

**Briefing Note to the *Licensing Committee*
10th April 2014**

Selling Alcohol at below Duty + VAT

**Additional Mandatory Condition on Premise
Licences and Club Premise Certificates**



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On 23 March 2012 the Government launched its Alcohol Strategy, the Strategy aims to radically reshape the approach to alcohol and reduce the number of people drinking to excess.

The Alcohol Strategy is targeted at harmful and hazardous consumers and aims to limit the impact on responsible consumers. The Government's response to the Alcohol Strategy consultation, published on 17 July 2013, set out the Government's intention to ban below cost selling to tackle the availability of below cost alcohol.

Subject to parliamentary approval, the ban will come into force on 6 April 2014 as an additional mandatory condition. The Home Office state that 'cost' will be defined as the level of duty plus value added tax ('VAT') payable on the duty element of the product price.

This will mean a 440ml 4% ABV can of beer will no longer be able to be sold below 41p, a 750ml bottle of 12.5% ABV wine must be priced at at least £2.41, and a 70cl bottle of 37.5% ABV spirits at £8.89. For higher strength beers, a 440ml can of 9% ABV lager will have to be priced at a minimum of £1.16 a can and a 500ml can at £1.31.

The guidance attached to this briefing note provides a single point of reference for suppliers of alcohol and local authorities in England and Wales for banning the sale of alcohol below the cost of duty plus VAT.

The guidance document provides comprehensive information regarding implementation of the relevant legislation, methods of calculating the amount of duty plus VAT (referred to in legislation as "the permitted price") and effective enforcement of the ban. The content of the guidance relates to proposals to be introduced as draft legislation in early 2014. Therefore the

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content is subject to parliamentary approval of legislation; if approval is obtained, the legislation will come into force in April 2014

The ban will prevent businesses from selling alcohol at heavily discounted prices and aims to reduce excessive alcohol consumption and its associated impact on alcohol related crime and health harms.

The ban is a new licensing condition of the Mandatory Code of Practice. The Mandatory Code of Practice applies to all licensed premises, including those with club premises certificates, in England and Wales.

Responsibility for ensuring compliance with the mandatory condition setting out the permitted price is the responsibility of a “relevant person”. Relevant person is defined (in relation to premises licences) as the premises licence holder, designated premises supervisor or personal licence holder and (in relation to club premises certificates) a member or officer of a club who is present and able to prevent a supply of alcohol.

The premises licence holder, designated premises supervisor or personal licence holder is responsible for ensuring that any person (if different from the licence holder) responsible for amending prices on the premises is aware of the legal requirement to sell alcohol at or above the cost of duty plus VAT on that premises. In circumstances where local store managers are not responsible for amending the prices in-store, responsibility is applicable to the company headquarters and the person, or persons, who are a “relevant person” under the mandatory condition.

A full copy of the Guidance is attached as an appendix to this note.

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