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A German spirits tax plan could drive some distillers out of business, a producer says

The proposal would spare beer, wine, sparkling wine, leaving spirits makers to absorb higher costs or raise prices

Monday, November 23, 2026



A planned increase in Germany’s alcohol tax on spirits has drawn a sharp warning from Paehler-Rietberg, a long-established distiller in the town of Rietberg, which says the measure could push up prices and put serious pressure on producers.

According to Die Glocke, the proposal would raise the tax burden on spirits while leaving beer, wine and sparkling wine outside the change. Paehler-Rietberg said that difference would amount to unequal treatment inside the alcohol market, with one segment facing a higher fiscal load while other categories remain unchanged.

Hendrik Dirkwinkel, managing director of the company, told Die Glocke in remarks published on Nov. 22 that Paehler-Rietberg expected to fight its way through the change, but that some businesses in the sector might not survive it. His comments reflected concern not only about the direct effect on his own company, but also about what a selective increase could mean for smaller and mid-sized spirits makers across Germany.

The available report did not specify the new tax rate or when the increase would take effect, but the company said it expected the move to have major consequences. The newspaper said price increases were likely, suggesting that at least part of the added tax burden could be passed on to consumers.

That could matter well beyond a single producer. If spirits alone become more expensive because of tax policy, drinks companies could face new pressure on margins, retail pricing and product mix. A selective tax increase could also change competition between beverage categories by making distilled products relatively more expensive than beer, wine or sparkling wine on store shelves and in bars and restaurants.

For the broader drinks industry, that kind of divergence in taxation can affect more than final prices. It can shape purchasing decisions by consumers, promotional strategies by retailers and investment plans by manufacturers. Producers of spirits may have to decide whether to absorb part of the extra cost, reduce spending elsewhere, or raise prices at a time when demand in many consumer goods markets remains sensitive to inflation.

Paehler-Rietberg, which has operated for 105 years and is known as a producer of branded spirits, is based in Rietberg in North Rhine-Westphalia. Die Glocke described the planned tax increase as a major challenge for the company. A photo accompanying the report identified Hendrik Dirkwinkel and his father, Heinrich Dirkwinkel, as key figures at the business.

The company’s central complaint is that the proposal does not apply across all alcoholic beverages. By excluding beer, wine and sparkling wine, the measure would concentrate the tax increase on one part of the market. For spirits producers, that raises the prospect of a competitive disadvantage created not by changes in demand or production costs, but by policy design.

The report from Die Glocke did not include comment from federal authorities or lawmakers behind the proposal. It also did not say whether industry associations had taken a formal position or whether changes to the plan were still possible. Even so, the reaction from Paehler-Rietberg shows how quickly the tax debate has become a business issue for German distillers, especially companies that depend on stable pricing and long-established brand positions in a crowded beverage market.

For producers in the spirits segment, the debate is likely to focus on whether the government can justify a higher burden on distilled products alone, and whether that approach risks shifting sales toward other alcoholic drinks rather than reducing overall consumption. In Rietberg, Paehler-Rietberg has made clear that it sees the planned increase as a direct threat to parts of the industry and a test for a company that has been in business for more than a century.