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Scottish hospitality leaders urge Swinney to back a 10% VAT cut before the Budget

Chefs, hotel groups and pub operators said the 20% rate is driving closures and job losses across Scotland.

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A group of leading Scottish chefs, hotel owners and hospitality operators has asked First Minister John Swinney to publicly support a cut in hospitality VAT to 10% and press the UK government to make the change ahead of the next Budget.

In an open letter published Wednesday, the signatories said the current 20% VAT rate is putting heavy pressure on a sector they described as central to Scotland’s economy, tourism and local communities. They asked the Scottish government to formally back the industry campaign known as #VATsTheProblem and to write to Chancellor of the Exchequer and the Treasury urging them to reduce the rate.

The appeal brings together well-known figures from across Scottish hospitality. According to The Morning Advertiser, supporters include Michelin-starred chef Tom Kitchin, Great British Menu winner Lorna McNee and the Balmoral Hotel in Edinburgh. Pub and restaurant groups with operations across Scotland have also signed on, including DRG, Glendola Leisure, Greene King, Mitchells & Butlers, Punch Pubs & Co and Signature Pubs.

Other businesses named among the signatories include Cameron House Resort on Loch Lomond, Macdonald Hotels, the Andy Murray-owned Cromlix Hotel in Dunblane, The Torridon in the Highlands, Auchrannie Resort in Arran and Kingsmills Hotel in Inverness. Their intervention adds to a broader industry push that has been building across the UK in recent months.

In the letter, the group said Scottish hospitality, nightlife, leisure and tourism are “powerhouse” parts of the economy, but argued that the sector is operating under one of the highest tax burdens in the economy. They said that pressure is contributing to venue closures, job losses and damage to communities that are losing local pubs, restaurants and other hospitality businesses.

The signatories said more than 380,000 members of the public have backed the campaign’s call for lower VAT. They argued that bringing hospitality VAT down to 10%, which they said would move the UK closer to the European average, would help businesses grow, create jobs and support communities across Scotland. “10% VAT is fair for hospitality,” the letter said.

The request to Swinney is also political as well as economic. VAT is set by the UK government, not Holyrood, so the Scottish government cannot make the change on its own. The businesses behind the letter are instead asking Swinney to use his office to add pressure before the UK Budget and to revive a position they say the Scottish

government has supported before. In the letter, they said the Scottish government had previously backed hospitality's call for a reduced VAT rate and expressed hope that it would do so again.

The campaign itself is being presented as a single-issue effort across the sector. #VATsTheProblem is calling for VAT on hospitality to be cut from 20% to 10%. Chef Tom Kerridge is leading the movement, according to the report, and has been working to rally operators behind that demand. Trade bodies and industry groups supporting the campaign include UKHospitality, the British Beer & Pub Association, the British Institute of Innkeeping and CODE Hospitality.

The push comes as hospitality businesses continue to face pressure from operating costs, labor expenses and weaker consumer spending. Operators backing the campaign say a lower VAT rate would leave more room to invest and could reduce some of the pressure now being passed on to customers through menu and service prices. For pubs, bars and restaurants, that could matter beyond food sales. A lower tax burden could also ease price pressure on beer, wine, spirits and other drinks sold for consumption outside the home, and may offer some relief to margins across venues and beverage suppliers that depend on on-trade demand.

By seeking Swinney's backing, the signatories are trying to widen support for the argument that hospitality should be treated differently from the standard VAT regime because of its role in employment, tourism and high street activity. The letter frames the issue not only as support for businesses, but also as a way to protect jobs and prevent further losses of local venues across Scotland.

The intervention from Scottish operators adds regional weight to a UK-wide campaign that has increasingly drawn in chefs, hotel groups, pub companies and trade associations. Support from the British Beer & Pub Association also underlines how closely the tax debate is tied to the drinks trade, where pricing in pubs and bars remains a key issue for operators competing for consumer spending.

So far, the campaign's public message has remained focused on one specific policy ask: cutting hospitality VAT to 10%. The Scottish businesses behind the letter are now waiting to see whether Swinney will publicly endorse that position and make the case

directly to the Treasury.