



Wednesday 16th March 2011

DISTILLERS CALL FOR EXCISE REFORM AND DUTY FREEZE

The Scotch Whisky Association (SWA) today called on the Government to back a key UK industry in the forthcoming Budget. The industry's submission to the Treasury highlights that Scotch Whisky:

- Faces discrimination in the excise duty system so that consumers pay up to 250% more tax for choosing Scotch Whisky than other drinks
- An anticipated 6.6% duty rise will adversely affect distillers who have already been hit by duty increases of over 20% since 2008, while delivering little added Government revenue
- Remains one of the UK's top exports, accounting for almost 25% of all UK food & drink exports and earning £99 every second for the balance of trade
- Has faced a 100% increase in cereal prices and 30% increase in energy prices, impacting local producers, including many small businesses

The SWA is calling for a freeze on spirits duty in next week's Budget (23 March) as a first step to introducing a fairer and more responsible system of alcohol taxation.

Gavin Hewitt, SWA Chief Executive, said:

“Scotch Whisky can only be made in Scotland and makes a unique contribution to the economy, particularly in fragile urban and rural communities. A projected 6.6% tax rise on top of recent VAT and excise duty increases will further penalise both the industry and consumers.

“This is unfair to a key sector of British manufacturing, and for the millions of people who enjoy Scotch Whisky every year.

“The Government has consistently said it will do whatever it can to assist the industry at home and abroad. We welcome this support and ask the Government to make good its promise in the home market, with a freeze on duty levels for Scotch Whisky in next week's Budget.”



Note to Editors:

1. The current excise duty level per unit of alcohol for Scotch Whisky and spirit drinks is higher than for other drinks. This will become worse as a result of the Government's current policy of a 2% above inflation excise duty escalator (which would deliver a 6.6% tax rise on current estimates) and additional VAT on that tax rise.
2. In the UK, Scotch Whisky is taxed as much as 250% more than the same amount of alcohol sold as cider, 37% more than for beer and 30% more than wine.
3. Maintenance of the duty escalator would increase the excise duty on a unit of alcohol served as Scotch Whisky from 23.8p to 30.7p by 2014. The following table shows how this policy would entrench the level of discrimination faced by Scotch Whisky in comparison to other drinks. The table highlights the difference in the cost of tax and VAT on each unit of alcohol served:

	Current difference (pence per unit) compared to Scotch	Potential difference in 2014 (pence per unit) compared to Scotch	Change in level of discrimination per unit (pence) compared to Scotch
Cider	19.76	25.52	+ 5.76
Beer	7.78	10.04	+ 2.26
Wine	6.92	8.94	+ 2.02

4. The industry supports over 40,000 jobs across the UK and accounts for £3.1bn in exports.
5. For further information please contact Campbell Evans (0131 222 9231 or 07768 002 262) or David Williamson (0131 222 9233 or 07730 496 151) at the SWA.