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Scotch Whisky Industry Urges Britain to Cut Spirits Duty in October Budget

Trade groups say a 17% rise in three years has squeezed investment after spirits duty receipts fell 2.3%.

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The Scotch whisky industry is pressing the UK government to cut excise duty on spirits in the Autumn Budget due in October, arguing that lower taxes would support investment and could even lift tax receipts after a recent decline in revenue. No change

has been announced, and the UK government has not confirmed any decision on spirits duty.

The request comes from the Scotch Whisky Association, the trade group for the industry, in a budget submission dated September 9. The association said spirits duty in the UK has risen too far and has increased 17% over the past three years. It also argued that spirits are taxed more heavily than other alcohol categories, saying the burden can be up to four times higher than for beer, cider, and wine.

The association’s chief executive, Mark Kent, said a cut would give producers more room to invest and support jobs. On September 11, Scotland’s first minister, John Swinney, backed the industry’s call and said repeated duty increases had put undue pressure on the sector. Those statements reflect the position of the industry and the Scottish government. They do not amount to UK government policy.

The industry’s case comes as official tax receipts from spirits have moved lower. HM Revenue & Customs figures reported by The Spirits Business showed UK spirits duty revenue fell 2.3% in the 2025-26 fiscal year to £4.06 billion, down from £4.15 billion a year earlier. The same data showed wine duty receipts fell 2% to £4.63 billion and beer receipts fell 1.9% to £3.54 billion, while cider duty rose 33.5% to £295 million. Total alcohol duty revenue slipped 1.4% to £12.4 billion.

Trade groups say that trend supports the case for a lower rate. According to The Spirits Business, eight UK trade bodies said alcohol duty revenue is now £1.1 billion below the level forecast when the current duty system was introduced in 2023. The Scotch Whisky Association says that means a lower tax rate could increase activity enough to improve Treasury income rather than reduce it. The source material reviewed for this report does not set out the full model behind that claim.

The debate matters beyond the domestic UK retail market because duty policy affects how distillers manage margins, inventory, and investment. In the drinks business, changes in UK spirits duty can alter the economics of releasing stock for sale, influence cash flow, and shape how producers plan cask holdings and pricing. Even if export shipments are not directly taxed in the same way as bottles released for sale in the UK, companies across whisky and other beverage categories watch these decisions

because they affect producer finances and competitive positioning.

That is one reason buyers and investors in Asia are following the issue closely. The direct effect on prices in Asian markets is uncertain. Industry sources note that UK excise duty is generally charged when spirit is released for sale in the UK, rather than on exports, although participants typically confirm those details with their warehouses and tax advisers. Still, a duty cut in Britain could affect sentiment around Scotch, producer profitability, and the pace of investment in stock, all of which matter to importers, cask buyers, and collectors abroad.

The timing also comes as Scotch producers navigate wider trade changes. The Scotch Whisky Association said in July that zero-tariff trade to the United States had been restored, improving conditions in one of the category’s key export markets. At the same time, Scotch faces competition for shelf space in Asia from other whisky-producing regions. Against that backdrop, any shift in UK tax policy is being read not only as a domestic fiscal decision but also as a signal about the operating environment for one of Britain’s largest export drink categories.

What remains unclear is whether the Treasury is prepared to act. The sources reviewed for this report say the Autumn Budget will be presented in October, but they do not give an exact date. There is also no confirmation that a duty reduction, freeze, or further increase is under active consideration. For now, the only confirmed development is that the Scotch Whisky Association has made its request publicly, Scottish political leaders have backed it, and the industry is waiting for the government’s budget statement.