



Media Release

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Drinks taxes escalate

Drinkers will have to find more money for their favourite beverages from tomorrow (1 July 2010) as the Government increases all alcohol excise taxes by 2.1 per cent.

For spirits drinkers the tax rate will be lifted to \$53.317 per litre of alcohol from \$52.20. This means that the excise component on a one litre standard bottle of spirits will be a massive \$19.72.

As at today's pricing, more than 70 per cent of the retail price of a typical bottle of spirits goes directly to the Government as taxation.

Thomas Chin, Chief Executive of the Distilled Spirits Association, says spirits drinkers are paying a far higher rate of tax than consumers of other beverages.

"The Government has demonstrated an inclination to remove distortions in other areas of taxation. This welcome trend could be further advanced by addressing the anomalies of excise that currently tax spirits drinkers at nearly twice the rate applied to wines and most beers."

"This latest increase in excise tax comes at a time when there is reluctance by consumers to spend, creating very difficult trading conditions for the beverage industry. Tax increases do not lift growth prospects, create jobs or raise incomes."

Mr Chin says higher alcohol excise taxes cannot be justified as a means to stop abusive drinking, as the policy of increasing prices intends, but they do put up prices and penalise moderate and law abiding consumers.

The pressure on consumers' purses and wallets will further increase on 1 October 2010 when GST adds another 2.5 per cent to prices, taking the total GST content to 15 per cent.

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