

# Export your way out of alcohol duty charges.

Exploring exciting new markets for  
alcohol drink manufacturers

Logistics doesn't have to be a maze.

# New UK alcohol duty charges: explained

In August 2023, the UK Government brought in substantial changes to alcohol duty rates.

The new legislation meant alcoholic drinks moved to a system where they are taxed based on their alcoholic volume (abv) and that rates increased in line with the Retail Price Index (inflation).

Whilst there were some reliefs for smaller producers and draught beers, it represented a sizable increase of alcohol duty for most products.

Although it was announced there would be no further hikes in the Autumn Statement until at least August 2024, the tax burden on alcohol in the UK is still high.

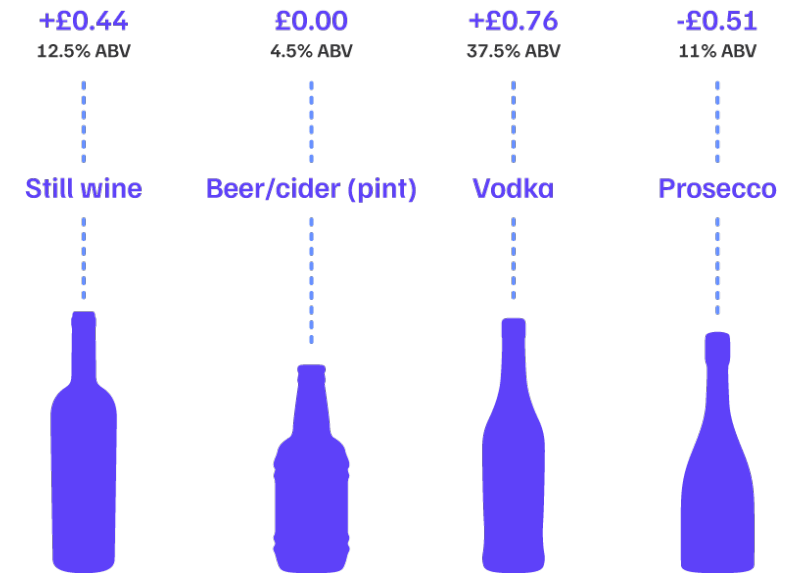
Furthermore, as UK alcohol duty is charged at the point of production or import, is it possible for manufacturers to avoid these charges by finding new markets abroad?

**Yes.**

The UK has some of the highest alcohol duty in the world. Here we explore how alcoholic beverage manufacturers can avoid the UK's latest duty hike by selling product in new markets.

## August 2023 Duty Changes

These duty changes are dependent on the product ABV

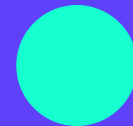




# Exporting opportunities in alcohol.

With the UK alcoholic beverage sector subject to duty rate hikes, now could be the opportune moment to look at new markets for your drinks. Plenty of countries boast exciting alcoholic drink market growth and/or have more competitive duty rates on alcohol sales.

Furthermore, UK manufacturers of alcoholic drinks enjoy several unique selling points on the international stage:



**Reputation.** The UK has a reputation for quality and innovation in alcoholic beverages which is renowned across the world. Production safety regulation is high, meaning exporting to new markets less challenging.



**GMT.** Operating on Greenwich Meantime means that the UK working day overlaps with almost every other country. Communication with international partners is far easier.



**English.** Speaking the language of international business as a native, again, puts UK firms at a huge advantage when communicating with international partners.

# Suspending UK duty in transit with EMCS

To avoid paying alcohol duty until point of sale, UK alcoholic beverage companies use a WOWGR licence to store goods under duty suspension at an excise warehouse.

For more information on the WOWGR permit, see section five of the government article [here](#).

Once the goods are sold and moved from the warehouse, the UK producer is liable for duty, but crucially has the payment to finance it.

An issue for exporters though is that goods are liable for UK duty once they move from their duty-suspended location and head for the port. Often this can mean being liable for duty in the UK and in the destination country.

Businesses can claim back UK duty paid on alcoholic beverages that are sold abroad, as part of the Excise Duty Drawback. However, this is a lengthy process which can impact cashflow.



Alcohol that is moved under duty suspension can be covered by an Excise Movement Guarantee, continuing the suspension of UK duty until the product is out the country.

At WTA, our registered consignors status means we can raise a movement on the Excise Movement and Control System (EMCS) and provide a guarantee to cover the transport under bond.

That ensures your goods remain duty suspended between your premises, warehousing and the port. Removing the double-duty obligation and dramatically improving cashflow for international expansion.

# Opportunity 1: Beer in Germany

Germany is Europe's wealthiest nation, boasting a GDP of over \$4 trillion, with over 83 million people. Combining that with the equal lowest beer duty rates within the EU, presents a huge opportunity. Only Spain and Luxembourg have rates as low, but Germany is a substantially bigger market than both of those and logistically easier to access.

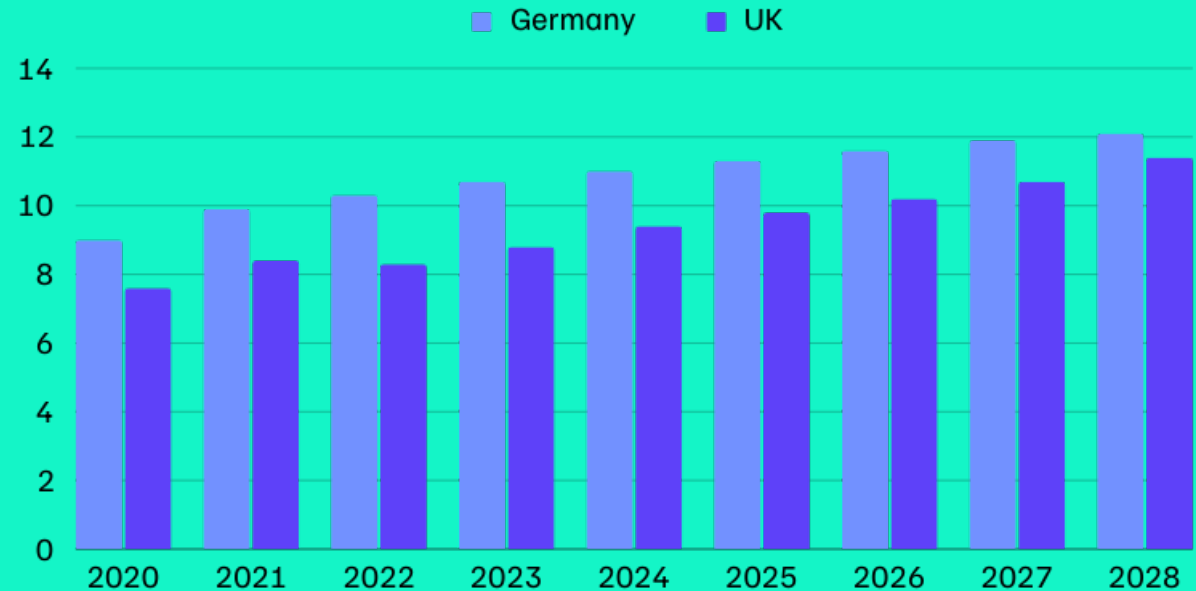
## Excise duty rates on 330ml beer bottle (5% abv)

Germany: £0.03

UK: £0.39

Source: Tax Foundation

## Beer market size (£bn)



Source: Statista

Courtesy of the Great Britain and Northern Ireland's Trade and Cooperation Agreement with the EU, no additional duty is due on exports where there is Proof of Origin from the UK.

When using a fiscal representative, you're also able to defer VAT payments to remove cashflow constraints.

Be mindful of labelling requirements when exporting to Germany, which you can find more information on [here](#).







# Fiscal Representation

Fiscal representation is a locally established entity which can act as an intermediary between a UK exporter and the tax authorities.

The principal benefit is allowing the exporter to avoid VAT charges on entry, which would need to be reclaimed. A process which takes several months, heavily damaging cashflow.

For movements to the EU, fiscal representation is only required at the port of entry, then giving the exporter access to the entire market.

It's a legal requirement for businesses importing goods into the Dutch, and wider EU market, for businesses without an established premises there.

**WTA can offer fiscal representation for UK alcohol exporters to the EU, via the Netherlands.**

# Opportunity 2: Beer in Netherlands.

Whilst the Dutch beer market isn't quite the size of Germany, it currently represents a much bigger market for UK beer exporters.

## Value of UK beer exports 2022

Holland: £35.6 million

Germany: £3.7 million

Source: COMTRADE

Again, the Trade and Cooperation Agreement means that no duty is due and fiscal representation removes VAT obligations at the point of import.

The Netherlands charges alcohol duty at roughly £0.11 per 330ml bottle, substantially down on the UK's £0.39.

Like most UK exports to the EU, Brexit caused a significant amount of disruption in recent years. However, where beer exports were especially affected was the lockdowns of the Covid-19 pandemic, which closed pubs for significant periods in 2020 and 2021.

Consequently, exports suffered, but volumes are bouncing back strongly and there is great appetite for British goods from the Dutch consumer. The Netherlands is the UK's 4<sup>th</sup> largest trading partner, despite its small size, highlighting that appetite.

Trade between the nations is expected to amplify further with a period of stability expected after the years of turbulence.

Be mindful of labelling requirements when exporting to Holland, which you can find more information on [here](#).

# Opportunity 3: The USA

The USA is the world's wealthiest market and presents huge opportunities for UK alcohol exporters in spirits, wine and beer.

The UK and USA have a rich trading history and British products have an excellent reputation with the US consumer. Plenty of cultural similarities exist between the nations and with minimal time difference, the opportunities for exporters are plentiful.

## US imports of UK alcoholic beverages in 2022

Spirits: £1.37bn  
Wine: £94.98m  
Beer: £73.10m

Source: COMTRADE

The US boasts substantially lower federal duty rates for alcohol producers.

UK Alcohol Duty	USA Federal Excise Duty
<b>Spirits (25% abv)</b>	
£7.91	£1.41
<b>Wine (12.5% abv)</b>	
£3.56	£0.28
<b>Beer (5% abv)</b>	
£1.05	£0.12

Rates are per litre. Sources: UK Govt & TTB.





Be mindful that the US also imposes a Merchandising Processing Fee on all imports of 0.3464% of the dutiable value and a Harbour Maintenance Fee of 0.125%. For wine there is an additional £0.11 per litre Most Favoured National duty charge.

You also need to ensure you pay the correct state-level duty, if applicable.

There is also a sales tax, the US equivalent of VAT, but this varies considerably depending on the region and is only due at the point of sale.

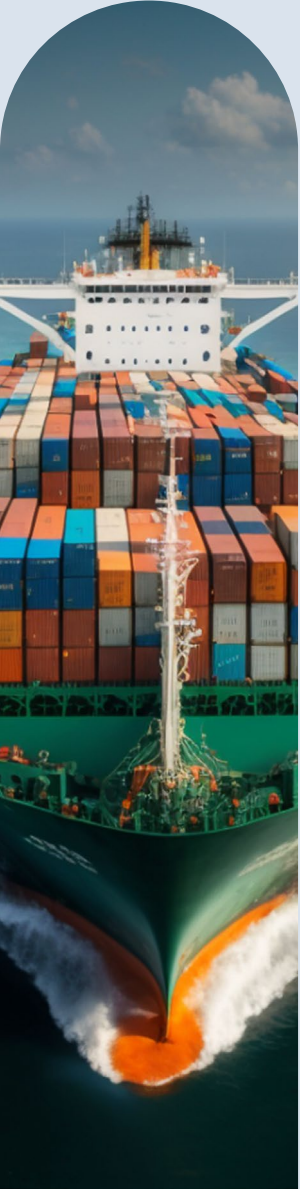
However, even with all these charges the duty rate saving on exports to the US can be significant in comparison to UK charges.

Exporting alcohol into the US is complicated business, no doubt. If you're new, consider seeking expert guidance. Our US customs team, based in Chicago, are experts in legal advice when entering the US market.

[Get in touch](#)

WINE





## Opportunity 4: Spirits in China

China represents a huge opportunity internationally for spirit producers. The world's second largest economy, with a growing internationally-minded middle class. Their appetite for spirits has increased 256% since 2017 and continues to grow.

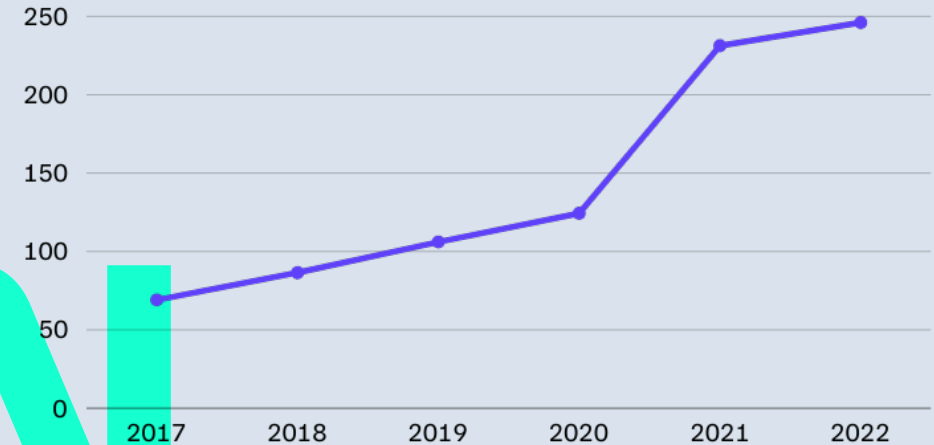
China imposes the following duty rates on spirit imports:

- **VAT: 13%**
- **Consumption Tax: 20% + approx. 10p/litre**
- **Most Favoured Nation Duty: 5-10%**

Although these duty rates are more aggressive than other nations, they are not dependent on the strength of the beverage, meaning the spirit market benefits when compared with the UK's new alcohol duty system.

The opportunity in the Chinese market comes from the aggressive growth of the sector in recent years and the wealth of the population.

UK spirit exports to China (£m)



The Chinese market however comes with challenges. English is less-widely spoken than other big markets and labelling and licencing requirements are more difficult to gauge.

At WTA, we have a dedicated team in China, able to offer complete advice on market entry.

[Get in touch](#)

# Opportunity 4: Wine in Hong Kong

Hong Kong is a well-established trading partner of the UK's. English is widely spoken. It has a wealthy, international population who are keen on UK products.

Additionally, it has fantastic logistics infrastructure and an open, competitive market.

All of which present an exciting opportunity for UK wine producers and distributors.

But duty rates are where the Hong Kong market really excels. HK boasts 0% duty on alcohol under 30% abv. With ambitions to become Asia's wine hub, all duty rates have been removed over the last 10-15 years.

All these factors combined has meant that Hong Kong is overwhelmingly the largest export market for UK wine in the world, despite its small size in comparison to the USA, France and more.



**£156m**

Value of UK wine exports to Hong Kong in 2022

**£72.7m**

Value of UK wine exports to the USA in 2022

**£53.3m**

Value of UK wine exports to Singapore in 2022

**£47.9m**

Value of UK wine exports to France in 2022





# Exporting alcohol in 2024.

There has never been a better time to explore how new international markets could transform your alcoholic beverage business.

The UK has some of the most burdensome alcohol duty rates in the Western world. Add to that cocktail some huge international markets with a growing interest in British alcoholic beverages and you have a fine recipe for success.

The opportunities for improving your bottom line, at a time when the UK economy stalls, are salivating.

# Contact us.

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