

Voluntary Report – Voluntary - Public Distribution

Date: January 30, 2025

Report Number: AS2025-0002

Report Name: Australia Spirits Excise Duty Rates to Increase

Country: Australia

Post: Canberra

Report Category: Agriculture in the Economy, FAIRS Subject Report

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Report Highlights:

According to Australian law, the excise duty rates levied on alcohol are subject to biannual indexation, with adjustments made in accordance with the upward trajectory of the Consumer Price Index (CPI). The indexation occurs on February 1 and August 1 each year. The Australian distilling industry is urging a two-year freeze on excise indexation for spirits and a comprehensive review of excise policies to encourage further industry investment.

Summary:

The excise duty on alcoholic beverages, including domestic and imported products, is set to increase **on February 1, 2025**, in line with the consumer price index (CPI). This means the tax will rise based on inflation rates, impacting the price consumers pay for alcoholic beverages; this increase happens twice a year, second indexation of 2025 occurring around August 1, 2025. More information on the [excise duty rates for alcohol](#) can be found on the Australian Taxation Office website.

Key points about the February 1, 2025, excise duty increase:

- **Automatic Indexation:**

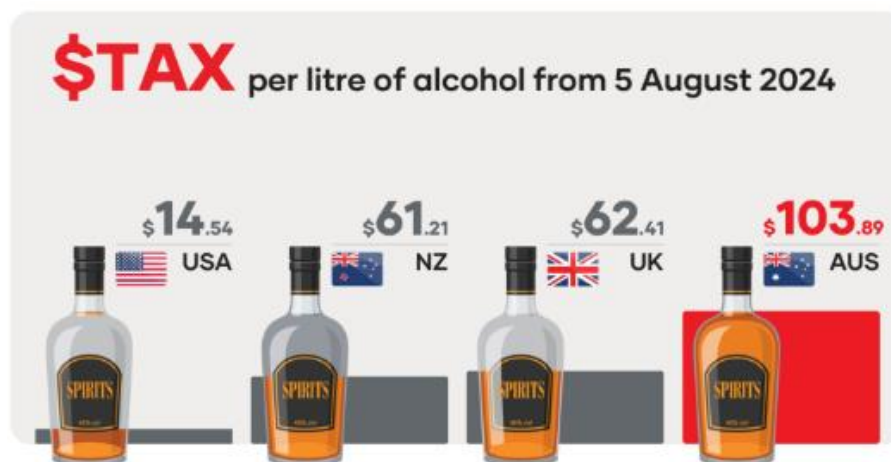
The excise duty on alcohol beverages is automatically adjusted based on the CPI, meaning the tax rises with inflation.

- **Impact on U.S. Exports:**

This increase will likely lead to a higher price for imported U.S. distilled spirit products at retail stores and bars. Australia currently has the third highest spirits tax in the world, behind Iceland and Norway – putting the industry at a significant competitive disadvantage to many global trading partners.

- **Concern for Domestic distilleries:**

Smaller distilleries express concern about the impact of repeated tax hikes on their business operations. As of January 2025, Australia's spirits excise is \$103.89 AUD (\$65 USD) per liter of alcohol. The United States' spirits excise is \$14.54 AUD (\$9.10 USD) per liter of alcohol.



Source: [Spirits and Cocktails Australia](#)

One of Australia's most popular rum distillers, [Bundaberg](#), is running an advertising campaign against the excise tax increase, focusing on the tax being **unbearable**.



Arguably, the only thing more Australian than a fair go, is Bundaberg Rum.

So when 63% of the cost of your bottle of Bundy is tax, we reckon that's 100% un-Australian.

Australia's spirits tax is currently the third highest in the world. The spirits industry alone will pay \$5 billion in excise this year in Australia, and this tax continues to grow twice a year, every year!

Don't grin and bear the tax on Bundy, help us get a fair go for Bundy lovers across the great state of Queensland and put a stop to unnecessary price increases.

It's a pain in the glass!

The Australian distilling industry calls for an immediate two-year freeze on excise indexation and a broader review of spirits excise settings to create the conditions for greater investment in the industry.

Attachments:

No Attachments.