



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Caroline Dinenage
Chair of the Culture, Media and Sport Committee
House of Commons
London
SW1A 0AA

16 February 2024

Dear Caroline,

On 6 February, I attended an oral evidence session of the House of Commons Culture, Media and Sport Committee as a follow up to the previous Promoting Britain Abroad inquiry. During that session, you asked if the OBR's work on the policy of tax-free shopping would consider the extension of the scheme to EU visitors. In my answer, I confirmed that I thought it would but agreed to confirm and follow up with you.

Unfortunately, I misspoke on this point and would like to make a correction. In his letter to Sir Geoffrey Clifton-Brown MP, and which is available on the OBR's website, Richard Hughes of the OBR commits to 'reviewing the original costing of this measure'. I understand this to mean that that the work of the OBR on this policy will focus on the fiscal and economic impacts that have been seen since the decision to abolish tax-free shopping in 2020. This is consistent with the OBR's remit to not consider the effect of alternative policies, as expanding tax-free shopping to EU visitors is not and has never been, Government policy. Despite this, the findings of the review will be a useful insight into the overall behavioural incentives of the policy, which will be relevant for both EU and non-EU populations.

The OBR is independent and, as I mentioned in the session, their decision to do this work has not come at the request of the Government. However, the Government will certainly consider the outcome of the OBR's review with interest.

I hope this clarifies the answer to your question, and I apologise that I did not have this information to hand during the evidence session.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Nigel Huddleston'.

Nigel Huddleston MP
FINANCIAL SECRETARY TO THE TREASURY