



Finance (No. 2) Act 2023

2023 CHAPTER 30

PART 2

ALCOHOL DUTY

CHAPTER 1

CHARGE TO ALCOHOL DUTY

Alcoholic products

44 Meaning of “alcoholic product”

- (1) In [this Part](#), “alcoholic product” means any of the following—
 - (a) spirits,
 - (b) beer,
 - (c) cider,
 - (d) wine, and
 - (e) any other fermented product.
- (2) But a product listed in [subsection \(1\)](#) is not an alcoholic product if it is of an alcoholic strength of 1.2% or less.
- (3) [Schedule 6](#) defines each category of alcoholic product (and makes further provision in connection with the definitions).

45 Alcoholic strength

- (1) The “alcoholic strength” of an alcoholic product is the ratio, expressed as a percentage, of—
 - (a) the volume of the alcohol contained in the product, to
 - (b) the volume of the product (inclusive of the alcohol contained in it).

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- (2) The alcoholic strength of any alcoholic product is to be determined by reference to the product as at 20°C.
- (3) The Commissioners may by regulations make provision about the means of ascertaining the alcoholic strength, weight or volume of any alcoholic product or other substance (including products or substances that are not in liquid form at 20°C) for the purposes of [this Part](#).
- (4) Regulations under [subsection \(3\)](#) may, in particular, include provision for ascertaining the alcoholic strength, weight or volume of anything contained in a bottle or container by reference to information given on the bottle or container or in documents relating to it.
- (5) In [this Part](#), “alcohol” means ethanol.

46 Categories of alcoholic products: regulations

The Treasury may by regulations—

- (a) amend [Schedule 6](#);
- (b) provide that a beverage of an alcoholic strength exceeding 1.2%, of a description specified by or under the regulations, is to be treated as being an alcoholic product of a particular category listed in [section 44](#) (whether or not it would otherwise fall within another category listed in that section).

Charge and rates

47 Alcohol duty: charge

- (1) An excise duty (“alcohol duty”) is charged on alcoholic products that are produced in, or imported into, the United Kingdom.
- (2) But [subsection \(1\)](#) is subject to the exemptions in [Chapters 4 and 6](#).

48 Rates

- (1) Alcohol duty is charged at the rates shown in [Schedule 7](#).
- (2) But [subsection \(1\)](#) is subject to—
 - (a) [section 50](#) (draught relief), and
 - (b) [section 54](#) (small producer relief).

49 Excise duty point and payment

- (1) Alcohol duty is to be paid, and the amount chargeable is to be determined and become due, in accordance with provision made by or under—
 - (a) [section 88](#);
 - (b) section 1 of F(No. 2)A 1992.
- (2) In [this Part](#), “excise duty point” has the meaning given by section 1 of F(No. 2)A 1992.

CHAPTER 2

DRAUGHT RELIEF

50 Qualifying draught products: reduced rates

- (1) Alcohol duty is charged on qualifying draught products at the reduced rates shown in [Schedule 8](#) (instead of at the rates shown in [Schedule 7](#) (the “full rates”)).
- (2) But a person liable to pay alcohol duty on qualifying draught products may, for the purposes of [section 52\(2\)](#), elect for duty to be charged at the full rates.

51 Alcoholic products qualifying for draught relief

- (1) “Qualifying draught products” means alcoholic products that—
 - (a) are of an alcoholic strength of less than 8.5%, and
 - (b) at the excise duty point are contained in, or are being transported to a place in the United Kingdom for the purpose of being transferred to, a large draught container.
- (2) But alcoholic products that are produced in the United Kingdom by a person otherwise than in accordance with an approval under [section 82](#) are not qualifying draught products.
- (3) A “large draught container” means a container which—
 - (a) is of a capacity of at least 20 litres, and
 - (b) incorporates, or is designed to connect to, a qualifying system for dispensing individual drinks.
- (4) For the purposes of [subsection \(3\)\(b\)](#), “qualifying system” means—
 - (a) a pressurised gas delivery system, or
 - (b) a pump delivery system.
- (5) The Commissioners may by regulations—
 - (a) amend [subsection \(3\)\(a\)](#) so as to specify a different capacity;
 - (b) amend [subsection \(4\)](#) so as to add or remove, or to vary the description of, a qualifying system.

52 Repackaging qualifying draught products

- (1) For the purposes of [this section](#), qualifying draught products are “repackaged” if—
 - (a) they are transferred to containers that are not large draught containers, but
 - (b) are not transferred in the course of serving a beverage for immediate consumption.
- (2) A person may not repackage qualifying draught products on any premises in the United Kingdom unless—
 - (a) the repackaging is authorised, or
 - (b) alcohol duty was charged on the products at the full rates, in accordance with an election under [section 50\(2\)](#).
- (3) Repackaging is “authorised” if it is carried out by a person who is—

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- (a) approved and registered under section 100G of CEMA 1979 by virtue of regulation 3 of the Warehousekeepers and Owners of Warehoused Goods Regulations 1999 (S.I. 1999/1278), or
 - (b) approved under [section 82](#) (producers of alcoholic products).
- (4) Where the repackaging of qualifying draught products is authorised, an amount equal to the duty shortfall is treated, for the purposes of [this Part](#), as an amount of alcohol duty charged on the repackaged products.
- (5) In [this section](#) and in [section 53](#), the “duty shortfall” in relation to repackaged qualifying draught products is the difference between—
- (a) the alcohol duty payable on the alcoholic products under [section 50\(1\)](#) (draught products: reduced rates), and
 - (b) the alcohol duty that would have been payable on the alcoholic products under [section 48](#) (rates) if they had not, at the excise duty point, been qualifying draught products.
- (6) For the purposes of subsection (2), the Commissioners may by regulations require a person to provide, on the supply to another person of qualifying draught products in respect of which an election under [section 50\(2\)](#) has been made, information or documents, of a description specified by or under the regulations, as evidence that duty has been charged at the full rates.

53 Repackaging in contravention of [section 52\(2\)](#)

- (1) [This section](#) applies if a person repackages qualifying draught products in contravention of [section 52\(2\)](#).
- (2) The Commissioners may—
- (a) assess as alcohol duty due from the person mentioned in [subsection \(1\)](#) an amount equal to the duty shortfall, and
 - (b) notify that person or that person’s representative of any assessment under [paragraph \(a\)](#).
- (3) The conduct mentioned in [subsection \(1\)](#) attracts a penalty under section 9 of FA 1994, calculated by reference to the amount of duty referred to in [section 52\(5\)\(b\)](#).
- (4) Any alcoholic products, articles (including packaging or equipment) or substances in the person's possession, used (or which may be used) for or in connection with the repackaging, are liable to forfeiture.

CHAPTER 3

SMALL PRODUCER RELIEF

Main provisions

54 Small producer relief: discounted rates

- (1) Alcohol duty is charged at the discounted rate on small producer alcoholic products produced in a particular production year (the “current year”).

- (2) The discounted rate, in relation to small producer alcoholic products, is equal to—
 - (a) the standard rate, less
 - (b) the duty discount for those products (determined in accordance with [section 59](#) and [Schedule 9](#)).
- (3) In [subsection \(2\)\(a\)](#), the “standard rate”, in relation to alcoholic products, means—
 - (a) the rate shown for products of that kind in [Schedule 7](#), or
 - (b) if [Schedule 8](#) applies (and no election has been made under [section 50\(2\)](#)) in relation to the products) the rate shown for products of that kind in that Schedule.
- (4) For the purposes of this Chapter—
 - (a) a “production year” is a period of 12 months beginning with 1 February;
 - (b) the “previous year”, in relation to alcoholic products, is the production year immediately preceding the current year in relation to those products.

55 Small producer alcoholic products

- (1) “Small producer alcoholic products” are alcoholic products that—
 - (a) are of an alcoholic strength of less than 8.5%,
 - (b) are produced on premises that are small production premises,
 - (c) are not produced under licence, and
 - (d) meet such other conditions (if any) as are specified by regulations made by the Commissioners.
- (2) [Subsection \(1\)](#) is subject to [section 58](#) (exclusions).

56 Small production premises

- (1) Production premises are “small production premises” in the current year in relation to alcoholic products if—
 - (a) the production limit condition is met, and
 - (b) the unlicensed product condition is met.
- (2) The “production limit condition” is met in relation to non-group premises if, in relation to those premises, neither of the following amounts exceeds the small production limit—
 - (a) the alcohol production amount for the previous year;
 - (b) the estimated alcohol production amount for the current year,
- (3) The “production limit condition” is met in relation to group premises if neither of the following amounts exceeds the small production limit—
 - (a) the aggregate of the alcohol production amount, in relation to every set of premises in the production group, for the previous year;
 - (b) the aggregate of the estimated alcohol production amount, in relation to every set of premises in the production group, for the current year.
- (4) The “small production limit” is 4500 hectolitres.
- (5) The “unlicensed product condition” is met—

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- (a) in relation to non-group premises if the condition in [subsection \(6\)](#) is met in relation to those premises;
 - (b) in relation to group premises if the condition in [subsection \(6\)](#) is met in relation to every set of premises in the production group.
- (6) The condition is that—
- (a) less than half of the alcohol production amount (if any), in relation to the premises, for the previous year was contained in alcoholic products produced under licence, and
 - (b) the producer reasonably estimates that less than half of the alcohol production amount, in relation to the premises, for the current year will be contained in alcoholic products produced under licence.

57 “Alcohol production amount” etc

- (1) In relation to production premises—
 - (a) the “alcohol production amount” for a production year is the total amount of alcohol contained in alcoholic products produced on those premises in that year, and
 - (b) the “estimated alcohol production amount” for a production year is the producer’s reasonable estimate of the alcohol production amount for those premises in that year.
- (2) [Subsection \(1\)](#) is subject to [subsections \(3\)](#) to [\(6\)](#).
- (3) The reference in [subsection \(1\)](#) to the alcoholic products produced on a set of premises does not include a reference to any alcoholic products that are—
 - (a) spoilt or destroyed before the excise duty point, or
 - (b) produced in the course of producing a different alcoholic product on those premises or on any set of connected premises.
- (4) [Subsection \(5\)](#) applies where premises are in use for the purposes of the production of alcoholic products for part only (the “relevant part”) of a production year (including where premises begin to be used for those purposes part-way through a production year).
- (5) The alcohol production amount or (as the case may be) the estimated alcohol production amount is treated, for the purposes of [this Part](#), as being the amount given by—
 - (a) dividing the actual alcohol production amount, or (as the case may be) the estimate of that amount, by the number of days in the relevant part of the production year, and
 - (b) multiplying the amount given by [paragraph \(a\)](#) by the number of days in the production year.
- (6) The Commissioners may, if satisfied that the circumstances are exceptional, agree with a producer that certain alcoholic products, or a certain quantity of alcoholic products, may be disregarded for the purposes of determining—
 - (a) the alcohol production amount, or
 - (b) the estimated alcohol production amount,
 in relation to production premises for any production year.

58 Exclusions

Alcoholic products produced on any premises are not “small producer alcoholic products” if—

- (a) they are exempt from duty under any of [sections 72, 76 or 77](#),
- (b) they are produced in the United Kingdom by a person otherwise than in accordance with an approval under [section 82](#),
- (c) at the time they are produced, the alcohol production amount attributable to the premises (in the case of non-group premises) or the production group (in the case of group premises) for the current year has exceeded the small production limit, or
- (d) they are produced—
 - (i) in the case of non-group premises, before the producer has estimated (for the purposes of [section 57](#)) the alcohol production amount attributable to the premises for the current year, or
 - (ii) in the case of group premises, before the producer in relation to those premises or any connected premises has estimated (for the purposes of [section 57](#)) the alcohol production amount attributable to those premises or any connected premises for that year.

59 Duty discount for small producer alcoholic products

- (1) The duty discount, in relation to small producer alcoholic products in a discount band, is the amount (in £ per litre of alcohol) given by the formula in subsection (2) and rounded up to the nearest penny.
- (2) The formula is—

$$\frac{C + (M(A - S))}{A}$$

where—

- C is the cumulative discount for the discount band (in £);
- M is the marginal discount for the discount band (in £);
- A is the relevant production amount (in hectolitres);
- S is the start threshold for the discount band (in hectolitres).

- (3) Where the alcoholic products are produced on non-group premises, the “relevant production amount” is—
 - (a) the alcohol production amount, in relation to those premises, for the previous year, or
 - (b) if that amount would be nil, the estimated alcohol production amount in relation to those premises for the current year.
- (4) Where the alcoholic products are produced on group premises, the “relevant production amount” is—
 - (a) the aggregate of the alcohol production amount for the previous year, in relation to every set of premises in the production group on which alcoholic products were produced in that year, or
 - (b) if there are no premises in the production group on which alcoholic products were produced in the previous year, the aggregate of the estimated alcoholic

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production amount, in relation to every set of premises in the production group, for the current year.

- (5) Small producer alcoholic products are in a particular discount band if the relevant production amount in relation to those products—
 - (a) exceeds the start threshold for that band, but
 - (b) does not exceed the end threshold for that band.
- (6) The start and end thresholds, cumulative discount and marginal discount for a discount band are the figures shown—
 - (a) in relation to alcoholic products (other than qualifying draught products referred to in paragraph (b)) of a particular description, in the tables in Part 1 of [Schedule 9](#), and
 - (b) in relation to qualifying draught products (in respect of which no election has been made under section 50(2)) of a particular description, in the tables in Part 2 of [Schedule 9](#).

60 Assessments where incorrectly low rate of alcohol duty applied

- (1) [This section](#) applies if—
 - (a) alcohol duty is charged on alcoholic products,
 - (b) it appears at the excise duty point that the alcoholic products are small producer alcoholic products, and
 - (c) it turns out that the alcoholic products were not small producer alcoholic products (including where circumstances were not as they appeared at the excise duty point or where circumstances subsequently changed).
- (2) [This section](#) also applies if—
 - (a) alcohol duty is charged on small producer alcoholic products, and
 - (b) the discounted rate that at the excise duty point appeared to be the correct rate turns out to be lower than the correct rate (including where circumstances were not as they appeared at the excise duty point or where circumstances subsequently changed).
- (3) The Commissioners—
 - (a) may assess as being alcohol duty due from the liable person an amount equal to the duty shortfall, and
 - (b) must notify that person or that person’s representative of any assessment under [paragraph \(a\)](#).
- (4) In [this section](#) “duty shortfall” means the difference between—
 - (a) the actual amount of alcohol duty chargeable on the alcoholic products, and
 - (b) the lower amount that, at the excise duty point, appeared to be the amount chargeable.
- (5) The reference in [subsection \(3\)](#) to the “liable person” is a reference to the person liable to pay the alcohol duty on the alcoholic products.

Mergers and demergers

61 Mergers: general provisions

- (1) [This section](#) and [sections 62 to 67](#) apply where a small producer (“SP1”) becomes connected with another small producer (“SP2”).
- (2) “Post-merger production group” means the production group that consists of—
 - (a) every set of premises on which SP1 or SP2 produces alcoholic products, and
 - (b) every set of connected premises,and references to “post-merger production group premises” are to premises within [paragraph \(a\)](#) or [\(b\)](#).
- (3) In relation to the post-merger production group—
 - (a) “Year 1” means the production year in which SP1 and SP2 become connected with one another,
 - (b) “Year 2” means the production year immediately following Year 1,
 - (c) “Year 3” means the production year immediately following Year 2, and
 - (d) the “pre-merger year” means the production year immediately preceding Year 1.
- (4) Each of Year 1, Year 2 and Year 3 is a “merger transition year” in relation to the post-merger production group, unless any of the following apply—
 - (a) [section 65](#) (early termination of merger transition period),
 - (b) [section 66](#) (subsequent mergers), or
 - (c) [section 68\(8\)](#) (demergers in a merger transition year).

62 Modified “small production premises” test

- (1) [This section](#) (instead of [section 56](#)) applies in relation to a post-merger production group in a merger transition year.
- (2) Post-merger production group premises are “small production premises” in the current year in relation to alcoholic products if—
 - (a) the adjusted post-merger amount, determined in accordance with [section 64](#) does not exceed the small production limit (within the meaning of [section 56\(4\)](#)), and
 - (b) in relation to each set of post-merger production group premises, less than half of the alcohol production amount (if any), in relation to those premises, for the previous year was contained in alcoholic products produced under licence.

63 Modified duty discount

- (1) [This section](#) applies in relation to alcoholic products that are produced—
 - (a) on post-merger production group premises, and
 - (b) in a merger transition year.
- (2) For the purposes of [section 59](#), references to the “relevant production amount” are references to the adjusted post-merger amount (and subsections (3) and (4) of that section do not apply).

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- (3) [Section 58\(c\)](#) does not apply for the purposes of the application of [section 55](#) or [59](#) in a merger transition year.

64 Adjusted post-merger amount

- (1) In Year 1, the adjusted post-merger amount is the alcohol production amount in relation to the larger producer’s premises for the pre-merger year, determined in accordance with [section 57](#) (and the alcohol production amount attributable to the smaller producer for the pre-merger year is disregarded).
- (2) In Year 2, the adjusted post-merger amount is the total of—
- (a) the adjusted post-merger amount in Year 1, and
 - (b) one-third of the production difference for Year 2.
- (3) In Year 3, the adjusted post-merger amount is the total of—
- (a) the adjusted post-merger amount in Year 1, and
 - (b) two-thirds of the production difference for Year 3.
- (4) The amount of the “production difference” for a merger transition year is the difference between—
- (a) the aggregate of the alcohol production amount, in relation to every set of post-merger production group premises, for the previous year (determined in accordance with [section 57](#)), and
 - (b) the adjusted post-merger amount in Year 1.
- (5) If the alcohol production amount attributable to SP1’s premises for the pre-merger year is greater than the alcohol production amount attributable to SP2’s premises for that year—
- (a) SP1 is the “larger producer”, and
 - (b) SP2 is the “smaller producer”,
- and vice versa.
- (6) If the amount mentioned in [subsection \(5\)](#) is equal in relation to both SP1’s premises and SP2’s premises, either SP1 or SP2 may be treated as the “larger producer” for the purposes of [this section](#).
- (7) In [subsections \(1\)](#), [\(5\)](#) and [\(6\)](#), references to a person’s premises are references to—
- (a) the premises on which the person produces alcoholic products immediately before becoming connected with the other person mentioned in [section 61\(1\)](#), if those premises are (at that time) non-group premises, or
 - (b) if those premises are group premises, the production group which, at that time, includes those premises (and the reference in [subsection \(1\)](#) to the alcohol production amount in relation to those premises is a reference to the aggregate of the alcohol production amount in relation to those premises and every set of connected premises).

65 Early termination of merger transition period

- (1) [This section](#) applies in relation to a post-merger production group if, in a relevant year, Amount A is less than Amount B.

- (2) “Amount A” is the aggregate of the alcohol production amount, in relation to every set of premises in the group, for the production year immediately preceding the relevant year (determined in accordance with [section 57](#)).
- (3) “Amount B” is the adjusted post-merger amount in the relevant year.
- (4) Neither the relevant year, nor any subsequent production year, is a merger transition year in relation to the group.
- (5) Each of Year 1, 2 and 3 is a “relevant year” for the purposes of [this section](#).

66 Subsequent mergers

- (1) [This section](#) applies if—
 - (a) a person who produces alcoholic products on group premises which are included in a post-merger production group (the “first post-merger group”) becomes connected with another person who produces alcoholic products (that are not exempt from duty under any of [sections 72, 76 or 77](#)), and
 - (b) the producers mentioned in [paragraph \(a\)](#) become connected with one another in Year 1, 2 or 3 in relation to the first post-merger group.
- (2) Neither the production year in which the producers mentioned in [subsection \(1\)\(a\)](#) become connected with one another, nor any subsequent year, is a merger transition year in relation to the first post-merger group.
- (3) But [subsection \(2\)](#) does not prevent the application of [sections 61 to 67](#) in relation to the post-merger production group that includes both of the producers mentioned in [subsection \(1\)\(a\)](#).

67 Simultaneous mergers

- (1) [Subsections \(2\) to \(4\)](#) apply if, at the same time as SP1 becomes connected with SP2, SP1 also becomes connected with one or more other small producers (who are not already connected with one another).
- (2) References in [sections 61 and 64](#) to SP2 include references to the other small producers becoming connected with SP1.
- (3) For the purposes of [section 64](#)—
 - (a) the “larger producer” is the producer with a greater alcohol production amount attributable to the producer’s premises for the pre-merger year than any of the other producers mentioned in [subsection \(1\)](#), and
 - (b) each of the other producers is a “smaller producer”,
(and [this subsection](#) applies instead of [section 64\(5\)](#)).
- (4) If the amount mentioned in [subsection \(3\)\(a\)](#) is equal in relation to any two or more of the producers mentioned in [subsection \(1\)](#), any one of them may be treated as the “larger producer” for the purposes of [section 64](#).

68 Demergers

- (1) [This section](#) applies if a demerger event occurs in relation to a production group.

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- (2) A “demerger event” occurs, in relation to a production group, if a group producer (the “demerging producer”) ceases to be connected with at least one other group producer.
- (3) A “group producer” in relation to a production group means a person who produces alcoholic products on premises that are (immediately before the demerger event) included in the production group.
- (4) For the purposes of the application of [sections 56 and 59](#) in relation to the demerger year, the alcohol production amount for the immediately preceding production year, in relation to production premises that were (immediately before the demerger event) included in the group, is treated as being nil.
- (5) If, before the end of the restricted period, the demerging producer becomes connected again with another group producer, none of [sections 61 to 67](#) apply by reference to that connection.
- (6) For the purposes of [subsection \(5\)](#), the “restricted period” is the period of 7 years beginning with the date on which the demerger event occurs.
- (7) [Subsection \(8\)](#) applies if the demerger event occurs in Year 1, 2 or 3 in relation to a post-merger production group (the “relevant group”).
- (8) Neither the production year in which the event occurs, nor any subsequent year, is a merger transition year in relation to the relevant group.
- (9) References in [this section](#) to the “demerger year” are references to the production year in which the demerger event occurs.

Interpretation of Chapter 3

69 “Producer”, “production premises”, “group premises” etc

- (1) [This section](#) applies for the purposes of [this Chapter](#).
- (2) “Production premises” means premises (whether or not in the United Kingdom) on which alcoholic products are produced.
- (3) Production premises are “group premises” at a time in a production year (the “reference time”) if—
 - (a) a person (“P”) who produces alcoholic products on the premises at the reference time or at any earlier time in that year, or
 - (b) a person connected with P,
 also produces alcoholic products on any other premises at the reference time or any earlier time in that year.
- (4) “Connected premises”, in relation to group premises, means premises on which alcoholic products are produced at the reference time or at any earlier time in the current year, by—
 - (a) P, or
 - (b) a person connected with P.
- (5) References to “the production group”, in relation to group premises, are references to the group consisting of—
 - (a) the group premises, and

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- (b) every set of connected premises.
- (6) Production premises are “non-group premises” at a time in a production year if, at that time, they are not group premises.
- (7) In [this Chapter](#)—
 - (a) references to the “producer”, in relation to a set of premises, are references to the person who produces alcoholic products on those premises, and
 - (b) references to a “small producer” are references to a person who produces small producer alcoholic products.

70 Connected persons

- (1) References in [this Chapter](#) to a person being or becoming connected with another person are to be construed in accordance with section 1122 of CTA 2010.
- (2) But the Commissioners may, if they think it appropriate, treat two connected persons as if they were not connected with one another for the purposes of [this Chapter](#).

71 Index of defined expressions: [Chapter 3](#)

The following Table sets out expressions defined or explained for the purposes of [this Chapter](#)—

Expression	Provision
adjusted post-merger amount	section 64(1) to (3)
alcohol production amount	section 57(1)(a)
connected premises	section 69(4)
current year	section 54(1)
duty discount	section 59(1)
estimated alcohol production amount	section 57(1)(b)
group premises	section 69(3)
merger transition year	section 61(4)
non-group premises	section 69(6)
post-merger production group	section 61(3)
post-merger production group premises	section 61(2)
previous year	section 54(4)(b)
producer (in Chapter 3)	section 69(7)(a)
production group	section 69(5)
production premises	section 69(2)
production year	section 54(4)(a)
small producer	section 69(7)(b)
small producer alcoholic products	section 55

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Expression	Provision
small production limit	section 56(4)
small production premises	section 56 (for general purposes); section 62 (in relation to a post-merger production group)
SP1 and SP2	section 61(1)
Year 1, Year 2 and Year 3	section 61(3)

CHAPTER 4

OTHER RELIEFS AND EXEMPTIONS

General

72 Exemption: production for personal consumption

Alcohol duty is not charged on alcoholic products which—

- (a) are produced, in the United Kingdom, by a person who produces alcoholic products only for the person's own domestic use, and
- (b) are not spirits.

73 Research and experiments

(1) [This section](#) applies where—

- (a) alcohol duty is chargeable on alcoholic products produced in the United Kingdom, and
- (b) the Commissioners are satisfied that the alcoholic products are to be used only for the purposes of research into, or experiments in, the production of alcoholic products.

(2) The Commissioners may remit or repay the alcohol duty.

74 Spoilt alcoholic products

(1) [This section](#) applies where—

- (a) alcohol duty is chargeable on alcoholic products, and
- (b) the Commissioners are satisfied that the alcoholic products have become spoilt or unfit for use.

(2) The Commissioners may remit or repay the alcohol duty.

75 Alcoholic ingredients

(1) [Subsection \(2\)](#) applies where a person proves to the satisfaction of the Commissioners that—

- (a) alcohol duty is chargeable, and has been paid, on alcoholic products, and

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- (b) the alcoholic products have been used as an ingredient in the production or manufacture of—
 - (i) a qualifying food product, or
 - (ii) a beverage of an alcoholic strength of 1.2% or less.
- (2) The person is entitled to repayment of the alcohol duty, on making a claim in accordance with [this section](#) (subject to [subsection \(7\)](#)).
- (3) In [this section](#) “qualifying food product” means—
 - (a) vinegar,
 - (b) chocolates containing alcohol, where 100 kilograms of the chocolates would not contain more than 8.5 litres of alcohol, or
 - (c) any other food (for human consumption) which contains alcohol, where 100 kilograms of the food would not contain more than 5 litres of alcohol.
- (4) Alcoholic products that are converted into vinegar are treated, for the purposes of [this section](#), as being used as an ingredient in the production or manufacture of vinegar.
- (5) Neither of the following is a qualifying food product for the purposes of this section—
 - (a) a beverage, including a beverage produced or intended for consumption in frozen form;
 - (b) a product that is intended for consumption as a substitute for a beverage.
- (6) A claim for repayment under [this section](#)—
 - (a) must be in the form and manner, and contain the information, required by the Commissioners (either generally or in a particular case), and
 - (b) except so far as the Commissioners otherwise allow, relate to duty paid on alcoholic products used as an ingredient during a period of 3 months ending not more than 3 years before the claim is made.
- (7) No repayment of duty may be made unless the Commissioners are satisfied that the repayment claimed does not relate to any duty which has been repaid or drawn back prior to the making of the claim.
- (8) The Commissioners may remit any alcohol duty chargeable—
 - (a) on alcoholic products imported into the United Kingdom at a time when they are contained as an ingredient in a qualifying food product within [subsection \(3\)\(b\)](#) or [\(c\)](#), or
 - (b) on alcoholic products used as an ingredient in the manufacture or production in an excise warehouse of a qualifying food product within [subsection \(3\)\(b\)](#) or [\(c\)](#).

Spirits

76 Imported medical articles

- (1) Alcohol duty is not charged on spirits contained in medical articles imported into the United Kingdom.
- (2) “Medical article” means an article recognised by the Commissioners as being an article used for medical purposes.

Status: This is the original version (as it was originally enacted).

77 Flavourings

- (1) Alcohol duty is not charged on spirits contained in food and drink flavourings.
- (2) In [this section](#)—
 - “food and drink flavourings” means any qualifying flavourings which are for use in—
 - (a) the preparation of food for human consumption, or
 - (b) the preparation of any beverage of an alcoholic strength not exceeding 1.2%;
 - “qualifying flavourings” means any products falling within commodity code 3302 of the customs tariff established by regulations made under section 8 of TCTA 2018.

78 Authorised use for certain purposes

- (1) [This section](#) applies where a person proposes to use spirits, on which alcohol duty is chargeable, either—
 - (a) in the manufacture or preparation of medical articles, or
 - (b) for scientific purposes.
- (2) [This section](#) also applies where—
 - (a) a person proposes to use spirits, on which alcohol duty is chargeable, for the purposes of art or manufacture (other than the manufacture of medical articles), and
 - (b) the Commissioners are satisfied that denatured alcohol would not be suitable for that use.
- (3) The Commissioners may authorise the person to receive the spirits, and permit the delivery of the spirits from relevant premises to that person, without payment of the alcohol duty.
- (4) In [subsection \(3\)](#), “relevant premises” means—
 - (a) an excise warehouse, or
 - (b) premises in respect of which a person is approved (including premises on which a person is authorised to hold alcoholic products without payment of duty) under [section 82](#).
- (5) An authorisation under [this section](#) may be given subject to the conditions (if any)—
 - (a) specified by the Commissioners in a notice published by them;
 - (b) imposed by them in a particular case.
- (6) If a person fails to comply with a condition in respect of an authorisation, the failure attracts a penalty under section 9 of FA 1994.
- (7) [Subsection \(8\)](#) applies if—
 - (a) the spirits are delivered to the person mentioned in [subsection \(3\)](#), and
 - (b) the spirits are used otherwise than for the purpose in respect of which the authorisation was given.
- (8) The Commissioners—

Status: This is the original version (as it was originally enacted).

- (a) may assess as being alcohol duty due from the person an amount equal to the alcohol duty that would have been charged on the spirits if, at the time of delivery, no authorisation under [this section](#) had been given, and
 - (b) must notify that person or the person’s representative of the assessment.
- (9) In [this section](#) “medical article” has the same meaning as in [section 76](#).

79 Imported goods not for human consumption

- (1) The Commissioners may remit any alcohol duty chargeable on spirits imported into the United Kingdom at a time when the spirits are contained in goods that are not for human consumption.
- (2) If it turns out that the goods containing spirits are for human consumption, the Commissioners—
- (a) may assess as being alcohol duty due from the relevant person an amount equal to the alcohol duty that would (apart from [subsection \(1\)](#)) have been charged on the goods, and
 - (b) must notify the relevant person or that person’s representative of the assessment.
- (3) For the purposes of [subsection \(2\)](#), references to “the relevant person” are references to the importer.

80 Restrictions on use of certain articles

- (1) If a person makes unauthorised use of an article to which [this section](#) applies—
- (a) that conduct attracts a penalty under section 9 of FA 1994, and
 - (b) the article is liable to forfeiture.
- (2) [This section](#) applies to—
- (a) an article containing spirits which are exempt under [section 76](#) from the charge to alcohol duty;
 - (b) an article in respect of which spirits were used in the manufacture or preparation, where remission of alcohol duty on the spirits was obtained under [section 78](#).
- (3) A person makes “unauthorised use” of an article for the purposes of [this section](#) if—
- (a) the person uses the article other than for medical or scientific purposes, and
 - (b) the person has not complied with the requirements under [subsection \(4\)](#).
- (4) The requirements are that—
- (a) the person must obtain the written consent of the Commissioners to the use of the article other than for medical or scientific purposes, and
 - (b) the person must pay to the Commissioners an amount equal to the duty shortfall.
- (5) In [this section](#), the “duty shortfall” means—
- (a) the difference between the duty charged on the spirits contained in, or used in the manufacture or preparation of, the article, and
 - (b) the duty which would have been chargeable had the article not been exempt under [section 76](#) or the duty had not been remitted under [section 78](#).

Status: This is the original version (as it was originally enacted).

- (6) The Commissioners may make regulations for the purpose of enforcing [this section](#).
- (7) Regulations under [subsection \(6\)](#) may, in particular, require a person carrying on any trade in which spirits or articles containing, manufactured or prepared with spirits are, in the opinion of the Commissioners, likely to be or have been used—
 - (a) to give and verify particulars of the materials which the person is using or has used, or the articles the person has sold;
 - (b) to produce any documents (of whatever nature) relating to such materials or articles.
- (8) If a person contravenes or fails to comply with any regulation made under [subsection \(6\)](#), the contravention or failure attracts a penalty under section 9 of FA 1994.
- (9) In [this section](#), a reference to an article includes a reference to any part of that article.

Remission and repayment

81 Further provision about remission and repayment

- (1) The remission or repayment of alcohol duty under any provision of [this Chapter](#) is subject to the conditions (if any)—
 - (a) specified by the Commissioners in a notice published by them;
 - (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (2) If a person fails to comply with a condition in respect of the remission or repayment, the failure attracts a penalty under section 9 of FA 1994.

CHAPTER 5

REGULATED ACTIVITIES AND APPROVALS

82 Approval requirement: producers

- (1) A person may not produce alcoholic products on any premises unless—
 - (a) the production on those premises is in accordance with an approval given under [this section](#) by the Commissioners to the person, or
 - (b) the person is exempt from the approval requirement under [section 84](#) or [85](#).
- (2) The Commissioners may approve a person under [this section](#) only if they are satisfied that the person is a fit and proper person to produce alcoholic products.
- (3) An approval under [this section](#) may authorise the approved person to hold alcoholic products (including alcoholic products produced by another person in, or imported into, the United Kingdom) on certain premises without payment of alcohol duty.
- (4) A person may not carry out other activities on those premises in relation to those alcoholic products, without payment of alcohol duty, except in accordance with an approval under this section.

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- (5) The reference in subsection (4) to “activities” includes, in particular, packaging and processing, or carrying out other operations on or in relation to, the alcoholic products.

83 Supplementary provision about approvals

- (1) An approval under [section 82](#) may be given to a person—
- (a) in respect of—
 - (i) more than one category of alcoholic product;
 - (ii) more than one set of premises;
 - (b) for such period as the Commissioners think fit.
- (2) An approval is subject to the conditions or restrictions (if any)—
- (a) specified by the Commissioners in a notice published by them;
 - (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (3) The Commissioners may, at any time, revoke or vary the terms of an approval.
- (4) An application for approval must be in the form and manner, and contain the information, specified by or under regulations made by the Commissioners.

84 Exemption: production for personal consumption

For the purposes of [section 82\(1\)\(b\)](#), a person is exempt from the approval requirement if—

- (a) the person produces alcoholic products only for the person’s own domestic use, and
- (b) the alcoholic products are not spirits.

85 Exemption: research and experiments

For the purposes of [section 82\(1\)\(b\)](#), a person is exempt from the approval requirement if—

- (a) the person produces alcoholic products only for the purposes of research into, or experiments in, the production of alcoholic products, and
- (b) the person complies with, and the alcoholic products are produced in accordance with, the requirements specified—
 - (i) by the Commissioners in a notice published by them, or
 - (ii) by or under regulations made by the Commissioners.

86 Mixing alcoholic products

- (1) A person may not mix two or more alcoholic products unless one of the following exemptions applies.
- (2) The first exemption applies if the products are mixed—
- (a) either—
 - (i) in accordance with an approval under [section 82](#), or
 - (ii) in an excise warehouse, and
 - (b) the mixing takes place before the excise duty point.

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- (3) The second exemption applies if all of the alcoholic products being mixed—
 - (a) fall within the same paragraph of [section 44\(1\)](#), and
 - (b) are of the same alcoholic strength.
- (4) The third exemption applies if—
 - (a) the alcohol duty on each of the alcoholic products being mixed has been paid, and
 - (b) that amount is equal to or exceeds the amount of alcohol duty that would (if the mixing had taken place before the excise duty point) have been chargeable on the resulting mix.
- (5) The fourth exemption applies if—
 - (a) the alcohol duty on each of the alcoholic products being mixed has been paid,
 - (b) the resulting mix is intended for consumption on the premises on which the mixing takes place, and
 - (c) the method of mixing is of a description specified in a notice published by the Commissioners.

87 Post-duty point dilution of alcoholic products

- (1) A person may not mix water or any other substance with alcoholic products on which alcohol duty is chargeable if—
 - (a) the mixing takes place after the excise duty point in relation to that charge,
 - (b) the resulting product is intended for sale, and
 - (c) if the mixing had taken place immediately before the excise duty point, the amount of alcohol duty would have been greater than the amount actually payable.
- (2) [This section](#) has effect, despite section 8 of the Isle of Man Act 1979, as if a removal of relevant alcoholic products to the United Kingdom from the Isle of Man constituted their importation into the United Kingdom (and references to the charge to alcohol duty and to the excise duty point are to be read accordingly).

88 Alcoholic products regulations

- (1) The Commissioners may by regulations (“alcoholic products regulations”) make provision—
 - (a) regulating the production, packaging, keeping and storage of alcoholic products produced in, or imported into, the United Kingdom;
 - (b) for determining when the production of any alcoholic product begins and when it is completed;
 - (c) for securing and collecting alcohol duty;
 - (d) for determining alcohol duty, the rate and the method of charging the duty;
 - (e) for charging alcohol duty, in specified circumstances, by reference to an alcoholic strength which any alcoholic product might reasonably be expected to have, or the rate of duty in force, at a time other than that at which the alcoholic product becomes chargeable;
 - (f) for determining the alcohol production amount in relation to a set of premises (for the purposes of Chapter 3 of this Part), in specified circumstances, by reference to an alcoholic strength which any alcoholic product might

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- reasonably be expected to have at a time other than that at which the alcoholic product is produced;
- (g) for full or partial relief from alcohol duty in specified circumstances (and whether or not subject to conditions);
 - (h) regulating or prohibiting the addition of substances to, the mixing of, or the carrying out of other operations on or in relation to, any alcoholic product;
 - (i) regulating the approval of persons under this Chapter, including the variation or revocation of the approval or of any condition or restriction to which it is subject;
 - (j) permitting, in specified circumstances, the removal of alcoholic products from certain premises without payment of duty (whether or not subject to conditions);
 - (k) make provision in respect of alcoholic products permitted to be removed from premises without payment of duty or on which alcohol duty has been remitted;
 - (l) regulating the transportation of alcoholic products;
 - (m) requiring the production of certificates as to matters relating to alcoholic products imported into the United Kingdom, and the production and producer of those products, as evidence that conditions for charging the duty at a particular rate are satisfied.
- (2) Alcoholic products regulations may, in particular, include provision—
- (a) requiring the making of returns;
 - (b) for notifications and other communications with the Commissioners to be made electronically;
 - (c) requiring persons to keep, and make available for inspection, specified records relating to alcoholic products;
 - (d) for the imposition under the regulations of requirements as to documents to accompany, or be provided with, alcohol products at any time during a specified period or in specified circumstances, and requiring production of those documents;
 - (e) conferring powers on an officer of Revenue and Customs to inspect, copy or remove for a reasonable period records or documents relating to alcoholic products;
 - (f) for assessing an amount as alcohol duty due from a person in specified circumstances;
 - (g) for the imposition under the regulations of conditions and restrictions (which may include a requirement to give a guarantee or other security).
- (3) The reference in [subsection \(1\)\(k\)](#) to alcoholic products permitted to be removed from premises without payment of duty is treated as including a reference to alcoholic products that are—
- (a) treated for the purposes of alcohol duty, by provision made (or having effect as if made) under section 12 of the Customs and Excise Duties (General Reliefs) Act 1979 (supply of duty-free goods to His Majesty's ships), as exported,
 - (b) supplied to persons on whom relief from payment of alcohol duty is conferred by provision made under section 13A of that Act (reliefs from duties and taxes for persons enjoying certain immunities and privileges), or
 - (c) supplied for use on a ship, aircraft or railway vehicle as stores, in accordance with provision made under section 60A of CEMA 1979 (power to make regulations about stores).

- (4) In this section, “specified” means specified by or under alcoholic products regulations.

89 Penalties and forfeiture

- (1) [This section](#) applies if a person contravenes or fails to comply with—
- (a) [section 82](#),
 - (b) [section 86\(1\)](#),
 - (c) [section 87\(1\)](#), or
 - (d) any provision made by or under alcoholic products regulations.
- (2) The person’s conduct attracts a penalty under section 9 of FA 1994.
- (3) Any alcoholic products, articles (including packaging or equipment) or substances in the person’s possession, used (or which may be used) for or in connection with an action to which the contravention or failure relates, are liable to forfeiture.

CHAPTER 6

DENATURED ALCOHOL

90 Denatured alcohol

- (1) Alcohol duty is not charged on denatured alcohol.
- (2) “Denatured alcohol” means an alcoholic product which has been mixed with a substance, and in a manner, specified by or under regulations made by the Commissioners (and references, however expressed, to “denaturing” alcoholic products are to be construed accordingly).
- (3) Provision made under [subsection \(2\)](#) may include provision specifying a substance, or a manner of mixing, by reference to particular circumstances or other factors, or to the approval or opinion of specified persons.
- (4) Where—
- (a) alcohol duty is chargeable on alcoholic products, and
 - (b) the Commissioners are satisfied that the alcoholic products are to be converted into denatured alcohol before the duty is required to be paid,
- the duty is to be remitted.

91 Licence to manufacture and deal wholesale in denatured alcohol

- (1) A person may not denature any alcoholic products, or deal wholesale in denatured alcohol, unless the person holds an excise licence as a denaturer under [this section](#).
- (2) For the purposes of [this section](#), a person deals wholesale in denatured alcohol if the person sells, at any one time to any one person—
- (a) a quantity of at least 20 litres of denatured alcohol, or
 - (b) a smaller quantity, specified by or under regulations made by the Commissioners, of denatured alcohol.

- (3) The Commissioners may, at any time, revoke or suspend an excise licence under [this section](#).
- (4) An application for an excise licence as a denaturer must be in the form and manner, and contain the information, specified by the Commissioners in a notice published by them.

92 Regulations relating to denatured alcohol

- (1) The Commissioners may, with a view to the protection of the revenue, by regulations make provision—
 - (a) regulating the denaturing of alcoholic products;
 - (b) regulating the supply, storage, removal, sale, delivery, receipt, use, export or shipment as stores of denatured alcohol;
 - (c) permitting alcoholic products to be denatured in a warehouse;
 - (d) permitting dealing wholesale (within the meaning of [section 91](#)) in denatured alcohol of a specified description, in specified circumstances, without an excise licence;
 - (e) regulating the import, receipt, removal, storage and use of alcoholic products for denaturing;
 - (f) regulating the storage and removal of substances to be used in denaturing alcoholic products;
 - (g) about the manner in which account is to be kept of stocks of denatured alcohol in the possession of persons licensed as denaturers under [section 91](#) and of retailers of denatured alcohol.
- (2) Regulations under [this section](#) may, in particular, include provision—
 - (a) for applications and other communications with the Commissioners to be made electronically;
 - (b) requiring persons licensed as denaturers under [section 91](#) and retailers of denatured alcohol to keep, and make available for inspection, specified records relating to denaturing;
 - (c) conferring powers on an officer of Revenue and Customs to inspect, copy or remove for a reasonable period those records;
 - (d) for the imposition under the regulations of conditions and restrictions (which may include a requirement to give a guarantee or other security).
- (3) In this section, “specified” means specified by or under regulations under this section.

93 Penalties and forfeiture

- (1) [This section](#) applies if a person—
 - (a) fails to comply with [section 91\(1\)](#) (denaturing alcoholic products, or dealing wholesale in denatured alcohol, otherwise than in accordance with an excise licence), or
 - (b) contravenes or fails to comply with any provision made by or under regulations under [section 92](#).
- (2) Conduct mentioned in [subsection \(1\)\(a\)](#) or [\(b\)](#) attracts a penalty under section 9 of FA 1994.

- (3) Any alcoholic product or denatured alcohol, article (including packaging or equipment) or substance in the person’s possession, used (or which may be used) for or in connection with an action to which the contravention or failure relates is liable to forfeiture.

94 Defaults in respect of denatured alcohol: possession of excess alcoholic products

- (1) **This section** applies if, in relation to a person who holds an excise licence under **section 91** (the “denaturer”), at a time when an account is taken of the quantity of denatured alcohol in the denaturer’s possession—
- (a) there is a difference between the actual amount and the proper amount, and
 - (b) either—
 - (i) where the actual amount exceeds the proper amount, the amount of the excess is more than 1% of the permitted amount, or
 - (ii) where the proper amount exceeds the actual amount, the amount of the excess is more than 2% of the permitted amount.
- (2) For the purposes of **subsection (1)**—
- (a) the “actual amount” is the quantity of alcoholic products of any description in the denatured alcohol in the denaturer’s possession;
 - (b) the “proper amount” is the quantity of alcoholic products of the same description which, according to any accounts that are required to be kept by or under any regulations under **section 92**, ought to be in the denatured alcohol in the denaturer’s possession.
- (3) Where there is a difference between the actual amount and the proper amount, in relation to alcoholic products of a particular description, the “permitted amount” is the aggregate of—
- (a) the quantity of alcoholic products of that description when an account was last taken, and
 - (b) the quantity of alcoholic products of that description that have since been lawfully added to the denaturer’s stock.
- (4) In a case within **subsection (1)(b)(i)**, the relevant amount of any alcoholic products of the description to which the difference relates in the denaturer’s possession is liable to forfeiture.
- (5) The “relevant amount” for the purposes of **subsection (4)** is the amount corresponding to the amount of the excess mentioned in **subsection (1)(b)(i)**, or such smaller amount as the Commissioners consider appropriate.
- (6) In a case within **subsection (1)(b)(ii)**, the denaturer must, on demand by the Commissioners, pay alcohol duty—
- (a) on the amount of alcoholic products (of the same description) equal to the amount of the difference, or
 - (b) if the Commissioners specify a smaller amount of alcoholic products (of the same description) in the demand, on that amount.
- (7) A demand made for the purposes of **this section** is to be combined, as if there had been a default of a kind mentioned in section 12 of FA 1994 (assessments to excise duty) with an assessment and notification under that section of the amount of duty due in consequence of the demand.

95 Defaults in respect of denatured alcohol: supply and use of denatured alcohol

- (1) **This section** applies if a person, in contravention of regulations under **section 92**, uses or supplies denatured alcohol containing alcoholic products of any description.
- (2) The person must, on demand by the Commissioners, pay alcohol duty—
 - (a) on the amount of alcoholic products contained, at the time of supply or use, in the denatured alcohol, or
 - (b) if the Commissioners specify a smaller amount of alcoholic products (of the same description) in the demand, on that amount.
- (3) For the purposes of **this section**, a supply of denatured alcohol to a person who—
 - (a) by reason of regulations under **section 92** is prohibited from receiving it unless authorised to do so by or under the regulations, but
 - (b) is not so authorised,is treated as being a supply in contravention of those regulations.
- (4) A demand made for the purposes of **this section** is to be combined, as if there had been a default of a kind mentioned in section 12 of FA 1994 (assessments to excise duty) with an assessment and notification under that section of the amount of duty due in consequence of the demand.

96 Inspection of premises etc

- (1) An officer of Revenue and Customs may, at any reasonable time—
 - (a) enter and inspect the premises of a person authorised by regulations under **section 92** to receive denatured alcohol,
 - (b) inspect and examine any denatured alcohol on the premises, and
 - (c) take samples of any denatured alcohol or of any goods containing denatured alcohol (paying a reasonable price for each sample).
- (2) **Subsection (1)** does not affect any other power conferred by the customs and excise Acts.

97 Prohibition of use of denatured alcohol etc as beverage or medicine

- (1) It is an offence for a person—
 - (a) to prepare, or attempt to prepare, denatured alcohol for use as a beverage or as a mixture with a beverage;
 - (b) to sell denatured alcohol (whether or not prepared as described in **paragraph (a)**) as a beverage or mixed with a beverage;
 - (c) to use any denatured alcohol or a derivative of it in the preparation of any article capable of being used as a beverage;
 - (d) to sell or possess any article capable of being used as described in **paragraph (c)**, in the preparation of which denatured alcohol or any derivative of it has been used;
 - (e) except as permitted by the Commissioners and in accordance with any conditions imposed by them—
 - (i) to purify, or attempt to purify, denatured alcohol, or
 - (ii) after denatured alcohol has once been used, to attempt to recover the spirit or alcohol contained in it by distillation, condensation or in any other manner.

Status: This is the original version (as it was originally enacted).

- (2) [Subsection \(1\)](#) is subject to [subsections \(5\)](#) and [\(6\)](#).
- (3) A person who commits an offence under [this section](#) is liable on summary conviction to a penalty not exceeding level 3 on the standard scale.
- (4) Any denatured alcohol, or any article (including packaging or equipment), in respect of which an offence under [this section](#) is committed is liable to forfeiture.
- (5) No offence is committed under [this section](#) where a person uses denatured alcohol or any derivative of it—
 - (a) in the preparation for use as a medical article (as defined in [section 76](#)),
 - (b) in the making of anything sold or supplied in accordance with regulations made by the Commissioners under [section 92](#), or
 - (c) in art or manufacture.
- (6) No offence is committed under [this section](#) where a person sells or possesses anything that—
 - (a) is permitted to be prepared or made, by reference to [paragraph \(a\)](#) or [\(b\)](#) of [subsection \(5\)](#), for a use described in that paragraph, and
 - (b) is sold or possessed for that use.
- (7) In [this section](#), references to denatured alcohol include references to—
 - (a) methanol, and
 - (b) any mixture containing denatured alcohol or methanol.

CHAPTER 7

WHOLESALING OF CONTROLLED ALCOHOLIC PRODUCTS

98 Definitions

- (1) [This section](#) defines certain expressions used in [this Chapter](#).
- (2) A sale is of “controlled alcoholic products” if—
 - (a) it is a sale of alcoholic products on which alcohol duty is charged under [this Part](#) at a rate greater than nil, and
 - (b) the excise duty point for the alcoholic products falls at or before the time of the sale.
- (3) Controlled alcoholic products are sold “wholesale” if—
 - (a) the sale is of any quantity of the alcoholic products,
 - (b) the seller is carrying on a trade or business and the sale is made in the course of that trade or business,
 - (c) the sale is to a buyer carrying on a trade or business, for sale or supply in the course of that trade or business, and
 - (d) the sale is not an incidental sale, a group sale or an excluded sale,
 and a reference to buying controlled alcoholic products wholesale is to be read accordingly.
- (4) A sale is an “incidental sale” if—

Status: This is the original version (as it was originally enacted).

- (a) the seller makes authorised retail sales of alcoholic products of any description, and
 - (b) the sale is incidental to those sales.
- (5) A sale is an “authorised retail sale” if it is made by retail under and in accordance with a licence or other authorisation under an enactment regulating the sale and supply of alcohol.
- (6) A sale is a “group sale” if the seller and the buyer are both bodies corporate which are members of the same group (see [section 106](#)).
- (7) A sale is an “excluded sale” if it is of a description specified by or under regulations made by the Commissioners.
- (8) “Controlled activity” means—
- (a) selling controlled alcoholic products wholesale,
 - (b) offering or exposing controlled alcoholic products for sale in circumstances in which the sale (if made) would be a wholesale sale, or
 - (c) arranging in the course of a trade or business for controlled alcoholic products to be sold wholesale, or offered or exposed for sale in circumstances in which the sale (if made) would be a wholesale sale.
- (9) “UK person” means a person who is UK-established for the purposes of value added tax (see paragraph 1(10) of Schedule 1 to VATA 1994).
- (10) “Enactment” includes an enactment contained in—
- (a) an Act of the Scottish Parliament;
 - (b) an Act or Measure of Senedd Cymru;
 - (c) Northern Ireland legislation.
- (11) References in [this Chapter](#) to the “alcohol wholesaling provisions” are references to [this section](#) and [sections 99 to 106](#), and [Schedule 10](#).

99 Further provision relating to definitions

- (1) The Commissioners may by regulations make provision as to the cases in which sales are, or are not, to be treated for the purposes of [this Chapter](#) as—
- (a) wholesale sales,
 - (b) sales of controlled alcoholic products,
 - (c) incidental sales,
 - (d) authorised retail sales, or
 - (e) group sales.
- (2) The Commissioners may by regulations make provision as to the cases in which a person is, or is not, to be treated for the purposes of [this Chapter](#) as carrying on a controlled activity by virtue of [section 98\(8\)\(b\)](#) or [\(c\)](#).

100 Approval to carry on controlled activity

- (1) A UK person may not carry on a controlled activity otherwise than in accordance with an approval given by the Commissioners under [this section](#).

Status: This is the original version (as it was originally enacted).

- (2) The Commissioners may approve a person under [this section](#) to carry on a controlled activity only if they are satisfied that the person is a fit and proper person to carry on the activity.
- (3) The Commissioners may approve a person under [this section](#) to carry on a controlled activity for such period as they think fit.
- (4) An approval may be given subject to the conditions or restrictions (if any)—
 - (a) specified by the Commissioners in a notice published by them;
 - (b) specified by or under regulations made by them;
 - (c) imposed by them in a particular case.
- (5) The conditions or restrictions may include conditions or restrictions requiring the controlled activity to be carried on only at or from premises specified or approved by the Commissioners.
- (6) The Commissioners may at any time revoke or vary the terms of an approval under [this section](#).
- (7) In [this Chapter](#) “approved wholesaler” means a person approved under [this section](#) to carry on a controlled activity.

101 The register of approved wholesalers

- (1) The Commissioners must maintain a register of approved wholesalers.
- (2) The register is to contain such information relating to approved wholesalers as the Commissioners consider appropriate.
- (3) The Commissioners may make publicly available such information contained in the register as they consider necessary to enable those who deal with a person who carries on a controlled activity to determine whether the person in question is an approved wholesaler for the purposes of that activity.
- (4) The information may be made available by such means as the Commissioners consider appropriate.

102 Regulations relating to approval, registration and controlled activities

- (1) The Commissioners may by regulations make provision—
 - (a) regulating the approval and registration of persons under the alcohol wholesaling provisions,
 - (b) regulating the variation or revocation of any such approval or registration or of any condition or restriction to which such an approval or registration is subject,
 - (c) about the register maintained under [section 101](#),
 - (d) regulating the carrying on of controlled activities, and
 - (e) imposing obligations on approved wholesalers.
- (2) The regulations may, in particular, make provision—
 - (a) requiring applications, and other communications with the Commissioners, to be made electronically;

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- (b) as to the procedure for the approval and registration of bodies corporate which are members of the same group and for members of such a group to be jointly and severally liable for any penalties imposed under—
 - (i) the regulations, or
 - (ii) [Schedule 10](#);
- (c) requiring approved wholesalers to keep and make available for inspection such records relating to controlled activities as may be specified by or under the regulations;
- (d) conferring powers on an officer of Revenue and Customs to inspect, copy or remove for a reasonable period those records;
- (e) imposing a penalty of an amount specified by the regulations (which must not exceed £1,000) for a contravention of—
 - (i) the regulations, or
 - (ii) any condition or restriction imposed under the alcohol wholesaling provisions;
- (f) for the assessment and recovery of such a penalty;
- (g) for alcoholic products (whether or not charged with any duty and whether or not that duty has been paid) to be subject to forfeiture for a contravention of—
 - (i) the alcohol wholesaling provisions or the regulations made under [this section](#), or
 - (ii) any condition or restriction imposed under the alcohol wholesaling provisions.

103 Restriction on buying controlled alcoholic products wholesale

- (1) A person may not—
 - (a) buy controlled alcoholic products wholesale from a UK person, unless the person is an approved wholesaler in relation to the sale, or
 - (b) buy relevant alcoholic products from an Isle of Man person, unless the person is an Isle of Man approved wholesaler.
- (2) In [this section](#) and in [section 104\(4\)](#)—
 - (a) “Isle of Man person” means a person who is established in the Isle of Man for the purposes of value added tax under any provision of the law in force in the Isle of Man corresponding to paragraph 1(10) of Schedule 1 to VATA 1994;
 - (b) “Isle of Man approved wholesaler” means an Isle of Man person who is approved under any provision of the law in force in the Isle of Man corresponding to [section 100](#);
 - (c) “relevant alcoholic products” means alcoholic products which, if they had been produced in the United Kingdom, would have been charged with alcohol duty under [this Part](#) at a rate greater than nil.

104 Offences

- (1) A person who contravenes [section 100\(1\)](#) by selling controlled alcoholic products wholesale commits an offence if the person knows or has reasonable grounds to suspect that—
 - (a) the buyer is carrying on a trade or business, and
 - (b) the alcoholic products are for sale or supply in the course of that trade or business.

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- (2) A person who contravenes [section 100\(1\)](#) by offering or exposing controlled alcoholic products for sale in circumstances in which the sale (if made) would be a wholesale sale commits an offence if the person intends to make a wholesale sale of the alcoholic products.
- (3) A person who contravenes [section 100\(1\)](#) by arranging in the course of a trade or business for controlled alcoholic products to be sold wholesale, or offered or exposed for sale in circumstances in which the sale (if made) would be a wholesale sale, commits an offence if the person intends to arrange for the alcoholic products to be sold wholesale.
- (4) A person who contravenes [section 103](#) commits an offence if the person knows or has reasonable grounds to suspect that—
- (a) the UK person from whom the controlled alcoholic products are bought is not an approved wholesaler in relation to the sale, or
 - (b) the Isle of Man person from whom the relevant alcoholic products are bought is not an Isle of Man approved wholesaler in relation to the sale.
- (5) A person who commits an offence under [this section](#) is liable on summary conviction—
- (a) in England and Wales to—
 - (i) imprisonment for a term not exceeding the general limit in a magistrates' court,
 - (ii) a fine, or
 - (iii) both,
 - (b) in Scotland to—
 - (i) imprisonment for a term not exceeding 12 months,
 - (ii) a fine not exceeding the statutory maximum, or
 - (iii) both, and
 - (c) in Northern Ireland to—
 - (i) imprisonment for a term not exceeding 6 months,
 - (ii) a fine not exceeding the statutory maximum, or
 - (iii) both.
- (6) A person who commits an offence under [this section](#) is liable on conviction on indictment to—
- (a) imprisonment for a period not exceeding 7 years,
 - (b) a fine, or
 - (c) both.

105 Penalties

[Schedule 10](#) contains provision about penalties for contraventions of the alcohol wholesaling provisions.

106 Groups

- (1) Two or more bodies corporate are members of a group for the purposes of the alcohol wholesaling provisions if each is established or has a fixed establishment in the United Kingdom and—

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- (a) one of them controls each of the others,
 - (b) one person (whether a body corporate or an individual) controls all of them, or
 - (c) two or more individuals carrying on a business in partnership control all of them.
- (2) For the purposes of [this section](#), a body corporate is to be taken to control another body corporate if—
- (a) it is empowered by or under an enactment to control that body’s activities, or
 - (b) it is that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006.
- (3) For the purposes of [this section](#)—
- (a) an individual or individuals are to be taken to control a body corporate if the individual or individuals (were the individual or individuals a company) would be that body’s holding company within the meaning of section 1159 of, and Schedule 6 to, the Companies Act 2006 (meaning of “subsidiary” etc), and
 - (b) a body corporate is established or has a fixed establishment in the United Kingdom if it is so established or has such an establishment for the purposes of value added tax.

107 Index of defined expressions: [Chapter 7](#)

The following Table sets out expressions defined or explained for the purposes of [this Chapter](#)—

Expression	Provision
alcohol wholesaling provisions	section 98(11)
approved wholesaler	section 100(7)
authorised retail sale	section 98(5)
controlled activity	section 98(8)
enactment	section 98(10)
group (in relation to bodies corporate)	section 106(1)
group sale	section 98(6)
incidental sale	section 98(4)
Isle of Man person and Isle of Man approved wholesaler	section 103(2)(a) and (b)
relevant alcoholic products (for the purposes of sections 103 and 104(4))	section 103(2)(c)
sale of controlled alcoholic products	section 98(2)
UK person	section 98(9)
wholesale	section 98(3)

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CHAPTER 8

SUPPLEMENTARY

108 Reviews and appeals

[Schedule 11](#) makes provision about reviews and appeals.

109 Forfeiture: supplementary provision

- (1) An officer of Revenue and Customs may destroy, break up or spill anything seized as liable to forfeiture under any provision of this Part.
- (2) Subsection (1) does not affect any other provision of, or power conferred by, the customs and excise Acts.

110 Removal of goods: application of section 95 of CEMA 1979

- (1) Section 95 of CEMA 1979 (deficiency in goods occurring in course of removal from warehouse without payment of duty) is amended as follows.
- (2) After subsection (1) insert—
 - “(1A) Subsection (1) applies in relation to goods that are alcoholic products as if references, in that subsection and in section 94, to a “warehouse” included references to premises in respect of which a person is authorised, under section 82 of the Finance (No. 2) Act 2023, to hold alcoholic products without payment of duty (and references to “warehoused” are to be construed accordingly).
 - (1B) Subsection (1) applies (as modified by subsection (1A)) in relation to alcoholic products on which alcohol duty has been remitted as it applies to alcoholic products lawfully permitted to be taken from premises as mentioned in that subsection.”
- (3) In subsection (2), in the words before paragraph (a), after “subsection (1)” insert “, (1A) or (1B)”.

111 Drawback

- (1) [This section](#) applies where drawback of alcohol duty is allowable, under regulations made under section 60A of CEMA 1979 (power to make regulations about stores) or section 2 of F(No. 2)A 1992 (power to provide for drawback of excise duty), to a person who produces alcoholic products in accordance with an approval under [section 82](#) (“the producer”).
- (2) Subject to the conditions (if any) that the Commissioners impose, drawback of alcohol duty may be set against any amount to which the producer is chargeable in respect of alcohol duty (and any reference in CEMA 1979 to drawback payable is to be construed in accordance with [this section](#)).

112 Duty stamps

[Schedule 12](#) makes provision about duty stamps.

CHAPTER 9

REPEALS, FURTHER AMENDMENTS AND TRANSITIONAL PROVISIONS

Repeals and further amendments

113 Repeals

- (1) The Alcoholic Liquor Duties Act 1979 is repealed.
- (2) The following sections of FA 1995 are repealed—
 - (a) section 4 (alcoholic ingredients relief);
 - (b) section 5 (denatured alcohol).

114 Minor and consequential amendments

[Schedule 13](#) makes minor and consequential amendments relating to [this Part](#).

Transitional provision

115 Temporary provision: wine

- (1) Wine of an alcoholic strength of at least 11.5% but not exceeding 14.5% is treated, for the purposes of the charge to alcohol duty, as if it were of an alcoholic strength of 12.5%.
- (2) This section expires at the end of the period of 18 months beginning with the day on which [section 48](#) (rates) comes into force.

116 Temporary provision: cider

Alcohol duty is not charged on cider which is produced—

- (a) at a time before [section 82](#) (approvals) comes into force, and
- (b) by a person who, at that time, is exempt from the requirement to register under section 62 of ALDA 1979 by reason of an order made (or having effect as if made) under subsection (3) of that section.

CHAPTER 10

FINAL PROVISIONS

117 Interpretation of [this Part](#)

- (1) The following Table sets out expressions defined or explained in [this Part](#) for general purposes—

Expression	Provision
alcohol	section 45(5)

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Expression	Provision
alcoholic products	section 44(1) and (2)
alcoholic strength	section 45(1)
beer	Schedule 6, paragraph 3
cider	Schedule 6, paragraph 5
denatured alcohol	section 90
excise duty point	section 49
other fermented product	Schedule 6, paragraph 12
qualifying draught product	section 51(1)
spirits	Schedule 6, paragraph 1
wine	Schedule 6, paragraph 11

- (2) [This Part](#) is to be construed as one with the Customs and Excise Acts 1979.
- (3) Any expression used in this Act or in any instrument made under this Act to which a meaning is given by any other Act included in the Customs and Excise Acts 1979 has, except where the context otherwise requires, the same meaning in this Act or any such instrument as in that Act.

118 Regulations: supplementary and general

- (1) The Commissioners may by regulations make provision supplementing provision made in relation to alcohol duty by or under this Part or any other enactment.
- (2) A power to make regulations under any provision of [this Part](#) may be exercised so as to make different provision for different purposes or areas.
- (3) A power to make regulations under any provision of [this Part](#) includes power to make—
- (a) provision which applies generally or only for specified cases or purposes;
 - (b) provision conferring a discretion on a specified person to do anything under, or for the purposes of, the regulations;
 - (c) provision by reference to things specified in a notice published in accordance with the regulations;
 - (d) consequential, supplementary, incidental, transitional or saving provision.
- (4) Regulations under [this Part](#) are to be made by statutory instrument.
- (5) This section does not apply to regulations under [section 120](#).

119 Regulations: procedure

- (1) A statutory instrument containing any regulations made under [section 46\(a\)](#) or [section 51\(5\)](#) must be laid before the House of Commons, and, unless approved by that House before the end of the period of 28 days beginning with the date on which the instrument is made, ceases to have effect at the end of that period.
- (2) The fact that a statutory instrument ceases to have effect as a result of [subsection \(1\)](#) does not affect—

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- (a) anything previously done under the instrument, or
 - (b) the making of a new statutory instrument.
- (3) In calculating the period for the purposes of [subsection \(1\)](#), no account is to be taken of any time—
 - (a) during which Parliament is dissolved or prorogued, or
 - (b) during which the House of Commons is adjourned for more than 4 days.
- (4) A statutory instrument containing (whether alone or with other provision) any regulations made under [paragraph 2](#) of [Schedule 12](#) may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.
- (5) A statutory instrument containing regulations made under [this Part](#), other than regulations in respect of which [subsection \(1\)](#) or [subsection \(4\)](#) applies, is subject to annulment in pursuance of a resolution of the House of Commons.
- (6) A statutory instrument containing regulations to which [subsection \(1\)](#) applies may also include regulations relating to alcohol duty under any other provision of the customs and excise Acts (including any provision of [this Part](#)) if the Parliamentary procedure applicable to a statutory instrument containing regulations under the other provision does not require House of Commons approval.
- (7) Where regulations are included as mentioned in [subsection \(6\)](#), the procedure applicable to the statutory instrument is the procedure mentioned in [subsection \(1\)](#) (and not the procedure mentioned in [subsection \(6\)](#)).
- (8) If—
 - (a) a statutory instrument contains regulations under any provision of [this Part](#) (other than regulations in respect of which [subsection \(1\)](#) or [subsection \(4\)](#) applies) and regulations relating to alcohol duty under any other provision of the customs and excise Acts, and
 - (b) the Parliamentary procedure applicable to a statutory instrument containing provision under the other provision does not require House of Commons approval,the only Parliamentary procedure applicable to a statutory instrument mentioned in [paragraph \(a\)](#) is that given by [this section](#).
- (9) For the purposes of [subsection \(6\)](#) and [subsection \(8\)](#) the Parliamentary procedure applicable to a statutory instrument requires House of Commons approval if, as a condition of its continuing to have effect or its making, the House of Commons has to approve the statutory instrument or a draft of it.
- (10) [This section](#) does not apply to regulations under [section 120](#).

120 Commencement

- (1) The following provisions of [this Part](#) come into force on the day on which this Act is passed—
 - (a) [this Chapter](#), and
 - (b) any other provision of [this Part](#) so far as it confers a power to make regulations.
- (2) The other provisions of [this Part](#) (so far as not brought into force by [subsection \(1\)](#)) come into force on such day or days as the Commissioners may by regulations appoint.

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- (3) Different days may be appointed for different purposes or different areas.
- (4) The Commissioners may by regulations make consequential, supplementary, incidental, transitional or saving provision in connection with the coming into force of any provision of [this Part](#).
- (5) The power to make regulations under [subsection \(4\)](#)—
 - (a) may be exercised so as to make different provision for different purposes or areas, and
 - (b) includes power to make provision of a kind described in [section 118\(3\)\(a\)](#) to [\(c\)](#).
- (6) Regulations under [this section](#) are to be made by statutory instrument.