



28 October 2021

IFS post-Budget event

@TheIFS

Stuart Adam

# Business and indirect taxes



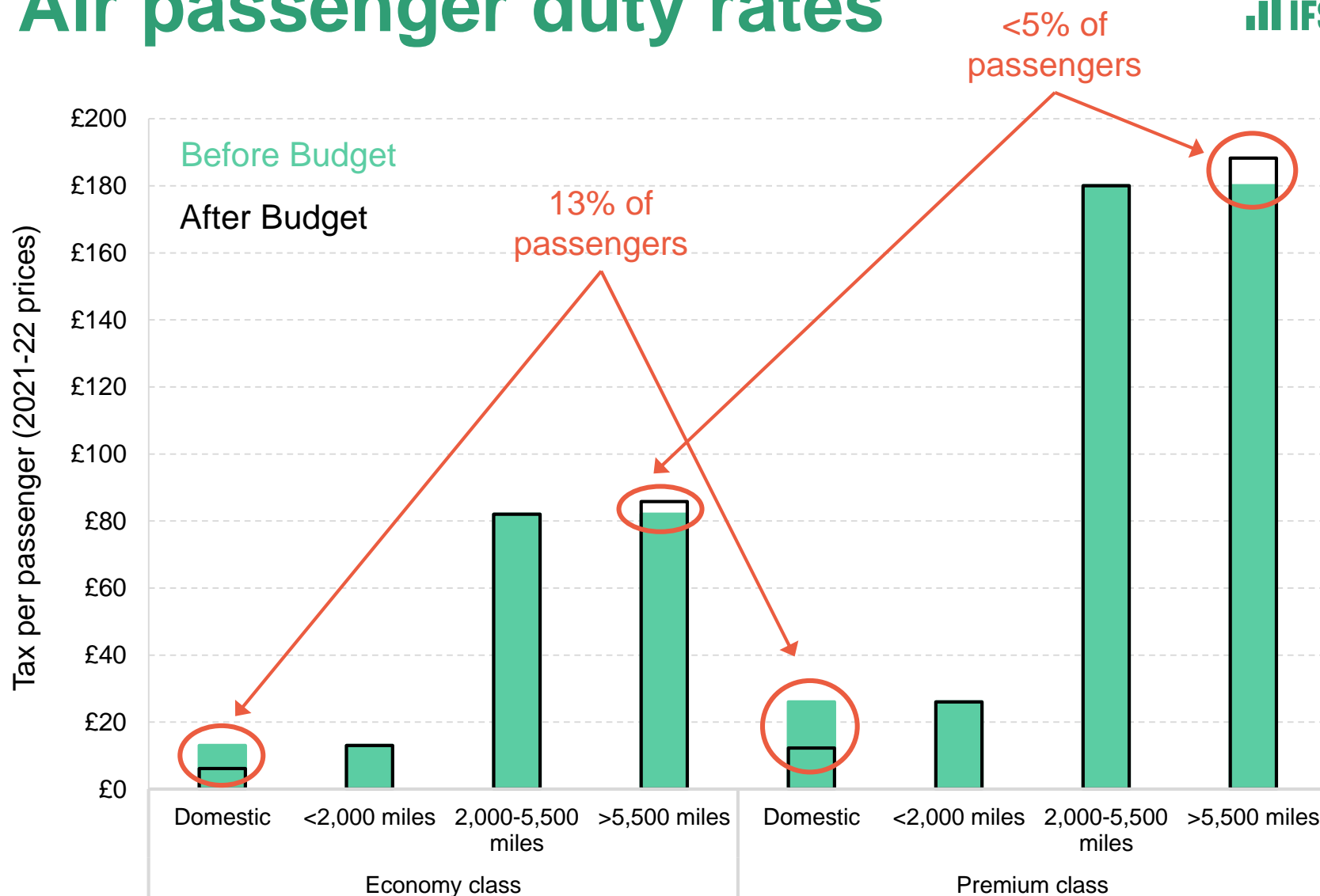
Economic  
and Social  
Research Council

# Business rates



- Tax cuts next year
  - 1-year, 50% discount for retail, hospitality & leisure (*one-off £1.8bn*)
  - Tax rate frozen (*£0.9bn a year*)
- Some welcome reforms from 2023
  - Confirmed move to more frequent revaluations
  - 1-year grace period before property improvements increase bills
- Further consultation on online sales tax to pay for cut in rates
  - Dubious idea

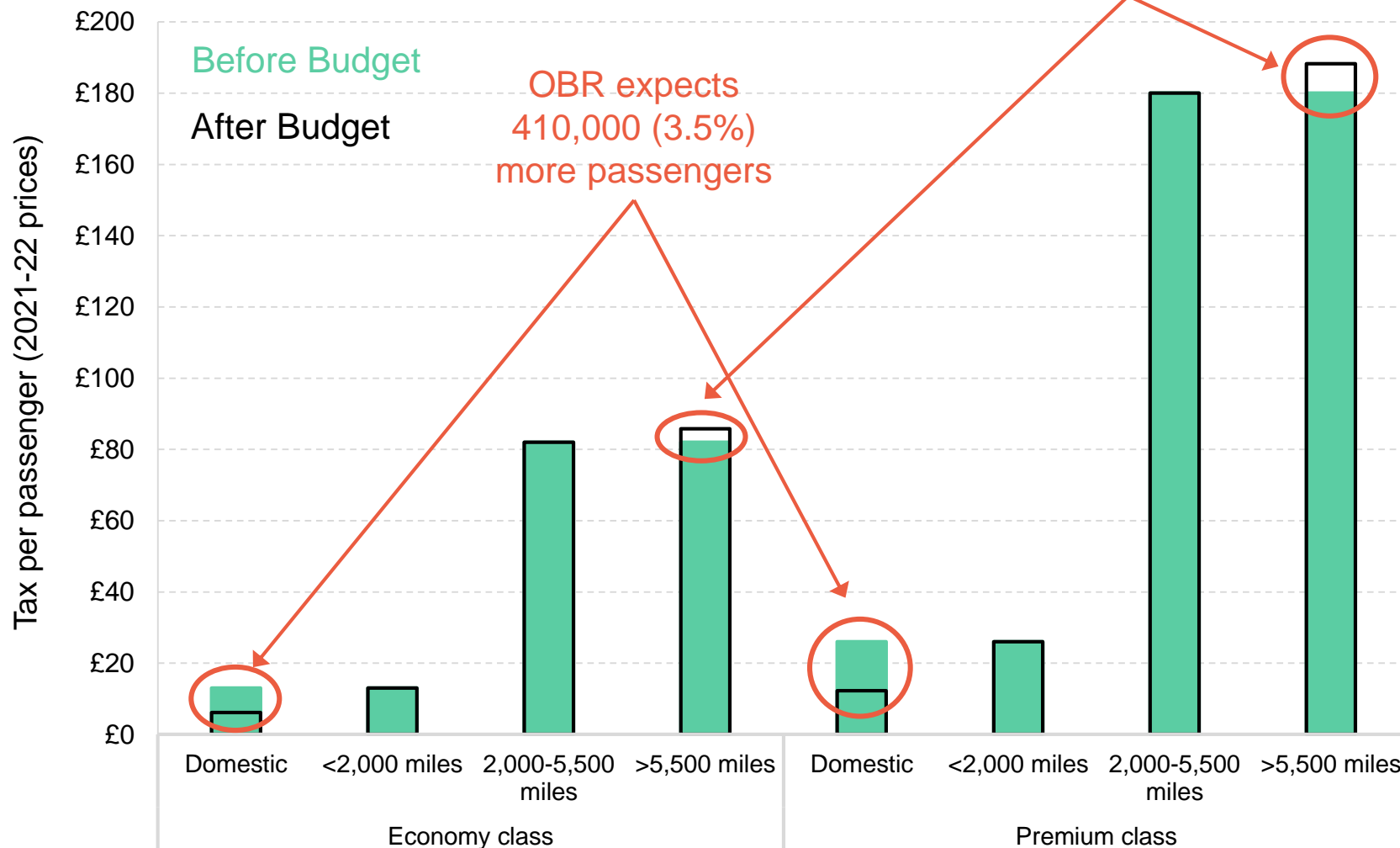
# Air passenger duty rates



Note: Distances refer to the distance from London to the destination country's capital.

# Air passenger duty rates

OBR expects  
23,000 (<1%)  
fewer passengers

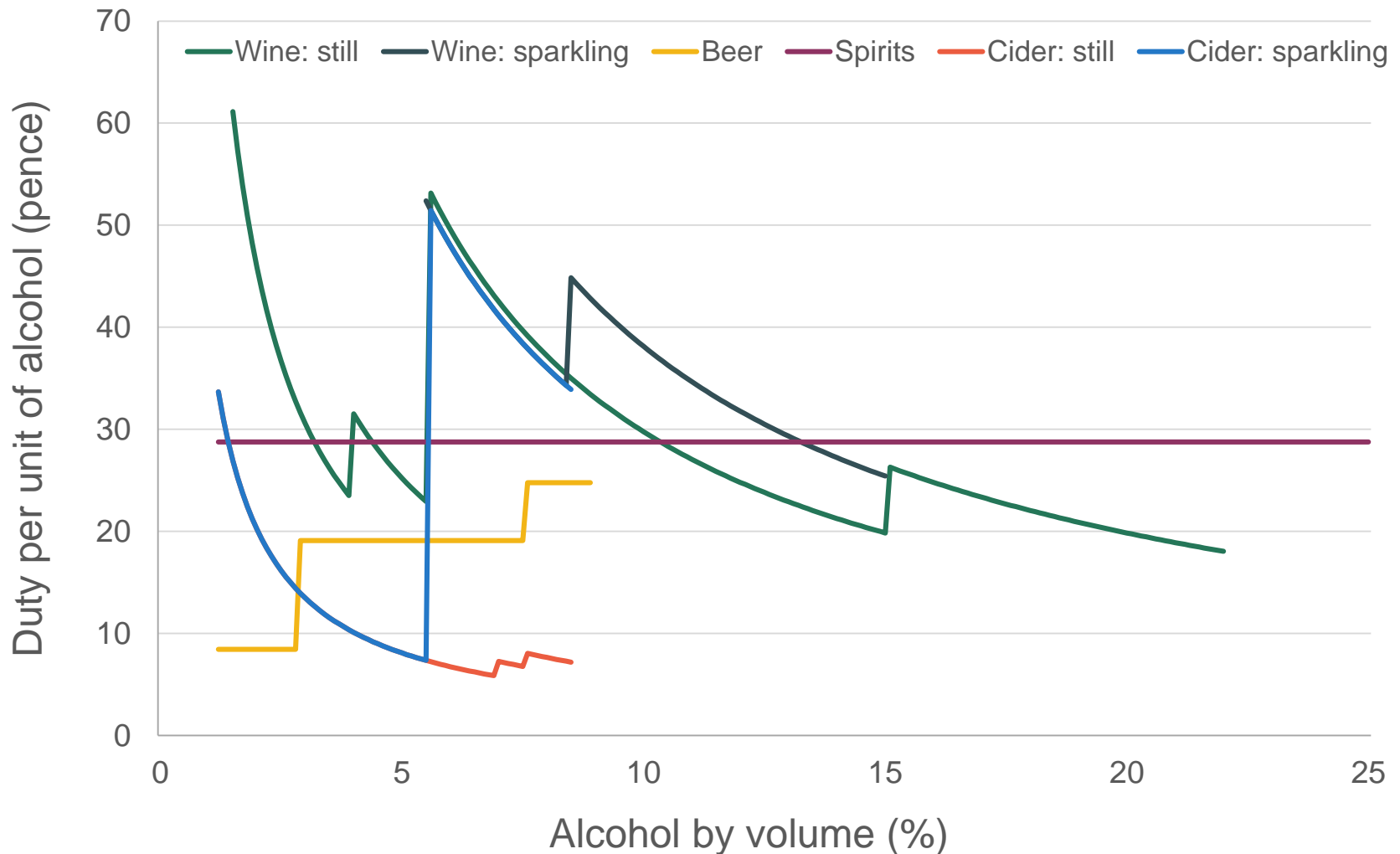


Note: Distances refer to the distance from London to the destination country's capital.

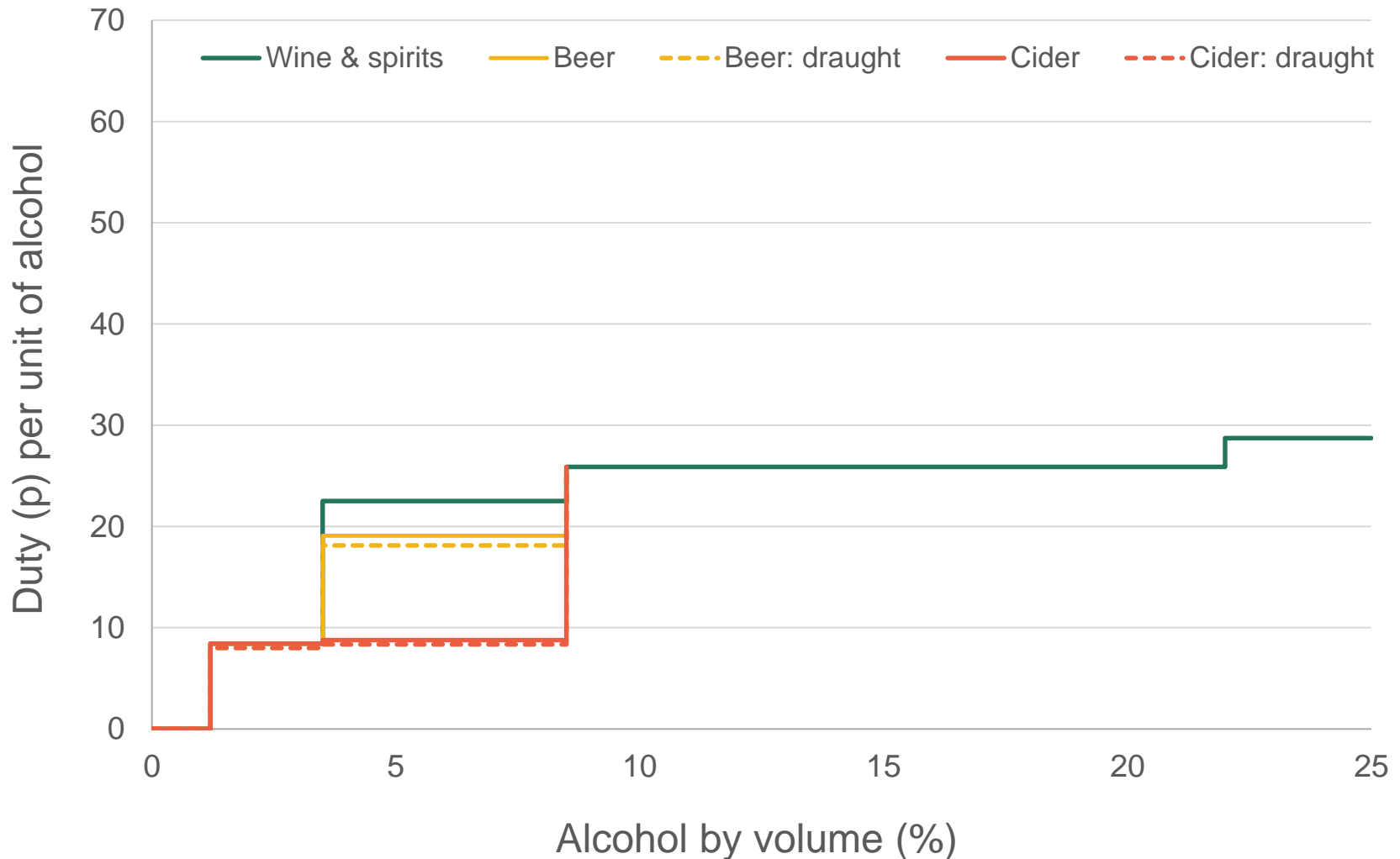
# Excise duty changes

- Air passenger duty reformed from 2023
  - Costs £30m
  
- Fuel duties frozen again
  - Costs £1.5bn
  - Now reached 22% real-terms reduction since 2010
  
- Alcohol duties frozen again
  - Costs £0.5bn

# Alcohol duties now: a mess



# Alcohol duties from 2023: better



# What's your tippie?

- Lower tax on some drinks
  - Glass of prosecco: 20p less
  - Pint of beer in the pub: 3p less
- Higher tax on others
  - Glass of red wine: 11p more
  - Pint of cider drunk at home: 2p more
- And some unchanged
  - Glass of gin & tonic
  - Pint of beer drunk at home



# Conclusions

- Not a big Budget for tax
  - The big news was £40bn of tax rises announced earlier this year
  - These just changed rates & thresholds – no fundamental reform
- Some sensible structural reforms announced yesterday
  - Business rates, air passenger duty, alcohol duties
- Overall cuts to business rates, APD, alcohol duties, fuel duties
  - Strategy needed for taxation of motoring and flying
  - Fundamental review of business rates not yet led to fundamental reform