How Much Tax is in Alcohol Prices? Variation by Beverage Type and Subtype in Sydney, New South Wales

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Introduction: Alcohol taxation is one of the most effective policies for reducing alcohol-related harm, yet little evidence exists on how the alcohol tax burden is distributed across products in Australia's mixed taxation system. This study estimated alcohol tax per standard drink and tax as a proportion of retail price across beverage types and subtypes in Sydney, Australia.

Methods: Alcohol price data were collected in January 2026 for all alcohol products available from five major online alcohol retailers. Excise payable per standard drink was estimated using Australian Tax Office rates for volumetrically taxed beverages, with payable Wine Equalisation Tax (WET) estimated from retail price using assumed wholesale shares. Median and mean tax per standard drink, tax share of retail price, and retail price per standard drink were analysed by beverage type and subtype.

Results: Spirits had the highest mean tax share of retail price (37.6%) and highest mean tax per standard drink (A$1.34). Wine had the lowest mean tax share (17.4%) and the widest variation in tax per standard drink. Some wine in vessels ≥ 1L attracted as little as A$0.07 tax per standard drink. For cider, stronger products attracted lower tax per standard drink and were consistently cheaper than lower-strength cider products. In contrast, stronger beer products had the highest tax per standard drink and highest tax share among beer products yet were cheaper than their lower-strength counterparts.

Discussion: Australia's alcohol taxation system produces uneven and counterintuitive tax outcomes that are poorly aligned with alcohol content. Volumetric taxation more consistently links tax paid to ethanol content, whereas ad valorem taxation under the WET allows high-alcohol, low-cost wine and cider products to remain lightly taxed.

Implications: Findings support a more consistent volumetric alcohol taxation system in Australia to reduce availability of cheap strong products associated with disproportionate alcohol-related harm in communities.

Disclosure of Interest Statement:
Data collection was supported by funding from NSW Ministry of Health. The National Drug and Alcohol Research Centre and National Drug Research Institute are supported by funding from the Australian Government Department of Health, Disability and Ageing. Amy Peacock AP is supported by a National Health and Medical Research Council (NHMRC) Investigator Fellowship (#1174630). The views expressed in this publication do not necessarily reflect the views of the Australian Government, National Health and Medical Research Council, or NSW Ministry of Health. The authors have no other conflicts of interest to declare.