

EXCISE TAX RATES IN EUROPE: HOW IRELAND COMPARES

Commissioned by **The Drinks Industry Group of Ireland (DIGI)**
Authored by **Anthony Foley, Dublin City University Business School**

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FOREWORD

The Drinks Industry Group of Ireland's final 2019 report, authored by Anthony Foley of Dublin City University, shows that this country remains in the unenviable position of having some of the EU's highest excise tax rates on alcohol.

Irish businesses and consumers pay the second-highest overall excise tax on alcohol, the highest excise tax on wine, the second highest on beer, and the third highest on spirits. We hold these dubious honours despite producing some of the most recognised and beloved drinks products in the world.

In France and Germany, countries equally renowned for their drinks industries, excise tax rates on wine and beer are far lower. A shopper in France pays just three cents in excise tax on a bottle of Cabernet Sauvignon; a patron at a German beerhall gives only five cents to the government for every pint of lager they purchase.

In bewildering contrast, the Irish government levies a tax bill of €12 on a bottle of off-licence-bought Irish whiskey and 54 cents on a pint of Irish stout. In fact, in terms of excise tax, it's over four times cheaper for an Italian tourist to buy a bottle of Irish whiskey at a supermarket in Rome than a shop or distillery here.

A high alcohol excise tax arbitrarily hampers the growth of one of our most promising, fastest growing sectors, much of which is located outside Dublin. It also seriously endangers some of our most vulnerable businesses.

Drinks and hospitality businesses in rural Ireland, particularly local pubs and restaurants, have been struck by rising operational costs, an increased VAT rate, a relatively slow post-recession recovery, and the economic uncertainty of Brexit.

If the UK and EU fail to agree a withdrawal deal, Brexit will prove disastrous for rural Ireland. Sterling will sink closer to parity with the euro, making Ireland a less affordable destination for British tourists, who comprise our single largest tourism market. It will also increase instances of cross-border purchasing as shoppers in the Republic seek better value products in the North.

While Ireland cannot fundamentally alter the outcome of Brexit, our government can use the policy levers at its disposal to make it easier for drinks and hospitality businesses, which employ nearly 8% of the entire country, to operate productively and efficiently. One such lever is excise tax.

With less than a month to go before Budget 2020, DIGI is calling on the Department of Finance to reduce excise tax on alcohol by 15% over a two-year period; first, by reducing it by 7.5% this year, then by an additional 7.5% in Budget 2021.

A reduced excise tax won't solve all the drinks and hospitality industry's problems overnight, but it will give some of the country's most important businesses the breathing space to trade more competitively, to invest in products and jobs and save for a Brexit-induced downturn.



Rosemary Garth,
Chair, DIGI,
Director of Communications and Corporate Affairs,
Irish Distillers

KEY FINDINGS

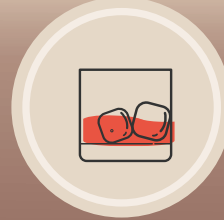
Ireland has the second-highest overall alcohol excise tax in the EU 28, behind Finland.



Ireland has the highest wine excise in the EU 28.



Ireland has the second-highest beer excise in the EU 28, behind Finland.



Ireland has the third-highest spirits excise in the EU 28, behind Sweden and Finland.



15 EU member states do not impose any excise tax on wine.

Ireland has the highest excise tax on wine.

Ireland's excise tax on beer is 11.4 times that of Germany.

Ireland's excise tax on spirits is 4.4 times that of Spain.



Ireland's excise tax on cider is more than double that of the UK's

Ireland's excise tax on a bottle of whiskey is €11.92. It's €2.90 in Italy and €3.88 in Portugal.

APPLICATION OF THE GERMAN BEER EXCISE RATE TO IRELAND WOULD REDUCE BY

13%

the price of a pint of stout in a pub

40.7%

the off-licence price of a bottle of whiskey

17.8%

the price of a glass of wine in a restaurant

1. INTRODUCTION AND OBJECTIVE

This report examines the up to date [as of May 2019] 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 level of alcohol excise tax in 2019 when compared with the large majority 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 that 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 80.2% of the Irish level. The rest of the EU economies have 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.

Ireland, as of May 2019, 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, behind 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 Estonia and is substantially higher than all those other EU economies, which 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. Fifteen EU economies do not impose any excise on wine. France 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.

2. DATA

The data are from the excise tables compiled by the European Spirits 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 2019.

The main indicator used is excise in 'euro per hectolitre of pure alcohol [HLP A]'. 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. For example, Ireland's spirits excise is 111.6% higher than Denmark's. In wine, Ireland's excise level is 181.3% higher than the Danish level and in beer, Ireland is 244.8% 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 156.9% higher than Denmark.

The EU excise tables' euro-denominated excise levels for May 2019 for non-euro countries are based on the October 2018 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 non-euro 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 2019.

3. TYPE OF ALCOHOL TAXATION

Alcohol is subject to two types of expenditure tax: VAT and excise. VAT is an ad valorem tax that is charged as a per cent of the selling value or price. As the price of alcohol increases, the absolute amount of 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 that 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. Different 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 countries have a VAT rate in excess of the Irish rate of 23%. These are Hungary [27%], Sweden [25%], Croatia [25%], Denmark [25%], Finland [24%], and Greece [24%]. Another two countries, Poland and Portugal, are at 23% with Ireland. Nineteen countries have VAT rates that 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:	
Below 23% - 20%	14 member states
Below 20%	5 member states

*Three countries—Portugal, Luxembourg, and Austria—have reduced VAT rates on wine or specific wine production. These are listed in Table 1 above at their higher [or standard] VAT rates, which apply to other beverages.

There are different excise levels for the individual beverage categories. In all 28 EU countries, the spirits excise per HPLA is the highest of the three categories. However, the ratio of spirits excise to other beverage excise varies greatly among the 28 countries.

As already noted, 15 of the 28 EU members do not impose excise on wine. These are Austria, Bulgaria, Croatia, Cyprus, Czech Republic, Germany, Greece, Hungary, Italy, Luxembourg, Portugal, Romania, Slovakia, Slovenia, and Spain.

Of the 13 that do have wine excise, France has a very low rate of €35 per HPLA and Malta has a rate of €186; this compares with the Irish rate of €3,862. Greece had no excise on wine until 2016 but this was abolished in 2019.

This report examines the current [defined as May 2019] 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 that 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, the Netherlands, and Belgium also have relatively low alcohol excise rates.



4. IRELAND'S COMPARATIVE RANKING IN EXCISE

The comparative position of Ireland relative to the EU 28 is presented in **Table 2**. 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.

Table 2: EU alcohol tax rates [excise] [euro per HPLA], May 2019, three beverages and composite level and rank in country alphabetical order

	Spirits	Wine	Beer	Composite level	Rank of composite level
Austria	1,200	0	500	567	18
Belgium	2,993	681	501	1,392	6
Bulgaria	562	0	192	251	28
Croatia	713	0	538	417	24
Cyprus	957	0	600	519	19
Czech Republic	1,106	0	310	472	23
Denmark	2,012	1,373	654	1,346	8
Estonia	2,508	1,344	1,692	1,848	5
Finland	4,880	3,609	3,650	4,046	1
France	1,758	35	749	847	12
Germany	1,303	0	197	500	21
Greece	2,550	0	1,250	1,267	9
Hungary	1,032	0	501	511	20
Ireland	4,257	3,862	2,255	3,458	2
Italy	1,036	0	755	597	17
Latvia	1,840	918	740	1,166	10

Excise Tax Rates in Europe: How Ireland Compares

Lithuania	1,832	1,497	711	1,347	7
Luxembourg	1,041	0	198	413	25
Malta	1,360	186	483	676	15
Netherlands	1,686	803	759	1,083	11
Poland	1,333	336	455	708	14
Portugal	1,387	0	418	602	16
Romania	732	0	182	305	27
Slovakia	1,080	0	359	480	22
Slovenia	1,320	0	1,210	843	13
Spain	959	0	199	386	26
Sweden	4,892	2,254	1,913	3,020	3
UK	3,195	3,007	2,121	2,774	4
Ireland's rank	3	1	2	2	2

Source: Spirits Europe, Summary of EU Member States, Brussels [excise rates as of May 2019]; the exchange rates are those of Oct 2018 as used in the EU excise tables, except for the UK and Sweden for which we use July 2019 monthly average rates. Composite level is the unweighted average of the three rates.

The ranking position of Ireland is summarised in **Table 3**. Ireland has the highest wine excise of the 28 EU member states. 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.

Table 3: Ireland's high alcohol taxation, May 2019

Category	Rank [out of 28 EU member states]
Wine	1/28
Beer	2/28
Spirits	3/28
Composite indicator	2/28

The British 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 krona per HPLA. On the October 2017, exchange rate this converts to €2,103. On the July 2018, exchange rate the figure is €1,960. On the more recent July 2019 exchange rate, the figure is €1,913. The UK beer excise in sterling is £1,908 per HPLA. At an exchange rate of £0.7367 [the October 2015 EU excise table rate], this is equivalent to €2,590. However, at the July 2019 rate of 0.89942, the £1,908 is equivalent to €2,121.

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 €1,000. Only four countries have a composite rate of more than €2,000 and only three, including Ireland, have a rate of more than €3,000. Seven countries have a composite rate of lower than €500.

Excise Tax Rates in Europe: How Ireland Compares

Table 4: EU alcohol tax rates [excise] [euro per HLPA], May 2019, composite level and rank in order of magnitude

	Composite level	Rank of composite level
	€ per HLPA	
Finland	4,046	1
Ireland	3,458	2
Sweden	3,020	3
UK	2,774	4
Estonia	1,848	5
Belgium	1,392	6
Lithuania	1,347	7
Denmark	1,346	8
Greece	1,267	9
Latvia	1,166	10
Netherlands	1,083	11
France	847	12
Slovenia	843	13
Poland	708	14
Malta	676	15
Portugal	602	16
Italy	597	17
Austria	567	18
Cyprus	519	19
Hungary	511	20
Germany	500	21
Slovakia	480	22
Czech Republic	472	23
Croatia	417	24
Luxembourg	413	25
Spain	386	26
Romania	305	27
Bulgaria	251	28

Source: As for Table 2.

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

- The 2019 UK excise rate per hectolitre of product for still cider and perry between greater than 1.2% and less than 6.9% alcohol content is £40.38, or €44.90 at the July 2019 exchange rate.
- The 2019 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, the Irish excise rate is 110.4% greater than the UK rate.



5. 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 17% greater than Ireland's rate. Sweden is relatively close to the Irish level, at 87.3% of the Irish level. The UK composite rate is 80.2% 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 Belgium, with a rate of only 40.3% of the Irish composite rate. Seventeen EU economies have a composite rate which is less than one quarter of the Irish rate.

Excise Tax Rates in Europe: How Ireland Compares

Table 5: EU alcohol tax rates [excise] [euro per HLPa], May 2019, composite level and position relative to Ireland =100

	Composite level	Position of composite level relative to Ireland [=100]
	€ per HLPa	
Finland	4,046	117.0
Ireland	3,458	100
Sweden	3,020	87.3
UK	2,774	80.2
Estonia	1,848	53.4
Belgium	1,392	40.3
Lithuania	1,347	39.0
Denmark	1,346	38.9
Greece	1,267	36.6
Latvia	1,166	33.7
Netherlands	1,083	31.3
France	847	24.5
Slovenia	843	24.4
Poland	708	20.5
Malta	676	19.5
Portugal	602	17.4
Italy	597	17.3
Austria	567	16.4
Cyprus	519	15.0
Hungary	511	14.8
Germany	500	14.5
Slovakia	480	13.9
Czech Republic	472	13.6
Croatia	417	12.1
Luxembourg	413	11.9
Spain	386	11.2
Romania	305	8.8
Bulgaria	251	7.3

Source: As for Table 2.

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

- Finland's composite rate is 17% higher than Ireland's: €4,046 compared to €3,458. Sweden's composite rate is 12.7% below the Irish rate, and the UK rate is 19.8% below the Irish rate.
- Estonia has the fifth-highest composite excise rate of €1,848 and is 46.6% below the Irish rate.
- Belgium and Lithuania have the two next highest composite rates, at 40.3% and 39%, respectively of the Irish rate. In money terms, Belgium and Lithuania have an average €1,392 and €1,347 excise per hectolitre of pure alcohol respectively, compared to Ireland's €3,458.
- The top four alcohol excise levels per HLPa [€4,046 to €2,774 - Finland, Ireland, Sweden and the UK] are substantially higher than the next four highest countries [€1,848 to €1,346 - Estonia, Belgium, Lithuania and Denmark].
- Germany's composite alcohol excise per HLPa is €500, or 14.5% of the Irish level.

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- France's composite level of €847, is 24.5% 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's, 11.4 times the level of Germany's, almost 3 times the level of the Netherlands', and 11.3 times the level of Spain's.
- Ireland's wine excise tax is 5.7 times the level of Belgium's and 2.8 times the level of Denmark's.
- Ireland's spirits excise tax of €4,257 is 2.4 times the level of France's, which is €1,758, and 4.1 times the level of Italy's.
- Ireland's beer excise is very close to the UK level: €2,255 in Ireland and €2,121 in the UK [the Irish rate is 6.3% higher].
 - ▶ **Ireland's spirit excise is much higher than the UK's: €4,257 compared to €3,195 [the Irish rate is 33.2% higher].**
 - ▶ **Ireland's wine excise is €3,862 compared to €3,007 in the UK [the Irish rate is 28.4% higher].**
 - ▶ **Ireland's cider excise is more than double that of the UK's.**

An aggregate indication of the higher alcohol excise tax burden in Ireland compared to Germany is the reduction in total alcohol excise receipts if Ireland operated the German rates.

As noted above, the German composite average excise rate is €500 per HPLA compared to the Irish rate of €3,458. The German rate is only 14.5% of the Irish rate. This would indicate that if German rates were applied to Ireland, Irish excise revenue would total about €180m instead of €1,240m. Ireland pays about €1,060m more annually in alcohol excise tax than German rates would imply. This estimate does not take into account of differences in consumption mix between the two countries.

Excise comparison by drink

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 HPLA of Ireland and the other country.

Due to rounding, the ratios of Ireland's/other countries' actual excise per drink ratios are not exactly the same as the ratios of the excise in € per HPLA. The reference is to Irish measures of drinks, such as a pint. These measures are not the popular measure in most 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. 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 €2,121 per HPLA and the Irish rate is €2,255 as shown in Table 2. The Irish rate is 6.3% higher than the British rate. The Irish excise per pint is €0.55 and the British figure is €0.52 cent [rounded], which results in Ireland being 5.8% higher. The different percentages are due to the rounding process.

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 that would be charged on the excise.

The Irish wine position in the table stands out. Fifteen EU countries do not charge excise on wine. Ireland's rate per 187ml glass is €0.80. As already shown, this is the highest in the EU. After Ireland the next three countries are Finland [€0.75], the UK [€0.62], and Sweden [€0.47]. However, the next highest country, Lithuania, is substantially lower at €0.31. Denmark and Estonia follow with €0.28. The other six countries with charge wine excise are all less than €0.20 per glass. As already noted, 15 EU countries have no excise on a glass of wine.

Every country charges a beer excise, but there is a large range from €0.89 on a pint of lager in Finland to €0.04 in Romania. 21 countries have a beer excise per pint of lager of less than €0.20. The Irish level is €0.55.

Every country charges a spirits excise. The excise per half glass ranges from €0.69 in Finland and Sweden to €0.08 in Bulgaria. The spirits excise range is narrower than the beer range. The Irish level is €0.60. 15 countries have a whiskey excise of less than €0.20 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 €13.70 [Sweden] to €1.57 [Bulgaria]; the wine off-licence excise per bottle ranges from €3.19 [Ireland] to zero.

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Table 6: Excise on various drinks, EU countries, € and €cents, May 2019

	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]
	€cents	€cents	€cents	€cents	€	€
Finland	69	89	87	75	13.66	2.98
Ireland	60	55	54	80	11.92	3.19
Sweden	69	47	46	47	13.70	1.86
UK	45	52	51	62	8.95	2.48
Denmark	28	16	16	28	5.63	1.13
Belgium	42	12	12	14	8.38	0.56
Estonia	35	41	41	28	7.02	1.11
Greece	36	30	30	0	7.14	0
Netherlands	24	19	18	17	4.72	0.66
Slovenia	19	30	29	0	3.70	0
France	25	18	18	1	4.92	0.03
Latvia	26	18	18	19	5.15	0.76
Lithuania	26	17	17	31	5.13	1.24
Poland	19	11	11	7	3.73	0.28
Malta	19	12	12	4	3.81	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	12	12	0	2.89	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 Republic	16	8	7	0	3.10	0
Croatia	10	13	13	0	2.00	0
Luxembourg	15	5	5	0	2.91	0
Spain	14	5	5	0	2.69	0
Romania	10	4	4	0	2.05	0
Bulgaria	8	5	5	0	1.57	0

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

6. IMPACT ON PRICE

Ireland's/other EU countries' excise gaps are very wide, and 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.

Germany is used [although some other countries operate excise rates that 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 excise rates to Irish prices, cents and % impact 2019

Alcohol product	Price, June 2019, CSO (except for 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 in bar	4.65	54	5	49	60	13
Pint of lager in bar	5.05	55	5	50	62	12.3
Standard whiskey in bar	4.49	60	18	42	52	11.6
Glass of wine in restaurant	5.50	80	0	80	98	17.8
Off-licence 70cl bottle of whiskey	25.02	€11.92	€3.65	€8.27	€10.17	40.7
Off-licence bottle of wine	10.00	€3.19	0	€3.19	€3.92	39.2

Source: Average alcohol prices from CSO refer to June 2019 except for the wine prices, which are illustrative prices because wine price indicators are not provided. Figures are 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 €0.05 instead of €0.54, a direct reduction of €0.49. This increases to a reduction of €0.60 when VAT on the excise is accounted for. The €0.60 reduction is a 13% decrease on the current price of a pint.

On a pint of lager, using the same methodology, the price reduction would be 12.3%. A measure of whiskey in a bar would have a price reduction of 11.6% or €0.52 [€0.42 excise plus the VAT of €0.10] if the German excise levels applied in Ireland.

The price of a restaurant glass of wine would decrease by 17.8% if the German zero rate was applied. Application of the German spirits excise rate to Ireland on an off-licence bottle of whiskey would reduce excise to €3.65 from €11.92, giving a price a reduction of €10.17, or 40.7%, including the VAT impact. Germany does not impose excise on wine; an off-licence bottle of wine priced at €10 would lead to a drop in price of 39.2%, or €3.92, if the German zero rate applied in Ireland.

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 and restaurants—and the independent off-licence sector].

DIGI's members include:

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

90,000 jobs across the country are dependent on the drinks industry alone. It purchases over €1.1bn of Irish produce annually, exports goods worth over €1.25bn, and provides over €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 sector makes to Ireland, nationally and locally. We work with stakeholders to create conditions that ensure the industry's stability and continued growth.

DIGI

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Your
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Connect with us at:

www.supportyourlocal.ie | www.drinksindustry.ie

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