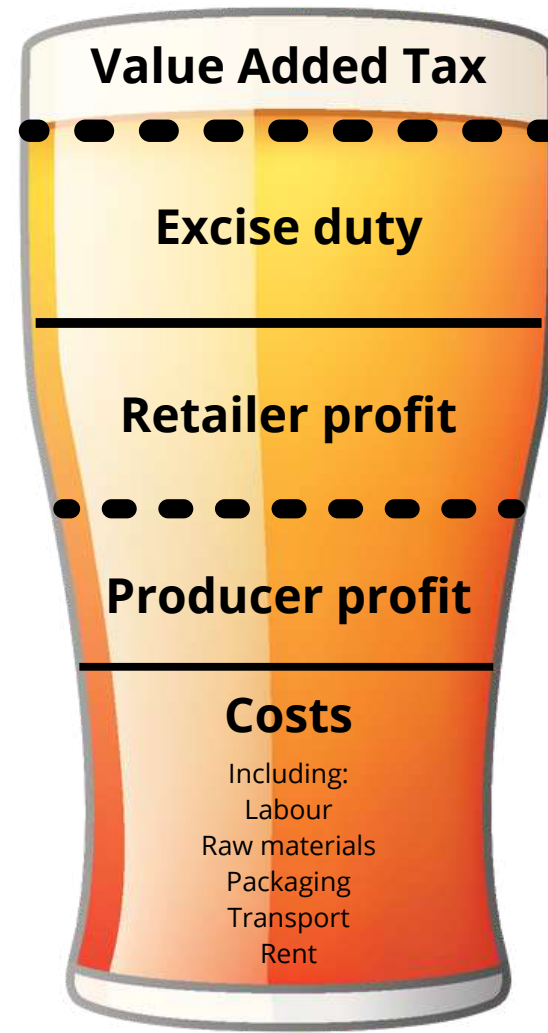


Price



What determines the price of alcohol in the UK?



VAT is 20% of pre-tax price /
17% of post-tax price

Excise duty varies between products,
but on average accounts for around
25% of the final price*

The average 4% ABV pint of beer costs:



On-trade



Off-trade



43p of the beer price is duty,
which represents

12% of the on-trade
retail price

35% of the off-trade
retail price

How much do people pay for alcohol? (by product)



Average price per unit
paid in England &
Wales (by product)

How much do people pay for alcohol? (on-trade versus off-trade)

Average price per unit paid
in England & Wales
(on- versus off-trade)

£1.78



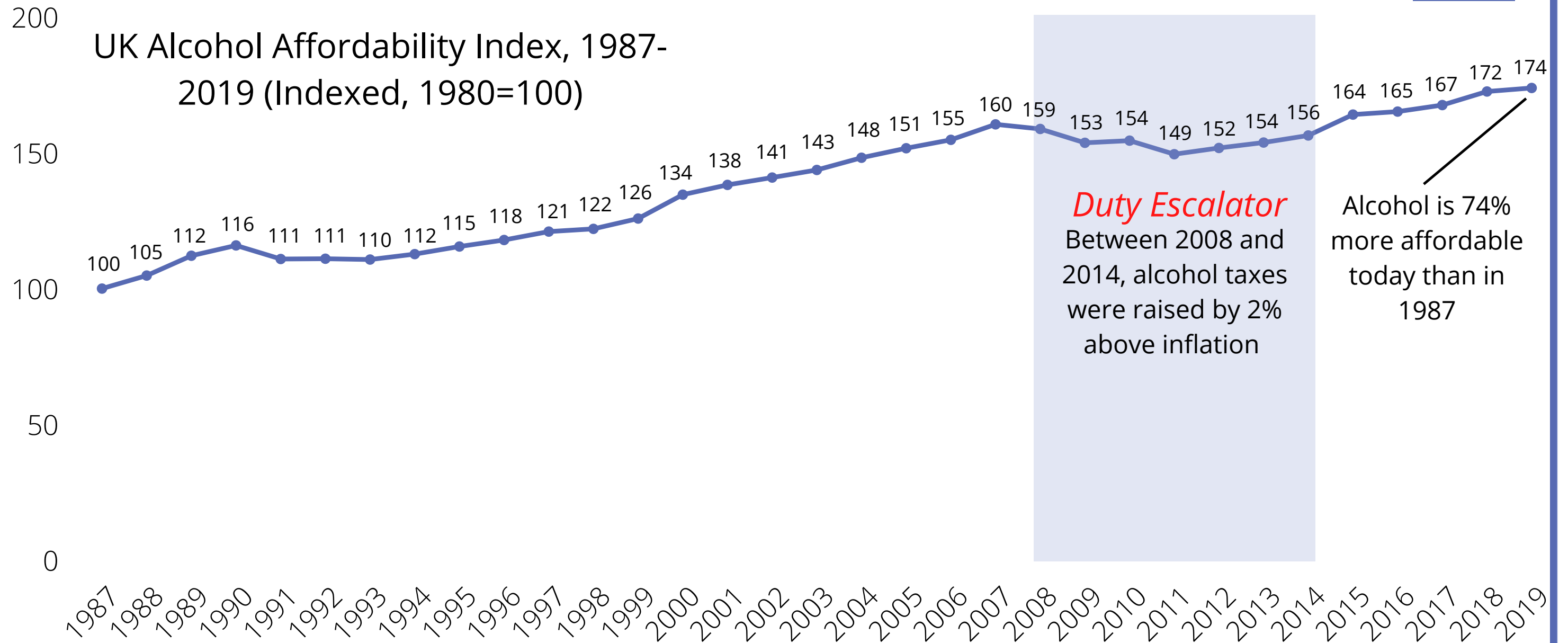
On-trade

£0.55



Off-trade




How affordable is alcohol?



Source: NHS Digital | Statistics on Alcohol England 2020

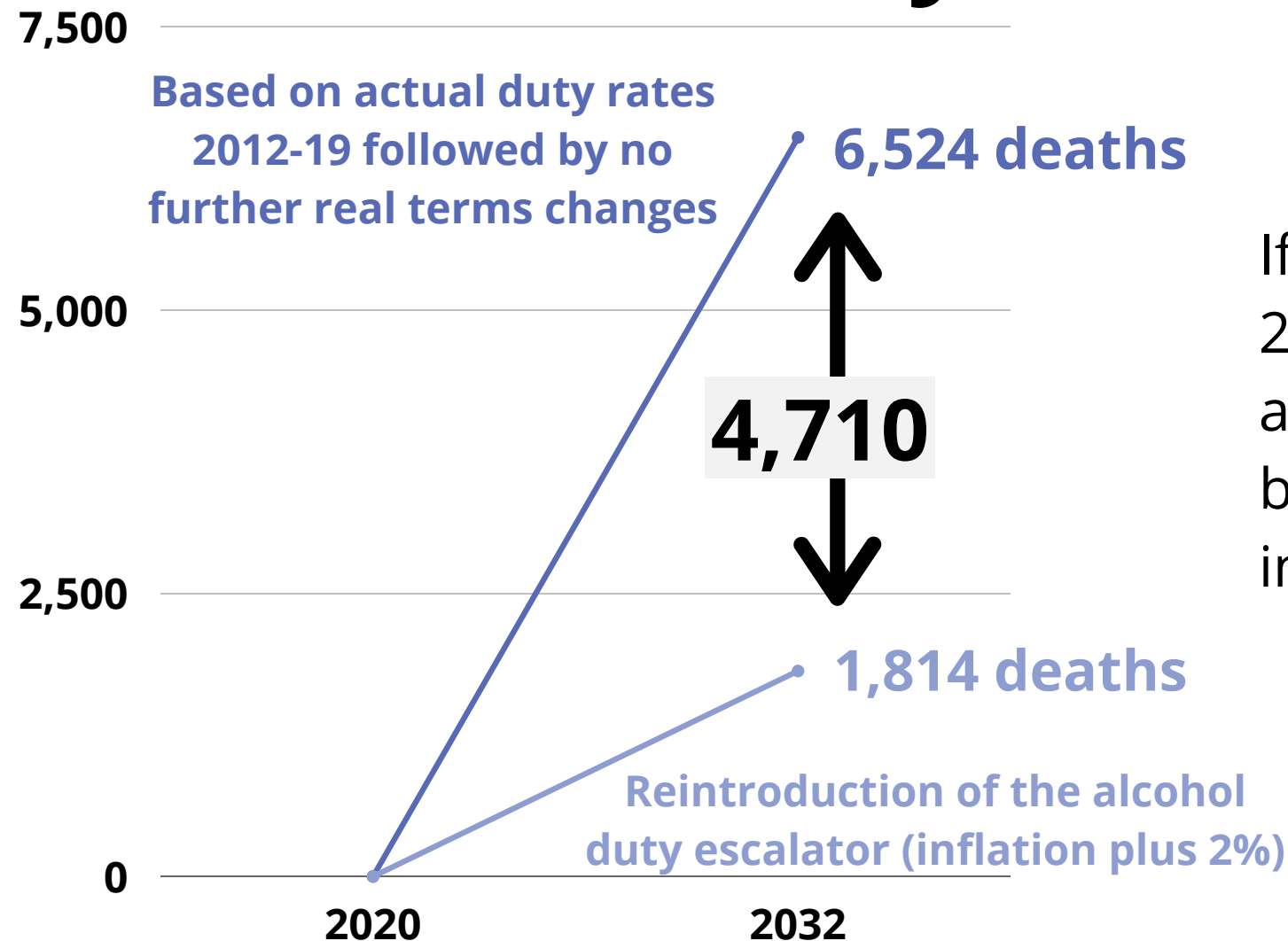
How does alcohol's affordability affect consumption?

Two major meta-analyses each combining estimates from over 100 studies found:

Consumption, by beverage type	The effect of a 1% increase in prices (Wagenaar et al, 2009)	The effect of a 1% increase in prices (Gallet, 2007)	The effect of a 1% increase in income (Gallet, 2007)
 Spirits	↓ 0.80%	↓ 0.68%	↑ 1.00%
 Beer	↓ 0.46%	↓ 0.36%	↑ 0.39%
 Wine	↓ 0.69%	↓ 0.70%	↑ 1.10%
Overall alcohol consumption:	↓ 0.50%	↓ 0.50%	↑ 0.69%

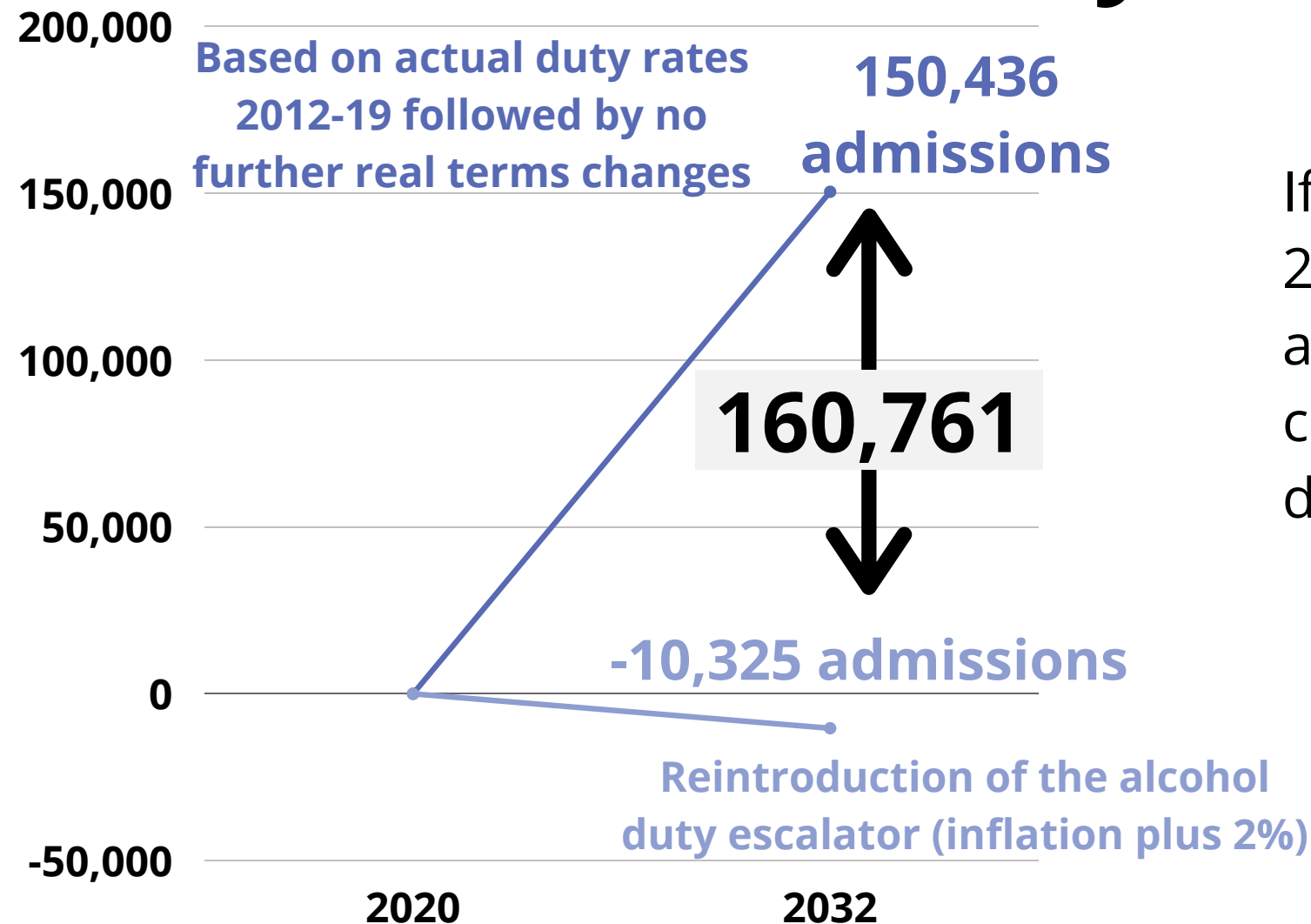
As a rule of thumb, for every **1%** increase in the price of alcohol, consumption falls by **0.5%**

How many deaths would be avoided if alcohol duty was increased?



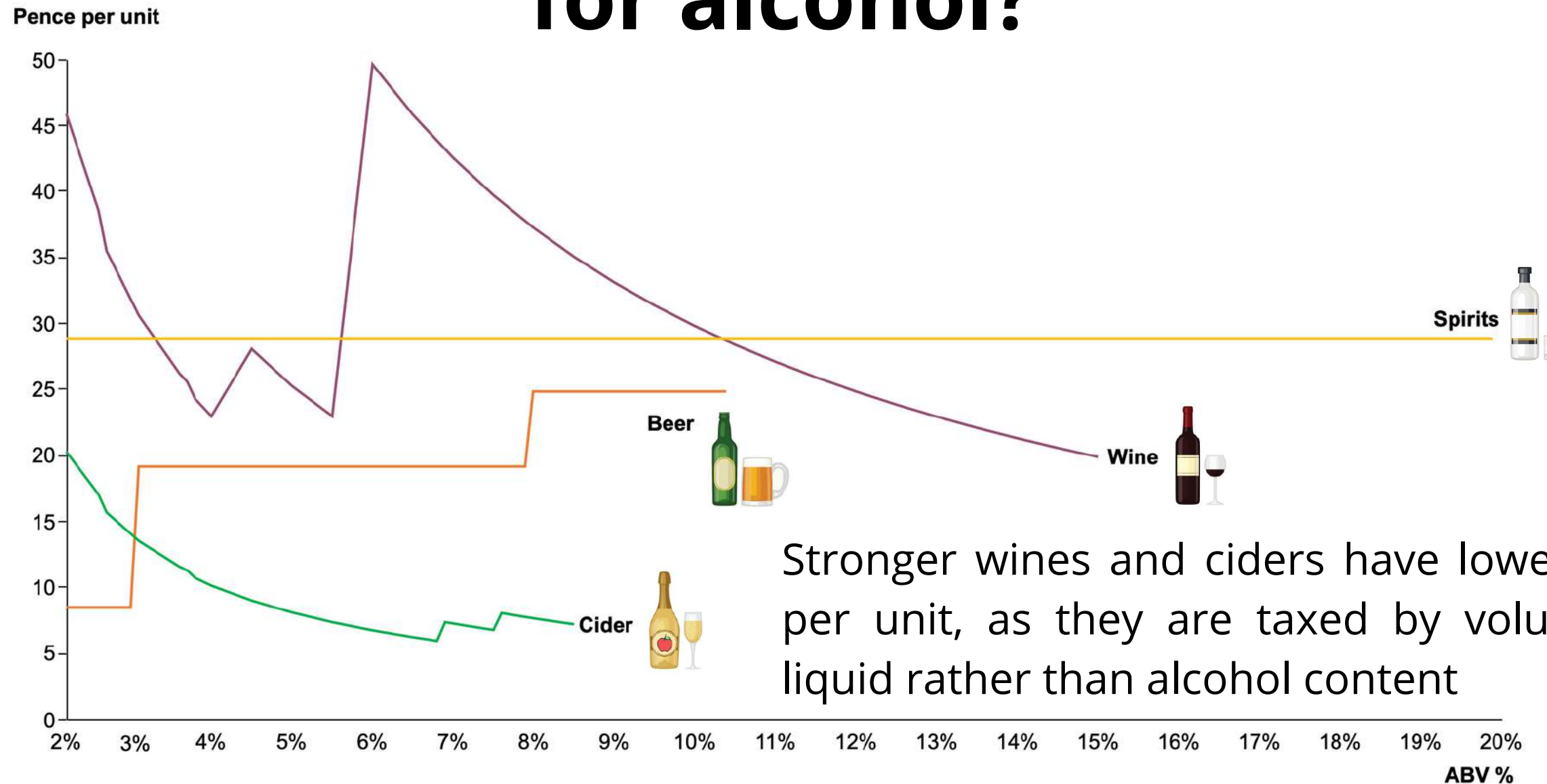
If a duty escalator were introduced in 2020, an estimated 4,710 alcohol-attributable deaths would be averted by 2032, compared with a policy of increasing duties in line with inflation.

How many hospital admissions would be avoided if alcohol duty was increased?



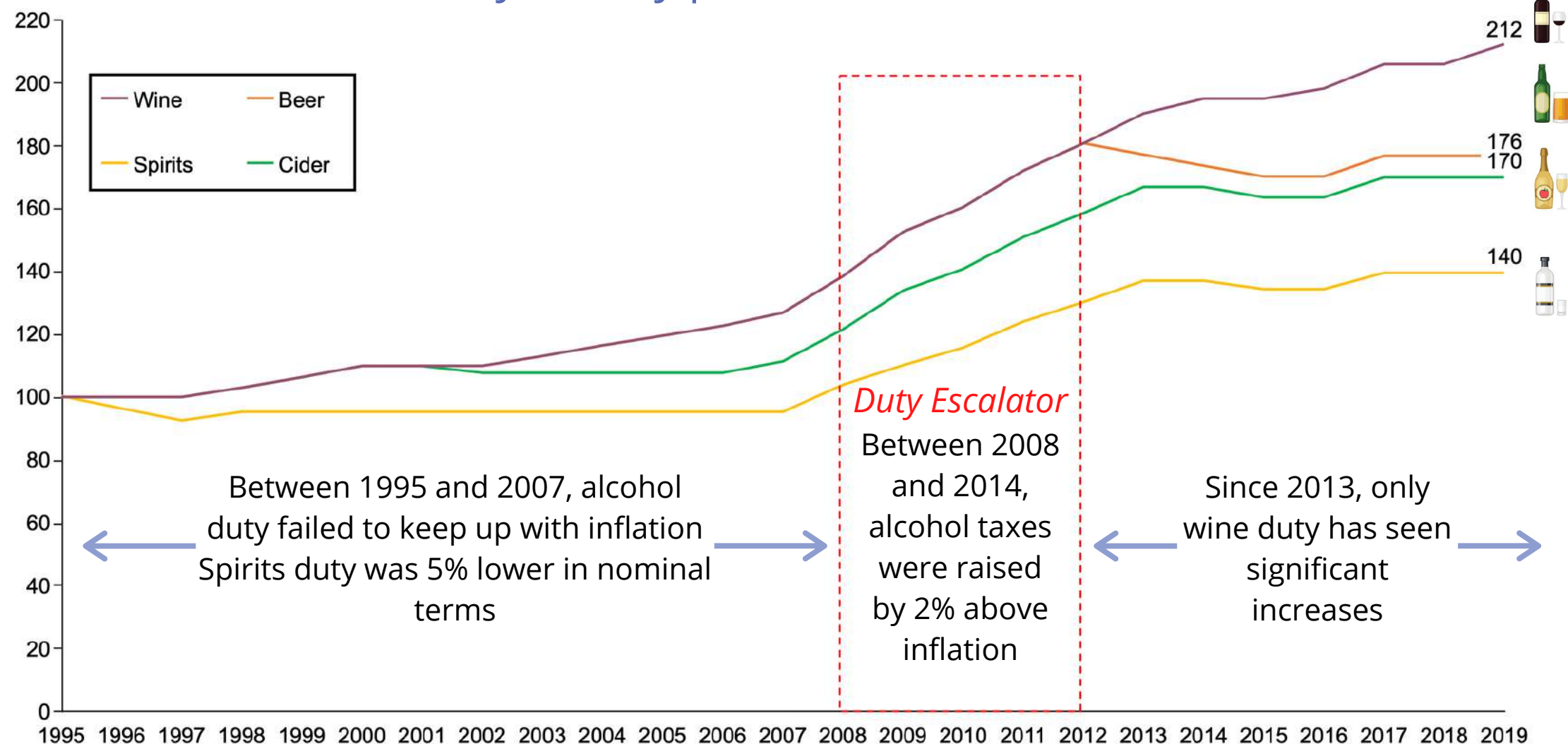
If a duty escalator were introduced in 2020, an estimated 160,761 hospital admissions would be averted by 2032, compared with a policy of increasing duties in line with inflation.

What are the current duty rates for alcohol?



How have alcohol duties changed over time?

UK nominal alcohol duty rate by product, 1995-2019 (Indexed, 1995=100)



Source: HM Revenue & Customs (2019) | 'Alcohol Bulletin'

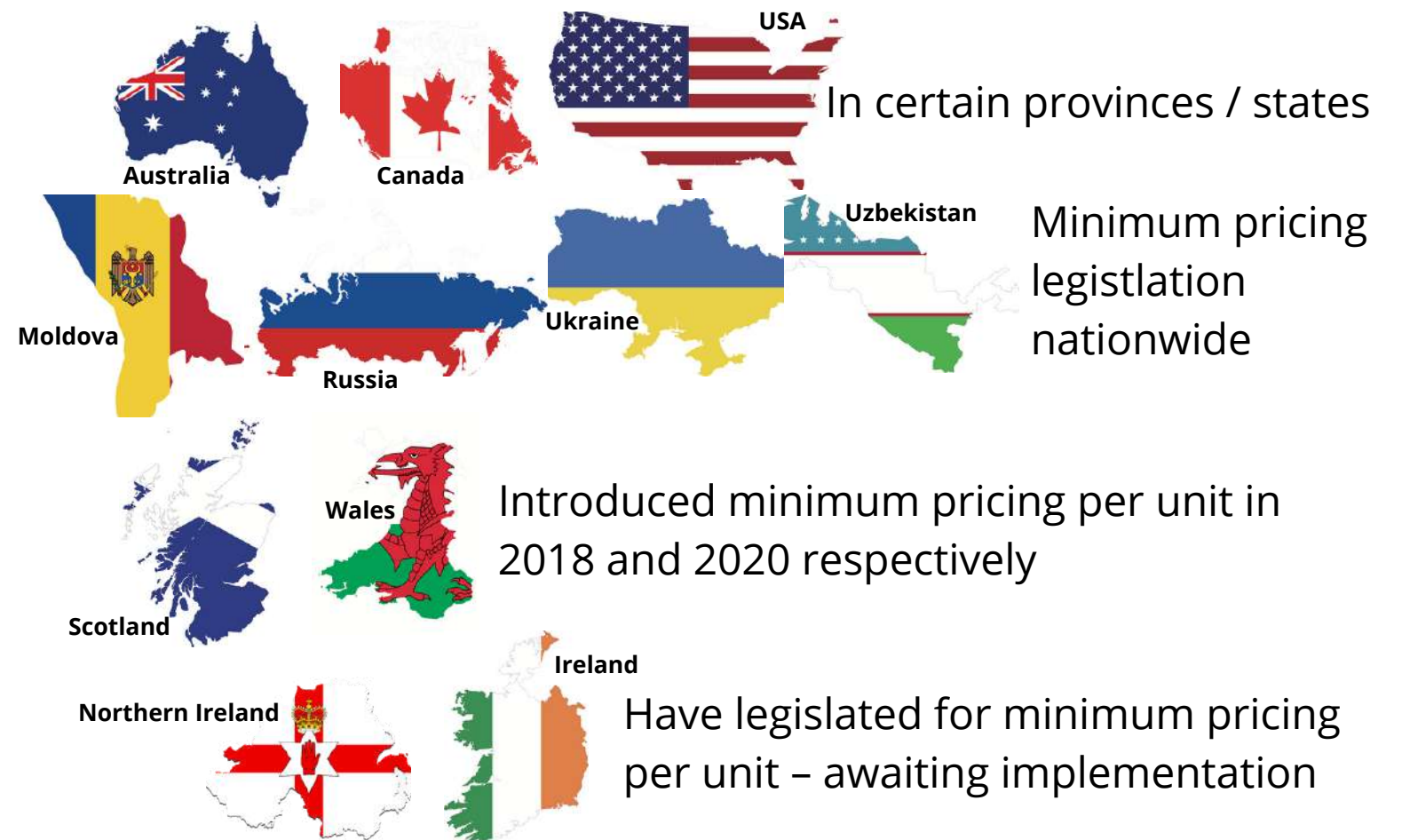
Note: General beer duty, still 1.2-6.9% ABV cider and perry; 5.5-15% ABV wine.

Which countries have adopted minimum alcohol pricing?

Minimum alcohol pricing sets a 'floor price' below which alcohol cannot be sold. Under minimum unit pricing (MUP) the floor price is set according to the alcohol content of the drink, per unit.







Minimum pricing is not a tax, and any additional revenue from raising prices goes to retailers rather than the government.

Seven countries have some form of minimum pricing:



How does minimum unit pricing affect the price of alcohol?

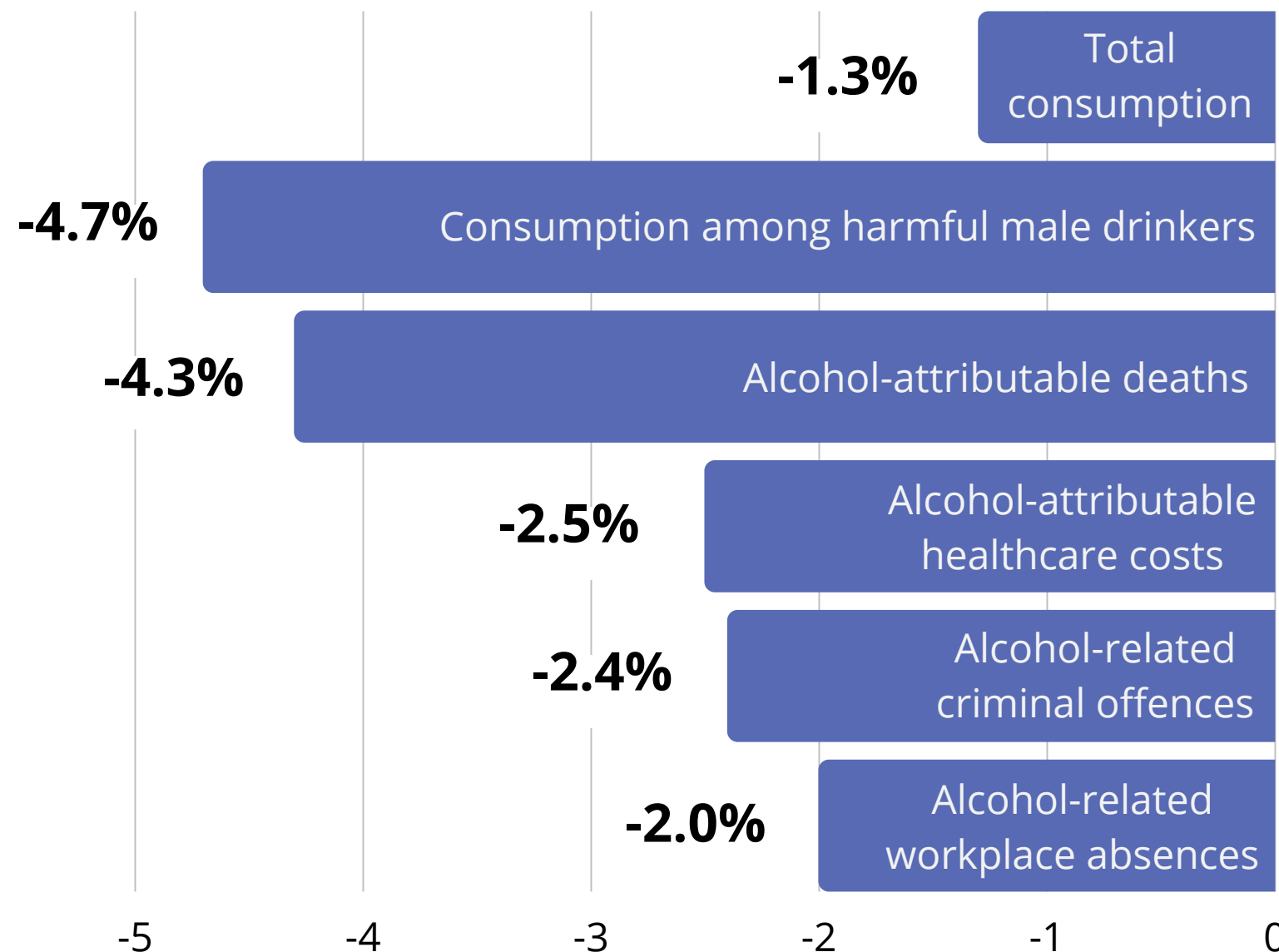
$$\text{Formula} = \frac{\text{ml} \times \text{Alcohol by Volume}}{1,000} \times 0.50$$

	ml	Alcohol By Volume (%)	Units	Price (£)
 Whisky	700	40	28	14.00
 Vodka	700	37.5	26.3	13.13
 White cider	3,000	7.5	22.5	11.25
 Wine	750	12	9	4.50
 Cider (x 4)	1,760 (440x4)	4	7	3.52
 Beer	700	4	26.3	1.14

* when the minimum price is 50 pence per unit, as is the case in parts of the UK

How effective is minimum unit pricing?

UK modelling – estimated impact of a minimum unit price of 50 pence in England



How effective are alcohol duties and minimum unit pricing combined?

Change in consumption at full effect by policy and socioeconomic status (units per year)

