

Zuzana Lajksnerová, 2013/2014

Social Costs and Benefits of Czech Beer Industry – Optimal Taxation

Abstract

This thesis analyzes the Czech brewing industry by describing its structure, recent development, and social and economic impacts on the society as a whole. The aim is to empirically estimate the optimal level of beer tax, which would balance both social costs and benefits of beer production. For this purpose, we use a model determined by both externality corrections and fiscal considerations as the tax increase is assumed to immediately change other governmental policies such as labor taxation or medical expenditures. The results of our analysis show that under most of the sets of parameters, the current tax rate on beer is under its optimal level and that the fiscal component has a significant impact on the optimal level of tax.