

# Catering industry calls for hefty cut in alcohol duty

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The catering industry is urging the government to capitalise on the expected budget surplus in 2006-07 and slash alcohol taxes this year.

"If there is ever going to be a time to lower these taxes, this is the year to do it," Allan Zeman told a media briefing held yesterday by the Wine

and Spirits Industry Coalition. Lawmaker for the catering sector, Tommy Cheung Yu-yan, attended the briefing to show his support.

The move is not about selling more alcohol but aimed at boosting tourism, Mr Zeman, the chairman of Lan Kwai Fong Holdings, said.

Budget forecasts put the surplus this fiscal year at around HK\$30 bil-

lion or higher, according to economists. This is well ahead of the official estimate of at least HK\$5 billion and is mainly a result of strong investment and stamp duty income.

The coalition, which has been calling for lower alcohol taxes for years, wants a reduction in duties from 100 per cent to 50 per cent on spirits, from 80 per cent to 40 per cent on wine, and from 40 per cent to 10 per cent on beer.

A year ago, it wanted duties cut more; wine down from 80 per cent to 30 per cent and spirits down from 100 per cent to 40 per cent.

The coalition, which represents more than 80 brands, has been lobbying the government hard this year. It has pledged to pass on all tax savings to consumers and yesterday launched a poster campaign calling for lower duties.

All major political parties backed the call, Mr Cheung said.

Financial Secretary Henry Tang Ying-yen, who will deliver his budget speech on February 28, has admitted that he agrees Hong Kong's duty on alcohol is too high.

But British Chamber of Commerce executive director Christopher Hammerbeck believes the financial secretary, a wine enthusiast with considerable stocks overseas, will leave the tax unchanged for now, to avoid a possible conflict of interest.

"Personally, I don't see the financial secretary changing the alcohol tax given his wine collection," Mr Hammerbeck said. "It may well be that we have to wait for another financial secretary before it changes." The chamber has also called for lower duties on alcohol, particularly on wine and beer.

According to the coalition, a bottle of Johnnie Walker Black Label costs HK\$388 in the city but HK\$199 on the mainland and HK\$141 in Macau. Jacob's Creek Shiraz Cabernet is HK\$118 in Hong Kong, HK\$87 on the mainland and HK\$77 in Macau.



Lawmaker Tommy Cheung and Allan Zeman of Lan Kwai Fong Holdings, at the campaign launch. Photo: K. Y. Cheng

## HARD TO SWALLOW

Duty on alcohol:

	Beer	Wine	Spirits
<b>Hong Kong</b>	40 per cent	80 per cent	(over 30 per cent alcohol) 100 per cent
<b>United States</b>	5 US cents per 12oz can	4 US cents to 67 cents per 750 ml bottle	(80 per cent proof) US\$2.14 per 750 ml bottle
<b>Britain</b> (17.5 per cent value added tax)	5 per cent alcohol 36.7 pence per pint	11 per cent alcohol £1.25 per 75cl bottle	40 per cent alcohol £5.48 per 70 cl bottle

Sources: Hong Kong Wine and Spirits Coalition; US Alcohol and Tobacco Tax and Trade Bureau, US Department of the Treasury; British Institute of Alcohol Studies

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