



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

The Rt Hon Fiona Mactaggart MP  
House of Commons  
London  
SW1A 0AA

Dear Fiona,

26 October 2016

Thank you for your email of 17 October to Philip Hammond enclosing correspondence from your constituents, about the Soft Drinks Industry Levy (SDIL). I am replying as the Minister responsible for this policy area.

I would like to take this opportunity to briefly explain the Government's decision to implement the levy, and how the soft drinks industry and businesses in the supply chain can help shape the details of the policy.

Reducing the amount of added sugar in soft drinks is now a public health priority and an important part of the Government's plan to tackle childhood obesity. Childhood obesity is a serious issue in the UK. A third of English children are overweight or obese when they leave primary school, and the NHS now spends over £6 billion every year on treating ill health caused by obesity. Health experts have told us that sugar-sweetened soft drinks are a leading factor in the overconsumption of sugar, and a driver of childhood obesity.

This is why at Budget 2016, the Government announced a new SDIL, which will be charged on the producers and importers of added sugar soft drinks. This aims to encourage companies to reformulate their products by reducing the sugar added to soft drinks and promoting low-sugar and sugar-free drinks.

If soft drinks companies choose to change their drinks recipes to reduce the added sugar content they can pay less tax, or escape the charge altogether. They do not need to pass the levy on to their customers or consumers. A similar approach has been taken in Hungary. Researchers there found that companies did act to remove unhealthy ingredients and reduce their tax liability.

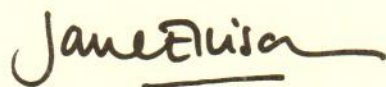
We know that many soft drinks companies are already reformulating their drinks and promoting healthier products, and that consumers are responding positively to this. The new levy will encourage companies to make even more progress.

We understand that businesses involved in the soft drinks supply chain, including small wholesalers and independent retailers, will be concerned to ensure that the new levy operates in a way that is fair, effective, and minimises business burdens. That is why we have been consulting on the policy design and administration of the levy, so businesses can better understand how the new levy will work and have their say on the policy. We

will carefully consider all the representations we received from the consultation and publish a formal government response alongside draft legislation.

Please pass on my thanks to your constituents for taking the trouble to make us aware of these concerns.

Kind regards,

A handwritten signature in black ink that reads "Jane Ellison". The signature is written in a cursive style with a horizontal line underlining the name.

JANE ELLISON