

EXPLANATORY MEMORANDUM TO
THE ALCOHOLIC LIQUOR (SURCHARGE ON SPIRITS DUTY) ORDER 2008
2008 No. 3062

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

This memorandum contains information for the Select Committee on Statutory Instruments.

2. **Description**

2.1 The instrument adds a 4% surcharge on liability to the excise duty on spirits.

2.2 It also negates a planned 8% surcharge on that liability.

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

3.1 This instrument negates the 8% surcharge on liability to spirits duty in Schedule 1 to the Alcoholic Liquor Duties (Surcharges) and Tobacco Products Duty Order 2008 (S.I. 2008/3026) which would otherwise have started on 1 December 2008.

3.2 It introduces a 4% surcharge on liability to spirits duty instead, leaving intact the 8% surcharges the earlier instrument introduces for liabilities to the duties on beer, wine, made-wine and cider

4. **Legislative Background**

4.1 A Treasury order may surcharge by 10% or less the liability to the excise duty on spirits.

4.2 Articles 2 and 1(2) of the instrument order a surcharge of 4% starting on 1 December 2008 (replacing the planned 8% surcharge in S.I. 2008/3026).

(See sections 1(2)(a), 1(1)(a) and 2(3) of the Excise Duties (Surcharges or Rebates) Act 1979 (c. 8).)

4.3 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.)

5. **Territorial Extent and Application**

5.1 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 (Surcharge on Spirits Duty) Order 2008 is compatible with the Convention rights.

7. Policy background

- 7.1 The purpose of this instrument is to change the planned increase in the liability to excise duty on spirits, starting on the 1 December 2008.
- 7.2 The increase will ensure that the overall level of taxation on spirits remains broadly unchanged when considered in conjunction with other fiscal changes announced in the 2008 Pre-Budget Report.
- 7.3 This instrument raises liability to spirits duty by a lower percentage than originally envisaged.
- 7.4 In common with other excise duties, legislation is required to amend the liability to the duty on spirits.
- 7.5 HM Revenue and Customs will publish guidance containing full details of the changes 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

Ann Matthars at HM Treasury Tel: 020 7270 5489 or e-mail:Ann.Matthars@treasury.gov.uk can answer any queries regarding the instrument.