

International Comparisons of Irish
Alcohol Excise Taxation in the
European Union and the UK
In
2024

ANTHONY FOLEY
Associate Professor Emeritus
DUBLIN CITY UNIVERSITY BUSINESS SCHOOL

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EXECUTIVE SUMMARY

This report was commissioned by the Drinks Industry Group of Ireland (DIGI). The main objective is to identify the level of alcohol excise tax in the EU and the UK relative to Ireland. It examines the up to date (as of May 2024) comparative international position of Irish alcohol excise taxation within the EU and the UK for the three main beverage groups and also calculates a composite excise rate. This report updates previous DIGI reports on the same subject. In addition, the report examines the level of Vat on alcohol and the impact of excise on Irish alcohol prices.

Ireland has a very high level of alcohol excise tax in 2024 when compared with the large majority of the other 26 economies of the EU and the UK. Ireland has the highest wine excise in the EU27 and UK.

- Ireland has the third highest beer excise in the EU 27 and UK (using the UK non-draught beer excise) behind Finland and the UK.
- Ireland has the third highest spirits excise in the EU 27 and UK behind Sweden and Finland.
- Ireland has the second highest wine excise after Finland.
- Fifteen EU economies do not impose any excise on wine. In addition, France and Malta have very low wine excise tax.
- 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.
- 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.
- There is a substantial difference between the alcohol excise levels of the four highest alcohol taxed economies, Finland, Ireland, the UK and Sweden, and the remaining 24 countries.
- Finland's composite rate per HLPAs is 27.7% higher than Ireland's, €4415 compared to Ireland's €3458. Sweden's composite rate is 12.6% below the Irish rate. The UK composite rate is 7.6% below the Irish rate, using the non-draught beer rate.
- Lithuania has the fifth highest composite excise rate of €1801 and is 52.1% of the Irish rate.

- Germany's composite alcohol excise per HLP is €500 or 14.5% of the Irish level of €3458.
- France's composite level of €900 is 26.0% of the Irish level.
- Spain's composite rate is €386 or 11.2% of the Irish level.
- Application of the German beer excise rate to Ireland would reduce the price of a pint of stout in a public house by 10.4%, the price of a glass of wine in a restaurant by 12.3% and the off-licence price of a bottle of whiskey by 35.9%.
- Application of the German beer excise rate to Ireland would reduce excise on an on-licence pint of stout to 5cent instead of 54cent, a direct reduction of 49cent. This increases to a reduction of 60cent when VAT on the excise is included.
- In Spain, the excise on an off-licence bottle of whiskey is €2.69 which is €9.23 lower than in Ireland.
- Vat is levied on excise and the other elements of the price of alcohol products. Usually the standard Vat rate is applied. However, some countries apply a lower rate than the standard rate on specific aspects of the alcohol market, notably alcohol products consumed in bars and restaurants. Ireland charges the standard rate. Ireland's standard Vat rate is relatively high by EU and UK standards. Of the 28 countries, Ireland's rate of 23% is exceeded by only six countries

1. INTRODUCTION AND OBJECTIVE

This report, which was commissioned by the Drinks Industry Group of Ireland (DIGI), examines the up to date (as of May 2024) comparative international position of Irish alcohol excise taxation within the EU and the UK. It updates previous DIGI reports on the same topic. It also examines the level of Vat on alcohol products and the impact of alcohol excise on prices. As is shown by the data presented in the report, Ireland has a very high level of alcohol excise tax in 2024 when compared with the large majority of the other 26 economies of the EU and the UK. The UK is included in the report along with the 27 EU Members because of its close economic and business relations with Ireland.

Value added tax (Vat) is applied to alcohol products and this is also covered in this report. Most countries, including Ireland apply the standard Vat rate to alcohol products but Spain, for example, applies a reduced Vat rate to on-licensed alcohol products.

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. The UK is in third place with an average excise level which is lower than Ireland. These three are followed by Sweden, in fourth place, which is also a high alcohol excise economy.

The UK composite level, based on non-draught beer excise, is 92.4% of the Irish level. The rest of the EU economies have very much lower levels of excise than the top four of Finland, Ireland, the UK and Sweden. The fifth ranked economy is Lithuania which has a composite excise rate of 52.1% of the Irish level, substantially less than the highest four economies. Ireland has, as of May 2024:

- The second highest wine excise in the EU 27 and the UK behind Finland
- The third highest beer excise in the 28 countries behind Finland and the UK (using the UK non-draught beer excise rate)
- The third highest spirits excise 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 92% higher than the fifth ranked country of Lithuania and is substantially higher than all the other EU economies, each of which has lower excise levels than Lithuania.

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 excise league position of Ireland relative to other EU economies, the Vat rates on alcohol, the magnitude of the differences in excise rates between Ireland and other EU economies, the excise on a sample of drinks products and the impact on Irish prices of having the lower German excise levels. The same comparative prices exercise is done for Spain.

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 2024. 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. The Vat information is provided by HOTREC and refers to January 2024.

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 111.7% higher than Denmark's. In wine, Ireland's excise level is 181.5% higher than the Danish level and in beer Ireland is 245.3% 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 157.1% higher than Denmark.

The EU excise tables’ euro denominated excise levels for May 2024 for non-euro countries are based on the October 1 2023 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 economies, the excise gap is so large that short term exchange rate changes do 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 rates for both Sweden and the UK, which are defined as the monthly average levels in June 2024. The October 2023 exchange rates used in the basic data source are, relative to the euro, 11.5833 SEK (Sweden) and 0.86628 Sterling (UK). The more recent June 2023 rates are 11.2851 SEK and 0.84643 Sterling.

The effect of the different exchange rates on comparative excise rates in Sweden and the UK are shown below in Table 1. The effect of using the more recent exchange rates is to slightly increase the euro value of the local currency excise rates for Sweden and to also slightly increase them for the UK. This means that the gap between these two countries excise rates and Ireland’s rate is different using the recent

exchange rates. Ireland’s composite rate is €3458 compared to €3196 for the UK on recent exchange rates and €3122 on the October 2023 exchange rates. The Swedish composite rate is €2946 on the October 2023 exchange rates and €3024 on the June 2024 exchange rates.

Table 1 Excise per HLP A UK and Sweden May 2024, based on local currency and different exchange rates to the euro

	Spirits	Wine	Beer	Composite
<i>UK Sterling excise</i>	3164	2850	2101(non-draught excise rate)	2705
UK excise in euro at Oct 1 2023 rate, 0.86628	3652	3290	2425	3122
UK excise in euro at June 2024 rate, 0.84643	3738	3367	2482	3196
<i>Sweden SEK</i>	52697	26891	22800	34129
Sweden in euro at Oct 1 2023 rate, 11.5833	4549	2322	1968	2946
Sweden in euro at June 2024 rate, 11.2851	4670	2383	2020	3024
Irish rates €	4257	3862	2255	3458

Source. As described in the text.

The restructured UK excise system has a lower excise rate for draught products. For beer the draught rate is £1908 per HLP A compared to £2101 for non –draught. Using the June 2024 exchange rates these are €2254 and €2482. The average beer rate is €2368. The comparative tables in this report use the non-draught rate to derive the composite rate for the UK. However, it is informative to refer to both the draught rate and the average of the two rates. The UK composite rate is €3196 based on the non-draught rate, €3120 based on the draught rate and €3158 based on the average of the two beer rates. All three UK composite rates are lower than Ireland’s composite rate. The UK draught beer excise rate of €2254 is almost the same as the Irish beer rate of €2255.

3. TYPE OF ALCOHOL TAXATION

Alcohol is subject to two types of expenditure tax, Vat and excise. The Vat is an ad valorem tax which is charged as a per cent 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. Most countries apply the standard Vat rate to alcohol products. Some countries operate a reduced Vat rate for wine, for draught beer or for alcohol served in bars and restaurants. 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. However, it should be noted that the Irish Vat rate on alcohol is relatively high compared to the other countries. This is outlined in Section 4.

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. 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.

There are different excise levels for the individual beverages categories. In all 28 (EU plus UK) 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 (27 EU plus UK) countries 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 countries which do have a wine excise France has a very low rate of

€37 per HPLA and Malta has a rate of €186. This compares with the Irish rate of €3862.

This report examines the current (defined as May 2024) 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 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 compared to Ireland.

4. VAT RATES ON ALCOHOL IN THE EU

The EU usual practice is that the standard Vat rate is applied to excise and the other elements of price of alcohol products. However, there are some exceptions. Cyprus has a 9% Vat rate on alcohol in bars and restaurants compared to the standard rate of 19%. Czechia has a 10% Vat rate on draught beer compared to the standard rate of 21%. Italy has a 10% Vat rate on alcohol in bars and restaurants compared to the standard rate of 22%. Luxembourg's standard rate reverted to 17% in January 2024 after a temporary reduction to 16% and it has a lower rate on wine. Romania has a 5% Vat rate on draught beer compared to a standard rate of 19%. Slovakia has a 10% rate on alcohol in bars and restaurants compared to the standard rate of 20%. Spain has a standard rate of 21% but charges a 10% Vat rate on alcohol in bars and restaurants.

The other countries apply their standard Vat rates to alcohol products.

Ireland's standard Vat rate is relatively high by EU and UK standards. Of the 28 countries, Ireland's rate of 23% is exceeded by only six countries. One has a rate of 27%, three have a rate of 25% and two have a rate of 24%. Two other countries have a 23% rate which is the same as Ireland. 14 countries have rates of either 22%, 21% or 20%. Five countries have rates which are below 20% with the lowest being 17%. As already noted, several of the 28 countries apply lower Vat rates than the standard on specific elements of alcohol sales. The Vat rates are summarised below for the 27 EU countries and the UK.

Table 2 Standard and alcohol products Vat rates, EU and UK January 2024

Standard Vat rate %	Number of countries	Countries	Alcohol Vat rate
17	1	Luxembourg	The 16% rate was increased to 17% in January 2024. Some wines are on 14%
18	1	Malta	Standard rate
19	3	Cyprus, Germany, Romania	Cyprus is 9% on alcohol in bars and restaurants, Romania applies 5% Vat to draught beer and Germany applies the standard rate to all alcohol
20	6	Austria, Bulgaria, Estonia, France, Slovakia. UK	Slovakia applies 10% Vat to alcohol in bars and restaurants. The rest apply their standard rates.
21	6	Belgium, Czechia, Latvia, Lithuania, Netherlands, Spain	Czechia applies 10% Vat to draught beer. Spain applies 10% Vat to alcohol products in bars and restaurants. The other four apply their standard rates
22	2	Italy, Slovenia	Italy has a 10% Vat rate on alcohol in bars and restaurants. Slovenia applies the standard rate.
23	3	Ireland, Poland, Portugal	All three countries apply the standard Vat rate to alcohol
24	2	Finland, Greece	Standard rate
25	3	Croatia, Denmark, Sweden	Standard rate
26	none		
27	1	Hungary	Standard rate

Source. HOTREC, Vat tables January 2024

Ireland has a relatively high standard Vat rate. Its rate of 23% is exceeded by only six of the 28 countries being considered. Nineteen countries of the 28 have lower standard Vat rates than Ireland. Poland and Portugal have the same standard Vat rate as Ireland, 23%. Generally, the standard Vat rate is applied to alcohol products but seven countries apply a lower Vat rate to some element of alcohol products such as draught beer or alcohol served in bars and restaurants.

5. IRELAND'S COMPARATIVE RANKING IN EXCISE

The comparative position of Ireland relative to the other 27 countries is presented in Table 3. 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 UK estimates are given for the non-draught beer excise level.

Table 3 EU Alcohol Tax Rates (Excise) (Euro per HLPA), May 2024, three beverages and composite level and rank in country alphabetical order

	Spirits	Wine	Beer	Composite level	Rank of composite level
Austria	1200	0	500	567	21
Belgium	2993	681	501	1392	7
Bulgaria	562	0	192	251	28
Croatia	796	0	531	442	24
Cyprus	957	0	600	519	22
Czechia	1451	0	327	593	20
Denmark	2011	1372	653	1345	8
Estonia	1975	1411	1334	1573	6
Finland	5480	4145	3620	4415	1
France	1867	37	796	900	12
Germany	1303	0	197	500	23
Greece	2550	0	1250	1267	10
Hungary	1456	0	463	640	17
Ireland	4257	3862	2255	3458	2
Italy	1036	0	755	597	19
Latvia	1862	1109	900	1290	9
Lithuania	2467	1991	946	1801	5
Luxembourg	1123	0	198	440	25
Malta	1360	186	483	676	16
Netherlands	1827	870	812	1170	11
Poland	1650	416	564	877	13
Portugal	1603	0	483	695	15
Romania	931	0	232	388	26
Slovakia	1490	0	359	616	18
Slovenia	1320	0	1210	843	14
Spain	959	0	199	386	27
Sweden	4670	2383	2020	3024	4
UK	3738	3367	2482 (based on the non-draught beer rate)	3196	3
Ireland's rank	3	1	3	2	2

Source: *Spirits Europe, Summary of EU Member States (and UK), Brussels (Excise rates as of May 2024), the exchange rates are those of Oct 2023 as used in the EU excise tables except for the UK and Sweden for which we use 2024 June monthly average rates. Composite level is the unweighted average of the three beverage specific rates. The UK composite rate is based on the non-draught beer rate. The implications of using other UK beer rates was discussed in Section2.*

The ranking position of Ireland is summarised in Table 4. Ireland has the second highest wine excise of the 28 EU members. Ireland has the third highest beer excise 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 but

the UK, in third place is close to the Irish composite rate. The UK composite rate is 92.4% of the Irish rate.

Table 4 Ireland’s High Alcohol Excise Taxation May 2024

Category	Position
Wine	Second Highest in EU27 plus UK after Finland
Beer (non-draught rate for the UK))	Third Highest in EU27 plus UK (after Finland and the UK)
Spirits	Third Highest in EU27 plus UK (after Finland and Sweden)
Composite indicator	Second Highest in EU27 plus UK after Finland

The data in Table 3 are shown again in Table 5 in order of magnitude of the composite excise rate. This further illustrates the gap between the top four countries, including Ireland, and the other 24 countries. Only eleven of 28 countries have a composite rate of more than €1000. Only four countries have a composite rate of more than €2000 and only four, including Ireland, have a rate of more than €3000. Five countries have a composite rate of lower than €500.

Table 5 EU Alcohol Tax Rates (Excise) (Euro per HLPAs), May 2024, composite level and rank in order of magnitude

	Composite level	Rank of composite level
	€ per HLPAs	
Finland	4415	1
<i>Ireland</i>	<i>3458</i>	<i>2</i>
UK (non-draught rate for beer)	3196	3
Sweden	3024	4
Lithuania	1801	5
Estonia	1573	6
Belgium	1392	7
Denmark	1345	8
Latvia	1290	9
Greece	1267	10
Netherlands	1170	11
France	900	12
Poland	877	13
Slovenia	843	14
Portugal	695	15
Malta	676	16
Hungary	640	17
Slovakia	616	18
Italy	597	19
Czechia	593	20
Austria	567	21
Cyprus	519	22
Germany	500	23
Croatia	442	24
Luxembourg	440	25
Romania	388	26
Spain	386	27
Bulgaria	251	28

Source: As for Table 5

6. 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 27 members and the UK are more clearly illustrated when comparing the levels

between the different economies instead of the ranking. In Table 6, 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 27.7% greater than Ireland's rate. The UK composite rate is 92.4% of the Irish rate and the UK is in third place. Sweden is in fourth place and is 87.4% of the Irish level. After Sweden, there is a substantial decline in the level of national composite rates. The next highest country is Lithuania which is only 52.1% of the Irish rate. This is followed by Estonia with a rate of only 45.5% of the Irish composite rate and Belgium at 40.3%. Fifteen EU economies have a composite rate which is less than one quarter of the Irish rate. Slovenia is close to 25% with a figure of 24.4%.

Table 6 EU Alcohol Tax Rates (Excise) (Euro per HLP A), May 2024, composite level and position relative to Ireland =100

	Composite level	Relative to Ireland = 100
	€ per HLP A	
Finland	4415	127.7
<i>Ireland</i>	3458	100
UK (non-draught rate for beer)	3196	92.4
Sweden	3024	87.4
Lithuania	1801	52.1
Estonia	1573	45.5
Belgium	1392	40.3
Denmark	1345	38.9
Latvia	1290	37.3
Greece	1267	36.6
Netherlands	1170	33.8
France	900	26.0
Poland	877	25.4
Slovenia	843	24.4
Portugal	695	20.1
Malta	676	19.5
Hungary	640	18.5
Slovakia	616	17.8
Italy	597	17.3
Czechia	593	17.1
Austria	567	16.4
Cyprus	519	15.0
Germany	500	14.5
Croatia	442	12.8
Luxembourg	440	12.7
Romania	388	11.2
Spain	386	11.2
Bulgaria	251	7.3

Source: As for Table 5

The UK composite rate is based on the non-draught beer rate. The main points from the quantitative aspect of the comparison are as follows.

- Finland's composite rate is 27.7% higher than Ireland's, €4415 compared to €3458. The UK rate is 7.6% below the Irish rate. Sweden's composite rate is 12.6% below the Irish rate.
- Lithuania has the fifth highest composite excise rate of €1801 and is 52.1% of the Irish level.
- Estonia and Belgium have the two next highest composite rates at 45.5% and 40.3% respectively of the Irish rate. In money terms Estonia and Belgium have an average € 1573 and €1392 excise per hectolitre of pure alcohol respectively compared to Ireland's €3458.
- The top four alcohol excise levels per HLPAs of €4415 to €3024 (Finland, Ireland, the UK and Sweden) are substantially higher than the next four highest countries €1801 to €1345 (Lithuania, Estonia, Belgium, and Denmark).
- Germany's composite alcohol excise per HLPAs is €500 or 14.5% of the Irish level.
- France's composite level of €900 is 26.0% of the Irish level.
- Spain's composite rate is €386 or 11.2% of the Irish level.
- Referring to the individual beverages excise levels which are presented in Table 3, we see that Ireland's beer excise tax is 4.5 times the level of Austria, 11.4 times the level of Germany, 2.8 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 2.8 times the level of Denmark.
- Ireland's spirits excise tax of €4257 per HLPAs is 2.3 times the level of France which is €1867 and 4.1 times the level of Italy.
- Ireland's beer excise is almost the same as the UK draught level, €2255 in Ireland and €2254 in the UK. The UK non-draught level is €2482 which is higher than Ireland. Ireland's spirit excise is much higher than the UK, €4257 compared to €3738 and Ireland's wine excise is €3862 compared to €3367 in 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 HLPAs of Ireland and the other

country. Due to rounding the ratios of the Irish/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 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 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 7. The estimates are rounded to the nearest cent.

The features of the excise per drink data mirror, except for the rounding consequence, the earlier findings related to league position and quantitative differences based on 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. Fifteen EU countries do not charge excise on wine. Ireland's rate per 187ml glass is 80cent. As already shown, this is the second highest in the EU. The Finland rate is 88cent. After Ireland the next two countries are, the UK (70cent) and Sweden (52cent). The next highest country, Lithuania, is at 41cent. Denmark and Estonia follow with 28cent and 29cent respectively. 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 88cent on a pint of beer in Finland to 5cent in several countries. Eighteen countries have a beer excise per pint of less than 20cent. The Irish level is 55cent.

Every country charges excise on spirits. The excise per half glass ranges from 77cent in Finland to 8cent in Bulgaria. The Irish level is 60cent. Eleven countries have a whiskey excise of less than 20cent per half glass.

Excise charges on off-licence purchases of bottles of wine or whiskey are very large in Ireland. The whiskey excise per bottle ranges from €15.34 (Finland) to €1.57 (Bulgaria). In Spain, the excise on a bottle of whiskey is €2.69 which is €9.23 lower than in Ireland.

The wine off licence excise per bottle ranges from €3.19 (Ireland) to zero.

Table 7 Excise on various drinks, EU countries, € and €cent, May 2024

	Standard measure of whiskey in bar	Pint of beer in bar	Glass of wine in bar/restaurant (187ml)	Off-licence bottle of whiskey 70cl	Off-licence bottle of wine 75cl
	€cent	€cent	€cent	€	€
Finland	77	88	86	15.34	3.42
Ireland	60	55	80	11.92	3.19
Sweden	66	49	52	13.08	1.97
UK	53	55	70	10.47	2.78
Denmark	28	16	28	5.63	1.13
Belgium	42	12	14	8.38	0.56
Estonia	28	33	29	5.53	1.17
Greece	36	30	0	7.14	0
Netherlands	26	20	18	5.12	0.72
Slovenia	19	30	0	3.70	0
France	26	19	1	5.23	3
Latvia	26	22	23	5.21	0.92
Lithuania	35	23	41	6.91	1.64
Poland	23	14	9	4.62	0.34
Malta	19	12	4	3.81	0.15
Italy	15	18	0	2.90	0
Portugal	23	6	0	4.49	0
Austria	17	12	0	3.36	0
Hungary	21	11	0	4.08	0
Cyprus	13	15	0	2.68	0
Germany	18	5	0	3.65	0
Slovakia	21	9	0	4.17	0
Czechia	20	8	0	4.06	0
Croatia	11	13	0	2.24	0
Luxembourg	16	5	0	3.14	0
Spain	14	5	0	2.69	0
Romania	13	6	0	2.61	0
Bulgaria	8	5	0	1.57	0

Source: As for Table 2. Derived as follows, the ratio of a country's excise per HLPAs 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. The UK beer rate is based on the draught excise rate.

7. IMPACT ON PRICE

The combined Vat and excise impacts on Irish alcohol prices are shown below. The prices, excluding on-licence and off-licence wine, are from the CSO's consumer price index for May 2024. Wine price details are not included in the CSO average prices data set.

The combined excise and Vat proportion of on-licence prices are 28.1% for a pint of stout, 27.6% for a pint of lager, 29.7% for a standard whiskey measure and 28.8% for a glass of wine. The tax impact on the off-licence sector is much larger. 60.8% of a 70cl bottle of whiskey is accounted for by excise and Vat. The tax impact on an off-licence €11 bottle of wine is 47.7% of the price.

Table 8 Impact of excise and Vat on Irish alcohol prices. May 2024

Alcohol product	Price May 2024, CSO (except for wine) €	Irish excise €cent	Irish Vat €	Total tax €	Total tax as % of price €cent
Pint of stout in bar	5.77	54	1.08	1.62	28.1
Pint of lager in bar	6.17	55	1.15	1.70	27.6
Standard whiskey in bar	5.45	60	1.02	1.62	29.7
Glass of wine in restaurant	8.00	80	1.50	2.30	28.8
Off-licence 70cl bottle of whiskey	28.30	11.92	5.29	17.21	60.8
Off-licence bottle of wine	11.00	3.19	2.06	5.25	47.7

Source. Average alcohol prices are from CSO's CPI and refer to May 2024 except for the wine prices which are illustrative prices because wine price indicators are not provided in the CPI. Figures are rounded to nearest cent in each box.

The Irish/ other EU countries' excise gaps are very wide as has been shown in this report 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. 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. Spain is also examined because it is a large destination for Irish tourism. The details are presented in Tables 9 and 10. Of course, the same exercise can be undertaken for all of the other countries.

The exercise refers only to the different excise rates. As discussed earlier in this report, the Vat rates on alcohol in Germany and Spain are lower than in Ireland. Applying the German and Spanish Vat rates would to the Irish prices would further reduce the Irish prices. Germany applies a Vat rate of 19% compared to Ireland's 23%. Spain charges a low 10% Vat on alcohol products sold in restaurants and bars and 21% on off-licence alcohol products.

Table 9 Impact of applying German Excise Rates to Irish prices, €/cent and % impact, May 2024

Alcohol product	Price May 2024, CSO (except for wine)) €	Irish excise €cent	German excise €cent	Excise differential €cent	Price reduction (Excise differential plus VAT on excise) €cent	% price reduction from applying German excise level
Pint of stout in bar	5.77	54	5	49	60	10.4
Pint of lager in bar	6.17	55	5	50	62	10.0
Standard whiskey in bar	5.45	60	18	42	52	9.5
Glass of wine in restaurant	8.00	80	0	80	98	12.3
Off-licence 70cl bottle of whiskey	28.30	11.92	3.65	8.27	10.17	35.9
Off-licence bottle of wine	11.00	3.19	0	3.19	3.92	35.6

Source. Average alcohol prices are from CSO's CPI and refer to July 2023 except for the wine prices which are illustrative prices because wine price

indicators are not provided in the CPI. 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 5cent instead of 54cent, a direct reduction of 49cent. This increases to a reduction of 60cent when VAT on the excise is accounted for. The 60 cent reduction is a 10.4% decrease on the current price of a pint. On a pint of lager using the same methodology the price reduction would be 10.0%. A measure of whiskey in a bar would have a price reduction of 9.5% or 52 cent (42 cent excise plus the VAT of 10 cent) if the German excise levels applied in Ireland. The price of a restaurant glass of wine would decrease by 12.3% 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 35.9% including the VAT impact. Germany does not impose excise on wine and an off-licence bottle of wine priced at €11.00 would have a drop in price of 35.6% or €3.92 if the German zero rate applied in Ireland.

The same price impact exercise is done in Table 10 for Spain. The impact on wine is the same as Germany because both countries do not impose excise on wine. The impact on beer is the same for both countries also because their beer excise rates are very close and on a rounded basis are the same. In the case of whiskey within a bar, the application of the Spanish excise rate would lower the Irish price by 10.5% and on an off-licence bottle of whiskey the Irish price would drop by 40.1% if the Spanish whiskey excise was used.

Table 10 Impact of applying Spanish Excise Rates to Irish prices, €/cent and % impact, May 2024

Alcohol product	Price May 2024, CSO (except for wine) €	Irish excise €cent	Spanish excise €cent	Excise differential €cent	Price reduction (Excise differential plus VAT on excise) €cent	% price reduction from applying German excise level
Pint of stout in bar	5.77	54	5	49	60	10.4
Pint of lager in bar	6.17	55	5	50	62	10.0
Standard whiskey in bar	5.45	60	14	46	57	10.5
Glass of wine in restaurant	8.00	80	0	80	98	12.3
Off-licence 70cl bottle of whiskey	28.30	11.92	2.69	9.23	11.35	40.1
Off-licence bottle of wine	11.00	€3.19	0	€3.19	€3.92	35.6

Source. Average alcohol prices are from CSO's CPI and refer to May 2024 except for the wine prices which are illustrative prices because wine price

indicators are not provided in the CPI. Figures are rounded to nearest cent in each box.

The impact of the combined Spanish low Vat rate on on-licensed alcohol and the lower excise level is illustrated below. The exercise examines the impact of having the Spanish excise and Vat rates applied in Ireland. It is assumed that the non-tax price is the same in both countries. The price of a bar pint in Ireland is €5.77. This is made up of €1.62 in tax and €4.15 industry return. Application of the Spanish low on-licensed Vat and excise would reduce the price to €4.62, a decrease of 19.9%. This is made up of the industry return of €4.15, excise of 5cent and Vat of 42cent (10% Vat rate).

8. 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 second highest wine excise rate, the third highest beer excise rate and the third highest spirits rates in the EU and the UK. On the composite indicator, used in the report, Ireland has the second highest average alcohol excise rate behind Finland. More importantly, the quantitative or monetary gap between Ireland and the large majority of other EU economies on alcohol excise is substantial. Fifteen EU economies have no excise on wine while Ireland has the second highest excise on wine in the EU.

- Ireland has the second highest wine excise in the EU27 and UK
- Ireland has the third highest beer excise in the EU 27 and UK behind Finland and the UK (using the UK non-draught excise rate)
- Ireland has the third highest spirits excise in the EU 27 and UK after Sweden and Finland
- Fifteen EU economies do not impose any excise on wine. In addition, France and Malta have very low wine excise tax
- 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

- 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
- There is a substantial difference between the alcohol excise levels of the four highest alcohol taxed economies, Finland, Ireland, the UK and Sweden, and the remaining 24 countries.
- Finland's composite rate per HLPAs is 27.7% higher than Ireland's, €4222 compared to Ireland's €3458. Sweden's composite rate is 12.6% below the Irish rate. The UK composite rate is 7.6% below the Irish rate, using the non-draught beer rate.
- Lithuania has the fifth highest composite excise rate of €1801 and is 52.1% of the Irish rate.
- Germany's composite alcohol excise per HLPAs is €500 or 14.5% of the Irish level of €3458.
- France's composite level of €900 is 26.0% of the Irish level.
- Spain's composite rate is €386 or 11.2% of the Irish level.
- Application of the German beer excise rate to Ireland would reduce the price of a pint of stout in a public house by 10.4%, the price of a glass of wine in a restaurant by 12.3% and the off-licence price of a bottle of whiskey by 35.9%.
- Application of the German beer excise rate to Ireland would reduce excise on an on-licence pint of stout to 5cent instead of 54cent, a direct reduction of 49cent. This increases to a reduction of 60cent when VAT on the excise is included.
- In Spain, the excise on an off-licence bottle of whiskey is €2.69 which is €9.23 lower than 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. On the composite measure, Ireland is the second highest behind Finland.

Vat is levied on excise and the other elements of the price of alcohol products. Usually the standard Vat rate is applied. However, some countries apply a lower rate than the standard rate on specific aspects of the alcohol market, notably alcohol products consumed in bars and restaurants. Ireland charges the standard rate. Ireland's standard Vat rate is relatively high by EU and UK standards. Of the 28 countries, Ireland's rate of 23% is exceeded by only six countries.

Ireland is a highly taxed economy, in terms of alcohol excise and Vat on alcohol products, in the context of the 28 countries.