

MANCHESTER

An aerial night view of the Manchester city skyline. The image shows a dense cluster of modern skyscrapers, many of which are brightly lit with warm yellow and orange lights. Some buildings have distinctive red lights at their peaks. In the foreground, a tram line with overhead power lines runs through the city. The sky is a deep blue with some light clouds, and the overall atmosphere is vibrant and urban.

Ask the Chancellor,
Please review tax-free shopping.



MANCHESTER

CALL TO ACTION

Manchester is asking the Chancellor - Please review Tax-Free Shopping”

Why review? Because of its £5.65bn growth potential supporting over 100,000 jobs.

- A new £3.65bn EU shopping tourism market (based on Brits shopping tax-free in the EU).
 - Including £1.8bn outside London.
 - Create 73,000 new jobs.
- An additional £2bn boost for UK high streets.
 - Win back the £2bn spending by non-EU international visitor now diverted to France, Spain and Italy.
 - Create 40,000 new jobs.
- A £500m boost for the Exchequer in VAT alone.
- Regain Britain’s position as Europe’s top shopping destination.
- Fast growth delivered during this Parliament.

Why review? Because things have changed since 2020 forecasts – new evidence.

- New Government.
- New growth priorities.
- New evidence of behaviour change.
- New evidence of new markets created.
- New studies based on actual spending data.

Why review? Because neither the Treasury nor the OBR has ever reviewed the key Treasury forecast on the impact of extending tax-free shopping to all international visitors.

- In 2020, Ministers were persuaded to end tax-free shopping by a Treasury forecast on the cost of extending the scheme to EU visitors. This forecast has been undermined by all the subsequent evidence.
- The OBR has stated that it has never reviewed this forecast.
- The Treasury has never reviewed this forecast.
- Five years on, it needs to be reviewed.

Why review? Because a review is cost-free, with no commitment and will please thousands of high street businesses across the UK

- New Treasury and OBR forecasts are not a big cost
- No commitment required to any future policy
- Will win support from over 500 businesses across the UK, from Primark to Prada,



MANCHESTER

CALL TO ACTION

The importance of the international visitor economy to Manchester.

The international visitor economy is central to Manchester's growth strategy, not just for its financial contribution but also for its role in shaping the city's global identity, supporting, and driving sustainable urban development.

Economic Impact

- Tourism contributes around £9 billion annually to Greater Manchester's economy, supporting over 100,000 jobs across hospitality, retail, transport, and cultural sectors[1].
- **International visitors are especially valuable:**
 - Overseas visitors spend an average of £259 per day, nearly double that of domestic visitors (£133)[3].
 - In 2018, 1.4 million international visits were made to Manchester, making it the third most visited UK city after London and Edinburgh[4].

Strategic Importance

- Manchester Airport is a key gateway, with plans to ensure 30% of passengers are international by 2030[2].
- The city is investing in major cultural, leisure, and infrastructure developments (e.g., Etihad Campus expansion, Town Hall reopening, luxury hotels) to attract more international tourists[5].
- Conferences and business events alone contribute £862 million, highlighting the role of international business tourism[1].

Sustainability & Inclusion Goals

- Manchester aims to be England's most sustainable city destination, aligning tourism growth with environmental and social goals[6].
- All visitor economy employees are expected to earn at least the Real Living Wage, promoting inclusive economic development[2]

[1] www.greatermanchester-ca.gov.uk [2] www.experienceuk.org
[3] marketingmanchester.com [4] tovisorga.com
[5] www.casacity.co.uk [6] democracy.manchester.gov.uk



MANCHESTER

CALL TO ACTION

The Importance of tax-free shopping to Manchester.

The Association of International Retail estimate could be worth an additional £228 million of international spending in Manchester annually, creating over 4,500 jobs.

- Additional non-EU spend on shopping in Manchester would be £48 million.
- Additional EU spend on shopping, accommodation, hospitality, travel, leisure in Manchester would be £180 million.
- Combined additional spending in Manchester would be £228 million.
- Combined additional jobs created in Manchester would be 4,500.



MANCHESTER

CALL TO ACTION

The benefit to His Majesty's Treasury (HM Treasury).

The Treasury is rightly concerned about ensuring that tax-free shopping is not a cost to the Exchequer.

Initially, during the 2020 COVID-19 lockdown, it was forecasted that there would be a net cost of £1.6 billion in refunded VAT. However, recent evidence, particularly regarding the new market created when British citizens were able to shop tax-free in the EU post-Brexit, suggests otherwise.

Instead of incurring a cost, extending tax-free shopping to the 450 million EU residents could generate a net addition of over £500 million annually for the Exchequer in VAT alone.

The Treasury's original assumption that offering tax-free shopping would have minimal impact on international visitor behaviour, either in terms of choosing to visit a country or their spending levels, is not supported by the evidence.

While we do not expect the Treasury to accept this data without question, we believe that the significant difference between the old and new forecasts warrants a review. This time both the EU and non-EU elements should be scrutinised by the OBR.

oasis

