UK budget hits wine drinkers

12 Mar 2008 by Julia Harding MW

In his first budget statement since taking over as Chancellor of the Exchequer (effectively UK finance minister) from Gordon Brown, Alistair Darling announced his intentions at lunchtime today. As was widely predicted, he has increased duty way beyond inflation, as follows, with effect from midnight on Sunday 16 March:
14 pence on a bottle of wine (c 19 eurocents or 28 US cents)
18 pence on a bottle of sparkling wine
55 pence on a bottle of spirits
4 pence on a pint of beer
3 pence per litre of cider
20p on a bottle of fortified wine

Then of course there's the VAT on the duty, so the increases are even greater than this. He also promised that duy on alcohol will go up by 2 per cent above inflation for the next four years. According to the Wine and Spirit Trade Association (WSTA), people in Britain now pay more tax on wine than in any other European country.

Jeremy Beadles, WSTA's chief executive, added: "Wine and spirit drinkers already face the prospect of price rises as a result of the increasing cost of raw materials - grapes, grain, packaging, glass, freight and energy. This tax hike will simply make things worse for the average consumer.

"That the Government should commit itself and future Governments to an above inflation rate increase for alcohol for the next four years is hitting all drinkers for the sins of a minority even before it has received the results of its own report on Pricing, Promotions and Harm. A policy of commit now, hurt consumers now, study the issue later."

The increases are hardly unexpected, but will they help in the fight against binge drinking (unlikely) or simply increase government revenue from alcohol purchase (definitely) and encourage the cross-channel white van traffic once again (likely)?