

VAT Treatment of Alcohol Products

This document should be read in conjunction with Section 92 of the VAT Consolidation Act 2010 (VATCA 2010)

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Introduction

This guidance sets out the rules that apply to the payment of VAT on the supply of alcohol products, as provided for in the Value Added Tax Consolidation Act 2010 (VATCA).

Special rules apply to supplies of alcohol products in the following circumstances:

- while held or transported under a duty suspension arrangement
- from another EU Member State where excise duty has been paid in the Member State of dispatch
- on importation from outside the Community
- distance sales to private individuals in Ireland.

All other supplies of alcohol products, however, are subject to normal VAT rules and are not, therefore, particularly addressed in this guidance.

1. Scope

The alcohol products concerned are spirits, wine, other fermented beverages, intermediate beverages, beer, cider and perry.

2. Supply under a Duty Suspension Arrangement

In general, VAT is not chargeable on the supply of alcohol products from any source (imports, EU intra-Community acquisitions or home produced) while held under a duty suspension arrangement.¹

The supply of alcohol products while held under duty suspension does not constitute a supply for VAT purposes. Rather it is the final supply that forms the basis for the charge to VAT which is payable along with the excise duty at the time the goods are removed from duty suspension.² Any previous supply, EU intra-Community acquisition or importation, should be disregarded.

The VAT due on such final supply will not be chargeable on the VAT invoice issued at the time of supply but will, instead, be payable with the excise duty by the owner at the time of the removal of the goods from duty suspension. Accordingly, where alcohol products are supplied while held under a duty suspension arrangement, VAT should not be charged by the supplier or shown on any invoice issued in respect of the supply.

¹ Section 92(2), VATCA, 2010.

² Section 92(6), VATCA, 2010.

3. Intra-Community Acquisitions of Alcohol Products

In the case of intra-Community acquisitions (trader to trader consignments) of alcohol (where Excise Duty has been paid in Member State of dispatch) VAT is not accounted for under the postponed accounting arrangements that apply to intra-Community acquisitions generally.

Instead, VAT is payable at the same time as the Excise Duty is payable in the State.³ The taxable amount is the invoiced price of the goods increased by the amount of the excise duty payable.

4. Importations of Alcohol Products from outside the EU

VAT at point of entry is not chargeable on imported alcohol products being entered into an excise duty suspension arrangement (tax warehousing). Instead, the VAT due on the importation is payable with the excise duty on removal of the goods from duty suspension.⁴

If, following importation, the alcohol products in question are supplied while held under duty suspension, the rules set out at paragraph 3 above apply and the supply should be disregarded for VAT purposes.

The taxable amount is the value for customs purposes increased by the amount of customs duty and excise duty payable.

5. Distance Sales to private individuals

Distance sales of alcohol products from another Member State (or from a third country imported through another Member State) to a private individual are always subject to VAT and excise in the Member State of destination.

The supplier is required to be registered for VAT in Ireland for all such supplies to private individuals in the State and arrange for payment of VAT under the normal rules.

³ Section 92(4), VATCA, 2010.

⁴ Section 92(5), VATCA, 2010.

6. Deferred Payment

The legislation relating to the collection of excise duty also applies⁵ to the collection of VAT under the arrangements outlined in paragraphs 3 to 5 above. This also means that where a trader has the facility to defer payment of excise duty, payment of VAT can also be deferred to the same date.

7. Persons authorised under Section 56 of the VATCA

Persons authorised to receive goods at the zero rate of VAT in accordance with section 56 of the VATCA will not be required to pay the VAT due on removal by them of alcohol products from a tax warehouse or other duty suspension arrangement.

This does not affect their liability to pay excise duty.

8. Forms to be used

The following forms should be used for payment of the excise duties and VAT:

- a. Excise duty entry (C&E 1087) for EU intra-Community acquisitions where the excise duty and VAT is being paid on arrival in the State
- b. An electronic customs declaration for imports where the excise duty and VAT is being paid on arrival in the State
- c. Home consumption warrant (C&E 1115) in respect of deliveries from warehouse for home consumption.⁶

⁵ Section 92(7), VATCA, 2010.

⁶ It should be noted in particular that it is not permitted for warehouse keepers to produce single bulk warrants on behalf of a number of owners of goods - a separate warrant for each owner must be presented.

9. VAT Deductibility

Subject to the normal rules governing VAT deductibility, a trader is entitled to deduct the VAT charged under these arrangements in the VAT return for the period in which the liability arises (i.e. the period in which the VAT is paid with the excise duty).

The additional records and documentary evidence that the trader must retain in support of his claims to deductibility are as follows:

- in the cases referred to at 8 (a) and (b) above, a monthly customs and excise statement where the trader uses the deferred payment/FACT schemes, or an official receipt in other cases
- in the case referred to at 8 (c) above, a copy of the home consumption warrant signed and stamped by the warehouse officer.

Further information

Additional information may be obtained on the Revenue website such as:

- [General excise](#)
- [Buying goods for personal use](#)
- [Travelling from within the EU](#)
- [Travelling from outside the EU](#)