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## Alcohol Stakeholder Group

Access information from meetings of the Alcohol Stakeholder Group.

### **Alcohol Stakeholder Group key messages 19 August 2025**



Key topics discussed at the Alcohol Stakeholder Group meeting  
19 August 2025

### **Alcohol Stakeholder Group key messages 30 July 2024**



Key topics discussed at the Alcohol Stakeholder Group meeting  
30 July 2024.

### **Alcohol Stakeholder Group key messages 25 July 2023**



Key messages from the Alcohol Stakeholder Group meeting held  
25 July 2023.

QC 28444

## **Alcohol Stakeholder Group key messages 19 August 2025**

## Key topics discussed at the Alcohol Stakeholder Group meeting 19 August 2025

**Last updated** 13 October 2025

### **Welcome**

No conflicts of interest were declared and attendees were reminded to declare any conflicts that may arise during discussions.

Integrity declarations have been completed by all non-government attendees. Attendees were asked to highlight any issues considered sensitive or confidential during discussions.

### **Reflections of 2024–25 / Focus for 2025–26**

The wine equalisation tax (WET) program is operating as intended. During 2023–24, just over \$1 billion was collected, net of collections and producer rebate and credits claimed. This was consistent with the previous year. The most recent WET tax gap estimate is 3.3% for 2021–22, meaning approximately 97% was collected. The 2022–23 tax gap will be published in October. During 2024–25, the ATO continued to focus on providing ‘help and educate’ supports to new entrants to better understand their obligations when entering the WET system. The majority of WET paid comes from privately owned and wealthy groups and public and multinational businesses. While many clients are in the small business group, most payments from that group are balanced out by producer rebate claims.

Compliance focus areas for 2024–25 were around broader compliance, including the potential for business activity statement (BAS) fraud. Although this is not a current issue of concern, it was noted that there are good detection processes in place. The ‘new to WET’ program of educating new entrants and the excise client manager (ECM) program continue to provide a level of compliance assurance. In 2024–25, the ECM program was extended to a second group, or Tier 2, of significant contributors to the WET regime, to provide a direct Australian Taxation Office (ATO) point of contact.

Targeted compliance work was undertaken using data-based insights to identify unusual trends in claims as well as continued testing to

ascertain whether behaviours that resulted in 2018 amendments are re-emerging, particularly around schemes or arrangements designed to incorrectly maximise or extend producer rebate entitlements. A similar approach will be taken in 2025–26. The ATO would be looking to extend the data-based insights work to obtain a better understanding of imported products, with a particular interest in those quoting and testing how product is dealt with once entered into ATO systems. Improved data matching will be used to focus on areas of most concern.

Cider Australia referred to the 2025 Australian Grape and Wine review of WET and a recommendation to review the WET and the WET rebate to ensure policy objectives are still being met without unintentionally providing advantages for vertically integrated grape producers, winemakers and wine retailers. The ATO advised that while we are aware of some elements of industry being vertically integrated, the *WET Act* provided provisions to manage those circumstances. We are not aware of any specific concerns in that area. Treasury advised that the report and any subsequent activity is being managed by the Department of Agriculture, Fisheries and Forestry. Next steps would be for government consideration.

The alcohol excise system is considered to be operating largely as intended, there continues to be concerns around illicit alcohol activities/behaviours. In 2023–24 alcohol excise collections were approximately \$7.5 billion, with the 2022–23 tax gap estimated at 9%, or approximately \$800 million.

The ATO has now finalised 2 significant bodies of work; the digitisation of excise returns and deregulation/streamlining measures. Benefits of those changes are becoming evident, including no need for renewal of excise licences. It was noted that automated reminders and better online visibility of taxpayer accounts has led to an improvement in on-time lodgment.

Focus areas for 2025–26 will be around ensuring that those excise payers who choose to comply are supported and a tailored approach taken for those who are accidentally or deliberately not complying. The 'new to excise' program will continue to help those starting in the industry. Industry feedback is always welcomed in terms of support for new excise payers. The ATO will be looking at introducing online modules for brewers and distillers as part of the small business online essentials program. ECMs will continue to provide tailored support to

Tier 1 and Tier 2 companies as well as obtaining a greater level of assurance through engagement with those entities.

Both industry and the ATO have identified concerns relating to claims for the alcohol manufacturer's remission (AMR) scheme. The ATO is carrying out further analysis and improving data matching resulting in targeted action being taken in 2025–26, particularly around testing AMR claims in relation to shared premises and 'legally and economically independent' criteria. In response to advice from industry, the ATO will be checking to ensure that the requisite distilling is occurring, and other eligibility criteria are met, when the remission is claimed. The ATO is aware of 'cap shopping' by some operators to make use of remaining AMR caps. Work will be carried out to better understand these arrangements and ensure that claims are appropriate.

In line with other industries, the ATO has noted an increase in the number of insolvencies in the alcohol industry. We continue to engage with liquidators to ensure they are aware of and understand obligations associated with excise licences for those businesses, for example stock on hand. Although taxpayers may undertake legitimate restructuring and insolvency options, members were reminded that excise licensing decisions are independent of those processes and may be impacted. We encourage businesses encountering difficulty to engage with us early to work through compliance obligations.

In addition to internal controls, the ATO is keen to hear from industry about examples of concerning or illicit behaviours. Australian Distillers' Association (ADA) flagged interest in further discussions around entities claiming both the WET rebate and AMR under the excise provisions, an online education program and utilisation of the AMR cap.

Members noted the existence of spirits being sold at a cost which would not appear to include excise duty. It was also noted that the intent of the AMR was to support small businesses to have extra money to reinvest in business, however this may be being used to offset sales prices. Industry members are encouraged to raise issues with government if they believe policy settings are not achieving the desired outcomes.

The ADA queried government's response to the recent Parliamentary Inquiry into the food and beverage industry. While Treasury are aware of the inquiry and subsequent report, policy changes are a matter for government consideration.

<b>Action item</b>	Claiming both WET and AMR rebate
<b>Responsibility</b>	Group Chair
<b>Description</b>	ATO to follow up discussions with ADA regarding entities claiming both the WET rebate and AMR under the excise provisions, an online education program and utilisation of the AMR cap.

## Group governance

A membership review was carried out in July 2025, with membership considered in terms of representation and engagement. Two requests to join the group were denied due to current industry representation.

Suntory Beverage and Food Australia Pty Ltd accepted an invitation to join the group and was represented at the meeting by Victor Yee.

As part of governance for stakeholder groups, the group charter is required to be endorsed annually. The 2024 charter was provided in meeting papers for consideration. No comments were received from members and the charter will carry over for 2025.

<b>Action item</b>	Endorsement of 2025 charter
<b>Responsibility</b>	Chair and members
<b>Description</b>	The 2025 Alcohol Stakeholder Group (ASG) charter is to be distributed to members with the ASG meeting minutes for endorsement.

## Technical advice

The ATO continues to progress current determinations provide certainty to industry:

- Draft Excise Determination ED 2024/D2 *Alcohol excise: the addition of water and the integral attributes of beer for the purposes of the Excise Tariff Act 1921*

- Draft Wine Equalisation Tax Determination WETD 2024/D1 *Wine equalisation tax: the addition of water to cider or perry*

The draft determinations generated significant feedback over the last 12 months, particularly around possible unintended consequences and proposed date of effect. Extensive industry consultation has taken place with those providing feedback. Consultation will conclude by 22 August and industry members are encouraged to provide any additional feedback as soon as possible. Industry views and feedback are being carefully considered. If significant changes are proposed to the current drafts, the ATO may undertake targeted consultation with relevant stakeholders on those changes before the determinations are finalised. The ATO intends to finalise the determinations in 2025. In finalising the cider determination, and will be looking at the addition and use of sugar in cider manufacture at various stages.

Since the 2024 ASG meeting, 2 legislative instruments have been registered. These have replaced previous instruments, with minor amendments:

- **A New Tax System (Goods and Services Tax) (Correct Wine Equalisation Tax Errors) Determination 2025.** The update replaces the previous instrument which was due to sunset and sets out the circumstances in which an entity can correct WET errors in a later BAS period. This instrument aligns with increases made to debit error limits in a corresponding instrument in relation to correcting GST errors.
- **Excise (Concessional Spirits – Class of Persons) Determination 2024** The update replaces the previous instrument which was due to sunset and sets out the requirements for entities to obtain spirits at a free rate of duty for specific purposes under the determination, without having to seek specific permission from the ATO. The update reintroduces limits on quantity before specific permission is required.
- **Excise guidelines for the alcohol industry** was updated to reflect recent deregulation streamlining measures and was published on 27 June 2025. A more comprehensive review is planned for this document.

## **Roundtable member comments**


Treasury advised that government is working to give effect to 2 measures supporting the hospitality sector announced in the 2025–26 Budget:

- A 2 year pause on the indexation of draught beer excise from 1 August 2025
- Increase the excise alcohol manufacturer remission (AMR) cap to \$400,000 for all eligible alcohol manufacturers and the WET producer rebate cap to \$400,000 from 1 July 2026.

A tariff proposal has been finalised in relation to the indexation pause, which requires ratifying legislation to be tabled within 12 months. Relevant law change is being worked through for the increase to the excise remission cap and WET producer rebate cap.

Government is holding an Economic Reform Roundtable, with a focus on 3 main themes:

- making our economy more productive
- building resilience in the face of global uncertainty
- strengthening the budget and making it more sustainable.

Information on the [Economic Reform Roundtable](#) , including the agenda and a short overview paper are available.

Australian Border Force advised they continue to support Treasury and the ATO in relation to relevant legislative amendments and will be undertaking compliance activity in relation to illicit alcohol activities.

Lion noted ongoing industry pressures from global issues, challenging market conditions and general increase in costs. Lion noted the pause in indexation of draught beer but would like to see general reform around alcohol taxation.

Good Drinks Australia referred to different payment terms on excise leaving bonded warehouses which has been raised by members. ATO advised that there are different reporting arrangements in place depending on legislative requirements, business size and compliance history, including weekly, monthly and quarterly. Changes to legislation would require advocacy to government. While aiding in cash flow for business, there is a balance required for budgetary objectives from a government perspective.

Brewers Association of Australia noted the pause in indexation of draught beer and advised that industry was looking to build a business

case to government to demonstrate how a reduction to excise would benefit government and businesses and provide a better and fairer tax system.

Independent Brewers Association reiterated industry pressures, particularly for smaller producers. They noted cultural changes in the industry in terms of cheaper products being sold is not likely to be sustainable going forward. The IBA look forward to the finalisation of the determination on the addition of water and the integral attributes of beer.

Alepat Taylor referred to instances of alcohol sales below expected prices and was keen to ensure that use of the AMR was in line with policy intent.

Vok Beverages noted issues in the industry in relation to AMR and questions of eligibility. They provided feedback to the ATO regarding illicit alcohol activities in the current market and are keen to see industry support the ATO's work in addressing these behaviours. We will be part of the Tier 2 ECM program and we are keen to hear more about that, as well as being very supportive of an online education module, which could assist not just new entrants, but also new starters in larger alcohol businesses.

Input was sought from the group in terms of illicit alcohol behaviours, in particular initiatives the ATO could undertake in addition to retailer visits to raise awareness of the behaviours and consequences. Suggestions to track product back to the source, including analysis of advertising channels, were put forward.

Manildra Group advised they have been recently contacted by the Office of Liquor and Gaming in Queensland regarding licensing permits in relation to a specific client and suggested working with the ATO to put together messaging for clients.

Australian Distillers' Association noted that Australia has the third highest spirit tax in the world and ADA would continue to advocate to government for a fairer tax.

Metcash noted the benefits of the ATO's ECM program and the introduction of recent deregulation measures. The removal of licence renewals was an administrative saving, and Metcash will be looking to engage in entity level licensing, however a delay in customs forms was an issue. Metcash have a continued interest in further deregulation

measures such as work relating to ad valorem. Treasury advised that further deregulation is a matter for government consideration.

Members discussed current ATO efforts in relation to illicit alcohol activities. The ATO continues to consider improved ways to identify and address illicit alcohol behaviours including increasing its work with commonwealth and state and territory law enforcement agencies. Resources are devoted to an end-to-end strategy, utilising data matching to detect higher risk behaviour, retailer visits and online searches to identify new illicit product. The ATO is currently focusing attention on 'corrective' activities to dismantle illicit supply chains. Members are encouraged to share information or insights they may have in relation to the presence/distribution of illicit alcohol products.

Coles Financial Services noted a change in customer choices, substituting for cheaper products and noted that theft in the retail sector is increasing. They referred to the benefits of the ECM program, as well as membership of the ABF's trusted trader program.

Endeavour Group Limited advised that results for the 2025 financial year would be published next week and reflected the current state of the industry, noting particularly the pressures on smaller producers.

Pernod Ricard supported ATO online knowledge sources being made available for WET and excise in small, medium and large markets.

Australian Grape and Wine Incorporated advised of an ongoing oversupply of wine in Australia, particularly red varieties, which continued to have a significant impact on industry. They also referred to their review of the industry that was carried out by Dr Craig Emerson, which had recommended reforms to WET, which was a critical area of focus for the wine industry as it underpinned the financial viability of producers. It noted changes in consumer trends, including a rise in the 'spritz' culture. Product classification guidance on these products to provide further clarity as to whether they were treated as alcohol excisable or WET is appreciated.

Cider Australia referred to difficulties being experienced by industry in terms of cost of living, cost of inputs, and the impacts of extreme weather events.

<b>Action item</b>	Obligations messaging
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<b>Responsibility</b>	Michael Hughes, ATO
<b>Description</b>	Excise Experience staff to liaise with Manildra Group about messaging for clients in relation to obligations.

<b>Action item</b>	Customs forms
<b>Responsibility</b>	Michael Hughes and Alex May
<b>Description</b>	Excise Experience and ABF to follow up on the expected finalisation and publishing of Customs forms.

<b>Action item</b>	Classification of spritz products
<b>Responsibility</b>	Naomi Schell, ATO
<b>Description</b>	Excise Experience to follow up with AGW in relation to product classification of 'spritz' products.

## Attendees

### Attendees list

<b>Organisation</b>	<b>Attendees</b>
ATO	Emma Butler (Chair), Small Business, Excise Experience
ATO	Angelo Didone, Small Business, Excise Experience
ATO	Brian Geovanovich, Small Business, Excise Experience

ATO	Caroline Hill, Small Business, Excise Experience
ATO	Claudia Bianco, ATO Corporate
ATO	Kimley Vacher, Small Business, Excise Experience
ATO	Michael Brooks, Small Business, Excise Experience
ATO	Michael Hughes, Small Business, Excise Experience
ATO	Naomi Schell, Small Business, Excise Experience
ATO	Rufina Maurovic, Small Business, Excise Experience
ATO	Shaun Wicks, Small Business, Excise Experience
Alepat Taylor	Frank Ciampa
Australian Distillers' Association	Christian Young
Australian Border Force	Alex May
Australian Border Force	Kate Theodore
Aldi Stores	Adam Willacy
Australian Grape and Wine Incorporated	Lisa Scott
Brewers' Association of Australia	Amanda Watson
Campari Australia	Robert MacKenzie
Cider Australia	Warwick Billings

Coca Cola Amatil	Karen McCoy
Coles	George Nikolaou
Coopers Brewery	Brad Grunert
Coopers Brewery	Daniel Davila
Diageo Australia	Prathish Seevaratnam
Endeavour Group Limited	Priyanka Nagpaul-West
Good Drinks Australia	Matt Morisey
Independent Brewers' Association	Kylie Lethbridge
Lion	Sonja Icanovski
Mainfreight Warehousing	Andrew Robinson
Manildra Group	Debbie Forster
Metcash	Paul Onley
Pernod Ricard	Diane Cooper
Samuel Smith and Son	Vanessa George
Suntory Beverage and Food Australia Pty Ltd	Victor Yee
Pernod Ricard	Diane Cooper
Treasury	Caitlin Payne
Treasury	Juyeon Lee
Treasury	Liz Jaspers
Treasury Wine Estates	Lauren Baruta

Vok Beverages	Rebecca Tolhurst
Wilmar BioEthanol	Travis Hardy

## Apologies list

### Apologies list

Organisation	Member
Angove's Proprietary	Victoria Angove
Asahi Group Holdings	Paul Jackson
Australian Border Force	Kimberlee Clydesdale
Brown Forman Australia	Jorge Jiminez
Spirits and Cocktails Australia	Sasha Grebe
Tarac Australia Pty Ltd	Robert Pelton
Wine Australia	Ned Hewitson

QC 105614

## Alcohol Stakeholder Group key messages 30 July 2024

Key topics discussed at the Alcohol Stakeholder Group meeting 30 July 2024.

**Published** 21 October 2024

## Group governance

### Integrity declaration

Members were advised of the introduction of an integrity declaration for all consultation groups., A copy of the declaration will be provided to members by email and will need to be completed and returned prior to the first meeting in 2025.

Integrity declarations are required to be signed annually by primary members of the group, as well as by proxy members at meetings. They are not required to be completed by Commonwealth members, who are covered by other Australian Public Service guidelines.

### Annual review

An annual review is currently being conducted as required for all consultation groups to ensure relevant representation of industry organisations and associations. Ongoing engagement is a factor in membership consideration.

### Charter

The Alcohol Stakeholder Group (ASG) charter has been updated to include the integrity declaration, formatting updates and a draft was provided with the meeting papers.

<b>Action item</b>	ASG Charter
<b>Responsibility</b>	Rowena Troth, Secretariat
<b>Description</b>	Rowena Troth to liaise with Annalisa LoBasso regarding feedback on the draft charter. Following consultation, an updated draft charter will be circulated to members for endorsement out of session.

## 2023–24 reflections and 2024–25 compliance focus areas

### Wine equalisation tax

The wine equalisation tax (WET) system is operating largely as intended. Over \$1 billion was collected in 2022–23 with approximately 3,600 clients and this number has been stable over time. The 2020–21 tax gap estimate was 2.8% or \$31 million which is consistent with previous years and suggests a high level of compliance. The 2023–24 period is reasonably stable in terms of the WET system, however we are interested to hear feedback from industry. Compliance focus areas for 2024–25 will be like 2023–24 which included monitoring for potential business activity statement (BAS) fraud using WET labels, aiding 'New to WET' clients, targeted compliance work based on data-based insights and testing compliance with the 2018 legislative amendments.

## Alcohol excise

The system is largely operating as intended, however illicit alcohol behaviour continues to pose a risk to revenue collection and community confidence in relation to health effects of drinking unsafe, illicit products. Alcohol excise collections for 2022–23 was approximately \$7.5 billion, with around 3,500 alcohol excise clients. The 2021–22 Alcohol Net Tax Gap, comprising excise and customs duty, is approximately 9.1% and \$745 million. Large value illicit alcohol activities in the shadow economy is the key contributor to the tax gap making up approximately 88%, or \$660 million. The overall tax gap trend has been steady at around 9% for the last 5 years.

The ATO's implementation of the Contemporary Excise Experience project was a significant change for alcohol excise clients, enabling online lodgments and visibility of accounts, as well as built-in checks for example, to cap claims for the Alcohol Manufacturers' Remission (AMR). Automated lodgment reminders for monthly and quarterly lodgers commenced in March 2024. Two draft legislative determinations were recently published.

<b>Action item</b>	Online lodgment
<b>Responsibility</b>	Nathan Lindemann, Excise Experience
<b>Description</b>	Excise Centre to examine online lodgment for a potential resolution of issues where a weekly return is lodged before the end of the period.

Compliance focus areas for 2024–25 will include continued web content updates and provision of education to 'New to Excise' clients. This program ensures that clients are aware of obligations in setting up their business, and a later contact in relation to the running of their business. The Excise Client Manager (ECM) program will be expanded, which provides assurance for our largest payers to provide one-on-one support and engagement. Excise Centre continues to monitor AMR claims to identify trends and patterns of non-compliance, particularly where there are shared premises with other licensed manufacturers. A firmer risk-based approach will continue in relation to assessment of authorisations, including periodic settlement permissions and greater use of financial securities. Where more complex matters are involved, there will be targeted review and audit activities. Insolvencies are occurring in the alcohol excise industry, as with other industries, and the Excise Centre is proactively contacting administrators to ensure that excise obligations are considered. Issues for administrators include how they deal with stock on hand and equipment. Excise Centre works with other areas of the ATO to manage debts and insolvencies. The ATO will continue to provide updates to the ASG and direct email contact to assist clients to meet their obligations.

## **Illicit alcohol**

Illicit alcohol remains a priority risk. We have continued the 'retailer visits' program, which was expanded to include clubs, nightclubs and hospitality venues. These visits provided an opportunity to educate retailers about illicit alcohol risks and to collect intelligence about potentially illicit alcohol products being supplied to retailers and venues. In addition to under-reporting of excise duty, we have seen instances of improper manufacturing processes, as well as issues around the use of concessional or denatured spirit being diluted or flavours added. To treat the illicit alcohol risk, we have worked with other government agencies, including state and territory law enforcement. For example, members were reminded of the recent media commentary on an enforcement activity on a distiller conducted by Victoria Police, where Excise Centre staff attended as subject matter experts.

An issue in lodgment of returns was noted, where a second return was incorrectly lodged for the same week, with the second return defaulting to the next period. Excise Centre staff will investigate this.

## Deregulation new measures

Royal Assent for the *Excise and Customs Legislation Amendment (Streamlining Administration) Act 2024* was received on 28 June 2024, with amendments to respective regulations registered on 20 June 2024.

Members were advised by email on 4 July of updated ato.gov.au content. The Excise guidelines for the alcohol industry will be updated soon and members will be advised of their completion.

Changes to legislation because of the new measures from 1 July 2024 included:

- Excise and Customs licence holders will no longer need to renew licences or pay a licence fee. Due to the late passage of the law, some excise equivalent goods warehouse (EEG) licence fees were paid for the 2024–25 financial year however, these have since been refunded.
- From 1 July, clients can apply for entity-level licences. Previously, multiple licences were required where an entity had multiple premises. Changes now mean that these can be consolidated into one licence with an attached schedule providing details of the various premises. Clients will be required to apply as these will not be automatically issued.
- General Movement Permission (GMP) is available to allow clients to move goods from any of your licensed premises to any other premises that are licensed to receive goods of that kind. These are optional and can be in addition to other permissions. Previously the law focussed on movement permissions specifying details of both premises. A consideration of granting a GMP will be that there are adequate controls in place to account for goods being moved.
- We will be publishing a public register of licence holders providing the name and Australian business number (ABN) of all clients holding an excise or EEG licence. The register will be updated monthly to provide clients with a reference point for potential engagement for movement and storage of goods. A link to the register will be provided to members.
- The entitlement to claim excise refunds for excise duty paid on or after 1 July 2024 has been extended from 12 months to 4 years to align with customs duty and other indirect taxes.

Implementation of the measures will continue over the coming months. The package is the result of many years of advocacy from the ATO and industry and members were thanked for their support and engagement through the process.

Further details of the entity level licensing and GMPs was provided. As the legislation has only recently been passed, members noted that they would now consider optional licensing changes.

Members raised several queries and the following were confirmed:

- Controls currently required for licences would still be required for each entity under entity level licensing, for example, in relation to key personnel or site changes.
- The public register would provide enough information for clients to make initial contact with other licence holders.
- Entity level licences relate to entities under one ABN.
- To be considered for a GMP, the client is required to hold a licence. Further, if granted a GMP only allows the client to move goods from premises covered by their licence to any other premises that are licensed to receive goods of that kind.

Members were generally supportive of the introduction of new measures. Any member queries relating to the implementation of the new measures should be directed by email [excise.experience@ato.gov.au](mailto:excise.experience@ato.gov.au)

<b>Action item</b>	Alcohol excise licence population
<b>Responsibility</b>	Michael Hughes, Excise Experience
<b>Description</b>	Excise Centre to provide further detail, if available, to members regarding the number of clients in different categories of alcohol excise licences in the excise system.

<b>Action item</b>	Public register
<b>Responsibility</b>	Jill Tanner, Excise Experience
<b>Description</b>	Excise Centre to advise members of the likely timing that the public register will be updated

each month to allow for clients to include in their governance processes.

## **ATO technical advice**

Members were notified of changes in the Alcohol Excise Technical team.

A paper from the 2022 ASG meeting gave a view on the addition of water to beer, cider or perry. This has been redrafted as, *Draft Excise Determination ED 2024/D1W Alcohol excise: the addition of water to beer* and *Draft Wine Equalisation Tax Determination WETD 2024/D1 Wine equalisation tax: the addition of water to cider or perry*.

The drafts were issued to members for consultation on 12 June 2024, with a due date for submissions of 12 July 2024. Several submissions were received and the ATO is working through the feedback. A concern was raised relating to the proposed date of effect and members were advised that the ATO will be taking a prospective compliance approach, with compliance resources not allocated until after December 2024.

At this stage, there is no set date of effect, but members will be informed about potential timeframes. Members expressed disappointment at the short timeframe between consultation dates and the proposed date of effect and the potential unintended consequences of the drafts on alcohol treatment. Members were encouraged to provide feedback to the ATO to ensure that all aspects associated with the ATO view were considered and investigated.

Members were advised that the Class of Persons Legislative Instrument was due to sunset in April 2025. This related to section 77FE of the *Excise Act 1901* regarding entities entitled to obtain spirits at a free rate of duty for specific purposes. The draft instrument is expected to issue for public consultation in mid to late August 2024. Potential changes may include the introduction of limits on the amount that is able to be obtained by each Class of Person, which is currently unlimited.

## **Industry updates – roundtable**

The Independent Brewers Association (IBA) advocated for industry relief from biannual indexation rate increases. The IBA appreciated the

introduction of deregulation new measures but noted that there continues to be a growing number of insolvencies and liquidations in the craft brewing industry.

Vok Beverages expressed interest in more regular updates, particularly in relation to illicit alcohol.

The Australian Distillers' Association (ADA) thanked the Excise Centre staff who attended the annual ADA conference and acknowledged the assistance provided to members over many years by Margaret Whelan. They also expressed disappointment in the upcoming excise rate indexation, with Australia now the third highest taxing country of alcohol products. Members were advised that the ATO is happy to present on excise matters at conferences or national conventions, where staff are available.

A member queried the ATO's resourcing in illicit alcohol activities and was advised that the Excise Centre currently has approximately 6 staff solely working on illicit alcohol risk mitigation, with support from other areas in the ATO, as well as leveraging off work with other areas of the government and state and territory organisations. Mitigating the illicit alcohol risk is a priority for the ATO and other government agencies. Interest in other measures raised during earlier deregulation consideration was expressed and whether they would be introduced was queried. Members were advised that a large package of measures was introduced, and Treasury continues to review all taxation settings for consideration however, any policy changes are a matter for government and subject to prioritisation.

A member expressed interest in bi-annual meetings. Also noted was a reduction in alcohol sales with one product down by 35% and a move to cask sales and cheaper alcohol as well as an increase in ready to drink products was mentioned. Another member noted the reduction in alcohol sales as well and expressed disappointment with the issue and date of proposed effect of the draft determinations.

Support was expressed for deregulation measures and the potential introduction of limits relating to Class of Persons, an issue that Wilmar has advocated for.

The work over the last year on deregulation new measures was noted by Treasury and they expressed interest in ongoing feedback from the alcohol industry. Members showed appreciation for this significant work carried out by Treasury, ATO and Australian Border Force

colleagues in relation to the introduction of deregulation new measures.

<b>Action item</b>	Frequency of ASG meetings
<b>Responsibility</b>	ASG members
<b>Description</b>	Members to advise the secretariat of interest in the potential introduction of biannual ASG meetings.

## Other business

### Excise Client Management – Tier 2

Members were reminded of discussions at the 2023 ASG meeting regarding the expansion of the current ECM program to a wider group of clients. The next tier of client management would not be on a one-to-one basis as with Tier 1 but would instead provide for a small team of Adelaide-based staff to be a single point of contact for selected clients. Excise Centre will be contacting those clients for further discussion about the proposed detail of that expansion which would provide a level of service but more importantly, improved confidence and assurance in relation to revenue protection.

## Attendees

### Attendees list

<b>Organisation</b>	<b>Attendee</b>
ATO	Tony Poulakis (Chair), Small Business
ATO	Anthony Barnard, Small Business
ATO	Bennett Sandhu, Small Business

ATO	Brian Geovanovich, Small Business
ATO	Caroline Hill, Small Business
ATO	Claudia Bianco, ATO Corporate
ATO	Jill Tanner, Small Business
ATO	Lyn Nilsson, Small Business
ATO	Michael Brooks, Small Business
ATO	Michael Hughes, Small Business
ATO	Nathan Lindemann, Small Business
ATO	Paul Macklin, Small Business
ATO	Rufina Maurovic, Small Business
ATO	Sally Fonovic, Small Business
Accolade Wines	Annalisa LoBasso
Aldi Stores	Adam Willacy
Angove's Proprietary Ltd	Bob Smart
Asahi Group Holdings	Paul Jackson
Australian Border Force	Alex May
Australian Border Force	Kimberlee Clydesdale
Australian Border Force	Nikki Doan
Australian Distillers' Association	Paul McLeay

Australian Grape and Wine Incorporated	Lee McLean
Brewers' Association of Australia	John Preston
Campari Australia Pty Ltd	Ruth Golden
Cider Australia	Jane Anderson
Coca Cola Amatil	Karen McCoy
Coles Financial Services	George Nikolaou
Coopers Brewery	Brad Grunert
Endeavour Group Limited	Priyanka Nagpaul-West
Good Drinks Australia Ltd	Matt Morrisey
Independent Brewers' Association	Kylie Lethbridge
Lion	Jenny Tse
Metcash	Paul Onley
Pernod Ricard	Diane Cooper
Samuel Smith and Son	Vanessa George
Spirits and Cocktails Australia	Greg Holland
Taylor Ferguson Pty Ltd	Frank Ciampa
Treasury	Caitlin Payne
Treasury	Isaac Rosser
Treasury	Liz Jaspers
Treasury	Zoe Chalmers

Treasury Wine Estates	Catherine Dishon
Vok Beverages	Rebecca Tolhurst
Wilmar BioEthanol	Trevor Barr

## Apologies

### Apologies list

Organisation	Member
ATO	Margaret Whelan, Small Business
ATO	Naomi Schell, Small Business
Angove's Proprietary Ltd	Victoria Angove
Brown-Forman Australia Pty Ltd	Jorge Jiminez
Cider Australia	Warwick Billings
Diageo Australia Ltd	Rebecca Carter
Good Drinks Australia Ltd	Phil McClintock
Lion	Sonja Icanovski
Mainfreight Warehousing	Andrew Robinson
Manildra Group	Debbie Forster
Pernod Ricard	Stuart Wood
Samuel Smith and Son	Georgina Staker
Tarac Technologies	Robert Pelton
The Drinks Association	Georgia Lennon

QC 103224

## **Alcohol Stakeholder Group key messages 25 July 2023**

Key messages from the Alcohol Stakeholder Group meeting held 25 July 2023.

**Last updated** 30 August 2023

### **Welcome and introductions**

Tony Poulakis opened the meeting with an Acknowledgment of Country, welcomed members and called for conflicts of interest, noting that Alcohol Stakeholder Group (ASG) discussions were not of a confidential basis, with minutes of meetings published on the ATO website. No conflicts of interest were declared.

The ASG 2 November 2022 meeting key messages have been published on [ato.gov.au](http://ato.gov.au)

There is one action item from the November 2022 meeting which is finalised with advice provided out of session on 17 November 2022.

### **Reflections of 2022–23 and Compliance Focus Areas for 2023–24**

Michael Hughes noted that the current Wine Equalisation Tax (WET) program risk is considered low, with the system generally operating as intended. The current WET tax gap is 3%, or \$30 million, which suggested a high level of compliance. An updated WET tax gap will be published in the ATO Annual report due October 2023. During 2021–22, overall revenue collections were \$1.1 billion, which was made up of \$1.4 billion in collections and \$379 million returned in rebates and refunds. The New Zealand rebate scheme paid approximately \$13 million, which had been trending down over recent years. WET

collections have been growing since 2019 however the client population has been stable over the past decade at 3,600 clients. While there has been significant churn in the industry, this included new producers taking over existing facilities.

Compliance focus areas for 2023-24 will reflect a similar approach to 2022-23. There have been instances of fraudulent behaviour by non-genuine clients on all labels of the BAS, including the WET labels, which was being addressed by the ATO in tightening up pre-issue checking to maintain system integrity. The New-to-WET program will continue. This targeted client program assists clients to confirm they should be registered for WET and that new clients are setting up appropriate systems and processes to meet their obligations. Further targeted compliance will relate to identifying trends that seem unusual as well as where credits or producer rebates exceeded the \$350,000 threshold. Work will be undertaken to ensure that legislative changes made in 2018 are effective and being applied correctly and to check current structures/other changes occurring in the industry.

In relation to alcohol excise, the legitimate industry was working well. The alcohol excise tax gap is currently 9.2%, or \$629 million, which is considered out of tolerance, however this was mostly attributed to a particular element of the industry not complying. This is being addressed as part of the illicit alcohol project.

The ATO continues to have a focus on education of clients with regularly updated web content and the New to Excise program to assist new entrants to the alcohol excise industry to understand their obligations. The Excise Client Manager (ECM) program continued to engage and assist large payers. The ATO used 'nudge' campaigns to follow up clients who have not lodged excise returns or paid excise duty on time. The ATO will be contacting clients exceeding the \$350,000 Alcohol Manufacturers Remission scheme threshold to understand where errors were being made.

Where the reminders to lodge and pay are unsuccessful, consideration of a firmer administrative approach will be considered. Where lodgment and payment requirements are not met, this may result in removal of PSPs or certain conditions being attached.

Naomi Schell noted that the alcohol excise tax gap continues to be one of the largest tax gaps for the ATO in percentage terms. An updated tax gap will be published in October 2023. Large scale illicit alcohol

activities continue to be responsible for over 90%, or \$577 million, of the most recent tax gap published for the 2019–20 year.

Updates about the Illicit Alcohol project have been provided at previous ASG meetings. To date an ongoing intelligence component of the program has been undertaken and as part of the ongoing education and prevention component, a range of communications have been published (Taxpayer Alert, updated web content and an illicit alcohol flyer designed for retailers). With COVID-19 restrictions lifting, there has been a shift in compliance in late 2022 to field activities being undertaken forming part of the correction component. These are ongoing, with initial results expected in late 2023.

A retailer visit program has recently been undertaken by ATO officers to approximately 250 alcohol retailers around Australia. Retail outlets were selected based on both a random basis and because of intelligence holdings. The visits were designed to gather information to inform compliance activities and to educate retailers on key indicators of illicit alcohol activity and risks, including penalties, in dealing in illicit alcohol product. ATO officers spoke to store managers and participation in the visits was on a voluntary basis. Suspected illicit alcohol product had been identified in approximately half of the stores visited, which reflected accurate intelligence. Retailers were encouraged to discuss these issues with their suppliers. ASG member feedback on the initial program was acknowledged. Follow up visits will be undertaken to assess the effectiveness of those initial visits.

During 2023–24, the ATO will continue to focus on illicit alcohol compliance, strengthening activities working with Australian Border Force and other state and federal agencies.

E-commerce is another area that will be investigated in relation to online sales of alcohol to better understand and, if necessary, treat that risk. Over 2023–24, excise centre staff may consult with ASG members to gain a better understanding from industry on any insights in relation to online sales.

## **Contemporary excise experience (CEE) project**

Nathan Lindemann advised members that over the weekend of 25–27 August, excise data will be moved from legacy systems into the same accounting system used by the ATO for other taxes. This will enable

clients to lodge and amend excise returns and make excise claims online for the first time. The ATO will advise clients when they can commence accessing the new online system.

Current processes used in relation to licence authorisations and permissions will not be changing. System updates will have no effect on the way that taxpayers lodge customs remission claims.

<b>Action item</b>	25072023-4-1
<b>Due date</b>	August 2023
<b>Responsibility</b>	Rowena Troth, ASG secretariat
<b>Action item details</b>	A copy of the presentation used at the meeting to be distributed to ASG members.

<b>Action item</b>	25072023-4-2
<b>Due date</b>	September 2023
<b>Responsibility</b>	Rowena Troth, ASG secretariat
<b>Action item details</b>	A webinar is to be arranged for interested ASG members to go through various system changes occurring in relation to CEE updates.

## Deregulation new measures

Liz Jaspers advised that there has been progress on the excise deregulation package with 2 measures legislated as part of the *Treasury Laws Amendment (Refining and Improving our Tax System) Act 2023*, which received Royal Assent on 28 June 2023 and took effect from 1 July 2023. This included a measure to align excise and customs reporting with other indirect taxes for businesses with an aggregated annual turnover under \$50 million; and allowing small-scale repackaging of duty-paid beer into smaller containers.

The government announced in the 2023–24 Budget that there would be a delay in the start date for the remaining measures, which is now 1 July 2024. These measures related to licensing, a uniform business experience and other items relating to streamlining fuel excise arrangements.

Treasury continue to work with the Department of Home Affairs to progress the remainder of the package and will follow standard processes and consult with stakeholders and industry on draft legislation. The timing of consultation will be dependent on government decisions and legislative processes. The standard consultation period for draft legislation is usually 2 to 4 weeks and invitations for submissions will appear on both the Department of Treasury and Department of Home Affairs websites, providing key dates and deadlines.

Treasury noted lead time for industry is important to implement changes on a practical level, including any requirement for system changes.

Anthony Barnard provided further information about the 2 measures taking effect on 1 July 2023. The small-scale repackaging measure relates to the alcohol industry and removes the requirement for an excise manufacture licence when repackaging duty-paid beer in certain circumstances. He noted that this mainly relates to small brewers, bars, clubs, and pubs as retail sale is required immediately after repackaging. Amendments have been made to public advice and guidance and industry alcohol guidelines are being updated. This measure is similar in effect to the administrative concession the ATO provided to industry during COVID-19 to assist businesses. The ATO are keen for any industry feedback.

The other measure aligns excise and customs reporting with other indirect taxes for businesses; those with an aggregated annual turnover under \$50 million. Where these entities previously lodged weekly or monthly, applications could be made to the ATO to report on a quarterly basis. Anthony noted that there are approximately 1,800 alcohol clients as well as a small number of fuel clients that are under the \$50 million threshold. Applications to report on a quarterly basis will be risk-assessed by the ATO to ensure compliance obligations such as lodgments and payments are up to date.

Anthony noted that the ATO will continue to support Treasury on implementation of the remaining 3 measures, which may include

consultation through the ASG.

Members noted significant investment by industry to date in consultation on deregulation and expressed a strong interest in being involved in future consultation. Members also strongly advocated for changes in relation to ad valorem, particularly in relation to cost to business. Industry noted the revised start date of 1 July 2024 provided a tight timeframe, particularly where material work in system changes may be required, however it was also noted the extent of changes required by industry would be determined by the draft legislation.

Members queried whether the aligning reporting measure would be extended to larger businesses. This had been considered by the Deregulation Taskforce, however the issue of aggregate deregulation benefit versus deferred revenue were a deciding factor in the final decision.

Joe Limongelli reiterated that applications for a change from monthly to quarterly reporting would take into consideration compliance with existing PSP obligations such as lodgment and payment and asked industry associations to remind their members to ensure their obligations were on track before applying.

## **Industry updates – Roundtable**

Kylie Lethbridge, Independent Brewers' Association (IBA), noted that increasing energy and other costs are impacting the industry and the IBA will be increasing advocacy efforts.

Rebecca Tolhurst, Vok Beverages Pty Ltd, acknowledged the work being done by the ATO on illicit alcohol to ensure a level playing field for industry. Rebecca also referred to the ECM program and advocated for a dedicated account manager to liaise with to discuss excise-related issues. Tony Poulakis indicated that aspects of the ECM program may be rolled out to the next tier of clients in the alcohol industry.

Paul McLeay, Australian Distillers' Association, reiterated industry comments about pressures on businesses and commended the ATO for continuing a compliance focus on illicit alcohol.

Paul Onley, Metcash Trading Ltd, queried the usual legislative process. Liz Jaspers clarified that the usual process involved an Exposure Draft being issued, followed by introduction of a Bill. Paul also noted a

preference to 'turn off' ad valorem rather than decoupling as that may lead to 2 parties in the chain paying some impost on the same supply.

Sonja Icanovski, Lion Ltd referred to the 2 to 4 week timeframe for Treasury consultation and noted that early engagement with industry would greatly assist, particularly in relation to potential changes / system changes which may be required.

George Nikolaou, Coles, noted that following the increase in alcohol sales during COVID-19 for some entities, the market had reduced or levelled out significantly for alcohol excise and WET products.

Stuart Wood, Pernod Ricard Winemakers, also noted the tough trading environment for industry, which would be impacted by the upcoming increase in indexation.

Warwick Billings, Cider Australia, reiterated the challenging environment for industry and advised that a 2 to 4 week consultation on proposed legislation would be difficult for those ASG members who are in industry associations, requiring them to consult with their members to provide a comprehensive response to Treasury.

Trevor Barr, Wilmar BioEthanol (Australia) Pty Ltd echoed earlier comments about the value of ECM support for clients, particularly in new staff education and providing support. Trevor referred to Concessional Spirit Class of persons determination which does not impose volume limits in the sale of potable alcohol. At times the volume of sales increased significantly and may be being diverted into illicit streams. This information has been shared with the ATO in an effort to stop any criminal behaviour.

## **Other business**

### **ATO technical**

Margaret Whelan advised members that the final Public Ruling on the meaning of 'Legally and Economically Independent' as it pertained to the Alcohol Manufacturers Remission scheme has been published earlier in the year. Margaret thanked members for their feedback on the earlier draft.

The ATO has previously circulated a discussion paper to ASG members on a proposed Practical Compliance Guideline relating to classification of certain products, in particular alcoholic seltzers. This was a reasonably complex issue that related to definitions under the beer

and spirits excise tariffs, as well as WET. Following feedback, as well as advice from the Tax Counsel Network, consideration is being given for this to instead be issued as 2 Public Rulings, which will provide more certainty for industry and clients. One ruling would cover products that might meet the definition of beer and the other ruling would cover products that might be able to be classified as subject to WET. The ATO is also consulting with the Australian Border Force as there is equivalent legislation for imported goods. Drafts will be issued to industry for consultation.

Margaret encouraged ASG members to contact the Excise Centre's Technical Advice team for technical advice in relation to alcohol excise and WET issues.

Rowena Troth advised ASG members that a draft Charter was being finalised for the ASG and will be distributed to members for consideration and endorsement out of session.

## Meeting close

Tony Poulakis thanked members for their participation and ongoing engagement throughout the year.

## Attendees

### Attendees list

Organisation	Attendee
ATO	Tony Poulakis (Chair), Small Business, Excise Centre
ATO	Anthony Barnard, Small Business, Excise Centre
ATO	Bennett Sandhu, Small Business, Excise Centre
ATO	Brian Geovanovich, Small Business, Excise Centre
ATO	Caraline Hill, Small Business,

	Excise Centre
ATO	Claudia Bianco, ATO Corporate
ATO	Joe Limongelli, Small Business, Excise Centre
ATO	Lyn Nilsson, Small Business, Excise Centre
ATO	Margaret Whelan, Small Business, Excise Centre
ATO	Michael Hughes, Small Business, Excise Centre
ATO	Naomi Schell, Small Business, Excise Centre
ATO	Nathan Lindemann, Small Business, Excise Centre
ATO	Paul Macklin, Small Business, Excise Centre
ATO	Richard Grebneff, Small Business, Excise Centre
ATO	Rowena Troth (Secretariat), Small Business, Excise Centre
ATO	Sally Fonovic, Small Business, Excise Centre
ATO	Telly Nikolakopoulos, Small Business, Excise Centre
Accolade Wines	Annalisa LoBasso
Angove's Proprietary Ltd	Victoria Angove
Asahi Group Holdings	Paul Jackson
Asahi Group Holdings	Yingchao Ma

Australian Border Force	Kimberlee Stamatis
Australian Border Force	Jo Schultz
Australian Distillers' Association	Paul McLeay
Australian Distillers' Association	Michael Sugg
Australian Grape and Wine Incorporated	Lee McLean
Brown-Forman Australia Pty Ltd	Jane Wu
Campari Australia Pty Ltd	Ruth Golden
Cider Australia	Jane Anderson
Cider Australia	Warwick Billings
Coca Cola Amatil	Karen McCoy
Coles Financial Services	Frank McNamara
Coles Financial Services	George Nikolaou
Coopers Brewery	Brad Grunert
Diageo Australia Ltd	Rebecca Carter
Diageo Australia Ltd	Tomomi Yamada
Endeavour Group Limited	Priyanka Nagpaul-West
Independent Brewers Association	Kylie Lethbridge
Lion	Sonja Icanovski
Mainfreight Warehousing	Andrew Robinson

Mainfreight Warehousing	Rowan Cooke
Metcash	Paul Onley
Pernod Ricard	Stuart Wood
Samuel Smith and Son	Bob Smart
Spirits and Cocktails Australia	Nicole Lestal
Taylor Ferguson Pty Ltd	Chris Parton
Treasury	Liz Jaspers
Treasury	Tracy Richards
Vok Beverages	Ashlee-Louise George
Vok Beverages	Rebecca Tolhurst
Wilmar BioEthanol	Kat Figiel
Wilmar BioEthanol	Trevor Barr
Wine Australia	Ned Hewitson

## Apologies

### Apologies list

Organisation	Member
Aldi Stores	Darren Thomas
Brewers' Association of Australia	John Preston
Manildra Group	Debbie Forster
Spirits and Cocktails Australia	Greg Holland

Tarac Technologies	Robert Pelton
Taylor Ferguson Pty Ltd	Frank Ciampa
The Drinks Association	Georgia Lennon
Treasury Wine Estates	Catherine Dishon

QC 73191

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