

HENRY SMITH MP



HOUSE OF COMMONS

LONDON SW1A 0AA

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

26<sup>th</sup> October 2022

Dear Chancellor

**Introduction of duty-free shopping for arriving passengers**

Congratulations on your appointment as Chancellor of the Exchequer.

We are writing to you as a group of cross-party parliamentarians urging you to introduce arrivals duty-free shopping in airports, international rail, and ferry terminals in Great Britain to help our travel sector flourish and recover from the devastating impacts of the Covid-19 pandemic, plus contribute to economic growth.

Last year, the Government introduced more generous duty-free personal allowances as a result of our departure from the EU, but without allowing duty-free stores on arrival into the UK. All this is doing is incentivising British nationals to spend money abroad at the expense of British businesses. Arrivals duty-free stores would make this UK tax policy work for UK consumers and businesses for the first time ever.

If the UK introduced duty-free for arriving passengers, we could drive our competitive advantage and divert sales away from our European neighbours, with passengers waiting until they arrive in the UK to make their duty-free purchases and so boosting British business. Passengers would be required to stay within existing personal allowances and these stores would be located before customs clearance to ensure compliance.

Some 65 countries around the world currently have arrivals duty-free stores in place, including Asia, the Middle East and Australasia, as well as several non-EU countries in the EEA and eastern Europe. In recent years arrivals duty-free has been successfully implemented in countries such as Switzerland and Norway, without causing any negative effects to state revenue or high street sales.

With our exit from the EU, the UK has a unique opportunity to drive retail sales higher than our European neighbours. Recent research predicts a 20-30% passenger spending increase if we introduced duty-free sales on arrival to the UK, the net result would be more

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jobs, more investment and more economic growth in communities in all parts of Great Britain.

This policy is of no cost to the taxpayer, the cost would be borne wholly by industry. In fact, York Aviation's research states that arrivals duty-free has the potential to increase UK sales of duty-free products by up to £100 million per year. The research also calculates that an increase in sales of this volume, coupled with the income tax collected from the jobs created, could generate an additional £50 million in tax revenues for the Government.

Alongside this, recent polling shows that this policy would be popular, with 55% of people agreeing that British citizens should be allowed to use their duty-free allowance within the UK, and when informed that arrivals duty-free stores were in place in 65 other countries. Only 8% of all those asked were opposed to the policy.

We urge you to seize the opportunity and help ensure the UK's travel industry can continue its recovery from Covid-19 and play its full and essential role in driving economic growth by introducing arrivals duty-free shopping in airports, international rail, and ferry terminals at the upcoming financial statement.

Yours sincerely



**Henry Smith**  
**Member of Parliament for Crawley**  
**Chair, All-Party Parliamentary Group for the Future of Aviation**

**Sir Graham Brady, Member of Parliament for Altrincham & Sale West**

**Sarah Champion, Member of Parliament for Rotherham**

**Michael Fabricant, Member of Parliament for Lichfield**

**Margaret Ferrier, Member of Parliament for Rutherglen & Hamilton West**

**Yvonne Fovargue, Member of Parliament for Makerfield**

**Patrick Grady, Member of Parliament for Glasgow North**

**Stephen Hammond, Member of Parliament for Wimbledon**

**Christine Jardine, Member of Parliament for Edinburgh West**

**Pauline Latham OBE, Member of Parliament for Mid Derbyshire**

**Chris Law, Member of Parliament for Dundee West**

**Kim Leadbeater MBE, Member of Parliament for Batley & Spen**

**Jonathan Lord, Member of Parliament for Woking**

**Tim Loughton, Member of Parliament for East Worthing & Shoreham**

**Steve McCabe, Member of Parliament for Birmingham, Selly Oak**

**Gavin Newlands, Member of Parliament for Paisley & Renfrewshire North**

**Ian Paisley, Member of Parliament for North Antrim**

**Laurence Robertson, Member of Parliament for Tewkesbury**

**Gary Sambrook, Member of Parliament for Birmingham, Northfield**

**Virendra Sharma, Member of Parliament for Ealing Southall**

**Greg Smith, Member of Parliament for Buckingham**

**Martin Vickers, Member of Parliament for Cleethorpes**  
**Giles Watling, Member of Parliament for Clacton**  
**Rt Hon Sammy Wilson, Member of Parliament for East Antrim**  
**Lord Balfe**  
**Lord Bowness CBE DL**  
**Lord Campbell of Pittenweem CH CBE KC FRSE**  
**Lord Dholakia OBE DL**  
**Baroness Doocey OBE**  
**Baroness Eaton DBE DL**  
**Lord Evans of Watford**  
**Baroness Garden of Frognal**  
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**Baroness Redfern**  
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**Lord Udny-Lister**  
**Lord Vaizey of Didcot**