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Wine prices set to increase as new UK tax regulations take effect

Wine prices to rise by up to 20% under new tiered tax system

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The UK wine sector has warned of price increases starting in February 2025 due to the implementation of new tax regulations. The changes include an expansion of the tiered tax system based on alcohol content, along with an adjustment of duties in line with inflation—measures that, according to the Wine & Spirit Trade Association (WSTA), will directly impact consumers.

The new system, introduced in August 2023, has so far allowed wines with an alcohol content between 11.5% and 14.5% to be taxed as if they contained 12.5%. However, starting February 1, 2025, this temporary measure will end and be replaced by 30 distinct tax bands. According to WSTA estimates, duty on a bottle of red wine with 14.5% alcohol will rise by 20%, adding 54 pence to its cost, while a 13.5% bottle will see a 12% increase. In contrast, lower-alcohol wines, such as those with 11.5%, will experience a tax reduction of about 5%.

In addition to higher duties, new packaging recycling fees under the Extended Producer Responsibility system are expected to take effect in April, further increasing the final price of some bottles.

The wine industry has expressed concerns about the complexity of the new system, particularly for retailers handling a large number of products. Business owners have warned that they will need to precisely determine the alcohol content of each wine to calculate its final price. Some retailers have already started informing customers about the changes, offering the option to purchase or release stored bottles before the new rates take effect.

The WSTA has highlighted that these increases add to other financial pressures on businesses, such as higher National Insurance contributions and rising commercial taxes, exacerbating challenges for the sector. Meanwhile, health advocates have supported the tax reform, arguing that it encourages the consumption of lower-alcohol beverages.