

General Excise Duties
(Tobacco and Alcohol Products)

Receipts from Excise Duties

1. Receipts from excise duties on tobacco (all categories) and alcohol products totalled €1,986m in 2010. The table below shows the full 2010 figure by category and the breakdown for the first 9 months of 2011 compared to the same period in 2010.

| | 2010 total yield €m | 2011 receipts to end-Sep €m | €m +/- over same period in 2010 | 2011 projected receipts €m |
|----------------|------------------------|-----------------------------------|---------------------------------------|----------------------------------|
| Tobacco | 1,159.6 | 658.2 | 12.6 | 1,101.7 |
| Alcohol | 826.4 | 585.5 | -10.0 | 844.4 |
| Total | 1,986.0 | 1,243.7 | | 1,946.1 |

Changes in Excise Rates in Recent Years

2. There was no increase in tobacco excises in the 2011 Budget. The previous increases were in the Supplementary Budget of April 2009, when an increase in excise duty of 25 cent was implemented, a 50 cent increase in Budget 2009 and 30 cent in Budget 2008 (€1.05 since 2008).

3. The excise duty on **all** alcohol products was decreased by around 20% in Budget 2010. Prior to that, the excise duty on beer had remained unchanged since the Budget of January 1994 (apart from the introduction in October 2008 of a new 50% lower rate of excise for beers and cider of alcohol strength by volume of less than 2.8%), but the duty on cider was increased on 6 December 2001 and that on spirits was increased in December 2002. Duty on wine was increased in October 2008 by 50 cent per standard 75cl bottle.

Cross-Border Price and Differentials across Products

4. Traditionally, excise products have been subject to some cross-border competition. The Revenue Commissioners carry out a regular cross-border comparison of prices for excisable commodities in some of the major outlets in both Dublin and Newry. The table in Annex 1 illustrates key comparisons of prices of certain items, from the most recent survey conducted on 7 September 2011. All prices quoted for items sold in both the State and in Northern Ireland are expressed in euro. From that viewpoint, most alcohols are cheaper in Northern Ireland. Cigarettes are some 5% cheaper there.

Commission on Taxation

5. The Commission on Taxation recommended that the policy approach to determining the level of excise duty applicable to alcohol and tobacco products should take account of factors such as health outcome, public order issues, cross-border trade and other societal issues.

A: TOBACCO

6. The current excise duty on cigarettes is €183.42 per 1,000, together with an amount equal to 18.25% of the retail price (the ad valorem rate). For example, in the case of a packet of 20 premium brand cigarettes, the excise content is €5.25, which equates to around 61% of the retail price. When one takes account of VAT, total tax as a percentage of price is 78%.

7. Excise increases were imposed on cigarettes, (with pro rata increases on other tobacco products) over the past number of years, as follows:

| Year | Amount of Duty Increase per pack of 20 | Change in Consumption over previous year | (Cigarettes only) Yield €m |
|-------------|--|--|----------------------------|
| 2001 | 4 cent (compensating increase) | -1.1% | 1,102 |
| 2002 | 13 cent | +3.6% | 1,099.5 |
| 2003 | 50 cent | -10.3% | 1,119.5 |
| 2004 | 25 cent | -15.3% | 1,024.6 |
| 2005 | No increase | +3.4% | 1,053.6 |
| 2006 | No increase | +1.6% | 1,071.4 |
| 2007 | 50 cent | -3.6% | 1,155.0 |
| 2008 | 30 cent | -8.5% | 1,131.5 |
| 2009 | 50 cent | | |
| 2009 (Supp) | 25 cent | -6.7% | 1,155.4 |
| 2010 | No increase | -10.4% | 1,100.9 |
| 2011(est) | No increase | -2% | 1,033.5 |

8. Cigarettes represent approximately 95%, by value, of tobacco consumption. Although Roll-Your-Own (RYO) tobacco sales increased by 87.1% in 2009, this decreased by 4.5% in 2010 and still represents a small proportion of total tobacco sales).

Illegal Importations

9. The current price of 20 cigarettes in the Most Popular Price Category (MPPC) is €8.65. Ireland has the highest tobacco tax content on, and price for, cigarettes in the EU, being slightly higher than the next country, the UK (priced at €8.20 – see Annex 2 for details). In fact, the excise content of the MPPC, at €5.25, is higher than the retail price of the same category in all but 2 other Member States. In the case of Roll-Your-Own tobacco, or loose tobacco, the excise in Ireland on a 25g packet is €1.19 higher than in the UK (€5.51 compared to €4.32).

10. While the data at paragraph 7 indicate a significant overall drop in cigarette consumption, it has to be borne in mind that they relate only to cigarettes on which Irish duty has been paid. There is both anecdotal and survey evidence to suggest that non-Irish duty paid (NIDP) cigarettes constitute a significant proportion of total cigarette consumption here (at least 20% - 14% illicit product and 6% legally imported). This element of cigarette consumption is made up of cigarettes brought into the country legitimately (as duty free from a third country, or duty paid from another EU Member State) or illegitimately (by smuggling). Explanations for this high level of market penetration by NIDP cigarettes would include increased travel abroad by Irish people and cross-border shopping. It is clear, however, that the incidence of smuggling has increased, as illustrated by the rapid growth in the level of cigarette seizures by Revenue. This is almost certainly attributable to the high cigarette prices in this country.

11. The total amount of cigarettes seized in 2010 was 178 million. Seizures in 2009 amounted to 218.6 million and the figure for 2008 was 135.2 million. Seizures up to 26 October 2011 amounted to around 94m cigarettes, and almost 10,000kgs of tobacco, with a combined retail value of over €43m, and lost excise revenue of around €34.5m. There have been 85 convictions to date for cigarette smuggling, with fines totaling €114,850 and 27 custodial sentences (of which 19 suspended) imposed. In addition, there have been 35 convictions for illegal selling of cigarettes, with fines totaling €76,350 and 5 custodial sentences (of which 4 suspended) imposed.

12. The high level of seizures over recent years reflects ongoing enforcement action by Revenue aimed at all key points in the supply chain. It is also a clear indication, however, of the significant scale of both small-scale and bulk smuggling activity. Moreover, the nature of the seized product has changed over the years: the interception of counterfeit product bearing forged Irish tax stamps and bilingual health warnings is a clear indication that it is worthwhile for smugglers to produce specifically for the Irish market, notwithstanding its comparatively small size (of the 178 million cigarettes seized in 2010, 111 million were determined to be counterfeit, and a further 35.5 million were “illicit white” brands). In response to this counterfeiting threat, a new and more secure tax stamp will be introduced later this year, replacing the one introduced in October 2009.

EU Context – Restructuring of Rates (Directive 2010/12/EU)

13. Historically, Ireland applied a wholly specific tax on a tobacco leaf weight basis. It was seen as the least disruptive option, when converting our raw materials duty to a finished product duty, to opt for the highest specific element possible under EU law. Until 1 January 2011, the maximum possible was 55% of total tax based on most popular price category (MPPC). The specific tax element of MPPC cigarettes here is 54.37% of total tax at present. A table showing Ireland’s specific and ad valorem elements for cigarettes in comparison with other Member States is reproduced in Annex 3.

14. Directive 2010/12/EU, which introduced changes to the structure of tobacco tax, includes a provision to allow Member States greater flexibility in applying specific duties on cigarettes, by widening the band from 5% - 76.5% of the total tax burden, and to 7.5% - 76.5% from 1 January 2014. However this is to be levied by reference to the weighted average price (WAP) of cigarettes rather than the most popular price category (MPPC). There is also provision in the Directive to apply a minimum excise duty on cigarettes provided the mixed structure of the tax (that is, a combination of specific and ad valorem elements) and the specific element parameters are respected.

15. It would be possible therefore, to set the specific element of excise duty at any level up to 76.5% of total tax calculated by reference to the WAP; Annex 3 shows that the UK and Sweden have already availed of this greater flexibility. The following table shows the result of doing so here based on the WAP price of €8.47 and maintaining the current duty take of €5.22 from WAP-priced cigarettes.

| | |
|---|--------|
| Price | €8.47 |
| Specific 76.5% (of total tax of €6.69) | €5.12 |
| Ad valorem (1.18%) | €0.10 |
| Total excise | €5.22 |
| Excise as % of price | 61.63% |
| VAT | €1.47 |
| Total tax | €6.69 |

Setting the specific tax element at the permissible maximum of 76.5% results in a very low ad valorem rate (1.18%) compared with the rate of 18.25% that applies at present.

16. Maximising the specific component would diminish the possible loss in the event that there was a reduction in prices. For example, a reduction in price from €8.47 to €7.99 would mean a duty loss of 9 cent under the current tax structure, but only 1 cent if the specific component were set at the ceiling of 76.5%. On the other hand, raising the specific component and reducing the ad valorem element means that less is gained from any price increase. For example, a trade increase of 10 cent per pack would represent a price increase of €5.00 per 1,000 cigarettes. At the existing ad valorem rate of 18.25 %, the extra duty take would be 91.25 cent. At an ad valorem rate of 1.18 %, the extra duty would be only 5.9 cent.

The following tables show the effect on WAP-priced cigarettes of setting the specific element at 60% or 65% of the total tax while maintaining the same tax take as at present.

| | |
|---|--------|
| Price | €8.47 |
| Specific 60% (of total tax of €6.69) | €4.01 |
| Ad valorem (14.29%) | €1.21 |
| Total excise | €5.22 |
| Excise as % of price | 61.63% |
| VAT | €1.47 |
| Total tax | €6.69 |

| | |
|--|--------|
| Price | €8.47 |
| Specific 65% (of total tax €6.69) | €4.35 |
| Ad valorem (10.27%) | €0.87 |
| Total excise | €5.22 |
| Excise as % of price | 61.63% |
| VAT | €1.47 |
| Total tax | €6.69 |

17. If the question of a possible increase in tobacco products tax (TPT) rates is to be considered, it will be necessary to consider, along with all the normal factors such as the likelihood of an enhanced propensity to source non duty-paid cigarettes, this new issue of the appropriate balance between the specific and ad valorem elements of the tax (which could, of course, be considered also even if there was no rate change). The tobacco companies are pressing the view that there should be a (significant) shift from ad valorem to specific, and contend that this would give greater protection to the tax yield in the event that a situation of competitive price reductions emerged, or if there was a consumer shift towards cheaper brands (for which they say that there is some evidence).

18. While the possibility of the emergence of price competition can't be discounted, particularly with the demise of the Department of Health's pricing mechanism, the actual experience is that there has only been one notable reduction, of 50 cent, in the recent past (on a brand with a fairly small market share). The more typical experience has been of trade increases between tax rises, and, as indicated above, a rebalancing away from the ad valorem element of the tax would result in a diminished take from any such increases. Moreover, the possible introduction of a minimum duty rate (see below) would afford an alternative means of protecting the tax yield in the event of downward price movement.

that were reduced in price to €7.25 would increase duty by 23 cent and reduce the trade element to 77 cent, from €1.

23. Setting a minimum duty higher than that which applies to WAP-priced cigarettes would have the effect of raising the tax on such cigarettes and is not considered appropriate given the already very high level of Irish tobacco taxation. Nevertheless, the possibility of stipulating a minimum duty appears to warrant consideration and one option would be to provide that the duty payable shall not be less than €5.08, that is, the duty payable on cigarettes sold at the former D/Health “floor price” of €7.75. This would protect the tax take in the event that tobacco companies were to choose to reduce prices below that level, but would not do so if, for example, a company reduced a price from the current MPPC level of €8.65 to, say, €8.15. A minimum duty pitched at the WAP duty level of €5.22 might be preferable, therefore, and would mean that there would be no duty loss in the event of cigarettes currently priced at more than €8.47 being reduced to below that level. On the other hand, such an approach would, as illustrated in the table above, increase the duty on any cigarettes currently priced at less than €8.47 (estimated at some 19.4 per cent of the market).

Possible Excise Increases

24. The Irish Heart Foundation (IHF) has called for a minimum 50 cent increase on a packet of 20 cigarettes and that the tax on RYO be increased to the same level as cigarettes. The tobacco industry indicated that the excise on tobacco should not be increased in the Budget. The estimated full year yield from a 50 cent increase (with pro rata increases on other tobacco products) would be €81m. A report commissioned by the IHF (just released) has contradicted the results of the survey carried out by Revenue earlier this year (“Economics of Tobacco”) which concluded that taxation increases may not be the optimum tool for reducing smoking in Ireland, but is likely to increase the incidence of untaxed consumption. The report (“Tobacco Taxation, Smuggling & Smoking in Ireland” by Landman Economics), challenges the conclusions reached in the Revenue report, and recommends a 50 cent minimum increase in excise duty on a packet of 20 cigarettes in Budget 2012. Their report contends that this increase will generate around €35m of extra revenue. However, the Revenue Commissioners have issued a robust rebuttal of the analysis in the report, which they say is based on older and unreliable data, and that the findings are not robust, in particular because, they contend, it can not be argued that untaxed tobacco is not an issue in the Irish market in 2011.

25. The estimated full year yield and the CPI effect of a range of duty increases on cigarettes (with pro rata increases on other tobacco products) is as follows:

| Increase (Inc. VAT) | Full Year Yield €m | CPI Effect % | | Increase (Inc. VAT) | Full Year Yield €m | CPI Effect % |
|---------------------|--------------------|--------------|--|---------------------|--------------------|--------------|
| 10c | 16.5 | 0.044 | | 50c | 81.0 | 0.221 |
| 20c | 32.8 | 0.088 | | 75c | 120.3 | 0.331 |
| 25c | 40.9 | 0.110 | | €1.00 | 158.7 | 0.441 |
| 30c | 49.0 | 0.132 | | €1.50 | 233.2 | 0.662 |
| 40c | 65.1 | 0.176 | | €2.00 | 304.3 | 0.882 |

28. In conclusion, it should be noted that the incentive for individuals to purchase cigarettes (and indeed alcohol) duty-paid when abroad is high and could be expected to increase in the event of future excise increases. In addition, the Office of the Revenue Commissioners and tobacco manufacturers both report an increase in the incidence of non-Irish duty paid product appearing within the State, at least some of which has arrived here as a result of smuggling. With cigarette prices in some eastern EU Member States as low as €2.08 for a pack of 20, the balance between the potential to achieve health benefits associated with

an increase in excise duty and any potential exacerbation of ongoing smuggling problems is a factor to be considered.

B: ALCOHOL PRODUCTS

Excise Receipts

29. There was a general decrease in rates for all alcohol products of around 20% in Budget 2010. Over the last 10 years, excise receipts from the various alcohol beverages have changed as follows:

| | 2001 €m | 2010 €m | 2011 Estimated €m | Change (2001/2011) €m | % Change |
|--------------|------------|------------|-------------------------|-----------------------------|----------|
| Beer | 435.6 | 320.1 | 316.1 | -119.6 | -27.4% |
| Cider /Perry | 36.1 | 44.0 | 44.1 | 8.0 | 22.1% |
| Spirits | 220.9 | 243.5 | 248.3 | 27.3 | 12.4% |
| Wine | 120.9 | 218.8 | 235.9 | 115.1 | 95.2% |
| Total | 813.6 | 826.4 | 844.4 | 30.8 | 3.8% |

30. When the CPI increase of 24.5% over the period 2001-mid 2011 is taken into account, the decrease in receipts from APT 2001/2011 is approximately -16.6% in real terms. This compares with -7.6% for total excise and +0.6% for all taxes over the same period.

Consumption

31. The following sets out in broad terms the position.

Beer: Consumption declined for all years from 2001 to 2011, with the exception of 2005, when a modest increase of 0.3% occurred. Clearances for 2011 are expected to remain unchanged from 2010.

Cider: Following an 87% Budget rate increase, clearances fell by just over 11% in 2002. This was followed by modest growth between 2004 and 2006. However, clearances fell between 2007 and 2010, and are expected to rise by only 1% in 2011.

Spirits: Consumption fell by over 20% in 2003 following a 42% Budget rate increase. This was followed by growth between 2004 and 2007. Clearances fell by 7.4% in 2008 and 18.5% in 2009. However, they increased by 11.7% in 2010 and are expected to rise by 2% this year.

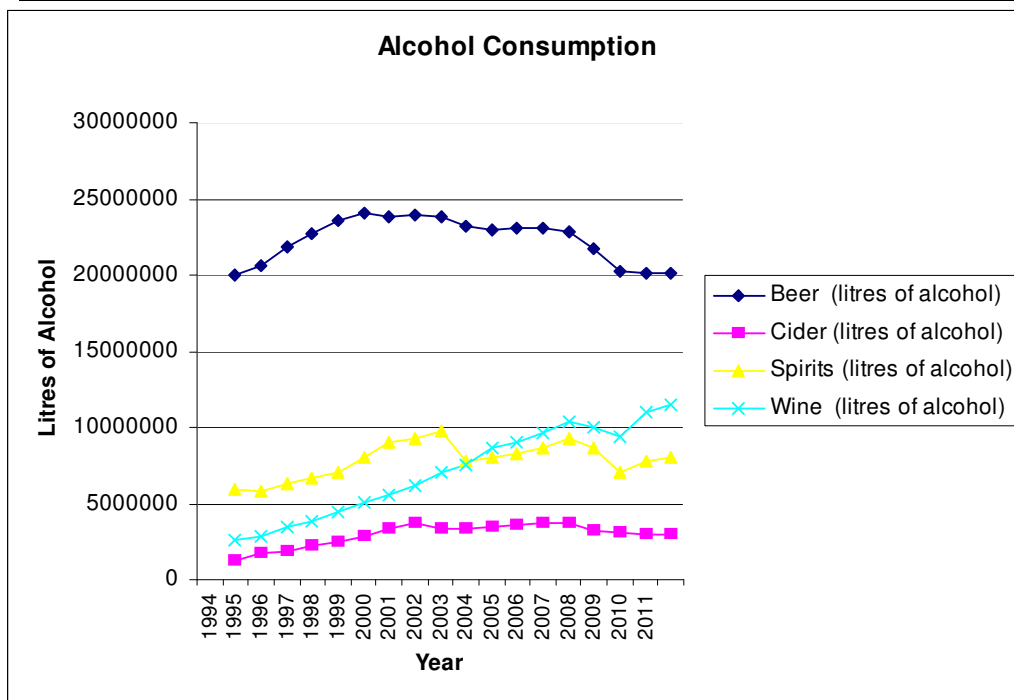
Clearances of **spirit-based alcopops** are expected to decrease by 5% in 2011. This continues the decline in consumption since 2006.

Wine: Wine is the only product for which there was sustained growth in consumption 2001 – 2007. Consumption declined in 2008 and 2009, but grew again in 2010. Wine is the only alcohol product showing overall growth in consumption between 2001 and 2010. Clearances for 2011 are expected to rise by 5%.

32. Data on consumption is set out in the following table:

| Year | BEER Yearly Growth Rate | CIDER Yearly Growth Rate | SPIRITS Yearly Growth Rate | WINE Yearly Growth Rate |
|-------------|--|---|---|--|
| 2001 | 0.4% | 10.9% | 3.5% | 12.4% |

| Year | BEER Yearly Growth Rate | CIDER Yearly Growth Rate | SPIRITS Yearly Growth Rate | WINE Yearly Growth Rate |
|------------|-------------------------------|--------------------------------|----------------------------------|-------------------------------|
| 2002 | -0.5% | -11.3% | 5.2% | 12.8% |
| 2003 | -2.5% | 1.1% | -20.1% | 8.1% |
| 2004 | -0.9% | 2.0% | 2.8% | 14.3% |
| 2005 | 0.3% | 4.5% | 2.4% | 4.0% |
| 2006 | - 0.3% | 3.7% | 5.0% | 7.2% |
| 2007 | - 0.6% | - 0.9% | 7.2% | 7.2% |
| 2008 | - 5.2% | - 11.0% | - 7.4% | - 3.2% |
| 2009 | -6.5% | -5.9% | -18.5% | -6.9% |
| 2010 | -0.9% | -2.5% | 11.7% | 16.9% |
| 2011 (est) | - | 1.0% | 2.0% | 5.0% |



Relative Taxation of Products

33. The table below shows the comparative alcohol products tax content of the various types of alcohol beverages in Ireland as measured by the amount charged per degree of alcohol in the product (taking typical products within each category).

Per litre per 1% alcohol

| Still Wine | Beer | Spirits | Cider | Spirit Alcopop | Wine Alcopop | Sparkling Wine | Sherry/Port |
|------------|---------|---------|---------|----------------|--------------|----------------|-------------|
| @ 12.5% | @ 4.2% | @ 40% | @ 4.5% | @ 5% | @ 4% | @ 12% | @ 18% |
| €0.2098 | €0.1571 | €0.3113 | €0.1464 | €0.3113 | €0.2185 | €0.4371 | €0.2114 |

Viewed in these terms, the tax burden on spirits and spirit alcopops is twice that on beer, and the most heavily taxed product is sparkling wine.

By reference to Alcohol Product

| Still Wine | Beer | Spirits | Cider | Spirit Alcopop | Wine Alcopop | Sparkling Wine | Sherry/Port |
|-----------------|-------|-----------------|-------|-------------------|-------------------|-----------------|-----------------|
| 75 cl Bottle | Pint | 70 cl Bottle | Pint | 27.5 cl Bottle | 27.5 cl Bottle | 75 cl Bottle | 75 cl Bottle |
| €1.97 | €0.37 | €8.72 | €0.37 | €0.43 | €0.24 | €3.93 | €2.85 |

Retail Price Movements – Evolution of “Real Values”

34. Because of successive price increases by the trade, and the specific rather than *ad valorem* nature of the duties, the value of excise duty rates on beer, wine and whiskey (when measured as a percentage of retail prices) has fallen over the period since 2001. Only in the case of cider has it increased.

| | Excise | Price | Excise % of Price | Excise | Price | Excise % of Price |
|----------------------------------|-------------|--------|-------------------|-------------|--------|-------------------|
| (a) Bar | 2001 | | | 2011 | | |
| Pint Stout | €0.47 | €3.01 | 15.7% | €0.37 | €3.96 | 9.4% |
| Pint Lager | €0.47 | €3.32 | 14.2% | €0.37 | €4.34 | 8.6% |
| Pint Cider | €0.25 | €3.42 | 7.4% | €0.37 | €4.45 | 8.4% |
| Whiskey (standard measure) | €0.39 | €2.69 | 14.6% | €0.44 | €3.70 | 11.9% |
| (b) Off-Licence | | | | | | |
| Btl Lager (33cl) @ 4.3% ABV | €0.28 | €1.73 | 16.3% | €0.22 | €1.43 | 15.4% |
| Btl Table Wine | €2.05 | €9.12 | 22.4% | €1.97 | €9.25 | 21.3% |
| Can Cider (50cl) | €0.22 | €1.75 | 12.7% | €0.33 | €2.17 | 15.2% |
| Btl Whiskey | €7.73 | €18.44 | 41.9% | €8.72 | €21.81 | 40.0% |

Some National Issues

35. Low Alcohol Products: A reduced alcohol products tax rate of half the standard rate was introduced in October 2008 for beer exceeding 1.2 % volume but not exceeding 2.8% abv and cider not exceeding 2.8% abv. However, the take up appears to be low.

36. “On” v “Off” Sales: There has been a general trend towards off-sales in recent years. High pub prices, price discounting in supermarkets, the smoking ban and the introduction of random breath testing for drivers have all contributed to this shift towards the Off Trade. While this movement is excise-neutral there is a loss of VAT from sales at lower off-licence prices. Industry data indicate that the divide for Beer is now at 65% On Trade and 35% Off Trade. The general perception, however, is that off-sales are probably now at least on a par with on-sales. The drinks industry has, for some time, argued for the introduction of a graduated fee structure for off-licences similar to that for pubs, given the trend towards off-sales in recent years. While the average excise paid by the on-trade (€778) is much lower than the combined fees paid by the off-trade (€1,500), and only a small proportion of pubs (approx 10%) pay fees above that level. They have also called for a ban on below cost

selling, particularly in supermarkets, which is a matter for the Department of Enterprise, Jobs and Innovation. The previous Minister in the 2011 Budget announced that a review of the alcohol licensing regime would take place during 2011. While there has been no follow-through to date, the option to carry out such a review remains.

37. Purchases in UK: Relative prices in the UK, especially in Northern Ireland, are the major factor influencing out of State sourcing. In the case of beer and wine, a greater diversity of brands, and widespread short-term discounting by retailers, makes it difficult to compare prices. There is also a considerable variation in the relative prices within each type of product, and the presence in Northern Ireland of smaller measures and lower strengths of beers and ciders may, because of the apparent price advantage, distort matters further. Nevertheless, there was for the last few years a significant differential in favour of purchases in the North. This has, however, been narrowed following the general reduction of excise rates in Budget 2010 (see Annex 1 for details), and corresponding increases in UK excise rates.

38. Purchases in Other Countries: In addition to the reduced price incentive for UK purchases of most alcohol products, visits by Irish residents to continental Europe increased very substantially between 2000 and 2007. Many of these trips would give rise to alcohol purchases, with evidence of significant purchasing of wine in particular by car ferry passengers to the continent. However, there would appear to be a falling off, with travel visits down by almost 15% compared to 2007.

39. Smuggling/Counterfeit Products: There were eight successful prosecutions for alcohol offences up to 27 October this year, compared to 4 in 2007, 2 in 2008, 19 in 2009 and 30 in 2010. Counterfeit vodka continues to be the subject of enforcement and prosecution. There have been no alcohol offence prosecutions so far this year concerning the delivery of counterfeit alcohol. This is in contrast to the seven prosecutions in 2009. APT law in this area was strengthened in the 2005 Finance Act to help combat this type of fraud. The estimated retail value of alcohol seizures last year was €0.571m and the amount for the months January to 26 October 2011 was around €0.49m.

40. In its pre-Budget submission, the Drinks Industry Group of Ireland (DIGI) has proposed that there should be a reduction of 10% in the excise duty on alcohol.

Cost of Alignment of Irish Excise with UK rates

41. The following table indicates the gain of around €93m would be involved in bringing excise rates in this jurisdiction into line with those in Northern Ireland.

Irish and U.K. current excise rates on typical alcoholic products and costs associated with alignment (based on 2011 estimated consumption)

| | Irish Rate | U.K. Rate | Change Required | Estimated cost (incl. VAT) |
|--|-------------------|------------------|------------------------|-----------------------------------|
| Beer pint 4.2% abv | €0.37 | €0.51 | €0.133 | €116.6m |
| Cider pint 4.5% abv | €0.37 | €0.23 | - €0.141 | - €17.9m |
| Still Wine bottle 12.5% abv | €1.97 | €2.08 | €0.108 | €9.6m |
| Sparkling Wine bottle 12.0% abv | €3.93 | €2.66 | - €1.276 | - €2.5m |
| Spirits half glass 40% abv | €0.44 | €0.42 | - €0.026 | - €12.9m |
| Total Gain | | | | €92.8m |

* based on €/£ exchange rate of 0.8719 @ 25 October 2011.

Cross Border Survey – 7 September 2011**Comparison of prices of Excisable Products
(Noting Tax/Duty differences between Ireland & UK)**

| Item | Price In € | | Excise & VAT € | | Difference in Actual Price Between N.I. and State € |
|--------------------------|---------------|-------|-------------------|-------|---|
| | State | N.I. | State | N.I. | |
| Stout (per 500ml can) | 1.99 | 1.96 | 0.68 | 0.77 | 0.03 Dearer in State |
| Lager (per can) | 1.88 | 1.49 | 0.72 | 0.78 | 0.39 Dearer in State |
| Whiskey (bottle) | 22.36 | 20.26 | 12.60 | 11.52 | 2.10 Dearer in State |
| Vodka (bottle) | 17.45 | 14.42 | 11.20 | 10.03 | 3.03 Dearer in State |
| Wine (Chard) | 6.50 | 7.73 | 3.10 | 3.35 | 1.23 Cheaper in State |
| Sparkling Wine | 12.99 | 11.37 | 6.18 | 4.53 | 1.62 Dearer in State |
| Cigarettes (20) | 8.65 | 8.20 | 6.75 | 6.25 | 0.45 Dearer in State |

All prices are in euro, using an exchange rate of 1 euro = 0.8781 Sterling

**EU Comparisons on Cigarettes in respect of
WAP and Excise Content**

| <i>Member State</i> | WAP per 1000 | WAP per pack of 20 | Excise content per 1000 | Excise content per pack of 20 |
|---------------------|---------------------|---------------------------|--------------------------------|--------------------------------------|
| Ireland | €423.50 | €8.47 | €260.71 | €5.21 |
| UK* | €314.12 | €6.28 | €230.33 | €4.61 |
| France | €270.00 | €5.40 | €173.47 | €3.47 |
| Sweden | €248.29 | €4.97 | €140.25 | €2.81 |
| Netherlands | €236.72 | €4.73 | €156.00 | €3.12 |
| Denmark | €232.28 | €4.65 | €140.87 | €2.82 |
| Germany | €229.80 | €4.60 | €141.22 | €2.82 |
| Belgium | €226.37 | €4.53 | €134.57 | €2.69 |
| Finland | €216.09 | €4.32 | €129.87 | €2.60 |
| Italy | €205.00 | €4.10 | €119.55 | €2.39 |
| Austria | €189.40 | €3.79 | €113.55 | €2.27 |
| Malta | €188.00 | €3.76 | €116.36 | €2.33 |
| Luxembourg | €180.11 | €3.60 | €103.06 | €2.06 |
| Portugal | €172.50 | €3.45 | €113.92 | €2.28 |
| Spain | €166.52 | €3.33 | €107.62 | €2.15 |
| Cyprus | €163.50 | €3.27 | €105.40 | €2.11 |
| Greece | €156.56 | €3.13 | €101.76 | €2.04 |
| Czech Rep. | €138.94 | €2.78 | €82.72 | €1.65 |
| Slovakia | €132.78 | €2.66 | €86.24 | €1.72 |
| Slovenia | €132.00 | €2.64 | €80.00 | €1.60 |
| Romania | €119.56 | €2.39 | €79.80 | €1.60 |
| Poland | €116.04 | €2.32 | €76.67 | €1.53 |
| Bulgaria | €112.49 | €2.25 | €77.51 | €1.55 |
| Latvia | €110.59 | €2.21 | €72.82 | €1.46 |
| Hungary | €110.57 | €2.21 | €67.00 | €1.34 |
| Estonia | €110.25 | €2.21 | €74.73 | €1.49 |
| Lithuania | €108.03 | €2.16 | €65.24 | €1.30 |

Source: EU Excise Tables July 2011

*UK WAP is Stg£272.00, which converts to €314.12 per exchange rate of £0.86590 on 9th September 2011.

E.U. Cigarette Taxation based on WAP

| Member State | Specific Excise 20 € | Specific excise as a % of Total tax | Ad valorem as a % of WAP | Ad Valorem Excise € | Total tax as a % of WAP | Minimum excise € | Minimum Excise as a % of WAP |
|---------------------|-----------------------------|--|---------------------------------|----------------------------|--------------------------------|-------------------------|-------------------------------------|
| Ireland | 3.67 | 54.88% | 18.25% | 1.55 | 78.92% | n/a | 61.56% |
| UK | 3.58 | 63.20% | 16.50% | 1.03 | 90.13% | n/a | 73.47% |
| France | 0.39 | 9.00% | 56.99% | 3.08 | 80.64% | 173.00 | 64.25% |
| Sweden | 2.76 | 72.54% | 1.00% | 0.05 | 76.49% | n/a | 56.49% |
| Netherlands | 2.71 | 70.00% | 8.59% | 0.41 | 81.87% | 156.00 | 65.90% |
| Denmark | 1.81 | 48.36% | 21.65% | 1.01 | 80.64% | 139.08 | 60.65% |
| Germany | 1.82 | 51.04% | 21.94% | 1.01 | 79.02% | n/a | 61.45% |
| Belgium | 0.32 | 9.16% | 52.41% | 2.37 | 76.81% | 127.84 | 59.45% |
| Finland | 0.35 | 10.28% | 52.00% | 2.25 | 78.80% | 131.50 | 60.10% |
| Italy | 0.15 | 4.99% | 54.57% | 2.24 | 74.98% | 131.19 | 58.31% |
| Austria | 0.68 | 23.43% | 42.00% | 1.59 | 76.62% | 111.28 | 59.95% |
| Malta | 0.56 | 19.31% | 47.00% | 1.77 | 77.14% | 120.50 | 61.89% |
| Luxembourg | 0.34 | 13.35% | 47.84% | 1.72 | 70.26% | 98.00 | 57.22% |
| Portugal | 1.38 | 45.93% | 23.00% | 0.79 | 77.12% | 113.92 | 58.42% |
| Spain | 0.25 | 9.55% | 57.00% | 1.90 | 79.88% | 116.90 | 64.63% |
| Cyprus | 0.80 | 31.55% | 40.00% | 1.31 | 77.54% | 110.00 | 64.50% |
| Greece | 0.39 | 15.00% | 52.45% | 1.64 | 83.70% | 101.76 | 65.00% |
| Czech Republic | 0.88 | 41.39% | 28.00% | 0.78 | 76.21% | 82.31 | 59.54% |
| Slovakia | 1.11 | 51.40% | 23.00% | 0.61 | 81.62% | 85.00 | 64.95% |
| Slovenia | 0.41 | 20.00% | 45.15% | 1.19 | 77.28% | 80.00 | 60.61% |
| Romania | 1.03 | 48.63% | 21.00% | 0.50 | 78.55% | 74.00 | 59.20% |
| Poland | 0.80 | 40.89% | 31.41% | 0.73 | 84.77% | 76.67 | 66.07% |
| Bulgaria | 1.03 | 53.64% | 23.00% | 0.52 | 85.58% | 75.67 | 68.91% |
| Latvia | 0.70 | 37.97% | 30.50% | 0.67 | 83.88% | 73.26 | 65.85% |
| Hungary | 0.71 | 39.95% | 28.40% | 0.63 | 80.60% | 66.02 | 60.60% |
| Estonia | 0.77 | 41.19% | 33.00% | 0.73 | 84.45% | 73.00 | 67.78% |
| Lithuania | 0.76 | 45.52% | 25.00% | 0.54 | 77.74% | 64.00 | 60.39% |

- Source: EU Excise Tables July 2011
- Sterling exchange rate - £0.86590 on 9th September 2011
- Figures in bold show MS with a higher minimum duty rate.
- Minimum excise as a % of WAP for the UK relates to Sterling figures

**Alcohol Excise Taxation in EU Member States (from high to low) EU
Excise Duty Tables @ 1 July 2011.**

| | Beer € per hectolitre per degree of alcohol | | Wine (Still) € per hectolitre of product | | Wine (Sparkling) € per hectolitre of product | | Spirits € per hectolitre of pure alcohol | |
|----|---|-------|--|--------|--|--------|--|---------|
| 1 | Finland | 26.00 | Finland | 283.00 | Ireland | 524.48 | Sweden | 5439.30 |
| 2 | UK | 21.45 | UK | 278.59 | UK | 356.84 | Finland | 3940.00 |
| 3 | Sweden | 18.01 | Ireland | 262.24 | Finland | 283.00 | Ireland | 3113.00 |
| 4 | Ireland | 15.71 | Sweden | 234.10 | Netherlands | 240.58 | UK | 2947.22 |
| 5 | Slovenia | 10.00 | Denmark | 82.29 | Sweden | 234.10 | Greece | 2450.00 |
| 6 | Denmark | 6.83 | Estonia | 73.11 | Belgium | 161.13 | Denmark | 2012.80 |
| 7 | Greece | 6.50 | Netherlands | 70.56 | Germany | 136.00 | Belgium | 1752.24 |
| 8 | Italy | 5.88 | Latvia | 63.40 | Denmark | 123.45 | France | 1514.47 |
| 9 | Hungary | 5.78 | Lithuania | 57.34 | Czech Rep. | 95.82 | Netherlands | 1504.00 |
| 10 | Netherlands | 5.57 | Belgium | 47.10 | Slovakia | 79.66 | Estonia | 1418.00 |
| 11 | Estonia | 5.43 | Poland | 40.13 | Estonia | 73.11 | Latvia | 1324.32 |
| 12 | Austria | 5.00 | France | 3.55 | Latvia | 63.40 | Germany | 1303.00 |
| 13 | Poland | 4.95 | Hungary | 0.00 | Lithuania | 57.34 | Lithuania | 1278.96 |
| 14 | Cyprus | 4.78 | Austria | 0.00 | Hungary | 52.04 | Poland | 1259.84 |
| 15 | Belgium | 4.28 | Germany | 0.00 | Poland | 40.13 | Malta | 1250.00 |
| 16 | Slovakia | 4.13 | Greece | 0.00 | Romania | 34.05 | Czech Rep. | 1167.08 |
| 17 | Malta | 3.75 | Spain | 0.00 | France | 8.78 | Slovakia | 1080.00 |
| 18 | Czech Rep. | 3.28 | Italy | 0.00 | Austria | 0.00 | Luxembourg | 1041.15 |
| 19 | Portugal | 3.23 | Luxembourg | 0.00 | Greece | 0.00 | Portugal | 1031.57 |
| 20 | Latvia | 3.07 | Portugal | 0.00 | Spain | 0.00 | Hungary | 1008.22 |
| 21 | France | 2.71 | Cyprus | 0.00 | Italy | 0.00 | Austria | 1000.00 |
| 22 | Lithuania | 2.46 | Slovenia | 0.00 | Luxembourg | 0.00 | Slovenia | 1000.00 |
| 23 | Spain | 2.26 | Slovakia | 0.00 | Portugal | 0.00 | Spain | 83025 |
| 24 | Luxembourg | 1.98 | Bulgaria | 0.00 | Cyprus | 0.00 | Italy | 800.01 |
| 25 | Germany | 1.97 | Czech Rep. | 0.00 | Bulgaria | 0.00 | Romania | 750.00 |
| 26 | Bulgaria | 1.92 | Romania | 0.00 | Slovenia | 0.00 | Cyprus | 598.01 |
| 27 | Romania | 1.87 | Malta | 0.00 | Malta | 0.00 | Bulgaria | 562.43 |
| | | | | | | | | |
| | EU Average | 6.62 | EU Average | 55.39 | EU Average | 94.96 | EU Average | 1606.51 |
| | EU Minima | 1.87 | EU Minima | 0.00 | EU Minima | 0.00 | EU Minima | 550.00 |

United Kingdom rates are Sterling £18.57, £241.23, £308.99 and £2,552.00 and the Euro equivalents shown above are @ exchange rate of €0.8650. This is the rate of 9th September 2011.