

# Tax on Austrian Bubbly Irks Vienna Elite

GEORGE JAHN, Associated Press



In this picture taken Friday, Jan. 31, 2014, Benedikt Zacherl spokesperson of sparkling wine manufacturer Schlumberger fills two glasses with sparkling wine in Vienna, Austria. Just when it seemed that Austria survived the Eurocrisis unscathed, austerity has hit — in the form of a tax on sekt, the country's version of champagne. At less than one euro a bottle, the planned levy pales in severity compared to the hardships imposed on citizens of other EU nations worst hit by the past five years of economic meltdown. It is also only one of several tax hikes that will see Austrians also paying more for luxury cars and tobacco products as of next month — yet it seems to be causing the most furor. (AP Photo/Ronald Zak)

VIENNA (AP) — Just when it seemed that Austria survived Europe's financial crisis unscathed, austerity has hit — in the form of a tax on sekt, the country's version of [champagne](#) [1].

At less than 1 euro (\$1.35) a bottle, the planned tax pales in severity compared to the hardships imposed on citizens of other EU nations in the past five years. It's also only one of several tax hikes next month that will see Austrians paying more for luxury cars and tobacco.

Yet it seems to be the tax causing the most furor.

With economic statistics that shine compared to the rest of the 28-nation European Union, Austria's new taxes seem more precautionary than necessary. Austrian unemployment last year was at 4.9 percent, the lowest among the 18 countries that use the euro. Inflation stayed under 1.5 percent and the budget deficit amounted to just over 2 percent of the gross domestic product in late 2013. Austrians' median annual income was over 25,000 euros — nearly \$34,000.

A combination of such earning power and decades of falling prices has turned Austrian sparkling wine from a luxury drink to a choice for the masses at birthdays and other happy occasions. And yet, the tax is leaving a sour taste in the mouths of those who can most afford it — the thousands of bubbly-sipping ball goers who traditionally waltz away the winter at Vienna's ornate palaces.

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Dozens of pricey galas are staged between January and March by organizations as diverse as the Vienna State Opera, the city's confectioner, the pharmacists' guild, or Austria's hunting society. And guests at all of them sip sekt, which in its best incarnation can stand its own against fine [champagne](#) [2].

While top-end tickets at the Opera Ball cost \$25,000 for a VIP box and a bottle of sekt goes for 250 euro (\$340), the sekt tax remains less than 1 euro.

Vienna's high society is still not amused.

Even at the city's most prestigious ball, "1 euro makes a big difference," says Elisabeth Guertler, who owns Vienna's five-star Sacher hotel and heads the city's famed Spanish Riding School of dancing white stallions.

Opera Ball organizer Desiree Treichl-Stuergkh said she can't understand "why Austrians should have to pay more to celebrate with domestic sekt."

Government officials note that EU law stipulates such a levy on most sparkling wine, saying the tax in Austria has existed for years but was set at zero.

Part of the problem seems to be politics. The tax was the brainchild of the Socialist Party, the senior government coalition partner, which calls it a "luxury tax." That infuriates both Austria's sekt makers — who say they will lose market share to some exempted Italian products — and Vienna's upper crust, made up of conservatives who are traditionally suspicious of the Socialists.

"Sekt is not suited for use in the class struggle," said Guertler.

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AP video journalist Philipp Jenne contributed.

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[1] <http://www.foodmanufacturing.com/news/2014/01/consumer-trends-champagne-trend-non-celebratory-consumption>

[2] <http://www.foodmanufacturing.com/news/2013/12/champagne-widows-reshaped-wine-world>