OpenVoiceNews Australia

Transparent. Unbiased. Yours.

Alcohol Tax Split: Beer Wins, Spirits Lose

August 4, 2025

— Categories: Finance

©Andrzej Witek

Australia's new two-tier alcohol tax system takes effect today, freezing beer excise while increasing spirits taxes in a move creating industry divisions. The policy delivers on Prime Minister Anthony Albanese's election promise to pause kegged beer tax hikes for two years, providing relief for pubs and beer drinkers. However, spirits face their biannual tax increase, drawing criticism from bars and distilleries who argue the policy unfairly disadvantages their sector.

Hospitality leaders highlight the unequal impact across venues, with beer-focused pubs benefiting while cocktail bars absorb higher costs. Night Time Industries Association CEO Mick Gibb warns the disparity particularly hurts small bars and live music venues that rely on spirit sales. The tax hike comes as venues already struggle with rising operational costs and declining consumer spending, potentially forcing many to raise cocktail prices during an economic downturn.

The spirits industry contends the policy favors large breweries over craft distilleries, despite both being important domestic manufacturers. Industry data shows spirits taxes have increased 26% since 2020, compared to beer's 12% rise before the freeze. This latest hike further widens the gap, with some premium spirits now facing over $100 per liter in excise, among the world's highest spirit taxes.

While the beer tax freeze offers temporary relief to pubs, the lopsided policy risks distorting consumer choices and market competition. As cost-of-living pressures mount, the government faces growing calls to address alcohol taxation holistically rather than through selective interventions. The coming months will reveal whether this approach stabilizes the hospitality sector or inadvertently damages Australia's vibrant small bar scene. Either way, drinkers will vote with their wallets – and the results may influence future policy decisions.