Excise Trends 2017
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Note: 2017 data included in this paper are provisional and may be subject to revision at a later date.
Excise Trends 2017

Total Excise Receipts: €6.02 billion

11.8% of tax receipts in 2017

- Oils: 34%
- Tobacco: 23%
- Alcohols: 20%
- VRT: 14%
- Carbon Tax: 7%
- Betting: 1%
- Other: 1%

Carbon Tax:
- Oils: 80%
- Others: 20%

VRT Registrations
- New Cars
- Used Cars

Petrol volumes:
- -25% vs 2012

Diesel volumes:
- +40% vs 2012
Executive Summary

Excise Duty is the fourth largest tax in receipts terms, with €6.02 billion collected in 2017 and accounting for 11.8 per cent of tax receipts in the year.

Having reached a low of €4.76 billion in 2012, Excise receipts in aggregate have now recovered to the level of their peak (at €6.00 billion in 2007). However, Excise covers duties on multiple commodities, and the impacts of the economic downturn and subsequent recovery differ across these.

### Excise Duty Receipts

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2007</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oils</td>
<td>2,000</td>
<td>1,500</td>
</tr>
<tr>
<td>Tobacco</td>
<td>1,000</td>
<td>1,250</td>
</tr>
<tr>
<td>Alcohols</td>
<td>1,000</td>
<td>1,250</td>
</tr>
<tr>
<td>VRT</td>
<td>500</td>
<td>750</td>
</tr>
<tr>
<td>Carbon Tax</td>
<td>0</td>
<td>250</td>
</tr>
<tr>
<td>Betting / Licences</td>
<td>0</td>
<td>250</td>
</tr>
</tbody>
</table>

Source: Revenue analysis.

This report profiles trends in Excise volumes and tax receipts in 2017, with comparisons to previous years where useful.

The main Excise features and trends include:

- Receipts from oils (34 per cent of Excise receipts) are relatively stable, with growth in demand for diesel counteracting reductions in petrol engine cars.
- Carbon Tax receipts (7 per cent of Excise receipts) are primarily from oils.
- Receipts from alcohols (20 per cent of Excise receipts) have increased marginally in 2017 but the pattern across commodities (beer, spirits, wine and cider) is mixed.
- Tobacco duties (23 per cent of Excise receipts) increased markedly in 2016 and 2017 but are unstable due to changes in tobacco packaging legislation.
- Vehicle Registration Tax (“VRT”) receipts (14 per cent of Excise receipts) show the largest reductions since 2008 but have increased each year since 2012.
- Betting Duty receipts (1 per cent of receipts) have nearly doubled since the Duty was extended to online betting in late 2015.
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1 Introduction

Excise accounted for 11.8 per cent of total net tax receipts in 2017, with €6.02 billion in duties collected. Excise receipts collected in 2017 were the highest since 2007 (€6.00 billion) and well above the low point of recent years (€4.76 billion in 2012). Included in Excise are duties on alcohols, tobacco and oils as well as Carbon Tax, Vehicle Registration Tax, Betting Duty, licences and Electricity Tax.

Table 1: Excise Receipts by Commodity 2017

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Receipts €m</th>
<th>Share of Excise Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oils</td>
<td>2,061.1</td>
<td>34%</td>
</tr>
<tr>
<td>Tobacco</td>
<td>1,397.4</td>
<td>23%</td>
</tr>
<tr>
<td>Alcohols</td>
<td>1,219.9</td>
<td>20%</td>
</tr>
<tr>
<td>Vehicle Registration Tax</td>
<td>840.6</td>
<td>14%</td>
</tr>
<tr>
<td>Carbon Tax</td>
<td>419.6</td>
<td>7.0%</td>
</tr>
<tr>
<td>Betting</td>
<td>52.2</td>
<td>0.9%</td>
</tr>
<tr>
<td>Licences</td>
<td>22.1</td>
<td>0.4%</td>
</tr>
<tr>
<td>Electricity Tax</td>
<td>3.6</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,016</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Revenue analysis.

Figure 1: Excise Receipts and Total Tax Shares

This report profiles Excise volumes and tax receipts in 2017, with comparisons to previous years where useful. The sections of the report focus on oils, Carbon Tax, alcohols, tobacco, Vehicle Registration Tax and Betting Duty, followed by a conclusion.
2 Oils

2.1 Volumes
While information on the volumes of oil consumed is not available to Revenue, the amounts of oil taken out of bond from tax warehouses (known as “clearances”) are recorded. Due to stocking and other factors, the timing of clearances may differ from the timing of actual consumption but these should balance out over time.

Figure 2 shows the volumes for the main oil categories: petrol, diesel, kerosene and marked gas oil (MGO). Figure 3 shows their growth rates.

Several trends are clear. Diesel volumes have increased every year since 2012, volumes in 2017 were 40 per cent (1.02 billion litres) more than 2012. MGO and kerosene volumes increased in each of the last three years. As previous research shows, while the improving economy is the main driver for increased demand, for diesel and MGO these increases also include a compliance uplift that arises from the successful implementation of Revenue’s strategy to combat the trade in illicit fuel.

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Figure 2: Oil Volumes

Source: Revenue analysis. Note: Smaller fuel categories not included.

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1 MGO, intended for use in agriculture, construction or certain non-road activities, sometimes referred to as green diesel (after the green dye added), includes a fiscal marker (Accutrace) that is resistant to laundering.
Petrol is only one of the main oil categories to show reductions in volumes consistently since 2012. Petrol volumes in 2017 were 25 per cent (417.8 million litres) less than in 2012. This decline, over a period of an economic recovery and increased demand for fuel generally, is driven largely by a substantial shift toward diesel engine vehicles in the private car sector (commercial or business vehicles mostly use diesel). As discussed further in Section 6, this trend is across both new and used car registrations. In 2017 for example, 64 per cent of new car registrations were diesel engines and 78 per cent of used car registrations were diesel.³

**2.2 Tax Receipts**

Excise duties from oils (including Carbon Tax) accounted for 40 per cent of total Excise receipts in 2017. Figure 4 shows Excise⁴, Carbon Tax and VAT⁵ receipts from petrol, diesel and MGO in 2017. Diesel and petrol accounted for the majority of the oil receipts, MGO receipts were lower due to reduced tax rates applicable.

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³ Notwithstanding the above, there is some evidence to suggest that slowing numbers of new registrations in 2017 have had a greater impact on diesel registrations, perhaps the first indication of a weakening in the shift towards diesel in the private car market.

⁴ Mineral Oil Tax (“MOT”).

⁵ VAT receipts are estimated as the actual VAT receipts for any particular product or activity are not available.
Figure 4: Tax Receipts from Oils 2017

Figure 5: Tax Receipts from Oils

Figure 5 shows receipts since 2011. Combined Excise, Carbon Tax and estimated VAT receipts from oils were stable at just under €3 billion per annum over the period.\(^6\) While Excise overall showed marked variation in recent years (Figure 1), oil is not the driver of this variability. Although, as noted in Section 2.1, the stability of oil receipts disguises significant reductions in petrol and increases in diesel.

\(^6\) A new MOT warehouse return system was introduced in February 2017. This resulted in a change in the accounting arrangements and receipts are now brought to account a month later. This was primarily responsible for the net Excise receipts coming in €108m less than 2016.
2.3 Prices and Incidence

Figure 6 shows average prices of petrol, diesel and MGO and the relevant tax content. As Figure 7 indicates, the tax content on oil is composed of Excise, Carbon Tax and VAT and these taxes combine valorem and specific charges. While prices have fallen since peaks of 2012, there were increases in 2017. These changes are driven by fluctuations in oil prices and other non-tax elements for the most part.\(^7\)

**Figure 6: Average Oil Prices and Tax Content**

![Graph showing average oil prices and tax content from 2011 to 2017.]

Source: Revenue analysis based on various sources.

**Figure 7: Incidence of Oil Taxation 2017**

![Bar chart showing the incidence of oil taxation for petrol, diesel, and MGO in 2017.]

Source: Revenue analysis based on various sources.

\(^7\) Revenue also publishes a regular survey of cross border (Republic of Ireland/Northern Ireland) prices, available at: https://www.revenue.ie/en/corporate/information-about-revenue/research/surveys/index.aspx.
3 Carbon Tax

The total collected from Carbon Tax in 2017 was €420 million (up from €298 million in 2011). Of this, 80 per cent was from oil products, with the remaining 20 per cent from natural gas, solid fuels and LPG. Figure 8 shows a breakdown of the Carbon Tax receipts by commodity in 2017.

**Figure 8: Carbon Tax Receipts 2017**

![Bar chart showing Carbon Tax receipts by commodity in 2017.](chart)

Source: Revenue analysis.

**Figure 9: Carbon Tax Receipts**

![Column chart showing Carbon Tax receipts from 2011 to 2017.](chart)

Source: Revenue analysis.
4 Alcohols

4.1 Volumes
Trends in alcohol volumes overall were mixed in 2017.\(^a\) Beer volumes decreased 2.1 per cent, following a 3.7 per cent increase in 2016. Cider increased 1.5 per cent in 2017 and by 8.6 per cent in 2016. Wine increased by a marginal 0.4 per cent in 2017 after an increase of 6.2 per cent in 2016. Spirits showed the largest increases in both years (3.6 per cent in 2017 and 8.9 per cent in 2016).

Over the period 2011 to 2017 (Figure 10), beer volumes have fallen by 4.7 per cent and cider by 3 per cent. During the same period, spirits and wine increased by 2.9 per cent and 4.3 per cent respectively.

![Figure 10: Alcohol Volumes](image)

Source: Revenue analysis. Notes: Wine and Cider are charged to Excise at litres of product and these volumes are converted to litres of alcohol at an average rate of alcohol of 12.5% for wine and 4.5% for cider for comparison purposes only.

4.2 Tax Receipts
Receipts from Alcohol Products Tax (“APT”) accounted for 20.3 per cent of the total Excise receipts in 2017. Receipts from all alcohol commodities were €1,220 million in 2017, an increase of €12.4 million on 2016 and €390 million on 2011.

Figure 11 shows alcohol Excise receipts for the period 2011 to 2017. The trends largely follow the volume changes reported in Section 4.1 but it should be noted also that rates of

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\(^a\) As with oils, volume information reflects clearances rather than actual consumption, as discussed in Section 2.
APT increased in December 2012 and October 2013, which is reflected in increased receipts in the following years.

Figure 11: Alcohol Excise Receipts

4.3 Prices and Incidence
As Figure 13 indicates, for a sample of commodities, tax on alcohols is a combination of Excise and VAT but these vary. Figure 12 shows average prices of bottles of whiskey and wine and the relevant tax content. Price increases since 2011 are due to combination of trade price (non-tax) increases and higher rates of APT.

Figure 12: Average Alcohol Prices and Tax Content

Source: Revenue analysis based on various sources.
Figure 13: Incidence of Alcohol Taxation 2017

Source: Revenue analysis based on various sources.
5 Tobacco

5.1 Volumes
Tobacco volumes in 2016 and 2017 were unusual due to the changes in legislation regarding tobacco packaging (Tobacco Products Directive (2014/40/EU) and Public Health (Standardised Packaging of Tobacco) Act). Cigarette volumes increased by 26.4 per cent in 2017, after a decrease of 12.1 per cent in 2016. Fine Cut Tobacco or Roll Your Own (“RYO”) increased by 26.5 per cent in 2017 after a decrease of 30.5 per cent in 2016.

Over the period 2011 to 2017, cigarette volumes (Figure 14) have fallen by 13.4 per cent while fine cut tobacco volumes (Figure 15) increased by 77.5 per cent.

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9 As with oils and alcohols, volumes are measured in terms of clearances from tax warehouses.
5.2 Tax Receipts

Combined receipts of Tobacco Products Tax ("TPT") from all tobacco commodities were €1,397 million in 2017, an increase of €299.7 million on 2016. Tobacco accounted for 23.2 per cent of the total Excise receipts in 2017. Figure 16 shows the Excise receipts from cigarettes and other tobacco products for the period 2011 to 2017. The rates of TPT increased in every Budget since 2012.

Figure 16: Receipts from Tobacco

Source: Revenue analysis.
6 Vehicle Registration Tax

6.1 Registrations of New and Used Cars

Gross registrations of new cars for Vehicle Registration Tax ("VRT") decreased in 2017, with 131,683 registrations (down 10.3 per cent or 15,123 cars on 2016). The reduction in new cars was compensated with increased registrations of imported used cars, which stood at 94,456 registrations in 2017 (up 29.9 per cent or 21,738 cars on 2016).

Figure 17: Gross Registrations of New and Used Cars

Source: Revenue analysis.

The more favourable Sterling exchange rate, with UK imports increasing, is the key driver of the fall in new registrations in 2017 following several years of increase.

The average new car Open Market Selling Price ("OMSP") in 2017 increased by 2.6 per cent to €27,214 and the average used car price increased by 6.2 per cent to €15,279.

As noted earlier in Section 2, in terms of engine type, the majority of new (Figure 18) and used car registrations (Figure 19) are diesel.
While the trend over a number of years is growth in diesel engine cars, there are indications that consumer preferences may be shifting more towards petrol based on 2017. New diesel registrations decreased in 2017 compared to 2016 but new petrol registrations were stable. In addition, petrol engine used cars registrations increased marginally faster than used diesel (29 per cent compared to 28 per cent) in 2017.
6.2 Tax Receipts
Tax receipts from VRT were €841 million in 2017. This was an increase of €26.7 million on 2016 and the highest since 2008 (Figure 20). VRT accounted for 14 per cent of Excise receipts in 2017.

*Figure 20: Tax Receipts from VRT*

![Graph showing tax receipts from VRT]

Source: Revenue analysis.

As noted in the Introduction, there was a large decrease in Excise receipts overall following the economic downturn. The fall in VRT receipts was responsible for a significant portion of the reduction of Excise receipts during the economic downturn. VRT also plays an important part in Excise receipts growth since 2013.
7 Betting Duty

Betting Duty receipts in 2017 were €52.2 million, an increase of €1.5 million over 2016. The coverage of Betting Duty was extended to cover remote\(^\text{10}\) and online betting in late 2015 and the first two full years of receipts from these categories are shown in Table 2. In 2017, duties from traditional betting and remote betting showed an increase of 3 per cent and 3.2 per cent respectively on 2016, while commissions\(^\text{11}\) were down 1.8 per cent.

Table 2: Betting Duty Tax Receipts

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional Betting Cm</th>
<th>Remote Betting Cm</th>
<th>Commissions Cm</th>
<th>Total Cm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>28.1</td>
<td>20.7</td>
<td>1.9</td>
<td>50.7</td>
</tr>
<tr>
<td>2017</td>
<td>29.0</td>
<td>21.4</td>
<td>1.8</td>
<td>52.2</td>
</tr>
</tbody>
</table>

Source: Revenue analysis.

Figure 21: Betting Duty Tax Receipts

Source: Revenue analysis.

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\(^\text{10}\) Remote betting refers to communication by any electronic means including the internet.

\(^\text{11}\) Commissions refer to the amount that a remote betting intermediary charges persons in the State for using the facilities of that intermediary to make bets.
8 Conclusion

This report complements the extensive Excise statistics published on Revenue’s website by profiling trends in Excise volumes and receipts in 2017. The 2017 figures are presented in the context of tax receipts and other information for previous years, as well as illustrating key highlights, to give a statistical overview of the tax.

While this report focuses on Excise trends, Revenue has undertaken more detailed reports on compliance in the oil market, random sampling programmes in fuel outlets, the determinants of tobacco demand and surveys of illicit tobacco consumption. These reports and analysis are also available on Revenue’s website.