

# Taxes and prices of alcoholic beverages in the WHO European Region in 2022

- Alcohol taxes play a crucial role in reducing alcohol consumption and harms
- By raising the price of alcohol, taxes effectively discourage drinking, particularly among specific groups such as young people (1)
- Alcohol taxes not only save lives and prevent social problems but also promote health equity while generating revenue for the country budgets
- To achieve positive effects, taxes must be carefully designed, implemented, and administered to impact alcohol prices and consumer behaviour effectively

## What is the status of alcohol taxes in the WHO European Region?

Globally and in the WHO European Region alcohol taxes remain the most underutilized policy tool to decrease alcohol consumption and associated harms (2).

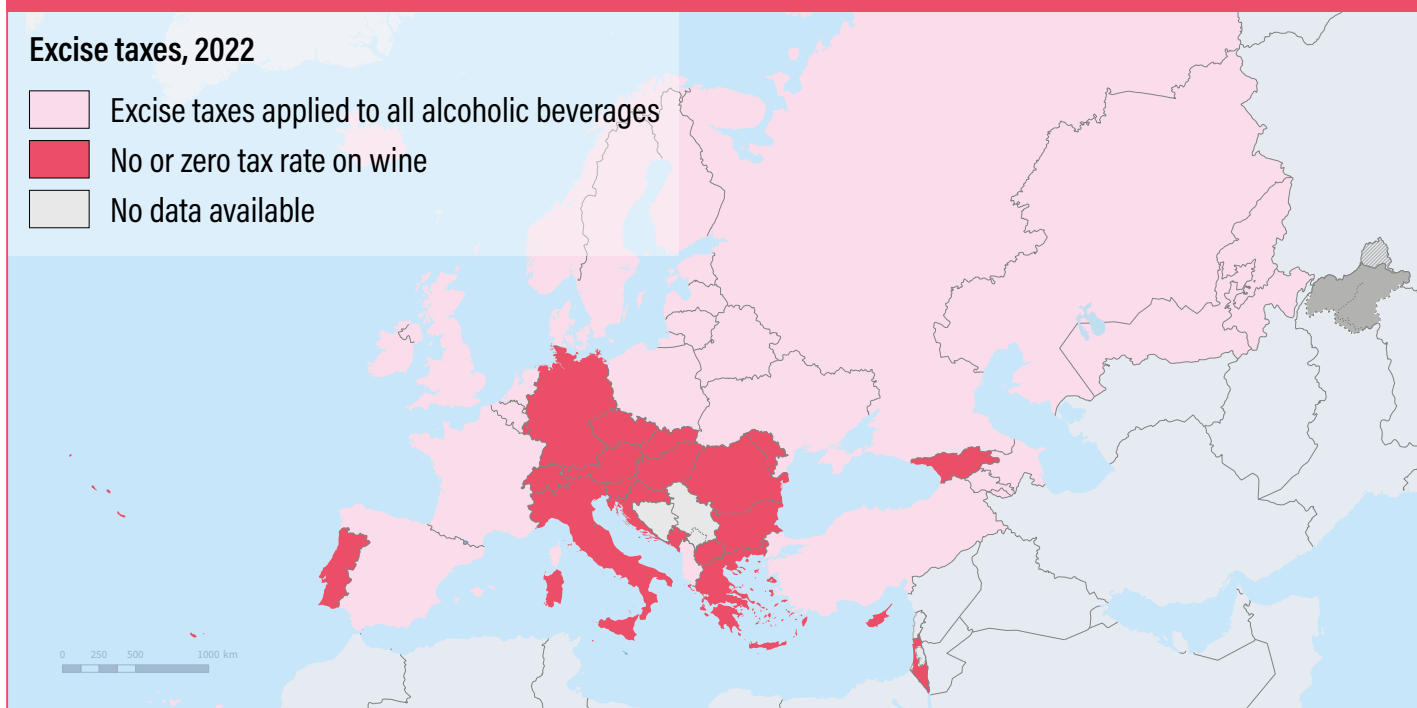
As of July 2022 in the WHO European Region, at least 49 Member States applied national-level excise taxes to beer and spirits, while only 29 imposed such taxes on wine. Among the 20 Member States without wine excise taxes, 14 are part of the European Union (EU).

**Excise taxes are taxes imposed on specific goods, services, and activities. They are typically applied to products considered harmful to individuals or society, such as alcohol and tobacco**

**Fig.1.** National-level excise taxes applied to alcoholic beverages in the WHO European Region

### Excise taxes, 2022

- Excise taxes applied to all alcoholic beverages
- No or zero tax rate on wine
- No data available



At least

**49**

Member States applied national-level excise taxes to beer and spirits

Around

**50%**

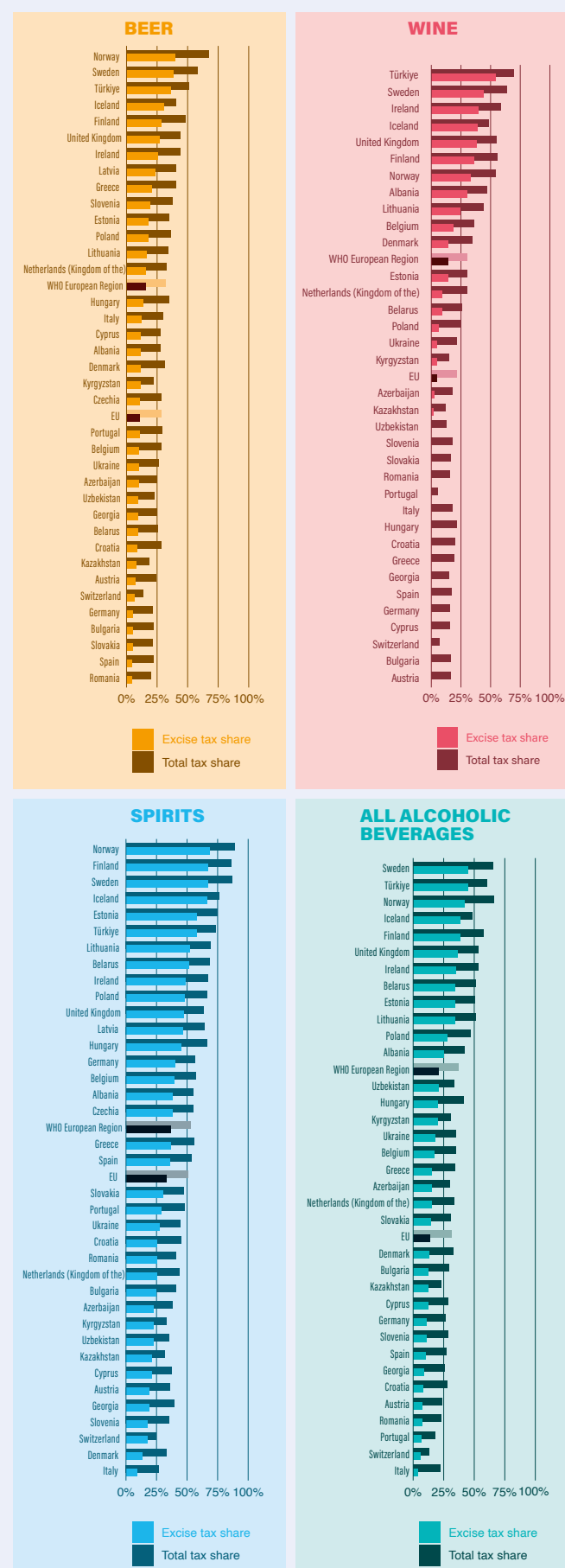
of Member States have no or zero tax rate on wine

### Technical notes

More information on data collection and methodology of calculating tax shares can be found in the WHO Global report on the use of alcohol taxes 2023 (2). Regional averages were obtained by weighting countries without missing values for each indicator by their respective populations in 2022 (3). Pooled estimates of tax shares and affordability for all alcoholic beverages were derived

by weighting each indicator based on the proportion of beverages consumed in each country in 2019 (4). Affordability was estimated by dividing the GDP household consumption expenditure per capita (including non-profit institutions serving households) in national currency (5), by the price of a can or bottle of beer, wine, or spirits, also in national currency.

**Fig.2.** Total and excise tax share of alcoholic beverages in the WHO European Region and EU, for all alcoholic beverages\* and by type of beverage, considering the most sold brand of beer (330ml), wine (750ml) and spirits (750ml).



\* The tax shares for all alcoholic beverages are weighted based on the proportion of beverages consumed in each country in 2019, using recorded alcohol per capita consumption (APC) data in litres of pure alcohol for the adult (15+) population from each type of beverage (4).

## How much do alcohol taxes contribute to the final prices of alcoholic beverages?

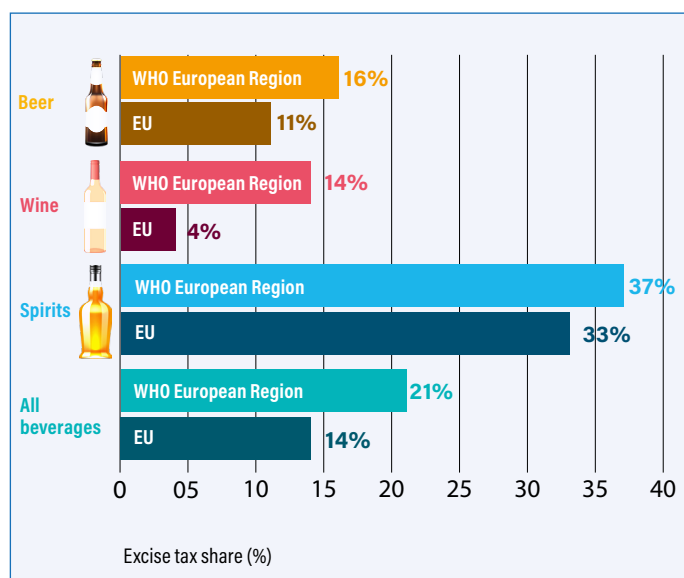
Alcohol prices are influenced by various taxes, for example, excise taxes, value-added taxes (VAT), and import duties for those importing such beverages.

**Excise taxes** are taxes imposed by the government on the consumption of certain goods, typically those considered to be harmful to individuals or society, such as alcohol or tobacco. It is the responsibility of the producers or importers to remit these taxes to the government and if these taxes increase, producers/importers generally pass on the increased taxes to consumers in the form of higher prices. Therefore, it is important to understand how much taxes, and specifically excise taxes, contribute to the retail prices of alcoholic beverages. To monitor this internationally the concept of the tax share is used.

**The tax share is the part of the retail price that goes to the government as tax revenues.** For example, if a bottle of alcohol has a 40% tax share, and 35% of that is due to excise taxes, it means that for every 1 EUR paid, 40 cents are taxes, and out of those, 35 cents is excise.

In the WHO European Region, alcohol taxes differ by beverage type. Considering the population distribution in the region (3), on average, spirits have the highest excise tax share, making up 37% of the price, and the total tax share is more than half (53%). Beer has an average excise tax share of 16%, and the total tax share is 32%. For wine, the average excise tax share is 14%, and the total tax share is 30%. If we consider all alcoholic beverages (4), the excise tax share for all alcoholic beverages is 21%, while the total tax share is 37%.

When focusing on EU countries exclusively, the tax share is even lower. For spirits, the excise tax share is 33%, and the total tax share is 51%. The excise tax share for beer is 11%, while the total tax share for beer is 29%. Conversely, for wine, the average excise tax share is particularly low at 4%, influenced by the 14 countries which apply no excise tax (or a zero-tax rate) to this alcoholic beverage.



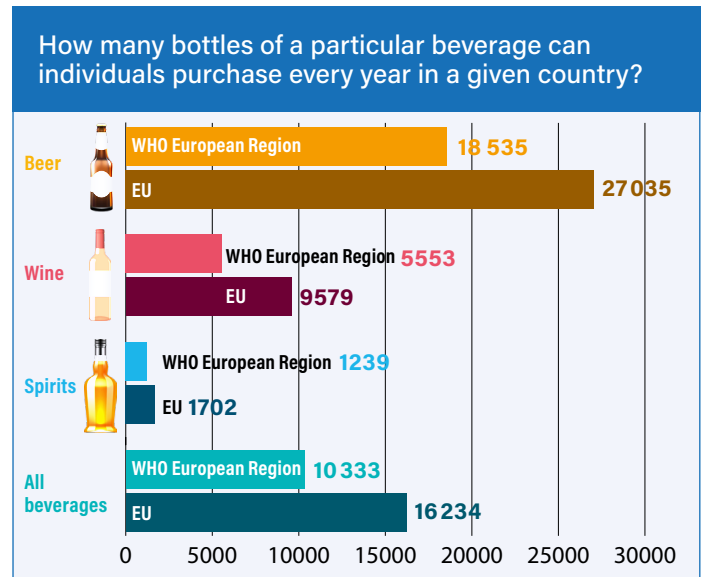
**Compared to tobacco, this is a very low tax share. For tobacco, WHO recommends that countries implement taxes that result in total taxes comprising at least 75% of the retail price of tobacco products.**

## How affordable are alcoholic beverages in the WHO European Region?

The aim of applying excise taxes on alcoholic beverages is that it is passed on to impact price and consequently on affordability. Alcohol affordability is a measure of consumers' ability to purchase alcohol, which varies according to the price of alcohol and consumers' income. When the price of alcohol increases above increases in consumers' income, this means alcohol becomes less affordable, leading to a reduction in alcohol consumption.

Therefore, to assess the affordability of alcoholic beverages, it is necessary to consider not only the prices of alcoholic beverages but also measures of an individual's or a household's income. A very simple affordability measure can be to assess how many bottles of a particular beverage individuals can purchase per year in a given country, considering the national GDP household consumption expenditure per capita. The more alcoholic beverages one can buy with the GDP household consumption expenditure per capita, the more affordable that beverage is.

On average, annually in the WHO European Region, it is possible to purchase 18 535 cans or bottles of beer, 5553 bottles of wine or 1239 bottles of spirits. If we consider all alcoholic beverages, one can buy on average 10,333 bottles of alcoholic beverages.

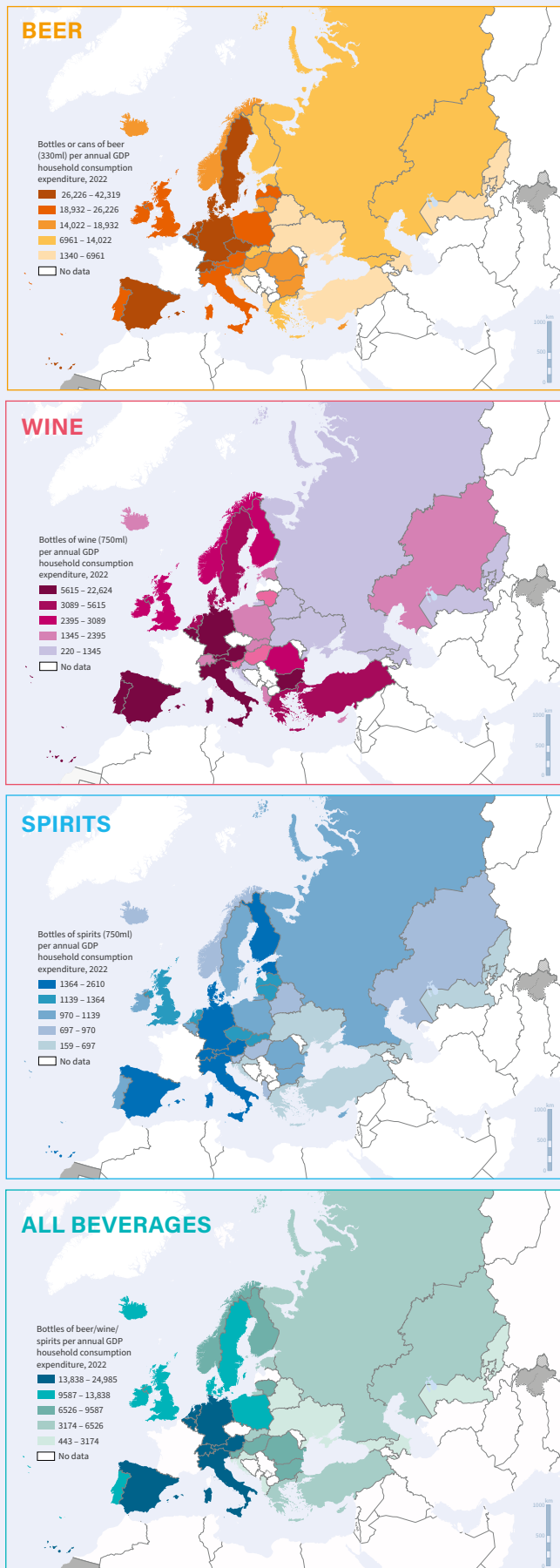


Unsurprisingly, given their low tax shares, alcoholic beverages are more affordable in the EU when compared with the overall regional average. On average, people in the EU can annually purchase 8518 more cans or bottles of beer than the regional average, 4026 more bottles of wine, 463 more bottles of spirits, or 5901 more bottles of alcoholic beverages when considering the proportion of any beverages consumed in the EU.

**Alcohol is too affordable in the WHO European Region. Excise taxes can be win-win-win policies for saving lives, promoting health equity, and generating state revenue.**

- WHO technical manual on alcohol tax policy and administration. Geneva: World Health Organization; 2023 (<https://iris.who.int/handle/10665/374284>).
- Global report on the use of alcohol taxes 2023. Geneva: World Health Organization; 2023 (<https://iris.who.int/handle/10665/374614>).
- United Nations, Department of Economic and Social Affairs, Population Division (2022). World Population Prospects 2022, Online Edition.
- WHO Global Health Observatory. (2019). Alcohol, total per capita (15+) consumption (in litres of pure alcohol) (SDG Indicator 3.5.2).
- United Nations, Department of Economic and Social Affairs, Population Division (2022). GDP by Expenditure, at current prices - National currency, 2022.

**Fig.3.** Affordability of alcoholic beverages, for all alcoholic beverages\* and by type of beverage, considering the national price of the most sold brand of beer (330ml), wine (750ml), and spirits (750ml) and the national GDP household consumption expenditure per capita (5).



\* Affordability for all alcoholic beverages is weighted based on the proportion of beverages consumed in each country in 2019, using recorded alcohol per capita consumption (APC) data in litres of pure alcohol for the adult (15+) population from each type of beverage (4).