



Treasury Committee

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Rt Hon. Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
Via email

8 October 2020

Dear Rishi

As you know the Government announced on 11 September the outcome of its consultation on the Duty Free rules to apply at the end of the transition period. It also confirmed that no VAT or duty will be payable on excise goods (tobacco and alcohol) when bought after passengers have passed security controls on international routes (“airside”).

The Treasury Committee has heard evidence that ending both the VAT retail export scheme (VAT RES) and the airside Extra Statutory Concession, which allows goods to be purchased VAT free in airside shops, may cause very significant financial loss to retailers serving the tourism sector, particularly at a time when they are already suffering considerable stress due to the impact of Covid-19.

In a Treasury Committee evidence session on 7 October, witnesses raised concerns about the consultation process behind these changes, particularly that it was not made clear that abolition was the leading option.

An announcement of this nature would usually be made at a fiscal event and would be published with the accompanying costings. I would be very grateful if you could provide the Committee with the cost benefit analysis behind these decisions.

Yours sincerely,

Rt Hon. Mel Stride MP
Chair of the Treasury Committee