
TAX ON IRELAND'S DRINKS AND HOSPITALITY SECTOR IN 2021

How Ireland's excise tax on drinks compares
with other EU countries and the UK

by Anthony Foley,
Dublin City University Business School



- September 2021 -

Commissioned by the Drinks Industry Group of Ireland (DIGI)

FOREWORD

It is difficult to express how profoundly the pandemic has affected Ireland's drinks and hospitality industry.

Until relatively recently, the majority of the country's drinks and hospitality businesses were shut. Many so-called 'wet' pubs were completely closed for upwards of 400 days, longer than any other EU country. Some in our industry closed their doors for good. Others are still struggling to find sufficient numbers of suitable staff because thousands of hospitality workers have left the industry permanently.

As we move on and away from the acute phase of the pandemic, it is vitally important that the conversation we have about Ireland's drinks and hospitality industry moves beyond immediate-term rehabilitation towards sustainable growth.

If we truly want to rebuild and reinforce the industry and ensure that it has the capacity for growth for years to come, we need to work towards a bold new vision: to create the best drinks and hospitality industry in the world. That requires removing obstacles and using the economic instruments of the state to stimulate a sustainable recovery.

Currently, Ireland's high alcohol tax rate—on top of VAT, high commercial rents, and insurance—is forcing our drinks and hospitality businesses, particularly small exporting breweries and distilleries, to make growth-limiting sacrifices. As global tourism restarts, it is also making us a far more expensive place to visit compared to other European countries.

The Irish government takes approximately a third of the price of every drink purchased by a customer in a hospitality environment, money that could otherwise be invested by the business in maintaining employment, new staff, new premises, new technology, and new products and services.

This report, researched and authored by DCU economist Anthony Foley, shows us that among EU countries and the UK, Ireland has the second highest overall alcohol excise tax. We have the highest excise tax on wine, the second highest on beer, and the third highest on spirits, even though tourism, inextricably linked to the Irish pub, restaurant, and hotel, and drinks production are key to our domestic economy.

Indeed, in other European countries where drinks products are of similar if not greater importance to economic activity, such as wine in France and beer in Germany, excise tax is far lower. Excise tax on a glass of wine in France is just one cent, while on a pint of beer in Germany it is five cents (compared to 55 cents here). It is still cheaper to buy a bottle of Irish whiskey in Italy than it is in Ireland, where it is produced.

The French and German governments, as well as many others in Western Europe, such as Italy and Spain, recognise that their drinks industries are major employers, generate huge amounts of revenue for the economy through export and tourism, and are central to local communities and national heritage and culture.

It is DIGI's continuing recommendation that the Government reduces excise tax on beer, cider, wine, and spirits by 7.5% in October's Budget, beginning a process to bring Ireland's rates into line with other European countries. This can be done overnight through pre-existing economic instruments.

The effects of this reduction would be felt immediately by the thousands of hospitality businesses across Ireland and their combined hundreds of thousands of employees. It would serve to hoist up the industry from its current predicament and put it in the right position to recover and grow sustainably in 2022 and beyond.

We look forward to working with our partners in the Government and the industry to further advance this important cause.

Liam Reid

Chair of the Drinks Industry Group of Ireland;
Corporate Relations Director at Diageo Ireland

IRELAND'S EXCISE TAX RATES AT A GLANCE

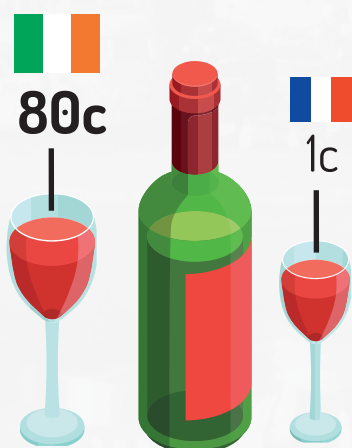


In Ireland, a pint of Irish beer served in a pub is levied with an excise tax of **55 cents**.

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 an Italian off-licence, that same bottle of Irish whiskey has an excise tax of **€2.90**.



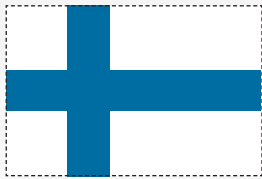
In Ireland, a 187ml glass of wine served in a restaurant is levied with an excise tax of **80 cents**.

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

IRELAND'S 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
€4,237



IRELAND

Excise tax per HLP A
€3,458



SWEDEN

Excise tax per HLP A
€3,127

Three lowest:



BULGARIA

€251



ROMANIA

€312



SPAIN

€386

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



SWEDEN
Excise tax on a glass of whiskey⁴



FINLAND
Excise tax on a glass of wine



IRELAND
Excise tax on a pint of lager



FINLAND
Excise tax on a glass of whiskey



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

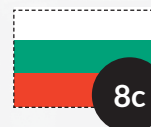
Three lowest:



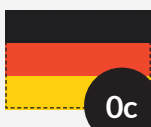
ITALY
Excise tax on a glass of wine



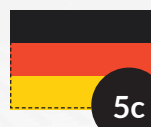
LUXEMBOURG
Excise tax on a pint of lager



BULGARIA
Excise tax on a glass of whiskey



GERMANY
Excise tax on a glass of wine



GERMANY
Excise tax on a pint of lager



ROMANIA
Excise tax on a glass of whiskey



PORTUGAL
Excise tax on a glass of wine



SPAIN
Excise tax on a pint of lager



CROATIA
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



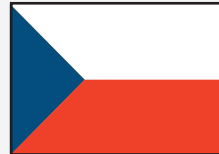
BULGARIA



CROATIA



CYPRUS



CZECHIA



GERMANY



GREECE



HUNGARY



ITALY



LUXEMBOURG



PORTUGAL



ROMANIA



SLOVAKIA



SLOVENIA



SPAIN



To read the full *Tax on Ireland's drinks and hospitality industry in 2021: How Ireland's excise tax on drinks compares with other EU countries and the UK* report, including notes on methodology, visit the DIGI website.

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) | [#SYL21](https://twitter.com/hashtag/SYL21)