

MAYOR OF LONDON

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Date: 31 January 2023

Dear Jeremy,

I am writing to you, alongside key businesses and business groups, to urge the Government to reintroduce VAT-free shopping for international visitors as soon as possible. I wrote to you on this ahead of the Autumn Statement and am compelled to join business voices in pressing you to take action now.

Reintroducing the VAT Retail Export Scheme and airside tax-free shopping will help to increase the number of international tourists who visit London and the United Kingdom, which in turn will provide a much needed boost to businesses and high streets across the country.

Our rich ecosystem of shops, hospitality venues, and cultural attractions, is heavily dependent on both domestic and international tourists. That is why together, London's business groups and I have repeatedly called on the Government to support the return of international tourists back to London, in what is a highly competitive international market, by reinstating tax-free shopping for overseas visitors and also extending this to EU visitors.

London's success in attracting overseas visitors is vital not just to the capital, but to the whole UK economy. London is the gateway to the rest of the UK, for example, 40% of international visitors to Scotland arrive via London and stay in London at the beginning or end of their trip. While much tax-free shopping takes place in London, the negative impact of not having this scheme in place will be felt across the UK, with over 20% of the annual £3.5 billion tax-free sales made outside of the capital.

In your statement to Parliament on 17th November, you announced that 'we will no longer be proceeding with the new VAT-free shopping scheme for non-UK visitors, saving a further £2 billion a year'. However, the recent Oxford Economics Study into the impact of tax-free shopping in the UK suggests that the full impact of the policy on Treasury revenues would be a net positive of £350m each year. We are therefore requesting you ask the Office of Budget Responsibility to undertake an independent assessment of the full impact of tax-free shopping on the UK economy and tax revenues, so that decisions can be made based on full and accurate information.

The return of VAT-free shopping would provide a much-needed boost to London's retail and hospitality sectors at a time they need it most. The Prime Minister has stated that his ambition is to grow the economy this year, and the Government should be looking for

MAYOR OF LONDON

ways to secure the capital's status and reputation as a global city that is open to visitors and investment – not providing reasons for tourists and businesses to look elsewhere.

We are therefore urging you to consider the reintroduction of tax-free shopping to support London and the whole UK economy ahead of the upcoming Budget.

Yours sincerely,

Sadiq Khan
Mayor of London

Julie Abraham,
Chief Executive, Richer Sounds

Penny Alexander
Chief Executive, Baker Street Quarter Partnership

Mark Allan
Chief Executive, Landsec

Tom Athron
Chief Executive, Fortnum and Mason

Paul Barnes
Chief Executive, Association for International Retail

Charles Begley
Chief Executive, London Property Alliance

Helen Brocklebank
Chief Executive, Walpole

Fraser Brown
Retail Director, Heathrow Airport

Julie Brown
COO & CFO, Burberry Group PLC

Richard Burge
Chief Executive, LCCI

Kay Buxton
Chief Executive, Marble Arch London

John Dickie
CEO, Business LDN

Bernard Donoghue
Chief Executive, Association of Leading Visitor Attractions

Sal Gowili
General Manager, Ritz London

MAYOR OF LONDON

Chris Hayward

Chair, City of London Corporation

Tom Ironside

Director of Business and Regulation, British Retail Consortium

Matthew Jaffa

Senior External Affairs Manager, Federation of Small Business

Alexander Jan

Chair, Central District Alliance and Hatton Garden BIDs

Andrew Keith

Managing Director, Selfridges

Millie Kendall OBE

Chief Executive, British Beauty Council

Asma Khan

Founder, Darjeeling Express

Mike Kill

CEO, Night Time Industries Association

Emma McClarkin

Chief Executive, British Beer and Pub Association

Steven Medway

Chief Executive, Knightsbridge Partnership

Ros Morgan

Chief Executive, HOLBA

Simon Pitkeathley

CEO, Camden Collective

Peter Rogers

Chair, NWECC

Michael Ward

Managing Director, Harrods

Kieron Williams

Leader of the Council and Chair of Central London Forward, Southwark Council

Debbie Woskow

Co-Founder, AllBright

MAYOR OF LONDON

CC Rt Hon Grant Shapps MP, Secretary of State for Business, Energy, and Industrial Strategy
Rt Hon Michelle Donelan MP, Secretary of State for Digital, Culture, Media and Sport
Paul Scully MP, Minister for London