



ALCOHOL TAX

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Introduction

Alcohol tax in Australia aims to increase the price of alcohol to reduce the consumption of alcohol and the associated harms.

Australia and many other countries worldwide have been guided and influenced on their alcohol tax based on recommendations by the World Health Organisation.

Although consumption of alcohol does contribute largely to the economy and there is a big competitive market for alcoholic drinks in Australia.

Alcohol Tax In Australia

Alcohol prices in Australia are controlled by three different federal taxes:

1. Excise Tax
2. Wine Equalization Tax (WET)
3. Customs Tax



Excise Tax

Excise tax is a legislated tax on specific goods or services such as fuel, tobacco and alcohol.

Both federal and state governments can impose Excise Tax. It is different from sales tax because it:

1. Affects fewer goods and services
2. Is typically calculated per unit (for example: per bottle of alcohol).
3. It is an indirect tax that is passed down to the consumer.
4. Can be much higher than a sales tax.

Wine Equalization Tax (WET)

- Tax on wine levied at 29%.
- Paid on the value of the wine at the last wholesale sale, affects wine producers, wholesalers and importers.
- Retailers do not have a WET liability unless they make wholesale sales or bottle their own wine.

Customs Tax

Customs Tax is tax that is applied to alcohol when it's imported from another country.

The Customs Tax is applied prior to entering the country. Once the alcohol is in the country the Tax is the same on all alcohol competitors brands.

Customs tax on alcohol is different to duty free tax.

Overview: Australia (ATO) vs Deakinland

Alcohol rates for Beers and other excisable beverages (

Tariff subitem Unit: \$ per litre of alcohol	Description	From 1 August 2022
	Alcohol volume not exceeding 3%, individual container of: less than 8 litres 8–48 litres (inclusive), and not designed to connect to a pressurised gas delivery system or pump delivery system	47.86

Deakinland : \$41.50

Alcohol rates for spirits and other excisable beverages

Alcohol rates – Other excisable beverages not exceeding 10% by volume of alcohol

Tariff item Unit: \$ per litre of alcohol	Description	From 1 August 2022
2	Other excisable beverages not exceeding 10% by volume of alcohol	94.41

Deakinland :\$88.95

WHY

Tax needs to be put on alcohol to ensure measures are taken to control and mitigate the negatives effects alcohol can have on individuals. The tax needs to be at a point in which alcohol is still accessible for individuals to consume.

The tax on alcohol should be calculated and added based on the products percentage of alcohol. (Volumetric excise duty)

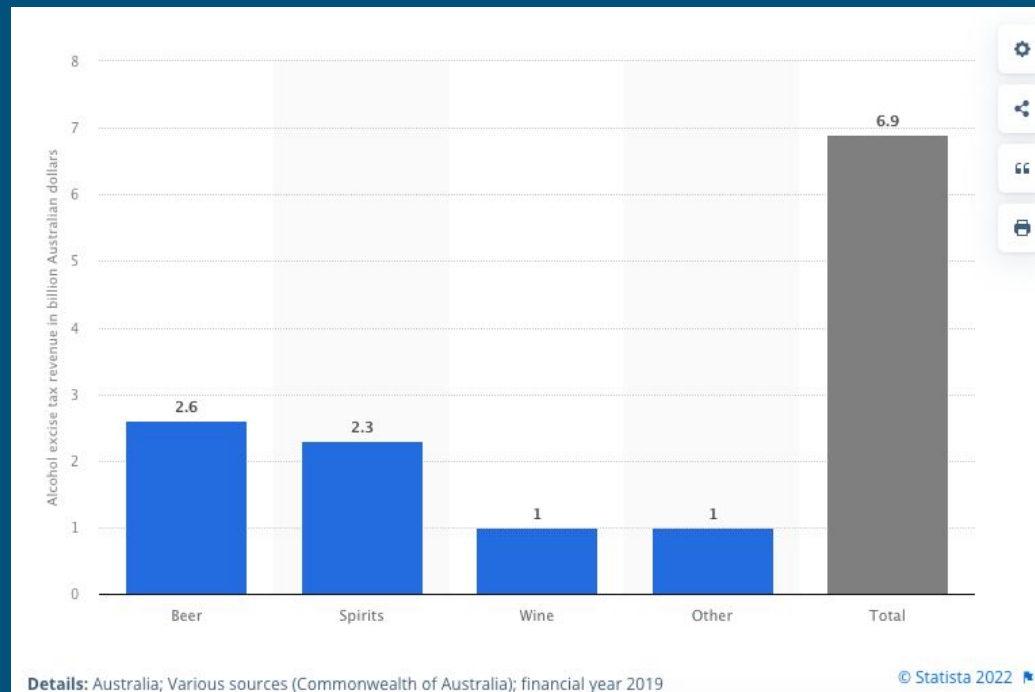
Alcohol like a bottle of wine will have less tax, compared to alcohol like a bottle of vodka will have greater tax on.

Eg. product containing 12% alcohol vs product containing 40% alcohol.

Increased tax will reduce consumption, which will ultimately result in reinvestment in healthcare

Breakdown of alcohol excise tax revenue in Australia in financial year 2019, by type of alcohol

(in billion Australian dollars)



Consequences

Economic

- Excessive alcohol consumption is a major contributor to both social and health-related harms.
- In 2004-05 the total cost of alcohol-related harm in Australia was estimated at \$15.3 billion

Heavy drinkers are more likely to suffer more economic problems such as earning lower wages or lost employment opportunities, increased medical issues and decreased eligibility for loans.

Social /Health

- Less consumption of alcohol (binge drinking) = less alcohol related health issues
- Lift pressure on Public Health System.
- Chronic diseases including cardiovascular disease, cancer, and chronic kidney disease
- More money can be used towards medical research and resources

Consequences

Environmental

Due to Deakinland importing alcohol there will not be many consequences and or negative effects on the environment. However there should be a consideration for the tariff placed on the imported goods to Deakinland. The associated risk of importing alcohol is the wastage of broken glass.

Political

At Deakinland, the legal drinking age will be set at 18 years old. In order to ensure responsible drinking, we will include disclaimer banners on the imported goods.

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