

## What happens to alcohol taxes in Gibraltar after 10 April?

### My explainer:

From 11th April, Gibraltar will replace its current import duty system with the new treaty framework for goods.

Under the new system, alcohol will face two taxes:

1. Excise duty (a fixed tax on alcohol)
2. Transaction tax of 15% on the cost price of goods imported into Gibraltar.

This applies to beer, wine and spirits.

### What Gibraltar charges today

At present, alcohol is taxed using fixed duties based on volume.

Approximate current duties are:

<i>Product</i>	<i>Gibraltar duty today</i>
Beer	about £0.35 per litre
Wine	about £0.50 per litre
Spirits	about £1.00 per litre

This system taxes how much liquid there is, not the price of the drink.

### What the EU minimum rules mean in practice

Under the treaty, Gibraltar must apply EU minimum excise levels. These are normally written in technical units, so here is what they mean in real terms.

#### Beer

EU minimum excise works out at roughly:

→ about €0.09 per litre for a typical 5% beer.

That is much lower than Gibraltar's current beer duty, but beer will also face the new 15% transaction tax.

Likely effect: beer prices probably increase but only modestly.

#### Wine

EU minimum excise on still wine is:

→ €0 (zero)

So Gibraltar's current wine duty disappears, but the 15% transaction tax applies instead.

Likely effect:

- cheaper wines may change little
- more expensive wines could rise slightly.

### **Spirits**

EU minimum excise on spirits equals:

→ about €4 per litre of 40% spirit

Example:

A standard 70cl bottle of whisky or gin would carry roughly:

→ €2.80 of excise duty

That is much higher than the current Gibraltar duty, and the 15% transaction tax also applies.

Likely effect: spirits are the most likely category to see noticeable price increases.

### **Conclusion**

After 10 April:

- **Beer:** probably little change
- **Wine:** mixed effect, premium higher
- **Spirits:** most likely to become more expensive

**Caveat:** This is just my interpretation of the new rules. Don't stock up on spirits because I think they will increase in price because alcohol is harmful to your health!

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