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Your ref: 01101210

19 APR 2010

L Tessa

Thank you for your letter of 18 March enclosing correspondence about alcohol duty.

Alcohol duty is an important revenue stream for the Government and plays a significant role in supporting the public finances. The Government recognises, and values, the contribution that the pub industry makes to employment, to the life of local communities and to the economy. We are aware of the problems that pubs face, particularly in the current economic climate.

Under European Union legislation, it is not possible to provide tax reliefs targeted specifically at helping pubs, such as charging a reduced rate of alcohol duty on cask beer or taxing beers sold in supermarkets differently to those sold in pubs. The EU definition of beer does not distinguish point of sale, so beer sold in a pub and beer sold in a supermarket must be taxed at the same rate.

The Prime Minister recently asked John Healey, the Housing and Planning Minister, to consider ways in which the Government could help the pub industry. On 19 March, John Healey announced a package of measures to provide practical support to community pubs. These measures include: new funding for business support to make pubs more successful; more help to enable communities to buy pubs to keep them running; and provision of business advice for pub landlords. Some pubs will also benefit from the increase in small business rate relief announced at this year's Budget. These measures should provide real support to pubs, improve customer choice and support local economies.

Yours sincerely

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ALISTAIR DARLING