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Preparing for the end of the wine easement

Mike Seward, Alcohol Policy

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Agenda

- Background
- Alcohol Reform
- What happens from 1 Feb 2025
- Discussion

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Background

2019 manifesto commitment → 2020 budget announcement → 2021 consultation → 2022 draft legislation → 2023 Finance Bill

What changed:

- All products taxed by strength
- Reduced rates for draught products
- Small Producer Relief
- Simplification and digitisation of admin processes

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Change to tax codes

TAX TYPE	Description
431	Low Alcohol - not exc 1.2% (inc. beer, cider, perry, wine and made wine)
411	Wine - Spark 8.5%-15%
412	Wine - Spark 5.5%-8.5%
413	Wine - Still 5.5%-15%
415	Wine - Still or Spark 15%-22%
419	Wine still/spark exc 22%
421	Made Wine - Spark 8.5%-15%
422	Made Wine - Spark 5.5%-8.5%
423	Made Wine - Still 5.5%-15%
425	Made Wine - Still or Spark 15%-22%
429	Made Wine - still/spark exc 22%
433	Wine and Made wine - exc 1.2% not exc 4% (low alcohol)
435	Wine and Made wine - exc 4% not exc 5.5% (low alcohol)
407	Beer made in UK (Annual production more than 60,000hl)
473	Beer Imported (Annual production more than 60,000hl) (+ low alcohol beer)
440	Beer made in UK. Small brewery beer (Annual production more than 5000hl not exceeding 60,000hl)
441	Beer Imported. Small brewery beer (Annual production more than 5000hl not exceeding 60,000hl)
442	Beer made in UK. Small brewery beer (Annual production no more than 5000hl)
443	Beer Imported. Small brewery beer (Annual production no more than 5000hl)
444	Beer made in UK - exc 1.2% not exc 2.8% abv
445	Beer made in UK - exc 7.5% abv
446	Imported Beer - exc 1.2% not exc 2.8% abv
447	Imported Beer - exc 7.5% abv
451	Spirits
461	Spirits: Whisky - wholly malt
462	Spirits: Whisky - wholly grain
463	Spirits: Whisky - blended
438	Spirit based 'ready to drinks' exc.1.2% but not exc. 8% alc
481	Cider and Perry (still 1.2%-6.9%) or (sparkling 1.2%-5.5%)
483	Cider and Perry still 7.5%-8.5%
485	Cider and Perry spark 5.5%-8.5%
487	Cider & Perry Still made in the UK or imported at least 6.9% but not exceeding 7.5%

	Tax type	Descriptor
Core structure	301	Low Alcohol - not exc 1.2%
	311	Beer less than 3.5%
	312	Cider less than 3.5%
	313	Wine less than 3.5%
	314	Other fermented products less than 3.5%
	315	Spirits less than 3.5%
	321	Beer at least 3.5 but less than 8.5%
	322	Cider at least 3.5 but less than 8.5% & sparkling cider at least 3.5 <u>not</u> exceeding 5.5%
	323	Wine at least 3.5 but less than 8.5%
	324	Other fermented products at least 3.5 but less than 8.5% & sparkling cider exceeding 5.5 but less than 8.5%
	325	Spirits at least 3.5 but less than 8.5%
	331	Beer at least 8.5 but not exceeding 22%
	333	Wine at least 8.5 but not exceeding 22%
	334	Other fermented products at least 8.5 but not exceeding 22%
	335	Spirits at least 8.5 but not exceeding 22%
	341	Beer exceeding 22%
	343	Wine exceeding 22%
	344	Other fermented products exceeding 22%
	345	Spirits exceeding 22%
Draught Relief (DR)	351	Beer less than 3.5% & eligible for DR
	352	Cider less than 3.5% & eligible for DR
	353	Wine less than 3.5% & eligible for DR
	354	Other fermented products less than 3.5% & eligible for DR
	355	Spirits less than 3.5% & eligible for DR
	356	Beer at least 3.5 but less than 8.5% & eligible for DR
	357	Cider at least 3.5 but less than 8.5% & Sparkling cider at least 3.5 but not exceeding 5.5% & eligible for DR
	358	Wine at least 3.5 but less than 8.5% & eligible for DR
	359	Other fermented products at least 3.5 but less than 8.5% & Sparkling cider exceeding 5.5 but less than 8.5% & eligible for DR
	360	Spirits at least 3.5 but less than 8.5% & eligible for DR
Small Producer Relief (SPR)	361	Beer less than 3.5% & eligible for SPR (small producer relief)
	362	Cider less than 3.5% & eligible for SPR
	363	Wine less than 3.5% & eligible for SPR
	364	Other fermented products less than 3.5% & eligible for SPR
	365	Spirits less than 3.5% & eligible for SPR
	366	Beer at least 3.5 but less than 8.5% & eligible for SPR
	367	Cider at least 3.5 but less than 8.5% & Sparkling cider at least 3.5 but not exceeding 5.5% & eligible for SPR
	368	Wine at least 3.5 but less than 8.5% & eligible for SPR
	369	Other fermented products at least 3.5 but less than 8.5% & Sparkling cider exceeding 5.5 but less than 8.5% & eligible for SPR
	370	Spirits at least 3.5 but less than 8.5% & eligible for SPR
	371	Beer less than 3.5% & eligible for SPR and DR
	372	Cider less than 3.5% & eligible for SPR and DR
	373	Wine less than 3.5% & eligible for SPR and DR
	374	Other fermented products less than 3.5% & eligible for SPR and DR
	375	Spirits less than 3.5% & eligible for SPR and DR
	376	Beer at least 3.5 but less than 8.5% & eligible for SPR and DR
	377	Cider at least 3.5 but less than 8.5% & Sparkling cider at least 3.5 but not exceeding 5.5% & eligible for SPR and DR
	378	Wine at least 3.5 but less than 8.5% & eligible for SPR and DR
	379	Other fermented products at least 3.5 but less than 8.5% & Sparkling cider exceeding 5.5 but less than 8.5% & eligible for SPR and DR
	380	Spirits at least 3.5 but less than 8.5% & eligible for SPR and DR

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The wine easement

- **S.115 Finance (No2) Act 2023**

  Temporary provision: wine

  1) Wine of an alcoholic strength of at least 11.5% but not exceeding 14.5% is treated, for the purposes of the charge to alcohol duty, as ifi ti were of an alcoholic strength of 12.5%.
  2) This section expires at the end of the period of 18 months beginning with the day on which section 48 (rates) comes into force

- Ease transition to the new system
- Covered a large proportion of the wine market
- Wine outside this range used new system from 1 August 2023

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1 Feb 2025

- Impacts all wine passing a duty point from the start of 1 Feb 2025
- W5(D) form will see updated Notes, to remove the easement and guidance will be amended.

Calculation of Excise Duty
Details of the tax types and duty rates are in the Integrated Tariff of the United Kingdom Volume 1 Part 12.

Under the quantity column:

- for all alcohol types (beer, wine, cider, spirits and other fermented products), enter the quantity in litres of pure alcohol (lpa) – this is the litres of product multiplied by the abv strength, for example 2000 litres of product @ 40% strength, enter 800 litres as the quantity (2000 x 40%)
- for wine products please note that between 1 August 2023 and 31 January 2025 (dates inclusive), wine of a strength 11.5% to 14.5% (inclusive) must use 12.5% as an assumed strength - for example 1000 litres of 13.5% wine enter 125 litres as the quantity (1000 x 12.5%)

- CDS will automatically see easement functionality ended.

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How can we help?

What, if any, areas can we clarify?

Are there particular questions that can be supported by guidance?

Would this session be worthwhile again, later in the year?

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Thank you

Alcohol Policy team

Trinity Bridge House

Salford

Email: mailbox.alcoholpolicy@hmrc.gov.uk

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