A) SDIL's current operation	
1. Pricing	Evidence from a meta-analysis of 62 studies evaluating soft drinks taxes globally show an overall pass-through rate of 82%, a price elasticity demand of -1.59 and a 15% reduction in sales. This meta-analysis also showed that pass-through rates are dependent on the structure of the tax. Evidence from research conducted in our group suggests that overall, the cost of SDIL is passed on at a higher rate in the high-levy (8g+) drinks category compared to low-levy (5-8g) and no-levy drinks (<5g). An ITSA study using product data collected from the Tesco website data from November 2017 to March 2020 found there was a step-change increase in the price of high-levy drinks at the point of implementation of +£0.049 per 100ml – this represents a pass through rate of 204%. In the no-levy category, there was a step change in price at the point of implementation in April 2018 (+£0.012 per 100ml) followed by a second step change in October 2018 (-£0.018 per 100ml). Prices of the low-levy category were found to be erratic over the given time period.
2. Health impact	Drawing on interrupted time series analyses of weekly household sugar purchases, modelling predicts that reductions in sugar purchases will lead to 3,600 fewer dental caries (95% CI: 946 to 6,330) and 64,100 fewer children and adolescents classify (54,400 to 73,400), in the first 10 years after implementation. Predicted impacts are largest for children and adolescents in most deprived areas. If simulated effects are sustained over the life course, then modelling predicts a small but significant reduction in the slope index of inequality. See: Estimated impact of the UK soft drinks industry levy on childhood hospital admissions for carious tooth extractions: interrupted time series analysis | BMJ Nutrition, Prevention & Health An interrupted time series analyses using data from the National Child Measurement Programme found that in November 2019, prevalence of overall obesity in year 6 girls reduced absolutely by 1.6 percentage points (PPs) (95% CI: 1.1, 2.1), with greatest reductions in the two most deprived quintiles: Associations between trajectories of obesity prevalence in English primary school children and the UK soft drinks industry levy: An interrupted time series analysis of surveillance data | PLOS Medicine An interrupted time series analyses of hospital admission rates for asthma in children found that 22 months post-implementation of the SDIL, incidence rates reduced by 20.9%

	(95%CI: 29.6-12.2), and reductions were similar across age-groups and deprivation quintiles. The UK Soft Drinks Industry Levy and childhood hospital admissions for asthma in England | Nature Communications
3. SDIL's structure	
4. Improvements to SDIL	The World Bank recommends that sugary beverage taxes are indexed as a constant share of income, to ensure long term effectiveness and mitigate attrition. In practice, this could include indexing to inflation (CPI), or if available, indexation to nominal per capita GDP or nominal wage growth. See: World Bank Document Extending the SDIL uprating beyond the proposed 5 years (e.g. to automatic indexing), may prevent the need for further such changes in future.
5. International comparisons	There have been numerous systematic reviews (1-6) of the impact of sugary drink taxes on consumer behaviour, manufacturer behaviour and health impacts. In general they show that a) consumer response to tax increases are in line with economic predictions (e.g. a 10% price increase results in roughly 10% reduction in sales), b) tax pass through rates vary hugely based on brand (e.g. branded vs. supermarket own brand), size (e.g. individual cans vs large family size bottles), and location (e.g. supermarket vs. fast food outlet, cinema, etc.), c) modelled estimates suggest that reductions in soft drink consumption from beverage taxes is likely to lead to small falls in overweight and obesity in both childhood and adult populations. (1) Maite et al. AJCN, 2018;108(3):548-563. (2) Teng et al. Obesity Reviews, 2019;20(9):1187-1204. (3) Andreyeva T et al. JAMA Netw Open, 2022;5(6):e2215276. (4) Backholer et al. PHN, 2016;19(17):3070-3084. (5) Thow AM et al. Nutrition Reviews, 2014;72(9):551-565. (6) Ng SW et al. BMC Public Health, 2021;21:1941.
B) The UK soft drink market	
6. Market changes since 2018	A paper published by the SDIL Evaluation Team, Rogers et al., BMJ Open, 2023;13:e077059 found that a combination of reformulation of drinks and a change in consumer behaviour due to price incentives resulted in an average reduction of 8g (2.4 – 13.6) of sugar per household per week. This suggests that consumers are responsive to changes in pricing of soft drinks, as supported by results of an international meta-analysis.

7. Product reformulation	Qualitative evidence from 18 expert interviews explored marketing responses to the UK Soft Drinks Industry Levy. The results demonstrated that product reformulation was more likely if certain internal or contextual factors of a soft drinks company were present. External factors include: if competitors are reformulating, if consumers are interested in health, if the company has previously responded well to policy or anticipates further regulation, and if sugar suppliers are not influential. Internal factors include: if the brand identity is not tied to sugar, if the brand is weak, if the company is less agile, lacking in infrastructure or willingness to change, if the company is concerned with appearing responsible, if the company has successfully reformulated before, or if there are no existing low-sugar variants in their portfolio. See Table 3 in: Understanding Marketing Responses to a Tax on Sugary Drinks: A Qualitative Interview Study in the United Kingdom, 2019
8. General background	Rogers et al. BMJ Nutr, Prevention & Health, 2025;e000981. shows that in the UK purchasing of soft drinks is higher in low income households and in households with children. Relative falls in sugar purchases associated with the SDIL were higher both in low income households and in households with children (i.e. the SDIL was more effective in populations with higher consumption levels).
C) The milk-based drink exemption	
9. Health case	Please see the Appendix for analysis on the volume sales and sugar content of milk-based drinks. **Figure 1** shows the volume sales of different categories of soft drinks in litres per capita for the UK in 2024 [1]. Milk-based drinks, while a source of calcium and other vitamins and minerals, are not as widely consumed as other soft drink categories and make up a tiny fraction of sales when compared to fresh, plain cow's milk. The sugar content of milk-based drink products (e.g. milkshakes and ready to drink coffees) available in UK supermarkets is shown in **Figure 2** below [2]. Like energy drinks, milk-based drinks such as milkshakes and ready to drink coffees, are consumed more by children and young people. We are unaware of any potential substitution effects should milk-based products be subject to the SDIL.
10. Reformulation	Assuming that artificial sweeteners can be used effectively in milk-based drinks, then we might expect to see similar reformulation patterns should the SDIL be extended to include these products. However, not all of the sugar in milk-based drinks is added sugar (since milk contains naturally occurring sugars including lactose). This will set a floor of minimum sugar content in a milk-based drink without substantial change to the recipe (i.e. changing the amount of milk in the drink).

	We see five policy options: 1. Change the tax thresholds so they are based on free sugars, rather than total sugars 2. Have different thresholds for milk-based drinks than for non-milk drinks to account for the lactose content of milk 3. Discount lactose when calculating total sugar content of products 4. Use the same thresholds for all products – given milk contains 4.5g sugars per 100ml, it is unlikely many products without added sugars would be subject to the tax at the given thresholds. 5. Maintain the current exclusion for milk drinks
11. Business impacts	
12. Price impacts	
D) Milk substitutes	
13. Case for the milk substitutes exemption	It is hard to justify an exemption for plant-based milkshake drinks. However, plant-based milk substitutes that are designed to be used in the same way as milk is used should remain exempt. These products are important sources of nutrition for people on plant-based diets and they have a far lower environmental impact than their dairy counterparts. Therefore, their consumption should not be disincentivized.
14. Impacts of removing the exemption	
15. Fortification of milk substitutes	
E) Reducing the 5g total sugar per 100ml threshold – impacts	
16. Reformulation	We have evidence that shows how the industry responded when the SDIL was introduced [see Question A3]. It can give us some partial insight into how the industry might respond should the thresholds be adjusted, although much of this is speculative. Many companies have already invested in reducing the sugar content of their drinks to avoid the tax entirely, as per the aim of the SDIL. Much of what can be said about changing the structure/thresholds is speculative. On the one hand, lowering the 5g/100ml threshold would unfairly impact those companies that have previously reformulated and made the desired changes, and there is a risk that repeatedly revising the thresholds decreases their effectiveness at incentivising reformulation. On the other, having reformulated already and invested in R&D, they may be well placed to make further, smaller changes. Lowering the 5g/100ml threshold (or raising the 8g threshold) will not trigger the same drops in the sugar content seen when implementing the SDIL in 2018. However, there are some top-selling brands (e.g. Fanta, Irn Bru, Pepsi, 7-UP) that contain 4.5-4.7g/100ml and have large volume sales,

	and therefore lowering these by even small amounts may have some impact on sugar consumption.
17. Business impacts	
18. Price impacts	
19. Health impacts	
F) Third SDIL threshold at 10g total sugar per 100ml – impacts	
20. Reformulation	Please see the Appendix for a short analysis on the distribution of soft drink products based on sugar content. **Figure 3** below looks at the number of soft drinks on the market by their sugar content (g/100ml) and levy category. The distribution of products by their sugar content is also shown in **Table 1** below. The number of products that are subject to different levy thresholds is one way to analyse the potential impact of any adjustments. Another consideration is the volume sales of individual brands. Sales of Coca Cola (10.6g/100ml) and Monster Energy (11.0g/100ml), for example, represented 25% and 32.7% of total volume sales for the 'Regular Carbonates' and 'Energy Drinks' categories respectively [1]. Even a small reduction in their sugar content could have an impact on the volume of sugars sold/consumed. It is hard to know the extent to which the high-sugar (10g+) market would reformulate should a 10g levy threshold be introduced. These are brands that have not reduced sugar historically and it could be assumed that they would continue to resist reformulating their products. As observed in previous analysis [see Question A1 above], it could be assumed that the increased cost of a higher levy would be passed on to consumers, which may encourage some to switch to lower-sugar, lower-priced products. It is also hard to know what impact introducing a new 10g threshold will have compared to raising the rate of the current 8g threshold.
21. Business impacts	
22. Price impacts	
23. Health impacts	As described earlier in the response, we think it is unlikely that introducing a new tax threshold at 10g/100mL would provoke high levels of reformulation unless the tax rate in this new band was set much higher. Therefore, sugar reductions in individual drinks would not be very large. However (as mentioned earlier), the drinks that would be affected would be some of the biggest sellers (e.g. Coca-Cola, Red Bull, Monster). A small change in sugar across a large section of the drinks market could have an important impact on health. If the new tax rate is not large

	enough to prompt additional reformulation then there could still be a health effect due to shifts in consumer behaviour prompted by increased price of these large selling brands.
G) Other relevant evidence	
24. Other relevant evidence	In general, the SDIL may be more effective at improving health outcomes in the longer term if it was designed to reduce the overall volume of soft drinks consumed. For example, this might be achieved by coupling the SDIL with complementary policies such as marketing restrictions or those that encourage whole food reformulation. See: Is Reformulation Still a Suitable Goal for Sugary Beverage Taxes? A Response to Recent Commentaries

Appendix

The analyses given below were conducted for this review using readily-available data, but have not been subject to the usual rigorous quality control or peer-review.

A note on the data sources:

[1] This data is taken from Euromonitor International, which includes market size and market share data for drink categories and brands. Under our licensing agreement, we are not able to replicate or share volume sales of individual brands.

[2] This data is taken from Acuity Pricing. The products included in this analysis were available to purchase on the websites of four supermarkets on 14th January 2025; Aldi, Asda, Ocado (include M&S) and Sainsbury's. Note that duplicate products – e.g. Cola A sold in multiple sizes; Cola A sold in each retailer – are included.

Table 1: Total number of water-based soft drinks available by sugar content [2]

Sugar content	Number of products	Proportion of total
Less than 0.5g	384	35%
0.6-4.4g	272	25%
4.5-5.0g	136	12%
5.1-8.0g	62	6%
8.1-10g	108	10%
10g +	136	12%
Total	1098	100%

Figure 1: Volume sales (litres per capita) of soft drinks by category, UK 2024 [1]

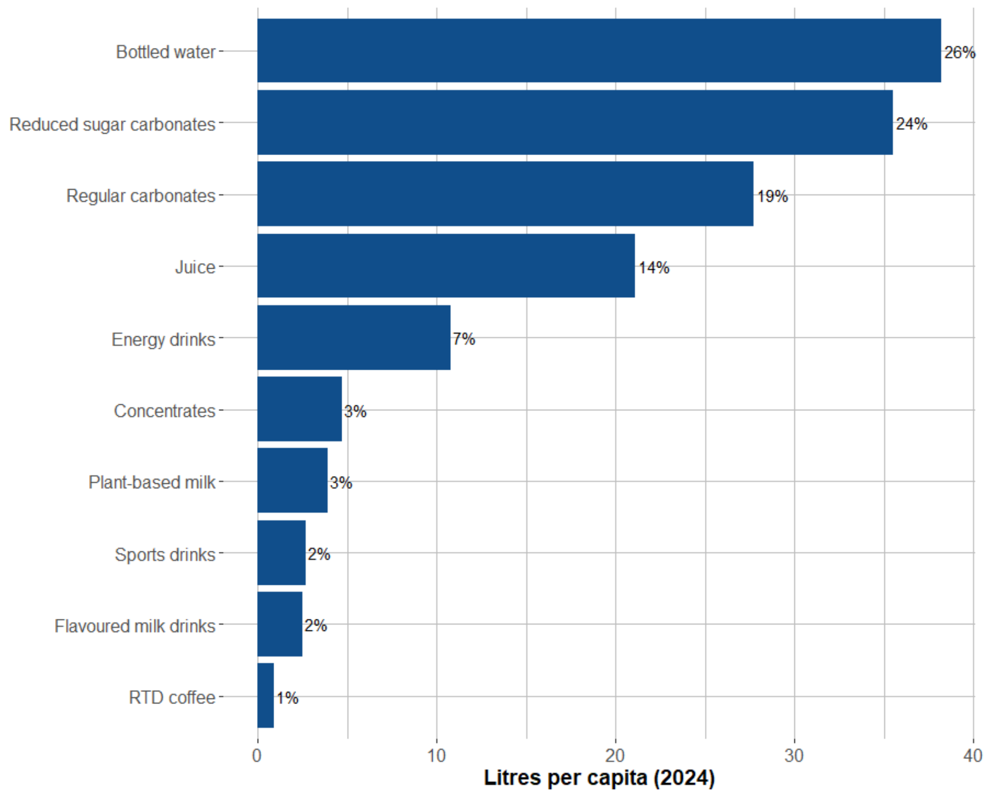


Figure 2: Number of milk-based drinks by sugar content (g/100ml) [2]

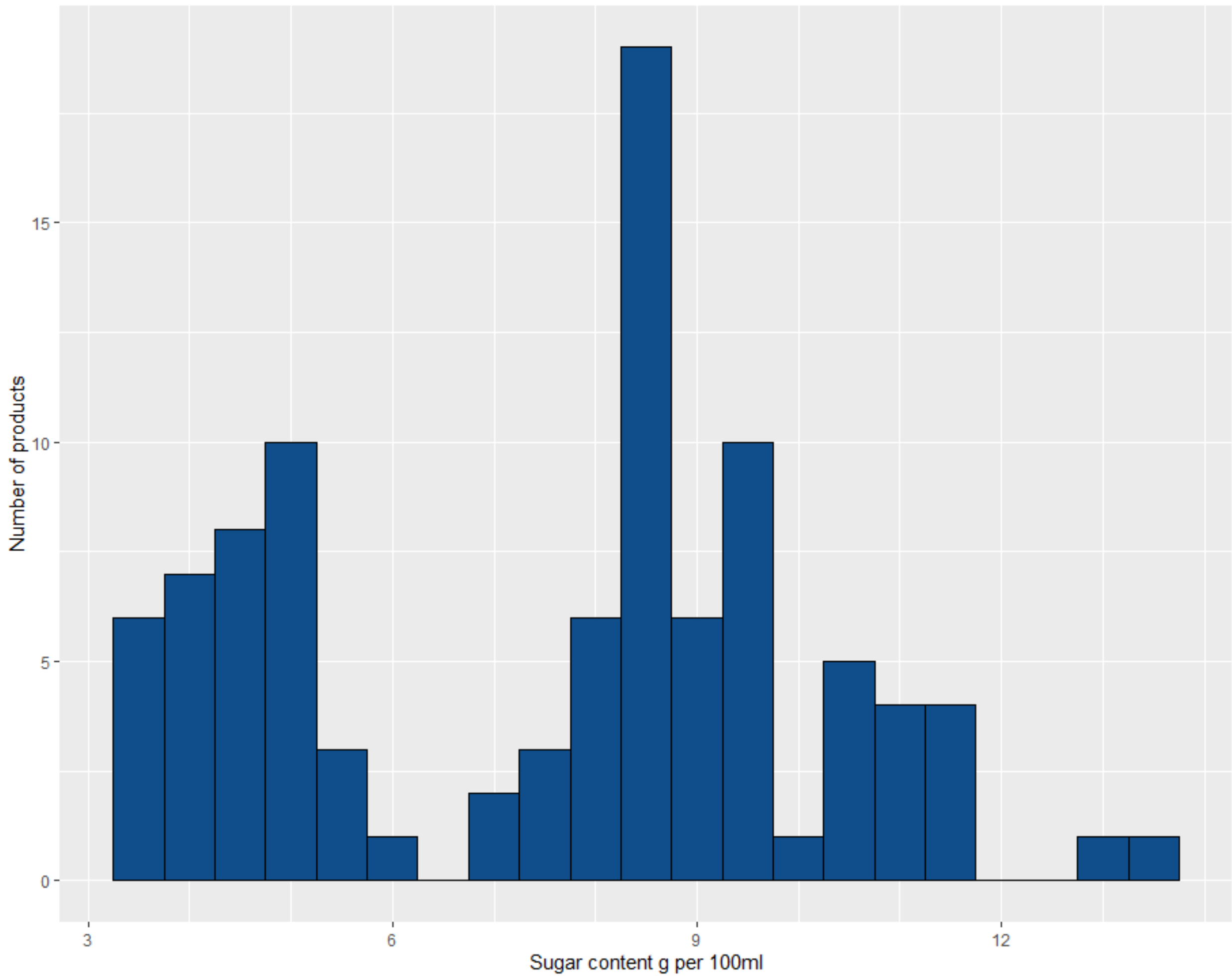
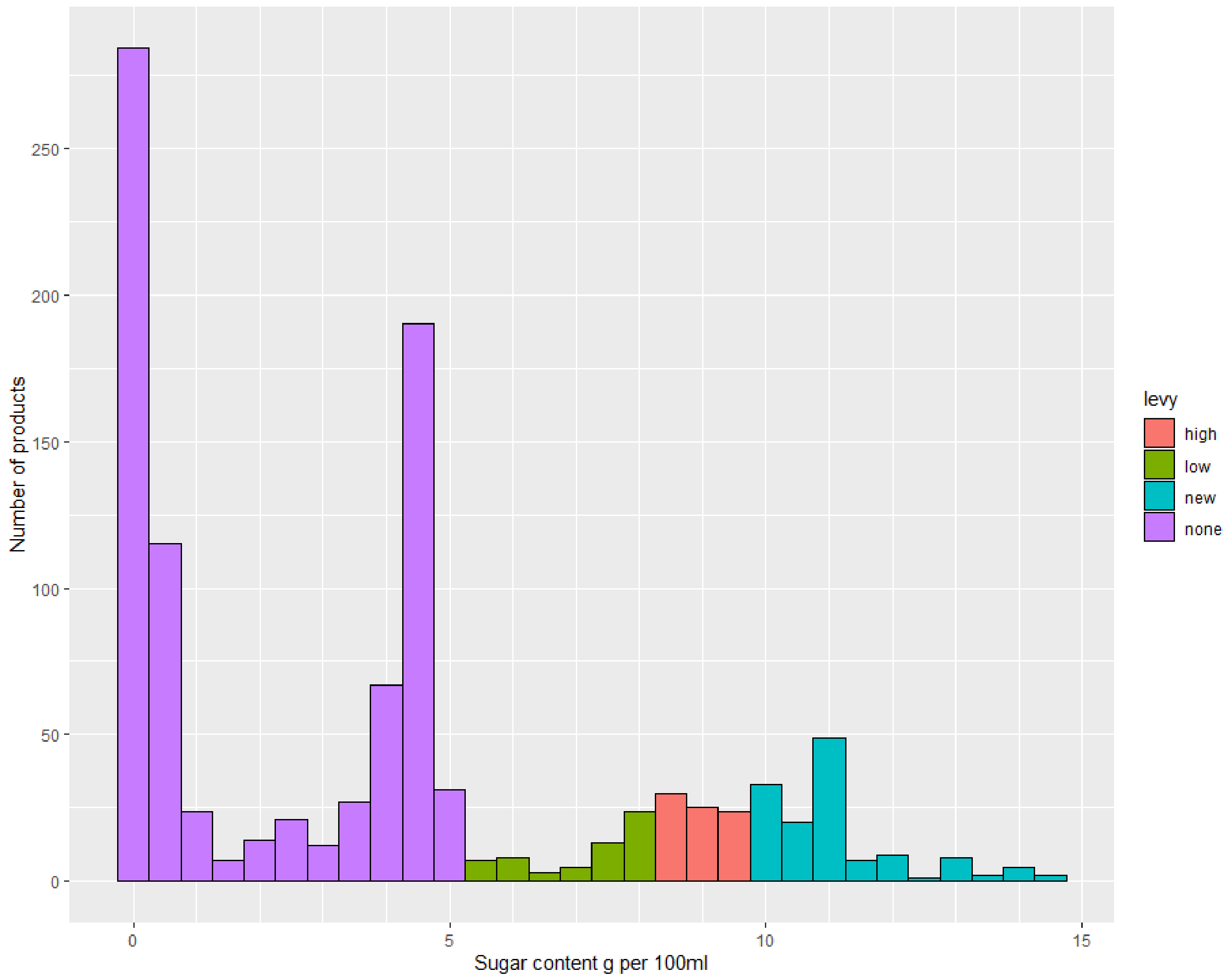


Figure 3: Number of soft drink products by sugar content (g/100ml) and levy category [2]. Milk-based drinks excluded.



Processing of personal data

This notice sets out how HM Treasury will use your personal data for the purposes of inviting views on the Soft Drinks Industry Levy and explains your rights under the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 (DPA). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

Data subjects:

This privacy notice relates to the use of personal data of any individuals identifiable from information provided in response to this call for evidence.

The data we collect (data categories):

Personal data will be collected through email submissions to a mailbox and is likely to include individuals' names, email addresses, job titles as well as their opinions. It is possible that respondents may also volunteer additional information which identifies them or third parties.

Legal basis of processing:

Article 6(1)(e) UK GDPR – the processing of this personal data is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in HM Treasury. For the purpose of the SDIL Review, this task is seeking opinion to support development of effective Government policy.

Special category data:

HM Treasury will not ask you to provide any special category data as part of your response to this call for evidence.

Purpose:

The personal data will be processed for the purpose of obtaining opinion from members of the public and representatives of organisations and companies about the development of Government policy.

HM Treasury will use the personal data to record comments and views and take these into account – as far as possible with all other replies – when decisions are being made following the consultation process.

Collection of the personal data is necessary to understand who has responded and in case we need to contact them to discuss their response.

Who we share responses with:

Within HM Treasury, personal data you provide will only be available to teams working on this call for evidence. Your personal data will be shared with officials from HM Revenue and Customs (HMRC) who are working on the call for evidence alongside HM Treasury. This is because HMRC is the lead department for tax issues and a policy partnership between HMRC and HM Treasury is a key relationship in the design and delivery of tax policy.

HM Treasury will be sharing your responses in full with HMRC to; ensure continued dialogue between the HMRC and HM Treasury over its preferred approach to the SDIL and to facilitate discussion about the responses shared. In some instances, HMRC might need to contact you to ask questions about your response.

As the personal data is stored on our IT infrastructure, it will be accessible to our IT contractor, NTT. NTT will only process this data for the purposes of the SDIL Review and in fulfilment with the contractual obligations they have with us.

How long we will hold your data (Retention): Personal data in responses will be retained for three calendar years after the Review has concluded.

Your data protection rights: You have the right to request information about how your personal data are processed and to request a copy of that personal data.

You have the right to request that any inaccuracies in your personal data are rectified without delay.

You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.

You have the right, in certain circumstances (for example, where accuracy is contested), to request that the processing of your personal data is restricted. You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.

You have the right to data portability, which allows your data to be copied or transferred from one IT environment to another.

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For more information about how we will use your personal data for the purposes of this call for evidence, please email us at: SDIL_review@hmtreasury.gov.uk

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If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner's Office (ICO), the UK's independent regulator for data protection at: casework@ico.org.uk

Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.