# Submission on the Re:think tax discussion paper

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### As an organisation working to stop harm caused by alcohol, FARE’s submission on the Australian Government’s Re:think tax discussion paper focuses on alcohol taxation. FARE makes a total of nine recommendations to the Tax White Paper Task Force for reforming the current illogical and incoherent alcohol taxation system, beginning with the Wine Equalisation Tax (WET).

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## Recommendations

1. That the Tax White Paper Task Force find that the current alcohol taxation system is illogical, incoherent and does not adequately recognise the extent and cost of alcohol-related harms in the Australian community.
2. That the Tax White Paper Task Force find that the most incoherent component of the alcohol taxation system is the Wine Equalisation Tax (WET), which must be reformed as a matter of urgency.
3. That the Tax White Paper Task Force find that alcohol taxation reform is the most cost effective way to reduce alcohol-related harms and that moving the Wine Equalisation Tax (WET) to a volumetric rate is cost beneficial.
4. That the Tax White Paper Task Force find that there is strong support for reforming the Wine Equalisation Tax (WET) from the public health sector, economists and the alcohol industry.
5. That the Tax White Paper Task Force adopt the following policy objectives for Australia’s alcohol taxation system:
i. Alcohol taxation must be applied according to the category and volume of alcohol within products and their potential to cause harm. ii. The economic externalities of alcohol consumption must be used to inform alcohol taxation rates.
iii. Alcohol taxation must minimise distortion that may encourage harmful consumption of alcohol. iv. Alcohol taxation must ensure the cost of alcohol increases with average weekly earnings. v. Alcohol taxation must minimise loopholes.
vi. Revenue collected from alcohol taxation should be used to pay for the costs incurred by Governments to address alcohol harms.
6. That the Tax White Paper Task Force recommend removing the ad valorem Wine Equalisation Tax (WET) and replacing it with a volumetric tax rate. This rate should be transitioned to a differentiated rate that is based on the alcohol content of wine.
7. That the Tax White Paper Task Force recommend that the Wine Equalisation Tax (WET) rebate be abolished.
8. That the Tax White Paper Task Force recommend than an industry adjustment package is only necessary to facilitate the need for structural change in the wine industry. This should be independent of the tax system.
9. That the Tax White Paper Task Force tax other products that fall under the Wine Equalisation Tax (WET) at appropriate levels based on their alcohol content, including:
i. Moving cider to the current beer taxation arrangements, as cider has a similar alcohol content to beer. Where cider has added flavours it should continue to be taxed as a ready-to-drink beverage (RTD).
ii. Moving ‘Spirit’ like products to the current spirit tax arrangement, as these products have a higher alcohol content and are marketed as spirits.

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### Metadata