



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

6 August 2021

Dear Sir George,

Thank you for your email of 2 July to the Chancellor of the Exchequer enclosing correspondence from your constituent, supporting the 'Long Live The Local' campaign. I am replying as the Minister responsible for this policy area.

The Government recognises the important contribution that the beer and pub industry make to British culture. That is why the Government announced a freeze on the duties on beer at Budget 2021. The tax cuts at Budget 2013, 2014 and 2015 - followed by further duty freezes in 2016, 2017 and 2018 and 2020 - mean that the average tax charged on a typical pint of beer is estimated to be 18p lower this year than it otherwise would have been since ending the beer duty escalator in 2013. In fact, beer duty is now at its lowest level for 30 years in real terms.

I appreciate that pubs have been hit hard by the COVID-19 pandemic, and for that reason the Government has announced an unprecedented package of support. The Government has given pubs a business rate holiday. Pubs and brewers have also been able to defer taxes and put workers on furlough.

Pubs will benefit from the extended temporary reduced rate of VAT (5 per cent) to goods and services supplied by the tourism and hospitality sectors from 31 March to 30 September 2021. In addition, to help businesses manage the transition back to the standard rate, a 12.5 per cent rate will then apply for a further six months, until 31 March 2022. This decision has been made in order to continue supporting the cash flow and viability of around 150,000 businesses, and to protect over 2.4 million jobs across the UK, and I hope will be a welcome announcement.

Due to the pressures on public finances caused by COVID-19, future changes to alcohol duties will be carefully considered through the Budget process.

Budget 2021 also announced a £6 billion business rates relief for eligible businesses in the retail, hospitality and leisure sectors.

This includes a three-month extension of the 2020-21 business rates holiday, followed by 66 per cent relief with a cap of £2 million for businesses that were required to close as at 5 January 2021, and a cap of £105,000 for businesses that were permitted to open.

Over 350,000 properties will pay no business rates for three months, with the vast majority receiving 75 per cent relief across the year. When combined with Small Business Rates Relief, this means 750,000 retail, hospitality and leisure properties in England will pay no business rates for 3 months from 1 April.

Budget 2020 announced a £5,000 business rates pubs discount for properties with a rateable value below £100,000. This is on top of the increased retail discount, with a 50 per cent cut to bills for retail properties, including pubs, with a rateable value below £51,000. In an exceptional response to the coronavirus, the Government has provided an unprecedented full business rates holiday for eligible retail, hospitality and leisure properties, including pubs. This support is worth around £10 billion to business in 2020-21. In addition, the Government has also decided to freeze the business rates multiplier in 2021-22, saving businesses in England an estimated £575 million over the next five years.

The Government has committed to a fundamental review of the business rates system. The Terms of Reference were set out at the Budget, and a Call for Evidence was published on 21 July. The Government invited stakeholders to contribute their views on ideas for reform on all elements of the business rates systems.

The Government published the Interim Report of the Fundamental Review on 23 March 2021. This sets out the Summary of Responses received to the Call for Evidence. Further policy development will take place over the coming months, and the Final Report will set out the conclusions of the Review. The Review will conclude in the Autumn.

Please pass on my thanks to _____ for taking the trouble to make us aware of these concerns.

Yours sincerely,

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

KEMI BADENOCH
EXCHEQUER SECRETARY TO THE TREASURY