

Open letter to the Chancellor

Dear Chancellor of the Exchequer Rishi Sunak,

The UK's wine sector, and the hospitality businesses it supports, needs the Government's help

'Wine Drinkers UK' is a campaign group made up of wine makers, sellers and drinkers, who are tired of being unfairly taxed. Wine is the UK's favourite drink, but wine drinkers have long been singled out for harsher treatment than other categories of alcoholic drink in the UK. While beer and spirits have seen successive duty freezes, wine duty has continued to rise – by 39% since 2010 – and has not had cut since 1984.

The UK's wine sector – comprised largely of SMEs – has significant growth potential but needs support from the Government; especially now when it has been fundamentally affected by the impact of Covid-19.

So, we are calling on you to **cut excise duty on wine** and to **extend the temporary hospitality VAT cut** introduced last year to March 2022, and to **broaden it to include sales of alcoholic drinks** in the upcoming March Budget.

This is important both for UK wine businesses and the UK's 33m wine drinkers. Indeed, as research recently conducted by YouGov demonstrates, 32% of adults who drink alcohol say wine is now their favourite alcoholic drink - with its popularity set to increase further.

And, due to different consumption patterns, women pay more duty on alcoholic drinks compared to men. With more women drinking wine than men, a cut in wine duty is the most effective way of remedying this unfairness.

There is compelling evidence to suggest that, rather than reducing revenue to the Exchequer, an excise duty cut, and a broader VAT cut maintained for longer could result in higher Government revenues over time. A lower tax regime would help many businesses survive the continued economic impact of Covid-19, to grow in the future, and to contribute to the local economy.

The closure of on-trade venues in recent months has meant that businesses – including the supply chain which has received so little government support – have been unable to feel the benefit of the last freeze in alcohol excise duties. Wine businesses, the majority of which are SMEs, need additional support, for example by encouraging consumer demand to return as the economy – including hospitality and the high street – re-opens.

This is why we calling on you to reduce the tax burden on wine businesses at this Budget; to support our vital hospitality sector to recover; and to comprehensively reform the UK's alcohol taxation regime in the medium term to make it simpler, fairer to wine and more attractive for business investment.