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Cut VAT to save £4.6bn and ‘level up’, industry bodies urge Government
-- Hospitality and tourism bodies state permanent VAT reduction benefits are ‘undeniable’, publishing a study that states cut will save the Government £4.6bn and create over quarter of a million jobs over the next decade --

The British Beer and Pub Association, UKHospitality, the Tourism Alliance and the Association of Leading Visitor Attractions have today published a study which highlights the massive benefits which will accrue to the Government over a decade if the current reduced level of VAT is retained.

The report, commissioned jointly by the four bodies, found that a permanent rate of 12.5% VAT will bring VAT on hospitality and attractions in line with the European average (at 20% it is nearly double), and set off a virtuous cycle of industry investment and growth, helping ‘level up’ UK regions. Headline results from the analysis of the impact of retaining VAT at 12.5%, rather than returning to 20%, for hospitality and tourism include:

- Creating 286,850 jobs over 10 years
- Generating £7.7bn of additional turnover over 10 years
- Delivering £4.6 billion in net present value of fiscal gains to the HM Treasury over 10 years -
- Returning a positive gain on the Government’s investment in less than 5 years.

The industry bodies say the report constitutes a compelling case for making the reduced rate permanent and demonstrates the benefits such a long-term investment in UK PLC can bring.

This permanent cut in VAT is being asked for at a time when the hospitality and tourism sector is currently experiencing record levels of debt and are facing increased costs across the board from energy through to raw materials, as well as supply chain difficulties and rising inflation.

A spokesperson for the coalition of industry bodies said:

“We must now reignite our industry with a long-term approach and vision to our sector recovery. The report we publish today sets out the undeniable case for making permanent the 12.5% rate of VAT. The tourism and hospitality sectors can truly act as an engine for the UK’s recovery as we look beyond the pandemic.

“As we approach the point in April where the reduced rate comes to an end, we are united in calling on the Government to change course and cancel the planned increase. The economic and societal benefits of making this change would be enormous.”

-- ENDS --

Notes to editors:

1. The BBPA represents companies in the UK which between them brew over 90% of the beer sold in the UK and own 20,000 pubs. Our members include international companies, family brewers, managed locals, and the nation’s largest tenanted pub estates. **For further information, please contact:** Finlay Morriss on fmorriss@beerandpub.com.
2. [UKHospitality](#) is the trade body representing the UK’s hospitality sector, representing over 750 companies, operating around 85,000 venues in a sector that, prior to Covid, employed 3.2 million people. It speaks on behalf of a wide range of leisure and ‘out-of-home’ businesses, from FTSE 100 enterprises to niche groups and independent single-site

operators – covering pubs, restaurants, hotels, nightclubs, contract catering, leisure parks, visitor attractions and coffee shops.

For further information, please contact: Fleet Street Communications on ukhospitality.fsc.uk.com or Tony Sophocles tsoph@ukhospitality.org.uk 07887 935 335

3. Tourism Alliance is the Voice of the Tourism Industry, comprising 65 Tourism Industry Organisations that together represent some 200,000 businesses of all sizes throughout the UK. The purpose of the Tourism Alliance is to identify and develop policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism, to maximise its contribution to the economy.
4. The Association of Leading Visitor Attractions represents UK's most popular, iconic and important museums, galleries, palaces, castles, cathedrals, zoos, historic houses, heritage sites, gardens and leisure attractions. They comprise over 2200 tourist sites, hosting over 119 million domestic and overseas visitors each year - around 28% of the visits made annually in the UK.
5. The full report can be found in full at [XX](#). And a summary document can be found [XX](#).