General Excise Duties
(Tobacco and Alcohol Products)

Receipts from Excise Duties

1. Receipts from excise duties on tobacco (all categories) and alcohol products totalled €1,956m in 2011. The table below shows the full 2011 figure by category and the breakdown for the first 9 months of 2012 compared to the same period in 2011.

	2011 total yield €m	**2012 receipts to end-Sep €m**	**€m +/- over same period in 2011**	**2012 projected receipts €m**
Tobacco	1,126.1	651.0	-7.3	1,101.7
Alcohol	829.5	576.4	-3.5	844.4
Total	1,955.6	1,243.7		1,946.1

Changes in Excise Rates in Recent Years

2. There was no increase in tobacco excises in the 2011 Budget. An increase of 25 cent per packet of 20 was applied in the 2012 Budget. Previous increases were in the Supplementary Budget of April 2009, when an increase in excise duty of 25 cent was implemented, a 50 cent increase in Budget 2009 and 30 cent in Budget 2008 (€1.05 since 2008).

3. The excise duty on **all** alcohol products was decreased by around 20% in Budget 2010. Prior to that, the excise duty on beer had remained unchanged since the Budget of January 1994 (apart from the introduction in October 2008 of a new 50% lower rate of excise for beers and cider of alcohol strength by volume of less than 2.8%), but the duty on cider was increased on 6 December 2001 and that on spirits was increased in December 2002. Duty on wine was increased in October 2008 by 50 cent per standard 75cl bottle.

Cross-Border Price and Differentials across Products

4**.** Traditionally, excise products have been subject to some cross-border competition. The Revenue Commissioners carry out a regular cross-border comparison of prices for excisable commodities in some of the major outlets in both Dublin and Newry. The table in Annex 1 illustrates key comparisons of prices of certain items, from the most recent survey conducted on 25 September 2012. All prices quoted for items sold in both the State and in Northern Ireland are expressed in euro. From that viewpoint, most alcohols are cheaper in Northern Ireland. Cigarettes are some 5% cheaper here.

Commission on Taxation

5. The Commission on Taxation recommended that the policy approach to determining the level of excise duty applicable to alcohol and tobacco products should take account of factors such as health outcome, public order issues, cross-border trade and other societal issues.

A: TOBACCO

6. The current excise duty on cigarettes is €233.11 per 1,000, together with an amount equal to 9.04% of the retail price (the ad valorem rate), or €268.14 per thousand, whichever is the greater. For example, in the case of a packet of 20 premium brand cigarettes, the excise content is €5.49, which equates to around 60% of the retail price. When one takes account of VAT, total tax as a percentage of price is 78.4%.

7. Excise increases were imposed on cigarettes, (with pro rata increases on other tobacco products) over the past number of years, as follows:

Year	Amount of Duty Increase per pack of 20	Change in Consumption over previous year	(Cigarettes only) Yield €m
2002	13 cent	+3.6%	1,099.5
2003	50 cent	-10.3%	1,119.5
2004	25 cent	-15.3%	1,024.6
2005	No increase	+3.4%	1,053.6
2006	No increase	+1.6%	1,071.4
2007	50 cent	-3.6%	1,155.0
2008	30 cent	-8.5%	1,131.5
2009	50 cent		
2009 (Supp)	25 cent	-6.7%	1,155.4
2010	No increase	-10.4%	1,100.9
2011	No increase	0.6%	1,056.7
2012	25 cent	-2.0% (est)	1,075.2

8. Cigarettes represent approximately 94%, by value, of tobacco consumption. Roll-Your-Own (RYO) tobacco sales increased by 87.1% in 2009, decreased by 4.5% in 2010 and rose again in 2011 by 21.3%. However, they still represent a small proportion of total tobacco sales.

Illegal Importations

9. The current price of 20 cigarettes in the Most Popular Price Category (MPPC) is €9.20. Until recently, Ireland had the highest tobacco tax content on, and price for, cigarettes in the EU. However, a recent cross-border price survey carried out by Revenue indicates that cigarettes are now more expensive in Northern Ireland (between 54c and 61c dearer). In fact, the excise content of the MPPC, at €5.49, is higher than the retail price of the same category in all but 2 other Member States In the case of Roll-Your-Own (RYO) tobacco, or loose tobacco, the excise in Ireland on a 25g packet is €0.58 higher than in the UK (€5.72 compared to €5.14).

10. While the data at paragraph 7 indicate a significant overall drop in cigarette consumption, it has to be borne in mind that they relate only to cigarettes on which Irish duty has been paid. There is both anecdotal and survey evidence to suggest that non-Irish duty paid (NIDP) cigarettes constitute a significant proportion of total cigarette consumption here (at least 23% - 15% illicit product and 8% legally imported). This 8% element of cigarette consumption is made up of cigarettes brought into the country legitimately (as duty free from a third country, or duty paid from another EU Member State) or illegitimately (by smuggling). Explanations for this high level of market penetration by NIDP cigarettes include legitimate purchases by Irish people travelling abroad. It is clear, however, that the incidence of smuggling has increased, as illustrated by the level of cigarette seizures by Revenue. This is almost certainly attributable to the high cigarette prices in this country.

11. The total amount of cigarettes seized in 2011 was 109 million. Seizures in 2010 amounted to 178 million and the figure for 2009 was 218.6 million. Seizures to date in 2012 amounted to 89.8m cigarettes and 3,402 kgs of tobacco, with a retail value of €41.76m. There have been 101 court convictions for cigarette smuggling and illegal selling of tobacco products, resulting in 41 custodial sentences, some of which were suspended, 3 community service orders and €174,550 in fines imposed.

12. The high level of seizures over recent years reflects ongoing enforcement action by Revenue aimed at all key points in the supply chain. It is also a clear indication, however, of the significant scale of both small-scale and bulk smuggling activity. Tackling the illicit trade in cigarette and tobacco products remains a key objective for Revenue. Revenue has adopted a comprehensive 3 year (2011-2013) strategy, underpinned by annual action plans, for this important work. The strategies employed are multi-faceted and focus on border and inland operations and internal distribution chains. They include anti-smuggling initiatives, intelligence gathering and analysis, investigation and prosecution.

EU Context – Restructuring of Rates (Directive 2010/12/EU)

13. EU law requires the tax on cigarettes to be made up of specific and ad valorem components. Under previous Directives, the permissible level of the specific component was capped at 55% of total tax, and the established Irish approach was to set it at that level. The position changed with the enactment of Directive 2010/12/EU, which raised the ceiling for the specific component from 55% to 76.5%. Following this, a number of Member States (Sweden, UK, Netherlands) availed of the new flexibility and increased the specific component of their cigarette taxation beyond 55%.

14. The Budget 2012 increase of 25 cent per pack was introduced on the basis of maintaining the established arrangement of having the specific component at 55% of total tax, resulting in a rate of €192.44 per thousand plus 18.03 % of the retail price. The position was reviewed, however, in the context of the Finance Bill and it was decided that a greater weighting, of some 65% of total tax payable on the most popular price category price, should be given to the specific component. This resulted in a revised rate of €233.11 per thousand plus 9.04 % of the retail price, effective from 1 May.

15. A higher specific component provides greater security of revenue in the event of price decreases, or of a movement within the market towards lower priced cigarettes. On the other hand, it does mean that less benefit is derived from a trade increase such as the recent one that brought the price of cigarettes in the most popular price category from €9.10 to €9.20.

16. The cigarette market is characterised by less certainty than hitherto, with companies not passing on tax increases, in full or at all, on certain (mainly smaller selling) brands. Moreover, the tobacco companies are of the view that there is a discernible movement by consumers towards lower priced products. As against that, they appear to be maintaining a practice of periodic trade increases on the most popular brands.

17. <u>Minimum amount of duty payable.</u>

Directive 2010/12/EU also includes a provision for application of a minimum excise duty on cigarettes, provided the mixed structure of the tax (that is, the combination of specific and ad valorem elements) and the specific element parameters are respected. On 1 May a minimum amount of duty was introduced that has to be paid irrespective of the price at which cigarettes are sold. This brought the situation into line with the position in virtually all other Member States. The amount is €268.14 and represents the tax payable on a packet priced at €7.75.

Relative Rates of Tobacco Duty on Different Tobacco Products

18. It is normal Budget practice to decide on a defined tax increase (inclusive of VAT) on a packet of 20 typical cigarettes (for example 25 cent on 20 cigarettes, as in the Budget of December 2012), with pro rata increases on the other tobacco products i.e. cigars, RYO and pipe tobacco.

19. There have been a number of calls, from health interest groups and more recently one tobacco company, for an increase in the rate of TPT applicable to RYO in order to bring it more in line with the rate for cigarettes.

20. While there has been something of a movement towards RYO particularly since 2008, it still constitutes a very small proportion of total tobacco receipts (4.99% in 2011 and estimated at 6.45% in 2012). If it is taken that there are 1320 cigarettes in a kilogram of tobacco, the rate of taxation (excluding VAT) for a kilogram of cigarettes (based on a price of €9.20 per pack of 20) is €362.60. If compared to the minimum tax on cigarettes (€268.14 per 1,000 cigarettes), the rate of tax on a kilogram of cigarettes is €359.94. The rate of taxation for a kilogram of RYO tobacco is €228.968 and is, therefore, lower than the taxation on a kilogram of cigarettes.

21. It would be possible, under EU law, to raise the tax on RYO while leaving the tax on cigarettes (and other tobacco products) unchanged. The difference between the prices of RYO here and in Northern Ireland is €1.05, in favour of the consumer in this jurisdiction.

Health Issues

22. Towards a Tobacco Free Society was adopted as Government Policy in 2000 and proposed an integrated strategy for tackling tobacco consumption in Ireland. While it continues to be the main strategies document guiding the development and implementation of policy measures to reduce smoking prevalence, the Department of Health are currently finalising the Report of the Tobacco Policy Review Group. This report will set out future policy and legislative proposals to be introduced aimed at reducing the high prevalence and initiation rates in Ireland.

23. The National SLÁN Survey 2007 indicated that 29% (31% men and 27% women) reported being current smokers. The most recent survey conducted by the National Tobacco Control Office, HSE, indicates that as at 30 June 2010 23.6% of the population smoke. A breakdown of smokers by age shows that, at 30.3%, the greatest number of smokers was within the 25-34 age group followed, at 27.3%, by the 18-34 year olds and, and at 25.7% by the 35-44 age group.

24. The Health Behaviour in School-Aged Children Survey 2010 showed that overall 27% of children report that they have ever smoked tobacco. This is a decrease of 9 percentage points from the 2006 figure. 12% of children report that they are current smokers i.e. smoke monthly or more frequently. This represents a 3 percentage point decrease from the 2006 figure of 15%. In the 2010 study there are statistically significant differences across social class groups in current smoking status, with children from higher social class groups less likely to report current smoking behaviour. There are no statistically significant differences by gender.

25. While price has an important role in the overall strategy to reduce smoking levels, it is not the only factor. As part of Ireland's tobacco control policy, a range of initiatives have been introduced over the years including a ban on tobacco advertising, ban on sponsorship,

the smoking ban in 2004, a prohibition on the sale of cigarettes in packs of less than 20 since May 2007 and, in July of 2009, a ban on the advertising and display of tobacco products in all retail outlets etc

26. In July 2011, legislation was passed to enable the Minister for Health to introduce regulations to provide for the introduction of combined text and photo warnings on tobacco products. These regulations were signed by the Minister for Health in December 2011 and will apply to all tobacco products placed on the market on or after 1st February 2013. In order to allow for the "wash through" of older stock or slow moving stock, tobacco packs placed on the market before 1st February, 2013 have an additional year on the market i.e. by 1st February, 2014 all tobacco packs on sale will have graphic warnings printed on them.

27. Despite continuing calls by health interests for further significant tax increases there has been an explicit recognition by the Minister for Finance in recent Budgets that high prices here can make Ireland an attractive place for cigarette smugglers, and that this must be borne in mind when considering calls for further tax increases for reasons of health protection.

Other Issues

28. The Irish Tobacco Manufacturers Advisory Committee (ITMAC) have lobbied for some time for the establishment of a Working Group comprising all the relevant stakeholders, to discuss matters relating to tobacco, including smuggling.

Possible Excise Increases

29. The Irish Heart Foundation (IHF) and the Irish Cancer Society (ICS), in a joint pre-budget submission, have called for, inter alia, an increase in the level of specific tax levied on tobacco products to its maximum level of 76.5%; a commitment to an annual tax-escalator of CPI + 5% on all tobacco products; the standardisation of tax on hand rolled tobacco products to bring it in line with cigarettes; and increased resources directed at the smuggling trade.

30. The estimated full year yield and the CPI effect of a range of duty increases on cigarettes (with pro rata increases on other tobacco products) is as follows:

Increase (Inc. VAT)	Full Year Yield €m	CPI Effect %		Increase (Inc. VAT)	Full Year Yield €m	CPI Effect %
10c	16.5	0.041		50c	81.3	0.206
20c	32.9	0.082		75c	122.3	0.303
25c	41.0	0.103		€1.00	159.5	0.412
30c	49.2	0.124		€1.50	234.5	0.618
40c	65.3	0.165		€2.00	306.5	0.824

31. In conclusion, it should be noted that the incentive for individuals to purchase cigarettes duty-paid when abroad is high and could be expected to increase in the event of future excise increases. With cigarette prices in some eastern EU Member States as low as €2.20 for a pack of 20, the balance between the potential to achieve health benefits associated with an increase in excise duty and any potential exacerbation of ongoing smuggling problems is a factor to be considered.

B: ALCOHOL PRODUCTS

Excise Receipts

32. There was a general decrease in rates for all alcohol products of around 20% in Budget 2010. Over the last 10 years, excise receipts from the various alcohol beverages have changed as follows:

	2002 €m	2011 €m	2012 Estimated m	Change (2002/2012) €m	% Change
Beer	477.3	307.3	306.8	-170.6	-35.7%
Cider /Perry	62.1	43.9	43.0	-19.1	-30.7%
Spirits	266.4	247.2	248.5	-17.9	-6.7%
Wine	152.1	230.9	227.1	75.0	49.3%
Total	957.9	829.3	825.5	-132.4	-13.8.%

33. When the CPI increase of 21.4% over the period 2002-mid 2012 is taken into account, the decrease in receipts from APT 2001/2011 is approximately -29% in real terms. This compares with -11.5% for total excise and +2.7% for all taxes over the same period.

Consumption

34. The following sets out in broad terms the position.

Beer: Consumption declined for all years from 2001 to 2011, with the exception of 2005, when a modest increase of 0.3% occurred. Clearances for 2012 are expected to fall by 1%.

Cider: Following an 87% Budget rate increase, clearances fell by just over 11% in 2002. This was followed by modest growth between 2004 and 2006. However, clearances fell between 2007 and 2011, and are expected to fall again by 1% in 2012.

Spirits: Consumption fell by over 20% in 2003 following a 42% Budget rate increase. This was followed by growth between 2004 and 2007. Clearances fell by 7.4% in 2008 and 18.5% in 2009. However, they increased by 11.7% in 2010 and 3.2% in 2011, but are expected to fall by 1% this year.

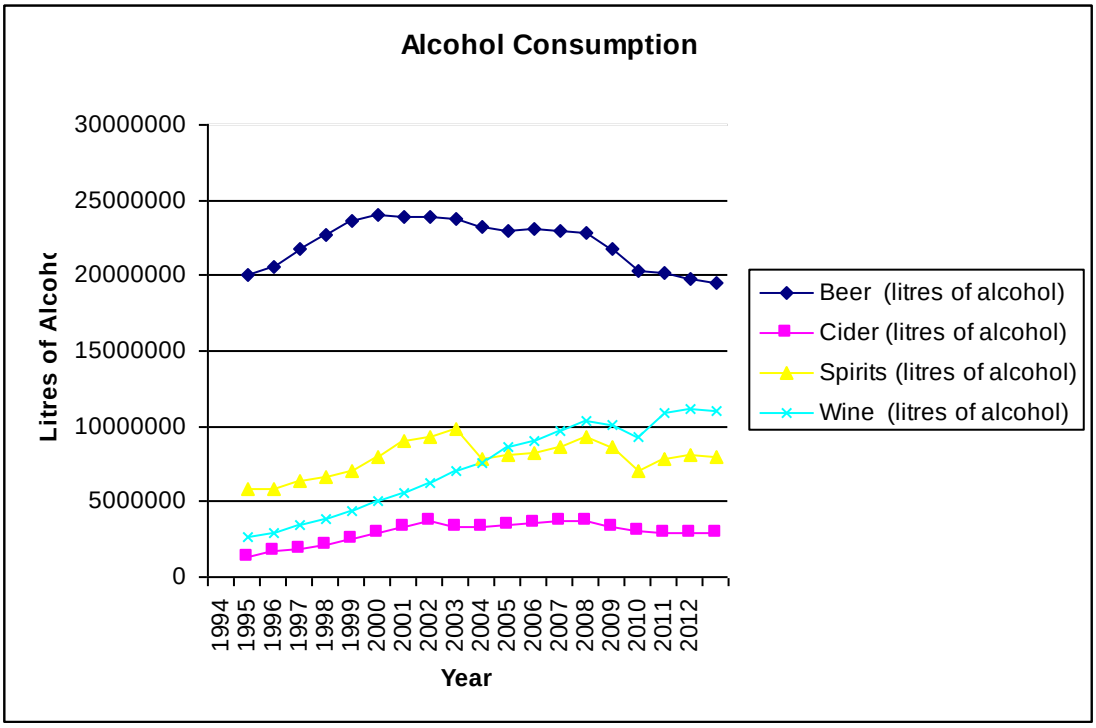
Clearances of **spirit-based alcopops** are expected to increase by 3% in 2012.

Wine: Wine is the only product for which there was sustained growth in consumption 2001 – 2007. Consumption declined in 2008 and 2009, but grew in 2010 and 2011. Wine is the only alcohol product showing overall growth in consumption between 2001 and 2010. Clearances for 2012 are expected to fall by 1%.

35. Data on consumption is set out in the following table:

Year	**BEER Yearly Growth Rate**	**CIDER Yearly Growth Rate**	**SPIRITS Yearly Growth Rate**	**WINE Yearly Growth Rate**
2001	0.4%	10.9%	3.5%	12.4%
2002	-0.5%	-11.3%	5.2%	12.8%
2003	-2.5%	1.1%	-20.1%	8.1%
2004	-0.9%	2.0%	2.8%	14.3%
2005	0.3%	4.5%	2.4%	4.0%

Year	BEER Yearly Growth Rate	CIDER Yearly Growth Rate	SPIRITS Yearly Growth Rate	WINE Yearly Growth Rate
2006	- 0.3%	3.7%	5.0%	7.2%
2007	- 0.6%	- 0.9%	7.2%	7.2%
2008	- 5.2%	- 11.0%	- 7.4%	- 3.2%
2009	-6.5%	-5.9%	-18.5%	-6.9%
2010	-0.9%	-2.5%	11.7%	16.9%
2011	-1.9%	-0.05%	3.2%	2.1%
2012 (est)	-1.0%	-1.0%	-1.0%	-1.0%



Relative Taxation of Products

36. The table below shows the comparative alcohol products tax content of the various types of alcohol beverages in Ireland as measured by the amount charged per degree of alcohol in the product (taking typical products within each category).

Per litre per 1% alcohol

Still Wine @ 12.5%	Beer @ 4.2%	Spirits @ 40%	Cider @ 4.5%	Spirit Alcopop @ 5%	Wine Alcopop @ 4%	Sparkling Wine @ 12%	Sherry/ Port @ 18%
€0.2098	€0.1571	€0.3113	€0.1464	€0.3113	€0.2185	€0.4371	€0.2114

Viewed in these terms, the tax burden on spirits and spirit alcopops is twice that on beer, and the most heavily taxed product is sparkling wine.

By reference to Alcohol Product

Still Wine 75 cl Bottle	Beer Pint	Spirits 70 cl Bottle	Cider Pint	Spirit Alcopop 27.5 cl Bottle	Wine Alcopop 27.5 cl Bottle	Sparkling Wine 75 cl Bottle	Sherry/ Port 75 cl Bottle
€1.97	€0.37	€8.72	€0.37	€0.43	€0.24	€3.93	€2.85

Retail Price Movements – Evolution of "Real Values"

37. Because of successive price increases by the trade, except in the case of lager sold at off-licensed premises, the specific rather than *ad valorem* nature of the duties and the reduction of APT rates in Budget 2010, the value of excise duty rates on beer and wine (when measured as a percentage of retail prices) has fallen over the period since 2002. The proportion of retail price represented by APT has fallen in the case of whiskey and cider.

	Excise	Price	Excise % of Price	Excise	Price	Excise % of Price
(a) Bar	**2002**			**2012**		
Pint Stout	€0.47	€3.24	14.5%	€0.37	€3.99	9.3%
Pint Lager	€0.47	€3.60	13.1%	€0.37	€4.33	8.5%
Pint Cider	€0.47	€3.76	12.6%	€0.37	€4.48	8.3%
Whiskey (standard measure)	€0.39	€2.86	13.6%	€0.44	€3.74	11.8%
(b) Off-Licence						
Btl Lager (33cl) @ 4.3% ABV	€0.28	€1.80	15.6%	€0.22	€1.46	15.1%
Btl Table Wine	€2.05	€8.94	22.9%	€1.97	€9.13	21.6%
Can Cider (50cl)	€0.42	€2.06	20.4%	€0.33	€2.10	15.7%
Btl Whiskey	€7.73	€18.78	41.2%	€8.72	€21.58	40.4%

Some National Issues

38. Low Alcohol Products: A reduced alcohol products tax rate of half the standard rate was introduced in October 2008 for beer exceeding 1.2 % volume but not exceeding 2.8% abv and cider not exceeding 2.8% abv. However, the take up appears to be low.

39. "On" v "Off" Sales: There has been a general trend towards off-sales in recent years. High pub prices, price discounting in supermarkets, the smoking ban and the introduction of random breath testing for drivers have all contributed to this shift towards the Off Trade. While this movement is excise-neutral there is a loss of VAT from sales at lower off-licence prices. Industry data indicate that the divide for Beer is now at 63.5% On Trade and 36.5% Off Trade. The general perception, however, is that off-sales are probably now at least on a par with on-sales. The drinks industry has, for some time, argued for the introduction of a graduated fee structure for off-licences similar to that for pubs, given the trend towards off-sales in recent years. While the average excise paid by the on-trade (€773) is much lower than the combined fees paid by the off-trade (€1,500), only a relatively small proportion of pubs (approx 14.5%) pay fees above that level. They have also called for a ban on below cost selling of alcohol, particularly in supermarkets, which is a matter for the Department of Enterprise, Jobs and Innovation and the Department of Justice. The previous Minister in the

2011 Budget announced that a review of the alcohol licensing regime would take place during 2011. While there has been no follow-through to date, the option to carry out such a review remains.

In this regard, the Licensed Vintners Association have submitted a proposal on the possible application of a "lid-on" tax, the effect of which would be to apply a levy to alcohol sold in off-licences (including off-sales in pubs). The proposal is accompanied by a legal analysis. Revenue are currently having the proposals assessed from a legal standpoint.

40. Purchases in UK: Relative prices in the UK, especially in Northern Ireland, are the major factor influencing out of State sourcing. In the case of beer and wine, a greater diversity of brands, and widespread short-term discounting by retailers, makes it difficult to compare prices. There is also a considerable variation in the relative prices within each type of product, and the presence in Northern Ireland of smaller measures and lower strengths of beers and ciders may, because of the apparent price advantage, distort matters further. Nevertheless, there was for the last few years a significant differential in favour of purchases in the North. This has, however, been narrowed following the general reduction of excise rates in Budget 2010 (see Annex 1 for details), the weakening in the value of the euro and increases in UK excise rates.

41. Purchases in Other Countries: In addition to the reduced price incentive for UK purchases of most alcohol products, visits by Irish residents to continental Europe increased very substantially between 2000 and 2007. Many of these trips would give rise to alcohol purchases, with evidence of significant purchasing of wine in particular by car ferry passengers to the continent. However, there would appear to be a falling off, with travel visits down by almost 18.4% compared to 2007.

42. Smuggling/Counterfeit Products: There were ten successful prosecutions for alcohol offences up to 30 September this year, compared to 4 in 2007, 2 in 2008, 19 in 2009, 30 in 2010 and 9 in 2011. Counterfeit vodka continues to be the subject of enforcement and prosecution. There have been no alcohol offence prosecutions so far this year concerning the delivery of counterfeit alcohol. This is in contrast to the seven prosecutions in 2009. APT law in this area was strengthened in the 2005 Finance Act to help combat this type of fraud. The estimated retail value of alcohol seizures last year was €0.547m and the amount for the months January to 30 September 2012 was around €0.226m.

43. In its pre-Budget submission, the Drinks Industry Group of Ireland (DIGI) has proposed that there should be no increase in the excise duty on alcohol.

44. The drinks group Diageo recently announced a 5 cent increase on the price of a pint.

Cost of Alignment of Irish Excise with UK rates

45. The following table indicates the gain of around €209m would be involved in bringing excise rates in this jurisdiction into line with those in Northern Ireland.

Irish and U.K. current excise rates on typical alcoholic products and costs associated with alignment (based on 2012 estimated consumption)

	Irish Rate	U.K. Rate	Change Required	Estimated gain (incl. VAT)
Beer pint 4.2% abv	€0.37	€0.58	€0.207	€175.7m
Cider pint 4.5% abv	€0.37	€0.27	- €0.107	- €13.3m
Still Wine bottle 12.5% abv	€1.97	€2.38	€0.41	€32.5m
Sparkling Wine bottle 12.0% abv	€3.93	€3.04	- €.89	- €2.0m
Spirits half glass 40% abv	€0.44	€0.48	€0.034	€16.1m
Total Gain				**€209m**

*** based on €/£ exchange rate of 0.7997 - September 2012**

Possible Excise Increases

46. By European standards Ireland applies high levels of excise on alcohol products (see Annex 4). Ireland has the highest excise rates in the EU on sparkling wines, second highest for still wine, third highest for spirits, and fourth highest for beer.

47. The following table shows the estimated effect of a range of VAT inclusive increases in terms of yield and impact on the CPI.

	5c	10c	15c	20c
Beer (per pint)	**€35.4m**	**€70.4m**	**€104.8m**	**€138.8m**
	0.065%	0.130%	0.195%	0.260%
Spirits (half glass)	**€19.2m**	**€37.6m**	**€55.3m**	**€72.2m**
	0.025%	0.051%	0.076%	0.102%
Cider (per pint)	**€5.0m**	**€9.9m**	**€14.7m**	**€19.5m**
	0.015%	0.029%	0.044%	0.058%
	25c	**50c**	**75c**	**100c**
Wine (Bottle)	**€16.8m**	**€32.3m**	**€46.6m**	**€59.8m**
	0.029%	0.052%	0.087%	0.115%

October 2012

Annex 1

Cross Border Survey – 25 September 2012

Comparison of prices of Excisable Products
(Noting Tax/Duty differences between Ireland & UK)

Item	Price In €		Excise & VAT €		Difference in Actual Price Between N.I. and State €
	State	**N.I.**	**State**	**N.I.**	
Stout (per 500ml can)	1.99	2.07	0.70	0.85	0.08 Cheaper in State
Lager (per can)	1.88	1.55	0.74	0.87	0.33 Dearer in State
Whiskey (bottle)	23.32	23.32	13.08	13.30	No difference
Vodka (bottle)	18.80	15.87	11.69	11.47	2.93 Dearer in State
Wine (Chard)	8.25	9.23	3.51	3.92	0.98 Cheaper in State
Sparkling Wine	14.49	12.99	6.64	5.22	1.50 Dearer in State
Cigarettes (20)	9.20	9.74	7.21	7.43	0.54 Cheaper in State

All prices are in euro, using an exchange rate of 1 euro = 0.7975 Sterling

Annex 2

EU Comparisons on Cigarettes in respect of MPPC and Excise Content

Member State	MPPC	MPPC 20	Excise content per 1000	Excise content per pack of 20
Ireland	€460.00	€9.20	€274.69	€5.49
Sweden	€281.57	€5.63	€155.67	€3.11
Belgium	€263.15	€5.26	€154. 51	€3.09
Germany	€263.16	€5.26	€150.15	€3.00
Finland	€225.00	€4.50	€139.50	€2.79
Denmark	€212.15	€4.24	€136.63	€2.73
Malta	€220.00	€4.40	€132.00	€2.64
Luxembourg	€220.00	€4.40	€123.05	€2.46
Italy	€210.00	€4.20	€122.85	€2.46
Portugal	€185.00	€3.70	€115.37	€2.31
Greece	€175.00	€3.50	€112.16	€2.24
Cyprus	€175.00	€3.50	€110.00	€2.20
Slovenia	€140.00	€2.80	€88.83	€1.78
Slovakia	€131.58	€2.63	€88.26	€1.77
Estonia	€121.50	€2.43	€82.28	€1.65
Czech Republic	€130.64	€2.61	€81.60	€1.63
Romania	€141.86	€2.84	€81.55	€1.63
Hungary	€119.74	€2.39	€77.53	€1.55
Bulgaria	€109.93	€2.20	€76.92	€1.54
Austria	N/A	N/A		
Spain	N/A	N/A		
France	N/A	N/A		
Lithuania	N/A	N/A		
Latvia	N/A	N/A		
Netherlands	N/A	N/A		
Poland	N/A	N/A		
UK	N/A	N/A		
Average	**€199.23**	**€3.98**	**€121.24**	**€2.42**

Source: EU Excise Tables July 2012

Annex 3

E.U. Cigarette Taxation based on WAP

Member State	Specific Excise (per 20) €	Specific excise as a %of Total tax (including VAT)	Ad valorem as a % of WAP	Ad Valorem Excise €	Total tax (including VAT) as a % of WAP	Minimum excise (per 1,000) €	Minimum Excise as a% of WAP
Ireland	4.66	66.49%	9.04%	0.77	82.78%	268.14	64.08%
UK	3.89	59.61%	16.50%	1.31	82.12%	N/A	65.46%
France	0.55	12.00%	54.57%	3.11	80.64%	183.00	64.25%
Sweden	3.06	74.02%	1.00%	0.05	80.83%	N/A	60.83%
Netherlands	2.76	70.00%	7.57%	0.38	78.45%	157.28	62.48%
Denmark	1.81	47.43%	21.65%	1.05	79.22%	139.08	59.22%
Germany	1.85	50.16%	21.87%	1.06	75.91%	N/A	60.00%
Belgium	0.33	9.06%	52.54%	2.45	76.86%	131.30	59.50%
Finland	0.45	12.39%	52.00%	2.34	80.70%	**146.00**	62.00%
Italy	0.18	5.50%	54.26%	2.32	75.78%	**141.28**	58.42%
Austria	0.70	23.21%	42.00%	1.66	76.40%	115.55	59.73%
Malta	1.54	48.05%	25.00%	1.03	77.49%	127.50	62.23%
Luxembourg	0.35	12.82%	48.09%	1.85	70.12%	103.00	57.08%
Portugal	1.57	52.06%	20.00%	0.75	80.72%	**119.98**	64.33%
Spain	0.38	12.75%	55.00%	2.07	80.35%	116.90	65.10%
Cyprus	0.80	28.30%	40.00%	1.53	75.47%	110.00	60.94%
Greece	0.41	15.00%	52.45%	1.70	83.70%	105.48	65.00%
Czech Republic	0.90	42.50%	28.00%	0.76	77.69%	**84.41**	61.02%
Slovakia	1.16	51.76%	23.00%	0.62	82.52%	88.50	65.71%
Slovenia	0.68	20.00%	39.06%	1.12	79.60%	90.00	62.94%
Romania	1.06	50.96%	20.00%	0.52	80.24%	76.50	60.88%
Poland	0.78	40.54%	31.41%	0.72	84.28%	74.89	65.58%
Bulgaria	1.03	54.22%	23.00%	0.51	86.65%	75.67	69.98%
Latvia	0.71	36.81%	34.00%	0.80	81.28%	73.32	63.92%
Hungary	0.81	38.80%	31.00%	0.76	85.39%	75.72	64.13%
Estonia	0.84	41.14%	33.00%	0.80	84.38%	80.00	67.72%
Lithuania	0.81	45.97%	25.00%	0.56	78.39%	67.19	61.04%

- Source: EU Excise Tables July 2012
- Sterling exchange rate - £0.7975 on 25 September 2012
- Figures in bold show MS with a higher minimum duty rate than that calculated on the WAP.
- Minimum excise as a % of WAP for the UK relates to Sterling figures

Annex 4

Alcohol Excise Taxation in EU Member States (from high to low)
EU Excise Duty Tables @ 1st July 2012.

	Beer € per hectolitre per degree of alcohol		Wine (Still) € per hectolitre of product		Wine (Sparkling) € per hectolitre of product		Spirits € per hectolitre of pure alcohol	
1	Finland	29.90	UK	317.73	Ireland	524.48	Sweden	5474.39
2	UK	24.46	Finland	312.00	UK	406.97	Finland	4340.00
3	Sweden	18.12	Ireland	262.24	Finland	312.00	UK	3361.76
4	Ireland	15.71	Sweden	235.61	Netherlands	240.58	Ireland	3113.00
5	Slovenia	11.00	Denmark	142.70	Sweden	235.61	Greece	2450.00
6	Denmark	8.55	Estonia	76.80	Denmark	183.81	Denmark	2012.80
7	Greece	6.50	Netherlands	70.56	Belgium	161.13	Belgium	1752.24
8	Italy	5.88	Latvia	63.45	Germany	136.00	France	1660.00
9	Estonia	5.70	Lithuania	57.34	Czech Rep.	94.06	Netherlands	1504.00
10	Netherlands	5.57	Belgium	47.10	Slovakia	79.65	Estonia	1490.00
11	Austria	5.00	Poland	36.06	Estonia	76.80	Malta	1400.00
12	Hungary	4.99	France	3.60	Latvia	63.45	Latvia	1325.44
13	Cyprus	4.78	Hungary	0.00	Lithuania	57.34	Germany	1303.00
14	Poland	4.45	Austria	0.00	Hungary	50.80	Lithuania	1278.96
15	Belgium	4.28	Germany	0.00	Poland	36.06	Slovenia	1200.00
16	Malta	3.75	Greece	0.00	Romania	34.05	Czech Rep.	1145.59
17	Slovakia	3.59	Spain	0.00	France	8.91	Poland	1132.03
18	Portugal	3.35	Italy	0.00	Austria	0.00	Portugal	1108.94
19	Czech Rep.	3.22	Luxembourg	0.00	Greece	0.00	Slovakia	1080.00
20	Latvia	3.07	Portugal	0.00	Spain	0.00	Luxembourg	1041.15
21	France	2.75	Cyprus	0.00	Italy	0.00	Austria	1000.00
22	Lithuania	2.46	Slovenia	0.00	Luxembourg	0.00	Hungary	948.38
23	Spain	2.26	Slovakia	0.00	Portugal	0.00	Spain	830.25
24	Luxembourg	1.98	Bulgaria	0.00	Cyprus	0.00	Italy	800.01
25	Germany	1.97	Czech Rep.	0.00	Bulgaria	0.00	Romania	750.00
26	Bulgaria	1.92	Romania	0.00	Slovenia	0.00	Cyprus	598.01
27	Romania	1.87	Malta	0.00	Malta	0.00	Bulgaria	562.43
	EU Average	6.93	EU Average	60.19	EU Average	100.06	EU Average	1654.16
	EU Minima	1.87	EU Minima	0.00	EU Minima	0.00	EU Minima	550.00

United Kingdom rates are Sterling £19.51, £253.39, £324.56 and £2681.00 and the Euro equivalents shown above are @ exchange rate of £0.7975. This is the rate of the 25th September 2012.