

Soft Drinks Industry Levy consultation

01 July 2025  Rachel Lyne

A joint consultation between HMRC and HM Treasury is underway to set out proposals for changes to the Soft Drinks Industry Levy (SDIL).

The consultation will run until 21 July 2025.

What is the SDIL?

SDIL is a tax on pre-packaged soft drinks with added sugar. It currently only applies to qualifying drinks with at least 5g total sugar per 100ml.

SDIL is charged at its standard rate (£1.94 per 10 litres) on drinks with 5g to 7.9g total sugar per 100ml (lower band), and at a higher rate (£2.59 per 10 litres) for drinks with 8g or more total sugar per 100ml (higher band).

What is included in the proposed SDIL changes?

Proposed changes include the minimum content threshold at which the levy applies and current exemptions for milk-based drinks and milk substitute drinks. Final policy will be confirmed at the Autumn Budget.

The government is now specifically consulting on the following changes to the SDIL:

- reducing the minimum sugar content at which the SDIL applies to qualifying drinks from 5g to 4g total sugar per 100ml. The SDIL standard rate would apply from 4g to 7.9g total sugar per 100ml, rather than 5g to 7.9g total sugar per 100ml as it currently does.
- removing the exemption for milk-based drinks whilst introducing a 'lactose allowance' to account for the natural sugars in the milk component of these drinks
- removing the exemption for milk substitute drinks with 'added sugars' beyond those sugars derived from the principal ingredient, such as oats or rice.

The SDIL will remain a tax on pre-packaged soft drinks with added sugar. This means that foods, alcoholic drinks, soft drinks with only natural sugars such as cows' milk and pure fruit juice, and drinks made on-site in cafes, bars, etc., will not be considered as part of this consultation.

Small producers – defined as one that has produced one million litres or less (worldwide) of liable drinks over the past twelve rolling months and will not produce over one million litres of liable drinks in the next 30 days – will remain exempt from the levy.

How to respond to the consultation

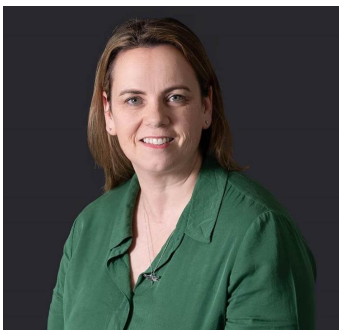
This is your opportunity to [respond to the SDIL consultation](#) and put forward your response to the proposed levy changes as well as put forward your opinions on the public policy objectives of the levy.

If we can support, you in responding to the consultation please do get in touch.

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