



TIME IS RIPE FOR ALCOHOL TAX REFORM: DISTILLERS

Today's announcement of a \$47 billion dollar deficit in the Mid-Year Economic and Fiscal Outlook (MYEFO) highlights the need for urgent reform of alcohol taxes to secure some much-needed revenue from alcohol sales, according to the distilled spirits industry.

Tim Salt, Chairman of the Distilled Spirits Industry Council of Australia, today said that "According to the Henry Tax Review, moving to a single volumetric tax system could add an extra \$1.8 billion in revenue per year. Given the news of today's \$47 billion deficit, we think it's time for the Government to take a serious look at reforming the alcohol tax system."

Mr Salt also pointed out that changes in what products Australians were consuming was also reducing the tax revenues.

According to a Treasury report released on 6 December 2013, the Government gained \$580 million less from alcohol excise in FY13 compared to FY07. This drop in revenue was attributed to a shift in consumers' drinking habits towards lower taxed wine and away from higher taxed beer.

"The Abbott Government has inherited a convoluted tax system which has distorted the market. Moving to a single rate of volumetric tax across all alcohol products will not only stop consumers substituting lower taxed products for higher taxed products, it will also generate much-needed revenue.

"By moving to a single rate of volumetric tax, not only will we create a more robust and predictable revenue stream for Government, we will also create a more sustainable alcohol industry that competes on a level playing field," Mr Salt said.

"Despite accounting for less than 19% of the volume of pure alcohol sold, spirits and RTDs contribute around 41% of excise revenue. This is not sustainable. With overall alcohol consumption declining, the Government needs to take a serious look at how alcohol is taxed if it is to stem any further loss of much-needed revenue."

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Note to editors – Single rate volumetric taxation means alcohol products are taxed by the volume of alcohol they contain, instead of varying taxes by alcohol type, how it is made or its wholesale price.