

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/3518/Add.11
5 October 1976

Limited Distribution

Original: English

NOTIFICATION OF CHANGES IN TAX ADJUSTMENTS

Addendum

UNITED KINGDOM

This notification is made pursuant to paragraph 40 of L/3464.

The following changes in indirect taxation were announced by the Chancellor of the Exchequer in the House of Commons on 6 April 1976.

- (i) The higher rate of VAT was reduced from 25 per cent to 12½ per cent from 12 April 1976. The change was enacted by Section 17 of the Finance Act 1976.
- (ii) The rates of excise duty on spirits, beer, wine and made-wine were increased from 7 April 1976. Provision was made for the corresponding rates of drawback on beer to be increased. These changes were enacted in Section 1 of the Finance Act 1976.
- (iii) The rates of excise duty on hydrocarbon oil (including power alcohol and petrol substitutes), and on gas used as road fuel, were increased from 9 April 1976. These changes were contained in Section 9 of the Finance Act 1976.
- (iv) A new excise duty of £0.22 per gallon was introduced for cider and perry of a strength less than 8.7% alcohol by volume. This provision was contained in Section 2 of the Finance Act 1976 and will take effect from 6 September 1976.

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- (v) The rates of customs and excise duties and drawbacks on unmanufactured tobacco and the customs duty on manufactured tobacco were reduced from 10 May 1976. At the same time a new tobacco excise duty was introduced on tobacco products manufactured in, or imported into, the United Kingdom. These changes were made as a first step towards the conversion of the existing revenue duty, which falls on the unmanufactured leaf, into an excise duty on manufactured tobacco products, in accordance with EEC obligations. Taken together, the changes made increase the level of duty on most tobacco products. These provisions were embodied in Sections 4-8 of the Finance Act 1976.

A copy of the Finance Act 1976 is available in the secretariat for consultation.

