



HM Treasury

1 Horse Guards Road
London
SW1A 2HQ

Caroline Lucas MP
House of Commons
London
SW1A 0AA

1 October 2020
Your ref: ML.C0107.CM

Dear Caroline Lucas,

Thank you for your correspondence dated 25 September on behalf of your constituents, regarding the support for pubs. The Treasury has received unprecedented amounts of correspondence since the start of the coronavirus outbreak in the UK. The Chancellor of the Exchequer has asked me to write to you directly.

The Government recognises the important contribution that the beer and pub industry makes to British culture. That is why the Government announced a freeze on the duties on beer at Budget 2020. The tax cuts at Budget 2013, 2014 and 2015 – followed by further duty freezes in 2016, 2017 and 2018 – mean that the average tax charged on a typical pint of beer is estimated to be 16p lower this year than it otherwise would have been since ending the beer duty escalator in 2013. In fact, beer duty is now at its lowest level for 30 years in real terms.

The Government appreciate that pubs have been hit hard by the COVID-19 pandemic, and for that reason the Government has announced an unprecedented package of support. The Government has given pubs a business rate holiday and lower rates of VAT on any food they sell. Pubs and brewers

have been able to defer taxes and put workers on furlough. In addition, many pubs benefited from the "Eat Out To Help Out" scheme.

The Treasury carefully considers the effects of any changes to alcohol duties and aims to strike a balance between addressing alcohol harms, raising revenue for the Exchequer, and supporting producers and consumers. The measures we have taken in recent Budgets – in addition to abolishing the duty escalator – have made a real difference and been highly valued by pubs, customers and communities. However, these measures have come at a significant cost to the Exchequer in lost revenues – £6.2 billion since 2013 including the freeze at this Budget – which would otherwise have been put towards funding our vital public services.

The Government will therefore have to think very carefully before moving to cut or freeze duties any further, given the pressure on the public finances.

I hope this is helpful. If you have any questions about this reply, please email public.enquiries@hmtreasury.gov.uk quoting reference MC2020/34886.

Yours sincerely,

Asif Abbas

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