

WINE CORNER

EVER WONDERED WHY WINE IS EXPENSIVE ON PHUKET?

Below may give you a clue how the costs add up!

This is a question that we hear over and over again from people visiting Phuket from overseas. Many popular wines which people drink at home are available here, except that the prices are much higher than the prices paid back home.

The simple answer is tax!

Wine that is imported into Thailand is subject to a varying array of taxes, such as: Import Duty, Excise Tax, Ministry of the Interior Tax, as well as VAT.

Locally made wine, some of which is pretty good, would not be subject to Import Duty, but would still bear the other taxes. A few words about these taxes are probably in order.

Import Duty

The import duty on wine is generally 60% of total cost of the wine, which is the cost of the wine plus the shipping and insurance costs.

This is termed CIF value (cost, insurance, freight) and is used as the basis for all the taxes to follow. In some cases, Import Duty

has been lowered in recent years as a result of Free Trade Agreements with other trading partners. As an example Australia now has a duty rate of 36%, but because of the other taxes involved, this hasn't really had a major impact on the total imported cost.

Excise Tax

By far the highest tax. Though listed in the Excise Department tables at 60% of the CIF value of the wine, the actual effective rate is much higher. Somewhere in the range of 175%. This is paid on the CIF value + Import Duty. The Excise Department is part of the Ministry of Finance and the excise taxes collected each year are a major part of the MOF budget. Needless to say, unless other sources of revenue can be found, the excise tax rate is unlikely to be reduced. We have even read recently that the government is debating whether or not to raise it further to reduce alcohol consumption.

Ministry of Interior Tax

This tax is 10% of the Excise Tax. The MOI is responsible for rural development, public

works, public welfare, community development, as well as the Police force.

VAT - 7%, based on the total of CIF value + Import Duty + Excise Tax + Ministry of Interior taxes.

So adding up all the taxes paid on import, your favorite bottle of wine is going to be nearly 2 - 3 times as expensive as when you purchased it back home. Not too bad when you are talking your average table wine of say A\$10 - 15, but when you start looking at that wine for a special occasion, you will be out of pocket thousands of Baht without blinking an eye.

That bottle of Penfolds Grange that you had with your Christmas Lunch last year will run you over 50,000 Baht in a Phuket wine shop. You would be better off flying with your partner to Singapore, staying in Raffles Hotel for a night, buying the wine and having a wonderful meal (paying corkage) at nearly any restaurant on the island, and you would still have some change left in your pocket when you returned to Phuket.

Beer anyone!

Alcohol Purchase Age To Rise To 20

The minimum age to buy alcohol will be raised from 18 to 20 after the cabinet-appointed panel finalised the most controversial point of the Alcohol Control Bill (ACB) according to the Bangkok Post newspaper. This is also the minimum age of those allowed into entertainment spots under the bill which controls their operations.

The original plan was to raise the age to 25, but this was sent back for review after concerned

sectors, particularly liquor manufacturers, claimed it could lead to price cuts and an alcohol product price war that might boost consumption and defeat the state's objective of controlling it.

Another meeting is planned in November to consider the impact and repercussions of the ACB.

Also on the agenda is a plan to increase taxes in an effort to curb consumption.

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