

## UK weighs new tourism, sugar taxes

- A Monitor Desk Report

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Dhaka: Chancellor Rachel Reeves delivered her first Autumn Budget on November 26, 2025. Reports from Westminster indicate she may introduce two controversial revenue-raising measures: a nightly fee on tourist accommodation and an extension of the existing sugar tax to cover drinks like milkshakes and flavored coffees.

The proposed tourism levy would allow mayors in England to charge visitors staying in hotels, B&Bs, and short-term rentals such as Airbnb — mirroring systems already rolled out in Scotland and Wales.

Supporters argue that Britain is an outlier among major economies in not having such a tax, and that local authorities need dedicated funding to maintain infrastructure heavily used by tourists.

London's Sadiq Khan and Greater Manchester's Andy Burnham have

endorsed the idea, estimating that a GBP 1 - GBP 5 nightly charge in Manchester alone could generate GBP 8 - GBP 40 million a year.

Reeves is reportedly considering changes to the Soft Drinks Industry Levy. Under the expanded version, milk-based drinks — including milkshakes, flavored lattes, and plant-milk beverages — would lose their exemption.

The sugar threshold would also drop from 5g to 4g per 100ml, potentially capturing more than 200 pre-packaged milk drinks unless manufacturers reformulate. Treasury officials believe this could raise GBP 50 - GBP 100 million annually. A proposed “lactose allowance” would ensure only added sugars, not naturally occurring ones, are taxed.

These measures form part of a wider plan to plug an estimated GBP 20 billion fiscal gap — at a time when frozen tax thresholds are already pushing more earners into higher tax bands.

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