

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
11 Downing Street
Via email

04 September 2023

Dear Chancellor,

Restoring tax-free shopping for international visitors

Ahead of the Westminster Hall debate on 7 September, we are writing to urge the Government to restore tax-free shopping to maximise spending from international visitors and boost our economy.

The decision to end tax-free shopping in 2021 was deeply misguided. The UK is now at a stark competitive disadvantage due to the fact we charge overseas shoppers 20% more than our international neighbours for the same goods. Every country in the European Union offers this incentive.

Unsurprisingly, the absence of tax-free shopping has weighed on our recovery following the pandemic. Recent figures from Global Blue show that 10% of UK spending by international visitors in 2019 has now relocated to EU countries. The number of American shoppers in the UK is now back to 2019 levels but this lags far behind France, Spain and Italy, which have doubled their American visitor numbers. This gap between the UK and EU is also evident when it comes to visitors from the Gulf and China.

Several studies have shown that reintroducing the scheme would significantly boost London and the wider UK economy by encouraging international visitors to spend here rather than abroad. It would attract more high-spending shoppers and in turn boost spending in hotels, restaurants, museums and theatres – as well as retail. This additional spending would more than compensate for the short-term loss of VAT receipts – delivering a significant net increase in tax revenues for the Exchequer annually.

Restoring tax-free shopping would ultimately be a win-win for business, the economy and the country. It would help the UK escape the low growth trap by boosting spending, including during the vital Christmas shopping period. It would also help us to seize opportunities to attract more visitor spending such as the Paris Olympics next summer. We urge you to restore tax-free shopping for international visitors to support jobs, growth and investment in London and across the UK.

Yours sincerely,

Peter Hogg, UK Cities Director, **Arcadis**

Paul Barnes, CEO, **Association of International Retail**

Simon Murphy, CEO, **Battersea Power Station Development Company**

John Dickie, Chief Executive, **BusinessLDN**

Hugh Seaborn, Chief Executive, **Cadogan**

Steve Griffiths, Managing Director, **East Midlands Airport**

Inderneel Singh, CEO, **Edwardian Hotels London**

Stewart Wingate, Chief Executive, **Gatwick Airport Ltd**

Toby Courtauld, Chief Executive, **GPE**

Amelia Bright, Executive Director – London Estate, **Grosvenor**

Ros Morgan, Chief Executive, **Heart of London Business Alliance**

Fraser Brown, Retail Director, **Heathrow Airport**

Wendy Spinks, Commercial Director, **High Speed 1**

Gareth Powell, Managing Director, **London Stansted Airport**

Chris Woodroffe, Managing Director, Manchester Airport, **Manchester Airport**

Dee Corsi, Chief Executive, **New West End Company**

Oliver Fenn-Smith, Chief Executive, **The Portman Estate**

Ruth Duston, OBE, CEO and Founder, **Primera**