

BY EMAIL

Sadiq Khan
Mayor of London
City Hall
Kamal Chunchie Way
London E16 1ZE

28 September 2022

Dear Sadiq,

Speeding-up the implementation of tax-free shopping in the UK

As you know, the Chancellor's announcement on restoring tax-free shopping (the VAT RES) and extending it to EU visitors will provide a positive boost to London's retail, hospitality, and tourist sectors. However, we are concerned that the Government is suggesting in its Growth Plan that this will only happen from 2024/25, over two years from now. We would like to seek your support in pressing the Government for quicker implementation through your networks.

The reason given by HM Treasury for this delay is the need to digitalise the VAT RES, which it believes will take at least two years. Industry does not support this view.

The major VAT refund agencies have successfully installed end-to-end digital refund systems for Governments around the world. Their timescale is between six to twelve months, and they are confident that they could provide a system for the UK within six months.

Most other Governments digitalised their tax-free shopping systems by building onto the existing retailer digital infrastructure. When the UK Government announced its intention to digitalise in 2010, it chose a different route. HMRC proposed to replace all the existing retailer digital infrastructure with a new, undesigned, untested and not costed Government system. In 2020, when the Government made the decision to end the VAT RES, HMRC was still consulting on what that system would look like. Meanwhile, virtually every other Government offering tax-free shopping had digitalised using the globally accepted route.

We therefore ask you to join with us in urging the Government to commit to an industry-led solution with the aim of restoring tax-free shopping within the next six to twelve months.

Yours sincerely



Sir Peter Rogers
CHAIRMAN

