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OVER £1 BILLION BOOST FROM DUTY REFORM FOR GOVERNMENT

Taxing all alcoholic drinks at the same rate by alcohol content addresses concerns over low pricing and could raise over £1 billion extra revenue a year for the Government, according to the Scotch Whisky Association.

In its submission to the UK Government's alcohol tax review, the Association is calling for reform of the duty system so that all drinks are taxed on the same basis, according to alcohol content.

Independent analysis for the Association has shown that between £1bn and £2bn more tax revenue a year could be generated for the Government under such a system.

At present alcohol served as Scotch Whisky is taxed 250% more than the same amount of alcohol sold as cider, 37% more than for beer and 30% more than wine.

Combined with a ban on sales below tax to set a legal 'floor price' and ensure the duty is paid by consumers, the Association said reform could help boost the public finances and address politicians' concerns over low priced drinks, whilst also being consistent with EU tax rules.

Gavin Hewitt, SWA Chief Executive said: "The modern alcoholic drinks market is highly competitive, yet competition is distorted by a tax system based on the market of the 1920s.

"Reform is long overdue and could bring a double benefit to Government; greater revenue and a route to tackle low priced drinks. Tax based on alcohol content is a fair and socially responsible way forward."

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Note to editors:

The SWA commissioned two separate studies of the excise duty system based on the most up to date price elasticities.

- PricewaterhouseCoopers LLP estimated that between 2011/12 and 2014/15 duty reform could generate between £5.7bn and £7.5bn extra revenue (duty and VAT) for Government on a cumulative basis.
- Separate modelling by Optimal Economics showed that reform could increase revenue by £1.4bn a year.

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