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# **Path-through and Beer: The 2023 Liquor Tax Reform in Japan**

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## **Abstract**

Does the retail price change in proportion to the tax adjustment? Who actually bears the burden of the tax? To verify this hypothesis, we estimate the pass-through rate, leveraging the 2023 liquor tax reform in the Japanese beer market and POS data. As a result, fluctuations in tax and retail prices move in the same direction. For beer, the price showed a downward trend of approximately 0.15% more than the tax reduction. For new genre (third-category beer), the price trended upward by approximately 22.2% beyond the tax increase. This suggests that in the standard beer market, intensified competition has led producers to bear a greater share of the tax burden. In contrast, competition in the new genre market appears more moderate, resulting in a higher tax incidence on consumers.

*JEL Classifications: H2, L1, L8*

*Keywords: Japanese Beer Market, Path-Through, POS data*

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