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The U.K. will raise alcohol duties by 4.55% from February 2027

The inflation-linked increase accompanies a broader duty discount projected to cost the Treasury £10 million a year

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The U.K. government will raise all alcohol duty rates from February 1, 2027, in line with inflation and will make Small Producer Relief more generous for qualifying low-volume makers of alcoholic drinks, under a set of tax changes announced after Budget 2026.

The government said alcohol duty will be increased by 4.55%, matching the Retail Price Index measure used for the policy, to keep the tax at its current real-terms value. It said the move is consistent with its broader fiscal approach and with the Office for Budget Responsibility's forecast, which assumes duty keeps pace with overall prices.

The changes will affect businesses and individuals involved in the manufacture, distribution, storage, sale, importation and consumption of alcoholic products. The government also said it will raise the simplified duty rates used for alcohol brought into Great Britain for personal use.

Under the new main rates, duty on all alcoholic products below 3.5% alcohol by volume, or ABV, will be £10.41 per liter of pure alcohol in the product. Still cider at 3.5% ABV up to, but not including, 8.5% ABV will be taxed at £10.86, and sparkling cider in the 3.5% to 5.5% ABV range will face the same rate. Beer in the 3.5% to 8.5% ABV band will be taxed at £23.61 per liter of pure alcohol, while spirits, wine and other fermented products in that same strength range will be taxed at £27.82. Products between 8.5% and 22% ABV will be taxed at £32.01, and products above 22% ABV will be taxed at £35.54.

Reduced rates for qualifying draught products will also be adjusted. Duty on draught alcoholic products below 3.5% ABV will be £8.97 per liter of pure alcohol. Draught still cider in the 3.5% to 8.5% ABV band will be taxed at £9.36, and draught beer, spirits, wine and other fermented products in the 3.5% to 8.5% range will be taxed at £20.34. Sparkling cider above 5.5% ABV but below 8.5% ABV will also fall under the £20.34 draught rate.

Small Producer Relief, known as SPR, will be expanded in relative value compared with the main duty rates. The government said it will introduce a more generous discount taper for products below 3.5% ABV. For products from 3.5% ABV to 8.4% ABV, it will increase the marginal discount by the Retail Price Index plus an additional 10%. The relief is available to small and some medium-sized producers for products below 8.5% ABV, provided the drinks are not produced under license and are made on premises producing less than 4,500 hectoliters of pure alcohol a year.

Officials said the aim is to support smaller producers while preserving the broader structure of the alcohol duty system. The government described the measure as a balance between the economic and cultural contribution of drinks producers and the hospitality sector, and the role of duty in limiting alcohol-related harm.

SPR was introduced on August 1, 2023, as part of wider alcohol duty reforms. It replaced the narrower Small Brewers Relief model by extending duty discounts to all small producers of alcoholic products under 8.5% ABV, rather than only brewers.

The fiscal effect of the package is split between the uprating itself and the relief changes. The government said raising duty in line with inflation brings in no new revenue because that assumption is already built into the OBR baseline forecast. The cost to the Exchequer comes from the more generous Small Producer Relief. It estimated that effect at £10 million a year from the 2027-2028 fiscal year through 2031-2032.

The government said it does not expect any significant macroeconomic effect. For households, the impact is expected to be indirect, with prices rising only if producers, importers, wholesalers and retailers pass on the higher duty. It also said customer experience with HM Revenue and Customs should remain the same because the way the tax is collected will not change.

In its equality assessment, the government said the measure could affect anyone who buys or consumes alcohol, but it pointed to existing patterns in drinking. It said people who consume more than 14 units of alcohol a week are at increasing or higher risk of alcohol-related harm. Men are estimated to make up 56% of people who drink alcohol at least once a week and 64% of those who consume more than 14 units a week, compared with 49% of the U.K. adult population. Adults age 55 and older account for 47% of people who drink at least once a week, compared with 39% of the adult population, while people ages 45 to 74 make up 56% of those drinking more than 14 units a week, compared with 42% of the population.

Businesses will face limited administrative work from the change, according to the government. It said up to 8,000 businesses that produce alcoholic drinks in the U.K., import them, or store them in duty suspense are likely to be affected. Those firms are

expected to face only a negligible one-time cost to learn the new rates, with no continuing administrative costs expected. HMRC said it will need to make minor changes to its information technology systems to put the policy in place, with a review of those costs still under way.

The legal changes will be made through amendments to schedules in the Finance (No.2) Act 2023, which sets out the current alcohol duty system, the reduced rates for draught products and the tables used to calculate Small Producer Relief discounts.