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Germany plans a 20% increase in its federal spirits tax for 2027

Lawmakers exempted sparkling wine after a committee review, leaving beer and wine outside the increase in the budget bill

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Germany is moving toward its first increase in the federal spirits tax since 1982, under a budget package that would raise the levy on distilled alcohol by 20% from January 1, 2027, while leaving beer and wine outside the change and, after a committee revision, sparing sparkling wine as well.

The proposal is part of the Haushaltsbegleitgesetz 2027, the budget-related legislation presented by Finance Minister Lars Klingbeil. Under the plan, the tax rate on spirits would rise to 15.64 euros per liter of pure alcohol from 13.03 euros. The Garnish, an Italian drinks trade publication, reported that the change would add nearly 90 euro cents at retail to a 0.7-liter bottle of vodka at 40% alcohol by volume.

The measure has not yet completed the legislative process. After review by the Bundestag Finance Committee on November 12, lawmakers removed sparkling wines from the scope of the increase. That exemption covers Germany’s Schaumweinsteuer, a tax that applies to all sparkling wines sold in the country regardless of origin, including Prosecco and Champagne. A date for a full parliamentary vote has not been set.

At the same time, the governing coalition widened Germany’s alcopop tax to cover mixed drinks up to 15% alcohol by volume, including spirit-based ready-to-drink products. According to The Garnish, the committee also cut the rate of the expanded alcopop tax by 45%, though it would still add about 1 euro to a 33-centiliter can at 10% alcohol. It also directed 1% of that revenue, up to 1 million euros, to addiction prevention programs.

The revenue estimates attached to the original version of the measure, before sparkling wines were removed, projected 380 million euros in additional revenue in 2027 and 455 million euros a year through 2031. That means the final totals could change if the revised bill becomes law in its current form.

The German debate follows a stronger proposal put forward by a health expert commission created by Health Minister Nina Warken. In March, that commission recommended a three-step increase between 2027 and 2029 that would have taken the spirits duty to 26.03 euros per liter, nearly double the current rate.

Opposition from the spirits industry has been strong. The BSI, the German association of spirits producers and importers, argues that the sector already carries a disproportionate tax burden. The group says spirits account for 4.6% of alcoholic beverage volumes sold in Germany, but between 18% and 20% of pure alcohol consumed and nearly 70% of alcohol tax revenue. A legal opinion commissioned by the

association argues that the new burden, which it says would be 7.9 times the tax level on beer, conflicts with Germany’s constitution and European law.

The proposal matters beyond tax policy because it could reshape price competition across beverage categories. By raising duties on spirits while excluding beer, wine, and now sparkling wine, Germany would widen the fiscal gap between categories. That could put pressure on margins for distillers, importers, and ready-to-drink brands that use spirits as a base, while giving products outside the increase a relative tax advantage.

Germany is not acting in isolation. Since July 2025, the World Health Organization has promoted its 3 by 35 initiative, calling on governments to use taxation to raise the real prices of tobacco, alcohol, and sugary drinks by at least 50% by 2035.

Other countries have taken different paths. Austria has already passed a law that will raise its alcohol tax by 30% to 15.60 euros per liter of anhydrous alcohol from January 1, 2027, while also excluding beer and wine. Austria’s Finance Ministry expects the change to bring in 35 million euros more in 2027 and 45 million euros a year from 2028.

In the United Kingdom, the October Budget 2026 reconnected all alcohol duties to inflation, producing a 4.55% increase from February 1, 2027. That came after the 2023 reform that taxed alcohol by strength. Industry groups say spirits duties there have risen by 17% over three years. HM Revenue and Customs data showed 4.059 billion pounds in spirits duty revenue in the 2025/26 fiscal year, down 94 million pounds from the previous year. The Treasury opened a review of the reform in April, and the Scotch Whisky Association is seeking a cut.

In Poland, lawmakers approved a steeper rise in excise taxes in November 2025, with increases of 15% in 2026 and 10% in 2027 instead of the 5% annual increases already set in law. But President Karol Nawrocki vetoed the measure in December 2025, saying it would mainly serve a fiscal purpose and could expand the shadow economy. The 5% annual increases remain in place.

Elsewhere, governments have chosen a lighter approach. Japan completed its beer tax restructuring on October 1, lowering the beer tax by 14.4% and bringing it into line with the rates for happoshu and third-category beer-like products, which rose to the same level. Canned chu-hi drinks now face higher taxes, and major brewers have been reformulating lower-cost brands so they can be sold as beer.

Canada extended for two more years, from April 1, a 2% cap on annual excise increases for beer, spirits, and wine, which would otherwise rise with inflation under federal law. It also kept a reduced rate on the first 15,000 hectoliters of beer produced domestically. Australia froze indexation of the excise on draught beer from August 1, 2025, through August 2027, and raised the excise refund cap for small producers, including distilleries, from July 1, while twice-yearly inflation adjustments on spirits remain in place.

For Italy’s beverage industry, the German proposal has direct commercial importance. Italy’s excise duty on ethyl alcohol has been unchanged since January 1, 2015, at 10.36 euros per liter of anhydrous alcohol, but Germany was the top export market for Italian liqueurs and spirits in 2025, with sales of 363 million euros, or 18.95% of the total, according to the Italian Trade Agency. That put Germany ahead of the United States, which accounted for 12.5%.

If the German bill passes in its current form, Italian amari, liqueurs, and grappa sold in Germany would fall under the 20% duty increase. Vermouth and fortified wines would remain subject to the intermediate products tax, which also rises by 20% in the government’s text, while spirit-based canned cocktails and other ready-to-drink mixes would be covered by the broadened alcopop tax.