

Alcohol Excise Tax in Europe: Where does Ireland Rank?

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Excise on a pint of beer in Ireland is 1000% more than Bulgaria, Luxembourg and Spain



If you buy a measure of a spirit in your local bar, you are paying 200% more in excise tax than in Portugal



€0.54 of your stout in Ireland is excise tax, it is €0.05 in Germany.



On a bottle or glass of wine in Ireland, you pay the most excise tax in the EU. 14 countries charge NO EXCISE on wine.





Foreword by DIGI

Ireland retains its position as one of the most expensive places in Europe to purchase alcohol. Compared to other EU member states, Ireland has the second-highest overall excise tax on alcohol; we have the highest tax on wine, the second highest on beer, and the third highest on spirits.

In real terms, almost €12 on a 70cl bottle of whiskey bought in an Irish off-licence is excise tax; a French consumer, in comparison, pays less than €5 in tax and an Italian consumer less than €3. Fourteen EU countries do not levy any excise tax whatsoever on wine. In Ireland, 55 cents on a pint of lager goes straight to the State, compared to 12 cents in Belgium and 5 cents in Germany.

It is true that in spite of Ireland's high tax, the drinks industry has been one of the nation's biggest post-recession success stories. Despite sluggish growth in the total manufacturing sector over the last decade, breweries and distilleries have managed to revivify a once world-famous industry by developing new products and embracing Irish provenance, carving out significant market shares at home and abroad in the process.

But, we must be careful. As the drinks market matures, international competition increases, and external factors like Brexit and possible trade barriers, Ireland's disproportionately high excise tax will prove to be a self-imposed obstacle blocking the path to future growth.

High excise tax is especially problematic for drinks manufacturers with smaller product ranges relative to their more established peers, as the cost of covering the tax cannot be spread out. High excise tax also indiscriminately harms consumers at a time of rising costs.

DIGI is calling on the Irish Government to reduce alcohol excise tax by 15%. This reduction would constitute a defensive action in the face of internal and external market challenges.

With less money spent on tax, publicans, brewers, distillers and off-licence owners can focus on growing their business, hiring new staff, and exploring innovative new revenue streams. A reduction would also immediately return money to the consumer's pocket, a move in line with the Government's policy of reversing austerity-era tax increases.



Rosemary Garth Chairperson of the Drinks Industry Group of Ireland and Communications and Corporate Affairs Director at Irish Distillers

This report, commissioned by the Drinks Industry Group of Ireland and authored by economist Anthony Foley of DCU, compares Ireland's alcohol taxation with that of other EU member states. It makes for depressing reading.

About DIGI

The Drinks Industry Group of Ireland (DIGI) is the umbrella organisation for the drinks and hospitality industry in Ireland. DIGI's membership spans brewers, distillers, distributors and the retail sectors (both the on-trade – pubs, hotels, restaurants – and the independent off-licence sector). Its members include:

- Alcohol Beverage Federation of Ireland
- Irish Hotels Federation
- Licensed Vintners Association
- National Off-Licence Association
- Restaurants Association of Ireland
- Vintners Federation of Ireland

Almost 90,000 jobs across the country are dependent on the drinks industry alone. It purchases over \in 1.1bn of Irish produce annually, exports goods worth over \in 1.25bn, and provides over \in 2.3bn worth of excise and VAT income to the state, as well as hundreds of millions in income tax, PRSI receipts and tax on profits every year. It is also a vital element of Ireland's wider hospitality sector and internationally renowned tourism offering.

DIGI, through its Support Your Local campaign, seeks to highlight the positive economic, cultural and social contribution that the drinks and wider hospitality industry makes to Ireland nationally and locally. We work with stakeholders to create conditions that ensure the industry's stability and continued growth. The campaign looks forward to engaging with the Government to ensure that policy measures continue to support the ongoing growth and development of a key industry and driver of economic activity in Ireland.



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Introduction and objective

This report, which was commissioned by the Drinks Industry Group of Ireland [DIGI], examines the up-to-date (as of May 2018) comparative international position of Irish alcohol excise taxation within the EU. It updates previous DIGI reports on the same topic.

As is shown by the data presented in the report, Ireland has a very high of the other 27 economies of the EU.

On the composite indicator [average excise rates across the three beverages of beer, spirits and wine), only Finland has higher average alcohol excise than Ireland. Sweden is in third place with an average excise level which is lower than Ireland.

These three are followed by the UK, in fourth place, which is also a high alcohol excise economy. The UK level is 80.5% of the Irish level. The rest of the EU economies have very much lower levels of excise than the top four of Finland, Ireland, Sweden and the UK. The fifth ranked economy is Estonia which has a composite excise rate of 53.4% of the Irish level. As of May 2018, Ireland has:

- The highest wine excise in the EU 28
- The second-highest beer excise in the EU 28 behind Finland
- The third-highest spirits excise in the EU 28 after Sweden and Finland
- On an overall composite alcohol excise level (measured by the unweighted average of the different beer, spirits and wine excise rates), Ireland is the second highest behind Finland
- Ireland's composite level is 87.1% higher than the fifth-ranked country of have lower excise levels than Estonia.

The magnitude of the differences in alcohol excise between Ireland and other EU economies is large. For example, Ireland's beer excise is 11.4 times that of Germany. Irish spirits excise is 4.4 times that of Spain. Fourteen EU economies do not impose any excise on wine. France, Greece and Malta have very low wine excise tax.

The report presents data on the league position of Ireland relative to other EU economies, the magnitude of the differences in excise rates between Ireland and other EU economies, the actual excise on a small sample of drinks products and the impact on Irish prices of having the lower German excise levels.

level of alcohol excise tax in 2018 when compared with the large majority

Estonia and is substantially higher than all those other EU economies which



Data

The data are from the excise tables compiled by the European Spirits

The main indicator used is excise in euro per hectolitre of pure alcohol (HPLA). The European spirits data cover beer, wine, spirits and intermediate products. Data are not available in this source for cider. The discussion focuses on the three main drinks categories of beer, wine and spirits. A cider comparison with the UK is included.

As noted in the previous DIGI reports on the relative position of Ireland's alcohol tax, the excise levels are available for each of the three different individual beverage groups. There is no single composite comparative excise rate for alcohol as a whole.

Such an indicator is useful for summary comparisons. For example Ireland's spirits excise is 111.2% higher than Denmark's. In wine, Ireland's excise level is 172.4 % higher than the Danish level, and in beer Ireland is 199.5% higher than the Danish level. There is no overall total alcohol excise rate with which to compare the aggregate alcohol excise rate between countries.

One possible indicator of overall alcohol taxation is the weighted average of the different beverages excise level (weighted by the share of each beverage group in overall national alcohol consumption]. Detailed up-to-date comparable information on consumption mix is not readily available. In any event, a weighted index would partly reflect the pattern of consumption and not exclusively the different rates.

In this report a "composite" alcohol excise level has been calculated using the arithmetic average of the excise levels of the three beverage groups. While inexact, it gives a useful indication of the relative national overall alcohol excise level. The composite alcohol excise measure for Ireland is 147.7% higher than Denmark.

The EU excise tables' euro denominated excise levels for May 2018 for noneuro countries are based on the October 2017 exchange rates as required by EU rules. Changes in exchange rates influence the excise position of Ireland relative to those countries which have not adopted the euro. For some noneuro countries, the excise gap is so large that short-term exchange rate changes will not materially affect Ireland's relative position.

However, this is not the case for the UK and Sweden which are both in the top four country group of excise levels and are relatively close to the Irish excise level in beer. The particular exchange rate can alter the relative position of Ireland compared to these two countries. Finland, the other member of the four high excise economies, uses the euro and the exchange rate issue does not arise. For current comparisons in this report we use the more appropriate relatively current exchange rate for both Sweden and the UK, which is defined as the monthly average level in July 2018.

Association which are themselves derived from the excise tables of the EU Commission. The data in this report refer to the position as of May 2018.

Type of alcohol taxation

Alcohol is subject to two types of expenditure tax: VAT and excise.

VAT is an 'ad valorem' tax which is charged as a percent of the selling value or price. As the price of alcohol increases the absolute amount of the VAT rises automatically as VAT is levied on the value/price of the product. All the different types of beverages are charged the same VAT rate in most countries. Some countries operate a reduced VAT rate for wine.

In addition to the usual VAT and excise, some countries have additional taxes on alcohol such as environment-related packaging or bottle charges. These additional taxes are not included in this analysis.

Excise tax is a specific tax which is based on the quantity of alcohol in the beverage. It is an absolute amount of money per unit of alcohol contained in the beverage. It is not affected by the price of the product.

For example, a given quantity of a particular beverage attracts the same excise tax whether sold in an off-licence or consumed within a public house or other bar, although the monetary value of the purchase is higher in the public house. Differently priced bottles of wine, with the same alcohol content, are charged the same excise amount.

VAT is charged on the excise amount. Consequently, an Irish excise increase directly causes price to rise by the excise and a further 23% of the excise increase, if passed on by the supplier/retailer.

Ireland has a relatively high VAT rate. However, the differences in VAT rates are much less than in alcohol excise. Only six EU member states have a VAT rate in excess of the Irish rate of 23%. These are Sweden [25%], Croatia [25%], Denmark [25%], Finland [24%], Greece [24%] and Hungary [27%]. Two other countries, Poland and Portugal, are at 23% with Ireland. Nineteen member states have VAT rates which are less than 23%.

Table 1. EU VAT rates on alcohol

Above 23%	6 member states
23%	3 member states, including Ireland
Below 23%	19 member states
Of which	
20% to below 23%	14 member states
Below 20%	5 member states

*Portugal is listed as 23% because all beverages are 23% except wine which is 13%.

There are different excise levels for the individual beverages categories. In all 28 EU countries, the spirits excise per HPLA is the highest of the three categories.

As already noted, **14 of the 28 EU members do not impose excise on wine**. These are Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Hungary, Italy, Luxembourg, Portugal, Romania, Slovakia, Slovenia and Spain. Of the 14 who do have a wine excise, France has a very low rate of \in 34 per HLPA, Greece has a rate of \in 189 and Malta has a rate of \in 186. This compares with the **Irish rate of \in3,862**.

This report examines the current (defined as May 2018) comparative level of alcohol excise in the EU. There are several other taxation issues which are not examined here, including comparative changes in the levels over time, the comparative role or share of excise in alcohol prices in the different countries, the role of alcohol excise relative to earnings or average incomes, or the changes over time in the tax proportion of Irish and international alcohol prices.

As noted above, alcohol excise is a specific or absolute amount of money tax per product (depending on the alcohol characteristics of the beverage). Consequently, one might expect low-income economies to operate low absolute alcohol excise rates which could still result in an internationally comparable excise share of the price.

For example, a low-income economy would be characterised by lower cost of living, lower earnings and lower prices, other things being equal, than a high-income economy. Application of the same absolute excise rates would result in a much larger impact on the low-income economy price of alcohol than in the high income economy. However, it should be noted that several high-income economies such as Germany, Denmark, France, Netherlands and Belgium also have relatively low alcohol excise rates.

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Ireland's comparative ranking

The only countries comparable to Ireland in terms of high levels of alcohol excise are the UK and the two Nordic countries, Sweden and Finland. All other 24 EU economies have low alcohol excise rates compared to Ireland. The comparative position of Ireland relative to the EU 28 is presented in Table 2.



	Spirits	Wine	Beer	Composite level	Rank of composite level
Austria	1,200	0	500	567	18
Belgium	2,993	681	501	1,392	7
Bulgaria	562	0	192	251	28
Croatia	707	0	534	414	24
Cyprus	957	0	600	519	20
Czech Rep.	1,096	0	308	468	23
Denmark	2,016	1,418	753	1,396	6
Estonia	2,508	1,344	1,692	1,848	5
Finland	4,785	3,482	3,555	3,941	1
France	1,741	34	742	839	13
Germany	1,303	0	197	500	21
Greece	2,550	189	1,250	1,330	8
Hungary	1,070	0	520	530	19
Ireland	4,257	3,862	2,255	3,458	2
Italy	1,036	0	755	597	17
Latvia	1,670	836	680	1,062	11
Lithuania	1,665	1,497	711	1,291	9
Luxembourg	1,041	0	198	413	25
Malta	1,400	186	483	690	15
Netherlands	1,686	803	759	1,083	10
Poland	1,322	333	452	702	14
Portugal	1,387	0	418	602	16
Romania	721	0	180	300	27
Slovakia	1,080	0	359	480	22
Slovenia	1,320	0	1,210	843	12
Spain	959	0	199	386	26
Sweden	5,012	2,309	1,960	3,094	3
UK	3,239	2,957	2,150	2,782	4
Ireland's rank	3	1	2	2	2

Sources: Spirits Europe, Summary of EU Member States, Brussels [Excise rates as of May 2018]; the exchange rates are those of Oct 2017 as used in the EU excise tables, except for the UK and Sweden for which we use July 2018 monthly average rates. Composite level is the unweighted average of the three rates. The beer data refer to a 5% ABV.



Table 2. EU alcohol tax rates [excise] [euro per HLPA], May 2018, three beverages and com-

Ireland has the highest wine excise of the 28 EU members. Ireland has the **second-highest beer excise** [but the UK rate is close to the Irish rate] and the **third-highest spirits excise**. On the composite indicator Ireland has the **second-highest average aggregate alcohol excise** of the 28 EU members behind Finland. The ranking position of Ireland is summarised in Table 3.

Category	Position
Wine	Highest in EU28
Beer	Second highest in EU28
Spirits	Third highest in EU28
Composite indicator	Second highest in EU28

The UK and Swedish excise levels denominated in euro are influenced by changes in exchange rates. For example, the Swedish beer excise in local currency is 20.2k per HLPA. On the October 2017 exchange rate, this converts to $\leq 2,103$, but on the more recent July 2018 exchange rate the figure is $\leq 1,960$.

The UK beer excise in sterling is £1,908 per HLPA. At an exchange rate of £0.7367 [the October 2015 EU excise table rate] this is equivalent to \notin 2,590. However, at the July 2018 rate of 0.88726 the £1,908 is equivalent to \notin 2,150.

The data in Table 2 are shown again in Table 4 in order of magnitude of the composite excise rate. This further illustrates the gap between the top four countries, including Ireland, and the rest of the EU. Only eleven of 28 countries have a composite rate of more than $\in 1,000$. Only four countries have a composite rate of more than $\notin 2,000$ and only three, including Ireland, have a rate of more than $\notin 3,000$. Seven countries have a composite rate of lower than $\notin 500$.

Table 4. EU alcohol tax rates (excise) (euro per HLPA), May 2018, composite level and rank in order of magnitude

	Composite level	Rank of composite level		
	€ per HLPA			
Finland	3,941	1		
Ireland	3,458	2		
Sweden	3,094	3		
UK	2,782	4		
Estonia	1,848	5		
Denmark	1,396	6		
Belgium	1,392	7		
Greece	1,330	8		
Lithuania	1,291	9		
Netherlands	1,083	10		
Latvia	1,062	11		
Slovenia	843	12		
France	839	13		
Poland	702	14		
Malta	690	15		
Portugal	602	16		
Italy	597	17		
Austria	567	18		
Hungary	530	19		
Cyprus	519	20		
Germany	500	21		
Slovakia	480	22		
Czech	468	23		
Croatia	414	24		
Luxembourg	413	25		
Spain	386	26		
Romania	300	27		
Bulgaria	251	28		

Sources: As for table 2

As noted in the data section the international sources on alcohol excise do not contain comprehensive cider data. The following data for cider refer to Ireland and the UK. The excise in both countries is levied by hectolitre of product depending on different alcohol strength bands.

The 2017 UK excise rate per hectolitre of product for still cider and perry (pear cider) up to 7.5% alcohol content is £40.38, or €45.51 at the July 2018 exchange rate. The 2018 Irish rate per hectolitre of still cider and perry product is €94.46 for alcohol strengths between 2.9% and 5.9%. Consequently, for cider up to 6% alcohol by volume category, the Irish excise rate is 107.6% greater than the UK rate.

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Quantitative differences in excise

The previous section identified Ireland's high placing in the EU alcohol excise league table. The high Irish alcohol taxation levels compared with the large majority of the EU 28 members are more clearly illustrated when comparing the levels between the different economies instead of the ranking.

In Table 5 below we compare the other EU countries to Ireland by magnitude. Ireland is expressed as 100 and the other countries are expressed relative to Ireland. As Finland is the only country with a larger composite rate than Ireland it is the only country with a figure greater than 100. Finland's composite rate is 14% greater than Ireland's rate. Sweden is relatively close to the Irish level at 89.5% of the Irish level. The UK composite rate is 80.5% of the Irish rate.

After the UK there is a substantial decline in the level of national composite rates. The next highest country is Estonia which is only 53.4% of the Irish rate. This is followed by Denmark with a rate of only 40.4% of the Irish composite rate. Seventeen EU economies have a composite rate which is less than one quarter of the Irish rate.

Table 5. EU alcohol tax rates (excise) (euro per HLPA), May 2018, composite level and position relative to Ireland=100

	Composite level	Position of composite level relative to Ireland=100		
	€ per HLPA			
Finland	3,941	114.0		
Ireland	3,458	100		
Sweden	3,094	89.5		
UK	2,782	80.5		
Estonia	1,848	53.4		
Denmark	1,396	40.4		
Belgium	1,392	40.3		
Greece	1,330	38.5		
Lithuania	1,291	37.3		
Netherlands	1,083	31.3		
Latvia	1,062	30.7		
Slovenia	843	24.4		
France	839	24.3		
Poland	702	20.3		
Malta	690	20.0		
Portugal	602	17.4		
Italy	597	17.3		
Austria	567	16.4		
Hungary	530	15.3		
Cyprus	519	15.0		
Germany	500	14.5		
Slovakia	480	13.9		
Czech	468	13.5		
Croatia	414	12.0		
Luxembourg	413	11.9		
Spain	386	11.2		
Romania	300	8.7		
Bulgaria	251	7.3		

Sources: As for table 2



The main points from the quantitative aspect of the comparison are as follows:

- Finland's composite rate is 14.0% higher than Ireland's, €3,941 compared to €3,458. Sweden's composite rate is 10.5% below the Irish rate and the UK rate is 19.5% below the Irish rate.
- Estonia has the fifth-highest composite excise rate of €1,848 and is 46.6% below the Irish rate.
- Denmark and Belgium have the two next highest composite rates at 40.4% and 40.3% respectively of the Irish rate. In money terms, Denmark and Belgium have an average €1,396 and €1,392 excise per hectolitre of pure alcohol respectively compared to Ireland's €3,458.
- The top four alcohol excise levels per HLPA of €3,941 to €2,782 [Finland, Ireland, Sweden and the UK] are substantially higher than the next four highest countries €1,848 to €1,330 [Estonia, Denmark, Belgium, and Greece].
- Germany's composite alcohol excise per HLPA is €500 or 14.5% of the Irish level.
- France's composite level of €839 is 24.3% of the Irish level.
- Spain's composite rate is €386 or 11.2% of the Irish level.
- Referring to the individual drinks excise levels which are presented in Table 2, we see that Ireland's beer excise tax is 4.5 times the level of Austria, 11.4 times the level of Germany, almost 3 times the level of the Netherlands, and 11.3 times the level of Spain.
- Ireland's wine excise tax is 5.7 times the level of Belgium and 2.7 times the level of Denmark.
- Ireland's spirits excise tax of €4,257 is 2.4 times the level of France which is €1,741 and 4.1 times the level of Italy.
- Ireland's beer excise is very close to the UK level, €2,255 in Ireland and €2,150 in the UK [the Irish rate is 4.9% higher]; Ireland's spirit excise is much higher than the UK's, €4,257 compared to €3,239 [the Irish rate is 31% higher]; and Ireland's wine excise is €3,862 compared to €2,957 in the UK [the Irish rate is 31% higher]. Ireland's cider excise is more than double that of the UK.

We now present estimates of the excise levied on a selection of drinks in the different countries. The estimates are derived from multiplying the actual Irish excise per drink (to the nearest cent) by the ratio of the excise per HLPA of Ireland and the other country. Due to rounding the ratios of Ireland/other countries, actual excise per drink ratios are not exactly the same as the ratios of the excise in \in per HLPA. The reference is to Irish measures of drinks such as a pint. These measures are not the popular measure in other countries. Consequently, the comparison is with excise per pint, for example, in Ireland with a drink of the same size in the other EU countries, even if such measures are not actually used. This, of course, compares like with like in terms of amount of excise.

There are also difficulties in specifying the size of a glass of wine. There are small, medium and large glasses. We use the 187 ml size which is the size of a small bottle in a bar, and the size for which the CSO publishes the average price. The details of the excise per drink are in Table 6.

The estimates are rounded to the nearest cent. The rounding process results in some anomalies. For example, the UK excise for beer is $\leq 2,150$ per HLPA and the Irish rate is $\leq 2,255$ as shown in Table 2. The Irish rate is 4.9% higher than the UK rate. The Irish excise per pint is ≤ 0.55 and the UK figure is ≤ 0.52 which results in Ireland being 5.8% higher. The ratio of the UK to Ireland beer excise per HLPA multiplied by the 55 cents per pint results in a UK excise per pint of 52.44 cents which is rounded to 52 cents. The more exact figures are Irish excise is 55.08 cents and UK excise [relative to the Irish 55.08 cents] is 52.52 cents. The more exact figures result in Ireland being 4.9% greater than the UK rate which is the same as in Table 2.

The features of the excise per drink data mirror, except for the rounding implication, the earlier findings related to league position and quantitative differences related to the excise per HPLA indicator. These excise amounts relate only to excise and do not include the VAT which would be charged on the excise.

The Irish wine position in the table stands out. Fourteen EU countries do not charge excise on wine. Ireland's rate per 187ml glass is 80 cents. As already shown, this is the highest in the EU. After Ireland, the next three countries are Finland [72 cents], the UK [61 cents] and Sweden [48 cents]. However, the next highest country, Lithuania, is substantially lower at 31 cents. Denmark follows with 29 cents. Estonia is next with 28 cents. The other seven countries with a wine excise are all less than 20 cents per glass. As already noted, 14 countries have no excise on a glass of wine.

Every country charges a beer excise but there is a large range from 87 cents a pint of lager in Finland to 4 cents in Romania. 21 countries have a beer excise per pint of lager of less than 20 cents. The Irish level is 55 cents. Every country charges a spirits excise. The excise per half glass ranges from 67 cents in Finland to 8 cents in Bulgaria. The spirits excise range is narrower than the beer range. The Irish level is 60 cents. 14 countries have a whiskey excise of less than 20 cents per half glass.

Excise charges on off-licence purchases of bottles of wine or whiskey are very large because of the amount of alcohol in each bottle. The whiskey excise per bottle ranges from \in 14.03 [Sweden] to \in 1.57 [Bulgaria]. The wine off-licence excise per bottle ranges from \in 3.19 [Ireland] to zero.



	Standard measure of whiskey in bar	Pint of lager in bar	Pint of Stout in bar	Glass of wine in bar/restaurant (187ml)	Off-licence bottle of whiskey 70cl	Off-licence bottle of wine 75cl
	€cent	€cent	€cent	€cent	€	€
Finland	67	87	85	72	13.40	2.88
Ireland	60	55	54	80	11.92	3.19
Sweden	71	48	47	48	14.03	1.91
UK	46	52	51	61	9.07	2.44
Denmark	28	18	18	29	5.64	1.17
Belgium	42	12	12	14	8.38	0.56
Estonia	35	41	41	28	7.02	1.11
Greece	36	30	30	4	7.14	0.16
Netherlands	24	19	18	17	4.72	0.66
Slovenia	19	30	29	0	3.70	0
France	25	18	18	1	4.87	0.03
Latvia	24	17	16	17	4.68	0.69
Lithuania	23	17	17	31	4.66	1.24
Poland	19	11	11	7	3.70	0.28
Malta	20	12	12	4	3.92	0.15
Italy	15	18	18	0	2.90	0
Portugal	20	10	10	0	3.88	0
Austria	17	12	12	0	3.36	0
Hungary	15	13	12	0	3.00	0
Cyprus	13	15	14	0	2.68	0
Germany	18	5	5	0	3.65	0
Slovakia	15	9	9	0	3.02	0
Czech	15	8	7	0	3.07	0
Croatia	10	13	13	0	1.98	0
Luxembourg	15	5	5	0	2.91	0
Spain	14	5	5	0	2.6	0
Romania	10	4	4	0	2.02	0
Bulgaria	8	5	5	0	1.57	0

Table 6. Excise on various drinks, EU countries, € and €cent, May 2018

Sources: As for Table 2. Derived as follows: the ratio of a country's excise per HLPA to Ireland's rate was multiplied by the Irish drink specific euro excise; the Irish excise was rounded to nearest cent and the individual country excise levels were also rounded.

Impact on price

Ireland's/other EU countries' excise gaps are very wide as has been shown in this report. This has a substantial effect on Irish alcohol prices. We illustrate this by applying the German excise levels to Irish alcohol products and identifying the price effect.

The choice of Germany is used although some other countries operate excise rates which are closer to Ireland, because it is the largest economy in the EU and is generally acknowledged as being well managed from the economic and public financial perspectives. It is also a very large incoming tourism market for Ireland. The details are presented in Table 7. Of course, the same exercise can be undertaken for all of the other countries.

Table 7. Impact of applying German rates to Irish prices, cent and % impact 2017

Alcohol product	Price June 2018 [excl.wine] €	Irish excise €cents	German excise €cents	Excise differential €cents	Price reduction (excise differential plus VAT on excise) €cents	% price reduction from applying German excise level
Pint of stout	4.50	54	5	49	60	13.3
in bar						
Pint of lager	4.89	55	5	50	62	12.7
in bar						
Standard	4.36	60	18	42	52	11.9
whiskey in bar						
Off-licence						
70cl bottle	24.66	11.92	3.65	8.27	10.17	41.2
of whiskey						
Off-licence	10.00	3.19	0	3.19	3.92	39.2
bottle of wine						

Sources: Average alcohol prices from CSO; refer to June 2018 except for wine which is an illustrative price as indicator is not provided by CSO. Figures rounded to nearest cent in each box

Application of the German beer excise rate to Ireland would reduce excise on an on-licence pint of stout to 5 cents instead of 54 cents, a direct reduction of 49 cents. This increases to a reduction of 60 cents when VAT on the excise is accounted for. The 60 cents reduction is a 13.3% decrease on the current price of a pint. On a pint of lager using the same methodology, the price reduction would be 12.7%.

A measure of whiskey in a bar would have a price reduction of 11.9% or 52 cents [42 cents excise plus the VAT of 10 cents] if the German excise levels applied in Ireland. Application of the German spirits excise rate to Ireland on an off-licence bottle of whiskey would reduce excise to \in 3.65 from \in 11.92 giving a price reduction of \in 10.17 or 41.2% including the VAT impact. Germany does not impose excise on wine and an off-licence bottle of wine priced at \in 10.00 would have a drop in price of 39.2% or \in 3.92 if the German zero rate applied in Ireland.

Summary

The report shows that Ireland has very high alcohol excise rates compared to other EU countries. On the "league table" basis, Ireland has the highest wine excise rate, the second-highest beer excise rate and the third-highest spirits rates in the EU.

On the composite indicator, used in the report, Ireland has the second-highest average alcohol excise rate. More importantly, the quantitative or monetary gap between Ireland and the large majority of other EU economies on alcohol excise is substantial. Fourteen EU economies have no excise on wine while Ireland has the highest excise on wine in the EU.

- Finland's composite rate is 14.0% higher than Ireland's, €3,941 compared to Ireland's €3,458. Sweden's composite rate is 10.5% below the Irish rate and the UK rate is 19.5% below the Irish rate.
- Estonia has the fifth-highest composite excise rate of €1,848 and is 46.6% below the Irish rate.
- Denmark and Belgium have the two next highest composite rates at 40.4% and 40.3% respectively of the Irish rate. In money terms Denmark and Belgium have an average €1,396 and €1,392 excise per hectolitre of pure alcohol respectively compared to Ireland's €3,458.
- The top four alcohol excise levels per HLPA of €3,941 to €2,782 (Finland, Ireland, Sweden and the UK) are substantially higher than the next four highest countries €1,848 to €1,330 (Estonia, Denmark, Belgium, and Greece].
- Germany's composite alcohol excise per HLPA is €500 or 14.5% of the Irish level.
- France's composite level of €839 is 24.3% of the Irish level.
- Spain's composite rate is €386 or 11.2% of the Irish level.
- Referring to the individual drinks excise levels which are presented in Table 2, we see that Ireland's beer excise tax is 4.5 times the level of Austria, 11.4 times the level of Germany, almost 3 times the level of the Netherlands and 11.3 times the level of Spain.
- Ireland's wine excise tax is 5.7 times the level of Belgium and 2.7 times the level of Denmark.
- Ireland's spirits excise tax of €4,257 is 2.4 times the level of France which is \in 1,741 and 4.1 times the level of Italy.
- Ireland's beer excise is very close to the UK level, €2,255 in Ireland and €2,150 in the UK (the Irish rate is 4.9% higher); Ireland's spirit excise is much higher than the UK, €4,257 compared to €3,239 (the Irish rate is 31% higher]; and Ireland's wine excise is €3,862 compared to €2,957 in the UK (the Irish rate is 31% higher). Ireland's cider excise is more than double that of the UK.

- Application of the German beer excise rate to Ireland would reduce excise on an on-licence pint of stout to 5 cent instead of 54 cent, a direct on the current price of a pint.
 - > On a pint of lager using the same methodology the price reduction would be 12.7%.
 - 52 cent if the German excise levels applied in Ireland.
 - > Application of the German spirits excise rate to Ireland on an off-
 - the German zero rate applied in Ireland.

Ireland, along with Sweden, Finland and the UK are high alcohol excise countries by EU standards. The size of the excise gap between these four countries and the other 24 EU countries is substantial.

reduction of 49 cent. This increases to a reduction of 60 cent when VAT on the excise is accounted for. The 60 cent reduction is a 13.3% decrease

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licence bottle of whiskey would reduce excise to €3.65 from €11.92 giving a price a reduction of €10.17 or 41.2% including the VAT impact. > Germany does not impose excise on wine and an off-licence bottle of wine priced at €10.00 would have a drop in price of 39.2% or €3.92 if

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