



Autumn Budget 2017

Duty on high strength ciders

- To tackle dependent, street and underage drinking cheap and high strength 'white' ciders will be targeted by a new, higher duty band on cider between 6.9% and 7.5% alcohol by volume from 1 February 2019.
 - The band will encourage reformulation to lower alcohol levels and help to reduce the harm associated with these drinks.
 - Around 88% of the cider market, including the smallest producers, will be unaffected.
1. The UK currently has two bands for still cider and perry:
 - a main band from 1.2% to 7.5% alcohol by volume (ABV)
 - a higher strength band from 7.5% to 8.5% ABV
 2. This means a 1.3% still cider attracts the same amount of duty as 7.5% cider, creating incentives to produce drinks towards the top of the band.
 3. Cheap, high strength 'white' ciders are produced at 7.5% ABV. These are associated with dependent, street and underage drinking primarily due to their low price. A 3 litre bottle is available for as little as £3.50 and contains more than 20 units of alcohol - as much as ten pints of beer or 22 shots of vodka.
 4. Following consultation earlier this year, the government will introduce a new duty band at 6.9% - 7.5% ABV for still cider and perry from 2019, within which these white ciders will fall. This change aims to reduce consumption, encourage behavioural change in producers and reduce the strength and harm of these drinks.

Mitigating impacts on traditional cider makers

5. The new band is estimated to affect around just 11.5% of the market (by volume share), of which around 78% is white cider. The rest of the cider market will be completely unaffected. Pubs will not be significantly affected as almost all white cider is bought from shops.
6. The new duty band has been carefully designed. Industry data suggests traditional ciders naturally ferment to 6.0% ABV and beyond. Setting the lower threshold above that means traditional ciders can reformulate and avoid the higher duty rate, while still maintaining their traditional characteristics.
7. All cider makers will benefit from the freeze to cider duty at the Budget, and continue to benefit from the freeze and 2% cut in Budgets 2014 and 2015, followed by the duty freeze again in 2016.
8. Many traditional cider makers are small producers making less than 70 hectolitres per year. These producers are exempt from paying any duty at all.