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Brazil’s Proposed Alcohol Tax Worries Wine Sellers

Industry leaders say the levy could raise prices, slow sales and threaten growth in one of the country’s fastest-expanding beverage markets.

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A proposed tax on alcohol in Brazil is raising concern among wine producers, importers and retailers who say the measure could push prices higher and slow a market that has expanded steadily in recent years.

The tax, known as the selective tax and included in Brazil’s broader tax overhaul, is expected to apply to alcoholic beverages. In the wine business, where taxes already account for about 50% of the final price, industry executives warn that the new levy could add another layer of cost without allowing companies to offset it along the production chain. That would make formal sales less competitive and could encourage consumers to trade down or buy less.

The debate comes as Brazil’s wine sector prepares for Wine South America, a major trade fair scheduled for May 12 to 14 in Bento Gonçalves, in Rio Grande do Sul. The event is expected to bring together more than 400 brands from about 20 countries and generate roughly R$100 million in business. Organizers say taxation will be one of the main topics discussed by producers, distributors, restaurant operators and tourism businesses that depend on wine sales.

Marcos Milaneze, director of Wine South America, said the discussion over taxation is legitimate but should take into account the role wine plays in Brazilian consumption patterns. He said wine is generally associated with moderation and with dining experiences, and that it also supports tourism and creative-economy activities.

The concern is not limited to wineries. Restaurants, bars, hotels and tour operators could also feel the effects if higher prices reduce demand. Industry participants say a weaker market would make it harder to sustain investment at a time when Brazilian consumers have been buying more premium bottles and sparkling wines.

Recent data suggest the sector has been growing despite economic pressure. In 2025, Brazil’s wine and sparkling-wine market moved about R$21.1 billion, up nearly 10% from the previous year, according to Ideal.BI. Sparkling wines alone now exceed 40 million liters sold annually, reflecting a shift in consumer habits toward higher-quality products and more frequent purchases for meals and celebrations.

Still, executives say the new tax structure could change that trajectory if it is applied broadly and without adjustments for the wine category. They argue that unlike spirits or mass-market alcoholic drinks, wine has a different consumption profile and a stronger link to gastronomy and tourism.

The final rules and rates have not yet been set, but producers are watching closely because the outcome could shape pricing, investment plans and sales across one of Brazil’s fastest-growing beverage segments.