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German Distillers Urge Berlin to Drop 20% Spirits Tax Increase

A trade group said higher prices could cut sales enough to erase the 385 million euros in projected annual revenue.

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Germany’s spirits industry association on Monday called on the federal government to reconsider and remove a planned 20% increase in alcohol tax on spirits from the 2027 budget legislation, arguing that the measure could fail to deliver the extra revenue

officials expect once weaker consumer demand is taken into account.

The appeal came from the Bundesverband der Deutschen Spirituosen-Industrie und -Importeure, or BSI, a trade group representing about 250 members ranging from family-owned producers to international companies. In a statement issued from Bonn and Berlin, the association said the tax increase is scheduled to take effect on Jan. 1, 2027, under the government's draft budget companion law.

According to the draft, tax rates would rise by 20% not only for spirits but also for sparkling wine, intermediate products and alcopops. For spirits, the standard rate would increase to 15.64 euros per liter of pure alcohol from 13.03 euros.

The association said its concern is that the government's expected revenue gain depends largely on an assumption that buying habits will remain mostly stable even as retail prices rise. BSI said recent market data point to a much stronger consumer response. Citing NielsenIQ data for the first quarter of 2026 on regular-price spirits sales, the group said it used an estimated price elasticity of about -1.9 in its models. In practical terms, that would mean a 1% price increase is associated with nearly a 2% drop in sales volume.

Based on that assumption, BSI said much of the expected gain from alcohol tax and value-added tax would be offset by lower sales. The group said that if consumers react only slightly more strongly to higher prices, the overall fiscal effect could turn clearly negative.

Angelika Wiesgen-Pick, BSI's managing director, said in the statement that a 20% increase in spirits tax appears on paper to bring in more money for the state, but only if consumers continue buying the same amount as before. She said recent NielsenIQ market observations suggest that would not happen and that little of the projected additional revenue may remain after the effect on sales is included.

BSI said the government is counting on about 385 million euros in additional annual revenue from the spirits alcohol tax increase alone. But the association argued that available market data put the proposal close to what it described as a fiscal tipping point. It said that at a price elasticity of about -2.0, the net budget effect would become

clearly negative because the fall in sales would fully erase the added tax intake.

The trade group also said its calculations do not include possible secondary effects on business taxes, profit-related taxes, employment, cross-border shopping or substitution into other products. It described its analysis as a scenario and plausibility check, not an official tax forecast.

The issue matters beyond distillers alone because the proposal would also raise taxes on sparkling wine and other alcohol categories, potentially affecting shelf prices, producer and importer margins, and purchasing patterns in one of Europe’s largest beverage markets. Any meaningful change in demand could ripple through wholesalers, retailers, hospitality operators and cross-border suppliers.

BSI also pointed to a legal opinion submitted to the Bundestag by Hanno Kube, a professor of finance and tax law, who questioned whether the government’s projected additional tax revenue of 455 million euros a year from the planned rate increases is realistic. In the quoted opinion, Kube said the constitutional principle of budgetary truth requires revenue forecasts to be as accurate as possible for the policy area in question.

The association placed its argument in a broader cost-of-living context. It cited preliminary data from Destatis showing Germany’s inflation rate at 3.3% in September, with energy prices 14.9% higher than a year earlier. At the same time, BSI noted, federal and state authorities have reduced fuel energy taxes since Oct. 1 to ease pressure on households and businesses. Against that backdrop, the group said policymakers should look carefully at whether to add a new consumption tax burden with what it called an uncertain net return for the budget.

BSI said the planned increase would primarily affect adult consumers who buy spirits occasionally and responsibly, while also creating adjustment costs and follow-on costs for businesses. The group added that in trade channels where more than 100% of the tax increase is passed on through prices, the fiscal tipping point would be reached sooner. It also said its modeling did not include about 15% of spirits sales linked to the hospitality sector.

The association has asked the government to strike the increase from the budget companion law before it takes effect. The government’s position on whether it will revise the proposal was not included in the statement.