



An Roinn Airgeadais  
Department of Finance

# General Excise Paper

Tax Strategy Group – TSG 19/09

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Department of Finance  
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# 1 ALCOHOL PRODUCTS TAX

The current rates and structures of excise duty on alcohol products are harmonised across the European Union through Directives 92/83/EEC and 92/84/EEC ('Alcohol Products Tax Directives'). This section outlines the main policy considerations regarding the Alcohol Products Tax and sets out budgetary options.

## 1.1 Alcohol Products Tax Directive

On 25 May 2018 the Commission adopted and published a legislative proposal amending the Alcohol Products Directive 92/83/EEC on the harmonization of the structures of excise duties on alcohol and alcoholic beverages. Some notable elements contained in the proposal include:

- An increase in the threshold for determining the taxation of low strength beer - from 2.8% to 3.5% ABV;
- The introduction of a standard definition for cider and the option for Member States to provide excise relief to small cider producers on similar terms to microbrewers (with the exception of a much lower volume upon which claims can be made).
- Provision for a uniform certificate for small independent breweries across the EU in order to improve the cross border functionality of the existing relief for small breweries.

This proposal is currently the subject of negotiations at the European Council.

## 1.2 Public Health Policy

Ireland has some of the highest rates of excise duty on alcohol products in the EU. This reflects a long-standing policy to support public health objectives. The Steering Group Report on a National Substance Misuse Strategy, published in 2012, provides a set of public health policies related to alcohol consumption. The Report made four recommendations relating to excise duty: maintain excise rates at high levels; further increase excise rates for higher alcohol content products; increase the differential between excise rates applied to alcohol content levels in each alcohol product category; and increase the annual excise fee for the renewal of off licences.

In October 2013 the Government agreed to legislate to tackle the harms caused by alcohol. The Public Health (Alcohol) Act was enacted on 17th October 2018. The Minister for Health signed the order to commence 23 sections of the Public Health (Alcohol) Act into operation on 12th November 2018. The primary policy objectives of the Act are to:

- reduce alcohol consumption to 9.1 litres of pure alcohol per person per annum by 2020 (in line with OECD average),
- delay the initiation of alcohol consumption by children and young people,

- reduce the harms caused by the misuse of alcohol, and
- regulate the supply and price of alcohol in order to minimise the possibility and incidence of alcohol related harm;

These objectives were developed in recognition that alcohol consumption in Ireland remains high, causing harms to health generating significant costs to the Exchequer. The Act proposes to achieve its objectives through the introduction of:

- minimum unit pricing;
- health labelling of alcohol products;
- the regulation of certain aspects of the advertising and marketing of alcohol;
- separation and reduced visibility of alcohol products in mixed trading outlets; and
- the regulation of the sale and supply of alcohol in certain circumstances.

### 1.3 Minimum Unit Pricing (MUP)

The Public Health (Alcohol) Act provides for the introduction of MUP at a rate of €0.10 per gram of pure alcohol, subject to a commencement order. MUP is intended to address the health harms associated with harmful alcohol consumption by preventing the sale of very low priced alcohol.

The Government Decision in 2013 which approved the implementation of a MUP regime for alcohol products was on the proviso that it would be commenced simultaneous to its commencement in Northern Ireland to avoid cross border effects which would undermine the objectives of MUP as well as erode Exchequer revenues.

### 1.4 Recent Changes to Rates, Yield, and Consumption

The table below shows the yield from 2013 to 2018 by alcohol product type:

Table 1: APT Yields 2013-2018 (\* indicates Rate Changes)

Year	Wine	Beer	Spirits	Cider/Perry	Total
<b>2013*</b>	€302m	€358m	€290m	€52m	€1,002m
<b>2014*</b>	€355m	€425m	€302m	€59m	€1,140m
<b>2015</b>	€355m	€417m	€311m	€54m	€1,137m
<b>2016</b>	€380m	€430m	€338m	€59m	€1,207m
<b>2017</b>	€382m	€424m	€353m	€61m	€1,220m
<b>2018</b>	€376m	€430m	€372m	€61m	€1,239m

Total excise receipts on alcohol are forecast at €1,268m for 2019. At end of May 2019 receipts are at €472m, 1.4% ahead of receipts for the same period in 2018. Increases in excise from beer, cider and spirits are somewhat offset by a 3.6% decrease in the receipts from wine.

#### 1.4.1 RECENT RATE CHANGES

The table below shows changes in the main rates of duty and their incidence on the representative alcohol product since 1993, when the current structure of the Alcohol Products Tax came into effect. The last rate changes were made in 2014.

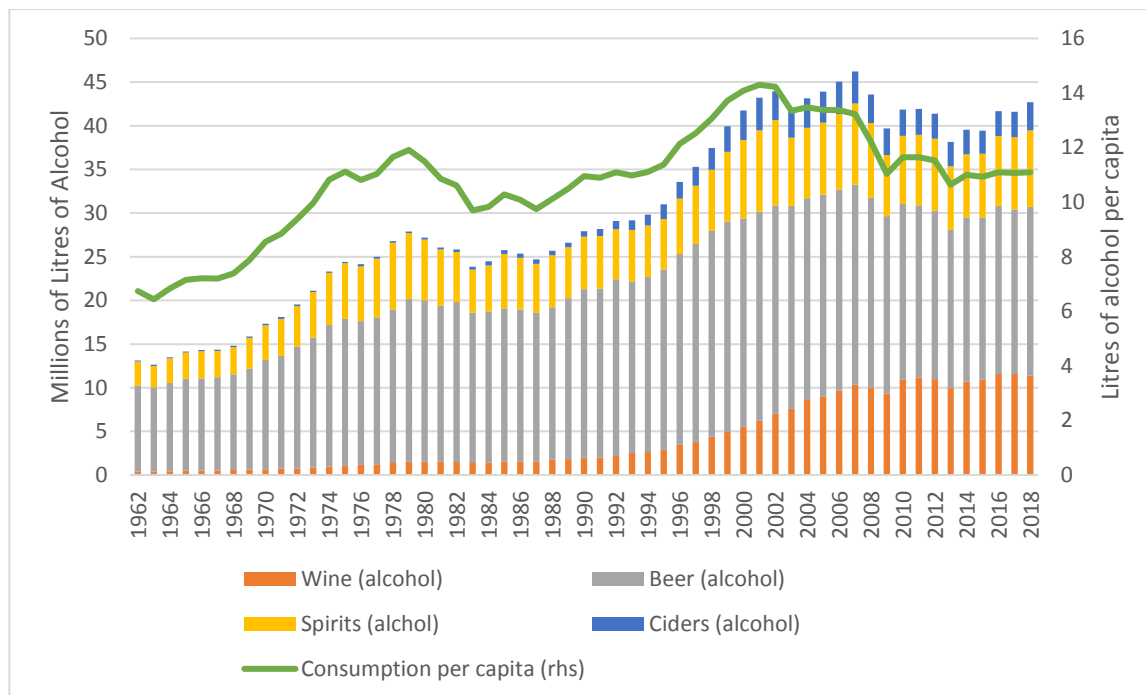
Table 2: Impact of rate changes on excise charged by product type

Year	Beer (4.3% ABV Pint)	Still Wine (12.5% ABV bottle)	Spirits (40% ABV glass)	Cider (4.5% ABV Pint)
<b>1993</b>	€0.45	€1.94	€0.39	€0.22
<b>1994</b>	€0.49	€2.05	€0.39	€0.25
<b>2002</b>	€0.49	€2.05	€0.39	€0.47
<b>2003</b>	€0.49	€2.05	€0.55	€0.47
<b>2009</b>	€0.49	€2.46	€0.55	€0.47
<b>2010</b>	€0.38	€1.97	€0.44	€0.37
<b>2013</b>	€0.47	€2.78	€0.52	€0.46
<b>2014</b>	€0.55	€3.19	€0.60	€0.54

#### 1.4.2 CHANGES TO CONSUMPTION PATTERNS

Graph 1 below shows the total nominal quantity of pure alcohol by product released for Irish consumption, and the associated per capita consumption of pure alcohol. Consumption per capita had been steadily declining since 2000 but in recent years it has slightly increased again, standing at 11.01 litres per capita in 2018. Similarly, the volume of alcohol released for consumption has increased in recent years. It should be noted that the figures below do not capture alcohol products purchased outside the State and do capture alcohol products consumed in the State by foreign visitors.

Graph 1 - Nominal consumption of alcohol products (lhs) and litres of alcohol consumed per capita (black line rhs), 1960 to 2018



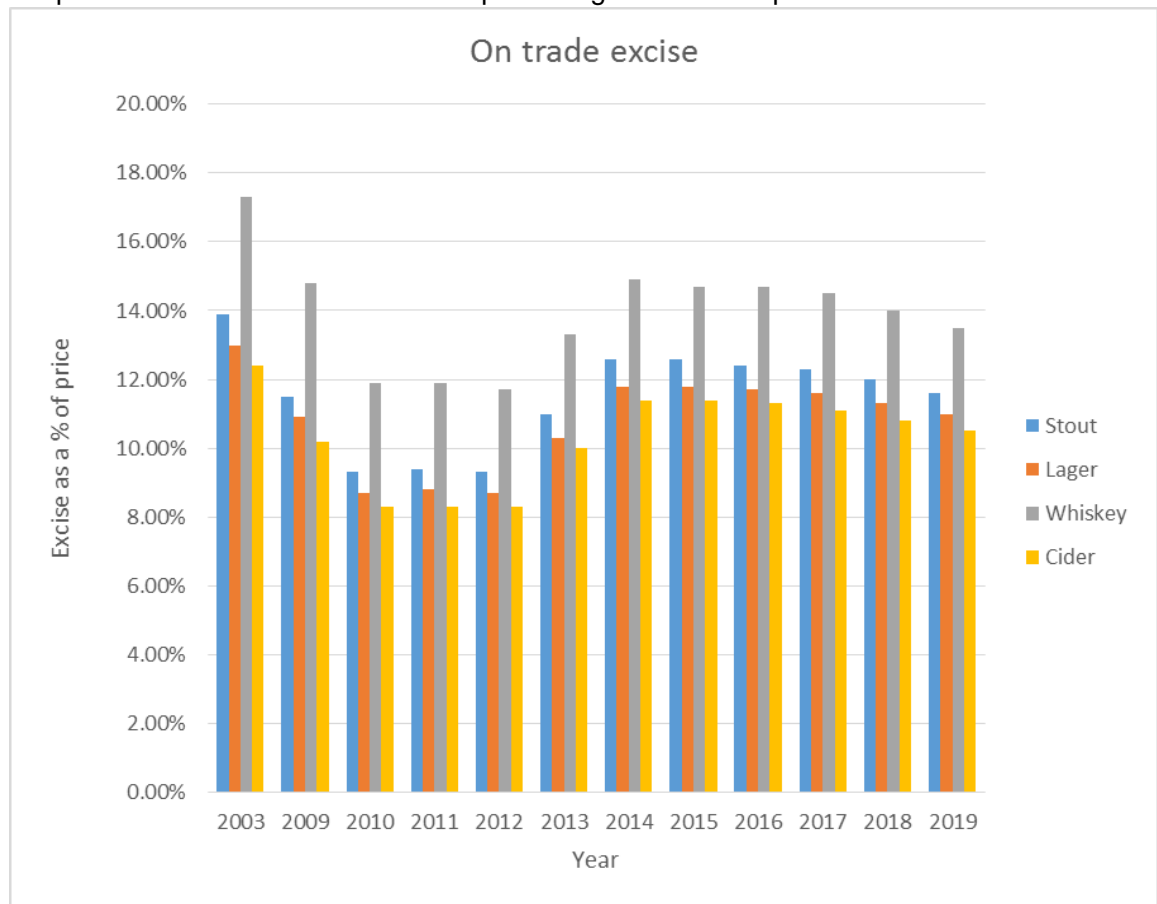
Graph 1 also indicates that consumer taste has changed with greater consumption, in particular, of wine. The increased consumption of wine has had implications for the pub trade, as around 80% of wine is purchased in the off-trade while less than 20% is purchased in the on-trade.

Given that excise duty on alcohol is largely unchanged as a proportion of price over the years, it is unlikely that tax is the driving factor in consumption changes. In this regard, the consumption, and composition of consumption, of alcohol products is driven by factors such as personal disposable income, individual consumer preferences, the availability of alcohol products, the pricing strategies of multiples and publicans, and cultural changes.

#### 1.4.3 RECENT RETAIL PRICE DEVELOPMENTS – ON TRADE

Graph 2 below illustrates the trend in excise duties as a percentage of the national average price of the representative pint of stout, pint of lager, bottle of cider and glass of whiskey sold in the on-trade. Since 2017 excise duty as a percentage of the retail price has fallen slightly.

Graph 2: Trends in excise duties as a percentage of on-trade prices



Based on the latest CSO data excise duty is only about 11% of the average price of a pint of lager and about 12% of the average price of a pint of stout.

#### 1.4.4 RECENT RETAIL PRICE DEVELOPMENTS – OFF TRADE

Graph 3 below illustrates the trend in excise duties as a percentage of the national average price of the representative can of lager, can of cider, bottle of wine and bottle of whiskey sold in the off-trade. Broadly speaking, the trend has been relatively flat since 2016 after showing increases in 2013 and 2014.

Graph 3: Trends in excise duties as a percentage of off-trade prices



## 1.5 Cross-Border Trade

Price differences between the South and North are determined by (i) VAT and excise rates in both jurisdictions, (ii) exchange rates, and (iii) the pricing strategies of retailers. The current UK VAT rate for alcohol products is 20% compared to the Irish rate of 23%. Given that the UK imposes similarly high rates of excise duty on alcohol products, the most important determinant of price differentials is usually the exchange rate. The sterling-euro rate has been relatively stable since September 2017.

Table 3 below shows the results of the most recent cross-border price survey carried out by the Revenue Commissioners (21 February 2019) in selected comparable alcohol products.

Table 3: Analysis of off-trade cross border price differences

Year	Price in this State	Price in N. Irl	Price Difference	Total Tax State	Total Tax NI	Tax Difference	€/£ exchange rate
<b>Can - Lager</b>	€2.22	€1.67	€0.55	€0.90	€0.81	€0.09	€0.87
<b>Bottle – Wine</b>	€11.70	€8.62	€3.08	€5.37	€4.01	€1.37	€0.87
<b>Whiskey</b>	€24.00	€23.86	€0.14	€16.41	€13.24	€3.17	€0.87
<b>Can-Guinness</b>	€2.22	€2.08	€0.14	€0.89	€0.81	€0.08	€0.87
<b>Vodka</b>	€20.00	€16.41	€3.59	€14.91	€11.42	€3.49	€0.87

## 1.6 Microbreweries Relief

### 1.6.1 MARKET PROFILE

Since 2014 An Bord Bia have commissioned reports on the craft and independent brewer market in Ireland. The 2018<sup>1</sup> report estimates that in mid-2018 there were 125 independent microbreweries operating in the State, 75 of which are independent production microbreweries with the remaining 50 or so being “brand owners”. The report estimated the market share of independent microbreweries to be 2.6% of the domestic beer market and estimated that in 2017 about two thirds of microbreweries produced 1,000 hectolitres of beer or less while only 11% produced 5,000 hectolitres or more.

### 1.6.2 RECENT DEVELOPMENTS

The Intoxicating Liquor (Breweries and Distilleries) Act 2018, among other things, creates a new form of licence for the sale of alcohol to visitors at breweries and distilleries and similar premises during designated hours. This Act may help micro-breweries to grow their businesses through the provision of guided tours and the sale of their own products for consumption on or off the premises. Previously this had required a full pub licence or an off-licence which is subject to higher costs and more stringent qualification criteria.

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<sup>1</sup> <http://icbi.ie/wp-content/uploads/2018/11/Craft-Beer-Report-2018.pdf>

### 1.6.3 EXCISE RELIEFS FOR MICROBREWERIES

Article 4 of the Alcohol Products Tax Directive (EU Directive 92/83/EEC) provides for the application of reduced rates, or relief, of excise duty of up to 50% of the national rate of excise duty in respect of breweries producing up to 200,000 hectolitres (hl) of beer per annum. The purpose of this provision of excise reliefs for microbreweries is to promote competition and diversity within the beer market and to help regional development.

Ireland exercised the option to apply reduced rates of excise to qualifying microbreweries in Budget 2005 and the terms of the microbreweries relief has been enhanced since its inception, including by enabling microbreweries to claim the relief by way of remission rather than repayment.

The current rate of relief is 50% on the standard excise duty, which is the maximum relief permitted by the Directive (equivalent to €0.27 on a 4.3% ABV pint). Relief may be claimed on up to 30,000 hl of beer, with independent microbrewers producing up to 40,000 hectolitres eligible to claim relief.<sup>2</sup>

The table below shows the total relief claimed and number of claimants for each year from 2011 to 2018.

Table 4: Overview of Microbrewery Relief Scheme 2011-2018

	Total Volume Beer (HL) availed of relief	Total Repaid /Remitted (€)	Number of Claimants
<b>2011</b>	17,865	420,304	17
<b>2012</b>	33,219	840,651	20
<b>2013</b>	34,001	1,112,897	25
<b>2014</b>	64,606	2,334,409	54
<b>2015</b>	90,390	3,994,745	73
<b>2016</b>	90,710	4,089,194	71
<b>2017</b>	125,447	5,655,152	86
<b>2018*</b>	128,442	5,789,252	90

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<sup>2</sup> Certain other qualifying criteria apply. These are outlined on the website of the Revenue Commissioners.

#### 1.6.4 COMPARISON WITH SCHEMES OPERATING IN OTHER MEMBER STATES

While the EU definition of “microbrewery” for the purposes of applying the relief includes breweries with production levels of up to 200,000 hl p.a., the policy in several Member States, in contrast to Ireland, is to apply a 50% or high relief at low production levels and to gradually reduce the rate of relief for higher production levels.

Table 5 below illustrates the contrast between the UK and Irish approaches to applying excise relief to microbreweries at different levels of production.

Table 5: Effective rates of excise relief for small beer producers in the UK & Ireland

Production level (hl)	UK Effective Rate of Relief	Ireland Effective Rate of Relief
5,000	50.0%	50.0%
7,500	33.3%	50.0%
10,000	25.0%	50.0%
15,000	16.7%	50.0%
20,000	12.5%	50.0%
30,000	8.3%	50.0%
40,000	4.2%	
50,000	1.7%	
60,000	0.0%	

The average cost per claimant in the UK scheme cost was £25,000 for the tax year 2017/8 whereas it was €65,758 for the Irish scheme for 2017<sup>3</sup>.

Similarly, in Member States like Austria, Belgium, Finland and Germany the rate of relief tapers sharply with higher production levels<sup>4</sup>, highlighting that the full 50% relief at a volume of 30,000 hectolitres is generous in comparative terms.

One issue with the structure of the Irish relief is that once a microbrewery exceeds the production threshold then they cannot claim any relief. Having said that, it could be argued that the production threshold, at 40,000 hl (equivalent to around 7 million pints of beer), is sufficiently high to capture all small beer producers.

<sup>3</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/782480/Jan19\\_Principal\\_Reliefs\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/782480/Jan19_Principal_Reliefs_Final.pdf)

<sup>4</sup> See OECD series on ‘Taxation of Beer’

### 1.6.5 OPTIONS TO ENHANCE TERMS OF RELIEF TO MICROBREWERIES

While the current excise relief for microbreweries is considered appropriate, should it be desired to enhance the terms of the relief, there are at least two different approaches which could be applied.

One approach would be to extend the production threshold for qualification from 40,000 hl to, say, 50,000hl, while retaining a 30,000 hl cap on the volume of relief upon which claims can be made. This could, for example, allow larger microbreweries to expand their export sales while retaining the current benefits of the relief in full.

Another option would be to use the approach adopted in the UK and various Member States, namely graduated bands of hectolitres produced to create a tiered system of excise relief. A possible approach is illustrated in the table below.

Table 6: Possible approach for provision of tax relief for microbreweries

Hectolitre limits	% reduction of APT
1hl - 20,000hl	50%
20,001hl - 35,000hl	25%
35,001hl - 50,000hl	12.5%
50,001hl+	0%

It should be noted that beer brewed in qualifying microbreweries in other Member States and brought into this State for consumption is eligible for the same relief as that which is produced in the State. Accordingly, any increase in the production threshold for microbreweries in this State will also be applicable to microbreweries in other Member States and therefore could potentially lead to an increase in tax foregone from an increased volume of qualifying imported beer.

## 1.7 Options to increase the excise on alcohol products

The following table shows the estimated effect of a range of VAT inclusive increases in excise duties in terms of yield:

Table 7: Options for Alcohol Products Tax

	1c	2c	3c	4c	5c	10c	15c	20c
<b>Beer (per pint)</b>	€6.9m	€13.8m	€20.7m	€27.5m	€34.4m	€68.4m	€102m	€135.2m
<b>Spirits (1/2 glass)</b>	€4.2m	€8.3m	€12.4m	€16.5m	€20.6m	€40.5m	€59.7m	€78.2m
<b>Cider (per pint)</b>	€1.0m	€1.9m	€2.9m	€3.9m	€4.8m	€9.6m	€14.4m	€19m

	5c	10c	15c	20c	25c	50c	75c	100c
<b>Wine (per bottle)</b>	€3.2m	€6.3m	€9.4m	€12.5m	€15.5m	€30.0m	€43.4m	€55.9m
<b>Sparkling Wine (per bottle)</b>	€0.06m	€0.11m	€0.17m	€0.23m	€0.28m	€0.55m	€0.8m	€1.04m

Please be advised that these figures assume no change in consumer behaviour, including in relation to cross border purchases.

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## 2 TOBACCO PRODUCTS TAX

### 2.1 Introduction

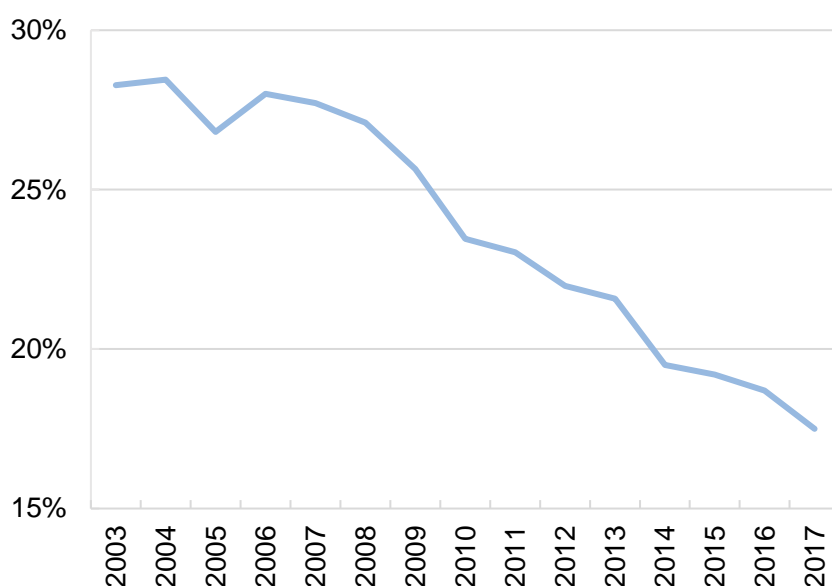
The current rates and structures of excise duty on tobacco products are harmonised across the European Union through Directive 2011/64/EU ('Tobacco Products Tax Directive'). Recent changes to rates and yields are outlined below. In addition, the main policy considerations regarding the Tobacco Products Tax are outlined:

- Public Health Policy and Regulatory Changes;
- Recent Changes to Rates and Yields;
- Illicit Tobacco;
- Non-Irish Duty Paid Products including Cross-Border Issues;
- Minimum Excise Duty and Market Trends;
- Tobacco Products Tax Directive and
- Novel Products.

### 2.2 Public Health Policy and Regulatory Changes

The Programme for Partnership Government set a smoking prevalence target of less than 5% of the population smoking by 2025. The Department of Health indicate that smoking remains the leading cause of preventable death in Ireland, accounting for nearly 6,000 deaths annually. It is estimated that one out of every two long-term smokers will die of a disease related to their tobacco use. As the graph below shows, smoking prevalence, as measured by a survey carried out by the National Tobacco Control office of the Health Service Executive has fallen from 28.3% in June 2003 to 17.5% in 2017.

Graph 4: Smoking Prevalence in Ireland (aged 15+) 2003-2017



In *Tobacco Free Ireland*, the Department of Health made a number of recommendations in relation to fiscal policy, including raising excise duty on tobacco products over a five year period and reducing the price differential between RYO and cigarettes.

Increasing excise duty on tobacco products is only one of a number of measures that contributes to the overall strategy of reducing tobacco consumption and smoking prevalence. As part of tobacco control policy, a range of policies have been introduced over the past number of years, including a prohibition on tobacco advertising and sponsorship, the smoking ban in March 2004, a prohibition on the sale of cigarettes in packs of less than 20 in May 2007 and in July 2009 a ban on the advertising and display of tobacco products in retail outlets. New combined text and picture health warnings were introduced in 2013 and further enhanced in 2016 by new regulations as part of the Tobacco Products Directive (2014/40/EU).

This Public Health (Standardised Packaging of Tobacco) Act 2015 standardises the packaging of tobacco products manufactured for sale in Ireland, removing all forms of branding including trademarks, logos, colours and graphics from packs. Packaging is now a single, neutral colour and bears only the brand and variant name in uniform typeface. The purpose of standardised packaging is to decrease the appeal of tobacco products, increase the effectiveness of health warnings on tobacco packaging, and reduce the ability of the packaging of tobacco products to mislead consumers about the harmful effects of smoking. Since September 2018, all tobacco products retailing in the State have standardised packaging.

## 2.3 Recent Changes to Rates and Yields

### 2.3.1 RECENT RATE CHANGES

Ireland has some of the highest rates of duty on tobacco products, including on cigarettes and roll-your-own (RYO) tobacco in the EU. This reflects a long-standing policy of levying high rates of excise duty on tobacco products to meet public health targets. Excise duty on tobacco products has increased in 23 of the last 27 budgets. The rate of duty on RYO tobacco is currently €360.827 per kilogram, or €10.82 per 30g pack. The price of a pack of 20 cigarettes in the most popular price category (MPPC) now stands at €13 (May 2019), with a tax content of €10.15 split between €7.72 of excise duty and €2.43 in VAT.

The table below shows the tax increase, trade increase and tax content of the MPPC of a pack of 20 cigarettes following each of the past ten budgets. As can be seen, while the tax content has increased significantly over the period the tobacco industry has imposed price increases of its own to maintain the industry content of a pack of 20 at around 21% of the retail price.

Table 8: Tobacco Tax increases and related data

Budget	Tax Increase	Trade Increase	Tax Content	Tax content as % of price
<b>Budget 2010</b>	-3.5c	13.5c	€6.71	78.5%
<b>Budget 2011</b>	0c	10c	€6.75	78.0%
<b>Budget 2012</b>	44.3c	10.7c	€7.21	78.4%
<b>Budget 2013</b>	10c	10c	€7.34	78.1%
<b>Budget 2014</b>	10c	10c	€7.47	77.8%
<b>Budget 2015</b>	40c	0c	€7.87	78.7%
<b>Budget 2016</b>	50c	0c	€8.37	79.7%
<b>Budget 2017</b>	50c	30c	€8.95	79.2%
<b>Budget 2018</b>	50c	20c	€9.52	78%
<b>Budget 2019</b>	<b>50c</b>	<b>30c</b>	<b>€10.06</b>	<b>79%</b>

# The tax content relates to the period immediately post Budget whereas the trade increases normally take place in the days, weeks and months following any budget increase.

### 2.3.2 RECENT REVENUES

The table below shows receipts from TPT since 2005, broken down by cigarettes and RYO. Stripping out the front loading effects of regulatory changes in recent years (resulting in an artificially high level of receipts in 2017 and an artificially low level of receipts in 2018), it can be seen that receipts have remained stable at around €1.1 billion per annum, with successive rate increases compensating for reductions in the volumes released for consumption. RYO receipts have increased significantly since 2008, but this is from a low base and RYO receipts are estimated to form less than 10% of total receipts in 2019.

Table 9: Tobacco Products Tax Yield

Year	Cigarettes	Other Smoking Tobacco	Total
<b>2005</b>	€1,054m	€26m	€1,080m
<b>2006</b>	€1,071m	€32m	€1,103m
<b>2007*</b>	€1,155m	€37m	€1,192m
<b>2008*</b>	€1,132m	€40m	€1,171m
<b>2009*</b>	€1,155m	€61m	€1,217m
<b>2010</b>	€1,101m	€59m	€1,160m
<b>2011</b>	€1,057m	€69m	€1,126m
<b>2012*</b>	€990m	€83m	€1,072m
<b>2013*</b>	€955m	€109m	€1,064m
<b>2014*</b>	€881m	€102m	€984m
<b>2015*</b>	€938m	€145m	€1,082m
<b>2016*</b>	€973m	€124m	€1,098m
<b>2017*</b>	€1,241m	€156m	€1,397m
<b>2018</b>	€646m	€103m	€749m
<b>2019#</b>	€1,015m	€105m	€1,120m

\*Rate Change (#2019 figures are current Revenue estimates)

Forecasting yields is becoming increasingly difficult with continued irregularities and fluctuations in tobacco clearances and tax receipts. While overall yields have continued to rise since 2014, issues such as front-loading (spurred by regulatory deadlines) and projected decreases in smoking prevalence have created uncertainty. In this environment, the Revenue Commissioners have indicated that further increases in excise duties may not lead to increased revenue yields.

## 2.4 Illicit Tobacco Market

### 2.4.1 PREVALENCE

Results from the latest Ipsos MRBI survey<sup>5</sup> conducted on behalf of the Revenue Commissioners and the National Tobacco Control Office of the Health Service Executive indicate that 13% of cigarette packs consumed in the State in 2018 were illicit. The total cigarette consumption in Ireland in 2018 is estimated to be 3.7 billion (185 million packs). At an illicit rate of 13%, approximately 453 million illegal cigarettes (23 million packs) are consumed in Ireland.

The table below shows the survey findings since 2009 and the notional tax losses associated with the consumption of the volume of illegal cigarettes indicated by the survey.

Table 10: Trends in Illegal Cigarette Market

Year	Illegal Cigarettes	Notional tax loss*
<b>2009</b>	16%	€285m
<b>2010</b>	15%	€249m
<b>2011</b>	15%	€258m
<b>2012</b>	13%	€240m
<b>2013</b>	12%	€212m
<b>2014</b>	11%	€214m
<b>2015</b>	12%	€192m
<b>2016</b>	10%	€170m
<b>2017</b>	13%	€229m
<b>2018</b>	13%	€211m
<b>2018</b>	13%	€211m

\*Assumes illegal cigarettes consumed displaced equivalent tax-paid quantity of cigarettes

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<sup>5</sup> <https://www.revenue.ie/en/corporate/documents/research/tobacco-products-research-results-2018.pdf>

IPSOS MRBI has also been surveying the extent of the illicit market for RYO since 2013. It found that illicit RYO packs were 9% in 2016, 15% in 2017 and 21% in 2018. This survey has a higher margin of error than the cigarette survey. Nonetheless, this indicates a significant increase in the proportion of illicit RYO in the past few years. According to Revenue, the notional loss to the Exchequer from 21% of illegal RYO packs in 2018 is €32m (Excise & VAT).

#### 2.4.2 REVENUE ENFORCEMENT

Revenue seized approximately 34 million cigarettes with a value of approx. €20m in 2017. In 2018 Revenue seized 68 million cigarettes with a value of approx. €41m. The quantity of cigarettes and tobacco seized since 2010 and the estimated value of those seizures is outlined in the table below.

Table 11: Revenue Enforcement Activity

Year	Cigarettes			Other Tobacco		
	No. of Seizures	Quantity	Estimated Retail Value	No. of Seizures	Quantity (kg)	Estimated Retail Value
2010	9,026	178m	€75m	1,171	3,367	€1m
2011	10,581	109m	€46m	1,500	11,158	€4m
2012	8,108	96m	€43m	1,395	5,277	€2m
2013	5,802	41m	€19m	1,086	4,203	€2m
2014	5,852	53m	€26m	1,014	9,824	€4m
2015	5,927	68m	€34m	1,227	2,364	€1m
2016	4,965	45m	€24m	1,137	1,527	€1m
2017	4,493	34m	€19m	1,277	1,768	€1m
2018	3,963	68m	€41m	1,376	1,915	€1m
2019#	1,332	8m	€5m	601	3,106	€2m

#End May 2019. Allow for rounding of numbers.

## 2.5 Non-Irish Duty Paid Cigarettes & Cross Border Comparison

As Ireland is a high excise Member State there is clearly an incentive for some smokers to bring in non-Irish duty paid tobacco products from Member States which have significantly lower tobacco taxes.

The IPSOS MRBI survey has found that the level of non-Irish duty paid cigarettes has been broadly stable in the period 2016-2018 at 8-9%. The survey also found that there is an increase in relation non-Irish duty paid RYO products (from 3% in 2016 to 7% in 2018).

### 2.5.1 CROSS BORDER COMPARISON

The UK Government announced in Budget 2014 that it will continue to increase tobacco duties by 2% above the rate of inflation (based on RPI) each year up to and including 2019-20. The table below indicates the differential in price and duty in a 20 pack of cigarettes as measured by the Revenue Commissioners in the May 2018 cross-border survey carried out following the UK budgetary increase in 2018:

Table 12: Cross Border Comparison in Tobacco Prices and Tax Levels

Year	Price in this State	Price in N. Irl	Price Difference	Total Tax State	Total Tax NI	Tax Difference	€/£ exchange rate
2010	€8.55	€7.69	€0.86	€6.71	€5.87	€0.84	0.8279
2011	€8.55	€8.05	€0.50	€6.71	€6.23	€0.48	0.8696
2012	€9.10	€9.41	-€0.31	€7.19	€7.28	-€0.09	0.8057
2013	€9.40	€9.46	-€0.06	€7.34	€7.28	€0.06	0.8516
2014	€9.60	€11.14	-€1.54	€7.47	€8.35	-€0.88	0.7911
2015	€10.00	€12.47	-€2.47	€7.87	€9.25	-€1.39	0.7403
2016	€10.80	€11.92	-€1.12	€8.45	€8.95	-€0.50	0.7867
2017	€11.50	€11.90	-€0.40	€9.01	€8.75	€0.26	0.8655
2018	€12.20	€12.89	-€0.69	€9.56	€9.25	€0.31	0.8729
2019	€12.70	€13.79	-€1.09	€10.06	€9.83	€0.23	0.8685

Based on Central Bank's sterling euro exchange rate of 0.8685 (21 February 2019).

There is currently little incentive to bring non-Irish duty paid cigarettes from Northern Ireland into the State as they remain cheaper here.

The quantity of cigarettes a person may bring into the State duty free from outside the EU for personal use, or from territories where EU rules on VAT and excise duties do not apply, is limited to 200 cigarettes.

## 2.6 Minimum Excise Duty (MED)

The Minimum Excise Duty (MED) is an available tax policy tool to, in the words of the UK Treasury, “*support public health objectives, tackle the very cheapest cigarettes and promote fiscal sustainability*”. By its nature increasing the MED would impact greatest on the heaviest smokers of the cheapest cigarettes.

The General Excise Tax Strategy Paper 2018 addressed the issue of the recent growth in the market share of value and large pack cigarettes and set out an option for increasing the MED as a policy tool to support public health objectives.

The MED was increased in Budget 2019 and it is now set at € 376.82 per 1,000 (equivalent to €7.54 per 20 pack). This equates to a price trigger point for the purpose of calculating Minimum Excise Duty (MED) of € 11 (i.e. a 20 pack costing less than €11 would be taxed as if it were priced at €11). Raising the effective MED increased the excise due on the lowest priced cigarettes, and resulted in a corresponding price increase whereby the lowest priced 20 packs of cigarettes is now €11. As such the decision in Budget 2019 to increase the MED, allied to the general increase in tobacco excise duty, has ensured that there are no longer 20 pack cigarettes priced in or around €10.

Those that purchase the cheapest cigarettes are the most price sensitive consumers and a risk directly associated with increasing the MED is that it may spur increased consumption of illicit and non-Irish duty paid cigarettes. The increase in the MED to a trigger price point of €11 per 20 pack was a significant one and it may be prudent to assess the impact over 2 or 3 years before considering a further increase in the MED.

## 2.7 Tobacco Products Tax Directive and Novel Products

The taxation of tobacco products is governed by the Tobacco Products Tax Directive 2011/64/EU. The 2011 Directive has been reviewed by the Commission, with a public consultation process and impact assessment report conducted last year. Some of the main issues highlighted for a possible revision in the Directive were the potential provision for e-cigarettes, heated tobacco, and other novel products. We understand that a legislative proposal amending the Tobacco Products Tax Directive may emerge in the near future.

Previous General Excise TSG Papers has set out policy analysis and options in relation to novel tobacco products such as e-cigarettes and heated tobacco products. We consider that tax policy in relation to these products may be best addressed in the context of any revision to the Tobacco Products Tax Directive. If e-cigarettes or heated tobacco products are not addressed in any upcoming legislative proposal amending the Tobacco Products Tax Directive then further consideration should be given to taxation policy for these novel products.

## 2.8 Options

The table below (which assumes no increase in the MED) indicates the effects of increasing various levels of duty on cigarettes (with pro rata increases on other tobacco).

Table 13: Options for increasing tobacco products taxes

Increase (per pack of 20 cigs)	Yield #
10c	€11.9m
20c	€23.2m
30c	€34.5m
40c	€45.8m
50c	€57.1m
60c	€68.4m
70c	€79.8m
80c	€91.1m
90c	€102.4m
100c	€113.7m

# includes pro rata increases to other tobacco products.

The Revenue Commissioners have opined that increases in excise may not lead to increased yields, as higher cigarette prices in Ireland could reduce demand due to greater incentives to purchase non-Irish duty paid tobacco products as well as to substitute to other products, such as e-cigarettes. Therefore the above yield projections could be significantly affected by demand elasticity.

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## 3 Betting Tax

### 3.1 Background

Betting duty is chargeable on all bets placed by a person in the State with a licensed bookmaker at a bookmaker's registered premises, irrespective of the means by which a bet is placed. Betting duty is also chargeable on all bets placed by a person in the State with a licensed remote bookmaker by remote means. Betting duty in Ireland is applied as a turnover based tax, whereby the tax charged is based on the amount of the bet placed by customers in the State. Licensed remote betting exchanges are liable for betting exchange duty. The taxation model in the case of betting exchanges is different due to their different business structure. Betting duty for exchanges is paid on the commission charged by them to persons in the State.

The purpose of betting duty is to raise revenues for the State and to account for the negative internalities and externalities generated from betting activities – that is the social costs of problem gambling. While revenues raised from betting duty go directly to the Exchequer, these are partly used to fund the Health, Justice and Welfare systems which bear the costs of problem gambling. The existence of betting duty also has an ancillary role in raising awareness of the risks of problem gambling.

The UK Gambling Commission, in collaboration with Gamble Aware and the Responsible Gambling Strategy Board have developed a framework for measuring and tackling gambling related harms<sup>6</sup>. They were clear in their view that gambling is a public health issue. The areas which, in their view, currently have the potential to contribute to a social cost of gambling-related harms are:

- loss of employment
- experience of bankruptcy and/or debt
- loss of housing/homelessness
- crime associated with gambling
- relationship breakdown/problems
- health-related problems
- suicide and suicidality.

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<sup>6</sup> <https://www.gamblingcommission.gov.uk/PDF/Measuring-gambling-related-harms.pdf>

Research by the UK Institute of Public Policy Research (IPPR) suggests that the additional direct costs borne by the State mainly were:

- health costs: primary care (mental health) services; secondary mental health services; and hospital inpatient services
- welfare and employment costs: Job Seekers Allowance claimant costs and lost labour tax receipts
- housing costs: statutory homelessness applications
- criminal justice costs: incarcerations

Initial baseline research on the incidence of problem gambling was undertaken by the Department of Health<sup>7</sup>. The main findings from this survey are that 0.8% of the population (15 years or older) can be categorised as problem gamblers, with young males aged 18 to 34 having the highest incidence of problem gambling.

This research is based on fieldwork carried out between August 2014 and August 2015 and therefore it is likely that it does not fully capture trends relating to betting with smartphones and any impacts this is having on the incidence of problem gambling. Additionally, there may be an under-reporting of problem gambling in this survey related to certain groups who were not included in the survey and to a more general reluctance to self-report via survey to the activities that defines one as a problem gambler.

It should be noted that the Department of Finance conducted a review of betting duty in 2017, including in relation to whether there was a better option to the current turnover based tax. The feedback received from industry in this respect at that time was that the existing model of turnover tax was working well. However, the industry was overwhelmingly opposed to imposing a tax on the punter (whether on the bet or the winnings). It is the Department's understanding that the industry is still negative towards any form of tax on the punter while it is now amenable to a gross profits based model (see alternative industry model below).

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<sup>7</sup> <https://health.gov.ie/wp-content/uploads/2019/02/Drug-Prevalence-B7-Gambling-Results.pdf>

## 3.2 Receipts

Betting duty receipts were €52m in both 2017 and 2018. The table below provides a breakdown of betting duty receipts from 2014 to date.

Table 14: Breakdown of Betting Duty Receipts

Year	Retail Betting €m	Online Betting €m	Betting Intermediary €m	Total €m
2014	26,162,214			26,162,214
2015	27,744,245	3,003,066	316,452	31,063,763
2016	28,126,271	20,749,097	1,869,887	50,745,255
2017	28,956,966	21,421,353	1,836,847	52,215,166
2018	28,867,366	21,687,046	1,781,526	52,335,938
2019 to date*	16,254,044	17,416,042	1,029,914	34,700,000

\*Provisional to May 2019 (reflecting returns for Q4 2018 and Q1 2019)

The Betting (Amendment) Act 2015 brought remote bookmakers and remote betting intermediaries within the scope of the licensing regime in Ireland from August 2015. As can be seen in the table above, receipts from remote bookmakers form 41% of total receipts in 2018, indicative of the popularity of online gambling. Receipts from retail betting have increased from 2014 and been stable since 2016.

### 3.2.1 RATES

In Budget 2019 the betting duty rate for retail and online operators was increased from 1% to 2% and the duty for betting exchanges also increased from 15% to 25% of commissions earned on a bet. These increases came into effect on the 1<sup>st</sup> January 2019. Receipts in the year to date are €34.7m, strongly up on the same period last year, reflecting the fact that receipts in April and May are based on the increased rates that were applied from January.

### 3.2.2 CONTRIBUTION OF BETTING DUTY RECEIPTS TO THE EXCHEQUER

The last time that the betting duty rate was increased was 1975 and at 1% betting duty was at an all-time low. Betting duty receipts represented less than 1% of overall excise receipts in 2018. To put it another way, for every €1,000 placed in bets, the Exchequer receives €20 while for every €1,000 spent on beer, petrol and tobacco, the Exchequer receives around €300, €600 and €800 respectively.

Unlike other excisable commodities, there is no Vat applied on betting transactions. The social costs of problem gambling provides justification for the application of an excise duty on betting transactions *even if Vat were applied on betting transactions*. If betting duty was only examined on this very narrow basis (i.e. having a purpose and justification as a Vat substitute), the current betting duty rate of 2% does not equate to the standard 23% Vat charge at the type of pay-out ratios that may be applied in the retail betting market. For example, at a pay-out ratio of 12.5%, the equivalent Vat rate to a 2% betting duty is 16%.

### 3.2.3 IMPACT OF RATE CHANGES

The betting sector representative body, the Irish Bookmakers Association, has stated that the rate increases are causing shop closures and job losses, citing in particular the impact on small independent bookmakers.

The Department has broadly acknowledged that advances in technology have challenged existing business models and have changed the structure of many markets, including the betting market, with more betting taking place online. It also acknowledged that small retail bookmakers may have ongoing difficulties competing in that environment or indeed with large retail bookmakers. In this regard it is a fact that the retail betting sector in both the UK and Ireland has seen greater market concentration over a long period of time, with fewer firms increasingly dominating the market. Therefore it is difficult to assess the discrete impact of betting duty changes on the sector as it is first necessary to measure and extract the contribution of these broad trends to ongoing changes in the structure of the betting market.

The Department notes that betting duty receipts broadly indicate that turnover has remained stable in the industry since the increased rate was applied in January 2019.

## 3.3 Alternative Betting Tax Proposal

During the course of the Finance Bill process last year, the betting sector raised concerns regarding the impact of the betting duty changes on their sector, principally in terms of the impact on the retail channel, including small independent bookmakers who might have difficulty competing with larger bookmakers with retail and/or online operations.

At that time the Minister made clear that while he was open to exploring alternative models of betting duty it is on the basis that any such model delivers a fair contribution from the sector to the Exchequer, which the Budget 2019 increase was intended to achieve.

The industry proposed that the current turnover based model of betting duty be replaced with a gross profits model, based on the UK model of calculating gross profits. However, the critical difference was that it proposed that different rates would apply for retail and remote businesses. The industry suggested a rate of 10% of gross profits for retail operations and 20% of gross profits for online operations.

The principal rationale put forward by the industry was that online operators are in a better position to absorb or pass through a higher rate of betting duty than retail operators. It was also conveyed to the Department, in the context of concerns regarding infringement of EU rules, that to the extent that the increase in betting duty rates was related to societal concerns over problem gambling that it is justifiable to impose a higher rate on online bookmaker operations to account for greater issues with problem gambling from that channel.

At the time the Department expressed the view a proposal to apply higher betting duty rates to the online sector would prove very difficult to demonstrate compatibility with EU rules.

### **3.3.1 DEPARTMENT OF FINANCE REVIEW OF THE ALTERNATIVE BETTING TAX PROPOSAL**

The Department reviewed this proposal following consultation with the betting sector, Revenue, the AGO and DG Competition in the European Commission.

The Department had significant concerns regarding the proposal to apply differentiated rates. In particular, there was a concern that the proposal would breach EU rules and in this regard it was essential to seek assurances that this would not occur. This led to the Department taking legal advice from the AGO and ultimately engaging on the matter with the European Commission, where the case for applying differentiated betting tax rates was discussed.

The case for applying differentiated betting duty rates in Ireland, in a way that is deemed to be a compatible State aid, is dependent on, among other things, the ability to demonstrate that betting duty has a well-founded common interest objective of accounting for the social costs of problem gambling and in that regard demonstrating that applying a higher rate to the online distribution channel would be an appropriate and proportionate measure that would support the attainment of that common interest objective, having regard to impacts on intra EU trade and competition and the overall balance of the implementation of the measure.

The Department, as part of its assessment of the proposal, utilised the existing nascent body of research available on problem gambling in Ireland, as well as a deeper body of research available from the UK. Additionally, the Department sought from the betting industry information and concrete evidence to support the case for applying higher betting duty rates to the online sector. The evidential threshold required to satisfy the Commission in relation to this initial test cannot be met by putting forward generalised statements regarding the online channel (24/7 access and fewer regulatory barriers related to the lack of a physical premises).

The European Commission previously approved of the application of differentiated rates to online and retail betting channels in the Danish Gaming Duties case<sup>8</sup>. However, the facts and circumstances of this case are different and do not readily support the argument to apply differentiated rates to the online and retail betting distribution channels in Ireland. This case related to a proposal to apply lower rates to online gambling than for land based gambling whereas the alternative betting proposal is the opposite. The Commission concluded that online and land based gambling operators *are* in a legally and factually comparable situation, with the games being offered by both channels deemed to be equivalent – as such the proposed lower rate for online gambling operators was deemed to be a State aid. The Commission pointed out that while the Danish authorities argued that online and land based gambling were not legally and factually comparable activities, their position in relation to offline and online *betting services* was to apply equal tax treatment. The Commission opined that the *“alleged differences in the socio-economic profiles of consumers, addiction risks or market evolution are not either sufficient to demonstrate that online and land based gambling constitute two different types of activities that are not legally and factually comparable”*.

The State aid was deemed compatible on the basis of the Danish government's objectives to liberalise the gambling sector in a manner which incentivises a well-regulated sector, in particular through modifying the behaviour of foreign providers of online gambling services, as the lower tax rate was deemed to constitute an incentive for these operators to obtain a licence in Denmark and therefore to provide for the first time legally online gambling services. This is a different situation to the alternative betting proposal.

The engagement with the Commission demonstrated, among other things, that in order to demonstrate that the objective of common interest (accounting for the social costs generated by problem gambling) can be met by the proposed measure, considerable additional evidence would be required to support the contention that higher rates of problem gambling are associated with online betting vis-a-vis retail betting. The research in Ireland is at a nascent stage in this regard. It would also be necessary to demonstrate that the positive effects of the measure would outweigh any distortionary impact (balancing test) and finally that any differentiation in the rates would be proportionate to the positive impact of the measure (in fulfilling its common interest objectives).

In addition, the Commission raised the issue of the possible impact higher rates of duty in the online sector might have on illegal betting platforms (i.e. the basis for Denmark seeking to apply a lower rate to the online sector) which could have the effect of undermining the common interest objectives.

Following this engagement the Department is clear that there is insufficient legal surety to proceed with a proposal to apply differentiated tax rates at this time.

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<sup>8</sup> Commission Decision of 20/9/2011 concerning case C 35/2010.

### 3.3.2 GROSS PROFITS MODEL WITHOUT DIFFERENTIATED RATES

In regard to the proposal to change from a turnover based tax to a gross profits model, the Department understands that this was ancillary to the principal objective of the betting sector, namely to reduce the tax liability of the retail sector towards what it was when the rate was 1% of turnover. Applying a gross profits model with a single rate designed to secure the same contribution from the sector as the 2% turnover based tax will not achieve what the betting sector wishes it to achieve. The Department further notes administrative and compliance concerns expressed by Revenue in regard to changing to this type of model. As such the Department does not see any compelling case to change from the current model to a gross profits model at this point in time.

### 3.3.3 DE MINIMIS PROPOSAL OF THE DEPARTMENT OF FINANCE

For the sole purpose of generating additional budgetary options for the Minister, the Department discussed a de minimis proposal with the European Commission whereby a certain level of turnover would be discounted for the purpose of calculating betting duty liability. The Department is confident that such a proposal is fully compatible with EU rules, once it is designed in a manner consistent with the EU de minimis Regulation and general State aid rules.

It is important to emphasise that in order for this proposal not to infringe EU rules at least the following criteria would need to apply to a de minimis provision:

- be equally applicable to all firms regardless of their size or the distribution channel through which they provide betting services, i.e. there is no selective advantage conferred on any betting firms or group of betting firms.
- only applies to a single undertaking. There would be a specific provision to cover the situation where an undertaking forms part of a group; the group will only be entitled to receive one allowance to be allocated between the members of the group.
- be set at a de minimis type level thereby reducing the materiality of the measure and in any event not breaching the levels set out in the de minimis Regulation ( a maximum aid of €200,000 to a firm over a 3 year period).
- have a purpose of ensuring a continuing diversity in the market through small independent betting operators.

The table below provides an illustration of how the de minimis exemption could, in practice, be applied based on applying the de minimis threshold at €2.5 million.

Table 15: Illustration of de minimis threshold in practice

	Firm A	Firm B	Firm C	Firm D
Turnover (€m)	5	20	50	750
Less: Credit (€m)	2.5	2.5	2.5	2.5
Assessable Amount (€m)	2.5	17.5	47.5	747.5
Betting Duty Rate	2%	2%	2%	2%
Tax Liability (€m)	0.05	0.35	0.95	14.95
<b>Effective Duty Rate</b>	<b>1%</b>	<b>1.75%</b>	<b>1.90%</b>	<b>1.99%</b>

What this shows is that the application of a de minimis threshold at a level of €2.5 million would provide a significant relief in betting duty for small independent betting firms, who have been the focus of the campaign to review the betting duty increases. Firms with a turnover of, say, €5 million would have an effective betting duty rate of just 1% while firms with a turnover of, say, €20 million would still see a significant reduction in their betting duty liability, from 2% to 1.75%.

The de minimis threshold proposal was discussed with the European Commission in order to generate potential options for the Minister. The €2.5 million threshold used above is purely for illustrative purposes and is towards the upper bounds of what is allowed in the EU de minimis Regulation. An equivalent de minimis threshold would need to be applied to betting intermediaries. A de minimis threshold of €200,000 of commissions earned is equivalent to the €2.5 million turnover threshold for betting operators ( $€50,000/0.25$ ).

It should be noted that Revenue have raised some compliance concerns in relation to this proposal, suggesting that it could provide a fiscal incentive for bookmaking operators to artificially arrange their operations in order to reduce their betting duty liability.

In the event that this option were to be applied it would be prudent to implement it on the basis that if any evidence emerged of betting duty avoidance by bookmaking operators in the aforementioned manner then the de minimis threshold would be abolished.

## 3.4 Options

### Introduction of the De Minimis Threshold Rule

Revenue estimate the introduction of a de minimis threshold at a level of €2.5 million of turnover for betting operators and €200,000 of commissions earned for betting intermediaries would reduce the overall betting receipts by around €3.4 million in 2020.

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## 4 Sugar Sweetened Drinks Tax

### 4.1 Introduction

The Department of Health proposed a tax on sugar sweetened drinks (SSDT) to help tackle growing levels of obesity. The tax was announced as part of Budget 2017, implemented in the Finance Act 2017, and commenced on the 1st May 2018 following completion of the formal State Aid consultation with the European Commission.

Sugar Sweetened Drinks Tax (SSDT) initially applied only to certain water and juice based drinks but the State aid consultation outcome resulted in the Finance Act 2018 extending the scope of the tax, with effect from the 1st January 2019, to include certain plant protein drinks and drinks containing milk fats that do not have a calcium content of 119 mg or more per 100 ml.

### 4.2 Yield

The total yield from the SSDT in 2018 amounted to €16.3m and the forecast yield for 2019 is €35m. The tax is charged at a rate of €16.26 per hectolitre for drinks with a sugar content of between 5 and 8 grams per 100ml and €24.39 per hectolitre for drinks with in excess of 8 grams per 100ml. This means that a 330ml can of a soft drink with between 5 and 8 grams of sugar is liable to 5c SSDT and a soft drink with more than 8 grams of sugar is liable to 8c of tax. Table [xx] below provides a breakdown of the SSDT yield by band.

Table 16: Sugar Tax Receipts by Band

Bands	2018	2019
	(May to Dec)	(Jan to March)
	€m	€m
5g-8g per 100ml	1.8	1.3
8g or more per 100ml	14.5	6.7
<b>Total</b>	<b>16.3</b>	<b>8</b>

The evidence to date suggests that the soft drinks industry has responded to meet the policy objectives of the SSDT with products having been reformulated to reduce their sugar content. This, along with the slightly delayed commencement, most likely accounts for the 2018 yield being lower than originally forecast.

## 4.3 Initial UK Experience

The UK introduced a very similar SSDT in April 2018 (with the same Bands) and similarly found that the vast majority of receipts is paid at the higher rate<sup>9</sup>.

The UK Treasury has estimated that even before the tax commenced the reformulation by manufacturers resulted in over half of soft drinks having reduced sugar content - the equivalent of 45 million kg less sugar in soft drinks every year<sup>10</sup>.

The Department of Health has commenced work on the evaluation of the impact of the SSDT and in particular its contribution to the aims of the Government's Obesity Policy.

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<sup>9</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/756904/Soft\\_Drinks\\_Industry\\_Levy\\_Statistics\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/756904/Soft_Drinks_Industry_Levy_Statistics_2018.pdf)

<sup>10</sup> <https://www.gov.uk/government/news/soft-drinks-industry-levy-comes-into-effect>

## 5. Appendices

### Appendix 1 Breakdown of betting receipts 1996 to 2017

Year	Rate	€m
1996	10%	51.6
1997	10%	57.8
1998	10%	67.1
1999	5%	67.8
2000	5%	58.9
2001	5%	68.1
2002	2%	48.0
2003	2%	38.4
2004	2%	45.6
2005 <sup>11</sup>	2%	45.8
2006	1% payable by industry	54.3
2007	1%	36.4
2008	1%	36.7
2009	1%	31.0
2010	1%	30.9
2011	1%	27.1
2012	1%	27.1
2013	1%	25.4
2014	1%	26.2
2015 (1 August)	1% on bookmakers & 15% of commission on betting intermediaries	31.1
2016	As above	50.7
2017	As above	52.2
2018	As above	52.3
2019	2% on all bookmakers & 25% of commission on betting intermediaries	34.7*

<sup>11</sup> 2005 yield not comparable with previous years due to change in collection arrangements with some receipts for 2005 now falling to be collected in 2006

## Appendix 2 Excise on alcohol across the EU

Beer		Wine (Still)		Wine (Sparkling)		Spirits	
€ per HL per degree of alcohol of finished product		€ per hectolitre of product		€ per hectolitre of product		€ per hectolitre of pure alcohol	
FINLAND	36.50	IRELAND	424.84	IRELAND	849.68	SWEDEN	5000.87
IRELAND	22.55	FINLAND	397.00	UK	427.51	FINLAND	4880.00
UK	21.40	UK	333.76	FINLAND	397.00	IRELAND	4257.00
SWEDEN	19.55	SWEDEN	253.43	BELGIUM	256.32	UK	3223.59
ESTONIA	16.92	LITHUANIA	164.67	SWEDEN	253.43	BELGIUM	2992.79
GREECE	12.50	DENMARK	155.71	DENMARK	200.65	ESTONIA	2508.00
SLOVENIA	12.10	ESTONIA	147.82	LITHUANIA	164.67	GREECE	2450.00
DENMARK	7.51	LATVIA	92.00	ESTONIA	147.80	DENMARK	2011.88
FRANCE	7.49	NETHERLANDS	88.30	GERMANY	136.00	FRANCE	1758.45
ITALY	7.47	BELGIUM	74.90	AUSTRIA	100.00	NETHERLANDS	1686.00
LITHUANIA	7.11	POLAND	36.91	LATVIA	92.00	LATVIA	1670.00
LATVIA	6.80	MALTA	20.50	CZECH REP.	90.82	LITHUANIA	1665.04
NETHERLANDS	6.47	FRANCE	3.82	NETHERLANDS	88.30	PORTUGAL	1386.93
CYPRUS	6.00	GREECE	0.00	SLOVAK REP.	79.65	MALTA	1360.00
CROATIA	5.38	BULGARIA	0.00	HUNGARY	50.95	POLAND	1332.83
HUNGARY	5.01	CZECH REP.	0.00	POLAND	36.92	SLOVENIA	1320.00
BELGIUM	5.01	GERMANY	0.00	MALTA	20.50	GERMANY	1303.00
AUSTRIA	5.00	SPAIN	0.00	ROMANIA	10.49	AUSTRIA	1200.00
MALTA	4.83	CROATIA	0.00	FRANCE	9.44	CZECH REP.	1106.15
POLAND	4.55	ITALY	0.00	GREECE	0.00	SLOVAK REP.	1080.00
PORTUGAL	3.79	CYPRUS	0.00	BULGARIA	0.00	LUXEMBOURG	1041.15
SLOVAK REP.	3.59	LUXEMBOURG	0.00	SPAIN	0.00	ITALY	1035.52
CZECH REP.	3.11	HUNGARY	0.00	CROATIA	0.00	HUNGARY	1032.02
SPAIN	2.26	AUSTRIA	0.00	ITALY	0.00	SPAIN	958.94
LUXEMBOURG	1.98	PORTUGAL	0.00	CYPRUS	0.00	CYPRUS	956.82
GERMANY	1.97	ROMANIA	0.00	LUXEMBOURG	0.00	ROMANIA	731.92
BULGARIA	1.92	SLOVENIA	0.00	PORTUGAL	0.00	CROATIA	713.03
ROMANIA	1.82	SLOVAK REP.	0.00	SLOVENIA	0.00	BULGARIA	562.42
<b>EU Average</b>	<b>8.59</b>	<b>EU Average</b>	<b>78.35</b>	<b>EU Average</b>	<b>121.86</b>	<b>EU Average</b>	<b>1829.44</b>
<b>EU Minima</b>	<b>1.87</b>	<b>EU Minima</b>	<b>0.00</b>	<b>EU Minima</b>	<b>0.00</b>	<b>EU Minima</b>	<b>550.00</b>



**An Roinn Airgeadais**  
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