



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

Dr Caroline Lucas MEP
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31 JUL 2007

Dear Caroline,

Thank you for your letter of 16 July to Jane Kennedy outlining your concerns that an EU review could affect the UK's duty exemption for small-scale producers of cider and perry. I am replying as the Minister responsible.

As you know, the working group has been set up by the European Commission to look at the provisions for small producers in the Directive that deals with EU rules on the structure of alcohol duties. It is important to point out that the group is organised under the Fiscalis Programme, which is aimed at improving tax administration and co-operation between Member States – the group itself has no power to take decisions or make proposals, though the European Commission may use information provided through this group to inform its own future legislative proposals.

The UK has accepted an invitation to participate in the working group. Our aims in so doing are to ensure that the group does not stray beyond its remit and, specifically, to seek to explain and protect existing UK provisions for small producers. This includes the 70 hectolitre exemption from alcohol duty for small scale cider and perry producers.

You may also be interested to know that the National Association of Cider Makers (NACM) have informed us that they support the continuation of the exemption for small producers. Officials from HM Revenue & Customs will be approaching the NACM with an offer to attend a meeting of members to discuss the work of this group, clarify its objectives and to ensure that the views of small cider makers are taken into consideration in its discussions.

I hope that you will find this helpful.

Kind Regards

Angela

ANGELA EAGLE MP