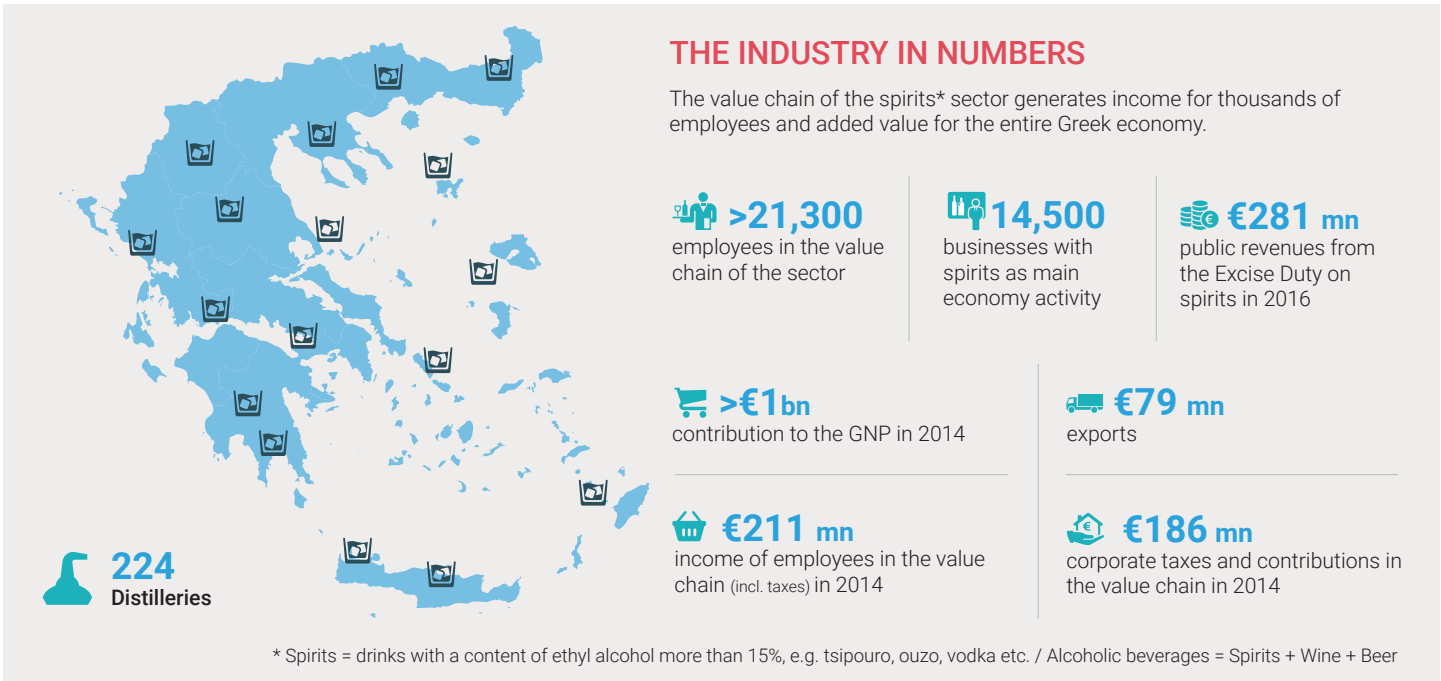


SPIRITS EXCISE DUTY POLICY ON ALCOHOLIC BEVERAGES IMPACT & GROWTH-ORIENTED PROPOSALS



S.P.E.D.A.P.



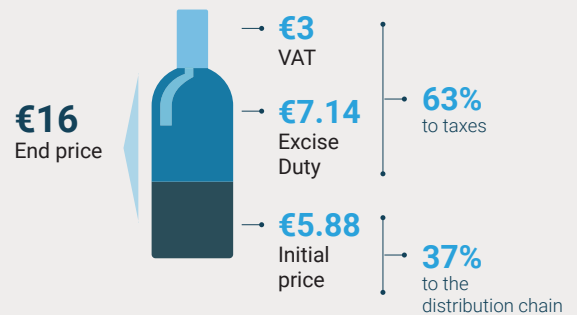
SPIRITS TAXATION

Excise Duty on Alcoholic beverages (per litre of ethyl alcohol)



Average spirit price structure

Taxes currently represent the biggest part of the price of a typical spirit



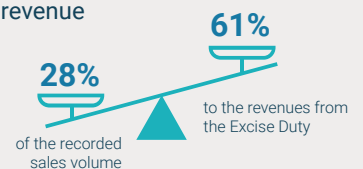
Evolution of spirits Excise Duty

Spirits Excise Duty has risen 4 times and VAT 3 times, from 19% to 24%, since the outbreak of the crisis

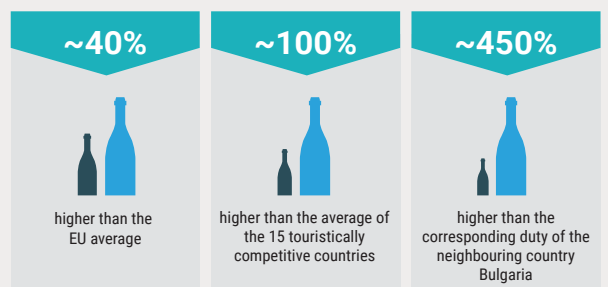
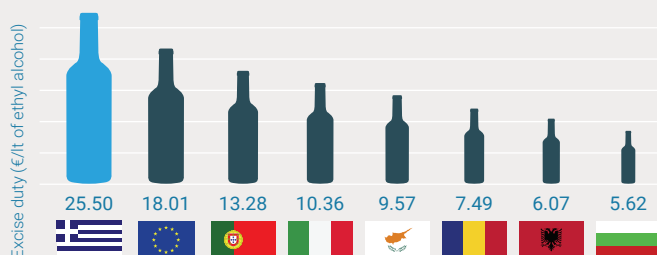


Spirits contribution to public revenue

Spirits contribute the most to revenues from Excise Duty compared to other alcoholic beverages, while accounting for the lowest consumption



Greece in the European tax map as to the Excise duty on spirits (Average of EU-28, neighbouring countries)



IMPACT ON REVENUES, ECONOMY AND SOCIETY

Overtaxation of spirits gave rise to smuggling and "nourished" tax evasion. As a result, it harmed the public revenues and the competitiveness of the domestic touristic product, shrunk the sector and increased the unemployment in the entire supply chain.

Consumption

Exacerbation of smuggling



1/5
of total consumption
is product of illicit trade



8.2 mn
of bottles per year



€130 mn
of lost public revenues
annually

Sky-rocketing of illicit trade of two-day distillers' tsipouro



5-7 mn litres
of reported quantities in 2014



24 mn litres
of illegally traded products in 2014



€300 mn
of lost public revenues annually due
to illicit trade

Decline in recorded consumption



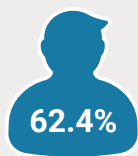
-50%

drop in spirits in
2008-2015

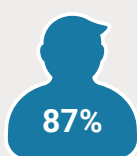
-39.6%

decrease in locally
produced spirits
(ouzo, tsipouro,
liqueur, etc.)
in 2010-2015

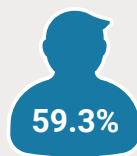
CONSUMERS STANCE (MRB HELLAS, 2015)



are against any
increase in Excise Duty



consider that any
increase in Excise Duty
will spur tax evasion



will evade taxation
or buy from the
illicit market

ECONOMY

The cost of overtaxation has been
reflected in the broader economy



-€1.3 bn
drop in added value to the
Greek economy

PUBLIC REVENUES

amounts expressed in millions (mn)

Revenues from
spirits excise tax
in 2015 are
lower than in
2009, before the
tax hikes.



EMPLOYMENT



-27.000

Job positions in 2009-2014

FOR ALL THESE REASONS

SPEDAP suggests:

- The gradual de-escalation of the excise duty towards the EU average. In particular, a decrease of the tax by 10% per year within a 3-year period
- The abolition of the trade of the unbottled tsipouro and its full taxation and equal market treatment on the same basis as the bottled tsipouro

The aim is:

- ✓ To increase public revenues by €100 mn
- ✓ The growth of a sector which is inextricably linked to the tourism and entertainment industries
- ✓ To fight smuggling
- ✓ To create job positions throughout the entire range of the value chain of the sector

About SPEDAP:

The Spirits Producers and Distributors Council (SPEDAP) is made up of the Hellenic Association of Spirits and Alcoholic Beverages Distillers (SEAOP) and the Hellenic Association of Drinks Distributors (ENEAP). SEAOP currently has 52 members, which are well-established private and cooperative companies of the industry with high quality and renowned products, and covers the entire territory of Greece. Its members and produce and distribute 70% of bottled drinks in Greece and export 85% of Greek exported drinks. The members of ENEAP are companies that represent and distribute approx. 80% of Greek and international spirits brands in Greece.

www.eneap.com.gr / www.seaop.gr

Sources: The data derived from the IFoundation of Economic & Industrial Research (IOBE) (The Spirits Sector in Greece, May 2015), the Ministry of Finance, the Association of Spirits Producers in Europe (SpiritsEurope) and MRB Hellas (Research on the Spirits sector and its Taxation, December 2015). Some data may have been further processed by the Hellenic Association of Spirits and Alcoholic Beverages Distillers (SEAOP).