

**2004 No. 1296**

**CUSTOMS AND EXCISE**

**The Beer from Small Breweries (Extension of Reduced Rates of Excise Duty) Order 2004**

*Made - - - - - 10th May 2004*

*Laid before the House of Commons - - - - - 10th May 2004*

*Coming into force - - - - - 1st June 2004*

*Approved by the House of Commons*

The Treasury, in exercise of the powers conferred upon it by section 36H of the Alcoholic Liquor Duties Act 1979(a), hereby makes the following Order:

**Citation and commencement**

1. This Order may be cited as the Beer from Small Breweries (Extension of Reduced Rates of Excise Duty) Order 2004 and comes into force on 1st June 2004.

**Application**

2. The amendments made by this Order have effect in relation to beer produced on or after 1st June 2004.

**Amendments to Part 3 of the Alcoholic Liquor Duties Act 1979**

3.—(1) Part 3 of the Alcoholic Liquor Duties Act 1979(b) (excise duty on beer) is amended as follows.

(2) In section 36C (meaning of “small brewery beer”: beer from singleton breweries), in subsections (3), (5), (6) and (10), for “30,000 hectolitres” substitute “60,000 hectolitres”.

(3) In section 36D (rate of duty for small brewery beer from singleton breweries), after subsection (6) insert—

“(6A) Subsection (6B) below applies if—

- (a) beer was produced in the brewery in the previous year and the amount produced in the brewery in that year was more than 30,000 hectolitres but not more than 60,000 hectolitres, or
- (b) no beer was produced in the brewery in the previous year and the grossed-up amount of the estimate under section 36C(9) above of the brewery’s production in the current year is more than 30,000 hectolitres but not more than 60,000 hectolitres.

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(a) 1979 c. 4; section 36H was inserted by paragraph 2 of Schedule 1 to the Finance Act 2002 (c. 23).

(b) Sections 36A to 36H were inserted by paragraph 2 of Schedule 1 to the Finance Act 2002.

(6B) If this subsection applies, “the brewery rate” is, subject to rounding under subsection (7) below, given by—

$$\frac{P - (2500 - 8.33\% \text{ of } P \text{ in excess of } 30,000 \text{ hectolitres})}{P} \times \text{the standard beer duty rate at the time concerned}$$

where—

if this subsection applies by reason of subsection (6A)(a) above, P is the amount, in hectolitres, of beer produced in the brewery in the previous year, and  
if this subsection applies by reason of subsection (6A)(b) above, P is the grossed-up amount (expressed in hectolitres) mentioned in subsection (6A)(b).”.

(4) In section 36D(7), for “or (6)” substitute “, (6) or (6B)”.

(5) In section 36D(8), for “and (6)” substitute “, (6), (6A)(a) and (6B)”.

(6) In section 36E (meaning of “small brewery beer”: beer from co-operated breweries), in subsections (4), (6), (7) and (11), for “30,000 hectolitres” substitute “60,000 hectolitres”.

(7) In section 36F (rate of duty for small brewery beer from co-operated breweries), after subsection (9) insert—

“(9A) Subsection (9B) below applies if—

- (a) beer was produced in at least one group brewery in the previous year and the notional previous year’s production is more than 30,000 hectolitres but not more than 60,000 hectolitres, or
- (b) no beer was produced in the group in the previous year and the aggregate mentioned in subsection (6)(b) above is more than 30,000 hectolitres but not more than 60,000 hectolitres.

(9B) If this subsection applies, “the brewery rate” is, subject to rounding under subsection (10) below, given by—

$$\frac{P - (2500 - 8.33\% \text{ of } P \text{ in excess of } 30,000 \text{ hectolitres})}{P} \times \text{the standard rate}$$

where—

if this subsection applies by reason of subsection (9A)(a) above, P is the previous year’s notional production,  
if this subsection applies by reason of subsection (9A)(b) above, P is the amount, in hectolitres, of the aggregate mentioned in subsection (6)(b) above, and  
“the standard rate” means the standard beer duty rate at the time mentioned in subsection (1) above.”.

(8) In section 36F(10), for “or (9)” substitute “, (9) or (9B)”.

*Nick Ainger*  
*Derek Twigg*

10th May 2004

Two of the Lords Commissioners of Her Majesty’s Treasury

## **EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order, which comes into force on 1st June 2004, amends sections 36C to 36F of the Alcoholic Liquor Duties Act 1979 (c. 4).

Sections 36A to 36H apply reduced rates of excise duty for beer from small breweries producing up to 30,000 hectolitres of beer a year. Section 36B is a definitions section. Section 36C defines what is small-brewery beer in the case of a singleton brewery and section 36D sets the rate of duty for small-brewery beer from singleton breweries. Section 36E defines what is small-brewery beer when produced by a co-operated brewery while section 36F sets the rate of duty for small-brewery beer from a co-operated brewery.

The rate of duty for small-brewery beer produced by breweries with an annual production of more than 5,000 hectolitres and up to 30,000 hectolitres, is calculated using a formula. The formula is specified in section 36D for singleton breweries and in section 36F for co-operated breweries.

This Order amends sections 36C to 36F to apply reduced rates of excise duty for beer from small breweries producing up to 60,000 hectolitres of beer a year. For breweries producing more than 30,000 hectolitres and up to 60,000 hectolitres, the reduced rate is applied on a tapered basis and is calculated using a new formula. The new formula is specified in section 36D for singleton breweries and in section 36F for co-operated breweries.

A full regulatory impact assessment has not been produced for this instrument as it has no impact on the costs of business, charities or voluntary bodies.

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**The Beer from Small Breweries (Extension of Reduced  
Rates of Excise Duty) Order 2004**

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