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Britain is expected to raise alcohol duty by 3.9% in the Budget

The increase would add about 2p to a pint, with duty on a bottle of wine rising by 10p to 12p

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Britain’s Budget is expected to include an increase in alcohol duty tied to inflation, a move that could add 2p to the tax charged on a pint of beer and 10p to 12p to a bottle of wine, according to reports ahead of the government’s fiscal statement.

LBC reported that Chancellor John Healey is expected to raise alcohol duty in line with the Retail Price Index, which is running at 3.9%. The broadcaster, citing The Telegraph, said the planned change would lift the duty element on a pint from about 50p to 52p. The measure had not been formally confirmed before the Budget announcement, and LBC said it had asked the Treasury for comment.

Alcohol duty is charged on the production, distribution, or import of alcoholic drinks with a strength above 1.2%. Because the tax affects beer, wine, and spirits across the market, any increase can feed through to shelf prices, bar prices, or producer and retailer margins, depending on how businesses choose or are able to absorb the added cost.

The expected rise has drawn criticism from trade groups that say pubs, brewers, wine merchants, and spirits businesses are already under pressure from weak consumer demand and broader cost increases. Their argument is that a duty increase, even a small one in cash terms on individual products, comes at a difficult time for businesses that are dealing with higher operating costs and customers who remain sensitive to prices.

Miles Beale, chief executive of the Wine and Spirit Trade Association, urged the government to freeze the tax instead of raising it. He said the government should be supporting the drinks sector rather than adding pressure while households continue to face a cost-of-living strain. He also argued that repeated alcohol tax increases have not delivered the revenue gains supporters expect.

Emma McClarkin, chief executive of the British Beer and Pub Association, also called for a freeze. She said support for beer and pubs would help the sector create jobs, especially at a time when younger people are finding it harder to get work. McClarkin said British brewers already face some of the highest beer duty rates in Europe, and she argued that holding the tax at its current level would begin to narrow the gap with competitors in countries such as Germany and Spain.

For the beverage sector, the expected increase matters beyond the immediate effect on a pint in a pub. A higher duty rate can raise pressure on pricing and margins across wine, beer, and spirits in one of the world’s important consumer markets. That is

particularly relevant for importers and exporters serving Britain, as well as domestic producers trying to protect sales volumes while managing tax, packaging, transport, and labor costs. Pubs, which often operate on thin margins, could face another squeeze if they absorb part of the increase to avoid passing the full cost on to customers.

The expected tax rise would also come as ministers try to present the Budget as offering practical relief in other parts of the household economy. LBC reported that the government had already announced tariff cuts on a range of supermarket items, including baked beans, gherkins, chocolate, jams, marmalades, garlic, and toffees, as well as kerosene and fertilizers. Those changes were described as part of a series of “everyday fixes” intended to give families more breathing space.

That contrast is likely to sharpen criticism from the drinks industry, which has argued that alcohol is being singled out for another increase while the government reduces costs elsewhere. Industry groups say pubs and drinks retailers are an important part of local economies and employment, and they warn that steady tax rises can weaken investment and hiring in hospitality.

Whether consumers would see the full increase directly in prices would depend on how businesses respond. Large chains, supermarkets, and some retailers may be better placed to absorb part of the additional duty than small pubs, independent wine merchants, or specialist drinks importers. But trade groups say that after several years of rising costs, many smaller operators have little room left to shield customers from further increases.

The debate also reflects a broader policy choice facing the government as it prepares its Budget. Linking duty to inflation can be presented as a routine fiscal step that preserves the real value of tax receipts. Opponents, however, say it lands on a sector that is already struggling and risks reducing sales rather than generating meaningful new revenue.

With the Budget due later Wednesday, the increase remained an expectation rather than a confirmed measure. If it is adopted, it would add another test for Britain’s beer, wine, and spirits trade at a time when pubs and drinks businesses are still trying to balance higher costs with fragile consumer spending.