Opening hours for a simplified alcohol duty regime

Indirect Tax



24 April 2024

In Budget 2020, the government announced its Alcohol Duty Review, which aimed to bring simplification, reform and reduced administration to the alcohol duty system, as the UK could depart from EU excise rules because of exiting.

Since 2020, new alcohol duty legislation has come into effect (1 August 2023), including the primary legislation (see tinyurl.com/mrkmcrtj) and The Alcoholic Products (Excise Duty) Regulations 2023 (see tinyurl.com/3v87xk7j).

On 5 February 2024, the government published further draft legislation, The Alcoholic Products (Excise Duty) (Amendment) Regulations 2024 (see tinyurl.com/bddmyxez), which amend the above-mentioned 2023 regulations. The draft regulations and its schedules include:

- the single digital approval for producers: the approval application requirements and details of situations when you must notify HMRC about changes;

- the holding of alcoholic products without payment of alcohol duty, including what records and documents are required;
- the definition and rules around ‘constructive removal’ of alcoholic products;
- a single digital return covering all alcohol duties, with standardised dates for payment; and
- dealing with spoilt alcoholic product.

CIOT response

The CIOT’s response (see tax.org.uk/ref1289) welcomed the anticipated simplification and considered that the draft legislation broadly met its aims. Our feedback focused on two main areas: clarity and certainty.

In several paragraphs, the legislation stated that applicants ‘must’ provide specific information for applications but also referred to supplying information ‘that may be’ specified in a public notice. We would like the legislation to be clear: either embed the further requirements in the legislation, which would be preferred; or be clear that there ‘are’ rather than ‘may’ be further requirements in a notice.

With regard to paragraph 24(2)(b), we said that whilst we support HMRC’s conditions for the protection of the revenue, the current scope of the paragraph is broad. We would like to see clarity in the notice on the circumstances when a guarantee may apply or equally, should not apply, to provide more certainty for applicants and increased consistency when HMRC officers issue requests for a guarantee.

Future developments

It is anticipated that in March 2025, HMRC should launch a new digital service simplifying and modernising the alcohol duty approval, return, and payment processes for UK producers. Industry stakeholders are currently working with HMRC on this project.

Jayne Simpson *jsimpson@ciot.org.uk*