
TAX ON DRINKS: WHAT IRISH v EU AND UK CONSUMERS PAY

International comparisons between Ireland's excise tax
rate versus rates applied in the EU and UK in 2022

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FOREWORD

Inflation and the cost-of-living crisis have impacted almost everyone on our island and have driven up the costs of doing business for so many up and down the country. Many proprietors in the hospitality sector have been hit hard by massive energy price hikes and rising operational costs. Coupled with other challenges, including a staffing and recruitment crisis, these conditions have created a perfect storm which has left many business owners under significant pressure.

This comes as the Irish pub - one of our country's most beloved institutions - is in a state of decline. Our recent report on the subject highlighted the scale of the problem: 1,829 pubs have closed their doors since 2005. That is a shocking 21% of Ireland's much-loved pubs closed over a 16-year period. How many more will be lost over the coming months and years, leaving the communities they serve without an oft-vital social hub?

Our hospitality sector is the envy of many of our European counterparts, but the continued presence of excessively high excise tax on drinks hampers further growth and hits both business owners and consumers hard. At a time when many are struggling with cost-of-living expenses, Ireland's high excise tax rate unfairly burdens businesses as another cost they must meet and consumers with increased prices for drinks, a night out with friends, or socialising at home. Bizarrely, a bottle of whiskey costs less in Italy than it does in Cork, where it is produced in our Middleton distillery.

The drinks industry plays a vital role in Irish social life and tourism. As a sector, we suffered under one of the longest lockdowns in Europe during the Covid-19 pandemic. People living in Ireland were unable to go out and enjoy all that our sector has to offer, while those coming from abroad were prevented from doing the same as we tried our best as a nation to deal with the impacts of a pandemic which cost Irish tourism a staggering €12bn over two years.

With the tourism industry once again beginning to flourish, we need to do all we can to prevent Ireland from gaining a reputation for being an excessively expensive destination of choice for many of our EU neighbours. Visitors arriving from Spain or France must be shocked to discover the price of a glass of wine. Irish consumers pay an astonishing 80c in excise tax on a single glass of wine, meanwhile, those in France pay an insignificant 1c, and in Spain, they pay no excise tax on wine at all.

We need longer-term thinking and support to ensure the sustainability of our sector so that many of our proprietors can continue to develop, trade, and keep the lights on and the doors open while reducing the tax burden on already struggling consumers.

This report, researched and authored by DCU economist Anthony Foley, outlines the excessively high level of excise tax levelled on drinks in this country and shows us that, among EU countries and the UK, Ireland currently has the second highest overall excise tax on drinks in the EU, behind only Finland.

We have the highest excise on wine, the second highest on beer, and the third highest on spirits. This is despite Ireland producing some of the most famous drinks products in the world, the importance of drinks and hospitality businesses to Irish tourism, and the excellent performance of Irish drinks manufacturing relative to our other manufacturing industries.

Reducing excise tax is a measure that can be introduced overnight with the immediate impact of reducing the costs of doing business for tens of thousands of business owners in the Irish drinks and hospitality sector.

DIGI recommends that Budget 2023 should reduce alcohol excise by 7.5%. This should be the start of a programme of annual excise reductions to gradually bring Irish alcohol excise tax into line with the much lower EU levels.

A reduced excise tax will not solve all the drinks and hospitality industry's challenges overnight, but it will give some of the country's most important businesses the breathing space to trade more competitively, invest in products and services, keep people employed and, hopefully, create more jobs.

By doing this now, we can take a real, tangible step to secure the future of our industry so that it can be enjoyed by all for years to come.



Kathryn D'Arcy

Chair, Drinks Industry Group of Ireland
Communications and Corporate Affairs Director, Irish Distillers

IRELAND'S EXCISE TAX RATES AT A GLANCE



In Ireland, a pint of Irish beer served in a pub is levied with an excise tax of **55 cents**.

In a German pub, that same pint of Irish beer has an excise tax of just **5 cents**.

In Ireland, a 70cl bottle of Irish whiskey sold at an off-licence is levied with an excise tax of **€11.92**.

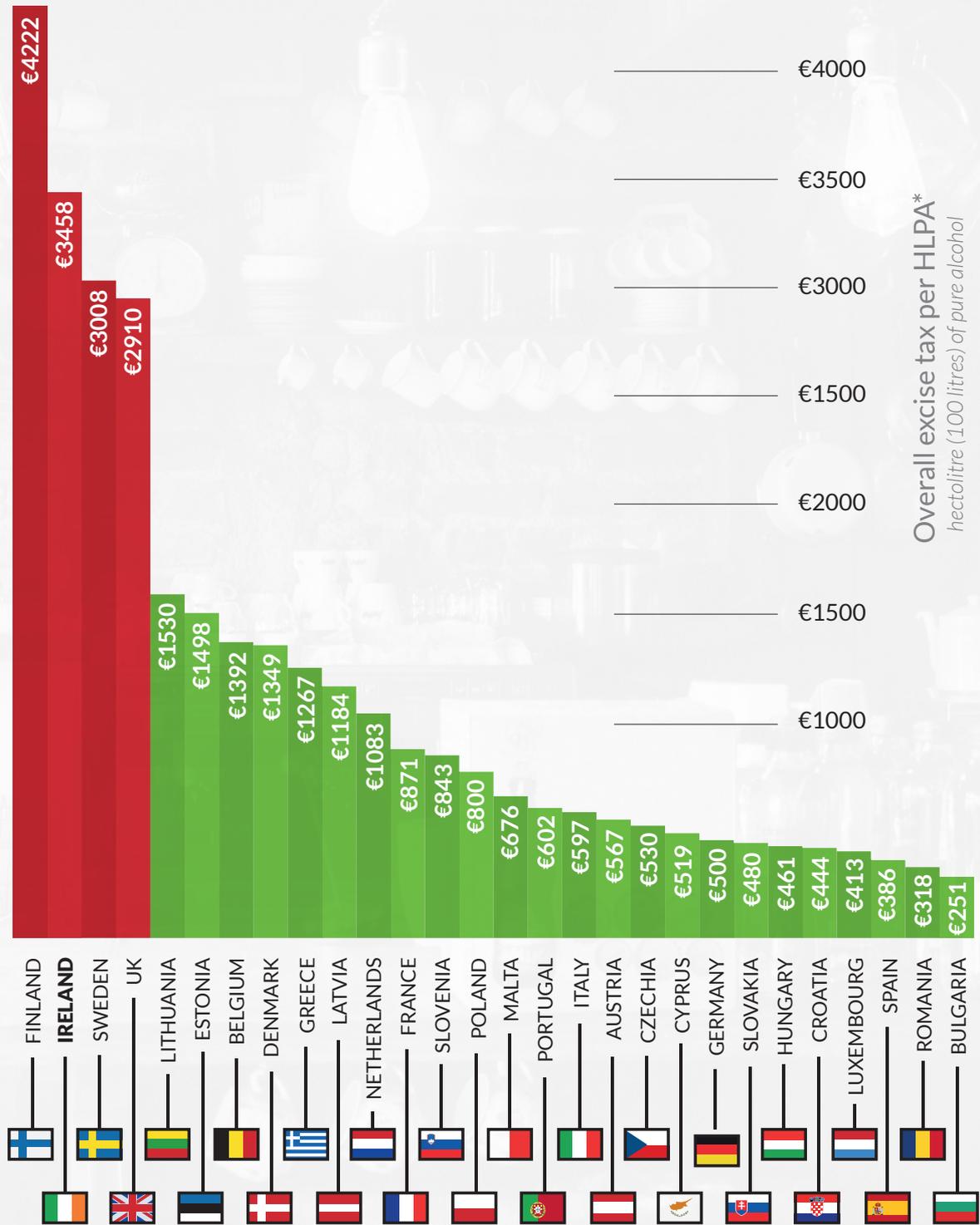
In a Spanish off-licence, that same bottle of Irish whiskey has an excise tax of **€2.69**.



In Ireland, a 187ml glass of wine served in a restaurant is levied with an excise tax of **80 cents**.

In France, a glass of wine has an excise tax of just **1 cent**.

IRELAND'S OVERALL EXCISE TAX RATE VS REST OF EUROPE



IRELAND'S EXCISE TAX RATES RANKED



Ireland has the **second highest overall excise tax rate on alcohol in the EU+UK.**¹



FINLAND

Excise tax per HLPA²
€4,222



IRELAND

Excise tax per HLPA
€3,458



SWEDEN

Excise tax per HLPA
€3,008

Three lowest:



SPAIN

€386



ROMANIA

€318



BULGARIA

€251

¹“Overall excise tax on alcohol” measures the weighted average of a country’s wine, beer, and spirits excise rates.
²Hectolitre (100 litres) of pure alcohol.



Ireland has the highest EU+UK excise tax rate on wine.



IRELAND
Excise tax on a glass of wine³



FINLAND
Excise tax on a glass of wine



UNITED KINGDOM
Excise tax on a glass of wine

Three lowest:



ITALY
Excise tax on a glass of wine



GERMANY
Excise tax on a glass of wine



SPAIN
Excise tax on a glass of wine



Ireland has the second highest EU+UK excise tax rate on beer.



FINLAND
Excise tax on a pint of lager

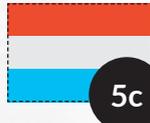


IRELAND
Excise tax on a pint of lager



UNITED KINGDOM
Excise tax on a pint of lager

Three lowest:



LUXEMBOURG
Excise tax on a pint of lager



GERMANY
Excise tax on a pint of lager



PORTUGAL
Excise tax on a pint of lager



Ireland has the third highest EU+UK excise tax rate on spirits.



FINLAND
Excise tax on a glass of whiskey



SWEDEN
Excise tax on a glass of whiskey⁴



IRELAND
Excise tax on a glass of whiskey

Three lowest:



CROATIA
Excise tax on a glass of whiskey



ROMANIA
Excise tax on a glass of whiskey



BULGARIA
Excise tax on a glass of whiskey

³Standard restaurant or pub measure, 187ml. ⁴Standard spirit measure.



15 EU countries do not charge any excise tax on wine.



AUSTRIA



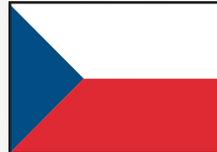
BULGARIA



CROATIA



CYPRUS



CZECHIA



GERMANY



GREECE



HUNGARY



ITALY



LUXEMBOURG



PORTUGAL



ROMANIA



SLOVAKIA



SLOVENIA



SPAIN





To read the full *Tax on Drinks: What Irish v UK and EU Consumers Pay* report, including notes on methodology, visit www.supportyourlocal.ie.

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