Increased excise tax means higher costs for wineries and consumers

Excise on wine is set for its biggest increase in 30 years, following the government’s decision to lift excise by 6.9% from 1 July says Philip Gregan, CEO of New Zealand Winegrowers.

“Like every business, wineries are already facing big cost increases, so there is no way the excise increase can be absorbed by them. This excise increase will need to be passed on to consumers.”

The increased excise tax will most strongly impact the 300 members of New Zealand Winegrowers who only produce wine for New Zealanders to drink.

“We asked our members to tell the government the likely impact of the largest hike in excise for years. The response from many was that excise is their largest cost after wages, that the increase would impact on jobs, and would threaten on-going investment and the survival of their business, especially given the other cost increases they are seeing imposed,” says Philip.

With this latest increase, the excise rate on table wine will be $2.49 per bottle, charged to the winemaker, and before any retailer mark-ups. For a winery selling in the domestic market that is more than they pay on average for grapes, and is the equivalent of $30,000 tax per hectare.

“At a time when the government has rightly highlighted concerns about cost-of-living increases, further fuelling inflation by boosting excise seems to make little sense.”

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Images:
New Zealand wine images are available here