The Issue of Taxation of Wine and Wine Beverages in the Czech Republic in Connection with the Import of Cheap Wines from Abroad

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Abstract

In the Czech Republic, people drink mainly foreign wines; the consumption of these wines, for which a zero-tax rate applies, accounts for more than 70% of total wine consumption in the Czech Republic. It is therefore necessary to think about how to tax foreign wines without harming domestic winemakers. Just by taxing it at the same tax rate as is currently set for sparkling wine, the state budget would gain approximately 2 billion crowns. In addition, traditional small domestic winemakers, whose production cannot compete with cheap imported boxed wines, would be protected from competition. Some advocates of an exemption for Czech winemakers claim that excise duty on wine is not levied anywhere in the EU. However, this is not true, as the tax exists in twelve member states. Others point out that the tax is not levied in any of the key wine-producing countries. It is true that Austria, Germany, Spain or Italy do not have an excise duty on still wine, but France does, albeit a low one. However, the Czech Republic is not a significant wine-producing country from a European perspective. Most wine is imported, so its importers also pay zero tax. The aim of this article is to clarify the issue of taxation of wine and wine-based beverages in the Czech Republic in connection with the import of cheap wines from abroad.

Keywords

Foreign trade, taxation, the Czech Republic, wine, winery.