

CHANCELLOR'S TOURIST TAX RAID TO COST UK £5.6 BILLION

- **Marks & Spencer, Birmingham Airport, West Midlands Growth Company, Selfridges & Co, Fenwick & Heathrow among those to sign letter to Chancellor urging him to reinstate tax free shopping**
- **Britain set to be the only country in Europe not to offer tax-free shopping to international visitors - writing off billions in lost sales and associated visitor spending**
- **Decision places 70,000 tourism, retail and leisure jobs at risk across the UK**

20 September: Retail, leisure and tourism leaders across Britain have written to the Chancellor, Rishi Sunak, to urge him to reinstate tax-free shopping for international visitors to secure an immediate £5.6 billion boost to the UK and avoid up to a £10 billion loss to the wider visitor economy of Britain.

The Association of International Retail alongside the CEOs of leading tourism, retail and real estate businesses including Marks & Spencer, Manchester Airport, Heathrow and Fenwick expressed their shock and dismay at the surprise announcement from the Treasury to close the popular tax-free shopping scheme at the end of this year. The decision undermines Britain's £22 billion tourism industry and will cost 70,000 retail jobs and £10 billion¹ in lost visitor economy trade at a time when the industry is 'already reeling from the impact of COVID-19' according to the letter.

Thierry Andretta, CEO of Mulberry said: *"This latest unexpected and short-sighted manoeuvre of the Government will destroy the UK's ability to remain competitive with Continental Europe and making the UK the only country in Europe not to offer tax-free shopping to international visitors will place us at a tremendous disadvantage, not to mention have a material impact on jobs and manufacturing in this sector."*

The loss of revenues from international tourists threatens destinations outside London such as Edinburgh, Manchester, Birmingham and Liverpool each year where around a fifth of the total £3.5² billion tax free sales are made each year by visiting tourists.

Roddy Smith, Chief Executive, Essential Edinburgh, said *"At a time when retail needs support from central Government, this decision will have untold consequences for the sector. Along with partners across the UK, Essential Edinburgh is urging the Chancellor to review this decision and is calling on our local MSPs, MPs and Scottish Government officials to support a major rethink of this policy."*

Figures from Visit Britain show that shopping is one of the most popular reasons for overseas visitors to Britain. The letter highlights that the government is throwing away the opportunity to enjoy an extra £2.1 billion of sales from visitors from the EU who after Brexit would have been eligible for the scheme, meaning that the total hit to the economy of the decision is £5.6 billion.

Paul Barnes, CEO of the Association of International Retail said: *“The Chancellor needs to look again at this devastating decision, as it simply doesn’t add up and will lead to the loss of tens of thousands of tourism and retail jobs right across the UK. Madrid, Milan and Paris are rubbing their hands with glee at this self-inflicted wound. If we charge a fifth more for the same goods, international visitors will not hesitate to switch their city breaks to other countries and the stores and jobs will follow within months.”*

Tax-free shopping schemes similar to the UK’s VAT Retail Export Scheme are common around the world, with governments waiving local sales taxes to attract tourist spending across the wider economy. The schemes also recognise that many visitors incur import duties on goods when they return home. Most countries have long since digitized their schemes, something that the letter highlights that the HMRC has been promising and failing to deliver for years. In recognition of the importance of the scheme to their livelihoods, the signatories to the letter have offered to implement such a solution immediately at no cost to the tax-payer.

Barnes adds: *“UK travellers who’ve shopped abroad and enjoyed a discount will recognise how important these schemes are, and how quickly those savings are then spent on extra holiday treats. In taking this money out of the hands of our own international visitors, the Chancellor is impoverishing all those who depend on tourist spending right across the UK.”*

Jane Sharrocks, Chair of Manchester Business Improvement District, concludes: *“The decision to withdraw tax free shopping entirely rather than extending it to the EU will have untold impact on the local economy in Manchester and the UK economy as a whole. International visitors and their tax-free spending are supported by a wider tourism ecosystem beyond just retail, including leisure, hospitality and travel.”*

The full list of signatories to the letter is:

- Steve Rowe, Chief Executive, Marks & Spencer
- Anne Pitcher, Managing Director, Selfridges & Co.
- John Edgar, Chief Executive, Fenwick
- Hugh Seaborn, Chief Executive, Cadogan
- Brian Duffy, Chief Executive Officer, Watches of Switzerland
- Robert Sinclair, Chief Executive Officer, London City Airport
- Ewan Venters, Chief Executive Officer, Fortnum & Mason
- Emma Degg, Chief Executive Officer, North West Business Leadership Tam
- Inderneel Singh, Managing Director, Edwardian Hotels London
- Neil Raimi, Chief Executive, West Midlands Growth Company
- James Raynor, Chief Executive, Grosvenor Britain & Ireland
- Brian Bickell, Chief Executive, Shaftesbury



- John Holland-Kaye, Chief Executive, Heathrow Airport
- Stewart Wingate, Chief Executive Officer, Gatwick Airport Ltd
- Nick Barton, Chief Executive, Birmingham Airport
- Derek Provan, Chief Executive Officer, ASG Airports (Aberdeen, Glasgow, Southampton)
- Liam Cunningham, Maybourne Hotel Group
- Jose Luis Duran, Chief Executive Officer Europe, Value Retail Europe Management, for Bicester Village
- Mark Bourgeois, Managing Director UK and Ireland, Hammerson plc
- Ian Hawksworth, Chief Executive, Capital & Counties Properties plc
- Clive Memmott, Chief Executive, Greater Manchester Chamber of Commerce
- Alan Morgan, Chief Executive Officer, GLH Hotels

-ENDS-

Notes to editors

The full text of the letter to the Chancellor can be found at internationalretail.co.uk

¹ Figures from Planet - assuming up to half of wider spending by international visitors is lost, accounting for highest spenders being most likely to turn away from the UK

² Total registered annual tax-free sales in the UK are £3.5 billion but the reclaim rate is around 65% (due to the failure of HMRC to digitalise the validation system). So, VAT is only actually reclaimed on £2.5 billion

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Notes to Editors

About AIR

Launched in March 2020, AIR works together with businesses, organisations and Government to ensure that the policy and economic environment allows international retail in the UK to realise its full growth potential.

Our aim is to help retailers throughout the UK enhance their sales to international visitors. AIR's focus is on communicating the importance to sector, identifying and promoting policy changes that will help drive growth and providing market and international competitor research.