

A sober assessment of a 'confusing cocktail'

BEER and wine prices will increase as a result of the changes in duty charges announced by Financial Secretary Sir Hamish Macleod, Hong Kong brewers said yesterday.

But Sir Hamish said lower-cost alcoholic beverages which were currently charged a high duty would benefit as a result of the new system.

He said the present duty system was a "confusing cocktail" of taxes that would be simplified by the new tax structure.

Liquor with an alcoholic content above 30 per cent would pay a 100 per cent duty rate, grape products with an alcoholic content of 30 per cent or below would pay a 90 per cent rate and non-grape alcoholic beverages with an alcoholic content of no more than 30 per cent would pay a 30 per cent rate.

Alcohol is currently taxed only on amount and not on value or strength of the liquor.

Managing director of San Miguel Hong Kong Stuart McGregor said the new taxation system was not as haphazard as before — but he warned of increased prices.

■ Meanwhile, smokers will pay no more for their cigarettes due to a freeze on tobacco taxes, Sir Hamish announced yesterday.

Sir Hamish announced that maintaining duty rates at their present level was in the interests of both public order and health.

He said any further increase in the rate of duty would only lead to a higher level of smuggling.