Beer duty cut in pubs will create jobs

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Industry

Reducing the tax paid on draught beer destined for the pub could create more than 8,000 extra jobs and result in a £265m boost for the national economy, according to new research by the Centre for Economics and Business Research (Cebr).  It shows that setting the Draught Relief at 50 per cent in the Autumn Budget could lead to a whopping 76m extra pints being sold in pubs with £152m in additional tax going to the Treasury. A more modest increase to 20 per cent from its current 9.2 per cent rate could still see an extra 2,251 jobs, 20m more pints sold and £70m for the economy with an increased contribution of £39m to the Treasury with many of the costs being offset through additional sales and increases to other taxes. The new research, commissioned by the Society of Independent Brewers and Associates (SIBA), CAMRA and the British Institute of Innkeeping (BII), demonstrates the benefits to independent breweries, community pubs, consumers and the economy from expanding the Draught Relief. Introduced last year, Draught Relief allows the chancellor to fine tune alcohol duty decisions to support the UK’s community pubs and brewing sector. It means that beer which is packaged into large containers such as kegs and casks and mostly sold across the bar in pubs benefits from a lower rate of beer duty. Currently alcohol duty is due to increase by RPI in February 2025 unless the chancellor makes an announcement in the Autumn Budget in October. This comes at a time when fifty pubs a month have shut in the first half of the year and around 70 breweries have closed for good so far in 2024. “Pubs and breweries make a huge contribution to our local communities but pay way more than their fair share of tax”, said SIBA chief executive Andy Slee (pictured). “This is the chancellor’s opportunity in the Autumn Budget to use decisions around alcohol duty to provide targeted support to our pubs and independent breweries by increasing the Draught Relief to 20 per cent or more.” “The Draught Relief is a new tool in the chancellor’s tool kit that enables the government to favour our pubs and breweries in the tax system which provide so much benefit to our local towns and cities,” said CAMRA chief executive Tom Stainer. “Brewers and pubs are still recovering from the impacts of the pandemic and trading remains tough so increasing the Draught Relief to 20 per cent would be a real boost for the sector.” “Boosting the Draught Relief would reduce the tax burden on thousands of pubs in every community and help to safeguard their futures,” said BII chief executive Steve Alton.