, to be treated for the purposes of this Part as carrying on a controlled activity by virtue of section 53(8)(b) or (c).

55 Approval to carry on controlled activity

- (1) A UK person may not carry on a controlled activity otherwise than in accordance with an approval given by the Commissioners under this section.
- (2) The Commissioners may approve a person under this section to carry on a controlled activity only if they are satisfied that the person is a fit and proper person to carry on the activity.
- (3) The Commissioners may approve a person under this section to carry on a controlled activity for such period as they think fit.
- (4) An approval may be given subject to the conditions or restrictions (if any)—
 - (a) specified by the Commissioners in a notice published by them;
 - (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (5) The conditions or restrictions may include conditions or restrictions requiring the controlled activity to be carried on only at or from premises specified or approved by the Commissioners.
- (6) The Commissioners may at any time revoke or vary the terms of an approval under this section.

- (7) In this Part “approved wholesaler” means a person approved under this section to carry on a controlled activity.

56 The register of approved wholesalers

- (1) The Commissioners must maintain a register of approved wholesalers.
- (2) The register is to contain such information relating to approved wholesalers as the Commissioners consider appropriate.
- (3) The Commissioners may make publicly available such information contained in the register as they consider necessary to enable those who deal with a person who carries on a controlled activity to determine whether the person in question is an approved wholesaler for the purposes of that activity.
- (4) The information may be made available by such means as the Commissioners consider appropriate.

57 Regulations relating to approval, registration and controlled activities

- (1) The Commissioners may by regulations make provision—
 - (a) regulating the approval and registration of persons under the alcohol wholesaling provisions,
 - (b) regulating the variation or revocation of any such approval or registration or of any condition or restriction to which such an approval or registration is subject,
 - (c) about the register maintained under section 56,
 - (d) regulating the carrying on of controlled activities, and
 - (e) imposing obligations on approved wholesalers.
- (2) The regulations may, in particular, make provision—
 - (a) requiring applications, and other communications with the Commissioners, to be made electronically,
 - (b) as to the procedure for the approval and registration of bodies corporate which are members of the same group and for members of such a group to be jointly and severally liable for any penalties imposed under—
 - (i) the regulations, or
 - (ii) Schedule 6,
 - (c) requiring approved wholesalers to keep and make available for inspection such records relating to controlled activities as may be specified by or under the regulations,
 - (d) imposing a penalty of an amount specified by the regulations (which must not exceed £1,000) for a contravention of—
 - (i) the regulations, or
 - (ii) any condition or restriction imposed under the alcohol wholesaling provisions,
 - (e) for the assessment and recovery of such a penalty, and

- (f) for alcoholic products (whether or not charged with any duty and whether or not that duty has been paid) to be subject to forfeiture for a contravention of—
 - (i) the alcohol wholesaling provisions or the regulations made under this section, or
 - (ii) any condition or restriction imposed under the alcohol wholesaling provisions.

58 Restriction on buying controlled alcoholic products wholesale

- (1) A person may not—
 - (a) buy controlled alcoholic products wholesale from a UK person, unless the person is an approved wholesaler in relation to the sale, or
 - (b) buy relevant alcoholic products from an Isle of Man person, unless the person is an Isle of Man approved wholesaler.
- (2) In this section and in section 59(4)—
 - (a) “Isle of Man person” means a person who is established in the Isle of Man for the purposes of value added tax under any provision of the law in force in the Isle of Man corresponding to paragraph 1(10) of the Value Added Tax Act 1994;
 - (b) “Isle of Man approved wholesaler” means an Isle of Man person who is approved under any provision of the law in force in the Isle of Man corresponding to section 55;
 - (c) “relevant alcoholic products” means alcoholic products which, if they had been produced in the United Kingdom, would have been charged with alcohol duty under this Part at a rate greater than nil.

59 Offences

- (1) A person who contravenes section 55(1) by selling controlled alcoholic products wholesale commits an offence if the person knows or has reasonable grounds to suspect that—
 - (a) the buyer is carrying on a trade or business, and
 - (b) the alcoholic products are for sale or supply in the course of that trade or business.
- (2) A person who contravenes section 55(1) by offering or exposing controlled alcoholic products for sale in circumstances in which the sale (if made) would be a wholesale sale commits an offence if the person intends to make a wholesale sale of the alcoholic products.
- (3) A person who contravenes section 55(1) by arranging in the course of a trade or business for controlled alcoholic products to be sold wholesale, or offered or exposed for sale in circumstances in which the sale (if made) would be a wholesale sale, commits an offence if the person intends to arrange for the alcoholic products to be sold wholesale.

- (4) A person who contravenes section 58 commits an offence if the person knows or has reasonable grounds to suspect that—
- (a) the UK person from whom the controlled alcoholic products are bought is not an approved wholesaler in relation to the sale, or
 - (b) the Isle of Man person from whom the relevant alcoholic products are bought is not an Isle of Man approved wholesaler in relation to the sale.
- (5) A person who commits an offence under this section is liable on summary conviction—
- (a) in England and Wales to—
 - (i) imprisonment for a term not exceeding the general limit in a magistrates' court,
 - (ii) a fine, or
 - (iii) both,
 - (b) in Scotland to—
 - (i) imprisonment for a term not exceeding 12 months,
 - (ii) a fine not exceeding the statutory maximum, or
 - (iii) both, and
 - (c) in Northern Ireland to—
 - (i) imprisonment for a term not exceeding 6 months,
 - (ii) a fine not exceeding the statutory maximum, or
 - (iii) both.
- (6) A person who commits an offence under this section is liable on conviction on indictment to—
- (a) imprisonment for a period not exceeding 7 years,
 - (b) a fine, or
 - (c) both.

60 Penalties

Schedule 6 contains provision about penalties for contraventions of the alcohol wholesaling provisions.

61 Groups

- (1) Two or more bodies corporate are members of a group for the purposes of the alcohol wholesaling provisions if each is established or has a fixed establishment in the United Kingdom and—
- (a) one of them controls each of the others,
 - (b) one person (whether a body corporate or an individual) controls all of them, or
 - (c) two or more individuals carrying on a business in partnership control all of them.

- (2) For the purposes of this section, a body corporate is to be taken to control another body corporate if—
- (a) it is empowered by or under an enactment to control that body’s activities, or
 - (b) it is that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.
- (3) For the purposes of this section—
- (a) an individual or individuals are to be taken to control a body corporate if the individual or individuals (were the individual or individuals a company) would be that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006, and
 - (b) a body corporate is established or has a fixed establishment in the United Kingdom if it is so established or has such an establishment for the purposes of value added tax.

CHAPTER 8

SUPPLEMENTARY PROVISION

62 Reviews and appeals

- (1) Section 13A(2) of FA 1994 (meaning of “relevant decision”) is amended in accordance with subsections (2) to (4).
- (2) In paragraph (c), for “section 8, 10, 11 or 36G of the Alcoholic Liquor Duties Act 1979,” substitute “section 9, 16, 33 or 34 of Part 1 of the Finance Act 2023 (alcohol duty),”.
- (3) In paragraph (ea), for sub-paragraphs (i) and (ii) substitute—
- “(i) regulations under section 57 of Part 1 of the Finance Act 2023 (alcohol duty), or
 - (ii) Schedule 5 to that Act;”.
- (4) In paragraph (f), for “paragraph 4(2)(h) of Schedule 2A to the Alcoholic Liquor Duties Act 1979 (duty stamps)” substitute “paragraph 4(2)(h) of Schedule 5 to the Finance Act 2023 (alcohol duty: duty stamps)”.
- (5) In Schedule 5 to FA 1994 (decisions subject to review and appeal), for paragraph 3 (and the heading immediately preceding it) substitute—
- “Part 1 of the Finance Act 2023 (alcohol duty)*
- 3 (1) The following decisions under or for the purposes of Part 1 of the Finance Act 2023 (alcohol duty) —
- (a) any decision as to whether or not any duty is to be remitted or repaid under section 28 (research and experiments) or 29 (spoilt alcoholic products) as to the conditions subject to which the duty is to be remitted or repaid;
 - (b) any decision—

- (i) on a claim under section 30 for repayment of duty (alcoholic ingredients relief), or
 - (ii) as to whether or not to remit duty under that section;
- (c) any decision for the purposes of section 31 (imported medical articles) or section 33 (authorised use for certain purposes) as to whether or not to recognise any article as used for medical purposes;
- (d) any decision for the purposes of section 33 (authorised use for certain purposes) –
 - (i) as to the use to which any article is to or is to be put, or as to the purposes for which it is or is to be used,
 - (ii) as to whether or not permission or authorisation for any person to receive, or for the delivery of, any spirits without payment of duty is to be granted or withdrawn, or
 - (iii) as to the conditions subject to which the permission or authorisation is granted;
- (e) any decision for the purposes of section 34 (imported goods not for human consumption) as to whether or not any goods are for human consumption;
- (f) any decision for the purposes of section 37 (approval requirement: producers) or 38 (supplementary provision about approvals) –
 - (i) as to whether or not, and in respect of which alcoholic products, premises or activities, an approval is given,
 - (ii) the period for which, or conditions subject to which, an approval is given,
 - (iii) as to the revocation or variation of an approval, or
 - (iv) as to whether a person is exempt from the approval requirement;
- (g) any decision as to the application of an exemption under section 41 (mixing alcoholic products);
- (h) any decision as to whether or not a licence for the purposes of section 46 (licence to manufacture and deal wholesale in denatured alcohol) is to be granted to a person, or as to the revocation or suspension of a licence for the purposes of that section;
 - (i) any decision for the purposes of any of sections 53 to 61 (wholesaling of controlled alcoholic products) as to whether or not, and in which respects, a person is to be, or to continue to be, approved and registered or as to the conditions or restrictions subject to which a person is to be approved and registered;
- (i) any decision for the purposes of section 63 as to whether or not any drawback is to be set against an amount chargeable

in respect of alcohol duty or as to the conditions subject to which drawback is set against that amount.

- (2) Any decision which—
 - (a) is made under or for the purposes of any regulations under section 43 (alcoholic products regulations), and
 - (b) is a decision as to whether or not a person is to be required to give security for the fulfilment of an obligation or as to the form or amount of, or the conditions of, the security.
- (3) Any decision which is made under or for the purposes of any regulations under section 45 (denatured alcohol) or section 47 (regulations relating to denatured alcohol) of the Finance Act 2023 and is a decision—
 - (a) as to whether or not any process is to be, or to continue to be, approved for any purposes;
 - (b) as to the conditions subject to which the approval is given;
 - (c) as to the revocation or variation of an approval;
 - (d) as to whether or not a person is to be required to give security for the fulfilment of an obligation or as to the form or amount of, or the conditions of, the security.
- (4) Any decision which—
 - (a) is made under paragraph 1 of Schedule 3 to the Finance Act 2001, and
 - (b) relates to Part 1 of the Finance Act 2023.”

63 Forfeiture: supplementary provision

- (1) An officer may destroy, break up or spill anything seized as liable to forfeiture under any provision of this Part.
- (2) Subsection (1) does not affect any other provision of, or power conferred by, the customs and excise Acts.

64 Drawback

- (1) This section applies where drawback of alcohol duty is allowable, under regulations made under section 60A of CEMA 1979 or section 2 of the F(No.2)A 1992, to a person who produces alcoholic products in accordance with an approval under section 37 (“the producer”).
- (2) Subject to the conditions (if any) that the Commissioners impose, drawback of alcohol duty may be set against any amount to which the producer is chargeable in respect of alcohol duty (and any reference in the Customs and Excise Management Act 1979 to drawback payable is to be construed in accordance with this section).

65 Duty stamps

Schedule 5 makes provision about duty stamps.

66 Temporary provision: wine

- (1) Wine of an alcoholic strength of at least 11.5% but not exceeding 14.5% is treated, for the purposes of the charge to alcohol duty, as if it were of an alcoholic strength of 12.5%.
- (2) This section expires at the end of the period of 18 months beginning with the day on which section 5 (rates) comes into force.

CHAPTER 9

FINAL PROVISIONS

67 Interpretation of this Part

- (1) The following Table sets out expressions defined or explained in this Part for general purposes –

Expression	Provision
alcoholic products	section 1(1) and (2)
alcoholic strength	section 2(1)
beer	Schedule 1, paragraph 3
cider	Schedule 1, paragraph 4
denatured alcohol	section 45
excise duty point	section 6
other fermented product	Schedule 1, paragraph 10
spirits	Schedule 1, paragraph 1
wine	Schedule 1, paragraph 9

- (2) This Part is to be construed as one with the Customs and Excise Acts 1979 (as defined in section 1 of CEMA 1979).
- (3) Any expression used in this Act or in any instrument made under this Act to which a meaning is given by any other Act included in the Customs and Excise Acts 1979 has, except where the context otherwise requires, the same meaning in this Act or any such instrument as in that Act.

68 Repeals

- (1) The Alcoholic Liquor Duties Act 1979 is repealed.

- (2) The following sections of the Finance Act 1995 are repealed—
 - (a) section 4 (alcoholic ingredients relief);
 - (b) section 5 (denatured alcohol).

69 Minor and consequential amendments

Schedule 7 makes minor and consequential amendments relating to this Part.

70 Regulations: general

- (1) A power to make regulations under any provision of this Part includes power to make—
 - (a) provision which applies generally or only for specified cases or purposes;
 - (b) provision conferring a discretion on a specified person to do anything under, or for the purposes of, the regulations;
 - (c) provision by reference to things specified in a notice published in accordance with the regulations;
 - (d) different provision for different purposes;
 - (e) different provision for different areas;
 - (f) consequential, supplementary, incidental, transitional or saving provision.
- (2) Regulations under this Part are to be made by statutory instrument.
- (3) A statutory instrument containing regulations made under this Part, other than regulations to which subsection (4) or subsection (8) applies, is subject to annulment in pursuance of a resolution of the House of Commons.
- (4) A statutory instrument containing any regulations to which this subsection applies must be laid before the House of Commons, and, unless approved by that House before the end of the period of 28 days beginning with the date on which the instrument is made, ceases to have effect at the end of that period.
- (5) Subsection (4) applies to regulations under—
 - (a) section 3(a);
 - (b) section 8(5).
- (6) The fact that a statutory instrument ceases to have effect as a result of subsection (4) does not affect—
 - (a) anything previously done under the instrument, or
 - (b) the making of a new statutory instrument.
- (7) In calculating the period for the purposes of subsection (4), no account is to be taken of any time—
 - (a) during which Parliament is dissolved or prorogued, or
 - (b) during which the House of Commons is adjourned for more than 4 days.

- (8) A statutory instrument containing (whether alone or with other provision) any regulations to which this subsection applies may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
- (9) Subsection (8) applies to—
 - (a) regulations under paragraph 2 of Schedule 5;
 - (b) regulations under any other provision of this Part (apart from section 3(a) or 8(5)) that amend or repeal provision made by an Act.
- (10) This section does not apply to regulations under section 71.

71 Commencement

- (1) This Part (apart from this section) comes into force on such day or days as the Commissioners may by regulations appoint.
- (2) Different days may be appointed for different purposes or different areas.
- (3) The Commissioners may by regulations make consequential, supplementary, incidental, transitional or saving provision in connection with the coming into force of any provision of this Part.
- (4) The power to make regulations under subsection (3) includes power to make different provision for different purposes or areas.
- (5) Regulations under this section are to be made by statutory instrument.

SCHEDULES

SCHEDULE 1

Section 1

CATEGORIES OF ALCOHOLIC PRODUCTS: INTERPRETATION

Spirits

- 1 “Spirits” means—
 - (a) spirits of any description, and
 - (b) any mixture or compound made with spirits (including, subject to the following provisions of this Schedule, mixtures that also contain other alcoholic products).
- 2 The extraction of spirits absorbed in a wooden cask is treated, for the purposes of this Part, as the production of spirits.

Beer

- 3 (1) References in this Part to “beer” include references to—
 - (a) ale,
 - (b) porter,
 - (c) stout,
 - (d) any other type of beer, and
 - (e) any other product which is made or sold as beer or as a substitute for beer.
- (2) A qualifying beer-based beverage is treated as beer for the purposes of this Part.
- (3) “Beer-based beverage” means a beverage which is made with beer and falls within one or more of the following descriptions—
 - (a) shandy made with lemonade, or a mixture of beer and lemonade, lemon cordial, lemon flavouring, lemon juice, or lemon squash,
 - (b) lager-and-lime, or a mixture of beer and lime cordial, lime flavouring, lime juice, lime squash, or limeade,
 - (c) ginger beer shandy, shandygaff, or a mixture of beer and ginger, ginger cordial, ginger flavouring, ginger squash, or unfermented ginger beer,
 - (d) a mixture of beer and—
 - (i) fruit cordial, fruit flavourings, fruit flavoured carbonated water, fruit juice or fruit squash, or
 - (ii) any alcoholic product or other alcoholic substance.
- (4) A beer-based beverage is “qualifying” if—
 - (a) it would, apart from this paragraph, fall within paragraph 10 (other fermented products), and

- (b) it is of an alcoholic strength not exceeding 5.5%.

Cider

- 4 “Cider” means a product which—
 - (a) is obtained from the fermentation of apple juice or pear juice;
 - (b) has been produced without the addition, at any time, of—
 - (i) another alcoholic product, or
 - (ii) anything, other than a permitted substance, which communicates colour or flavour; and
 - (c) satisfies the juice content requirements (see paragraph 6).
- 5 In paragraph 4, “permitted substance” means a substance that—
 - (a) appears to the Commissioners to be necessary for the purposes of producing cider (or perry), and
 - (b) is specified in a notice published by the Commissioners for the purposes of this Schedule.
- 6 (1) For the purposes of paragraph 4, the juice content requirements are satisfied in relation to a product if—
 - (a) qualifying fruit juice comprises at least 35% of the volume of the pre-fermentation mixture for the product; and
 - (b) the total of—
 - (i) the volume of qualifying fruit juice included in the pre-fermentation mixture, and
 - (ii) the volume of qualifying fruit juice added after fermentation begins,comprises at least 35% of the end product.
- (2) “Qualifying fruit juice” means apple or pear juice of a gravity of at least 1033 degrees.
- (3) The “gravity” of apple or pear juice in degrees is determined by—
 - (a) calculating the ratio of the weight of the volume of the juice to the weight of an equal volume of distilled water (both as at 20°C), and
 - (b) multiplying that ratio by 1000.
- (4) “Pre-fermentation mixture” means the mixture of juice and other ingredients in which the fermentation (from which the cider is obtained) takes place, as that mixture exists immediately before the fermentation process begins.
- (5) If the cider consists of a blend of two or more products, each constituting cider, references in sub-paragraph (4) to the pre-fermentation mixture are to the pre-fermentation mixtures for each of those products taken as a whole.
- 7 (1) “Sparkling cider” means cider which—
 - (a) if it is packaged in a closed bottle, either—

- (i) due to the presence of carbon dioxide, the pressure in the bottle, measured at a temperature of 20°C, is not less than 3 bars in excess of atmospheric pressure, or
 - (ii) (regardless of the pressure) the bottle has a mushroom-shaped stopper held in place by a tie or fastening;
 - (b) if it is not packaged in a closed bottle, has characteristics similar to those of cider which (while packaged in a closed bottle) falls within paragraph (a)(i).
- (2) Cider is to be regarded as having been rendered sparkling if—
- (a) as a result of aeration, fermentation or any other process, it falls within sub-paragraph (1), or
 - (b) (if not previously rendered sparkling under paragraph (a)) it is transferred into a closed bottle which has, or the stopper of its bottle is exchanged for, a stopper of the kind mentioned in subsection (1)(a)(i).
- 8 References in this Part, however expressed, to producing cider include references to producing sparkling cider by rendering cider sparkling.

Wine

- 9 “Wine” means any product obtained from the alcoholic fermentation of fresh grapes or of the must of fresh grapes (whether or not the product is fortified with spirits).

Other fermented products

- 10 “Other fermented product” means a product which—
- (a) is either—
 - (i) obtained from the alcoholic fermentation of any substance, or
 - (ii) obtained by mixing a product obtained from the alcoholic fermentation of any substance, or anything derived from that product, with anything else; but
 - (b) is not beer, cider, wine or spirits.

SCHEDULE 2

Section 5

RATES OF ALCOHOL DUTY

TABLE 1

Alcoholic strength of alcoholic product	Rate of duty per litre of alcohol in the product
Less than 3.5%	£8.42

Alcoholic strength of alcoholic product	Rate of duty per litre of alcohol in the product
At least 3.5% but less than 8.5%	See Table 2
At least 8.5% but not exceeding 22%	£25.88
Exceeding 22%	£28.74

TABLE 2

Description of alcoholic product (of an alcoholic strength of at least 3.5% but less than 8.5%)	Rate of duty per litre of alcohol in the product
(a) Still cider (b) Sparkling cider of an alcoholic strength not exceeding 5.5%	£8.78
Beer	£19.08
(a) Spirits, wine and other fermented products (b) Sparkling cider of an alcoholic strength exceeding 5.5%	£22.50

SCHEDULE 3

Section 7

QUALIFYING DRAUGHT PRODUCTS: REDUCED RATES

Description of alcoholic product	Rate of duty per litre of alcohol in the product
Alcoholic products of an alcoholic strength of less than 3.5%	£8.00
(a) Still cider of an alcoholic strength of at least 3.5% (but less than 8.5%) (b) Sparkling cider of an alcoholic strength of at least 3.5% but not exceeding 5.5%	£8.34
(a) Beer, spirits, wine and other fermented products of an alcoholic strength of at least 3.5% (but less than 8.5%) (b) Sparkling cider of an alcoholic strength exceeding 5.5% (but less than 8.5%)	£18.13

SCHEDULE 4

Section 15

SMALL PRODUCER ALCOHOLIC PRODUCTS: DUTY DISCOUNT

PART 1

ALCOHOLIC PRODUCTS (OTHER THAN QUALIFYING DRAUGHT PRODUCTS)

Alcoholic products of an alcoholic strength of less than 3.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	8.42	-
2	5	50	2.11	42.10
3	50	100	1.26	136.83
4	100	200	0.42	199.98
5	200	600	-	242.08
6	600	1000	-	242.08
7	1000	4500	-0.07	242.08

Still cider of an alcoholic strength of at least 3.5% but less than 8.5%; sparkling cider of an alcoholic strength of at least 3.5% but not exceeding 5.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	8.78	-
2	5	50	2.20	43.90
3	50	100	1.32	142.68
4	100	200	0.44	208.53
5	200	600	-	252.43
6	600	1000	-	252.43
7	1000	4500	-0.07	252.43

Beer of an alcoholic strength of at least 3.5% but less than 8.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	19.08	-

Beer of an alcoholic strength of at least 3.5% but less than 8.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
2	5	112.5	9.54	95.40
3	112.5	225	8.59	1120.95
4	225	450	4.77	2086.88
5	450	900	2.86	3160.13
6	900	1350	-	4448.03
7	1350	4500	-1.41	4448.03

Spirits, wine and other fermented products of an alcoholic strength of at least 3.5% but less than 8.5%; sparkling cider of an alcoholic strength exceeding 5.5% but less than 8.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	22.50	-
2	5	50	2.25	112.50
3	50	100	2.25	213.75
4	100	200	1.13	326.25
5	200	600	-	438.75
6	600	1000	-	438.75
7	1000	4500	-0.13	438.75

PART 2

QUALIFYING DRAUGHT PRODUCTS

Alcoholic products of an alcoholic strength of less than 3.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	8.00	-
2	5	50	2.00	40.00
3	50	100	1.20	129.98
4	100	200	0.40	189.98

Schedule 4 – Small producer alcoholic products: duty discount
Part 2 – Qualifying draught products

Alcoholic products of an alcoholic strength of less than 3.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
5	200	600	-	229.97
6	600	1000	-	229.97
7	1000	4500	-0.07	229.97

Still cider of an alcoholic strength of at least 3.5% but less than 8.5%; sparkling cider of an alcoholic strength of at least 3.5% but not exceeding 5.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	8.34	-
2	5	50	2.09	41.71
3	50	100	1.25	135.54
4	100	200	0.42	198.10
5	200	600	-	239.80
6	600	1000	-	239.80
7	1000	4500	-0.07	239.80

Beer of an alcoholic strength of at least 3.5% but less than 8.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	18.13	-
2	5	112.5	9.06	90.63
3	112.5	225	8.16	1064.90
4	225	450	4.53	1982.53
5	450	900	2.72	3002.12
6	900	1350	-	4225.62
7	1350	4500	-1.34	4225.62

Spirits, wine and other fermented products of an alcoholic strength of at least 3.5% but less than 8.5%; sparkling cider of an alcoholic strength exceeding 5.5% but less than 8.5%				
Discount band	Start threshold (hectolitres)	End threshold (hectolitres)	Marginal discount (£)	Cumulative discount (£)
1	0	5	18.13	-
2	5	50	1.81	90.63
3	50	100	1.81	172.20
4	100	200	0.91	262.83
5	200	600	-	353.46
6	600	1000	-	353.46
7	1000	4500	-0.10	353.46

SCHEDULE 5

Section 65

DUTY STAMPS

Retail containers to be stamped

- 1 (1) Retail containers of alcoholic products to which this Schedule applies are to be stamped –
 - (a) in such cases and circumstances, and with a duty stamp of such a type, as may be prescribed; but
 - (b) subject to such exceptions as may be prescribed.
- (2) In this Schedule “retail container”, in relation to an alcoholic product, means a container –
 - (a) of a capacity of 35 centilitres or more, and
 - (b) in which, or from which, the alcoholic product is intended to be sold by retail.
- (3) This Schedule applies to alcoholic products that are –
 - (a) spirits, wine or other fermented products, and
 - (b) of an alcoholic strength of at least 30%.
- (4) For the purposes of this Schedule a retail container is “stamped” if –
 - (a) it carries a type A stamp or a label which incorporates a type B stamp, and
 - (b) the stamp or label mentioned in paragraph (a) has been affixed to the container in a way that complies with the requirements of regulations under this Schedule.

- (5) In this Schedule “duty stamp” means any of the following—
- (a) a document (a “type A stamp”) issued by or on behalf of the Commissioners which—
 - (i) is designed to be affixed to a retail container of an alcoholic product, and
 - (ii) indicates that the appropriate duty, or an amount representing some or all of the appropriate duty, has been (or is to be) paid;
 - (b) a part of a label for a retail container of an alcoholic product (a “type B stamp”) which—
 - (i) is incorporated in the label under the authority of the Commissioners, and
 - (ii) indicates that the appropriate duty, or an amount representing some or all of the appropriate duty, has been (or is to be) paid.
- (6) In sub-paragraph (5) “the appropriate duty” means the duty chargeable on the quantity and description of the alcoholic product contained, or to be contained, in the retail container to which the stamp, or the label incorporating the stamp, is, or is to be, affixed.

Power to alter alcoholic products, and capacity of containers, to which this Schedule applies

- 2 (1) The Treasury may by regulations amend paragraph 1(2)(a) for the purpose of varying the capacity from time to time specified in that provision.
- (2) The Treasury may by regulations amend paragraph 1(3) so that this Schedule—
- (a) applies to any description of alcoholic product to which it does not apply, or
 - (b) ceases to apply to any description of alcoholic product to which it does not apply.

Acquisition of, and payment for, duty stamps

- 3 (1) The Commissioners may by regulations make provision as to the terms and conditions on which a person may obtain—
- (a) a type A stamp,
 - (b) authority to incorporate in a label a type B stamp,
 - (c) authority to obtain a label incorporating a type B stamp (a “type B label”),
 - (d) authority to affix a type B label to a retail container of an alcoholic product.
- (2) Regulations under sub-paragraph (1) may in particular make provision for or in connection with—
- (a) requiring a person in prescribed cases or circumstances to pay, or agree to pay, the prescribed amount to the Commissioners or to a person authorised by the Commissioners for this purpose;

- (b) requiring a person in prescribed cases or circumstances to provide to the Commissioners such security as they may require in respect of payment of the appropriate duty.
- (3) An amount prescribed for the purposes of sub-paragraph (2)(a) must not exceed the aggregate of—
 - (a) an amount representing the appropriate duty, and
 - (b) in the case of a type A stamp, the cost of issuing the stamp.
- (4) Regulations under sub-paragraph (1) may also in particular make provision for or in connection with requiring or enabling the Commissioners to bear, in prescribed circumstances, in the case of a type B stamp, all or part of so much of the cost of producing the label as is attributable to the incorporation in it of the stamp.
- (5) The whole of an amount payable for a duty stamp shall be treated for the purposes of the customs and excise Acts as an amount due by way of excise duty.
- (6) In this paragraph “the appropriate duty” means the duty chargeable on the quantity and description of alcoholic product contained, or to be contained, in the retail container to which the stamp, or the label incorporating the stamp, is to be affixed.

Regulations

- 4 (1) The Commissioners may by regulations make provision about matters relating to duty stamps.
- (2) The regulations may, in particular, make provision about—
 - (a) the times at which a retail container must bear a duty stamp;
 - (b) the type of duty stamp (see paragraph 1(5)) with which a retail container is to be stamped in any particular case or circumstances;
 - (c) the design and appearance of a duty stamp (including the production of a type B label);
 - (d) the information that is to appear on a duty stamp;
 - (e) the cost of issuing a type A stamp for the purposes of paragraph 3(3)(b);
 - (f) the procedure for obtaining—
 - (i) a type A stamp,
 - (ii) authority to incorporate in a label a type B stamp,
 - (iii) authority to obtain a type B label,
 - (iv) authority to affix a type B label to a retail container of an alcoholic product,(including provision setting periods of notice);
 - (g) where on the container a type A stamp, or a type B label, is to be affixed;
 - (h) repayment of, or credit for, in prescribed circumstances and subject to such conditions as may be prescribed, all or part of a payment

- made under or by reason of this Schedule to the Commissioners or to a person authorised by the Commissioners;
- (i) liability to forfeiture in prescribed circumstances of some or all of a payment made, or security provided, under or by reason of this Schedule to the Commissioners or to a person authorised by the Commissioners.
- (3) Regulations under this Schedule may also, in particular, make provision for or in connection with preventing a type A stamp, or a type B label, from being used by a person other than—
- (a) in the case of a type A stamp, the person to or for whom the stamp was issued or a person authorised by that person to affix the stamp to a retail container of an alcoholic product;
- (b) in the case of a type B stamp, the person to or for whom authority to obtain the type B label, or to affix that label to a retail container of an alcoholic product, was given by the Commissioners.
- (4) Regulations under this Schedule may also, in particular, make provision—
- (a) for or in connection with requiring a person (“P”) who is not established, and does not have any fixed establishment, in the United Kingdom, in prescribed circumstances, to appoint another person (a “duty stamps representative”) to act on P’s behalf in relation to duty stamps, and
- (b) as to the rights, obligations or liabilities of duty stamps representatives.
- (5) The Commissioners may, with a view to the protection of the revenue, make regulations for securing and collecting duty payable in accordance with this Schedule.

Offences of possession, sale etc of unstamped containers

- 5 (1) Except in such cases as may be prescribed, it is an offence for a person to—
- (a) possess, transport or display, or
- (b) sell, offer for sale or otherwise deal in,
- unstamped retail containers containing alcoholic products to which this Schedule applies.
- (2) It is a defence for a person charged with an offence under this paragraph to prove that the retail containers in question were not required to be stamped.
- (3) A person who commits an offence under this paragraph is liable—
- (a) on summary conviction in England and Wales, to a fine not exceeding £20,000;
- (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale.
- (4) A retail container in relation to which an offence under this paragraph is committed is liable to forfeiture (together with its contents).

Offence of using premises for sale of alcoholic products in or from unstamped containers

- 6 (1) It is an offence for a manager of premises to cause or permit the premises to be used for the sale of alcoholic products, to which this Schedule applies, in or from an unstamped retail container.
- (2) It is a defence for a person charged with an offence under this section to prove that the retail container in question was not required to be stamped.
- (3) A person who commits an offence under this paragraph is liable—
- (a) on summary conviction in England and Wales, to a fine not exceeding £20,000;
 - (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale.
- (4) Where an offence under this paragraph is committed, all unstamped retail containers of alcoholic products on the premises at the time of the offence are liable to forfeiture (together with their contents).
- (5) For the purposes of this Schedule, a person is a “manager” of premises if the person—
- (a) is entitled to control their use,
 - (b) is entrusted with their management, or
 - (c) is in charge of them.

Alcohol sales ban following conviction for an offence under paragraph 6

- 7 (1) A court by or before which a person is convicted of an offence under paragraph 6 may make an order prohibiting the use of the premises, in respect of which the offence was committed, for the sale of alcoholic products during a period specified in the order.
- (2) The period—
- (a) begins on the day specified in the order, and
 - (b) may not exceed 6 months.
- (3) It is an offence for a manager of premises to cause or permit the premises to be used in breach of an order under this paragraph.
- (4) A person who commits an offence under this paragraph is liable—
- (a) on summary conviction in England and Wales, to a fine not exceeding £20,000;
 - (b) on summary conviction in Scotland or Northern Ireland, to a fine not exceeding level 5 on the standard scale.

Penalty for altering duty stamps

- 8 (1) This paragraph applies where a person, otherwise than in accordance with regulations under this Schedule—
- (a) alters a type A stamp after it has been issued, or

- (b) alters a type B stamp after the label in which it is incorporated has been produced.
- (2) The alteration is conduct which attracts a penalty under section 9 of FA 1994 (civil penalties).
- (3) The stamp, or the label in which it is incorporated, is liable to forfeiture.

Penalty for affixing wrong, altered or forged stamps, or over-labelling

- 9 (1) This paragraph applies where a person affixes to a retail container that is required to be stamped any of the items mentioned in sub-paragraphs (2) to (5).
- (2) The first is –
- (a) a type A stamp, or
 - (b) a label incorporating a type B stamp,
- if the stamp is not a correct stamp for that container in accordance with regulations under this Schedule.
- (3) The second is –
- (a) a type A stamp that has been altered, otherwise than in accordance with regulations under this Schedule, after it has been issued, or
 - (b) a label incorporating a type B stamp if the stamp has been altered, otherwise than in accordance with regulations under this Schedule, after the label has been produced.
- (4) The third is an item that purports to be (but is not) –
- (a) a type A stamp, or
 - (b) a label incorporating a type B stamp.
- (5) The fourth is any label or other item affixed in such a way as to cover up all or part of –
- (a) a type A stamp affixed to the container, or
 - (b) a type B stamp incorporated in a label affixed to the container,
- except where the label or other item is so affixed in accordance with regulations under this Schedule.
- (6) The person's conduct attracts a penalty under section 9 of FA 1994 (civil penalties).
- (7) The retail container is liable to forfeiture (together with its contents).

Penalty for failing to comply with regulations

- 10 (1) If a person fails to comply with a requirement imposed by or under regulations under this Schedule –
- (a) the person's conduct attracts a penalty under section 9 of FA 1994 (civil penalties);
 - (b) any article in respect of which the person fails to comply with the requirement is liable to forfeiture (including, in the case of a container, its contents).

- (2) Regulations under this Schedule may make provision as to the amount by reference to which the penalty under sub-paragraph (1)(a) is to be calculated.

Forfeiture of forged, altered or stolen duty stamps

- 11 (1) The following items are liable to forfeiture.
- (2) The first is an item that purports to be (but is not) –
- (a) a type A stamp, or
 - (b) a label incorporating a type B stamp.
- (3) The second is –
- (a) a type A stamp that has been altered, otherwise than in accordance with regulations under this Schedule, after it has been issued, or
 - (b) a label incorporating a type B stamp if the stamp has been altered, otherwise than in accordance with regulations under this Schedule, after the label has been produced.
- (4) The third is –
- (a) a type A stamp, or
 - (b) a label incorporating a type B stamp, that is in a person’s possession unlawfully.

Interpretation

- 12 In this Schedule –
- “duty stamp” has the meaning given by paragraph 1(5);
 - “prescribed” means prescribed in regulations made by the Commissioners;
 - “retail container” has the meaning given by paragraph 1(2);
 - “stamped” and “unstamped” are to be read in accordance with paragraph 1(4);
 - “type A stamp” has the meaning given by paragraph 1(5)(a);
 - “type B stamp” has the meaning given by paragraph 1(5)(b).

SCHEDULE 6

Section 60

PENALTIES FOR CONTRAVENTIONS OF ALCOHOL WHOLESALING PROVISIONS

Liability to penalty

- 1 A penalty is payable by a person (“P”) who contravenes section 55(1) or 58(1).

Amount of penalty

- 2 (1) If the contravention is deliberate and concealed, the amount of the penalty is the maximum amount (see paragraph 10).

- (2) If the contravention is deliberate but not concealed, the amount of the penalty is 70% of the maximum amount.
- (3) In any other case, the amount of the penalty is 30% of the maximum amount.
- (4) The contravention is—
 - (a) “deliberate and concealed” if the contravention is deliberate and P makes arrangements to conceal the contravention, and
 - (b) “deliberate but not concealed” if the contravention is deliberate but P does not make arrangements to conceal the contravention.

Reductions for disclosure

- 3 (1) Paragraph 4 provides for reductions in penalties under this Schedule where P discloses a contravention.
 - (2) P discloses a contravention by—
 - (a) telling the Commissioners about it,
 - (b) giving the Commissioners reasonable help in identifying any other contraventions of section 55(1) or 58(1) of which P is aware, and
 - (c) allowing the Commissioners access to records for the purpose of identifying such contraventions.
 - (3) Disclosure of a contravention—
 - (a) is “unprompted” if made at a time when P has no reason to believe that the Commissioners have discovered or are about to discover the contravention, and
 - (b) otherwise, is “prompted”.
 - (4) In relation to disclosure “quality” includes timing, nature and extent.
- 4 (1) Where P discloses a contravention, the Commissioners must reduce the penalty to one that reflects the quality of the disclosure.
 - (2) If the disclosure is prompted, the penalty may not be reduced below—
 - (a) in the case of a contravention that is deliberate and concealed, 50% of the maximum amount,
 - (b) in the case of a contravention that is deliberate but not concealed, 35% of the maximum amount, and
 - (c) in any other case, 20% of the maximum amount.
 - (3) If the disclosure is unprompted, the penalty may not be reduced below—
 - (a) in the case of a contravention that is deliberate and concealed, 30% of the maximum amount,
 - (b) in the case of a contravention that is deliberate but not concealed, 20% of the maximum amount, and
 - (c) in any other case, 10% of the maximum amount.

Special reduction

- 5 (1) If the Commissioners think it right because of special circumstances, they may reduce a penalty under this Schedule.
- (2) In sub-paragraph (1) “special circumstances” does not include ability to pay.
- (3) In sub-paragraph (1) the reference to reducing a penalty includes a reference to –
- (a) staying a penalty, and
 - (b) agreeing a compromise in relation to proceedings for a penalty.

Assessment

- 6 (1) Where P becomes liable for a penalty under this Schedule, the Commissioners must –
- (a) assess the penalty,
 - (b) notify P, and
 - (c) state in the notice the contravention in respect of which the penalty is assessed.
- (2) A penalty under this Schedule must be paid before the end of the period of 30 days beginning with the day on which notification of the penalty is issued.
- (3) An assessment is to be treated as an amount of duty due from P under this Act and may be recovered accordingly.
- (4) An assessment of a penalty under this Schedule may not be made later than one year after evidence of facts sufficient in the opinion of the Commissioners to indicate the contravention comes to their knowledge.
- (5) Two or more contraventions may be treated by the Commissioners as a single contravention for the purposes of assessing a penalty under this Schedule.

Reasonable excuse

- 7 (1) Liability to a penalty does not arise under this Schedule in respect of a contravention which is not deliberate if P satisfies the Commissioners or (on an appeal made to the appeal tribunal) the tribunal that there is a reasonable excuse for the contravention.
- (2) For the purposes of sub-paragraph (1), where P relies on any other person to do anything, that is not a reasonable excuse unless P took reasonable care to avoid the contravention.

Companies: officer’s liability

- 8 (1) Where a penalty under this Schedule is payable by a company in respect of a contravention which was attributable to an officer of the company, the

- officer is liable to pay such portion of the penalty (which may be 100%) as the Commissioners may specify by written notice to the officer.
- (2) Sub-paragraph (1) does not allow the Commissioners to recover more than 100% of a penalty.
 - (3) In the application of sub-paragraph (1) to a body corporate other than a limited liability partnership, “officer” means—
 - (a) a director (including a shadow director within the meaning of section 251 of the Companies Act 2006),
 - (b) a manager, and
 - (c) a secretary.
 - (4) In the application of sub-paragraph (1) to a limited liability partnership, “officer” means a member.
 - (5) In the application of sub-paragraph (1) in any other case, “officer” means—
 - (a) a director,
 - (b) a manager,
 - (c) a secretary, and
 - (d) any other person managing or purporting to manage any of the company’s affairs.
 - (6) Where the Commissioners have specified a portion of a penalty in a notice given to an officer under sub-paragraph (1)—
 - (a) paragraph 5 applies to the specified portion as to a penalty,
 - (b) the officer must pay the specified portion before the end of the period of 30 days beginning with the day on which the notice is given,
 - (c) sub-paragraphs (3) to (5) of paragraph 6 apply as if the notice were an assessment of a penalty, and
 - (d) paragraph 9 applies as if the officer were liable to a penalty.
 - (7) In this paragraph “company” means any body corporate or unincorporated association, but does not include a partnership.

Double jeopardy

- 9 P is not liable to a penalty under this Schedule in respect of a contravention in respect of which P has been convicted of an offence.

The maximum amount

- 10 (1) In this Schedule, “the maximum amount” means £10,000.
- (2) If it appears to the Treasury that there has been a change in the value of money since the last relevant date, they may by regulations substitute for the sum for the time being specified in sub-paragraph (1) such other sum as appears to them to be justified by the change.
- (3) In sub-paragraph (2), “relevant date” means—
 - (a) the date on which the Finance Act 2023 is passed, and

- (b) each date on which the power conferred by that sub-paragraph has been exercised.
- (4) Regulations under this paragraph do not apply to any contravention which occurred before the date on which they come into force.

Appeal tribunal

- 11 In this Schedule “appeal tribunal” has the same meaning as in Chapter 2 of Part 1 of the Finance Act 1994.

SCHEDULE 7

Section 69

MINOR AND CONSEQUENTIAL AMENDMENTS

CEMA 1979

- 1 CEMA 1979 is amended in accordance with paragraphs 2 to 9.
- 2 (1) Section 1 (interpretation) is amended as follows.
- (2) In subsection (1), in the definition of “the Customs and Excise Acts 1979” –
- (a) omit “the Alcoholic Liquor Duties Act 1979;”;
 - (b) after “the Tobacco Products Duty Act 1979” insert –

“and references (however expressed) to the Customs and Excise Acts 1979, or to the group of Acts included in the Customs and Excise Acts 1979, include references to Part 1 of the Finance Act 2023 (alcohol duty);”
- (3) In subsection (3), omit “Alcoholic Liquor Duties Act 1979” and the list of expressions relating to that Act.
- (4) After subsection (3) insert –
- “(3ZA) Any expression used in this Act or in any instrument made under this Act to which a meaning is given by Part 1 of the Finance Act 2023 (alcohol duty) has, except where the context otherwise requires, the same meaning in this Act or any such instrument as in that Part; and for ease of reference the following is a list of the expressions concerned –
- “alcoholic product”
 - “beer”
 - “cider”
 - “other fermented product”
 - “spirits”
 - “wholesaler”
 - “wine”.”

- 3 (1) Section 112 (power of entry upon premises, etc of revenue traders) is amended as follows.
- (2) In subsection (3), for the words from “distiller” to “occupier” substitute “a person who produces alcoholic products or an occupier”.
- (3) In subsection (5), for “dutiabale alcoholic liquors” substitute “alcoholic products”.
- 4 In section 113 (power to search for concealed pipes etc), in subsection (6), for the words for the words from “distiller” to “cider” substitute “persons who produce alcoholic products”.
- 5 (1) Section 114 (power to prohibit use of certain substances in exciseable goods) is amended as follows.
- (2) In subsections (1), (2) and (3), for “or liquor”, in each place it occurs, substitute “, product or liquid”.
- (3) In subsection (3), for “substance or liquid” substitute “substance, product or liquid”.
- 6 In section 136 (offences in connection with claims for drawback etc), in subsection (5), for paragraph (b) substitute –
- “(b) section 29 of the Finance Act 2023 (remission or repayment of duty on spoilt alcoholic products).”
- 7 (1) Section 160 (power to take samples) is amended as follows.
- (2) In subsection (2), for the words from “any of the following” to “cider” substitute “a revenue trader to whom this subsection applies”.
- (3) After subsection (2) insert –
- “(2A) The revenue traders to whom subsection (2) applies are persons who produce alcoholic products.”
- 8 In section 163A (power to search articles), in subsection (2), in the words before paragraph (a), for “dutiabale alcoholic liquor” substitute “alcoholic products”.
- 9 In section 178 (citation) in subsection (2), omit “the Alcoholic Liquor Duties Act 1979,”.

Customs and Excise Duties (General Reliefs) Act 1979

- 10 In section 18 of the Customs and Excise Duties (General Reliefs) Act 1979 (interpretation) in subsection (2), for “Alcoholic Liquor Duties Act 1979” substitute “Part 1 of the Finance Act 2023”.

Excise Duties (Surcharges or Rebates) Act 1979

- 11 In section 1 of the Excise Duties (Surcharges or Rebates) Act 1979 (surcharges or rebates of amounts due for excise duties), in subsection (1), for paragraph (a) substitute –

“(a) those chargeable in respect of alcoholic products;”.

FA 1994

- 12 FA 1994 is amended in accordance with paragraphs 13 to 18.

- 13 In section 12 (assessments to excise duty), in subsection (2)(ca), for “Schedule 2A to the Alcoholic Liquor Duties Act 1979” substitute “Schedule 5 to the Finance Act 2023”.

- 14 In section 12A (other assessments relating to excise duty matters), in subsection (3), for paragraph (bb) substitute –

“(bb) section 16, 33 or 34 of the Finance Act 2023;”.

- 15 (1) Section 12B (section 12A: supplementary provisions) is amended as follows.

- (2) In subsection (2), for paragraphs (ea) and (eb) substitute –

“(ea) in the case of an assessment under section 33 of the Finance Act 2023, the time of delivery from the relevant premises (as defined in that section);

(eb) in the case of an assessment under section 34 of that Act, the time of importation;”.

- (3) In subsection (2)(ec), for “section 36G of that Act” substitute “section 16 of that Act”.

- 16 In section 16 (appeals to a tribunal), in subsection (3A), for “section 8, 10 or 11 of the Alcoholic Liquor Duties Act 1979” substitute “section 33 or 34 of the Finance Act 2023 (alcohol duty: certain reliefs or exemptions for spirits)”.

- 17 (1) Section 16A (temporary approvals etc. pending review or appeal) is amended as follows.

- (2) In subsection (2)(c) for “section 88C ALDA 1979” substitute “section 55 of the Finance Act 2023”.

- (3) At the end of subsection (2) insert –

“(g) approved under section 37 of the Finance Act 2023 (approval to produce alcoholic products).”.

- 18 In Schedule 5 (decisions subject to review and appeal) –

(a) in the shoulder reference, for “Section 14” substitute “Section 13A”;

(b) omit paragraph 9ZA (and the heading preceding it).

VATA 1994

- 19 (1) In Part 2 of Schedule 8 to VATA 1994 (zero-rating: groups), Group 1 (food) is amended as follows.
- (2) In excepted item 3, for “made-wine” substitute “other fermented products (as defined in Part 1 of the Finance Act 2023)”.
- (3) In excepted item 7, in paragraph (c), for “made-wine” substitute “other fermented products (as defined in Part 1 of the Finance Act 2023)”.

FA 2001

- 20 In paragraph 1(2) of Schedule 3 to FA 2001 (excise duty: payments by the Commissioners in case of error or delay) –
- (a) in paragraph (a), for “section 8(1) or 10(1) of the Alcoholic Liquor Duties Act 1979” substitute “section 33 of the Finance Act 2023 (alcohol duty: authorised use for certain purposes)”;
- (b) omit paragraph (b).

FA 2007

- 21 In Schedule 24 to FA 2007 (penalties for errors), in the Table in paragraph 1, for the two entries relating to alcoholic liquor duties substitute –
- | | |
|---------------|--|
| “Alcohol duty | Statement or declaration in connection with a claim for repayment of duty under section 30 of FA 2023. |
| Alcohol duty | Return under regulations under section 43 of FA 2023.” |

FA 2008

- 22 (1) Schedule 41 to FA 2008 (penalties: failure to notify etc.) is amended as follows.
- (2) In the Table in paragraph 1, for the three entries relating to alcohol liquor duties substitute –
- | | |
|---------------|---|
| “Alcohol duty | Obligations under section 37 of FA 2023 (approval requirement: producers). |
| Alcohol duty | Obligations under section 46 of FA 2023 (licence to manufacture and deal wholesale in denatured alcohol). |
| Alcohol duty | Obligation to be authorised and registered to obtain and use duty stamps under regulations under paragraph 4 of Schedule 5 to FA 2023 (duty stamps).” |

- (3) In the Table in paragraph 3, for the three entries relating to ALDA 1979 substitute –

“Part 1 of FA 2023 (alcohol duty), section 9(6)	Unauthorised repackaging of qualifying draught products.
Part 1 of FA 2023 (alcohol duty), section 33(8)	Spirits: authorised use for certain purposes.
Part 1 of FA 2023 (alcohol duty), section 34(2)	Spirits: imported goods not for human consumption.”

FA 2009

- 23 FA 2009 is amended in accordance with paragraphs 24 and 25.
- 24 (1) In Schedule 55 (penalty for failure to make returns etc), in the Table in paragraph 1, for item 18 substitute –

“18	Alcohol duty	Return under regulations under section 43 of FA 2023”.
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- (2) In subsections (2) and (4) of section 106 (penalties for failure to make returns: commencement) references to Schedule 55 to that Act have effect as references to that Schedule as amended by this paragraph.
- 25 (1) In Schedule 56 (penalty for failure to make payments on time), in the Table in paragraph 1, for item 11E substitute –

“11E	Alcohol duty	Amount payable under regulations under section 43 of FA 2023 (except an amount falling within item 17A, 23 or 24)	The date determined by or under regulations under section 43 of FA 2023 as the date by which the amount must be paid”.
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- (2) In subsections (2) and (4) of section 107 (penalties for failure to pay tax) references to Schedule 56 to that Act have effect as references to that Schedule as amended by this paragraph.

Taxation (Cross-border Trade) Act 2018

- 26 (1) The Taxation (Cross-border Trade) Act 2018 is amended as follows.
- (2) In section 49 (sections 44 to 48: interpretation), in the definition of “excise duty”, for paragraph (a) substitute –
- “(a) Part 1 of the Finance Act 2023 (alcohol duty),”.
- (3) In section 53 (meaning of “excise duty”), for paragraph (a) substitute –
- “(a) Part 1 of the Finance Act 2023 (alcohol duty),”.

