

INTERNATIONAL COMPARISONS OF IRISH ALCOHOL EXCISE TAXATION IN THE EUROPEAN UNION AND THE UK IN 2024

by **Anthony Foley**,
Dublin City University Business School



- July 2024 -

Commissioned by the Drinks Industry Group of Ireland (DIGI)

FOREWORD

The continued high cost of doing business in Ireland has profoundly impacted Irish businesses in recent years. The drinks and hospitality sector has been particularly affected by the lingering effects of the Covid-19 pandemic, coupled with inflation, an energy and cost-of-living crisis, and a crippling high-cost base.

Due to this challenging operating environment, many hospitality business owners in Ireland are under significant pressure to sustain their businesses and we've seen a trend in recent years of many businesses permanently closing. Such closures, which have affected every community in the country, leave a noticeable void in local communities.

Rural hospitality businesses, particularly pubs and restaurants, are the centre of many communities, providing an invaluable space wherein people can relax and socialise. Rural pubs, which are often family-run businesses, are also vital employers that keep local towns and villages alive, providing full and part time employment opportunities to suit people with a range of different lifestyles.

Additionally, "The Irish Pub" is a unique cultural asset which attracts thousands of tourists to the country every year. Their value as a tourist attraction, coupled with Ireland's world-renowned hospitality, should not be understated, as the economic contribution they bring to Ireland's economy in this sense is significant.

Taxation Policy

However, the value that this industry brings to Ireland is not reflected in policy or the level of recognition and support it receives from the government. Small indigenous businesses are faced with the second highest tax rate on alcohol in the EU and UK, which increases the cost base and makes it very expensive to trade for many pubs, restaurants, breweries and distilleries. The government has, for several years now, failed to instate a long-term strategy for supporting the sector, and the failure to reduce the high excise rate would only further contribute to this failure.

This high excise rate in Ireland not only affects businesses, but also affects the public, who are already under pressure due to Ireland's high cost-of-living challenges. Considering the value that Ireland places on their tradition of pubs, restaurants, distilleries and breweries, it is not right that both locals and tourists are burdened with high excise tax rates when enjoying them.

Despite these numerous challenges, the industry has the potential to grow and develop, but only with the right supports and policy in place. This year provides a vital opportunity for the drinks industry to be reset, revitalised and reenergised.

It is time for the government to reset their approach to taxation and engage in long-term policy planning in order to revitalise the sector. DIGI propose that they introduce sustainable tax policy by bringing Ireland's excise tax rate in line with other EU countries. This would be achieved by implementing a 15% excise tax reduction over the next two years, with a 7.5% decrease in 2025 followed by another 7.5% reduction in 2026. This cut in the excise rate can be introduced overnight and would have an immediate impact by reducing the cost base for hundreds of thousands of Irish businesses across the country, breathing new life into communities nationwide.

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. Ireland has the second highest excise tax on wine, the third highest excise tax on beer and the third highest excise tax rate on spirits in the EU and the UK. For a country whose economy and communities owe so much to the drinks and hospitality industry, this is a completely counterproductive figure.

Consumer Impact

In Ireland, a 70cl bottle of Irish whiskey sold at an off-licence is levied with an additional excise duty of almost €12. In an Italian off-licence, that same bottle of Irish whiskey has an excise duty of just €2.90.

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 Spanish 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, while 15 EU countries do not charge any excise tax on wine at all.

These costs affect everyday consumers as well as businesses. A recent poll (July 2024) commissioned by DIGI and conducted by Core Research among 1,000 consumers found that 70% of Irish people enjoy going to the pub to socialise, while 82% cite the restaurant as an enjoyable way to get out and meet people.

The reliance on and enjoyment of Ireland's drinks and hospitality sector is undisputed. Almost 70% (68%) of people visit our pubs and restaurants to catch up with family and friends, over half of us (58%) celebrate family occasions in Ireland's drinks and hospitality venues while one in four (28%) visit the pub to watch sport.

The Irish public's commitment to and support of this industry is unwavering. The survey results show that 53% of people agree that the government should provide support to Ireland's drinks and hospitality industry to sustain and grow their business while 51% of Irish consumers believe the Irish government should reduce Ireland's excise tax rate.

Ireland's overall excise tax rate is the second highest in the EU, surpassed only by Finland. Reducing these duties should be a priority in Budget 2025, as it would immediately lower the cost of doing business for tens of thousands of businesses in the Irish hospitality sector. This would secure the future of our industry and enhance Ireland's appeal as a welcoming destination for international visitors.



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**.

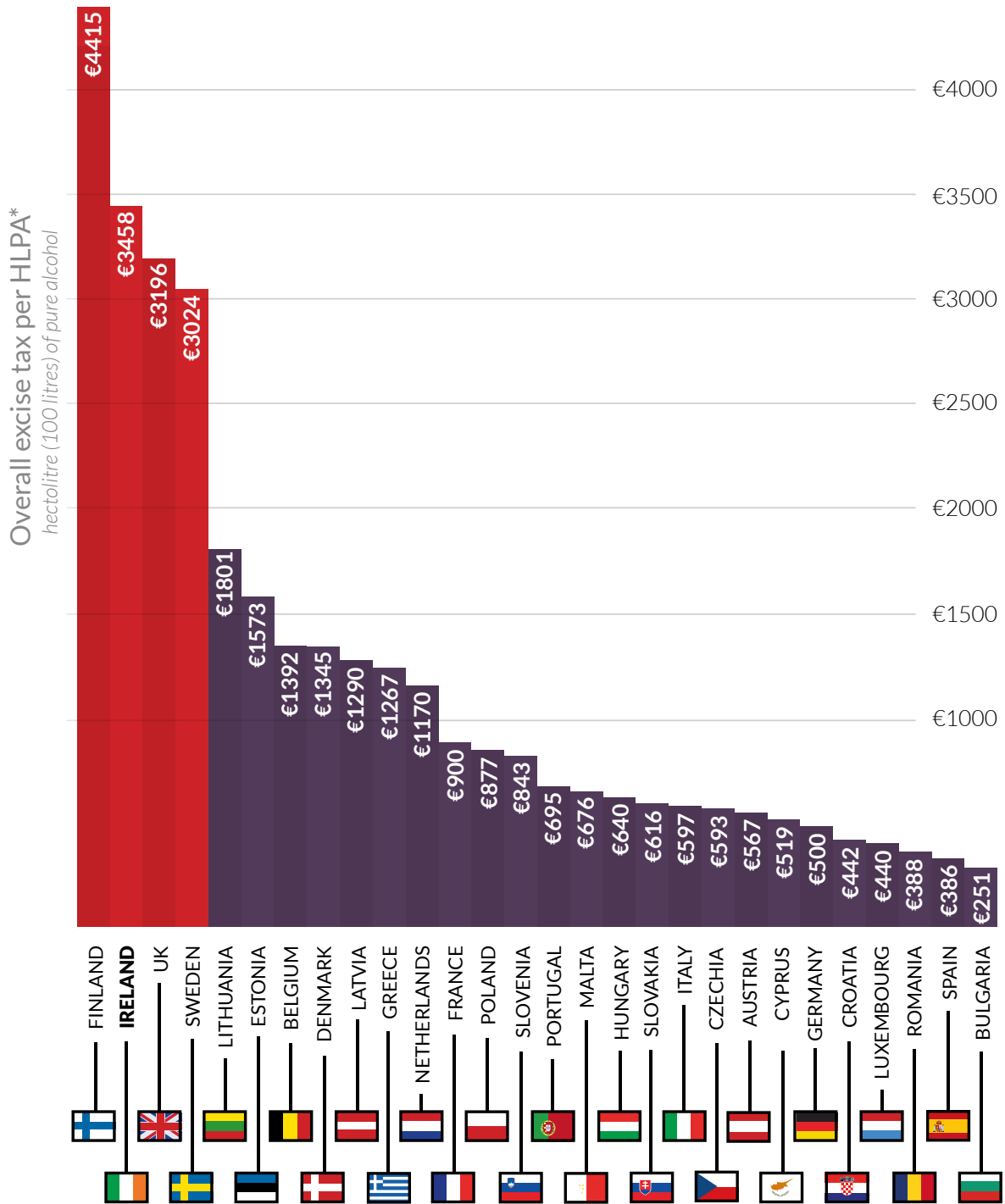
In a Spanish off-licence, that same bottle of Irish whiskey has an excise tax of **€2.69**.



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 HLP A²
€4,415



IRELAND

Excise tax per HLP A
€3,458



UK

Excise tax per HLP A
€3,196

Three lowest:



BULGARIA

€251



SPAIN

€386



ROMANIA

€388

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 second highest EU+UK excise tax rate on wine.



Ireland has third highest EU+UK excise tax rate on beer.*



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



FINLAND
Excise tax on a glass of wine



IRELAND
Excise tax on a glass of wine³



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



FINLAND
Excise tax on a pint of lager



IRELAND
Excise tax on a pint of lager

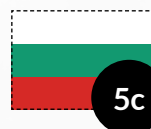


UNITED KINGDOM
Excise tax on a pint of lager

Three lowest:



SPAIN
Excise tax on a pint of lager



BULGARIA
Excise tax on a pint of lager



ROMANIA
Excise tax on a pint of lager



FINLAND
Excise tax on a glass of whiskey

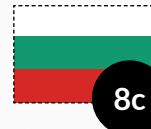


SWEDEN
Excise tax on a glass of whiskey⁴



IRELAND
Excise tax on a glass of whiskey

Three lowest:



BULGARIA
Excise tax on a glass of whiskey



ROMANIA
Excise tax on a glass of whiskey



SPAIN
Excise tax on a glass of whiskey

³Standard restaurant or pub measure, 187ml. ⁴Standard spirit measure.
*using the UK non-draught beer excise, see full comprehensive report for detail



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 *International Comparisons of Irish Alcohol Excise Taxation in the European Union and the UK in 2024*, including notes on methodology, visit - <https://drinksindustry.ie/industry-research>.

Drinks Industry Group of Ireland

Angelsea House, Angelsea Road, Ballsbridge, Dublin 4. | Tel: 01 668 0215



Connect with us at:

www.supportyourlocal.ie | www.drinksindustry.ie

or via Twitter:

 [@DIGI_Ireland](https://twitter.com/DIGI_Ireland) | [#SYL24](https://twitter.com/SYL24)