ALCOHOL DUTY REVIEW IS A MISSED OPPORTUNITY

In response to HM Treasury’s publication today (30 November 2010) of its alcohol taxation and pricing review, Gavin Hewitt, Chief Executive of The Scotch Whisky Association, said:

“The Treasury review is a missed opportunity to introduce a modern alcohol duty system that is simple and transparent. Scotch Whisky is a uniquely British product, adversely affected by the historic inequality in the duty regime. We encourage the Government to address this.

“Taxing all drinks on the same basis, according to alcohol content, is the fairest, most responsible way to tax alcohol. It would also secure over £1bn a year extra tax revenue for the Government.

“The higher duty levied on Scotch Whisky means the tax gap with other drinks will widen when VAT increases in January. We will continue to argue for fundamental reform of the alcohol duty system in the run up to next year’s Budget.”

ENDS

Note to Editors:

1. Alcohol served as Scotch Whisky is already taxed some 250% higher than the same amount of alcohol served as cider, 37% higher than beer, and 30% higher than for wine.

2. In 2010, the SWA commissioned two studies of the revenue impact of excise duty reform based on up to date price elasticities. Reports by PricewaterhouseCoopers LLP and Optimal Economics both concluded that reform could deliver in excess of £1bn extra revenue every year.

3. A copy of the Treasury’s alcohol tax review is accessible at http://www.hm-treasury.gov.uk/d/alcohol_tax_review301110.pdf

4. For further information please contact Campbell Evans (0131 222 9231 and 07768 002 262) or David Williamson (0131 222 9230 and 07730 496 151) at the SWA.