



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
The Correspondence & Enquiry unit
1 Horse Guards Road
London
SW1A 2HQ

Our Ref: ALMG
5th February 2021

Dear Chancellor,

Re: VAT relief for the hospitality sector

I am writing to ask you for an extension of the VAT cut to 5% for another 12 months and secondly, a further 100% holiday on business rates, for the hospitality sector covering the next financial year.

Many businesses up and down the country are looking forward to a period of recovery as the vaccine is rolled out. The hospitality sector offers an opportunity to play their part in reviving local economies and rebuilding our local communities later this year and beyond. Across 2020, sales across the sector dropped by 54%, or a massive £72 billion.

The hospitality trade is vital to bringing people back into High Streets and help stem the growing levels of unemployment. These businesses also help the wider economy as they are a destination business and have national supply chains.

The support that you have given to this sector has been received well by the industry however now is a time to act decisively. Uncertainty around budgets has caused many businesses to cease trading. Clarity around these issues would save a great number of jobs and enable the sector to plan for this important recovery period.

The VAT cut has helped over the past year however many businesses were forced to close for much of the year. As the industry starts to recover another year of a 5% VAT rate would be vital to ensure a strong bounce back. Please would you consider this suggestion?

The Scottish Government has announced another three months of a 100% holiday on business rates but are unable to go further as they do not have the borrowing powers to do so. Can you confirm that the Treasury intends to bring forward further business rates relief? This would enable the Scottish Government to plan for the future and give businesses the certainty that they are looking for.

I thank you for your attention to this matter and look forward to your response.

Kind regards

Alyn Smith MP