



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Giles Watling MP  
House of Commons  
London  
SW1A 0AA

16 NOV 2018

*Dear Giles,*

Thank you for your letter of 1 November to the Chancellor of the Exchequer about beer duty. I am replying as the Minister responsible for this policy area.

I can assure you that the Government recognises the important contribution the alcoholic drinks industry, including the beer and pubs sector, makes to the economy and to community life in providing a place to socialise and encouraging responsible drinking

To provide support for pubs, the Government announced a freeze on beer duty at Budget 2018. This means that the price of a typical pint of beer in 2019 will be 2p lower than it would have been had duty increased with inflation. Cuts and freezes to alcohol duty since 2013 have provided over £4 billion in support for the alcoholic drinks sector – revenues that would have otherwise gone to the Exchequer. This means that the price of a typical pint of beer is estimated to be 14p lower than it otherwise would have been since ending the beer duty escalator in 2013.

Many small pubs will benefit from the business rates retail discount announced at Budget 2018, which cuts bills by one third from April 2019 for two years. It is available to pubs with a rateable value below £51,000, and is worth almost £900 million to businesses over two years. The Government estimates up to 75% of pubs in England could be eligible for the discount, subject to state aid limits and eligibility for other reliefs.

In addition, pubs are benefitting from recent wider reforms and reductions to business rates, which are reducing the burden of rates by over £12 billion over the next five years. This includes switching from RPI to CPI indexation from April 2018, raising the threshold for Small Business Rate Relief from April 2017, meaning 655,000 of the smallest businesses now pay no rates at all, and increasing the threshold for the standard multiplier to £51,000 from April 2017.

These reforms will help pubs to stay in business by providing significant relief to the tax pressures mentioned. Industry data suggests that over 90% of pubs are independently managed or owned, meaning many pubs will benefit from business rates cuts targeted at small businesses.

I would like to thank you for taking the trouble to make us aware of these concerns.

Yours ever,  
Robert.

ROBERT JENRICK