



Economy IMT

EVALUATION OF EXCISE DUTY RATES AND TAX STRUCTURES

**The Brewers of Europe Guide
on how to fill in the questionnaire**

June 2022



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Introduction

The [consultation](#) runs until 4 July 2022. The response will impact the European Commission's reading of the consultation results and also its proposal for a review of the Directive.

Since the targeted respondents are consumers, alcohol beverage and alcohol producers, retailers, and other interested parties it is of utmost importance that as many trade associations and breweries as possible take part in the consultation to share the sector's views.

General instructions

| | questionnaire |
|---|--|
| Accessibility <i>On-line access</i> | The questionnaire is available via the following link |
| <i>Registered stakeholders only</i> | Guidance to create a EU Login account (europa.eu) |
| <i>Language</i> | Available in all official EU languages BG / CS / DA / DE / EL / EN / ES / ET / FI / FR / HR / HU / IT / LT / LV / MT / NL / PL / PT / RO / SK / SL / SV |
| Response format | The questionnaires must be completed on-line. |
| Estimated time for response | 15 minutes is a random indication Whilst it is possible to fill out the questionnaire in different sessions, it is recommended to start and finish in only one session. With The Brewers of Europe guidance it will be possible to significantly reduce the response time. |
| Design | Any respondent has access to the same questions. |
| Options | Not all questions must be responded |
| | In addition to the choice of responses, free text fields are available throughout the questionnaire to provide further explanations. |
| | Additional documents may be uploaded. |
| Protection of personal data | The response will be made public, but anonymity can be requested. |

Structure and content of the questionnaires

The questionnaire opens with an introduction on its background and a clarification on its structure.

The first section asks the respondent's profile and details.

The second section addresses the overall demand and consumption of alcoholic beverages.

The third section covers current legislative provisions.

Motivation of The Brewers of Europe's response

The Brewers of Europe's responses have been guided by its assessment that:

- If the minimum excise duty rates do have an economic or health justification: beer should enjoy the lowest level as:
 - the costs to produce and serve are the highest of all alcoholic beverages,
 - the alcohol content is the lowest amongst all alcoholic beverages
- minimum excise duty rates do not have a direct internal market function; no increase is justified or required;
- since beverage categories are different, it is fully logical for governments to use a different tax base for the different categories;
- equivalence is illogical because beverage categories are different; applying a common tax rate irrespective of product category would make concentrated alcoholic beverages more affordable relative to beer;
- the co-existence of Plato and ABV approaches does not yield any substantial problems; both systems should continue to coexist, in particular as the beer recipe is Plato determined;
- beer would be disadvantaged in an equivalence system which increases the cost of the lowest alcohol products and makes stronger alcoholic beverages relatively cheaper;
- the excise treatment of novel alcoholic beverages is defined by the customs classification, with the Court of Justice and the Customs Code having identified helpful classification principles.

Responses have been provided in an objective, neutral and informed way in defence of the beer category. Hence, questions on other alcoholic beverage categories are predominantly responded to as 'don't know' or 'neutral' unless there is a clear resulting negative discrimination against beer.

The questions as written might be prone to alternative reading, with contradictory responses as a result of the differing way of interpretation. The Brewers of Europe therefore submits in addition to the response to the questionnaire an explanatory paper. It clarifies response choices.

Explanatory notes to specific The Brewers of Europe responses

Where an alternative reply is locally more appropriate, differing replies should be considered to reflect a country specific situation.

Overall demand and consumption of alcoholic beverages

Questions 17/18: price of alcohol/alcoholic beverages

Preliminary comment: Points explicitly related to product categories other than beer are replied to in a neutral way: there is very limited benefit in responding, but a real risk of unnecessarily antagonising other sectors.

The Brewers of Europe is opposed to an increase of the minimum rate. Equally, the response is reflecting The Brewers of Europe's [position](#) that beer alcohol is overtaxed compared to wine and spirits.

Questions 19/22: Price influencing consumers' overall consumption

The Brewers of Europe acknowledges that price can influence overall consumption. Hence, European brewers' opposition to equivalence which would comparatively reduce the price of spirits versus beer and thus drive consumption, in particular amongst those consumers for whom the ABV is a key driver in their beverage choice, towards the higher strength beverages.

Question 23: taxes of alcoholic beverages

The Brewers of Europe continues to emphasise the need for time to allow the sector to recover from the pandemic crisis and to help reboost the wider EU economy and job creation. The [covid-19 impact study](#) provides the necessary evidence thereof. An increase in beer taxes runs counter to governmental interests: it would ultimately lead to loss of revenue whilst simultaneously undermining health policies with an objective to nudge consumers towards lower alcohol beverages.

Evaluation of the current policy framework

Question 25: Problematic issues

These questions should be answered in function of a given market situation

The Brewers of Europe, for lack of data and evidence and due to the fluctuating issues depending on the market and product, is not able to assess the severity of the tabled problematic situations.

European brewers acknowledge the risks associated with alcohol abuse, not with alcohol consumption as such. Our answers to the last three sub-questions neither deny nor feign ignorance on the fact that health problems are linked to alcohol, whilst still stating this is a problem that is limited, to a minority.

Question 28: EU priorities in alcohol taxation

The Brewers of Europe does not wish differentials between countries or between products to be achieved by harmonising everything to the level of the highest taxing country or the highest taxed products.

Equally, the power to tax is in the hands of the Member States, with the EU having only limited EU competences.

Question 31: Design of tax levels

The replies are based on current The Brewers of Europe positions:

- cost to produce and serve the consumer with beer are higher than for other alcoholic beverages – this should be reflected in the ratios between beverages' excise duties;
- banding is the way forward, not unitary taxation or equivalence;
- retail prices are defined by many elements which themselves will have an impact on inflation; to define the amount of excise duty as a percentage of the retail price would, on top of administrative complexity, have devastating impacts on the economic recovery (beer price hikes because of increased input and energy prices are already impacting customers' purchasing decision, so if the excise amount would also be increased at the same time, this would have important ramifications for the entire beer value chain and the economy at large);
- if excise taxes are used for health policies, it is only logical that the alcoholic beverages that are of higher strength than beer be taxed higher;
- for lack of strong evidence between consumption and affordability there is no reason to agree or to strongly disagree;
- the brewing sector values tradition and local customs: legislation should not curtail the wide choice in beers without justification.

Question 32: Design of beer tax level

An increase in the minimum rates would serve no purpose.

Equivalence is a flawed concept that would significantly disadvantage and discriminate against low strength drinks such as beer, damage the economy, putting vital jobs at risk and ensuring that concentrated alcoholic beverages are more affordable and, relatively, the cheapest available to consumers. The Brewers of Europe supports that distortions be addressed. However, it is unclear what the question aims at since the co-existence of the Plato and ABV systems for beer are not distorting; the political and scientifically unfounded decision on the determination of Plato lead to distortions. This should be corrected.

Questions 33/34/35/36: Design of other alcoholic beverages' tax level

Points explicitly related to other product categories than beer are replied to in a neutral way: there is very limited benefit in responding, but a real risk of unnecessarily antagonising other sectors.

Question 37: hypothetical increase in minimum rates

This question confirms the replies in earlier questions:

- level playing field is ensured by introducing the adequate ration between the excise duty rates for the respective product categories;
- given the significant differences between Member States, the minimum rates should be set at a negotiated level rather than take account of the purchasing powers across the EU; as minimum levels, they do not serve an economic purpose;
- the tobacco approach should not be imposed on alcoholic beverages;
- when addressing minimum rates, there is no need for (automatic) increases;
- tax is only one parameter that defines the price.

Question 39: impacts of hypothetical increase

Evidence shows that tax increases :

- do not necessarily reduce the pro capita consumption;
- do not influence the way alcoholic beverages are consumed;
- may, in the immediate months after the increase, though not necessarily on a permanent basis, shift consumption;
- do not necessarily impact the market share of alcoholic beverages over time;
- may trigger enhanced cross-border purchases;
- have a greater impact on smaller producers;
- do not automatically generate more government revenue.

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Annexes:

1. The Brewers of Europe response to the stakeholders' questionnaire
2. The Brewers of Europe explanatory note supporting its response

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