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Alcohol Duty Reforms, August 2023



Background

- From 1 August 2023, the UK's alcohol duty structure will be reformed, getting rid of some of the differences in rates that existed between types of alcohol.
- Announced in the 2021 Autumn Budget, the reforms are widely regarded as the most radical overhaul of alcohol duty in half a century.
- The alcohol duty measure replaces previous methods for determining alcohol duty with a standard method for all alcohol products, based on the litres of pure alcohol they contain, calculated by alcohol by volume (ABV).
- Mid-strength differentiation has been maintained due to the belief that full equalisation would have a serious impact on the operating costs in some industries, primarily the cider industry, hence the differential between cider and beer.
- The Government have also introduced two new reliefs for producers of draught products and small producers.

Draught & Small Producers reliefs

- The newly introduced **draught relief** has been designed and implemented in order to provide a lower duty rate on products being sold in on-trade establishments. The relief is essentially a reduction in duty rate of **9.2%** on qualifying beer and cider.
- Draught relief can be claimed whereby the relevant products are contained and sold within a large draught container (20 litres or more) that incorporates a pumping mechanism in order to deliver the product.
- The **small producer relief** is designed as a direct replacement to the small brewers' relief scheme, albeit broader in scope, to be applied to all alcoholic products, rather than just beer, so long as the product has an ABV of less than **8.5%**.
- If you are a small producer, you can apply to pay a lower duty rate if the products you made in the previous production year (1st February – 31st January) contain 4,500 hectolitres or less of pure alcohol.

Pint of draught beer (568ml @ 5%)

Pre-reform rate per unit

£0.54



Rate per unit as of 1st August

£0.54

Pint of draught cider (568ml @ 5%)

Pre-reform rate per unit

£0.23



Rate per unit as of 1st August

£0.24

Bottle of beer (500ml @ 4%)

Pre-reform rate per unit

£0.38



Rate per unit as of 1st August

£0.42

Bottle of cider (500ml @ 4%)

Pre-reform rate per unit

£0.20



Rate per unit as of 1st August

£0.19

Glass of still wine (150ml @ 12%)

Pre-reform rate per unit

£0.45



Rate per unit as of 1st August

£0.51

Bottle of whisky (700ml @ 40%)

Pre-reform rate per unit

£8.05



Rate per unit as of 1st August

£8.85

Measure of gin (25ml @ 40%)

Pre-reform rate per unit

£0.29



Rate per unit as of 1st August

£0.31