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The British government will raise alcohol duties by 4.55% on Feb. 1, 2027

Analysts said the increase could add about 11p to a bottle of wine if retailers pass the tax to shoppers

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The British government will raise alcohol duty rates by 4.55% from February 1, 2027, and expand tax relief for small producers, a budget decision that could increase costs and retail prices across beer, cider, wine and spirits if businesses pass the higher tax on

to consumers.

In an analysis published Tuesday, November 24, the Institute of Alcohol Studies said the increase matches the Retail Prices Index, or RPI, and marks the third consecutive year of inflation-linked rises in alcohol duty. The government said the approach is intended to balance the contribution of alcohol producers and the hospitality sector with the role of duty in reducing alcohol-related harm.

The change applies to both draught and non-draught products. The budget also made Small Producer Relief more generous for makers that produce below a certain volume threshold, including a wider discount taper for lower-strength drinks below 3.5% alcohol by volume. For the drinks industry, that change could slightly soften the impact for some smaller brewers, cider makers and other producers, while larger businesses still face higher tax bills on core product lines.

According to the IAS analysis, the budget forecast assumes no gain or loss in overall revenue from the RPI-linked increase because inflation-based uprating is treated as the default path. The expansion of Small Producer Relief, however, is expected to reduce Treasury revenue by about £10 million a year.

The institute said the duty component in several common products will rise noticeably. On a 440ml can of beer at 4.5% ABV, duty will rise to 47p from 45p. On a 440ml can of cider at 4.5% ABV, duty will rise to 22p from 21p. On a 750ml bottle of wine at 11% ABV, duty will increase to £2.64 from £2.53. On a 700ml bottle of spirits at 37.5% ABV, duty will climb to £9.33 from £8.92.

If those increases are fully passed through, the IAS said consumers would pay about 2p more for a can of average-strength beer, 11p more for a bottle of wine and 41p more for a bottle of spirits. For a draught pint of beer or cider, the increase would be about 2p and 1p respectively. The actual effect on shelf and bar prices may vary. The institute cited research suggesting retailers often pass through less of a duty rise on the cheapest products and more on higher-priced ones, possibly to protect prices on more price-sensitive purchases.

The budget decision comes after more than a decade in which alcohol duties were often frozen or cut in cash terms. The IAS said that even after the latest increase, real duty rates from February 2027 will remain well below their 2012/13 levels. By its calculations, beer duty will still be 33% lower in real terms than in 2012/13, draught beer duty 42% lower, cider and spirits duty 26% lower, draught cider duty 36% lower and wine duty 19% lower. The institute estimated that duty cuts and freezes over the 2013-2032 period will have reduced Treasury revenue by £33.9 billion compared with a path in which rates had not been repeatedly lowered in real terms.

Public health groups broadly welcomed the move. IAS Chief Executive Katherine Severi called it “both fiscally and morally responsible,” while Ian Gilmore of the Alcohol Health Alliance described it as “a welcome foundation to build on.” Gilmore and Richard Piper of Alcohol Change UK said the government should go further by adopting an alcohol duty escalator that would raise duty by more than RPI each year.

Trade groups representing producers were more critical. The Scotch Whisky Association said the increase was a “disappointing blow” and argued it pushed the tax burden on whisky to 74% of the price of the product. The Wine and Spirit Trade Association called the decision “breathtaking” and said it would reduce Treasury revenue. The British Beer and Pub Association took a mixed position, welcoming support on business rates while warning that the duty increase would add roughly 1p to 2p to the price of a pint. CAMRA, which represents pubgoers and supports the pub trade, welcomed help for small brewers and a proposed guest beer right for some tied pub tenants, but said the government should have cut tax on beer and cider sold in pubs while increasing duty on cheap supermarket alcohol.

For beverage companies, the latest budget creates a split picture. Producers and retailers now have firmer visibility on the tax path into 2027, but the higher duty rate may put pressure on margins or lead to selective price increases, especially in wine and spirits where the duty amounts are larger in cash terms. At the same time, the richer relief for smaller and lower-strength products could influence product development and tax planning for independent producers looking to compete in a tighter cost environment.