

MAYOR OF LONDON

Rt Hon Rishi Sunak MP

Chancellor of the Exchequer
HM Treasury
Horse Guards Road
London SW1A 2HQ

Date: 23 September 2020

Dear Rishi

I am writing to express my disappointment and concern at the Government's abrupt decision to end the tax-free shopping scheme at the close of this year, which I know came as an unwelcome shock to many businesses in London's West End in particular.

Businesses in central London are facing a perfect storm as a result of the measures put in place to control the pandemic with an increase in home working, the shut down in domestic and international tourism, and changes to how Londoners spend their leisure time. At a time when we should be coming together to recover from Covid-19 and navigate a post Brexit economy, this announcement has delivered a blow to confidence in the retail and hospitality sectors. Businesses in other major cities across the UK will no doubt also feel let down by this decision.

At the heart of the Central Activities Zone (CAZ), footfall in the West End is down more than 50% compared with the same period last year. West End spending is down 80% due to Covid-19 and the New West End Company forecasts a loss of over £5 billion retail sales within the district this year. 50,000 jobs are already at risk.

Government should be looking for ways to secure London's status and reputation as a global city that is open to both visitors and investment – not providing reasons for businesses and visitors to look elsewhere. Britain will be the only European country not to offer tax-free shopping to international visitors, putting us at a clear disadvantage. While much tax-free shopping is in London, the negative impact will also be felt across the UK with over 20% of the annual £3.5 billion tax free sales usually made outside London.

With the furlough scheme and business rate holiday also due to end for businesses, a loss of future international visitors and their spend will be another blow. The expectation of the return of international visitors in 2021 will be an important factor

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in supporting business confidence in central London, for retail and hospitality in particular, but the Government's abrupt decision to end tax-free shopping has now undermined this hope.

The benefits of tourism to London and the UK are huge. I want to ensure that London continues to offer the best experience to its future visitors. The West End needs targeted, financial and fiscal support from Government, not additional roadblocks and challenges.

I look forward to hearing back from you at your earliest convenience.

Yours sincerely,



Sadiq Khan
Mayor of London

Cc Paul Scully MP, Minister for London
Sir Edward Lister, 10 Downing Street