



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

The Rt Hon Sir Julian Smith MP  
House of Commons  
London  
SW1A 0AA

30 December 2024  
Your ref: JU80145

Dear Sir Julian

Thank you for your email of 16 September to the Chancellor of the Exchequer, on behalf of your constituent, asking for targeted reductions in alcohol duty and wider financial support for pubs. I am replying as the Minister responsible for the UK tax system.

Pubs make an enormous contribution to our economy and society, and it is right that this is recognised in the tax system.

At the Autumn Budget, the Chancellor cut alcohol duty on qualifying draught products - approximately 60 per cent of the alcoholic drinks sold in pubs. This represents an overall reduction in duty bills of over £85 million a year and is equivalent to a 1p duty reduction on a typical pint. This reduction increased the relief available on draught products to 13.9 per cent.

On 1 August 2023, alcohol duty rates for cider were increased in line with inflation, after four years of consecutive freezes. Cider producers are benefiting from the current freeze in alcohol duty until 1 February 2025.

Your constituent calls for a fairer business rates system for pubs. To deliver our manifesto pledge, we intend to introduce permanently lower tax rates for the retail, hospitality, and leisure (RHL) properties that make up the backbone of our high streets from 2026/27.

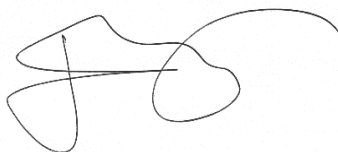
This tax cut must be sustainably funded, and so we intend to apply a higher rate from 2026/27 on the most valuable properties - those with a rateable value (RV) of £500,000 and above. These represent less than one per cent of all properties, but include the majority of large distribution warehouses, including those used by online giants.

Ahead of these changes being made, we have prevented the existing RHL relief from ending in April 2025 by extending it for one year at 40 per cent up to a cash cap of £110,000 per business and we have frozen the small business multiplier. By tapering RHL relief to 40 per cent, rather than removing it entirely, the Government has saved the average pub, with a RV of £16,800, over £3,300 in 2025.

As with all taxes, the Government welcomes representations from the public on how the tax system can be improved. The Chancellor makes decisions on tax policy at fiscal events in the context of public finances.

I hope this response is helpful. Please pass on my thanks to your constituent for taking the time to make me aware of their concerns.

Yours sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

**JAMES MURRAY MP**  
**EXCHEQUER SECRETARY TO THE TREASURY**