

## **Darling stakes Britain's pubs on recovery gamble**

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Leading pub and bar group the Association of Licensed Multiple Retailers (*ALMR*) has reacted with disbelief and dismay at the news of yet another alcohol duty hike announced by today's Pre-Budget Report. The group says that the Government's latest increase in alcohol duty places Britain's pub industry at the heart of a huge bet on the British economy recovering by the end of 2009.

*ALMR* Chief Executive Nick Bish says:

"The whole of today's announcement is one big gamble and yet again the Chancellor is risking the future of Britain's pub industry. Today's Pre-Budget Report is entirely based on the assumption that the economy will grow again in 2010 which is when the new personal taxation starts to bite. But for pubs the tax grab starts next week, continues in April with the Duty Escalator and strikes again on New Years Day 2010 when the VAT goes back to 17½%. Mr Darling is squeezing pubs and bars for the stake money for this gamble and all based on optimistic Treasury forecasts of economic recovery by 2015; these will inevitably be wrong – how wrong we don't yet know.

"Pubs and bars have been struggling for some time; they cannot absorb duty rises like the supermarkets can, and so will be even more threatened by the below-cost marketing that fuels irresponsible drinking.

"The recession has forced pub closures at an unprecedented rate and each closure costs about 10 jobs in that small business and has an impact on the local suppliers and contractors too. This procession of more and more excise duty completely disregards the pub as a small business, as a local employer and as a social pillar for the community.

"The reality is that we simply can not continue to bear more than our fair share of the tax burden. The Chancellor ignores the law of diminishing returns and risks there being no pub industry left; no pubs for him to tax, no pubs for the public to enjoy and no pubs to provide vital employment."

Commenting in the package of small business support measures announced, Nick Bish continues:

“Of course these proposals are welcome; the *ALMR* believes that any measures that have the potential to boost pub opening figures and stem closures can only be a good thing. We have been calling for changes to empty property relief and a freeze in the rate in the Small Companies Rate of Corporation Tax.

“But while the Government may give with one hand it has most definitely taken with the other. These duty increases could be the final straws that needlessly push pubs into the very safety net that the Chancellor has so expensively devised.”

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#### Notes for editors

- *ALMR* is the only national trade body solely dedicated to representing the interests of pub and bar operators, and to providing them with business support and advice. It has almost 100 member companies, operating over 15,000 outlets.
- The Pre-Budget Report 2008 announced that the Government will increase the overall duty on alcohol from 1 December so that the total VAT and duty remain broadly unchanged following the reduction in VAT to 15 percent. The increase in duty will be maintained when the VAT rate is returned to 17.5 per cent in January 2010, meaning that it will be in addition to the scheduled alcohol duty escalator increases.
- The Report also announced a freeze in the Small Companies Rate of Corporation Tax and a temporary increase in the threshold at which an empty property becomes liable for business rates. For financial year 2009-10, empty properties with a rateable value of less than £15,000 will be exempt from business rates, exempting an estimated 70 per cent of empty properties.
- The *ALMR* Pubs Manifesto, ahead of the Report, called for:
  - A end to the alcohol duty escalator
  - The extension of empty property relief and a freeze on corporation tax
  - As part of a review of the alcohol duty escalator, a ban on below-cost selling
  - Implementation of Licensing Act 2003 administrative reforms currently awaiting ministerial sign off.

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