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EXCISE TAX ON ALCOHOL – FISCAL OR NON-FISCAL OBJECTIVE?¹

Summary

Purpose – The purpose of this article is to assess the level and structure of excise tax on alcohol in European countries in the context of the implementation of the fiscal objective (increase in budget revenues) and the non-fiscal objective (striving to reduce alcohol consumption by reducing economic availability of alcohol).

Research method – In order to illustrate the significance of the impact of alcohol excise taxes on state budget revenues (realization of the fiscal objective), an analysis of the level and structure of alcohol excise taxes in EU countries was carried out. In addition to the traditional tabular and graphical analysis, a study was conducted to determine the impact of excise taxes on the economic availability of alcohol in each country (realization of the non-fiscal objective), taking into account both differences in annual net income expressed in euros and in annual net income expressed in PPS (Purchasing Power Standard) for ethanol.

Results – The analysis carried out shows that despite the harmonization of alcohol excise taxes in the European Union (EU) member states, there are numerous differences in the application of excise taxes, in the level of excise-derived budget revenues and in the degree of impact of excise taxes on the economic availability of alcohol. There is still some room in the European alcohol taxation system for further harmonization of rates, harmonization of exemptions and categorization of certain products, and more effective use of this instrument in the alcohol policy of individual countries.

Originality/value/implications/recommendations – The originality of the presented approach is due to the comprehensive presentation of the impact of excise taxes on alcohol on the realization of the fiscal and non-fiscal goal in EU countries.

Keywords: excise tax, budget revenues, alcohol policy.

JEL classification: H2, H71, I18

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1. Introduction

The excise duty is one of basic sources of public revenues of European Union countries, and it is often used as a fiscal instrument for finding additional sources of budget revenue. The aim of imposing an excise duty is increasing the tax burden on areas of activity that society wants to limit. Therefore, the introduction of the excise duty has a restrictive task.

For ages, governments have been using their authority to impose taxes on alcohol production and consumption. At present, alcohol taxation plays a secondary role in relation to other consumption taxes as a source of revenue. In former times, alcohol taxation was used only to collect money for the state's budget; today, it is a recognized compensatory mechanism – revenues obtained from the excise duty are used to handle the negative effects of alcohol consumption.

The aim of this article is to answer the question of whether the excise duty on alcohol is only the state's gross revenue or whether it also effectively reduces the economic availability of alcohol, which is an element of the policy for reducing its consumption.

2. Specificity and aims of the excise duty

Tax systems of EU member states are highly varied due to their individual paths of development shaped by the state's history, the growth of civilization, culture, systems of values, social and economic policy that define the state's financial needs. Despite the tax harmonization process, which has been conducted in Europe for many years, the result of which the tax system has become harmonized, EU member states are unwilling to agree to give up their competences in the construction of taxes due to the decisive role they play in the basic type of each state's revenues.

Taxes are traditionally classified as direct (personal income tax, corporate income tax and other taxes on income and capital) or indirect (VAT, excise duty and consumption taxes, other taxes on products and production). The analysis of the structure of these two groups of taxes reveals considerable differences between individual countries. On the basis of the annual Eurostat studies (Taxation Trends in the European Union, 2021 and the previous years), it can be concluded that member states that have accessed the European Union since 2004 have a different structure as compared to the other EU countries (EU-15). In the majority of the EU-15 countries, the percentage of the influence from direct and indirect taxes is more or less equal, while new member states usually reveal a lower percentage

of direct taxes in general taxes and indirect taxes predominate. This results from differences in the level of revenues and equity between the “old” and “new” EU countries. Furthermore, the importance of direct taxes in countries characterized by high economic development as more “visible” for society/electorate is related to a clearer determination of the objectives of tax redistribution.

This does not mean that indirect taxes are not important in the “old” EU countries. In the current economic situation of the EU countries, which involves the problem of debt in the public finance sector and economic slowdown, a lot of countries decide to look for the sources of their budget revenues in indirect taxation, including the excise duty.

The excise duty is a selective tax on sales or on the use of specific goods and services [Hines, 2007]. The motivation for increasing the fiscal burden related to the excise duty is its fiscal efficiency in the revenues of the state budget. In addition, the specificity of the excise duty involves imposing taxes on goods, which, on the one hand, are common consumption goods and, on the other hand, the state is striving for after limiting their consumption. This method of considering excise products motivates countries to reach for excise revenues, while finding justification for increasing the fiscal burden related to them at the same time.

As an indirect tax, the excise duty is therefore distinguished by the fact that its economic cost is borne by consumers and not the entity obliged to charge and pay it [Goettel et al., 2011, p. 179]. The technical and economic excise duty involves an increase in the price of a given product. At the same time, the amount of the excise duty usually has a high share in the final price of such a product, as in many cases the excise duty product consists of cheap ingredients and its production costs are not high. Therefore, it can be concluded that the excise duty, as a form of taxation, is the state’s intervention in the consumption processes.

Imposing an excise duty on alcohol, tobacco products, gambling, means of transport and petroleum products is very strong these days. In many cases, high taxes on excise products translate into an increase in tax revenues, which is economically justified as it results from the lack of close substitutes of these goods and the low price elasticity of the demand [Cnossen, 2010]. It is not only a convenient source of budget revenues, but it is also a possibility of showing the external costs of excise products that manufacturers and consumers of excise products impose on other people. Environmental pollution, traffic intensity and the economic costs of consumption of alcohol and tobacco products are problems which can be corrected by imposing selective taxes on excise products and using other instruments of legal regulations.

Taxes that are constructed in way that allows them to influence external effects (e.g. environmental pollution) are called “corrective taxes” or “Pigovian taxes”.

Such taxes do not only contribute to an increase in budget revenues, but also make it possible to achieve convergence between private stimuli and social objectives and, in this sense, they contribute to a general improvement in the effectiveness of the economy. Imposing an excise duty is more and more frequently perceived as interference with capital and labour taxation [Cnossen, 2006].

In summary, the specificity of the excise duty indicates two basic objectives, which can be achieved by means of the excise duty – the fiscal and extra-fiscal objective. The fiscal objective, i.e. increasing budget revenues, is connected with high efficiency of this instrument. The extra-fiscal objectives involve striving after the reduced consumption of goods upon which such a tax has been imposed. The state's motivation for such actions can be the rarity or high price of such goods (petroleum products, means of transport) or its harmfulness to citizens' health (tobacco products and alcoholic beverages).

Legal solutions for the shaping of the excise duty rates cause varied amounts of the fiscal burden for individual excise products. Firstly, the EU determines the minimum rates for excise products². Secondly, the excise duty is a tax which has a significant influence on the price of excise products. Therefore, it also influences the consumptive demand and the volume of sale of products and services offered by companies. Thus, due to high revenues for the budget resulting from the collection of the excise duty, states are rather unwilling to reduce its rates.

The aforementioned legal solutions for the shaping of the excise duty rates cause varied amounts of the fiscal burden for individual excise products.

An analysis of fiscal influences resulting from the excise duty in recent years makes it possible to notice that the average percentage of the excise duty in total fiscal revenues, taking into account revenues from the social insurance sector, ranged from 4.2% to 11.5% in the “old” EU countries and from 8% to nearly 19% in the “new” EU countries. Meanwhile, the average for all member states in the year 2010 was 9.3% and in 2019, 8.7%.

The performed analyses show that the highest percentage of the excise duty in the total fiscal burden among European Union states applies to the “new” EU

² Minimum levels of the excise duty for alcoholic, tobacco and energy products as well as electricity are specified in the following legal acts of the European Union:

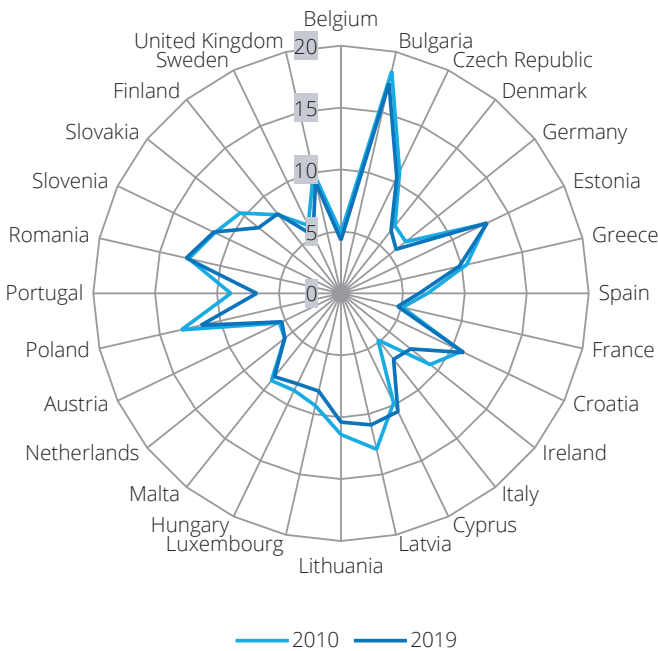
- a) Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages;
- b) Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco;
- c) Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity.

states, i.e. member states after extending the EU in 2004 where the level of economic development is lower than in the “old” EU. This situation is connected with a higher level of income, capital and the importance of direct taxes in countries with a high level of economic development.

In a vast majority of countries, a slight downward trend of the percentage values can be observed, except for Italy, Romania and Croatia, where the percentage of the excise duty grew regularly in the analysed years. Generally, over the past years, the situation has not changed visibly – the states that accessed the European Union in 2004 are characterized by the highest percentage of the excise duty in tax revenues and the downward trend in all EU countries does not exceed 2% (Chart 1).

CHART 1

The percentage of the excise duty in total taxes (%) in the EU countries in the years 2010 and 2019



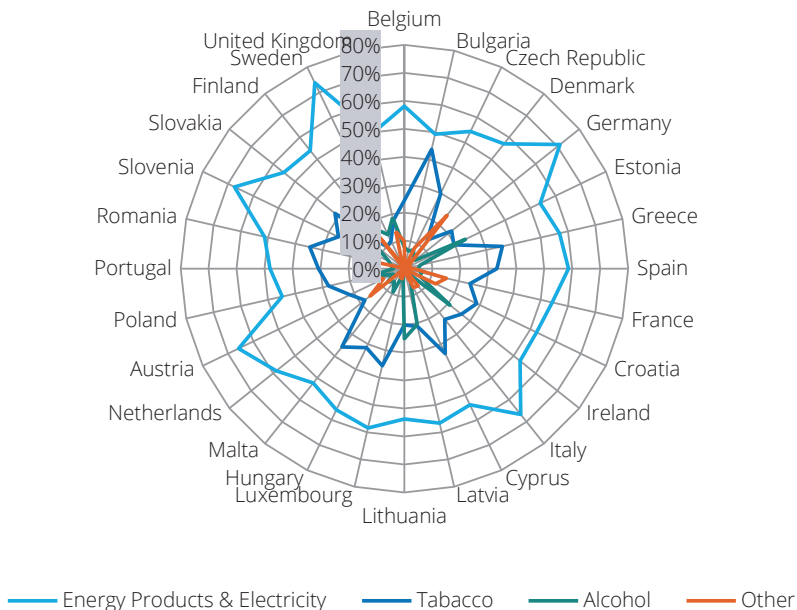
Source: author’s own elaboration based on *Taxation Trends in the European Union*, Luxembourg: Publications Office of the European Union, 2021.

Four groups of products can be distinguished in the excise tax system: the first three include energy products and electricity, tobacco products, alcohol and alcoholic beverages and, as previously indicated, the excise duty imposed on them

is subject to the harmonization process in the EU. The fourth group includes the remaining excise duties. Chart 2 presents the percentage structure of revenues in the EU states. Revenues from individual types of the excise duty in individual countries differed slightly; hence, the average value for the analysed period was adopted for international comparisons.

CHART 2

The percentage structure of excise duty revenues according to the main excise products (the average for the years 2010–2019)



Source: author's own elaboration based on *Taxation Trends in the European Union*, 2 Luxembourg: Publications Office of the European Union, 2021.

Revenues from the excise duty on energy products and electricity constitute the greatest share in the percentage structure of revenues in the excise duty system in all countries. Differences in the percentage share are the lowest here, and this share ranges from nearly 50% in countries such as Great Britain, Portugal and Bulgaria to over 70% in Sweden and in Germany. The lowest average share was observed in Poland, where it amounted to approx. 45%. A more varied percentage share can be observed in the case of the excise duty on tobacco products. They range from

10.5% in Finland to nearly 44% in Bulgaria. Differences in revenues from the excise duty on alcohol are the most distinct – from over 2% in Italy to 25% in Lithuania.

The high range of fiscal revenues from the excise duty mostly results from the population size of a given state, the demand for excise products and, to a large extent, is mostly determined by rates on excise products in a given state as EU directives impose only the lower limits on the excise duty rates. The excise duty on alcohol is not as very significant source of fiscal revenues as, for example, taxation on energy carriers; however, there can be many justifications for imposing taxes on alcohol. Hence, the excise duty on alcoholic products will be analysed in detail in the further part of this article, both in terms of the fiscal and extra-fiscal importance of this instrument.

3. Fiscal aspects of the excise duty on alcohol

As indicated above, some goods and services are subject to detailed duties that are commonly justified by the level of damage related to their consumption. Alcohol is a typical example of such goods and excise duties. Although the most often used explanation for the use of the excise duty on alcohol is compensation of social costs of its consumption (social and health motives), it is also a source of revenues for national budgets (financial motives). These two reasons contribute to the general consensus of states and international organizations that the excise duty should remain in the public revenue system and the imposed rates could be potentially increased. In the EU context, the aim of imposing taxes on alcohol is also the avoidance of the harmful cross-border trade and consumption and harmonization of actions aimed at implementing an EU strategy concerning alcohol.

The excise duty on alcohol is regulated by means of two main EU legal acts: directive 92/83/EEC and directive 92/84/EEC. Directive 92/83/EEC defines the structure of excise duties on alcohol and alcoholic beverages, categories of alcohol and alcoholic beverages subject to the excise duty and the base that is used to calculate the excise duty. It also contains special regulations concerning, for example, reduced rates for small breweries and distilleries, some products and geographical regions. Directive 92/84/EEC defines the minimum rates, which must be applied for each type of alcoholic beverages (Table 1). It also provides for reduced rates for some Greek islands, regions in Italy, for Madeira and the Azores in Portugal.

The EU legislation defines only minimum harmonized rates. Member states may use excise duty rates above the minimum values according to their individual domestic needs.

TABLE 1

Categories and the minimum rates

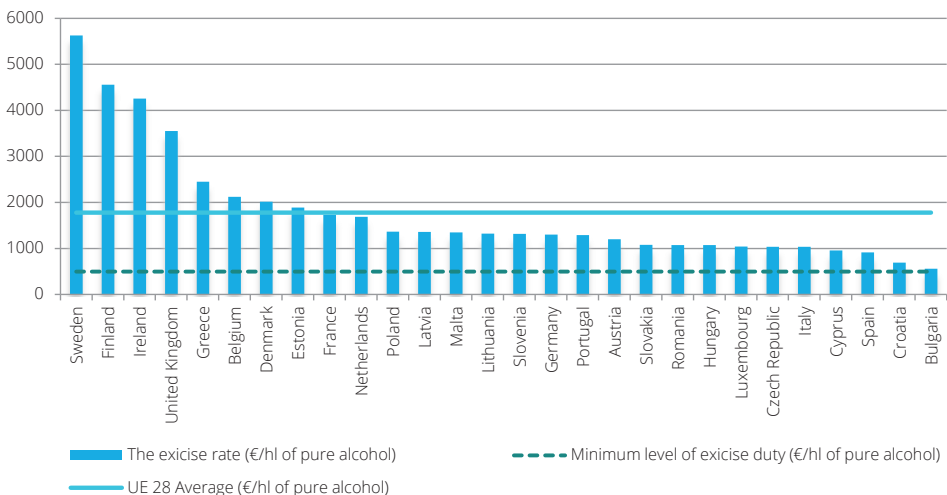
| Product | Rate expressed per | Minimum Rate |
|----------------------------------------------|-----------------------------------------------------------------|-------------------|
| Beer | Hectolitre per degree Plato or Hectolitre per degree alcohol | 0.748 € 1.87 € |
| Wine (still and sparkling) | Hectolitre of volume | 0 € |
| Intermediate Products (e.g. port, sherry) | Hectolitre of volume | 45 € |
| Spirits | Hectolitre of pure alcohol | 550 € |

Source: www 1.

Excise duty rates differ in individual states to a large extent. For ethyl alcohol and beer, a vast majority of excise rates are much higher than the EU minimum values. The average excise duty imposed on beer is nearly five times higher than the required minimum level, and the average value for ethyl alcohol is over three times higher than the minimum rate (Charts 3 and 4). As the minimum level of the excise duty on wine is 0 euro, the situation is even more varied. A lot of countries use this possibility. Among 28 member states, wine (excluding sparkling wine) is the subject of the excise duty only in 13 of them (Chart 5).

CHART 3

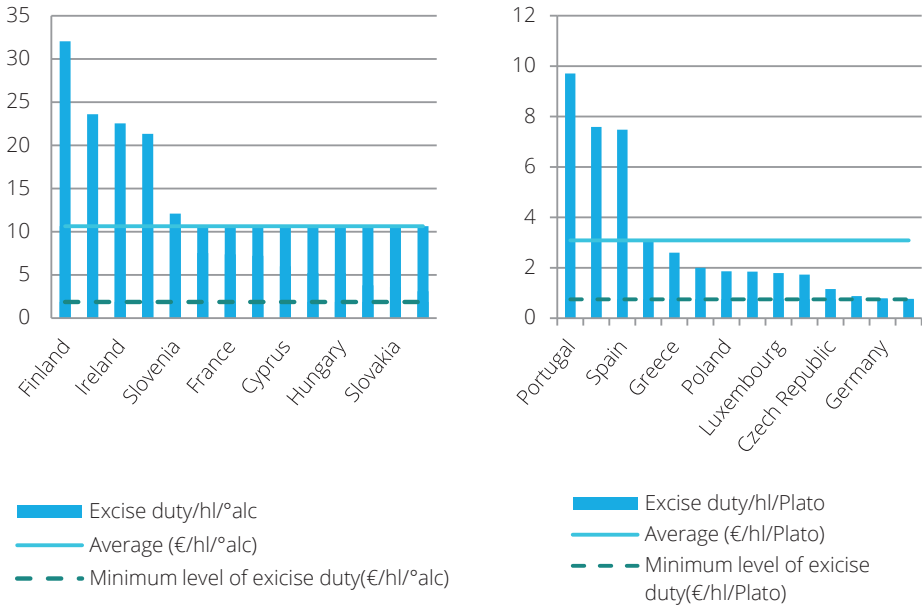
Excise Duties on Ethyl alcohol in Member States



Source: author's own elaboration based on *Excise Duty Tables. Alcoholic Beverages*, Brussels 2019

CHART 4

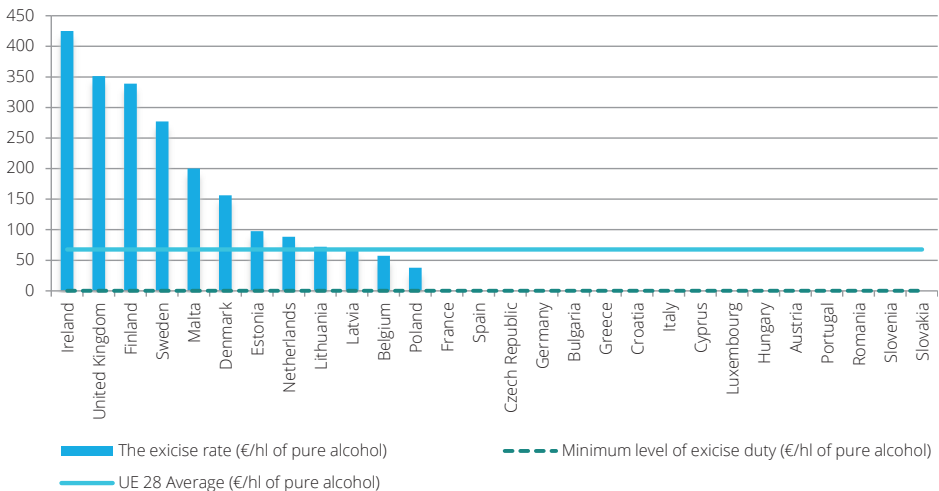
Excise Duties on Beer in Member States



Source: author's own elaboration based on *Excise Duty Tables. Alcoholic Beverages*, Brussels 2019.

CHART 5

Excise Duties on Still Wine in Member States



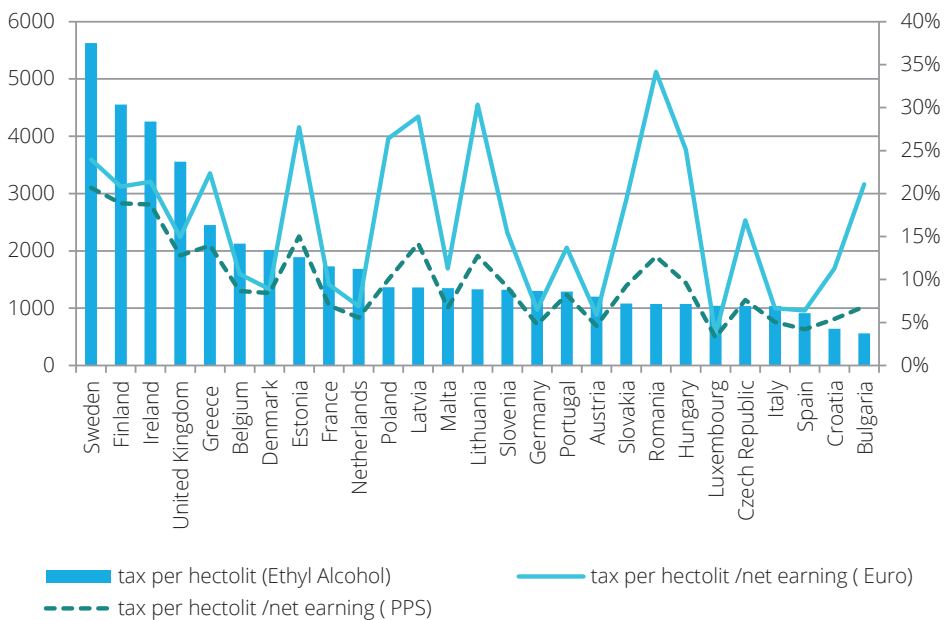
Source: author's own elaboration based on *Excise Duty Tables. Alcoholic Beverages*, Brussels 2019.

This overview of the excise duty rates on individual types of alcohol (excluding wine) shows that a vast majority of member states impose much higher rates than the minimum value specified in the directive.

The excise duty is not specified as a percentage value of the price but as an absolute value. In charts 3–5, the ranking of countries is based on the measurement of the absolute tax, i.e. in euros per hectolitre of alcohol. According to this measure, excise duties on alcohol are the highest in Sweden, Finland, Ireland and Great Britain. These four countries, depending on the type of alcohol taxation, are always ranked in the top four positions in terms of tax rates. However, due to differences in the levels of income in various EU countries, taxes on alcohol can be perceived as high in countries with a high or medium net income, even if the relative value of the tax is moderately low. Therefore, an analysis was performed, taking into account both the differences in the annual net expressed in euros and in the annual net expressed in PPS (Purchasing Power Standard). As the highest rate of the excise duty in absolute values is imposed on ethyl alcohol, Chart 6 presents the Relative Alcohol Tax for this type of alcohol.

CHART 6

Relative Alcohol Tax, tax per hectolitre/annual income*,% 2019



* annual net income of a single person, without children, earning 100% of the average earnings

Source: author's own elaboration based on www.2.

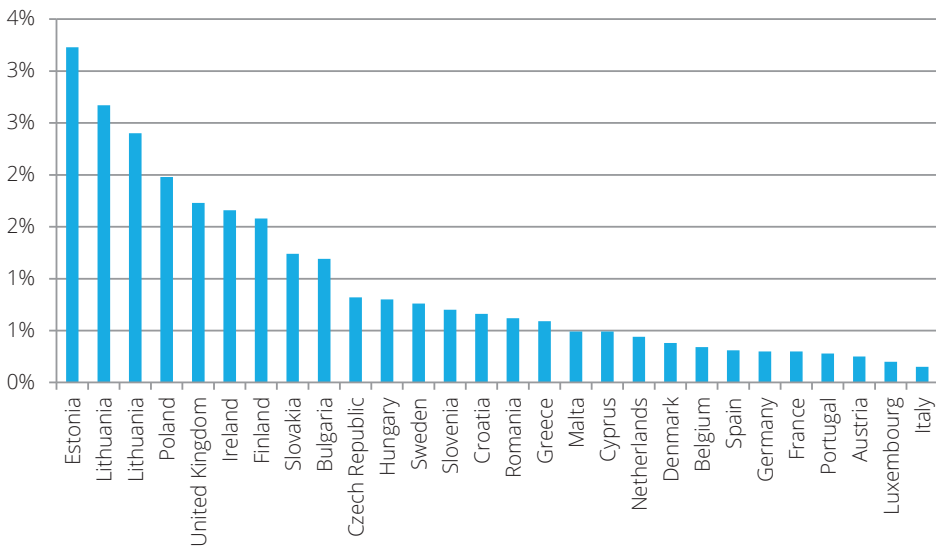
Usually research specifies the relative tax amount in relation to the net income expressed in euros [Eriksson, Fotina, 2010]. In this article, the net income including PPS was also used.

If, while specifying the *relative alcohol tax*, we take into account differences in revenues expressed in euros, assuming at the same time that the costs of alcohol production are the same in all countries, the highest taxes will be in countries such as Romania, Lithuania, Latvia, Estonia and Poland. The *relative alcohol tax* in the countries mentioned above: in Sweden, Finland and Ireland are higher than the average in the EU, but are not the highest. The adjustment resulting from differences in price levels, as could be expected – reduces discrepancies between the countries. Secondly, Sweden, Finland and Ireland still occupy the highest positions in the amount of taxes on alcohol.

A comparison of the revenues from the excise duty on alcohol in the fiscal revenues in the EU countries reveals significant differences. The revenues of countries achieving higher incomes from this tax are 20 to 30 times higher as compared to the group achieving the lowest ones (Chart 7). As a percentage of the fiscal revenues, excise duty revenues range from 0.15% in Italy to 3.23% in Estonia.

CHART 7

The percentage of the excise duty on alcohol in total revenues* (%)
(average for the years 2010–2019)



* total tax revenues = indirect taxes + direct taxes + social insurance premiums

Source: author's own elaboration based on www.1.

The number of countries that achieve the highest revenues from taxes on alcohol is geographically concentrated - the majority of them are countries from the Baltic Sea region. An analysis conducted over the years 2010–2019 shows that taxes on alcohol in countries such as Estonia, Lithuania, Latvia and also Poland are an important source of public financing. Revenues from excise duty on alcohol in each analysed year ranged from nearly 1.81% for Poland to 3.35% for Estonia, in budget revenues. The next three countries that achieve only slightly lower percentage values of the excise duty on alcohol are Great Britain, Ireland and Finland (from 1.5% to 1.9% in total fiscal revenues). The fiscal importance of the excise duty on alcohol seems to be the lowest in the Mediterranean countries as it amounts to 0.3% - 0.5% of fiscal revenues.

The excise duty on alcohol reflects the specificity of the legal system, historical development of the taxation on alcohol and specific characteristics of the tax administration in some countries. Certain specificity of alcohol taxation in individual countries can be recognized. Generally speaking, there are two types of alcoholic beverages upon which the excise duty must be imposed – beer and ethyl alcohol. The excise duty is usually imposed on indirect products, which includes the tax on ethyl alcohol. Additionally, individual states are entitled to establish a zero tax rate on wine products. For this reason, as indicated above, there is no excise duty on this kind of alcohol in many countries. These are mostly wines from South and Central European countries. But there are also member states that reported separate taxes on sparkling wine or alcopops (e.g. Luxembourg).

The table below presents the structure of excise duty revenues. It is obvious that one-third of EU countries does not achieve any income from wine products at all. In two-thirds of the countries, the excise duty on wine is lower than 30%. The zero tax rate on wine products is used mostly in South and Central Europe.

Wine-producing countries such as France, Greece, Malta and Spain obtain the largest amount of revenues from the excise duty on strong alcohols. At the same time, in Scandinavian countries and in Ireland one third of revenues from the excise duty on alcohol comes from taxes on wine products.

The revenues from taxes on beer and ethyl alcohol are high in these countries where the tax on wine is low or where it amounts to zero. At the same time, the excise duty on beer in two-thirds of countries does not exceed 40% of revenues from the total excise duty on alcohol.

TABLE 2

Structure of revenues from excise duties on individual types of alcohol*

| Ethyl Alcohol | | | | |
|----------------|---------|----------|----------------|------------|
| 21%–35% | 35%–45% | 46%–55% | 56%–70% | 70%–86.6% |
| Slovenia | Romania | Hungary | Czech Republic | Greece |
| Croatia | Austria | Portugal | Cyprus | France |
| United Kingdom | Belgium | Italy | Poland | Slovakia |
| Netherlands | | | Germany | Spain |
| Ireland | | | Lithuania | Malta |
| Denmark | | | Latvia | Luxembourg |
| Finland | | | Estonia | |
| Sweden | | | Bulgaria | |

| Wine (Still Wine and Sparkling Wine) | | | | |
|--------------------------------------|------------|----------------|-------------|----------------|
| 0% | 1%–5% | 6%–29% | 30%–39.6% | |
| Bulgaria | Cyprus | Romania | Lithuania | Ireland |
| Greece | Luxembourg | Slovakia | Latvia | Belgium |
| Spain | Malta | Czech Republic | Estonia | United Kingdom |
| Croatia | Austria | Hungary | Germany | Sweden |
| Italy | Portugal | Poland | Finland | Denmark |
| Slovenia | | France | Netherlands | |

| Beer | | | | |
|------------|----------|----------------|----------|------------|
| 11%–20% | 21%–29% | 30%–40% | 41%– 50% | 51%– 78.8% |
| Luxembourg | Slovakia | Bulgaria | Ireland | Austria |
| France | Estonia | Belgium | Portugal | Romania |
| Malta | Germany | Poland | Finland | Croatia |
| Lithuania | Greece | United Kingdom | Hungary | Slovenia |
| Latvia | Sweden | Netherlands | Italy | |
| | Denmark | Czech Republic | | |
| | Spain | Cyprus | | |

* average for the years 2010–2018

Source: author's own elaboration based on *Excise Duty Tables. Alcoholic Beverages*, Brussels 2019.

On the basis of the performed analyses concerning the percentage of the share of the revenues from the excise duty on alcohol in the fiscal revenues in the EU states and their structure, a certain pattern of alcohol consumption can be identified. In wine-producing countries, which are, at the same time, countries with winemaking traditions, revenues from the excise duty on alcohol are lower. It is usually these countries that use a low or zero excise duty rate on wine. On the other hand, the excise duty has greater fiscal importance in countries where consumption of strong alcohols, on which higher taxes are imposed in the entire EU, is more common.

4. Extra-fiscal aspects of the excise duty on alcohol

Europe is a region where people consume the greatest quantity of alcohol in the world. The total annual consumption of alcoholic beverages in Europe decreased from the 1970s to the mid-1990s and has been on a relative stable level since that time. However, there are still considerable differences between individual countries both in terms of consumption and also in the types of negative effects of drinking alcohol. Harmful patterns of drinking alcohol are still widespread. WHO data, published in 2012 in the report *Alcohol in the European Union – consumption, harm and policy* [Anderson, Moller, Galea, 2012] show that Europe belongs to the regions of the world with the highest alcohol consumption. A statistical European drank 12.35 litres of pure alcohol in 2009, i.e. twice as much as the rest of inhabitants of the world.

The current EU policy concerning the harmfulness of the consumed alcohol was formulated in the form of an opinion of the European Economic and Social Committee on: *Giving durable, long-term and multi-sectoral character to the European strategy concerning the harmful effects of alcohol consumption* of 2009. In all countries of the European Community, alcohol abuse is a very important public health problem, which is connected with very serious social and economic consequences.

There are numerous scientific studies, which confirm the relationship between the price of alcohol and the volume of its consumption. One of the basic conclusions that can be drawn from these studies is the establishment of the fact that greater economic availability of alcohol is correlated with its consumption [Anderson, Baumberg, 2006; Rabinovich et al., 2009]. The most frequent measure which is used to influence the economic availability of alcoholic beverages in the public sector on a local or national level are various forms of taxation (mostly using the

excise duty or a value added tax on alcohol beverages). Therefore, conducting an appropriate tax policy is one of basic tools, which are used to reduce losses caused by alcohol, which, as a result, are used to improve the health of the population.

Historically, the most frequent cause of taxes on alcoholic beverages is obtaining funds for the public sector [Babor et al., 2022]. However, the effects of changes in the prices of alcohol consumption and the related damage are the same regardless of the fact whether changes in taxes - which lead to changes in prices – are motivated by taxes, social order or the public health interest [Österberg, 2011]. There are, of course, other measures that influence the economic availability of alcohol such as, for example, the minimum prices of alcoholic beverages. However, the influence of changes in the prices of alcoholic beverages on the consumption of alcohol and related damage has been researched more broadly than any other potential measure to be used in the alcohol policy. When other factors remain unchanged, an increase in alcohol prices generally leads to reduction in alcohol consumption (negative elasticity) and a decrease in alcohol prices usually leads to an increase in alcohol consumption [Smith, 2005; Anderson, Baumberg, 2006; Cnossen, 2006; Rabinovich et al., 2012]. Elasticity varies depending on the kind of an alcoholic beverage, i.e. it is the lowest mostly on beer and the highest on ethyl alcohol. Moreover, long-term price elasticity of the demand for alcohol is much higher than short-term elasticity and persons drinking in moderation are more sensitive to prices of alcohol than persons with alcohol addiction [Cnossen, 2006]. The volume of consumed alcohol also depends on consumption habits, and, for this reason, the issue of addiction should not be ignored.

Despite adopting only a ten-year period in this article, an attempt was made to analyse the economic availability of alcohol in the European Union using the minimum method. Availability was defined as a quotient:

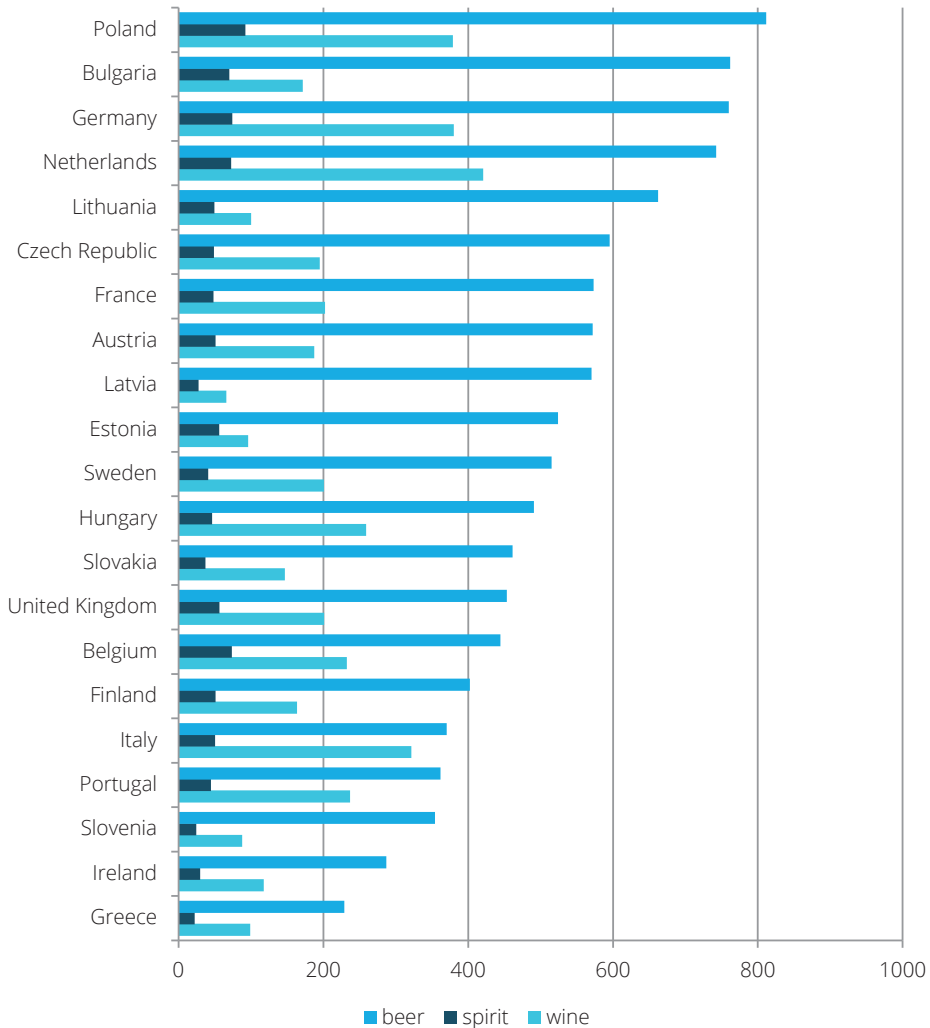
$$availability = \frac{Net\ earning\ (PPS)}{Retail\ price\ (euro/litr)}$$

Chart 8 presents the values of the availability measure in ascending order for beer, which, as can be seen, is not correlated with the availability of other types of alcohols.

The countries were ranked according to the extent of availability of the individual types of alcohols: beer, wine and pure spirits. The lowest rank (1) meant the highest level of availability of a given type of alcohol. The next positions were assigned to the next countries with a decreasing level of availability. Next, for each country, on the basis of these three rankings, the lowest rank was determined (minimum). In this situation, the position of each country with regards to the availability of the three types of alcohol was not lower than the determined minimum.

CHART 8

Economic availability for the three basic groups of alcohols



Source: author's own elaboration based on [www 1.](#)

The measure constructed in this way is relative as it refers to values observed in a selected group of countries and not to an external standard. This measure was then used to assign countries to three groups: countries with a relatively high economic availability, countries with a relatively medium economic availability and countries with a relatively low economic availability of alcohol. The results are presented in Table 3.

TABLE 3

Levels of economic availability of alcohol

| Country | Min. position | Availability level |
|----------------|---------------|------------------------------|
| Netherlands | 1 | High economic availability |
| Poland | 1 | |
| Bulgaria | 2 | |
| Germany | 2 | |
| Belgium | 3 | Medium economic availability |
| Italy | 4 | |
| Hungary | 5 | |
| Lithuania | 5 | |
| Czech Republic | 6 | |
| United Kingdom | 6 | |
| Estonia | 7 | |
| France | 7 | |
| Austria | 8 | |
| Finland | 8 | |
| Latvia | 9 | |
| Sweden | 10 | Low economic availability |
| Slovakia | 13 | |
| Ireland | 16 | |
| Greece | 18 | |
| Slovenia | 19 | |

Source: author's own elaboration based on [www 1](#), [www 2](#).

It should be remembered that differences in the consumption prices between member states could not be accounted for only in connection with the high variability of the excise duty and its influence on consumption prices. These differences are also enhanced by differences in the VAT and other relevant taxes common in these countries.

5. Conclusions

The amount of fiscal revenue from excise taxes is largely determined by the prevailing rates on excise goods in a country. As indicated in the article, the minimum levels of the excise duty on alcohol in the European Union were established in 1992. Over the past decades, a lot of institutions (both inside and outside the EU) have proposed that these minimum rates should be increased.

Still, the excise duty on beer amounts to over 150% of the minimum level in 23 countries out of 28 member states. 27 countries apply the excise duty on ethyl alcohol in an amount above 150% of the minimum rates. This means that the majority of member states do impose high taxes on alcoholic beverages on their own without any pressure on the part of the EU. Thus, for a potentially new economic policy concerning the minimum rates of the excise duty to have a significant influence on alcohol prices, it would need to involve a very high increase in the rates. However, it should be remembered that, as mentioned above, the excise duty is not established as a percentage value in the prices but it is defined in absolute values (€ for one hectolitre of alcohol). For this reason, member states with relatively low nominal values of the excise duty and with relatively low nominal consumption prices will be the first to experience higher prices. Such a situation applies to the majority of new member states from Eastern Europe. These countries are usually characterized by lower standards of living and lower pay than Western member states, and the influence of the increase in minimum rates of the excise duty on alcohol prices will be much higher than in the better-developed regions of the EU.

In summary, there is still some room in the European alcohol taxation system for further harmonization of rates, harmonization of exemptions and categorization of certain products, and more effective use of this instrument in the alcohol policy of individual countries.

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