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UK alcohol duty receipts show minimal growth after tax overhaul and rate increases

New HMRC data reveal limited revenue gains and increased volatility as industry adapts to reformed alcohol duty system

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New data released by HM Revenue and Customs (HMRC) reveal that alcohol duty receipts in the United Kingdom increased by only 0.5% in the 2024–2025 financial year, despite a major overhaul of the tax system and several duty increases. The figures, published in early June 2025, show that total alcohol duty collected between April 2024 and March 2025 reached £12.646 billion, up just £57 million from the previous year's £12.589 billion.

The modest rise comes after the UK government introduced a reformed alcohol duty structure in February 2025, which shifted to a per-litre-of-alcohol model across all categories. This change was intended to modernize the system and potentially increase Treasury revenues. However, the latest HMRC bulletin suggests that the new regime has had limited short-term impact on public finances.

Breaking down the numbers, wine and other fermented products generated the largest share of receipts at £4.735 billion, a 3% increase from the previous year. This category now accounts for 37% of total alcohol duty revenue. Spirits followed with £4.164 billion, up 1% year-on-year and representing 33% of the total. Beer receipts fell sharply by £94 million to £3.527 billion, a 3% decline compared to last year. Cider remained a minor contributor at £221 million, making up just 2% of total receipts with a slight 1% rise.

The first month of the new financial year has raised concerns about future trends. Provisional figures for April 2025 show that alcohol duty receipts dropped to £921 million, down 7% or £69 million from April 2024’s total of £990 million. The decline was seen across all major categories: wine receipts fell by 9% to £347 million, while spirits dropped by 13% to £269 million.

A notable spike occurred in February 2025 when receipts jumped to £1.097 billion compared to £773 million in February 2024. HMRC attributes this surge to “forestalling,” where businesses accelerated clearances ahead of the February duty increase to avoid higher rates. Receipts then fell back in March to £802 million.

The annual breakdown highlights a structural shift in the market following the reforms. Wine and spirits together contributed 70% of total alcohol duty receipts in 2024–2025, while beer accounted for just over a quarter at 28%. Cider remained a small part of the overall picture. Monthly data showed continued volatility, with December 2024 delivering the highest monthly return at £1.509 billion and March among the lowest outside pandemic-affected periods.

Since August 1, 2023, UK alcohol duty has been calculated based on alcohol content for all drink types. The full implementation for wine products began in February this year, ending an easement period and introducing multiple marginal bands based on ABV (alcohol by volume). HMRC notes that much of the February spike in wine and spirits

receipts likely resulted from traders bringing forward stock clearances before new rates took effect rather than any real increase in consumer demand.

The government’s policy aimed to rebalance taxation towards stronger drinks and create a fairer system across categories. However, these latest figures indicate that while there has been some redistribution within categories, overall public revenue from alcohol duties has not seen significant growth since the reforms were enacted.

Industry observers point out that the new system is more complex and administratively demanding for both businesses and HMRC staff. The anticipated boost in Treasury income has yet to materialize as consumption patterns adjust and businesses adapt to the new rules.

For now, HMRC’s data paints a picture of an industry in transition under a more intricate tax regime that has not yet delivered substantial fiscal gains for the government. The coming months will be closely watched as policymakers assess whether further changes are needed or if current trends will stabilize as businesses and consumers adjust to the new structure.