

Finance Bill Public Committee  
House of Commons  
London  
SW1A 0AA

*Sent by email to: [scrutiny@parliament.uk](mailto:scrutiny@parliament.uk)*

26<sup>th</sup> January 2026

Dear Chair and Members of the Public Bill Committee,

On behalf of the Scottish Grocers' Federation (SGF), which represents convenience retailers across Scotland, I am writing to raise concerns regarding the potential inflationary and market impact of the excise duty provisions contained in the Finance Bill.

SGF fully recognises the Government's objectives in relation to public health, revenue protection, and regulatory compliance. However, we are concerned that further changes to excise duties across a range of consumer goods appear to be proceeding without sufficient transparency as to whether their wider inflationary and market impacts have been fully assessed at the retail level.

Convenience retailers are particularly exposed to excise duty changes, not only through the direct effect on shelf prices, but also through increased working capital requirements, compliance costs, stock risk and reduced footfall. In many communities - especially in rural, island and lower-income areas - duty-sensitive products remain an important driver of store viability and customer spend.

The SGF therefore seeks assurance that the Treasury has undertaken, or intends to undertake, a comprehensive assessment of the inflationary impact of the Bill's excise provisions, including their effect on:

- consumer prices and relevant CPI components;
- low-income households;
- small retailers operating on tight margins; and
- regional and cross-border market dynamics within the UK.

In addition, SGF members are increasingly concerned about the relationship between repeated excise increases and the growth of illicit and non-compliant markets. Across several excise categories, our retailers report displacement of legitimate sales towards illegal or informal channels. This not only undermines compliant, responsible businesses and public revenues, but

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also risks distorting local pricing, competition and consumer behaviour in ways that are not captured by headline inflation measures.

We therefore ask whether the Treasury has modelled:

- behavioural responses to cumulative duty increases;
- the impact of widening price differentials between legal and illicit products; and
- the downstream consequences for legitimate retail, enforcement costs and market integrity.

SGF does not oppose proportionate excise policy in principle. However, we believe that where duty changes are significant or cumulative, they should be underpinned by robust, up-to-date Treasury analysis that considers real-world retail impacts and current patterns of consumption, including the scale of illicit trade.

We respectfully invite the Committee to seek confirmation that such analysis has been undertaken and that the potential inflationary and market-distorting effects of the Finance Bill's excise provisions have been fully considered prior to implementation.

Yours sincerely,



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