buckfast
TONIC WINE

Buckfast Tonic Wine made by the monks of Buckfast Abbey South Devon
REMITTANCES TO BE DRAWN IN FAVOUR OF J. CHANDLER & CO (BUCKFAST) LTD.

J. Chandler & Co (Buckfast) Ltd
Registered Office
NEW ABBEY HOUSE FYFIELD ROAD WEYHILL ANDOVER SP11 8DN
Registered in England No. 222047 VAT Registration No. 226 5243 77
Telephone: 01264 774 700 Fax: 01264 774 747

<u>Finance (No.2) Bill 2022-23: A submission by J. Chandler and Co. (Buckfast) Ltd</u>

This submission to the Public Bill Committee scrutinising the Finance (No.2) Bill 2022-23 is made by J. Chandler & Co. (Buckfast) Ltd. - the distributors of the popular and historic tonic wine product, Buckfast Tonic Wine. It is concerned specifically with the Government's proposed reforms to alcohol excise duty, and in particular the qualifying criteria for the transitional rate for wine which, as currently drafted, will have a significant and disproportionate impact on tonic wine products such as Buckfast Tonic Wine.

Reforms to Alcohol Excise Duty

J. Chandler & Co. (Buckfast) Ltd. support the intention behind the Government's plans to review and simplify the structure and calculation of excise duty on alcohol. However, the specific proposals to amend the way wine is charged is unfair and, as currently defined in Clause 44 and Schedule 6, disproportionately favours 'wine of fresh grape', or grape wine, at the expense of other wine products, classified as 'made-wine' or "other fermented product, despite their essential characteristics being the same.

Clause 115 of the bill introduces, from August 2023, a new temporary transitional period for fresh / grape wine, aligning some, but not all, wines at an assumed strength rate of 12.5% for a period of 18 months, after which the new rates as proposed in the legislation will come into effect. It is the Government's intention that only 'wines of fresh grape', as defined in Schedule 6, will qualify for this temporary provision.

Our product is produced and blended in the UK. We import bulk wine from Europe classified under commodity code 2205 (Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances). Flavourings and additives are blended with the imported wine to create a unique final product which is packaged, distributed and sold within the UK and Ireland. During this process it has been determined that the final product changes its classification to a 'made-wine', or 'other fermented product', falling under commodity code 2206 – therefore, irrespective that the originating product is a grape wine, or that the ABV of the final product could be adjusted to conform to the new requirements, it is excluded from the temporary transitional period set out in Clause 115 that is available to other wines.

It is unfair for made-wine products to be excluded from the temporary easement when the essential characteristics remain identical to those of 'wines of fresh grape'. The challenges in accurately measuring the ABV (given by HMRC as the grounds for introducing the relief period) applies equally to products of both categories, indeed Buckfast's base alcohol product is a wine of fresh grape and the manner in which it is consumed and its alcoholic strength are all identical to those products which have been determined to qualify for the transitional rate. Moreover, throughout the EU, the duty on wine of fresh grape and 'other fermented products' is aligned following a landmark ruling that determined they were similar products for taxation purposes. A large quantity of grape wine is imported in bulk and packaged in the UK. Therefore, the same rules must apply to similar and competing products.

We are calling on the Government to urgently review the treatment of made-wine products in the context of the planned reforms to alcohol duty taking effect from August 2023. It is only right that the new regulations apply fairly and equally to both fresh and made-wines to ensure a level-playing field, and to ensure that the manufacturers and distributors of smaller-volume, made-wine products, are not unfairly discriminated against, many of whom are small and medium sized businesses.

For further information on these issues, please contact Will Blackman at will@gkstrategy.com