

“Kick-start growth by bringing back tax-free shopping”

Dear Ms Reeves,

A quick way to grow the economy across the whole country and boost tax Revenues.

In light of the economic challenges that the new Government will face after the General Election and the recent publication of the Labour Party Manifesto, the Association of International Retail (AIR) has produced the attached paper which demonstrates how the reintroduction of tax-free shopping will result in an additional £11.5bn of foreign spending in the UK each year and generate over £4bn in additional tax revenues.

By making Britain the only major European country where the EU's 450m residents will be able to shop tax-free, Britain would create a totally new, shopping-led tourism market which we calculate would be worth £10bn annually. This spending would be spread across the whole of the UK, with the regions particularly benefitting, in part due to the strong links of their regional airports to EU destinations. This would result in over 200,000 new jobs, accessible to all.

AIR calculates that the actual impact on the Exchequer is a tax revenue boost of £4bn a year, not the current government's increasingly discredited forecast loss of £2.5bn which has not been scrutinised nor certified by the OBR. Recent, actual spending data from across the UK and mainland Europe has consistently undermined the government's forecast, yet the current Chancellor has resisted repeated calls from British business across the whole country, politicians of all parties and the media to look again at his decision.

AIR shares your belief in fiscal prudence and evidence-based policymaking. That is why we are first calling for a review of the full impact of tax-free shopping on the Exchequer using data on actual changes in international traveller behaviour and spending levels which has now become available after the COVID lockdowns.

In contrast to the procedure used by the then Chancellor in 2020, we are also calling for all the forecasts to be fully scrutinised and certified by the OBR before ministers make a decision on the restoration of tax-free shopping.

By not listening to business, the Conservative Government missed a unique opportunity provided by Brexit to grow the economy and create this significant new market. We are encouraged by the Labour Party's commitment to working with business and we hope this continues into Government so that together we can make Britain the best place in the world for international travellers to shop.

We would appreciate the opportunity to discuss this with you and your team after the election.

Best wishes,
Paul Barnes

Chief Executive

Association of International Retail

www.internationalretail.co.uk