

Main points

The Government will freeze planned RPI duty rises for spirits, beer and most cider. Duty on most wine and higher strength sparkling cider will rise by RPI inflation (3.1%) from 1 February 2019.

This means (see table below for full rates):

- Duty on a 750ml bottle of wine will go up 7p to £2.23
- Duty on a 750ml bottle of sparkling will go up 9p to £2.86
- Duty on a 750ml bottle of fortified wine will go up 9p to £2.98
- Duty on a 70cl bottle of vodka at 37.5% will remain at £7.54
- Duty on a litre bottle of vodka at 37.5% will remain at £10.78
- Duty on a 70cl bottle of Gin at 40% will remain at £8.05
- Duty on a litre bottle of Gin at 40% will remain at £11.50

The government will review the current Small Brewers Relief to ensure it is supporting growth in the sector.

As announced at Autumn Budget 2017, the government will introduce a new duty band for still cider and perry from 6.9% to 7.5% alcohol by volume (abv), to target white ciders. This will be legislated for in Finance Bill 2018-19, and a rate of £50.71 per hectolitre will apply from 1 February 2019.

Following a review by HMRC launched at Autumn Budget 2017, the government will legislate to ban post duty point dilution from April 2020.

Budget 2018: WSTA's reaction

Miles Beale, Chief Executive of the WSTA said:

“We welcome the Government’s decision to freeze duty on spirits, which will support this great British sector to invest, grow and create jobs - as well as supporting the public finances through increased revenues.

However, the decision by the Chancellor to increase wine rates significantly is a hammer blow to this great British industry. It actively undermines a sector that has been hardest hit since the Brexit Referendum and will be thoroughly unwelcome for the 33 million consumers of the nation’s most popular alcoholic drink.

This inflationary rise is grossly unfair, unjustified and counter-productive. The UK is the world’s biggest wine trading nation and, as such, deserves government’s support, not punishment.

The wine industry is, unfortunately, no stranger to harsh treatment from Chancellors. Since 2012 wine overtook beer as the largest contributor to the public purse through duty payments, and no alcoholic drink has paid more to the Treasury since then. Today’s announcement means that only twice since 2003 that Chancellors from either party have showed their support to an industry employing some 190,000 people across the country.

By increasing the UK’s already excessive duty rates the Chancellor will clobber wine importing businesses, including thousands of SMEs; stifle growth of our flourishing English wine industry and; raise prices for consumers.”

2018 Budget Report

Budget 2018: excise duty rates

Drink Category	Excise duty (per case)	Excise duty (per bottle) NB These are rounded to the nearest pence	Previous rate (November 2017)	New rate	Unit of Measure	% Change 2017
Spirits	£90.53 (per 12 bottle case)	£7.54 (per 70cl at 37.5%abv)	£28.74	£28.74	per litre of pure alcohol	0.0%
Spirit-based RTDs	£5.22 (per 12 bottle case)	£0.43 (27.5cl @5.5%)	£28.74	£28.74	per litre of pure alcohol	0.0%
Still and made-wines exceeding 5.5% but not exceeding 15% vol	£26.78 (per 12 bottle case)	£2.23 (per 75cl)	£288.65	£297.57	per hl	3.1%
Sparkling wine and made-wine exceeding 8.5% but not exceeding 15% vol	£34.30 (per 12 bottle case)	£2.86 (per 75cl)	£369.72	£381.15	per hl	3.1%
Sparkling wine and made-wine exceeding 5.5% but not exceeding 8.5% vol	£25.93 (per 12 bottle case)	£2.16 (per 75cl)	£279.46	£288.10	per hl	3.1%
Still and made-wines exceeding 15% but not exceeding 22% vol	£35.70 (per 12 bottle case)	£2.98 (per 75cl)	£384.82	£396.72	per hl	3.1%
Wine and made-wines 1.2% - 4% abv (including wine & cider based RTDs)	£8.25 (per 12 bottle case)	£0.69 (per 75cl)	£88.93	£91.68	per hl	3.1%
Wine and made-wines 4% -5.5%abv (including wine & cider based RTDs)	£11.35 (per 12 bottle case)	£0.95 (per 75cl)	£122.30	£126.08	per hl	3.1%
Beer (for every 1% vol) General beer duty (2.8 to 7.5%)	£4.58 (per 12 bottles @ 500ml)	£0.43 (per pint at 4%abv)	£19.08	£19.08	per hl per 1%	0.0%
Beer - High strength (for every 1% vol) in addition to General beer duty (exceeding 7.5% abv)			£5.69	£5.69	per hl per 1%	0.0%
Beer - Lower Strength (for every 1% vol - exceeding 1.2% not exceeding 2.8%abv)			£8.42	£8.42	per hl per 1%	0.0%
Cider & Perry exceeding 1.2% but not exceeding 7.5%	£2.42 (per 12 bottle case @ 500ml)	£0.23 per pint	£40.38	£40.38	hl	0.0%
Cider & Perry exceeding 7.5% but not exceeding 8.5%	£3.66 (per 12 bottle case @ 500ml)	£0.35 per pint	£61.04	£61.04	hl	0.0%
Sparkling Cider & Perry exceeding 5.5% but not exceeding 8.5% contained in bottles with mushroom stoppers or with a pressure of 3 bar or more	£25.93 (per 12 bottle case)	£2.16 per bottle (75cl)	£279.46	£288.10	hl	3.1%

Budget 2018: additional measures

The Chancellor announced a range of other business related matters including:

- The OBR expects the UK economy to continue to grow in every year of the forecast, and has revised up its forecast for cumulative growth compared to Spring Statement 2018. The OBR forecasts that GDP will grow by 0.5% in Q3 2018 and 0.4% in Q4 2018, and expects annual GDP growth of 1.3% in 2018 and 1.6% in 2019. GDP growth dips slightly to 1.4% in 2020 and 2021, and then increases to 1.6% by 2023.
- The Chancellor announced a freeze to fuel duty for the ninth consecutive year.
- The government is introducing a digital services tax, ensuring large multinational businesses make a fair contribution to supporting vital public services.
- To incentivise manufacturers to use recycled plastic, the government announced it will:
 1. introduce a tax on the production and import of plastic packaging from April 2022. Subject to consultation, this tax will apply to plastic packaging which does not contain at least 30% recycled plastic, to transform financial incentives for manufacturers to produce more sustainable packaging.
 2. reform the Packaging Producer Responsibility System, which will aim to increase producer responsibility for the costs of their packaging waste, including plastic. This system will provide an incentive for producers to design packaging that is easier to recycle and penalise the use of difficult to recycle packaging, such as black plastics.
- The OBR has announced next year's RPI increase of 3.1% The OBR Economic and Fiscal Outlook can be viewed here: https://cdn.obr.uk/EFO_October-2018.pdf

Further information:

- Full Budget 2018 documents - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf

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