

EXPLANATORY MEMORANDUM TO
THE ALCOHOLIC LIQUOR DUTIES (SURCHARGES) AND TOBACCO PRODUCTS
DUTY ORDER 2008

2008 No. 3026

1. This explanatory memorandum has been prepared by the Treasury and is laid before the House of Commons by Command of Her Majesty.

2. Description

2.1 The instrument adds an 8% surcharge on liabilities to the excise duties on spirits, beer, wine, made-wine and cider.

2.2 It also increases the rates of excise duty on tobacco products by about 4% or less.

3. Matters of special interest to the Select Committee on Statutory Instruments

None

4. Legislative Background

4.1 A Treasury order may surcharge by 10% or less the liabilities to the excise duties on spirits, beer, wine, made-wine and cider.

4.2 Articles 2 and 1(2) of, and Schedule 1 to, the instrument order a surcharge of 8% starting on 1 December 2008.

(See sections 1(2)(a) and 1(1)(a) of the Excise Duties (Surcharges or Rebates) Act 1979 (c. 8).)

4.3 A Treasury order may increase the excise duty rates for tobacco by 10% or less.

4.4 Articles 3 and 1(3) of, and Schedule 2 to, the instrument order overall increases of about 4% or less, starting at 6.00 p.m. on 24 November 2008.

(The component per thousand cigarettes is treated as a separate rate of duty and is unchanged at £112.07, as set by section 12(1) of the Finance Act 2008 (c. 9). So the overall increase for cigarettes is about 3.34%.)

(See sections 6(1) and 6(5)(a) of the Tobacco Products Duty Act 1979 (c. 7).)

The new rates are as follows.

<i>Description of tobacco product</i>	<i>Rate of duty</i>
1. Cigarettes	An amount equal to 24 per cent of the retail price plus £112.07 per thousand cigarettes
2. Cigars	£169.74 per kilogram
3. Hand-rolling tobacco	£122.01 per kilogram
4. Other smoking tobacco and chewing tobacco	£74.63 per kilogram

- 4.5 In each case, the order lapses a year after taking effect unless continued in force by another order.

(See section 2(2) of the Excise Duties (Surcharges or Rebates) Act 1979 and section 6(1) of the Tobacco Products Duty Act 1979.)

5. Territorial Extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

The Exchequer Secretary to the Treasury, Angela Eagle MP, has made the following statement regarding Human Rights:

In my view the provisions of the Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 are compatible with the Convention rights.

7. Policy background

- 7.1 The purpose of this instrument is to increase the duty on alcohol and tobacco products.
- 7.2 The increases in duty will ensure that the overall level of taxation on alcohol and tobacco products remains broadly unchanged when considered in conjunction with other fiscal changes announced in the 2008 Pre-Budget Report.
- 7.3 In common with other excise duties, legislation is required to amend the rates of duty on alcohol and tobacco products.
- 7.4 HM Revenue and Customs will publish a Pre-Budget Note containing full details of the changes as guidance for interested parties.

8. Impact

- 8.1 An Impact Assessment has not been prepared for this instrument as it has no impact on business, charities or voluntary bodies.
- 8.2 There is no impact on the public sector.

9. Contact

Paul Miller at HM Treasury Tel: 020 7270 6034 or e-mail:Paul.Miller@treasury.gov.uk can answer any queries regarding the instrument.