



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

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

20 January 2020

Dear Sir George,

Thank you for your email of 9 January to the Rt Hon Sajid Javid MP enclosing correspondence from your constituent, [redacted] about beer duty. I am replying as the Minister responsible for this policy area.

I can assure your constituent that the Government recognises the important contribution the alcoholic drinks industry, including the beer and pubs sector, makes to the economy and to community life in providing a place to socialise and encouraging responsible drinking.

As your constituent may be aware, to provide support for pubs, the Government announced a freeze on beer duty at Budget 2018. This means that the price of a typical pint of beer in 2019 will be 2p lower than it would have been had duty increased with inflation. Cuts and freezes to alcohol duty since 2013 have provided over £5.2 billion in support for the alcoholic drinks sector - revenues that would have otherwise gone to the Exchequer. This means that the price of a typical pint of beer is estimated to be 14p lower than it otherwise would have been since ending the beer duty escalator in 2013.

Many small pubs are benefitting from the business rates retail discount announced at Budget 2018, which is cutting bills by one third for two years. It is available to properties with a rateable value below £51,000, and is worth an estimated £1 billion to businesses over two years. The Government estimates up to 75% of pubs in England could be eligible for the discount, subject to State aid limits and eligibility for other reliefs.

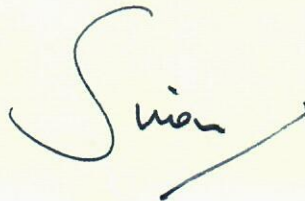
Pubs are also benefitting from wider reforms and reductions to business rates. In total, since Budget 2016 the Government has announced reforms which are saving businesses more than £13 billion over the next five years. This includes switching from RPI to CPI indexation, increasing the threshold for the standard multiplier to £51,000, and raising the threshold for Small Business Rate Relief, meaning 655,000 of the smallest businesses now pay no rates at all.

These reforms will help pubs to stay in business by providing significant relief to the tax pressures mentioned. Industry data suggests that over 90% of pubs are independently managed or owned, meaning many pubs will benefit from tax cuts targeted at small businesses.

It must be noted that these actions have come at a significant cost to the Exchequer. The public finances assume that alcohol duties rise in line with inflation, so anything divergent from that comes at a cost. This cost must then be balanced against other requests for tax cuts or additional spending. However, no decisions have yet been taken and your constituent's suggestions have been noted, and are being examined by my officials as part of the Budget process.

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

Yours ever,

A handwritten signature in black ink that reads "Simon". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

SIMON CLARKE