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Swinney backs cut to U.K. spirits duty before Autumn Budget

The Scotch whisky industry says a 17% rise in three years has squeezed producers, suppliers and hospitality businesses.

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Scotland’s First Minister John Swinney has backed the Scotch whisky industry’s call for a cut in spirits excise duty in the U.K. government’s Autumn Budget, adding political support to a sector that says higher taxes are hurting producers, suppliers, bars and consumers.

Swinney made the appeal after meeting with the Scotch Whisky Association’s council of member companies, according to the trade body, which published details of the discussion on Tuesday. The intervention comes as the association presses the Treasury to reduce duty on spirits next month, arguing that the current tax system places a heavier burden on whisky and other distilled drinks than on beer, cider and wine.

The Scotch Whisky Association said in its budget submission earlier this week that the existing alcohol duty structure is “a broken model for Scotland.” The group said excise duty on spirits has risen 17% over the past three years and argued that the increase has coincided with lower revenue for the Treasury rather than higher returns. It also said the system taxes Scotch whisky and other spirits at rates up to four times higher than some other alcoholic drinks.

The industry body said the issue goes beyond distilleries. It argued that the strain is being felt across Scotland’s supply chain, from grain farmers to tourism businesses and hospitality venues. The association said spirits account for more than a third, or 38%, of total profits for hospitality businesses, underscoring the sector’s broader economic role.

Swinney, whose government does not control U.K.-wide excise policy, used the meeting to urge action from London. In comments released by the association, he said Scotch whisky is central to Scotland’s culture, heritage and economy and said duty increases have created unfair pressure on the industry. He said he had heard concerns from both major producers and smaller distillers and echoed calls for the U.K. government to address the issue.

The First Minister’s support gives the industry an ally at a time when producers say they are still recovering from several years of instability in overseas markets and higher costs at home. The association said the sector has been operating under “continued pressure” after more than six years of turbulence affecting exports, while businesses and households have also faced broader cost increases.

Scotch whisky is one of Scotland’s most important export products and a major source of manufacturing and rural employment. The association said 70% of U.K.-produced spirits are made in Scotland. Producers have long argued that tax policy should reflect the industry’s economic importance and should not discourage investment at a time

when the sector is trying to regain momentum abroad.

The trade group said market access has improved this year in two important export destinations, the United States and India. It described those developments as an opportunity for recovery and growth, but said that benefit could be limited if domestic tax policy continues to raise pressure on companies operating in Scotland and across the U.K. The association said a cut in excise duty would help businesses invest in innovation and expansion and protect jobs.

Mark Kent, the chief executive of the Scotch Whisky Association, said the organization welcomed Swinney’s backing and said a duty cut would have a direct effect on producers of different sizes. He said the industry needs room to plan for the future after years of disruption and that lower duty would help support growth in Scotland and the wider U.K.

The request is part of a broader push from spirits producers across different categories in the U.K., not only from Scotch whisky makers. Industry groups have argued that the tax system should be rebalanced to reduce the gap between how spirits are treated and how other alcoholic drinks are taxed.

The issue is likely to become part of the wider political debate around the Autumn Budget, as the government weighs public finances against pressure from sectors seeking relief from higher costs. For the Scotch whisky industry, the argument is that a lower duty rate would not only ease pressure on distillers but also help the bars, restaurants, hotels and tourism businesses that rely on spirits sales.

Swinney has made similar statements before. During a visit to the Isle of Harris distillery in April, he said the Scottish government would continue to stand up for the whisky industry, according to the association. Tuesday’s intervention goes further by tying that support directly to a request for a tax cut in the coming U.K. budget.