

Alcohol Duty Review: Call for Evidence response template

It is recommended that you read the full call for evidence document before completing your response. Please note that the text boxes used in this template can be expanded to accommodate additional text.

Guidance for respondents

- In your response, please clarify which questions you're answering, by referring to the relevant numbers assigned to each question.
- You do not need to respond to all of the questions if they are not all relevant to you, and you may wish to provide a single answer to multiple questions.
- You are not limited to only answering the questions asked and we will also consider written submissions provided to the review.
- There is no minimum word limit.

Responses should arrive no later than **23:59 BST on 29 November 2020**, with early responses encouraged where possible. If you need an extension, please contact the review team via the email address below.

For further information on how we handle your personal data please read the Alcohol Duty Review Call for Evidence Data Protection Notice at paragraphs 1.21 to 1.42 of the Call for Evidence.

Please send your response to:

HMTVATandExcisePolicy@hmtreasury.gov.uk

Please enter "Alcohol Duty Review Call for Evidence 2020" in the subject line.

General Information

1. **Full name (including title)**

Dr Richard Hull, FRCP Glasgow, Honorary Secretary

- 2(a). **Mark the statement below [X] as applicable.**

[X] I have read the Alcohol Duty Review Call for Evidence Data Protection Notice (paragraphs 1.21 – 1.42) and understand that any information submitted may be published or disclosed.

[] I would like the information I have provided to be treated as confidential.

If you would like the information provided to be treated as confidential please explain why

2(b). Are you responding (please mark the relevant box [X]):

[] as an individual (please complete 3 to 4 below)

[X] on behalf of an organisation / company (please complete 5 to 8 below)

If you are responding as an individual:

3. E-mail address

4. Address

If you are responding on behalf of an organisation / company:

5. Organisation / Company

The Royal College of Physicians and Surgeons of Glasgow

6. Position within Company / Organisation

Honorary Secretary

7. E-mail address

Steven.shanahan@rcpsg.ac.uk

8. Address

232-242 St Vincent Street, Glasgow G2 5RJ

9. If you are responding on behalf of an alcohol business please mark the relevant boxes below with an x (please mark all that apply)

9(a). Type of alcohol business:

[] producer [] importer [] excise warehouse/bottler

9(b). Type(s) of alcohol your business is involved with:

[] beer [] cider [] made-wine [] spirits [] wine

9(c). Size of business (no of employees):

[] 0-9 [] 10-49 [] 50 - 249 [] 250+

9(d). Amount of alcohol produced/imported per year (hectolitres):

Beer

[] 0-5000 [] 5001 – 60,000 [] 60,001 – 200,000 [] 200,001 +

Cider

[] 0-5000 [] 5001 – 60,000 [] 60,001 – 200,000 [] 200,001 +

Made-wine

[] 0-5000 [] 5001 – 60,000 [] 60,001 – 200,000 [] 200,001 +

Spirits

0-5000 5001 – 60,000 60,001 – 200,000 200,001 +

Wine

0-5000 5001 – 60,000 60,001 – 200,000 200,001 +

10. If you are not responding on behalf of an alcohol business please mark the relevant box below with an x

Retailer Member of public publican health group economic group

other

If other please advise

Medical Royal College

Call for Evidence questions

Please provide your response in the boxes below. Make sure to note the “Guidance for respondents” provided above before completing.

The overall duty system

1. Overall, how effectively does the current set of individual duties work in meeting the Government’s aims of raising revenue and protecting public health?
2. Do you have any general comments about the current system of alcohol duties, and how it could be improved? In particular, if you are a producer, we would welcome information on your experiences of the duty system.
3. Are there any structural changes you anticipate taking place in the alcohol industry that you believe the duty regime should reflect?

The Royal College of Physicians and Surgeons of Glasgow, founded in 1599, although based in Glasgow represents Fellows and Members throughout the United Kingdom. It is a multi-disciplinary Royal Medical College and responds to consultations on a variety of issues related to medicine and public health issues.

In this Consultation, it will only reply to question 1 as this is the only one of relevance to the College’s expertise. We have asked for advice from experts in the field.

Overall, how effectively does the current set of individual duties work in meeting the Government’s aims of raising revenue and protecting public health?

The College considers that current set of individual alcohol duties does not effectively meet the Government’s stated aim to protect public health. There is an inconsistency of the application of

duties such that the extent of any duty is based upon the type of beverage rather than the alcohol by volume (ABV).

Evidence shows that it is the number of units of alcohol consumed, which causes health harms and not the particular type of beverage taken. From the health perspective, it is not appropriate to have a different rate of duty for ciders and beers of similar ABV. For example, it is possible to buy a 2.5-litre bottle of 7.5% cider which contains 18.8 units for just £3.59. This product pays just £1.27 in duty. If this product was taxed the same as beer, it would pay nearly its current sale price in duty alone: £3.58.

Similarly, the falling duty per unit (Chart 3.B) on spirits in recent times is concerning. Whereas for other beverages the duty revenues largely parallel the changes in pure alcohol produced, this is not the case for spirits whose revenue has been unchanged in recent years despite increases in production (Chart 2.E and 2.F). Considering that cheap, affordable high strength cider and spirits (especially vodkas) account for many of the health harms which are seen clinically, this appears unjustifiable.

Cheaper alcohol leads to higher consumption, and increased consumption leads to an increase in alcohol-related harms. Both Public Health England and the World Health Organisation support duty as a highly effective and cost-effective policy for reducing alcohol-related harm. The College considers that it is these high strengths and cheaper beverages which are causing the greatest harm leading to hospital admissions with complications of alcohol dependency and the development of alcohol-related liver disease.

Angus and Henney (1) estimated that the cuts and freezes in alcohol duty from 2012-2019 have led to over 250 deaths and over 4,500 hospital admissions in Scotland and almost 2,000 deaths and over 61,000 hospital admissions in England. Increasing the cost of alcohol by unit, such as Minimum Unit Pricing introduced in Scotland in May 2018, has already had an impact upon drinking behaviour and there is evidence already of a reduction in alcohol-related harm.

The College believes that a more consistent and proportionate approach to alcohol duty throughout the United Kingdom could have similar beneficial effects. This would reduce use of NHS resources and reduce hospital admissions.

Reference

1. Angus, C. & Henney, M. (2019) Modelling the impact of alcohol duty policies since 2012 in England and Scotland. The University of Sheffield and IAS.

Comparisons between the duties

4. Overall, how well do the different duties work when combined together as a system?
5. Do the differences and inconsistencies highlighted cause real-world issues for producers and for public health, or are these more theoretical concerns? In particular, if you are a producer, have differences in the duties affected your business decisions?

Methods of taxation

- 6. Is there a case to move to a standard method of taxation?
- 7. In particular, should the UK replicate the example of other countries and move wine and cider duties to be taxed in proportion to the strength of the final product, i.e. converted to a specific basis?

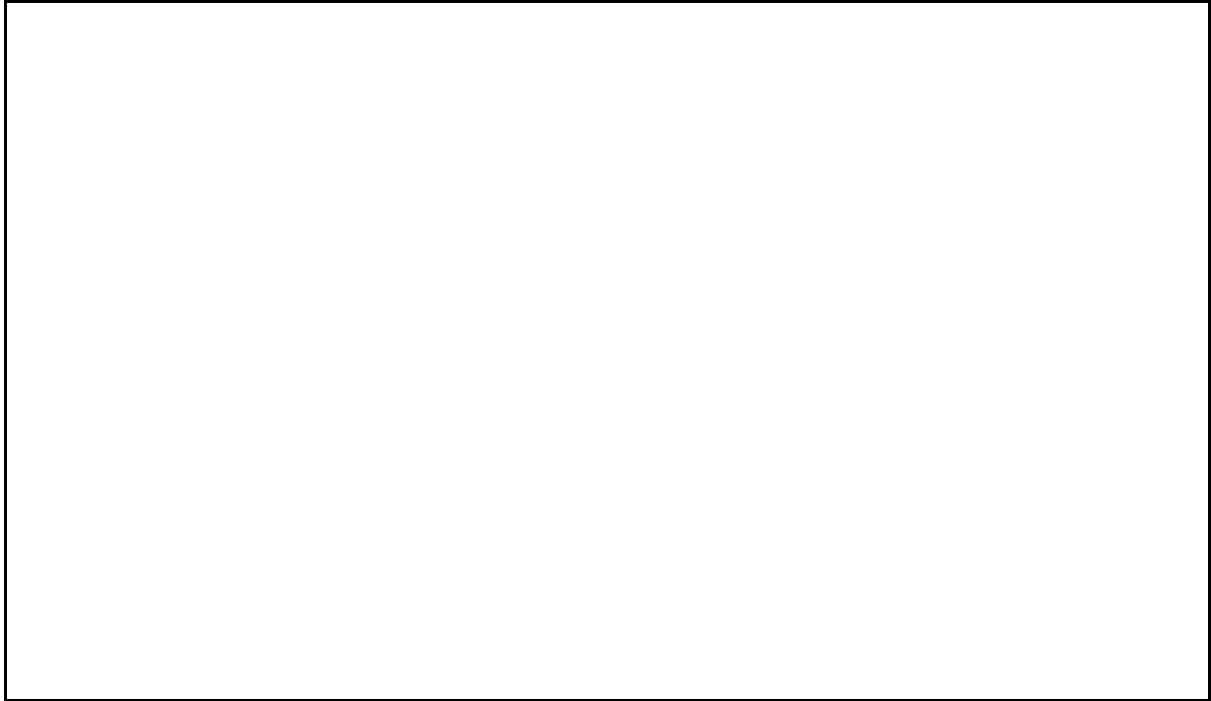
Distinguishing products by the source of their alcohol

- 8. Is the current system of differentiating different alcoholic products on the source of their alcohol a fair approach?
- 9. Is there a case to remove, or add further, categories of products?

10. Is there a case to end the individual alcohol taxes and reconstitute them with a single, unified alcohol tax? If not, on what basis should individual alcohol taxes be retained?
11. Should taxation recognise the costs associated with producing different products?
12. What evidence is there of the differing harms associated with individual products?

Distinguishing products by strength

13. How well does the current system work in taxing products of different strengths?
14. Would you support a “strength escalator” system, i.e. one where products that are stronger consistently pay more duty per unit?
15. Can a product be more or less harmful for reasons other than the strength of the product?
16. How should the Government consider setting different rates of duty for higher and lower strength products?
17. Are there appropriate points at which products become more or less harmful, which could be used to set bands for different strength products?
18. What would be the effect of moving away from a banded system to a formula-based approach such as in Iceland?
19. Should the duty system be used to encourage producers to switch to lower strength products, or reformulate existing products?
20. If so, what would the best way of encouraging such practices?



Distinguishing based on the place of retail

- 21. Is there a case to distinguish between different retail sources in the alcohol duty system? What would be the benefits and disadvantages of doing so?
- 22. If so, what would be your recommended method of doing so?
- 23. What would an appropriate level of a differential be?
- 24. What retailers should qualify for reliefs? For example, should all “on-trade” venues qualify for reliefs?



Small producers

25. Is there a case to extend reduced rates for small producers to other categories?
26. Do you think exemptions or reduced rates are the best way to support producers?
27. Should relief thresholds be set in reference to only the market for that product, or in reference to the whole market for alcoholic beverages?
28. What evidence is there that small producer reliefs for other categories would be value for money? Would the value of the relief be simply competed away by new market entrants?

Indexing rates for inflation

29. How well does the current system of indexing duties in line with inflation work?
30. Would a more consistent, systematic approach to indexing alcohol duties be of benefit?
31. Is there a more appropriate index to use for inflation-matching increases than RPI

Approvals

32. What are your views on a standard framework for approval of alcohol production regimes? What would be the benefits or disadvantages?

33. What are your views on a single approval to produce any type of alcohol? What would be the benefits or disadvantages?

Declarations and payments

34. What are your views on a single policy and process for duty payment across all the alcohol production regimes? Please include details of any benefits or disadvantages.

Avoidance and evasion

35. How effective do you think the current systems of controls are at tackling avoidance and evasion?

36. What more could be done to reduce the alcohol tax gap?

