

3 Selected Excise Duties in OECD Countries

3.1. Introduction

Although excise may be levied on a broad range of products, excise taxes on alcohol, tobacco and hydrocarbon oils in particular raise significant revenues for governments in all OECD countries. In recent decades, governments have increasingly used these taxes not only to raise revenue but also to influence customer behaviour where consumption of certain products is considered harmful to health or to the environment.

This chapter presents an overview of the key characteristics of excise duties and the evolution in their use by governments in selected areas (Section 3.2). It then looks in some further detail at the excise rates structure for three main categories of products: alcoholic beverages (Section 3.3), tobacco products (Section 3.4) and mineral oil products (Section 3.5). This is followed by a brief description of the impact of differences in excise rates between countries on cross-border trade (Section 3.6) and on their distributional effects (Section 3.7). A more detailed analysis of the impact of excise duties on motor vehicle and aviation fuels is provided in Chapter 4.

3.2. Key characteristics and revenue trends

3.2.1. Key characteristics of excise taxes

Excise, unlike other general consumption taxes (incl. value added taxes - VAT¹) is levied only on specific goods. Although many products can be subject to excise, such as chocolate, coffee and orange juice, this chapter focuses on three principal product groups that are subject to excise in all OECD countries: alcoholic beverages, mineral oils and tobacco products.

Before looking at the key characteristics of these three groups and their comparative treatment in different countries, it is useful to recall the following general characteristics of excise duties:

- Excise duties are generally calculated by reference to the weight, volume, strength, or quantity of the product, combined in some cases with the value, but sometimes on a value basis only.
- Excise duties normally become payable when the goods enter free circulation. Transfers of ownership of excisable goods can take place within a controlled warehousing environment or between registered operators without creating an excise charge.
- The excise system is characterised by small numbers of taxpayers that are active in the manufacturing, wholesale stage or importation of the three main product groups.

Unlike VAT, which is collected through a staged collection process by all the stakeholders in the value chain until the final consumer (see Chapter 2), excise duties are normally collected only once, from a registered operator, at the time the goods are released for consumption. In the European Union, the

movement of excisable products between Member States takes place under a duty-suspension arrangement until the moment these products are released for free circulation. In the United States, excise duties are levied by the federal government and by many states and local governments. Federal excise taxes are collected by the Internal Revenue Service while states may impose the tax according to their own rules and rates.

The level of revenues raised by excise duties and the economic impact of these taxes depends on their structure. There are two main ways for levying excise duties on excisable products: *ad valorem* and *ad quantum*. Under an *ad quantum* excise (also referred to as a “specific” excise), a fixed amount of tax is levied per unit of the product (e.g. USD 1 per litre), which means that this is a tax on the volume of sales. Under an *ad valorem* excise, the tax is levied as a proportion of the product price (e.g. 20% of the selling price), and it is thus a tax on the value of sales. In a number of instances (e.g. tobacco taxes as presented in Annex Table 3.A.4) excise duties can be levied on the basis of a mix of *ad valorem* and *ad quantum* taxes. *Ad quantum* taxes requires a precise definition of the nature and characteristics of the tax base (e.g. a litre of unleaded gasoline with 94 RON) while an *ad valorem* tax is simply based on the price of the excisable good.

Most excisable products naturally present a bundle of different characteristics (volume, weight, strength, octane, alcoholic or carbon content, etc.). *Ad quantum* taxes remain unaffected by changes in the product characteristics that have not been defined as being relevant for the tax base, whereas *ad valorem* taxes bear on all the characteristics of the product that are reflected in the price. Depending on the structure of the excise, its impact on production and consumption is different. For example, a specific *ad quantum* excise on beer (per % absolute alcohol in volume) may encourage brewers to develop varieties of beer, including more luxurious products that could be offered at higher prices while remaining subject to the same level of excise as the cheaper product. On the other hand, *ad valorem* taxes may discourage costly improvements in product quality or encourage consumers to switch to low-cost products. An *ad quantum* excise may be easier to administer, because it requires only the determination of the physical quantity of the product taxed.

The tax revenue raised from excise duties and the revenue impact of changes of the design of these taxes are influenced by a wide range of factors. When assessing the impact of change to excise duty regimes, it is important to note that excise is normally part of the VAT base, i.e. VAT is usually levied on the duty-paid value of the excise products. The revenue impact of any changes in an excise tax will thus also be influenced by the level of the VAT rate on a given excisable product. Elasticity of the demand for the taxed products is a key factor in determining the revenue impact of excise duty reforms. The more elastic the demand is, the higher the likelihood that an increase in the price from an increase in excise will lead to a lower demand and thus to lower tax revenue. A price increase from higher excises may induce households to shift to other, more lightly taxed products so that the revenue impact will also depend on the tax rates levied on close substitutes. The impact of these various factors will ultimately depend on the extent in which any tax increase is passed onto consumers in the form of higher after-tax prices. If producers reduce the before-tax price in response to a tax increase, this increase will not be (fully) reflected in the consumer price as producers absorb it (partially or fully) through a reduction in their profit margin. It is also noteworthy in this context that empirical experience suggests that *ad quantum* tax increases tend to be more than fully passed through to consumers (prices rise by more than the tax increase), whereas *ad valorem* tax increases tend to be less than fully passed through (Sassi, Belloni and Capobianco, 2013^[1]). In general, *ad quantum* taxes produce a more predictable revenue stream than *ad valorem* taxes, as revenue does not vary with the price of the product. On the other hand, *ad valorem* taxes may keep pace with inflation better than *ad quantum* taxes (although it is possible to adjust *ad quantum* taxes for inflation).

From a distributional perspective, there may be a case for *ad valorem* rather than *ad quantum* taxation. If one assumes that high-income taxpayers purchase more expensive products than low-income consumers, then an *ad valorem* tax could be assumed to impose a higher tax burden on high-income taxpayers relative to low-income consumers. However, this is not entirely straightforward: the exact distributional impact will

depend on consumption patterns, and even with an *ad valorem* tax, high-income taxpayers may still end up paying less tax relative to their income than low-income households. Addressing redistributive goals is likely to be better achieved through a progressive personal income tax which directly links taxes paid to income (Brys et al., 2016^[2])(see also Section 3.4 below).

There may be a case for a combination of *ad quantum* and *ad valorem* taxes if the tax is aimed at discouraging consumption of, or maximising revenue from, both high and low value products. Where there are large differences in prices of a product, an *ad quantum* tax will be less likely to reduce demand for the high value product, and will raise less revenue from it than an *ad valorem* tax. Additionally, higher income consumers who are more likely to consume high value products may be less responsive than low-income groups to the imposition of a given tax (although *ad quantum* taxes may reduce the price differentials). Imposing a higher aggregate tax on these expensive products will therefore be needed to affect behaviour. To achieve this, an *ad valorem* tax can be combined with an *ad quantum* tax, which is common in tobacco taxation (see Section 3.3 below). Setting the “optimal” balance between *ad quantum* and *ad valorem* components of excise will depend of the products concerned, the market structure and the government’s objective, hence there is no optimal balance between the two taxes in absolute (KEEN, 1998^[3])

Finally, illicit trade and opportunities for cross border shopping are other factors that might influence the revenue potential and the impact on consumption of excisable products.

All these factors need to be taken into account by governments depending on their policy objectives i.e. to reduce consumption of products considered harmful to health or increase revenue or both.

3.2.2. Excise revenue trends in OECD countries

In the OECD countries, the relative share of excise duties in total tax revenue has seen a long decline between 1975, when they accounted for 10.5% on average, and 2018 when these taxes represented 7.2% of total tax revenue on average (see Annex Table 1.A.5). Although some large differences between countries can be observed, with excise accounting for 2.6% of total tax revenue in New Zealand and 14.9% in Turkey, the weight of excise duties is between 5% and 10% of total tax revenue in the majority of OECD countries (26 out of 37). These taxes account for less than 5% of total taxes in eight OECD countries (Australia, Canada, Israel, Japan, New Zealand, Sweden, Switzerland and the United States). They account for more than 10% of total tax revenue in 5 OECD countries (Estonia, Latvia, Lithuania, Poland and Turkey), down from twelve OECD countries in 2010.

The main characteristics of excise duties and their policy objectives as revenue raisers and tools to influence consumer behaviour are largely shared amongst OECD countries. However, their rates and structure differ significantly and showing the order of magnitude of the total tax burden on specific excisable goods is therefore not straightforward. For example, standard excise rates on beer may be tempered by the application of reduced rates on small breweries. For tobacco products, different duty rates applicable to substitutes (cigarettes and rolling tobacco) may also blur the picture. Similarly, excise duties on road fuels show only a part of automotive taxation policy that also includes road tolls, taxes on registration and use of vehicles, taxes on insurance, etc.

The following sections provide some more detail on the main differences in the structure of excise duties and on their increasing use as an instrument to influence behaviour.

3.3. Alcoholic beverages

Alcoholic beverages exist in a wide variety across the world and are produced from a wide range of fermented or distilled ingredients (grapes, apples, malt, rice, etc.). The Customs Combined Nomenclature Code (CN) provides a classification of alcoholic beverages with which excise categories are intrinsically linked. The CN includes six main categories of alcoholic beverages: beer made from malt (code 22.03);

wine of fresh grapes, including fortified wines (code 22.04); vermouth and other wine of fresh grapes flavoured with plants or aromatic substances (code 22.05); other fermented beverages (for example, cider, perry, mead), mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages (code 22.06); undenatured ethyl alcohol of an alcoholic strength of 80 % pure alcohol by volume (abv) or higher (code 22.07) and undenatured ethyl alcohol of an alcoholic strength of less than 80 % abv (code 22.08). There are inevitably subdivisions within each of these broad categories but the use of the internationally accepted nomenclature enhances consistency and helps to avoid contradictory definitions in applying rates. Member States of the European Union apply a harmonised structure for excise duties on alcohol and alcoholic beverages (Council Directive 92/83/EEC). Except otherwise mentioned in country notes, Annex Table 3.A.1 and Annex Table 3.A.1 cover products under CN codes 22.03 and 22.04. Annex Table 3.A.3 covers products not included in Annex Table 3.A.1 and Annex Table 3.A.2.

Given the long history of alcohol taxation, several methods and measures have been developed over time for assessing the alcoholic content of a product. The alcohol by volume (abv) is now the standard measure of the level of alcohol contained in an alcoholic beverage. It is defined as the number of litres of pure ethanol present in 100 litres of solution at 20 °C, expressed as a percentage of the total volume. Annex Table 3.A.1 and Annex Table 3.A.2 provide an overview of excise taxation of beer and wine, whereby the alcoholic content is expressed in % abv. In some countries, the excise taxation of beer calculates the alcoholic content in degree Plato (measuring the density of beer wort in terms of percentage of extract by weight). To allow cross-country comparison, Annex Table 3.A.1 shows the estimated amounts of tax per % abv for these countries based on a conversion from the amounts of tax per degree Plato. There is no precise method to convert from degrees Plato and alcohol per volume but for tax purposes it is assumed that 1% abv is equivalent to 2.5 degrees Plato. The tax amounts per degree Plato have thus been multiplied by 2.5 to obtain the rates in degree abv for the relevant countries in Annex Table 3.A.1.

Excise can be applied to alcoholic beverages in two main ways. The duty can be either *ad quantum* in relation to the alcoholic content of the product or *ad valorem* calculated according to the value of the product. The two methods are generally combined to include both the volume (based on alcohol content) and value. One exception is Mexico where the rate of tax on alcoholic beverages is calculated exclusively on the value of the product, with a graduated rate for beer that takes into account the alcoholic content of the product.

Annex Table 3.A.1, Annex Table 3.A.2, and Annex Table 3.A.3 in respect of excise duties on beer, wine and other alcoholic beverages illustrate the complexity of the computation of excise duties in many instances. The existence of differing subcategories and specific rates (e.g. for low-alcohol products and for small breweries) and calculations based on both the value and the nature of the product, make it difficult to show an exact estimate of the precise excise tax burden at the consumer level. Nevertheless Annex Table 3.A.1, Annex Table 3.A.2, and Annex Table 3.A.3 show the large differences of taxation levels between countries. Excise on beer (Annex Table 3.A.1), for instance, varies from less than USD 5 per hectolitre per % abv (Czech Republic, Germany, Luxembourg, Slovak Republic and Turkey) up to more than USD 20 (Finland, Ireland, New Zealand, Sweden and United Kingdom) with the highest levels observed in Finland (USD 41.01) and Israel (USD 66.01). Three quarters of OECD countries (29 out of 36) apply reduced rates to small breweries, with a progressive increase in the tax rate according to their annual production in many cases. Country notes to Table 3.A.1 illustrate the wide diversity of these tax regimes.

Excise rates on still wine (Annex Table 3.A.2) also vary widely across OECD countries from zero (Austria, Czech Republic, Germany, Greece, Hungary, Israel, Italy, Luxemburg, Portugal, Slovak Republic, Slovenia, Spain and Switzerland) to more than USD 4 per litre in Finland and Ireland and more than USD 6 per litre in Norway. In addition, if almost all OECD countries apply the standard VAT rate to alcoholic beverages, Colombia and Luxembourg apply a reduced VAT of respectively 5% and 14% to still wine. Four OECD countries do not apply any *ad quantum* excise to wine but only *ad valorem* taxes (Australia, Chile, Korea and Mexico).

For other alcoholic beverages (Annex Table 3.A.3), the excise duty rates also vary across OECD countries, but to a lesser extent than for wine and beer, as there are no zero-rates or reduced rates for small producers. These range from less than USD 15 per litre of absolute alcohol (Hungary, Germany, Czech Republic) up to about USD 90 per litre of absolute alcohol in Norway and USD 126 in Iceland. The only country to apply a reduced VAT rate (5%) to alcoholic beverages is Colombia.

3.4. Tobacco products

Historically, as for alcohol taxation, the primary motivation for tobacco taxation was the raising of government revenue. Nearly all OECD countries have taxed tobacco products for many decades and even for centuries in some cases. The significant tobacco consumption and the relatively low elasticity of demand for tobacco products (i.e. the less than proportionate response of tobacco product consumption to a moderate price increase) along with the small number of producers made these products a particularly attractive target for excise and other taxation. Overtime, the clear evidence of the negative health consequences of tobacco use have turned tobacco taxation increasingly into a tool reduce tobacco consumption. The World Health Organisation provides economic evidence of the effectiveness of increased tobacco taxation and pricing in reducing tobacco use. It shows that tobacco taxation is highly cost-effective, combining the potential for massive impact with a low implementation cost as returns and economic benefits from tobacco taxation have proven to be several times higher than the cost of this measure (WHO, 2019^[4]).

As with alcohol and mineral oils, tobacco products are subdivided into a number of categories i.e. cigarettes, cigars, cigarette rolling tobacco and pipe tobacco. New tobacco products have also emerged in recent years such as Heated Tobacco Products (HTP), and Electronic Nicotine Delivery Systems (ENDS), which may be subject to specific tax rates.

Unlike excises on alcoholic beverages and mineral oils, which are almost exclusively *ad quantum*, the majority of countries use a combination of *ad quantum* and *ad valorem* elements to calculate excise on tobacco products.

Annex Table 3.A.4 and Annex Table 3.A.5 show large differences in tax rates between countries. Difference in tax levels can also exist within a jurisdiction that allows excises to be levied at the sub-national level such as in the United States where, for instance, local excise rates on cigarettes (on the top of the federal tax) range from USD 0.17 in Missouri and USD 0.30 in Virginia to USD 4.50 in the District of Columbia and USD 4.35 in New York per pack of 20 cigarettes (Federation of Tax Administrators, 2020^[5])

It should be noted that the individual rates or amounts of tax (*ad valorem/ad quantum* excise, VAT, duties, etc.) per type of tobacco product as shown in Annex Table 3.A.4 are not sufficient to assess the overall tax burden on those products. Indeed, a high *ad valorem* tax on a given product group can be balanced with a low *ad quantum* excise (or vice versa) when excise is levied on the basis of a mix of both *ad valorem* and *ad quantum* taxes for this product group. *Ad valorem* excises can be assessed on a range of different bases (producer price, import price, retail price). The combined effect of the VAT rate with excise duties needs to be assessed etc.

A better understanding of the relative taxation levels may therefore be gained by calculating the total tax burden (TTB) as a share of the total retail selling price (RSP) of a given product to the final consumer. To illustrate this, Annex Table 3.A.5 shows the total tax burden (*ad quantum* excise + *ad valorem* excise + VAT) for cigarettes as a share of the retail selling price (RSP) of a pack of 20 cigarettes in OECD countries. This table shows that the total tax burden for a pack of 20 cigarettes varies widely between countries, from 39.47% of the RSP in the United States (national average estimate of federal and local taxes) and 55.49% in Iceland to 82.69% in the Czech Republic and 87.41% in Finland. The tax burden is above 60% of the

RSP in all the OECD countries, except Iceland and the United States; and above 75% (as recommended by the WHO) in 21 OECD countries.

Annex Table 3.A.5 also shows that there may be substantial differences in the pre-tax prices, depending on the structure of the market, the geographic location (in particular with respect to cross-border shopping) and the relevant tax structure.

Determining the rate for tobacco taxation depends on the policy objectives of the tax. If the tax is primarily intended to raise revenue, then the tax rate will be determined in light of the revenue targets and the elasticity of the demand for the taxed products. A moderate rate may be sufficient to generate stable revenue without creating significant political economy difficulties. If the tax is intended to have a significant impact on customer behaviour, then a higher tax rate is likely to be required to achieve the desired health outcomes. In the specific case of tobacco, research (Goodchild, Perucic and Nargis, 2016^[6]) has shown that higher taxes and prices on tobacco reduce both prevalence (i.e. users quitting) and intensity of tobacco use (i.e. users consuming less), in particular for vulnerable populations (young people and low-income households). The monetary burden of higher tobacco taxes also appears to fall more heavily on the wealthiest users, whose tobacco use declines less, while most of the health and economic benefits from reductions in tobacco consumption accrue to the most disadvantaged populations, whose tobacco use declines more when taxes increase (Belinda Loring, 2014^[7]). Political economy factors (e.g., industry lobbying, public opposition) may make imposing a higher rate difficult to achieve. Earmarking (part of) the revenue from the taxes for specific health related purposes such as funding health programmes and/or tobacco control activities may increase public support, although it reduces the flexibility in government budgeting. It may also provide a regular source of funding for health care and health promotion programmes that is not subject to annual budgetary review (World Health Organisation, 2016^[8]). Concerns about cross-border trade and bootlegging between countries with high price differentials may make it difficult to impose a high tax rate in some countries in the absence of efficient regional co-operation.

3.5. Heating fuel

Mineral oils are usually sub divided into product categories on the basis of technical specifications. The main product categories for excise duty purposes are unleaded gasoline, diesel oil, and heavy fuel oil. Some OECD countries also tax other energy products such as natural gas, electricity and coal through excises or specific taxes on energy products, such as carbon taxes. This publication only considers VAT and excise taxes, or taxes considered as such or included in the excise amount. These taxes are set *ad valorem* or *ad quantum* rather than by energy or CO₂ content of the fuel.

In most OECD countries, heating oil is taxed at lower rates than motor fuels. In the European Union, a minimum rate is established by the Energy Tax Directive for heating fuel (EUR 0.021/litre), which is much lower than the one for motor fuel (EUR 0.3/litre of diesel). Only a few member countries (Czech Republic, Hungary and the Netherlands) apply practically the same excise duty rates for heating oil and diesel oil. Ireland, Luxembourg and the UK also apply a reduced VAT rate for heating oil, while none of the OECD countries reported reduced VAT rates for diesel or gasoline for cars.

The large differences in the excise duty rates are reflected in the wide variation in heating oil prices across the OECD, ranging from USD 0.705/litre in Luxembourg and 0.751/litre in Belgium (which have also the lowest excise rates) to USD 1.509/litre in Denmark and USD 1.877/litre in Israel.

3.6. Impact on cross-border trade

Differences in excise rates between countries often result from national traditions, social, environmental and health policy, local production and government financing needs. Such differences are not without

impact on the cross-border movement of goods. The development of integrated markets (e.g. the European Union) and elimination of border controls at frontiers have shed light on the sometime considerable difference in excise between neighbouring countries to the extent that market forces are affected. In such circumstances, the effects of cross border shopping can have a significant economic impact on businesses and put pressure on the relevant tax authorities to seek closer approximation of excise duty rates with their neighbours. Differences between certain neighbouring countries may also encourage cross-border “bootlegging” activities (McKee Laura MacLehose Ellen Nolte et al., 2004^[9]). Although some would argue that market forces should encourage a move towards convergence of rates, this is contradictory with other policy factors when issues such as health are taken into account in setting the rates.

3.7. Distributional impact of excise

While excise taxes can reduce the demand for the taxed goods that are considered harmful and thus the money that households spend on them over time, they can increase immediate budgetary pressure for lower income households if introduced without further support measures. It is thus important to understand the likely distributional impact of excise tax policy and to complement excise tax increases with compensatory measures, ideally through the social transfer and benefit system, to reduce adverse distributional consequences where appropriate. Flues and Van Dender (Flues and van Dender, 2017^[10]) notably show that just one-third of the additional revenues raised from stronger excise taxes on energy may be sufficient to not only fully compensate lower income households for the tax increase but to even reduce their energy bill through cash transfers.

The distributional impact of excise taxes varies across the products on which they are imposed. A study by the OECD for 20 mainly European OECD countries showed that the combined impact of excise taxes on alcohol, tobacco and transport fuels tends to be regressive both when measured as a percentage of income and expenditure (OECD/KIPF, 2014^[11]). These results imply that as households earn more they spend a smaller proportion of their income and total expenditure on these products. Exact burdens can vary depending on tax design. For example, if richer households consume more expensive alcohol and tobacco than poorer households, richer households will face relatively higher tax burdens with an *ad valorem* tax that taxes the value of the product compared to an *ad quantum* tax that taxes the quantity consumed.

For the tables in annex, references to the ‘European Union and its Member States’ includes the UK as a Member State for January 2020 and as an addition to the Member States (‘Member States and the UK’) for the period 1 February 2020 until the end of December 2020.

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Annex 3.A. Excise duties

Annex Table 3.A.1. Taxation of beer

Country	Currency	Specific excise per hectoliter per % abv ¹		Lower excise for small independent breweries			Excise duty on low alcohol beer Excise on hectoliter of product		VAT rate	Excise rate progressive by strength
		National currency	USD	Annual production (hl)	National currency	USD	National currency	USD		
Australia*	AUD	Country note		Country note			Country note		10.0	Yes
Austria	EUR	5.00	5.62	≤ 12 500	3	3.37	–	–	20.0	No
				≤ 25 000	3.5	3.93			20.0	
				≤ 37 500	4	4.49			20.0	
				≤ 50 000	4.5	5.06			20.0	
Belgium	EUR	5.01	5.63	≤ 12 500	4.36	4.90	–	–	21.0	No
				≤ 25 000	4.50	5.06			21.0	
				≤ 50 000	4.65	5.22			21.0	
				≤ 75 000	4.79	5.38			21.0	
				≤ 200 000	4.94	5.55			21.0	
Canada*	CAD	Country note		Country note	Country note		Country note		5.0/13.0 15.0	Yes
Chile*	CLP	Country note		Country note			Country note		19.0	No
Colombia		Country note		Country note			Country note		19.0	
Czech Republic	CZK	80.00	3.42	≤ 10 000	40.00	1.71	–	–	21.0	No
				≤ 50 000	48.00	2.06			21.0	
				≤ 100 000	56.00	2.39			21.0	
				≤ 150 000	64.00	2.74			21.0	
				≤ 200 000	72.00	3.08			21.0	
Denmark*	DKK	48.74	7.31	≤ 3 700	Country note		0.00	0.00	25.0	No
				≤ 20 000	Country note				25.0	
				≤ 200 000	Country note				25.0	
Estonia	EUR	12.70	14.27	≤ 15 000	6.35	7.15	–	–	20.0	No
Finland*	EUR	36.50	41.01	≤ 5 000	18.25	20.51	11.40	8.88	24.0	No
				≤ 30 000	25.55	28.71			24.0	
				≤ 55 000	29.20	32.81			24.0	
				≤ 100 000	32.85	36.85			24.0	
France*	EUR	7.49	8.42	≤ 200 000	3.75	4.21	3.75	4.21	20.0	No
Germany*	EUR	1.97	2.21	≤ 5 000	1.10	1.24	–	–	19.0	No
				≤ 10 000	1.32	1.48			19.0	
				≤ 20 000	1.54	1.73			19.0	
				≤ 40 000	1.65	1.85			19.0	
Greece	EUR	12.50	14.04	≤ 200 000	6.25	7.02	–	–	24.0	No

Hungary	HUF	1620.00	5.90	≤ 200 000	810.00	2.95	-	-	27.0	No
Iceland*	ISK	Country note		-	-	-	Country note	-	11.0	Yes
Ireland*	EUR	22.55	25.34	≤ 50 000	Country note		Country note		23.0	No
Israel*	ILS	235.00	66.01	-	-	-	Country note		17.0	No
Italy*	EUR	7.48	8.40	≤ 10 000	4.67	5.04	Country note	-	22.0	No
Japan*	JPY	Country note		≤ 100 000	Country note		-	-	10.0	No
Korea*	KRW	Country note					Country note		10.0	No
Latvia*	EUR	7.40	8.31	≤ 10 000	3.70	4.16	-	-	21.0	No
Lithuania	EUR	7.11	7.99	-	-	-	-	-	21.0	No
Luxembourg*	EUR	1.98	2.22	≤ 50 000	0.98	1.10	-	-	17.0	No
				≤ 200 000	1.12	1.26	-	-	17.0	
Mexico*	MXN	26.50%					-	-	16.0	Yes
Netherlands*	EUR	Country note		≤ 200 000	Country note	-	-	-	21.0	Yes
New Zealand*	NZD	29.05	20.61				Country note		15.0	No
Norway*	NOK	See note					Country note		25.0	Yes
Poland*	PLN	21.43	5.64	≤ 200 000	Country note		-	-	23.0	No
Portugal*	EUR	See note		≤ 200 000	Country note		Country note		23.0	No
Slovak Republic	EUR	3.59	4.03	≤ 200 000	2.65	2.98	-	-	20.0	No
Slovenia*	EUR	12.10	13.60	≤ 20 000	6.05	6.80	-	-	22.0	No
Spain*	EUR	Country note		-	-	-	Country note		21.0	No
Sweden	SEK	202.00	23.63	-	-	-	-	-	25.0	No
Switzerland*	CHF	Country note		≤ 55 000	Country note		Country note		7.7	Yes
Turkey*	TRY	204.42	3.59	-	-	-	-	-	18.0	No
United Kingdom*	GBP	19.08	24.46	≤ 60 000	Country note		8.42	10.79	20.0	No
United States*	USD	Country note		≤ 2 347 000	Country note		-	-		No

Notes

*See Country notes

Conversion of national currency in USD: conversion rates are average market rates (2019) published in OECD Monthly Monetary Statistics (stats.oecd.org).

1. % abv = percentage of pure alcohol by volume at 20°C. In some countries, the excise rate on beer is calculated per hectolitre per degree Plato. For ease of reading, all amounts have been converted in % abv. There is no precise conversion between degrees Plato and % abv but for tax purposes it is often assumed that 1% abv is equivalent to 2.5 degrees Plato. As a result, tax rates expressed in degree Plato have been multiplied by 2.5 to obtain the % abv.

Source: national delegates; position as at 1 January 2020.

Annex Box 3.A.1. Country notes to Table 3.A.1.

Australia. The excise rates for beer in individual containers of less than 8 litres; or individual containers of at least 8 litres but not exceeding 48 litres and not designed to connect to a pressurised gas delivery system or pump delivery system are: AUD 43.53 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 50.70 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 50.70 where the alcohol volume exceeds 3.5%. The excise rates for beer in individual containers exceeding 48 litres; or individual containers of at least 8 litres but not exceeding 48 litres and designed to connect to a pressurised gas delivery system or pump delivery system are: AUD 8.71 per litre of alcohol where the alcohol volume does not exceed 3%, AUD 27.26 where the alcohol volume exceeds 3% but does not exceed 3.5%, and AUD 35.71 where the alcohol volume exceeds 3.5%. Lower rates also apply for beer produced for non-commercial purposes using commercial facilities or equipment, being AUD 3.06 per litre of alcohol for beer where the alcohol volume does not exceed 3% and 3.53 per litre of alcohol for beer where the alcohol volume is 3% or more. Excise duty on beer is calculated on the amount by which the alcohol content exceeds 1.15% by volume of alcohol. Beer that does not contain more than 1.15% by volume of alcohol is not subject to excise duty. These rates are indexed to inflation in February and August each year. Eligible manufacturers can receive a refund of 60% of the excise duty paid up to a maximum of AUD 100 000 per financial year.

Canada. Excise duty rates for beer are imposed per hectolitre of product (not per hectolitre per degree alcohol). Provincial and territorial governments also charge taxes and mark-ups on beer. Federal excise duty rates, on all beer or malt liquor containing: (1) more than 2.5% abv, CAD 33.03 per hectolitre; (2) more than 1.2% abv but not more than 2.5% abv, CAD 16.52 per hectolitre; (3) not more than 1.2% abv, CAD 2.742 per hectolitre. Reduced rates of excise duty apply on the first 75 000 hectolitres of beer and malt liquor brewed in Canada per year by licensed brewers: the aforementioned rates are reduced by (1) 90%, on the first 2 000 hectolitres, (2) 80%, on the next 3 000 hectolitres, (3) 60%, on the next 10 000 hectolitres, (4) 30%, on the next 35 000 hectolitres, and (4) 15%, on the next 25 000 hectolitres. Automatic inflationary adjustments on duty rates for beer occur annually on April 1.

Chile. The sale of alcoholic beverages (including wine, beer, distilled alcoholic beverages and other alcoholic beverages) is subject to 19% VAT and also to a surtax on the sale or import of alcoholic beverages. The rate applied to beer is of 20.5% and does not depend upon the degree of alcohol that the beer contains. The tax is applied to the VAT base, that is the sale's price (excluding VAT itself) and levies sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. The sale from the retailer to the final consumer is not subject to the surtax and the retailer cannot deduct the input tax.

Colombia. The sale of beer is subject to an excise tax of 48% for beers produced in Colombia and an additional VAT of 19% after reducing the taxable base with the excise tax. Regarding foreign produced beers, the excise tax is determined by the Ministry of Finance on a semester basis.

Denmark. Lower rates on small independent breweries: production $\leq 3\,700$ hl receives a tax reduction of DKK 77.08 per hl; production $\leq 20\,000$ (X) receives a tax reduction of DKK $259.81/X + 6.83$ per hl; production $< 200\,000$ hl receives a tax reduction of DKK $22.02 - X/9083$ per hl. An additional duty is placed on products which contain a mixture of beer and non-alcoholic drinks. Rates: DKK 9.38/l. of mixture with alcohol content $\leq 10\%$ vol. in the final product and DKK 16.39/l. of mixture with alcohol content $>10\%$ vol. in the final product. Beer with alcohol content less than 2.8% vol. is free of excise tax.

Finland. Beer with an alcoholic content less than 0.5 % vol. is free of excise.

France. Beer with alcoholic content above 18% support an additional taxation for social budget : EUR 3.05/degree of alcohol/hectolitre

Germany. From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.

Iceland. The duty in Iceland is ISK 125.65 per centilitre of alcohol per litre minus 2.25 centilitres. For example, one litre of beer that has 6% abv has 6 centilitres alcohol per litre. Therefore, the duty for one litre of beer that contains 6% abv would be as follows: $(6-2.25) * 125.65 = \text{ISK } 472.2$ per litre. As a result of this formula, beer with less than 2.25% abv is not taxed.

Ireland. There is remission or repayment of 50% alcohol products tax (excise duty) on beer brewed in independent small breweries producing up to 50 000 hl a year. Budget 2020 increased the qualifying production level from 40 000 to 50 000 hectolitres but maintained the current 30 000 hectolitre limit for remission/repayment of APT. For low alcohol beer, the rate is 0.00 (beer \leq 1.2% abv) and EUR 11.27 (beer $>$ 1.2% abv up to 2.8% abv).

Israel. The duty was set as ILS 235 on 1 January 2020. The amount is updated each year according to the change in the Consumer Price Index (CPI). There is no duty on beer under 2% alcohol (or under 3.8% alcohol if marketed in reusable bottles).

Italy. Beer with volume of alcohol does not exceed 0.5 percent is not taxed. For small breweries with an annual production of no more than 10 000 hectolitres, the excise duty rate for beer is reduced by 40 percent.

Japan. Excise rates are JPY 22 000 per hl of product. Reduced rates for small brewers (annual production of liquor up to 100 000 hl) apply for the first 2 000 hl of beer per year at the following rates: (a) if annual production of beer is less than or equal to 10 000 hl JPY 18 700/hl; (b) if annual production of beer is more than 10 000 hl or less than or equal to 13 000 hl, JPY 20 350/hl (temporary measure). Reference information (FY2017 Liquor tax reform). From 1 October 2020, the excise rates for liquor were changed in order to restore fairness in tax burden between different types of beer. Specifically, the excise rates for beer and beer-like liquors will be unified at JPY 15 500 per hl in October 2026 (the revision will be implemented in three stages).

Korea. The tax rate of beer is KRW 830.300 per kilolitre (as for beer sold in the container sized 8 litre or bigger that uses a separate dispensing tap before December 31, 2021, KRW 664.200 of tax rate applied). Each year, the beer tax rate is determined in accordance with the changes in consumer price index.

Latvia. Starting from 1 March 2020 the excise per hectolitre per % abv is EUR 7.8; excise per hectolitre per % abv for small independent breweries is EUR 3.9 (not less than EUR 14.4 per hectolitre of beer). The reduced rate for small independent breweries (annual production up to 50 000 hl) is applied for the first produced 10 000 hl of beer.

Lithuania. Beer with an alcoholic content of less than 0.5% vol. is free of excise.

Luxembourg. Rates for small breweries (annual production up to 200 000 hl) range from EUR 0.40 to EUR 0.45. Additional rate for alcopops: EUR 600 per hectolitre.

Mexico. The rates apply to the value of the goods as follows: 26.5% for beer and other alcoholic beverages up to 14° Gay-Lussac (GL); 30% for beverages above 14° G.L. and up to 20° G.L.; 53% for beverages above 20° G.L.

Netherlands. Excise duty rates are as follows per hectolitre of product: a) Up to 7° Plato EUR 8.83; b) 7°-11° Plato EUR 28.49; c) 11°-15° Plato EUR 37.96; d) 15 or more degrees Plato EUR 47.48. Rates for small breweries (annual production up to 200 000 hl) are as follows: a) up to 7° Plato the above mentioned rate; b) 7°-11° Plato EUR 26.35; c) 11-15 degrees Plato EUR 35.11; d) 15 or more degrees Plato EUR 43.92. For beer with a maximum alcohol content of 0.5% a consumer tax of EUR 8.83 per hectolitre is applicable and a VAT rate of 9%.

New Zealand. The excise rate for beer containing more than 2.5% abv is NZD 29.054 per litre of alcohol in finished product. The rate for beer containing more than 1.15% abv but not more than 2.5% abv is NZD 0.43573 per litre of product. There is no excise duty on beer containing less than 1.15% abv.

Norway. Excise rates are as follows per hectolitre of product: a) 0.0-0.7% abv: NOK 0; b) 0.7-2.7% abv: NOK 351; c) 2.7-3.7% abv: NOK 1 318; d) 3.7-4.7% abv: NOK 2 283. The excise rate for beer with an alcoholic content of more than 4.7% abv is NOK 511 per degree of alcohol and hectolitre.

Poland. Exemptions from excise for small breweries: 1) production \leq 200 000 hl a year – 50% of the amount of excise duty calculated with the standard rate of excise duty on beer; if producers produce more than 200 000 hl a year – to all beer produced in a year is applied the standard rate of excise duty on beer with no possibility of excise tax exemption; the above rules also apply to producers who cooperate with each other; 2) intra-Community purchase or import of beer by entities that meet the conditions specified in law – 50% of the amount of excise duty calculated with the standard rate of excise duty on beer.

Portugal. Excise rates for beer are as follows per hectolitre of product: (a) $>0.5. \leq 1.2\%$ abv EUR 8.34; (b) $>1.2 \leq 2.8\%$ abv EUR 10.44; (c) $> 2.8 \leq 4.4\%$ abv EUR 16.70; (d) $> 4.4 \leq 5.2\%$ abv EUR 20.89; (e) $> 5.2 \leq 6\%$ abv EUR 25.06; (f) $>6\%$ abv EUR 29.30 (rates as at 01 January 2020). Rates for small breweries (annual production up to 200 000 hl) are 50% of the normal rates.

Slovenia. Reduced rate for small breweries (yearly production \leq 20 000 hl): EUR 6.05 per hl per % abv. Exemption for natural person use of beer if yearly production is less than 500 l. Reduced rate for small breweries (yearly production \leq 20 000 hl) is 50% of the standard rate of excise duty for beer: EUR 6.05.

Spain. Excise rate according to strength is: beer $< 1.2\%$ abv is free of excise; beer between 1.2% and 2.8% abv is EUR 2.75/hl; beer between 2.8% abv and 11° Plato is EUR 7.48/hl; beer with a degree Plato > 11 and not $> 15 =$ EUR 9.96/hl; beer with a degree Plato > 15 and not $> 19 =$ EUR 13.56/hl; beer with a degree Plato $> 19 =$ EUR 0.91/hl and per degree Plato. There is no tax on Beer in Ceuta and Melilla (Spanish cities situated in the North of Africa).

Sweden. The excise duty for beer with an alcoholic content below 2.8 % abv is SEK 0.

Switzerland. Rates per hectolitre: light beer (up to 10.0° Plato): CHF 16.88, regular and special beer (10.1 to 14.0° Plato): CHF 25.32, strong beer (from 14.1° Plato): CHF 33.76. For small breweries producing less than 55 000hl per year the tax rate is progressively reduced according to the volume of production up to 40 % reduction (annual production of max. 15 000 hl). Beer with more than 15 % vol. is taxed as an alcoholic beverage (CHF 2900 per hectolitre of absolute alcohol).

Turkey. The minimum tax amount is TL 134.98 per hectolitre/degree. If the amount computed according to the tax rate (63%) is lower than the minimum tax amount, the minimum tax amount is paid.

United Kingdom. Beer with an alcoholic content below 1.2% abv is free of excise duty. Lower strength beer duty applies to beer with a strength between 1.2% to 2.8% abv. High strength beer duty was introduced on 1 October 2011 and is a duty applied to all beer exceeding 7.5% abv. It is charged in addition to general beer duty.

Reduced duty rates apply for independent breweries making 'Small Brewery Beer'. The rates are as follows;

- producing no more than 5 000 hl: 50% of the standard duty rate of duty
- producing more than 5 000 hl but no more than 30 000 hl – duty is calculated using the formula: $\text{Annual production minus 2500} / \text{annual production} \times \text{standard rate of duty}$
- producing more than 30 000 hl but no more than 60 000 hl – duty is calculated using the formula: $\text{Annual production minus (2500 minus 8.33\% of annual production in excess of 30 000 hl)} / \text{annual production} \times \text{standard rate of duty}$

Breweries making 'Small Brewery Beer' cannot claim a reduction in the rate of lower strength beer duty'.

United States. The weighted average Federal and State excise tax rate is USD 20 per hectolitre of product. The Federal tax is USD 16.00 per barrel (31 gallons) for the first 6 million barrels of beer and then USD 18.00 per barrel for each barrel after. 1 barrel = 1.1735 hectolitres. Small domestic brewers who produce less than 2 million barrels of beer per calendar year pay USD 3.50 in federal tax per barrel on the first 60 000 barrels and then USD 16.00 for each barrel over 60 000. There is no progressive rate structure based on alcohol content and no Federal VAT.

European Union. According to Directive 92/83/EEC, beer with an alcoholic content less than 0.5% abv. is not a beer and is not taxed in the EU.

Annex Table 3.A.2. Taxation of wine

Country	Currency	Still wine			Sparkling wine			Low-alcohol wine (< 8.5% abv)		
		Excise per hectolitre of product		VAT	Excise per hectolitre of product		VAT	Excise per hectolitre of product		VAT
		National currency	USD	%	National currency	USD	%	National currency	USD	%
Australia*	AUD	Country note	-	10.00	Country note	-	10.00	Country note	-	10.00
Austria	EUR	0.00	0.00	20.00	100.00	112.36	20.00	0.00	0.00	20.00
Belgium	EUR	74.91	84.17	21.00	256.32	288.40	21.00	23.91	26.87	21.00
Canada*	CAD	65.30	49.10	5.0/13.0 15.0	65.30	49.10	5.0/13.0 15.0	Country note	-	5.0/13.0 15.0
Chile*	CLP	Country note	-	19.00	Country note	-	19.00	Country note	-	19.00
Colombia	COP	Country note		5.0	Country note		5.0	Country note		5.0
Czech Republic	CZK	0.00	0.00	21.00	2340.00	100.04	21.00	0.00	0.00	21.00
Denmark*	DKK	1126.00	168.82	25.00	1461.00	219.04	25.00	518.00	77.66	25.00
Estonia*	EUR	147.82	166.09	20.00	147.82	166.09	20.00	63.35	71.18	20.00
Finland*	EUR	397.00	446.07	24.00	397.00	446.07	24.00	Country note	-	24.00
France*	EUR	3.82	4.29	20.00	9.44	10.61	20.00	3.82	4.29	20.00
Germany*	EUR	0.00	0.00	19.00	136.00	152.81	19.00	0.00	0.00	19.00
Greece	EUR	0.00	0.00	24.00	0.00	-	24.00	0.00	0.00	24.00
Hungary*	HUF	0.00	0.00	27.00	16460.00	59.97	27.00	0.00	0.00	27.00
Iceland*	ISK	Country note	-	11.00	Country note	-	11.00	Country note	-	11.00
Ireland*	EUR	424.84	477.35	23.00	849.68	954.70	23.00	141.57	159.07	23.00
Israel	ILS	0.00	0.00	17.00	See note	-	17.00	0.00	0.00	17.00
Italy	EUR	0.00	0.00	22.00	0.00	0.00	22.00	0.00	0.00	22.00
Japan	JPY	8000.00	73.33	10.00	8000.00	73.33	10.00	8000.00	73.33	10.00
Korea*	KRW	Country note	-	10.00	Country note	-	10.00	Country note	-	10.00
Latvia*	EUR	101.00	113.48	21.00	101.00	113.48	21.00	Country note		21.00
Lithuania*	EUR	164.67	185.02	21.00	164.67	185.02	21.00	65.46	73.55	21.00
Luxembourg*	EUR	0.00	0.00	14 or 17	0.00	0.00	17.00	0.00	0.00	14.00
Mexico*	MXN	26.5%/30%	-	16.00	26.5%/30%	-	16.00	26.5%	-	16.00
Netherlands*	EUR	88.30	99.21	21.00	88.30	99.21	21.00	44.24	49.71	21.00
New Zealand*	NZD	290,54	191.14	15.00	290,54	191.14	15.00	290,54	191.14	15.00
Norway*	NOK	6132.00	696.82	25.00	6132.00	696.82	25.00	Country note	-	25.00
Poland	PLN	174.00	45.31	23.00	174.00	45.31	23.00	174.00	45.31	23.00
Portugal	EUR	0.00	0.00	13.00	0.00	0.00	23.00	0.00	0.00	23.00
Slovak Republic*	EUR	0.00	0.00	20.00	79.65	89.49	20.00	0.00	0.00	20.00
Slovenia	EUR	0.00	0.00	22.00	0.00	0.00	22.00	0.00	0.00	22.00
Spain*	EUR	0.00	0.00	21.00	0.00	0.00	21.00	0.00	0.00	21.00
Sweden*	SEK	Country note	-	25.00	Country note	-	25.00	Country note	-	25.00
Switzerland*	CHF	0.00	0.00	7.70	0.00	0.00	7.70	0.00	0.00	7.70
Turkey*	TRY	1005.11	177.27	18.00	6790.74	1197.66	18.00	1005.11	177.27	18.00

United Kingdom*	GBP	288.65	370.06	20.00	369.72	474.00	20.00	88.93	114.01	20.00
United States*	USD	37.00	37.00	-	110.00	110.00	-	Country note	-	-

Notes

* See Country notes

Conversion of national currency in USD: conversion rates are average market rates (2019) published in OECD Monthly Monetary Statistics (stats.oecd.org).

Source: National delegates; position as at 1 January 2020

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Annex Box 3.A.2. Country notes to Table 3.A.2.

Australia. All wine (which includes grape wine, grape wine products, fruit or vegetable wine, cider or perry, mead and sake – subject to specific definitions) is generally subject to the wine equalisation tax (WET). WET applies at 29% of the wholesale value of the wine, and generally only applies when an entity is registered or required to be registered for goods and services tax (GST). The WET producer rebate, calculated as the amount of WET paid, or the amount of WET that would have been paid had the purchaser not quoted, applies to eligible producers in certain circumstances, up to a maximum of AUD 350 000 per financial year.

Canada. (1) A rate of CAD 0.653 per litre applies to wine with more than 7% abv. The rate is CAD 0.313 per litre on wine of more than 1.2% abv, but not more than 7%abv; and for all wine with 1.2% abv or less the rate is CAD 0.021 per litre. (2) Fortified wine in excess of 22.9% abv would not be included in the definition of "wine" (and, therefore, fall within the definition of "spirits"). Provincial and territorial governments also charge taxes and mark-ups on wine. Automatic inflationary adjustments on duty rates for wine occur annually on April 1.

Chile. The sale of alcoholic beverages is subject to a surtax of 20.5% on the sale or import of wine, sparkling wine, champagne, cider and other alcoholic beverages (among others). The tax is applied to the VAT base, that is the sale's price (excluding VAT itself), and levies sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. The sale from the retailer to the final consumer is not subject to this surtax and the retailer cannot deduct the input tax nor is levied with this tax the sale of wine in bulk made by producers to a taxpayer seller subject to this surtax.

Colombia. The sale of wines is subject to a VAT of 5%, an ad valorem tax of 20% and a consumption tax of COP 150 per for each degree of alcohol (abv).

Denmark. The rate for high-alcohol wine > 15 % abv – maximum 22 % abv is DKK 1 508 per hectolitre. Medium-alcohol wine < 6% abv – maximum 15 % abv is DKK 1 126 per hectolitre. Low-alcohol wine < 1.2 % abv – maximum 6 % abv is DKK 518 per hectolitre. The rates for sparkling wine correspond to the rates for still wine plus DKK 335 per hectolitre. An additional duty is placed on products that contain a mixture of wine and non-alcoholic drinks. Rates: DKK 7.13 per litre of mixture with alcohol content ≤10 % abv in the final product and DKK 11.50 per litre of mixture with alcohol content > 10 % abv in the final product.

Estonia. Low alcohol wine means wine with alcohol content up to 6% abv.

Finland. Excise rates for low alcohol wine are as follows: a) over 1.2% abv and up to 2.8% abv EUR 32.00; b) over 2.8% abv and up to 5.5% abv EUR 191.00; c) over 5.5% abv and up to 8.0% abv EUR 275.00.

France. A reduced rate of EUR 1.34/hl applies to the following categories of low-alcohol wine: cider, perry, mead, grapes juice lightly sparkling.

Germany. Excise rate for low alcohol sparkling wine < 6 % abv is EUR 51.00. Intermediate products with a volume of alcoholic degree between 1.2 % and 22 % abv are taxed according to the following rates: > 15 % abv - 22 % abv = EUR 153/hl; ≤ 15 % abv = EUR 102/hl; ≤ 15 % abv and sparkling = EUR 136/hl. Wine is not subject to an excise duty. Nevertheless, wine is subject to excise duty supervision in the German tax territory. *From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.*

Hungary. The rates for other fermented beverages (mostly fruit wines) are as follows: a) still: HUF 9870 per hectolitre of product, b) sparkling: HUF 16460 per hectolitre of product. c) low alcohol: HUF 0 per hectolitre of still blend of more than 50% wine and sparkling mineral water without added flavouring and not exceeding 8.5% vol. The rate for intermediate products is HUF 25520 per hectolitre of product.

Iceland. The duty rate is ISK 114.45 per centilitre of alcohol per litre minus 2.25 centilitres for wine up to 15% abv. For example, one litre of wine that has 15% abv has 15 centilitres alcohol per litre. So the duty for one litre of wine that contains 15% abv would be as follows: $(15 - 2.25) * 114.45 = \text{ISK } 1459.2$ per litre.

Ireland. The rate for low alcohol wine applies to wine with an alcoholic content not exceeding 5.5% abv. The rate for still wine with alcoholic content > 15% abv is EUR 616.45. The rate for still wine exceeding 5.5% vol but not exceeding 15% volume is EUR 424.84.

Japan. From 1 October 2020, the excise rate is JPY 9000 per hl.

Korea. The rate of liquor tax on wine is 30% on the manufacturer's price (or imported price). In addition, Education Tax (10% of the amount of Liquor tax levied) is also levied. These rates are applicable to both still and sparkling wine regardless of alcohol content.

Latvia. Starting from 1 March 2020 the excise for wine (still and sparkling) is EUR 106 per hectolitre. There is no specific rate for low-alcohol (still) wine (<8.5% abv).

Lithuania. Low-alcohol wine covers still and sparkling wine < 8.5% abv.

Luxembourg. The reduced VAT rate (14%) applies to still wine with alcoholic content ≤ 13% abv. Additional rate for alcopops: EUR 600 per hectolitre.

Mexico. All rates apply to the value of the goods, and not per hectolitre of product, as follows: 26.5% for beer and other alcoholic beverages up to 14° Gay-Lussac (GL); 30% for beverages above 14° G.L. and up to 20° G.L.; 53% for beverages above 20° G.L.

Netherlands. For low alcohol wine < 1.2% abv the VAT rate is 9%.

Norway. The rate shown in the table is the rate for wine with an alcoholic content of 12% abv. Excise rates for wine with an alcoholic content of 4.7%-22% abv = NOK 511 per vol. pct. alcohol and per hectolitre.

Slovak Republic. The rate of EUR 54.16/hl applies to sparkling fermented beverages with an alcoholic strength by volume not exceeding 8.5 % abv. The rate for intermediate products is EUR 84.24/hl.

Spain. Intermediate products - products to which distilled alcohol has been added - and with a volume of alcoholic degree between 1.2% abv and less than 22% abv are taxed according to the following rates: alcoholic degree > 1.2% abv and less than 15% abv = EUR 338.48/hl. Others = EUR 64.13/hl (in the Canary Islands rates are 30.14% and 50.21% respectively).

Sweden. Excise rates for alcohol wine (still and sparkling) are as follows: a) < 2.25%abv SEK 0; b) 2.25%-4.5% abv SEK 919; c) 4.5%-7% abv SEK 1358; d) 7%-8.5% abv SEK 1869; e) 8,5-15% abv SEK 2618; f) 15,0-18,0% abv SEK 5479.

Switzerland. In general natural wines made from fresh grapes with more than 18% abv and other wines with more than 15% abv are taxed as an alcoholic beverage (CHF 1 450 per hectolitre of absolute alcohol). All wines with more than 22% abv are taxed as an alcoholic beverage (CHF 2 900 per hectolitre of absolute alcohol).

Turkey. The excise rate is 0%.

United Kingdom. Reduced Rates for lower strength drinks (wine categories) are as follows: exceeding 1.2% but not exceeding 4% abv = GBP 88.93; (b) exceeding 4% but not exceeding 5.5% abv = GBP

122.30; (c) low strength sparkling wine exceeding 5.5% but less than 8.5% abv = GBP 279.46; (d) sparkling wine and made wine at least 8.5% abv but not exceeding 15% abv = GBP 369.72. Rate for the band exceeding 15% abv but not exceeding 22% abv = GBP 384.82. The duty rates on wine changed on 13 March 2017 to excise duty rate on still wine 288.65, reduced rate for lower strength drinks (wine categories) (a) exceeding 1.2% but not exceeding 4% abv = GBP 88.93 (b) exceeding 4% but not exceeding 5.5% abv = GBP 122.30 and (c) low strength sparkling wine exceeding 5.5% but less than 8.5% abv = 279.46 (d) sparkling wine and made wine at least 8.5% abv but not exceeding 15% abv = 369.72. Rate in the band exceeding 15% abv but not exceeding 22% abv = GBP 384.82.

United States. The weighted average Federal and State excise tax rate is USD 37 per hectolitre of product for still wine up to 16% abv and USD 110 for sparkling wine. The Federal excise rates are as follows: a) up to 16% abv: USD 0.07 per gallon for the first 30 000 wine gallons, USD 0.17 for each wine gallon over 30 000 up to 130 000, USD 0.535 for each wine gallon over 130 000 up to 750 000, and USD 1.07 per gallon over 750 000 gallons; b) 16%-21% abv: USD 0.57 per gallon for the first 30 000 wine gallons, USD 0.67 for each wine gallon over 30 000 up to 130 000, USD 1.035 for each wine gallon over 130 000 up to 750 000 gallons, and USD 1.57 per gallon over 750 000 gallons; c) 21%-24% abv: USD 2.15 for the first 30 000 wine gallons, USD 2.25 for each wine gallon over 30 000 up to 130 000, USD 2.615 for each wine gallon over 130 000 up to 750 000, and USD 3.15 per gallon over 750 000 gallons; d) artificially carbonated wine: USD 2.30 for the first 30 000 gallons, USD 2.40 for each gallon over 30 000 up to 130 000, USD 2.765 for each gallon over 130 000 up to 750 000, and USD 3.30 per gallon over 750 000 gallons; and e) sparkling wine: USD 2.40 for the first 30 000 gallons, USD 2.50 for each gallon over 30 000 up to 130 000, USD 2.865 for each gallon over 130 000 up to 750 000, and USD 3.40 per gallon over 750 000 gallons. 26.42 US gallons = 1 hectolitre. There is no Federal VAT.

Annex Table 3.A.3. Taxation of alcoholic beverages

Country	Currency	Tax per hectolitre of absolute alcohol			
		Excise		VAT rate %	Small distillery rate
		National currency	USD		
Australia*	AUD	8587.00	5628.47	10.00	No
Austria*	EUR	1200.00	1348.31	20.00	Yes
Belgium	EUR	2992.79	3362.69	21.00	No
Canada*	CAD	1237.50	930.45	5.0/13.0/15.0	No
Chile*	CLP	Country note	-	19.00	No
Colombia	COP	Country note	-	5.00	No
Czech Republic	CZK	32250.00	1406.45	21.00	No
Denmark*	DKK	15000.00	2272.73	25.00	No
Estonia	EUR	1881	2113.48	20.00	No
Finland*	EUR	4880.00	5483.15	24.00	No
France*	EUR	1758.54	1975.89	20.00	No
Germany*	EUR	1303.00	1464.04	19.00	Yes
Greece*	EUR	2450.00	2752.81	24.00	No
Hungary*	HUF	333385.00	1214.61	27.00	Yes
Iceland*	ISK	1549000.00	12633.55	11.00	No
Ireland*	EUR	4257.00	4783.15	23.00	No
Israel	ILS	8551.00	2340.00	17.00	No
Italy*	EUR	1035.52	1160.13	22.00	No
Japan*	JPY	Country note	-	10.00	No
Korea*	KRW	See note	-	10.00	No
Latvia*	EUR	1564.00	1757.30	21.00	Yes
Lithuania*	EUR	1832.00	2401.97	21.00	No
Luxembourg	EUR	1041.15	1169.83	17.00	No
Mexico*	MXN	53%	-	16.00	No
Netherlands*	EUR	1686.00	1894.38	9.0/21.0	No
New Zealand*	NZD	Country note	-	15.00	No
Norway	NOK	78400.00	8909.09	25.00	No
Poland	PLN	6275.00	1634.11	23.00	No
Portugal*	EUR	1386.93	1558.35	23.00	Yes
Slovak Republic*	EUR	1080.00	1213.48	20.00	No
Slovenia*	EUR	1320.00	1483.15	22.00	Yes
Spain*	EUR	958.94	1077.46	21.00	Yes
Sweden	SEK	51659.00	6031.46	25.00	No
Switzerland*	CHF	2900.00	2929.29	7.70	Yes
Turkey*	TRY	27929.02	4925.75	18.00	No
United Kingdom*	GBP	2874.00	3684.62	20.00	No
United States*	USD	909.00	909.00	-	No

Notes

* See Country notes

Conversion of national currency in USD: conversion rates are average market rates (2019) published in OECD Monthly Monetary Statistics (stats.oecd.org).

Source: national delegates. Position as at 1 January 2020.

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Annex Box 3.A.3. Country notes to Table 3.A.3.

Australia. The excise duty of AUD 85.87 per litre of alcohol applies to spirits and other excisable beverages (except beer). A lower rate of AUD 80.20 per litre of alcohol applies to brandy (distilled from grape wine). These rates apply as of 1 August 2019 and are indexed to inflation in February and August of each year. Independent distillers receive an excise refund of 60% of the excise paid up to a maximum of AUD 100 000 per financial year.

Austria. For small distilleries producing not more than 4hl pure alcohol per year the rate is EUR 648.(54% of the standard rate).

Canada. (1) Spirits are subject to excise duty at the rate of CAD 12.375 per litre abv. Spirits containing not more than 7% abv are subject to excise duty at the rate of CAD 0.313 per litre. (2) Beer with an alcoholic strength in excess of 11.9% abv and fortified wine with an alcoholic strength in excess of 22.9% abv are deemed to be Spirits. Provincial and territorial governments also charge taxes and mark-ups on spirits. Automatic inflationary adjustments on duty rates for alcoholic beverages occur annually on April 1.

Chile. Alcoholic beverages are subject to a surtax on the sale or import. The rates applied are the following: 31.5% on liquors, brandy, vermouth, pisco, whiskey and other distilled alcoholic beverages; 20.5% on beer, wine, sparkling wine, champagne, cider and other alcoholic beverages. The tax is applied to the VAT base, that is the sale's price (excluding VAT itself) and levies sales made between wholesale dealers. For sales between wholesalers, the tax paid to the vendor is creditable against the tax applied on sales at each stage of the value chain (including imports) until the last sale to the final retailer. The sale from this retailer to the final consumer is not subject to the surtax and the retailer cannot deduct the input tax nor is levied with this tax the sale of wine in bulk made by producers to a taxpayer seller subject to this surtax.

Colombia. Alcoholic beverages are subject to a 5% VAT, and ad valorem tax of 25% and a consumption tax of COP 236 for each degree of alcohol.

Czech Republic. The reduced rate of CZK 16 200 per hectolitre of pure alcohol applies for small fruit grower's distilleries producing no more than 30 litres of fruit spirit per year per household. The excise duty of CZK 2 340 per hectolitre of product is applicable for intermediate products.

Denmark. An additional duty is placed on products which contain a mixture of spirits and non-alcoholic drinks, Rates: DKK 4.21 per litre of mixture.

Finland. Excise rates are as follows: (a) CN - code 2208 alcoholic content between 1.2% abv and 2.8% abv. EUR 1140; (b) Other products EUR 4 880.

France. Additional taxation for social budget: EUR 573.64 per hectolitre of absolute alcohol.

Germany. The rates for small distilleries are EUR 730 or EUR 1 022. Additional rate for alcopops: EUR 5 550 per hectolitre of absolute alcohol. From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.

Greece. The rate for ouzo is EUR 1 225 per hectolitre of pure alcohol.

Hungary. A reduced rate of 50% applies to ethyl-alcohol produced by fruit growers' distilleries from fruit supplied to them by private fruit growers. The application of reduced rate is limited to 43 litres of pure alcohol for private consumption per fruit grower household per year.

Iceland. Excise rate shown in the table is the rate for other alcohol than beer or wine up to 15% abv. The rate is ISK 154.9 per each centilitre of alcohol.

Ireland. This table illustrates the tax per hectolitre of absolute alcohol for spirits. However, other fermented beverages and intermediate beverages are taxed as follows: other fermented beverages (cider and perry) still and sparkling $\leq 2.8\%$ abv EUR 47.23/hl; still and sparkling $> 2.8\%$ abv but not exceeding 6.0% abv EUR 94.46/hl; still and sparkling $>6.0\%$ abv but not exceeding 8.5% abv EUR 218.44/hl; still $>8.5\%$ abv EUR 309.84/hl and sparkling $>8.5\%$ abv EUR 619.70/hl. Other fermented beverages (other than cider and perry) still and sparkling $\leq 5.5\%$ abv EUR 141.57/hl; still $>5.5\%$ abv EUR 424.84/hl and sparkling $>5.5\%$ abv EUR 849.68/hl. Intermediate beverages: still $\leq 15\%$ abv EUR 424.84/hl; still $>15\%$ abv EUR 616.45/hl; sparkling EUR 849.68/hl.

Italy. Taxation applies for beverages of alcoholic strength exceeding 1.2% abv. The rate of EUR 88.67 per hectolitre applies to intermediate products.

Japan. Excise rates are as follows (per hectolitre): a) Whiskey and brandy (40% abv) JPY 40 000; b) Spirits (37% abv) JPY 37 000; c) Shochu Group A and B (25% abv) JPY 25 000.

Korea. As Excise Tax for liquor is based on the value of the product, the rate does not vary with alcohol content. For whiskey, brandy, general distilled spirits, liquor, diluted soju and distilled soju, the Liquor tax is 72% and the Education tax is 30% .

Latvia. Starting from 1 March 2020 the excise rate is EUR 1642 per hectolitre of absolute alcohol. The reduced excise rate for ethyl alcohol produced by small distillery (not more than 10 hl of absolute alcohol) is applied since 1 March 2019. Starting from 1 March 2020 the reduced rate is EUR 821 per hectolitre of absolute alcohol.

Lithuania. Intermediate products below 15% abv are taxed at 185.82 per hectolitre of product; intermediate products above 15% abv are taxed at 264.52 per hectolitre of product. Ethyl alcohol is taxed at EUR 2025.00 per hectolitre of product at 1 March 2020.

Luxembourg. Additional rate for alcopops: EUR 600 per hectolitre.

Mexico. The excise tax is set at an ad valorem rate and not per hectolitre of product. The rates for alcoholic beverages apply to the value of the goods as follows: 26.5% up to 14° Gay-Lussac (G.L.); 30% above 14° G.L. and up to 20° G.L.; 53% above 20° G.L.

Netherlands. For low alcohol spirits with an alcoholic content $<1.2\%$ the VAT rate is 9% .

New Zealand. For alcoholic beverages with $9\text{--}14\%$ abv, the excise rate is NZD 2.9054 per litre. For alcoholic beverages above 14% abv, the excise rate is NZD 52.916 per litre of absolute alcohol (with the exception of unfortified wine and vermouth which has the rate of NZD 2.7870 per litre of product).

Portugal. Intermediate products are taxed at EUR 76,10/hl; Ethyl alcohol/spirits: EUR 1 386,93/hl (rates as at 01 January 2020). A reduced rate of 50% applies to small distilleries.

Slovak Republic. A reduced rate of 50% of the national rate of excise duty on ethyl alcohol, applies to ethyl alcohol produced by fruit growers' distilleries. The application of the reduced rate is limited to 43 litres of ethyl alcohol for personal consumption of the fruit growers' household per year.

Slovenia. Tax per hectolitre of absolute alcohol is EUR 1 320. For small producers not producing more than 150 litres of pure alcohol per year, the rate is EUR 660 per hl.

Spain. The excise rate in the Canary Islands is EUR 750.36 per hl of pure alcohol. There is a special regime for small distilleries for which the rate is EUR 839.15 per hl (or EUR 653.34 in the Canary Islands).

Sweden. Excise rates for alcoholic beverages (other than beer and wine) are as follow: a) $<2.25\%$ abv SEK 0; b) $2.25\text{--}4.5\%$ abv SEK 919; c) $4.5\text{--}7\%$ abv SEK 1358; d) $7\text{--}8.5\%$ abv SEK 1869; e) 8.5% -

15% abv SEK 2618. Intermediate products, a) 1.2%-15% abv SEK 3299; b) 15%-22% abv SEK 5479. Ethyl alcohol, 100 % abv SEK 51659.

Switzerland. Under certain conditions farmers do not pay tax on the alcohol produced for their personal consumption. A reduced rate of 30 % is applied to the first 30 litres of pure alcohol produced per year by small producers. Normal rate: CHF 2900 per hectolitre. Special rate for certain types of wines: CHF 1450 per hectolitre. Special rate for alcopops: CHF 11 600 per hectolitre (Alcopop -also called ready to drink (RTD) or designer drink) is a mix of alcohol and soda.

Turkey. The excise rate is 0%. If the tax amount computed according to the tax rate is lower than the minimum tax amount specified in the table, then the minimum tax amount is paid.

United Kingdom. All drinks over 22% are taxed as spirits. Most other mixtures of spirits with other types of alcohol are also taxed as spirits. The duty rates for cider and perry are: still cider and perry exceeding 1.2% but not exceeding 7.5% abv =GBP 40.38; still cider and perry exceeding 7.5% but less than 8.5% abv = GBP 61.04; sparkling cider and perry exceeding 1.2% abv but not exceeding 5.5% abv = GBP 279.46; sparkling cider and perry exceeding 5.5% but not exceeding 8.5% abv = GBP 279.46.

United States. The weighted average Federal and State excise tax rate is USD 909 per hectolitre. The Federal excise rate is USD 2.70 per proof gallon for the first 100 000 proof gallons, USD 13.34 on the next 22 130 000 proof gallons, and USD 13.50 for every proof gallon over 22 230 000. A proof gallon is a US gallon (3.785 litres) containing 50% alcohol. There is no Federal VAT.

Annex Table 3.A.4. Taxation of tobacco

Country	Currency	Cigarettes			Cigars ²			Rolling tobacco for cigarettes			VAT
		Specific excise per 1 000		Excise on value % of RSP ¹	Specific excise per 1 000		Excise on value % of RSP ¹	Specific excise per 1 000 grams		Excise on value % of RSP ¹	
		National currency	USD		National currency	USD		National currency	USD		
Australia*	AUD	936.53	650.37	0.00	Country note	-	0.00	1291.77	897.06	0.00	10.00
Austria*	EUR	58.00	65.17	37.50	0.00	0.00	13.00	0.00	0.00	56.00	20.00
Belgium	EUR	66.47	72.58	40.04	0.00	0.00	10.00	48.31	47.58	31.50	21.00
Canada*	CAD	121.89	91.65	00.00	Country note	-	Country note	152.36	114.56	00.00	5.0/13.0/15.0
Chile*	CLP	46323.00	71.41	30.00	0.00	0.00	52.60	0.00	0.00	59.70	19.00
Colombia	COP	121 500.00	37.03	10.00	121 500.00	37.03	10.00	193 000.00	58.83	10.00	19.00
Czech Republic	CZK	1610.00	70.21	30.00	1880.00	81.99	-	2460.00	107.28	-	21.00
Denmark*	DKK	1737.90	260.55	1.00	500.00	75.76	10.00	1350.90	202.53	0.00	25.00
Estonia*	EUR	81.95	92.08	30.00	151.00	169.66	10.00	89.63	100.71	0.00	20.00
Finland*	EUR	69.75	78.37	52.00	30.00	33.71	34.00	46.50	52.25	52.00	24.00
France	EUR	62.00	69.66	52.70	35.30	39.66	32.30	76.20	85.62	46.70	20.00
Germany*	EUR	98.20	110.34	21.69	14.00	15.73	1.47	48.49	54.48	14.76	19.00
Greece	EUR	82.50	92.70	26.00	0.00	0.00	35.00	170.00	191.01	0.00	24.00
Hungary*	HUF	20 500.00	70.53	23.00	0.00	0.00	14.00	20 100.00	69.15	0.00	27.00
Iceland*	ISK	257.97.50	210.40	0.00	Country note	-	0.00	28700.00	234.08	0.00	24.00
Ireland*	EUR	346.04	388.81	8.91	Country note	-	0.00	379.83	426.78	0.00	23.00
Israel*	ILS	400.94	112.62	Country note	0.00	0.00	Country note	1138.04	319.67	0.00	17.00
Italy	EUR	19.36	21.75	59.10	0.00	0.00	23.00	0.00	0.00	58.50	22.00
Japan*	JPY	13244.00	121.49	0.00	13244.00	121.49	0.00	13244.00	112.32	0.00	10.00
Korea*	KRW	145 720.00	125.03	64.76	Country note	-	0.00	103200.00	88.55	0.00	10.00
Latvia*	EUR	78.70	88.43	20.00	95.20	106.97	-	75.00	88.55	-	21.00
Lithuania*	EUR	62.25	69.94	25.00	42.00	47.19	-	68.60	84.27	-	21.00
Luxembourg	EUR	18.89	21.22	46.65	0.00	0.00	10.00	16.50	18.54	33.15	17.00
Mexico*	MXN	494.4	25.67	39.07	Country note	-	Country note	Country note	-	Country note	16.00
Netherlands	EUR	219.25	246.35	5.00	0.00	0.00	8.00	155.97	175.25	0.00	21.00
New Zealand*	NZD	Country note	-	0.00	Country note	-	0.00	Country note	-	0.00	15.00
Norway	NOK	2680.00	304.55	0.00	2680.00	304.55	0.00	2680.00	304.55	0.00	25.00

Poland*	PLN	228.10	59.40	32.05	433.00	112.76	-	155.70	40.55	32.05	23.00
Portugal*	EUR	96.12	108.00	15.00	0.00	0.00	25.00	81.00	91.01	15.00	23.00
Slovak Republic*	EUR	64.10	72.02	23.00	76.70	86.18	-	76.70	86.18	0.00	20.00
Slovenia*	EUR	73.64	82.74	21.88	0.00	0.00	6.30	43.00	46.62	37.00	22.00
Spain	EUR	24.70	27.75	51.00	0.00	0.00	15.80	23.50	26.40	41.50	21.00
Sweden	SEK	1600.00	169.13	1.00	1410.00	149.05	0.00	1957.00	206.87	0.00	25.00
Switzerland*	CHF	118.32	119.52	25.00	5.60	5.66	1.00	38.00	38.38	25.00	7.70
Turkey*	TRY	485.1	85.56	67.00	500.80	88.32	80.00	485.10	85.56	40	18.00
United Kingdom*	GBP	228.29	292.68	16.50	284.76	365.08	0.00	234.65	300.83	0.00	20.00
United States*	USD	141.00	141.00	Country note	Country note	-	-	Country note	-	-	-

Notes

* See Country notes

Conversion of national currency in USD: conversion rates are average market rates (2019) published in OECD Monthly Monetary Statistics (*stats.oecd.org*).

1. RSP. Retail selling price.

2. Cigars. Denmark and Japan tax cigars at a rate per 1 000 pieces and not according to weight. In Denmark it is assumed that a cigar weighs 3 grams and in Japan 1 gram.

Source: national delegates. Position as at 1 January 2020

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Annex Box 3.A.4. Country notes to Table 3.A.4.

Australia. The excise rate of AUD 0.93653 per stick applies to cigarettes or cigars (in stick form) not exceeding in weight 0.8 grams per stick actual tobacco content. Other tobacco products are subject to an excise rate of AUD 1291.77 per kilogram of tobacco content. These rates apply from 1 January 2020.

Austria. The excise duty on cigars is 13% of RSP, at least EUR 100 for 1 000 pieces. Minimum excise duty on rolling tobacco for cigarettes is EUR 100 per kg. The minimum excise duty on cigarettes is 98% of the total excise duty burden on cigarettes falling under the WAP.

Canada. The excise duty on cigars is CAD 26.5294 per 1 000 cigars plus an additional excise duty based on the greater of CAD 0.09536 per cigar and 88% of the sale price. Each province and territory also levies a tobacco tax at varying rates on all tobacco products. Retail sales prices are subject to GST/HST and, in some cases, when the HST is not applicable, to a provincial sales tax. Automatic inflationary adjustments on tobacco duty rates occur annually on April 1.

Chile. The sale of tobacco products is subject to 19% VAT. There is also a tax levied on the sale or import of processed tobacco, cigarettes and cigars. The tax rate applied on the sale price of processed tobacco is 59.7%. Cigars are taxed at a rate of 52.6%. Cigarettes are taxed at a rate of 30% on the pack's sale price and an additional rate of 0,0010304240 is levied on a Monthly Tax Unit for each cigarette in a cigarette's pack (Monthly Tax Unit: CLP 47 019 or USD 76.48 approx.). The tax base of the excise tax considers the sale price to the final consumer, the VAT and the tax levied on tobacco, cigarettes and cigars.

Denmark. The excise tax for other smoking tobaccos is DKK 1300.90 / 1 000 g. for coarse-cut tobacco

Estonia. For cigarettes, the minimal excise amount to be paid is EUR 138.65 per 1000 items. For cigars and cigarillos, the minimal excise amount to be paid is EUR 211 per 1000 items.

Finland. Excise rates shown as of 1 January 2020. Cigarette paper: excise 60% of RSP. Other smoking tobacco: EUR 65.00 /kg and 48 % of RSP. Minimum excise tax for cigarettes is EUR 282.75 per 1000 pieces and EUR 173.50 /kg for fine cut rolling tobacco for cigarettes.

France. The minimal excise amounts to be paid are EUR 297 per 1000 items for cigarettes, EUR 205 per 1000 items for cigars and EUR 260 per 1000g for rolling tobacco for cigarettes.

Germany. Minimum excise duty is EUR 163.6 per 1 000 cigarettes. Minimum excise duty is EUR 70.97 /kg of rolling tobacco for cigarettes. Other smoking tobacco is subject to excise duty at a rate of EUR 15.66/kg and 13.13% of RSP. Minimum excise duty is EUR 22/kg for other smoking tobacco. *From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.*

Hungary. Minimum excise tax is HUF 33 500 per 1000 pieces for cigarettes, HUF 4 180 per 1000 pieces for cigar and cigarillo. VAT as % of tax included retail selling price is 21.26%.

Iceland. There is no specific excise rate for a piece of cigar. The rate is ISK 28 700 per 1000 grams of cigars (i.e. the same rate as for rolling tobacco).

Ireland. The rate of excise duty on cigarettes is EUR 346.04 per 1000 cigarettes together with an amount equal to 8.91% of the price at which the cigarettes are sold by retail or EUR 395.05 per 1000 cigarettes, whichever is the greater. The rate of excise duty on cigars is EUR 394.811 per kilogram. The rate of excise duty on fine-cut tobacco for the rolling of cigarettes is EUR 379.831 per kilogram. Other smoking tobacco is subject to excise duty at a rate of EUR 273.903 per kilogram.

Israel. Excises on value for cigarettes are 270% of the wholesale price plus ILS 400.94 per 1000 cigarettes and for cigars the excise is 90% of the wholesale price.

Japan. The tax consists of a national element, a prefectural element and a municipal element. From 1 October 2020, the excise rate is JPY 14 244 per 1 000 pieces (cigarettes, cigars) or per 1 000 grams (rolling tobacco for cigarettes).

Korea. The excise tax on cigars is KRW 294800/1000g. National tax (Individual Consumption Tax) levies on tobacco since 2015.

Latvia. Starting from 1 July 2019 minimum excise is EUR 114.70 per 1000 cigarettes.

Lithuania. Minimum excise for cigarettes is EUR 102.00 per 1000 pieces from 1 March 2019. Starting from 1 March 2020 the specific excise for cigarettes is EUR 65.70 per 1000 pieces; minimum excise is EUR 108.50 per 1000 cigarettes. The excise rate for cigars and cigarillos is set per kilogram. Starting from 1 March 2020 excise for cigars and cigarillos is EUR 48.00 per kilogram. For smoking tobacco (rolling tobacco for cigarettes and other smoking tobacco) the excise is EUR 78.50 per kilogram. From 1 March 2019 liquids for e-cigarettes are subject to excise duty and the excise duty rate for them is EUR 0.12 per ml of the product. From 1 March 2019 heated tobacco products are subject to excise duty as a separate category at a rate of EUR 68.60 per kilogram. From 1 March 2020, this rate is increased to EUR 113.2 per kilogram. Until 28 February 2019, the rate of smoking tobacco was applied for heated tobacco products.

Luxembourg. Change of excise duties on tobacco products is generally applicable starting 1st February. Minimum excise duty is EUR 116 per 1 000 cigarettes. Minimum excise duty is EUR 50 per kilo of rolling tobacco for cigarettes. Minimum excise duty for cigars is EUR 23.50 per 1 000.

Mexico. An ad-valorem rate of 160% on the producer or importer price applies for all categories. A reduced rate of 30.4% applies for cigars or rolling tobacco as long as these products are fully handmade. The ad-valorem tax applies at the stage of the producer or importer but on the retail price. In addition a charge of MXN 0.4944 should be paid for each sold or imported cigarette. This charge also applies for cigars and other tobacco (MXN 0.4944 per each 0.75 grams), with the exemption of those that are fully handmade.

New Zealand. The excise rate for 1 000 cigarettes with actual tobacco content not exceeding in weight of 0.8 kg is NZD1 030,90 per kilo tobacco content. The excise rate for cigarettes exceeding 0.8 kg in actual tobacco content per 1 000 cigarettes and for rolling tobacco for cigarettes is NZD 1 469,03 per kilo tobacco content. The excise rate for other tobacco products, such as snuff, cigars, cheroots and cigarillos is NZD 1 288,59 per kilo of tobacco content.

Poland. Since 1 January 2015 the excise duty rate for cigars is calculated on per kilogramme basis.

Portugal. Rates applicable on 1 January 2020. Excise tax on cigarettes is reduced to (1) EUR 34.00 and 42% for cigarettes sold in Azores Islands and made by small producers from the Azores and Madeira Islands; (2) 78.37 and 20% for cigarettes sold in Madeira Island and made by small producers from the Azores and Madeira Islands. Since 1 April 2020, tax rates are as follows: Cigarettes: Specific excise per 1000 – EUR 101.00; Excise on value % - 14.00. Cigars: Excise on value % - 25.00. Rolling tobacco for cigarettes: Specific excise per 1000 grams – EUR 81.00; Excise on value % - 15.00. VAT % - 23.00. Excise tax on cigarettes is reduced to (1) EUR 34.00 and 42% for cigarettes sold in Azores Islands and made by small producers from the Azores and Madeira Islands; (2) 82.34 and 18% for cigarettes sold in Madeira Island and made by small producers from the Azores and Madeira Islands.

Slovak Republic. Tax on rolling tobacco for cigarettes includes other smoking tobacco. The excise for cigars is EUR 73.90/kg.

Slovenia. Minimum excise duty is EUR 114 per 1 000 cigarettes. Minimum excise duty is EUR 94 per kilo of rolling tobacco for cigarettes. Minimum excise duty for cigars is EUR 43 per kilo.

Sweden. Cigarettes with a length over 8 cm up to 11 cm should be taxed as two cigarettes. If the cigarette is longer than 11 cm every started additional 3 cm is considered a cigarette.

Switzerland. If the Retail Selling Price for 1 000 cigarettes is CHF 375.00 or less, minimum excise duty (specific + on value) yields CHF 212.10 for 1 000 pieces. Specific excise per 1 000 grams of rolling tobacco for cigarettes: the minimum excise duty (specific + on value) yields CHF 80.00 per 1 000 grams.

Turkey. Minimum tax amount per 1000 cigarettes is TL 488.30. Specific tax amount is TL 0.4851 for 1 pack of cigarettes. Tax on cigarettes and other tobacco products computed according to the tax rate cannot be less than the minimum tax amount. After calculating the tax according to minimum tax amount system, specific tax amount is added to the tax for 1 pack of cigarettes.

United Kingdom. Specific excise rate for cigars is given per kilogramme and not for 1 000 units. Specific rates exist for "other smoking tobacco and chewing tobacco" and "tobacco for heating" which at 1 January 2020 were set at GBP 125.20 and GBP 234.65 per kilo respectively.

United States. State taxes vary widely. The weighted average of Federal and State taxes per thousand cigarettes is USD 141.00. Federal specific excise tax rates on tobacco are: USD 50.33 per thousand for small cigarettes (no more than 3 pounds per thousand); USD 105.69 per thousand for large cigarettes; USD 50.33 per thousand for small cigars weighing no more than 3 pounds per thousand; 52.75% of the manufacturers price but not more than USD 402.60 per thousand for large cigars; and USD 24.78 per pound (54.63 per kg) for roll-your-own tobacco. Some states also tax on an ad valorem basis.

Annex Table 3.A.5. Tax burden as a share of total price for cigarettes (2018)

Country	Ex-tax price (USD) ¹	Specific excise % RSP ²	Excise on value % RSP ³	VAT/GST/RST % RSP ⁴	Total tax share % RSP	Price of a 20 cigarettes pack ⁵		
						Currency	Price (RSP in local currency)	Price (RSP in USD) ⁶
Australia	3.36	68.43	0.00	9.09	77.52	AUD	20.75	14.93
Austria	1.60	21.09	37.50	16.67	75.26	EUR	5.50	6.47
Belgium	1.79	19.58	40.04	17.36	76.98	EUR	6.60	7.76
Canada*	3.20	55.65	0.00	8.40	64.05	CAD	11.57	8.90
Chile	0.74	36.39	30.00	15.97	82.36	CLP	2700.00	4.21
Colombia	0.29	52.46	10.00	15.97	78.43	COP	4003.00	1.35
Czech Republic	0.73	35.31	30.00	17.36	82.69	CZK	91.2	4.20
Denmark	1.82	53.15	1.00	20.00	74.15	DKK	44.50	7.04
Estonia	1.03	32.71	30.00	16.67	79.38	EUR	4.25	5.00
Finland*	1.07	16.06	52.00	19.35	87.41	EUR	7.22	8.49
France	1.65	14.98	50.80	16.67	82.45	EUR	8.00	9.41
Germany	2.16	32.27	21.69	15.97	69.92	EUR	6.09	7.16
Greece	1.02	35.87	26.00	19.35	81.22	EUR	4.60	5.41
Hungary	1.28	26.02	25.00	21.26	72.28	HUF	1245.00	4.61
Iceland	5.59	36.13	0.00	19.35	55.49	ISK	1359.00	12.55
Ireland	3.10	50.66	9.04	18.70	78.40	EUR	12.20	14.35
Israel	1.98	23.20	41.30	14.53	79.10	ILS	34.00	9.47
Italy	1.55	7.01	51.00	18.03	76.04	EUR	5.50	6.47
Japan	1.47	55.65	0.00	7.41	63.06	JPY	440.00	3.98
Korea	1.07	64.76	0.00	9.09	73.85	KRW	4500.00	4.09
Latvia	0.82	42.63	20.00	17.36	79.99	EUR	3.59	4.22
Lithuania	1.15	31.47	25.00	17.36	73.83	EUR	3.75	4.41
Luxembourg	1.98	7.13	46.65	14.53	68.31	EUR	5.30	6.24
Mexico	1.03	15.69	39.07	13.79	68.55	MXN	63.02	3.27
Netherlands	2.32	49.46	5.00	17.36	71.81	EUR	7.00	8.24
New Zealand*	2.93	69.17	0.00	13.04	82.21	NZD	23.90	16.48
Norway	5.22	43.97	0.00	20.00	63.97	NOK	117.80	14.49
Poland	1.00	26.68	31.41	18.70	76.79	PLN	15.50	4.29
Portugal	1.67	37.96	15.00	18.70	71.66	EUR	5.00	5.88
Slovak Republic	0.90	37.23	23.00	16.67	76.90	EUR	3.32	3.91
Slovenia	0.91	38.55	22.61	18.03	79.19	EUR	3.70	4.35
Spain	1.28	9.88	51.00	17.36	78.24	EUR	5.00	5.88
Sweden	2.37	47.38	1.00	20.00	68.38	SEK	65.00	7.48
Switzerland	3.49	27.51	25.00	7.15	60.27	CHF	8.60	8.78
Turkey	0.52	3.11	63.00	15.25	81.37	TRY	13.50	2.80
United Kingdom	2.58	46.22	16.50	16.67	79.39	GBP	9.40	12.53
United States*	4.14	36.12	0.00	5.52	39.47	USD	6.90	6.90

Notes

* Canada and the United States, national average estimates calculated for prices and taxes reflect the fact that different rates are applied by state/province over and above the applicable federal tax.

* Finland: the MSB is not available. The Weighted Average Price (WAP) is used.

The share of taxes are presented as a % of Retail Selling Price (RSP) for a pack of 20 cigarettes. The RSP is defined as the average price of the most sold brand of cigarettes on the market (MSB - see Annex C). This table reflects the situation in 2018 since it is based on annual average prices and taxes that are not available for the year 2019 at the time of this publication.

1. The pre-tax price includes the producer and distributor margins. It is estimated by the deduction of the total tax share from the RSP.

2. Specific excise: a specific excise tax is a tax on a specific good produced or imported in a country charged as a fixed amount per unit of the product. The amount shown in this table is as a percentage of RSP.

3. Excise on value: an excise on value or ad valorem is a tax on a product produced or imported in a country charged as a percentage of the value of a transaction. Example: 50% of the RSP.

4. VAT/GST: Value added tax or Goods and services tax (see Chapter 1). RST: retail sales taxes for Canada (in some provinces) and the United States. The amount is shown as a percentage of RSP.

5. Price of a 20 cigarettes pack of the Most Sold Brand (see Annex D).

6. In this table, amounts in local currency are converted in USD using the average market exchange rate 2019 published in OECD Monthly Monetary Statistics (*stats.oecd.org*).

Source: WHO Report on the Global Tobacco Epidemic, 2019 and national delegates. Situation for the year 2018

StatLink  <https://doi.org/10.1787/888934220249>

Annex Table 3.A.6. Taxation of fuel oil for households (per litre, 2019)

Country	Currency	Ex-tax price ¹		Excise ²	VAT rate ³	VAT amount	Total tax	Total price		Total tax as % of total price
		National currency	USD	National currency	%	National currency	National currency	National currency	USD	
Australia*	AUD	See note			10.00					
Austria*	EUR	0.551	0.617	0.109	20.00	0.132	0.241	0.792	0.887	30.4
Belgium	EUR	0.536	0.600	0.019	21.00	0.116	0.135	0.671	0.751	20.1
Canada*	CAD	1.127	0.849	0.000	9.93	0.112	0.112	1.239	0.934	9.0
Chile*	CLP	560.406	0.797	0.000	19.00	106.477	106.477	666.883	0.948	16.0
Colombia	COP	See note								
Czech Republic*	CZK	13.549	0.591	0.660	21.00	5.145	5.805	19.354	0.844	30.0
Denmark*	DKK	5.063	0.759	2.988	25.00	2.013	5.000	10.064	1.509	49.7
Estonia	EUR	0.678	0.759	0.058	20.00	0.147	0.205	0.883	0.989	23.2
Finland*	EUR	0.542	0.607	0.249	24.00	0.190	0.439	0.981	1.099	44.8
France	EUR	0.619	0.693	0.156	20.00	0.155	0.311	0.930	1.041	33.4
Germany*	EUR	0.507	0.568	0.061	19.00	0.108	0.169	0.676	0.757	25.0
Greece*	EUR	0.515	0.577	0.280	24.00	0.191	0.471	0.986	1.104	47.8
Hungary*	HUF	212.925	0.733	122.855	27.00	87.961	200.816	413.741	1.424	48.5
Iceland*	ISK	See note			24.00					
Ireland*	EUR	0.527	0.594	0.102	13.50	0.085	0.187	0.714	0.805	26.2
Israel	ILS	2.773	0.778	2.945	17.00	0.972	3.917	6.690	1.877	58.6
Italy	EUR	0.668	0.748	0.403	22.00	0.236	0.639	1.306	1.462	48.9
Japan*	JPY	80.988	0.743	2.800	10.00	8.379	11.179	92.167	0.845	12.1
Korea*	KRW	801.786	0.688	72.450	10.00	87.424	159.874	961.660	0.825	16.6
Latvia	EUR	0.607	0.680	0.057	21.00	0.139	0.196	0.803	0.899	24.4
Lithuania	EUR	0.397	0.498	0.021	21.00	0.088	0.109	0.506	0.567	21.5
Luxembourg*	EUR	0.542	0.607	0.010	14.00	0.077	0.087	0.629	0.705	13.9
Mexico*	MXN	See note								
Netherlands	EUR	0.406	0.455	0.788	21.00	0.251	1.039	1.445	1.618	71.9
New Zealand*	NZD	See note								
Norway	NOK	6.576	0.747	3.000	25.00	2.394	5.394	11.970	1.360	45.1
Poland	PLN	2.507	0.653	0.232	23.00	0.630	0.862	3.369	0.878	25.6
Portugal	EUR	0.606	0.679	0.362	13.0	0.126	0.488	1.194	1.225	44.6
Slovak Republic*	EUR	see note								
Slovenia	EUR	0.549	0.615	0.222	22.00	0.170	0.392	0.941	1.053	41.6
Spain*	EUR	0.540	0.605	0.097	21.00	0.134	0.231	0.771	0.863	29.9
Sweden*	SEK	4.910	0.519	4.247	25.00	2.289	6.536	11.446	1.210	57.1
Switzerland	CHF	0.581	0.585	0.259	7.70	0.065	0.324	0.905	0.910	35.8
Turkey	TRY	3.564	0.628	1.137	18.00	0.846	1.983	5.547	0.977	35.8
United Kingdom	GBP	0.449	0.573	0.111	5.00	0.028	0.139	0.588	0.750	23.6
United States*	USD	0.793	0.793	0.035	0.00	0.000	0.035	0.828	0.828	4.2

Notes

* See country notes.

Conversion of national currency in USD: conversion rates are average market rates (2019) published in OECD Monthly Monetary Statistics (stats.oecd.org). See also Annex B.

Prices are average prices for the year 2019. Tax rates are those applicable as at 1 October 2019.

1. Ex-tax price is the price excluding VAT and excise.

2. Excise taxes are expressed in local currency per litre. They include all non-VAT taxes levied on the product. For the purposes of this table, payments made to specific bodies that use all the amounts collected to accomplish specific missions (e.g. some emergency stock fees) are not considered as "taxes" and are included in the ex-tax price. When different rates apply to the same product depending e.g. on its biofuel or sulphur content, the rate shown is the one applicable to the most commonly used fuel in the country.

3. GST for Australia, and New Zealand; volume-weighted GST-HST/retail sales taxes for Canada; sales taxes for the United States and Consumption Tax for Japan. VAT for all other countries.

Source: International Energy Agency, IEA Energy Prices, 2020 edition <https://www.iea.org/reports/world-energy-prices-2020> and country delegates.

StatLink  <https://doi.org/10.1787/888934220268>

Annex Box 3.A.5. Country notes to Table 3.A.6.

Australia. No data is available.

Austria. Tax amount of EUR 0.098/l applies to light fuel oil with sulphur content \leq 10mg/kg. Otherwise the excise duty is EUR 0.128/l.

Canada. Fuel oil is assumed to be heating oil. There is no federal or provincial fuel tax on heating oil. The federal GST rate is 5%. Most provinces do not apply their provincial GST/retail sales tax on heating oil. The volume weighted GST/sales tax rate was 9.93%. Municipal taxes and carbon pollution pricing are not included in the excise taxes.

Chile. Domestic Kerosene is covered by the Oil Price Stabilisation Fund (*Fondo de Estabilización de Precios del Petróleo* or FEPP, Law 19.030) which applies as a tax or as a fiscal credit/subsidy weekly, and it is measured in USD per m³. This tax cannot be included in the VAT base at any stage of the value chain (import, production, refining, distribution or sale to the consumer). On the contrary, the fiscal credit may be deducted from the taxable base either on the first sale or importation.

Colombia. Data is not available for this edition.

Czech Republic. Fuel oil marked in accordance with Directive 95/60/EC is subject to reimbursement of an excise duty amount of CZK 10 290/1000 l when it has been duly proved that the fuel oil has been used for heating purposes. The excise amount shown in the table includes the reimbursement. However the VAT amount is calculated on the full excise value.

Denmark. The amount of DKK 2.406/l includes the Excise tax of DKK 1.955/l; the Environment tax of DKK 0.455/l and the NOx tax of DKK 0.0009/l.

Finland. The excise amount of EUR 0.2488/l includes the energy content tax EUR 0.0763, CO₂ tax EUR 0.1690 and the strategic stockpile fee (EUR 0.0035).

Germany. The excise amount is for properly marked gas oil with a sulphur content \leq 50mg/kg. Otherwise the excise amount is EUR 0.0764/l. *From 1 July to 31 December 2020 the VAT rate is reduced from 19% to 16% to offset the economic impact of the Covid-19 pandemic.*

Greece. The excise of EUR 0.280/l for heating oil for households applies during the winter season (15 October - 30 April). Otherwise the excise is 0.410/l.

Hungary. Excise amount depends on the world market price of crude oil. If the world market price of crude oil is higher than 50 USD/barrel the excise amount is HUF 112.855/l (including the excise duty of HUF 110.35/l and the strategic stock fee of HUF 2.505/l). If the world market price of crude oil is 50 USD/barrel or less the excise amount is HUF 112.855 (including the excise duty of HUF 120.35/l and the strategic stock fee of HUF 2.505/l).

Iceland. No data is available

Ireland. The 'Ex-tax price' includes a National Oil Reserves Agency (NORA) levy which is charged at a rate of EUR 0.02 per litre. The "Excise" rate of EUR 0.102 per litre applies to marked gas oil (marked diesel). Marked kerosene is also widely used for heating (including domestic heating) and the rate for that is EUR 0.05073 per litre. From 1 May 2020 the "Excise" rate for marked gas oil increased to EUR 0.117 per litre and marked kerosene increased to EUR 0.06574 per litre.

Japan. Kerosene for households.

Korea. Kerosene for households

Latvia. Excise tax of EUR 0.021/litre for marked fuel for heating purposes applies if it contains at least 5% biodiesel of total volume of product.

Luxembourg. A reduced VAT rate of 14% applies to heating gas oil.

Mexico. Fuel oil as heating oil for households is only used in small areas in northern Mexico and no sales have been registered since 2016. Fuel oil as residual oil (combustoleo) is not used by households but is taxed with an excise equal to MXN 16.99 cents per litre. Other fossil fuels that are used for heating are propane (MXN 7.48 cents per litre), butane (MXN 9.68 cents per litre), kerosene (MXN 15.67 cents per litre), diesel (MXN 15.92 cents per litre) and coal (MXN 34.81 pesos per ton).

Netherlands. For gasoline a stockpiling tax of 0.008/l applies, this is not included in the mentioned excise rate.

New Zealand. No data is provided because the product is not consumed in significant quantities.

Norway. The amount of NOK 3.0/l includes base tax of NOK 1.65/l and CO₂ tax of NOK 1.35/l.

Slovak Republic. No data is provided because the product is not consumed in significant quantities.

Slovenia. The amount of EUR 222 per 1 000 litres includes the excise duty of EUR 157.50, EUR 8.00 surcharge on energy end-use efficiency on gasoil used for heating purposes, EUR 9.90 surcharge for the promotion of electricity generation from renewable energy sources and high-efficiency cogeneration on gasoil used for heating purposes, and EUR 46.71 CO₂-tax.

Spain. The excise amount of EUR 0.088/l includes the Excise tax (EUR 0.085/l) and the average Regional authorities' tax (EUR 0.003/l).

Sweden. Price data are not available in IEA statistics. Price data is extracted from economic information available on ec.europa.eu/energy/observatory/reports. Excise tax includes the Energy Tax (SEK 0.887/l) and CO₂ Tax (SEK 3.360/l).

Turkey. Kerosene for households.

United States. Average federal and state taxes - there is no VAT

European Union. Directive 2003/96/EC sets minimal excise rates for energy products and electricity.

Notes

¹ VAT may also be referred to as Goods and Services Tax (GST). For ease of reading, all value added taxes will be referred to as VAT in this chapter.



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