PRESS RELEASE

Excise Directive recast fails to create fairness & equality in taxation of alcoholic beverages

Brussels, 25 June 2020 - Yesterday's preliminary adoption of the revised EU excise structures Directive means the structural discrimination between different alcoholic beverage categories will further widen – to the detriment of craft distillers, product innovation and consumer choice.

Ulrich Adam, Director General, spiritsEUROPE:
"The Council's decision claims to reduce distortions in the Single Market – in fact, the opposite will happen. The revised text creates additional tax privileges for small brewers and cider makers but does not allow the same opportunity to small, independent distillers. This is unacceptable."

Member States decided to extend the reduced rate of excise to more breweries, including those making higher-volume alcohol beer, pointing out that such a step could encourage innovation. However, the same opportunity is not extended to craft distillers and other spirits sector SMEs.

"We agree that reduced tax rates can facilitate product innovation. It is illogical, however, that this not be applied to all alcoholic beverages, irrespective of the specific category. More importantly, in line with the principle of fiscal neutrality, such incentives must not be conveyed unilaterally to selected sectors only."

Any future excise tax reform should ensure that all craft drinks producers can access relief schemes – not just those of one particular alcohol category. Under the current rules, small brewers are allowed to produce 1,000 times the amount of pure alcohol that start-up distillers can produce before full excise rates apply. This means a craft brewer can produce 1,000,000 litres of beer before full excise applies, whereas craft distillers can produce just 1,000 litres before a (much higher) excise rate is charged.

Commercially, this means that a craft brewer can generate around €15mn revenue each year before paying full excise while a craft distiller can only generate around €30,000. The net result is a 50% tax break for the craft brewer and 0% tax break for a low-alcohol spirit-based drinks producer. Yesterday, Member States decided to aggravate this discrimination.

"Europe's highly innovative SME distillers deserve better than the discriminatory treatment enshrined in yesterday's decision. They produce high-quality products and generate growth and jobs across Europe, particularly in rural areas. During the COVID-19 crisis, they supported their local communities by switching production to hand sanitizers. Now, they are waking up to a decision which fails to give them the structural support they need and deserve for their post-COVID-19 recovery".

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NOTE TO EDITORS:

- spiritsEUROPE proudly represents one of Europe's most valuable agri-food export sectors and, with it, the interests of 31 associations of spirits producers as well as 10 leading multinational companies. More information can be found here: https://spirits.eu/
- Council of the EU- 24 June 2020 – Press Release
- Unequal opportunities for EU craft distillers is a fact today and will worsen with the new rules widening the discrimination gap.