



Alcohol tax increase hits ordinary Kiwis

The Government is set to grab another 3.2% off ordinary Kiwis in the form of alcohol taxes tomorrow (1 June).

Translating this into practical terms, the excise tax paid on a typical bottle of spirits will be a whopping \$15.72, not including GST and the Alcohol Advisory Council special levy.

Spirit drinkers would be staggered to learn that they pay out \$210million in excise tax and duties each year. That's \$27million (14%) more than in the comparable period last year, which is more than four times the rate of inflation.

Chief executive of the Distilled Spirits Association, Thomas Chin, says this tax hike achieves little more than making it difficult for hardworking Kiwis to afford their favourite tippie, a small pleasure that they deserve after a week at work.

"These repetitive tax hikes are totally unnecessary and are simply another slap in the face of ordinary Kiwis. Each increase affects the following year's annual inflation rate with the consumer and the economy coming out the losers every time. It's a vicious cycle that benefits the Government's coffers, while hitting struggling Kiwis in the pocket," laments says Mr Chin.

Mr Chin challenges the Government to relieve the pressure on everyday New Zealanders by halting this year's planned tax hike. With the review of business taxes pending, he is also hoping that policy makers will address the anomaly that sees spirits taxed almost twice as much as alcohol beverages.

"It's illogical that spirit drinkers should have to pay double the amount of taxes that beer and wine drinkers pay. Each tax hike puts Kiwis' favourite drinks increasingly out of reach. All we are asking is that the Government give spirit drinkers a fair go," says Mr Chin.

Mr Chin is also disappointed that the funds collected off drinkers is not allocated towards addressing problem drinking – the very reason the Government gives for these repetitive tax increases. Instead it goes into the consolidated fund as general tax revenue.

"It is our long-held view that excise tax is a blunt instrument and penalises all responsible drinkers. It is doubtful that the taxing makes any difference to the irresponsible and abusive behaviour of the individuals it is intended to target," says Mr Chin.

Mr Chin concedes that it is fair and reasonable for people to pay taxes on alcohol, he will continue to advocate for equitable and realistic taxes on behalf of all spirit drinkers before the current discriminatory tax regime taxes the spirit out of us all.

ENDS.

Prepared on behalf of DSA by *the pr shop*. For further information, please contact Sally Frewin, (09) 368 1078, 021 333 221 or email sally@theprshop.co.nz