



## **Treasury Head calls for simpler tax system – *flawed alcohol taxes must be top of the list***

Treasury Secretary Ken Henry's comments on the nation's tax system has re-enforced the need for Australia's complicated and flawed alcohol tax system to be urgently overhauled.

Speaking to the National Press Club this week, Mr Henry said, "This [Australian Tax] system complexity acts like an additional tax, but the worst kind of tax: a tax that provides no revenue, is indiscriminate in whom it affects and serves little social value."

Stephen Riden, Research and Information Manager for DSICA said, "The current system of alcohol taxation is fundamentally flawed and needlessly complex. Alcohol products are not taxed according to their alcohol content, but rather according to the way in which they are manufactured. Beer and spirits are taxed at significantly different rates, and wine on a completely different basis."

As a result of the 70 per cent hike on the excise applied to Ready-to-Drink (RTD) alcohol products introduced on 27 April this year, RTDs are now taxed per standard drink at more than twice the rate of full-strength beer and 14 times the taxation rate applied to cask wine.

Fundamental to the RTD tax hike was the claim by the Federal Government that this move would curb youth drinking problems. However, the ill-conceived tax has failed in this regard, and has instead seen young people turn to cheaper and often more potent alcohol products.

DSICA's submission to the *Henry Taxation Review* argues that a graduated volumetric tax system - with products taxed according to the level of alcohol they contain - is the most effective taxation system by which to reduce the alcohol abuse problem.

"Surely it's time for alcohol taxes to be addressed so that we don't continue to create damaging unintended social consequences. Now is the time to get this right, otherwise you'll have a legacy of bad policy for years to come," said Mr Riden

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