
INTERNATIONAL COMPARISONS OF IRISH ALCOHOL EXCISE TAXATION IN THE EUROPEAN UNION AND THE UK IN 2023

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- September 2023 -

Commissioned by the Drinks Industry Group of Ireland (DIGI)

FOREWORD

The rising cost of doing business has had a profound impact on businesses across Ireland, including in the drinks industry and especially in smaller, rural public houses. Inflation has seen energy, wage and insurance costs rise dramatically for businesses in the hospitality sector, where post-Covid recovery has not always been guaranteed.

Against the backdrop of a challenging operating environment, and with ongoing challenges in recruitment and staffing, many business owners in Ireland are under significant pressure to sustain their businesses as the impact of inflation continues to be felt.

The Irish Pub, one of the enduring icons of Irish culture and heritage, and a world-renowned Irish tourism attraction, has suffered the brunt of a rising cost of doing business, which has contributed to almost 2,000 pubs closing their doors since 2005. This decline in the number of public houses in Ireland is most pronounced outside of Dublin and is having the greatest impact on smaller, rural and often family-run businesses.

The Irish hospitality sector plays a considerable role in our economy and in providing employment in every city, town and village across the country. With the current fragile growth of the industry in the post-Covid period, the presence of excessively high excise duties on alcohol hampers further growth and contributes to the high costs of doing business in our sector.

As inflation bites for both businesses and consumers, our high rates of excise duties on alcohol – the second highest in the EU – creates considerable challenges for businesses in the hospitality sector and increases the cost of socialising for members of the public. It should not be the case that a country with a proud tradition of distilleries, breweries and the rural pub makes it so much more expensive for locals and tourists to enjoy our hospitality, but this is the challenge being faced by hospitality businesses in Ireland.

With the Covid pandemic behind us and increasing numbers of people visiting Ireland from Europe and abroad, it is crucial that we prevent Ireland from gaining a reputation as an expensive destination for tourists to visit and as an unaffordable place for locals to meet and socialise.

This report, researched and authored by DCU economist Anthony Foley, outlines the stark differences in the cost of excise duties in Ireland compared to our European neighbours. In Ireland, a 70cl bottle of Irish whiskey sold at an off-licence is levied with an additional excise duty of €11.92. In a Spanish off-licence, that same bottle of Irish whiskey has an excise duty of just €2.69.

The impact of our excessively high excise duties on alcohol is the same regardless of what you drink. Here, the price of a pint of Irish beer served in a pub is levied with an additional excise tax of 55 cents. The same Irish beer, in a German pub has an excise tax of just 5 cents. For a French visitor to Ireland, an 187ml standard glass of wine which would attract an excise duty in France of just 1 cent, is levied with an additional 80 cents excise duty here.

To guarantee the sustainability of the hospitality sector in Ireland, and to protect the livelihoods of our rural pubs, it is essential that Government make a concerted effort in the upcoming budget to support the sector into the future. DIGI is proposing a 15% reduction in excise duty over the next two years (7.5% annually) to give a much-needed break to businesses who are struggling to keep their lights on and their doors open amid the rising costs of doing business.

This action from the Government would not just be a token measure, it would be a serious signal of support for the hospitality sector which is at the heart of towns and villages across Ireland.

Ireland's excise duties on alcohol are the second highest in the EU, behind only Finland. Reducing excise duty is a measure that can be introduced in Budget 2024 and which would have an immediate impact on the costs of doing business for tens of thousands of business owners in the Irish hospitality sector. By taking this step, the Government would go some way to securing the future of our industry and to making Ireland an even more attractive and welcoming destination for visitors from overseas.



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**.

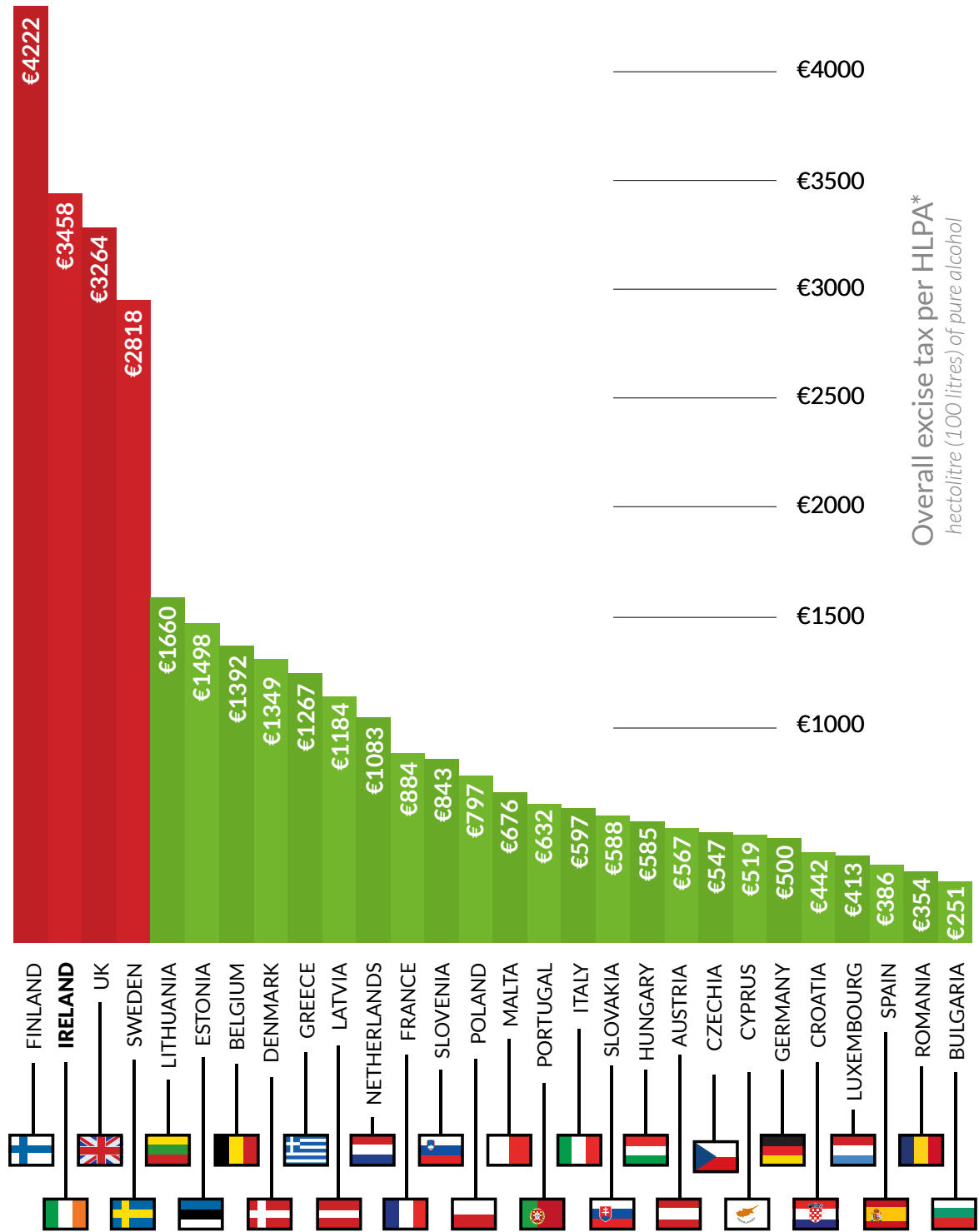
In a Spanish off-licence, that same bottle of Irish whiskey has an excise tax of **€2.69**.



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



UK

Excise tax per HLPA
€3,264

Three lowest:



SPAIN

€386



ROMANIA

€354



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



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



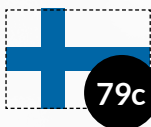
IRELAND
Excise tax on a glass of wine³



FINLAND
Excise tax on a pint of lager



FINLAND
Excise tax on a glass of whiskey



FINLAND
Excise tax on a glass of wine



IRELAND
Excise tax on a pint of lager



SWEDEN
Excise tax on a glass of whiskey⁴



UNITED KINGDOM
Excise tax on a glass of wine



UNITED KINGDOM
Excise tax on a pint of lager



IRELAND
Excise tax on a glass of whiskey

Three lowest:



ITALY
Excise tax on a glass of wine



SPAIN
Excise tax on a pint of lager



ROMANIA
Excise tax on a glass of whiskey



GERMANY
Excise tax on a glass of wine



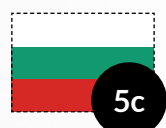
ROMANIA
Excise tax on a pint of lager



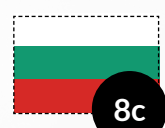
CROATIA
Excise tax on a glass of whiskey



SPAIN
Excise tax on a glass of wine



BULGARIA
Excise tax on a pint of lager



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



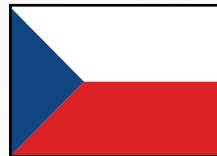
BULGARIA



CROATIA



CYPRUS



CZECHIA



GERMANY



GREECE



HUNGARY



ITALY



LUXEMBOURG



PORTUGAL



ROMANIA



SLOVAKIA



SLOVENIA



SPAIN

To read the full *Tax on Drinks: International Comparisons of Irish Alcohol Excise Taxation in the European Union and the UK In 2023* report, including notes on methodology, visit <https://drinksindustry.ie/industry-research>.

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