Breweries call for new duty rates review

26/08/2024 by Timothy Hampson

Industry



Breweries are calling on the government to confirm that the revised alcohol duty system will be reviewed after three years, as new research shows its impact on the beer market. The call comes on just 12 months after far-reaching changes were introduced. The previous government pledged the changes would be fully considered in 2026. The Society of Independent Brewers and Associates (SIBA) is asking the government to commit to review the policy to ensure the changes are properly evaluated. SIBA chief executive Andy Slee (pictured) said: “One year ago the government introduced the most radical changes to the alcohol duty system in generations which is having an impact on what independent breweries brew and what consumers get to enjoy. “While it is too early to understand the full implications of the changes, we are already seeing that large global companies have significantly reduced their duty bills by benefitting from the new lower rate and that small independent breweries are stopping or reducing production of innovative beers such as imperial stouts. Global cider producers also continue to benefit from a significantly lower rate of duty than beer.” Under the new system, Small Breweries Relief (SBR) – which helped smaller producers to compete with global giants – was radically modified and extended to other products under a new Small Producer Relief. It also created a new Draught Relief where cask and keg beer destined for the pub is given a 9.2 per cent reduction in alcohol duty. The new alcohol structure is already having an impact on what small breweries are producing as the changes mean strong beers including imperial stouts and some double IPAs are no longer eligible for relief. SIBA research shows nearly a quarter (22 per cent) of responding independent breweries have altered their beers above 8.5 per cent, with seven per cent reducing the ABV, and 15 per cent have either stopped producing some, or all, beers over 8.5 per cent. It also introduced a new lower alcohol band at 3.4 per cent which gives a discount on duty to lower-strength beers. More than a quarter (27 per cent) of independent breweries have either introduced new beers (18 per cent) or reduced the strength of their existing beers (seven per cent) in response, while several global breweries have dropped the ABV of their beers, reducing their duty bill by millions of pounds. While the new system aimed to remove distortions, global cider producers also continue to benefit from a duty rate 46 per cent of that on beer in the new system which is gives them an unfair advantage. Slee said: “It’s important that the new system is fully reviewed after three years so that any distortions or issues are understood and addressed, and I hope that the new government will commit to this review in 2026.”