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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Rt Hon Tessa Jowell MP
House of Commons
London
SW1A 0AA

Your ref: 01094143

21 January 2010

Dear Tessa

Thank you for your letter of 18 December 2009 to Alistair Darling, enclosing correspondence from your constituents, about alcohol duty. I am replying as I have Ministerial responsibility for this policy area.

Ensuring the sustainability of the public finances remains a central Government objective. In order to achieve this objective, difficult choices have to be made, and at Budget 2009 the Chancellor announced a package of measures, including a new 50 per cent band of income tax and the restriction of tax relief on pension contributions to ensure that the highest earners pay their fair share.

These measures also included alcohol duties. The Chancellor was clear in the 2008 Pre-Budget Report that the increases in alcohol duties would be maintained when the standard rate of VAT was returned to 17.5 per cent in January 2010. Alcohol duties are an important contributor to the public finances and these increases have remained in place to contribute to the fiscal consolidation that is required as a consequence of the current economic downturn.

The Government recognises, and values, the contribution that pubs, many of which are small businesses, make to employment, to local communities and to the economy. The Government has introduced a range of measures to support business during the current economic climate. These include spreading the payment of the uprating to business rates over three years; HMRC's Business Payment Support Scheme giving businesses time to pay; and improved access to finance through the introduction of the Enterprise Finance Guarantee, as small businesses have told us that the most important thing the Government can do for them is to ease access to capital and cash flow during the downturn.

Please pass on my thanks to your constituents for taking the trouble to make me aware of these concerns and I hope they find this response helpful.

Kind regards
Sarah

SARAH MCCARTHY-FRY MP