



Health taxes in the Americas and the Caribbean

- *Overview* -

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PAHO



Pan American
Health
Organization



World Health
Organization
REGIONAL OFFICE FOR THE
Americas

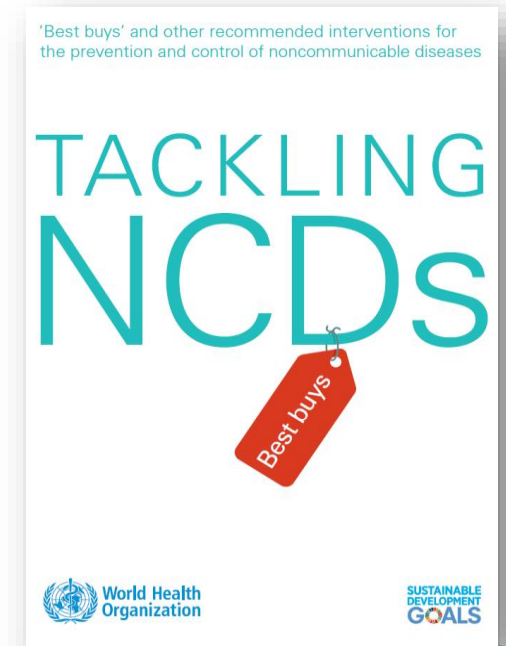


1. Why health taxes?
2. Landscape and progress :
 - Tobacco taxes
 - Alcoholic beverages taxes
 - Sugar-sweetened beverages taxes
3. Way forward

CONTENT

Why Health Taxes?

- Each year, 41 million people die from preventable non-communicable diseases (NCDs) such as cardiovascular diseases, cancers, chronic respiratory diseases and diabetes.
- Most of these deaths occur in **low- and middle-income countries** and could have been avoided by:
 - ↓ tobacco use
 - ↓ the harmful use of alcohol
 - ↓ unhealthy diet.
- **What to do? Best buys for NCDs: taxation**



'Best buys': effective interventions with cost effectiveness analysis (CEA) \leq I\$100 per DALY averted in LMICs,

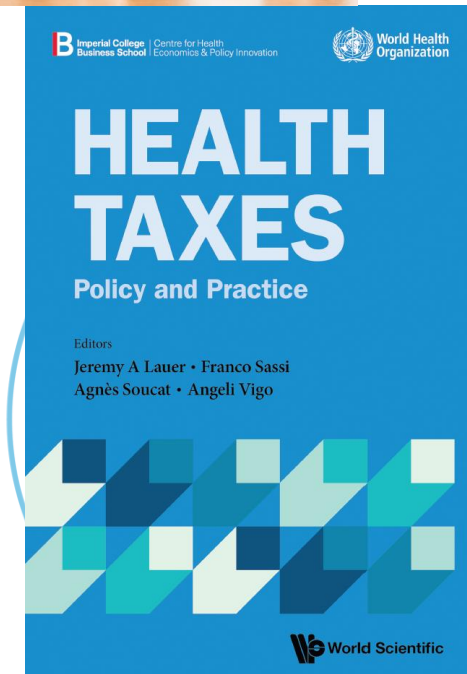


Increase excise taxes and prices on tobacco products

Increase excise taxes on alcoholic beverages⁷

Health Taxes are taxes imposed on unhealthy products:

- Tobacco products
 - Alcoholic beverages
 - Sugar-sweetened beverages
- Excise taxes allow governments to target and raise the price of a selected group of products relative to other goods, **decreasing affordability and subsequently, consumption**
 - **Well-designed** excise taxes, represent a major public health policy option to address NCD risk factors
 - They are an important tool to simultaneously **improve health and fiscal outcomes**.
 - They are a **pro-poor and progressive policy** once one accounts for health and productivity benefits of reduced consumption on households





- They represent an instrument to achieve the Sustainable Development Goals

- ✓ Significantly reduce the NCD burden (Goal 3)
- ✓ Greatly benefit vulnerable populations which bear larger health burdens (Goals 1,5,10)
- ✓ Boost economic development through a healthier workforce (Goal 8)

- **COVID-19 pandemic context:**

- Made exceedingly clear the close relationship between NCDs and communicable diseases – with individuals with certain NCDs having a much higher likelihood of having worse clinical outcomes than those without
- **Excise taxes** offer a strategic opportunity **to enhance public health, alleviate the financial strain on healthcare systems, and generate fiscal resources** for countries in their recovery efforts. This approach not only strengthens health systems but also yields immediate health benefits and could significantly mitigate the impact of future health crises.



LANDSCAPE AND PROGRESS

Americas and Caribbean



Tobacco Taxes



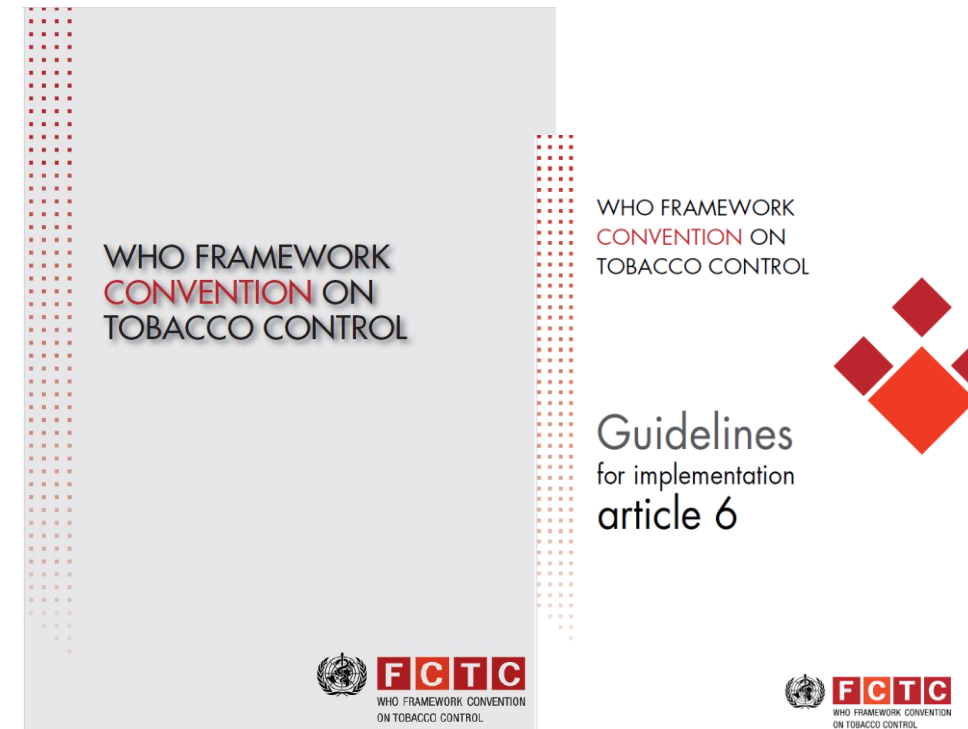
Tobacco taxes: Global commitment by Health Authorities

- International UN treaty mandating use of tobacco taxes since 2005

(Ratified by national congresses)

“The Parties recognize that **price and tax related measures** are an **effective and important means** for various segments of the population, **in particular young people**, to reduce their tobacco consumption”

FCTC Article 6



Best-buy: Effective intervention with cost effectiveness analysis \leq \$100 per DALY averted in LMICs.



Evidence into FCTC Guidelines on tobacco taxation (FCTC approved in 2003 / Guidelines approved in 2014)

- *“These **guidelines** focus mainly on tobacco **excise taxes** since these are the **primary tool** for raising the price of tobacco products relative to the prices of other goods or services.”*
- Use tobacco excise tax increases to achieve the public health goal of reducing the number of deaths and diseases caused by tobacco use.
- Increase tobacco taxes substantially to reduce the affordability of tobacco products. At least 75% total tax share, and 70% excise tax share.
- Automatically adjust tobacco excise taxes for inflation and income growth.
- Prohibit or restrict sales to or importation by international travelers of duty-free and tax-free tobacco products.

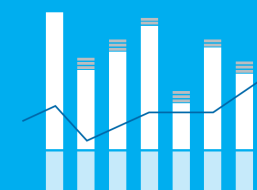
WHO FRAMEWORK
CONVENTION ON
TOBACCO CONTROL



Guidelines
for implementation
article 6



WHO TECHNICAL MANUAL ON
TOBACCO TAX POLICY
AND ADMINISTRATION





Tobacco taxes – global monitoring by WHO since 2008

COUNTRIES	DATE OF RATIFICATION OR ADHESION TO THE FCTC	M Monitoring	P Smoke Free Environments	O Cessation Services	W Packaging and labeling	E Ban on TAPS	R Raise tobacco taxes
Antigua & Barbuda	5-Jun-06		2018		*	2018	14.9%
Argentina	Not Party to the FCTC		2011		2012		76.5%
Bahamas	3-Nov-09	↓					53.6%↑
Barbados	3-Nov-05		2010		2017		43.0%
Belize	15-Dec-05						33.6%
Bolivia	15-Sep-05		2020	↑	2009		31.5%
Brazil	3-Nov-05	2015	2011	2002	2003	2011	80.2%
Canada	26-Nov-04	2007 or earlier	2007	2008	2011®		63.3%
Chile	13-Jun-05	2007 or earlier	2013		2006		80.3%
Colombia	10-Apr-08		2008			2009	65.2%
Costa Rica	21-Aug-08	2007 or earlier	2012	2020	2013		55.1%
Cuba	Not Party to the FCTC						10.0%
Dominica	24-Jul-06						26.1%↑
Dominican Republic	Not Party to the FCTC	↓					44.7%
Ecuador	25-Jul-06	2016	2011		2012		64.0%
El Salvador	21-Jul-14	2022↑	2015		2011		45.7%
Grenada	14-Aug-07	↓					44.0%
Guatemala	16-Nov-05	↓	2008				49.0%
Guyana	15-Sep-05	↓	2017		2018	2017	24.9%↓
Haiti	Not Party to the FCTC	↑					27.1%
Honduras	16-Feb-05	↓	2010		2017		38.3%
Jamaica	7-Jul-05		2013	2016	2013		38.8%
México	28-May-04		2021↑	2013	2009	2021↑	67.6%
Nicaragua	9-Apr-08						75.7%↑
Panamá	16-Aug-04	↓	2008		2005	2008	56.5%
Paraguay	26-Sep-06		2020				19.2%
Perú	30-Nov-04	2007 or earlier	2010		2011		73.3%
Saint Kitts & Nevis	21-Jun-11						19.8%
Saint Lucia	7-Nov-05	↑	2020		2017		43.1%↓
Saint Vincent & the Grenadines	29-Oct-10						23.2%
Suriname	16-Dec-08	↓	2013		2016	2013	49.3%
Trinidad and Tobago	18-Aug-04		2009		2013		27.5%
United States of America	Not Party to the FCTC	2007 or earlier		2008	↓		37.4%
Uruguay	9-Sep-04	2007 or earlier	2005		2005®	2014	65.5%
Venezuela	27-Jun-06		2011		2004	2019	73.4%

Status 2023

There is room to do more!

The use of taxation along remains among the least implemented interventions.

Best practice level
Intermediate Advances (High)
Intermediate Advances (Low)
Non existing or minimal advancement
Data not reported

Source: WHO Report on the Global Tobacco Epidemic, 2023 (GTCR-9).
Cut-off date: Measure R - 31 July 2022; Measures MPOWE - 31 December 2022

Total Tobacco Tax Share 2022 vs 2008 (indirect taxes as a % of final retail price)

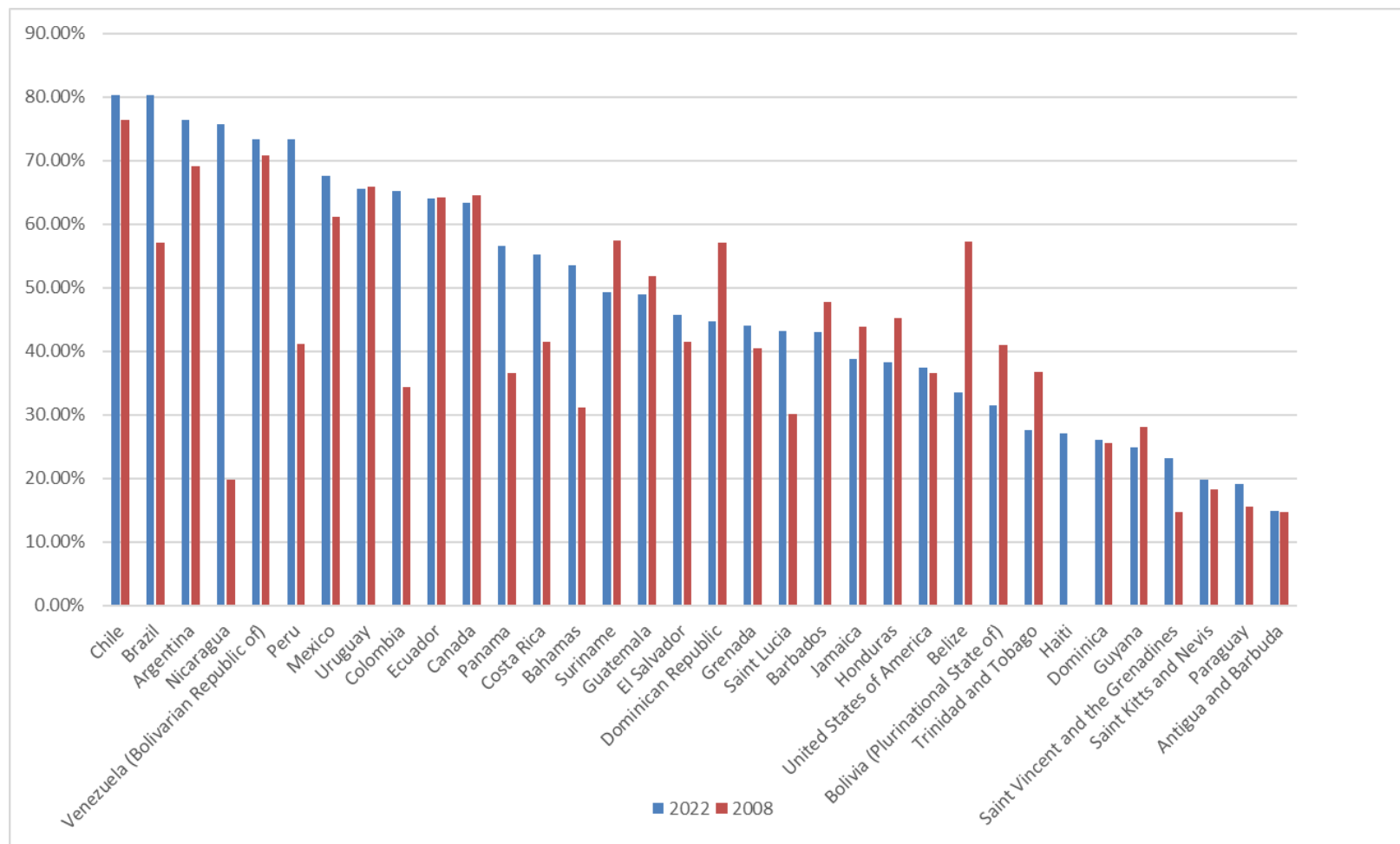
34/35 member-states have an excise tax on cigarettes.

Wide range of tax levels remains characteristic of the region in both time periods with most caribbean countries on the lower end.

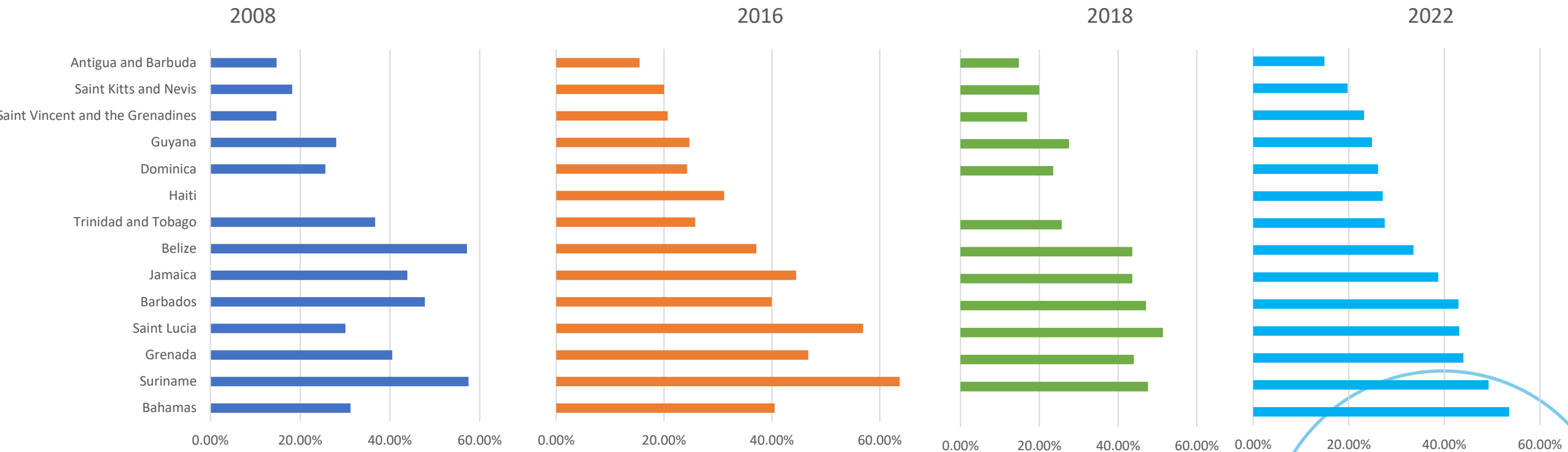
Progress has been mixed: 14/34 countries decreased their total tax-share over the two decades.

8 countries improved their tax structure changing their ad-valorem tax to specific excise tax since 2008.

Bahamas, Colombia, Mexico, Nicaragua Peru made **important advances in their tax rate** since 2016.



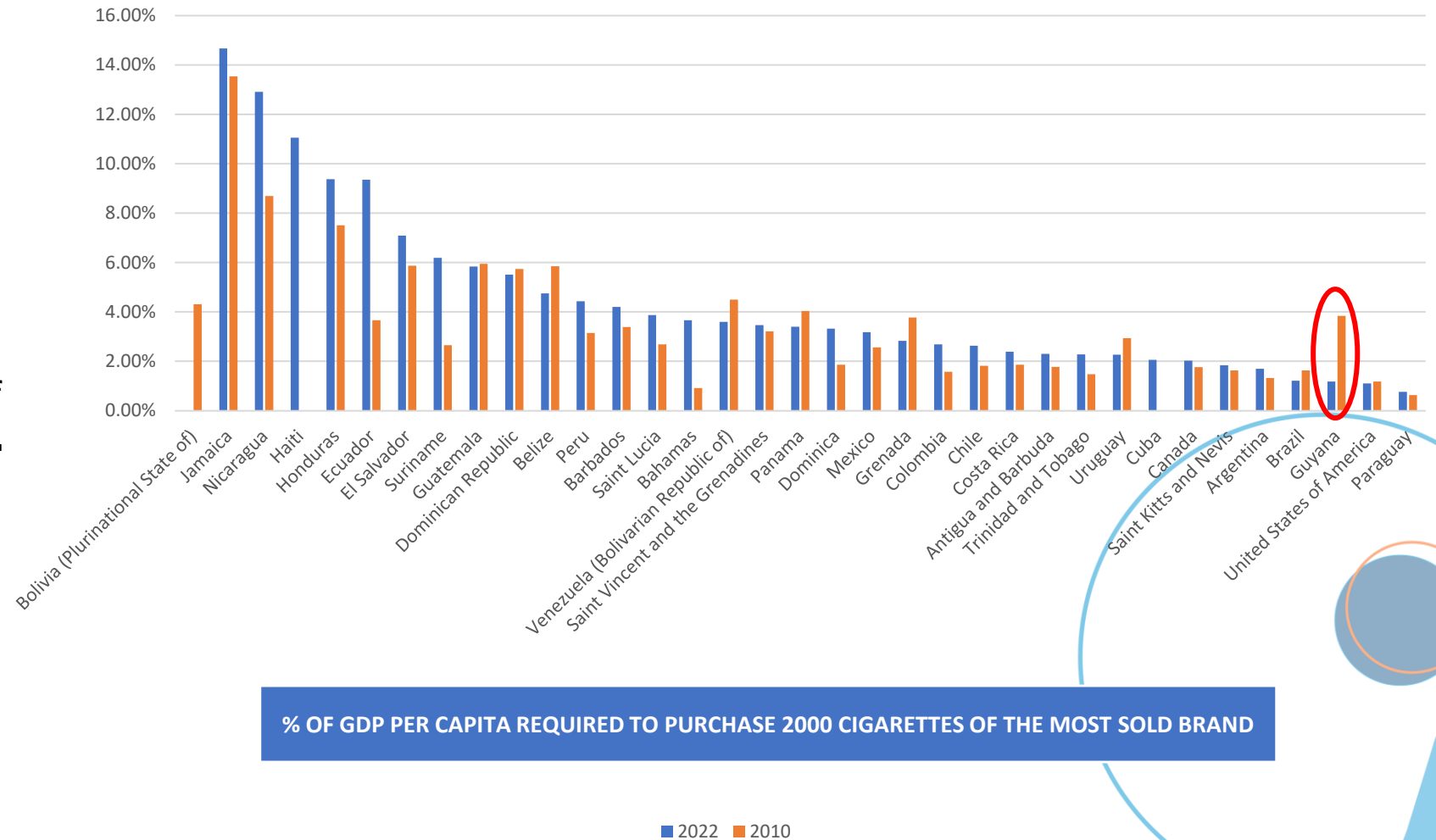
Evolution of total tax-share in the Caribbean



As a subregion, the total tax share **in the Caribbean countries** has remained relatively **stagnant from 2008 to 2022** (average tax share of 34%). **Bahamas is the exception** showing a positive trend.

Evolution of cigarette affordability 2010 vs 2022

- In **9/33 countries**, cigarettes have become **more affordable** between 2010 and 2022 (*blue bar smaller than orange*)
- **3** of these countries are in the **Caribbean** (*Guyana, Grenada, Belize*)
- **10/14** Caribbean countries have **specific excise taxes**, but **none** of them apply **automatic adjustment**.
- It is critical that countries **adjust for the impact of inflation, wages, and income growth**, in order to **effectively reduce affordability**

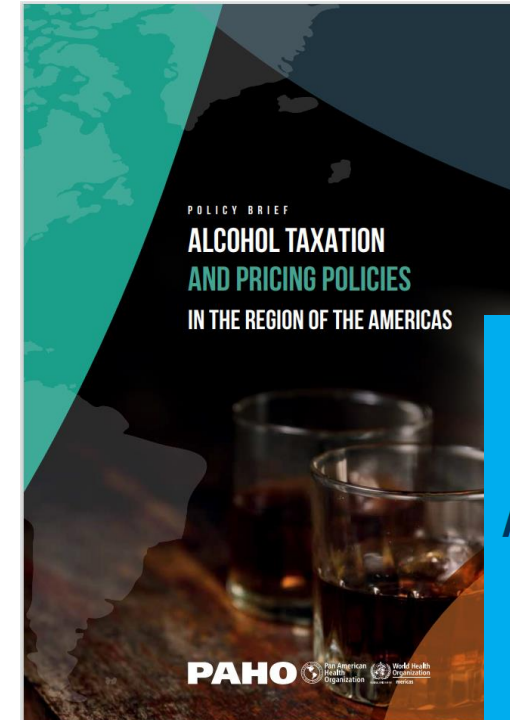


Taxes on Alcoholic Beverages



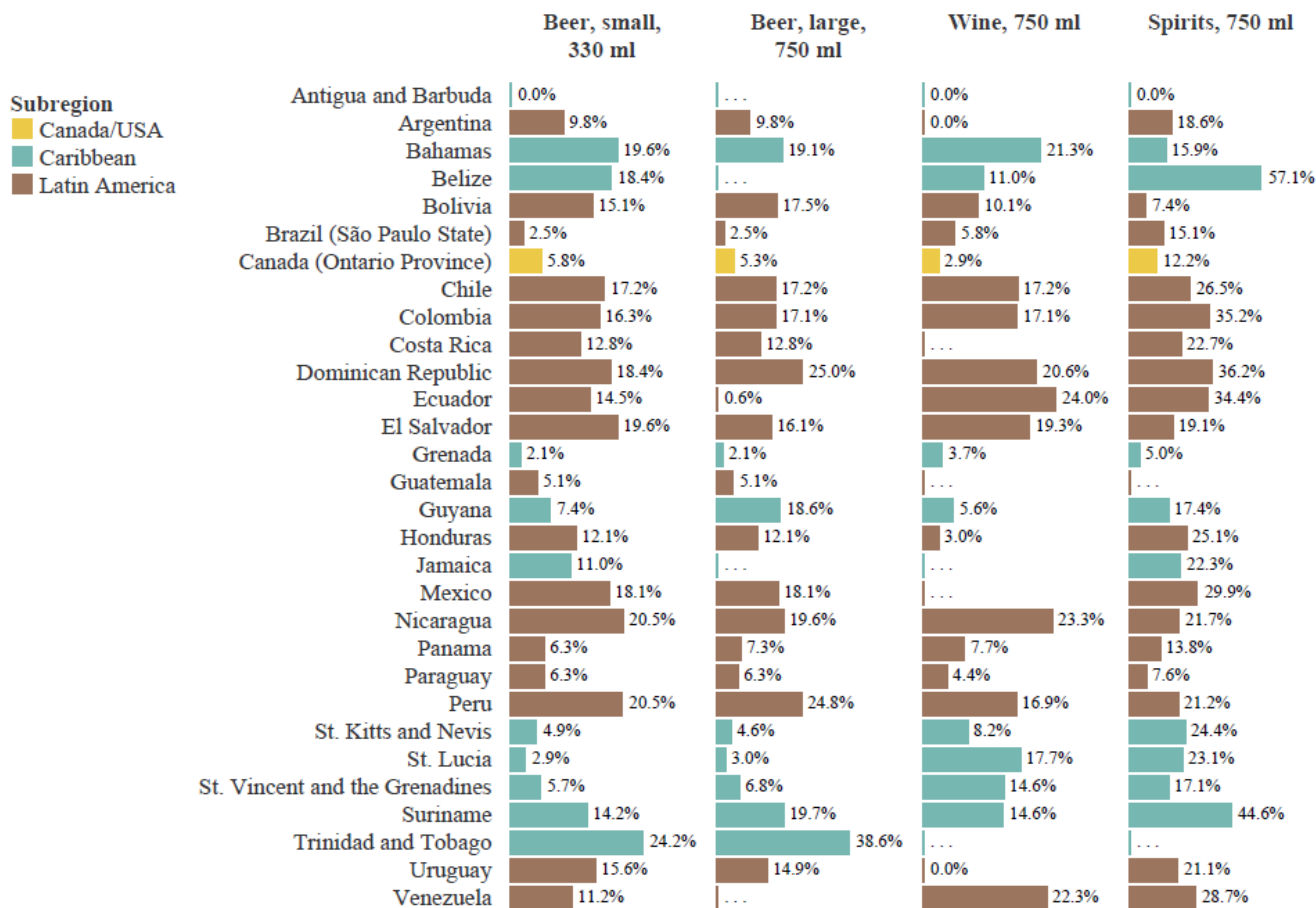
Alcohol taxes: Global commitment by Health Authorities – included as WHO recommendations since 2013

- Increasing alcohol prices through higher taxes can effectively reduce alcohol consumption and its associated adverse consequences.
- These include a **wide range of issues** such as accidents, liver cirrhosis deaths, alcohol dependence, various alcohol-related diseases, increased rates of sexually transmitted diseases, and a heightened risk of crime, violence, and workplace



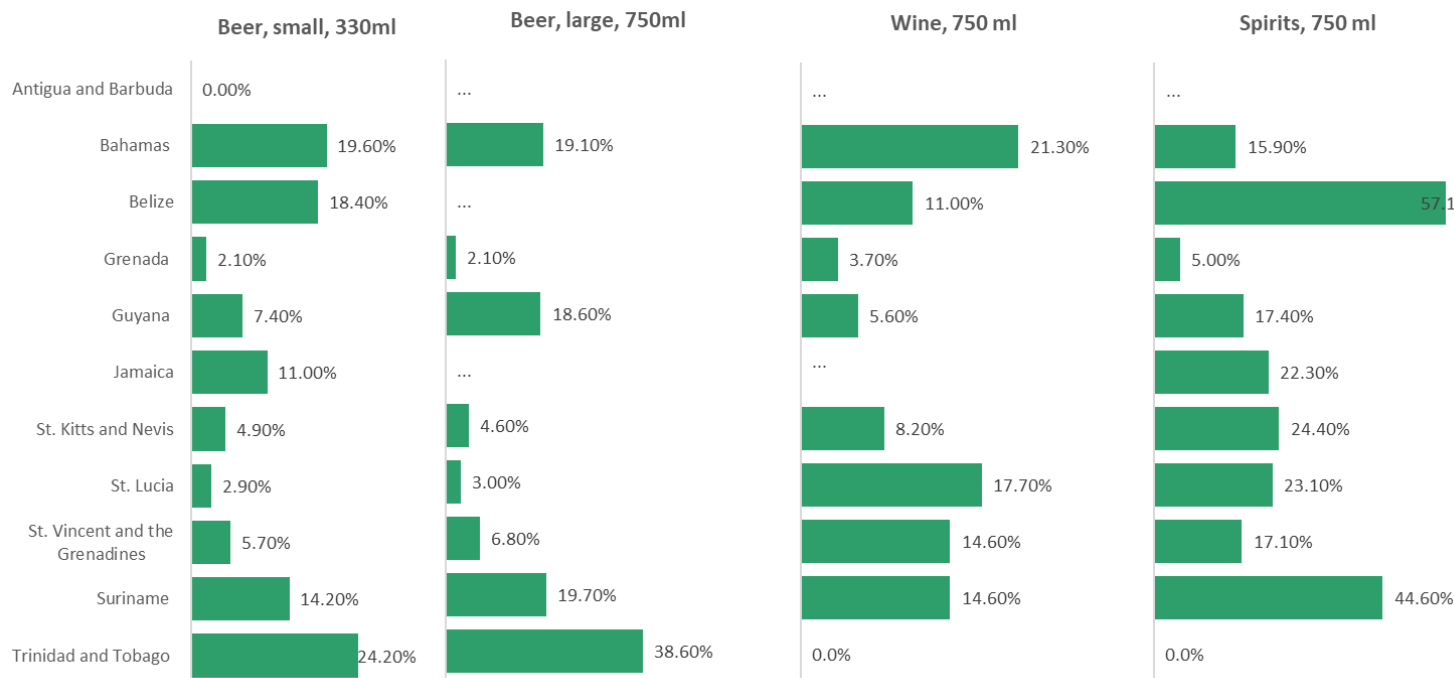
Best-buy: Effective intervention with cost effectiveness analysis \leq I\$ 100 per DALY averted in LMICs.

Alcoholic beverages – Americas (...global coming soon)



- The overall tax levels are quite low across the Region
- Tax type: Most countries do not apply excise taxes based on alcohol content
- Several policy incoherencies in tax design:
 - Artisanal beer or beer with low production volumes are often taxed at lower rates, e.g., in the US or Ecuador
 - Local popular spirit types are often taxed at lower rates compared to other equivalent beverages, e.g., pisco in Peru, rum in several Caribbean countries

Alcoholic beverages – Caribbean



- **1 country in the Caribbean does not apply excise tax to any category of alcoholic beverages.** All Latin American countries apply excise taxes to at least one of the categories.
- Excise tax shares are generally higher in Latin America than in the Caribbean.
- **The overall tax levels in the Caribbean vary significantly between countries and alcoholic beverages:** As an example, in the case of spirits, the tax share varies between 0% and 57.10%.
- **Tax type:** Only Jamaica has an alcohol content based (specific) excise tax. **Most countries have a volume based (unitary) excise tax.**

Launch of new publication: WHO Technical manual on alcohol tax policy and administration



December 5th at
15h00 Geneva time
(**10h00 Barbados
time**)

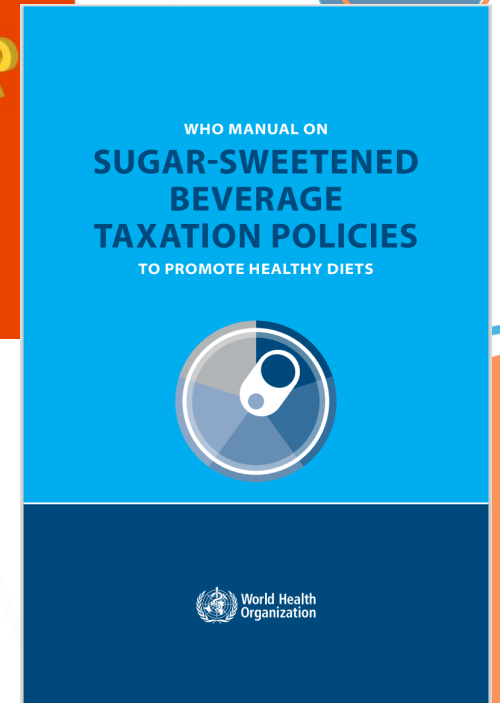
Details will be shared
in the coming weeks

Taxes on Sugar-Sweetened Beverages



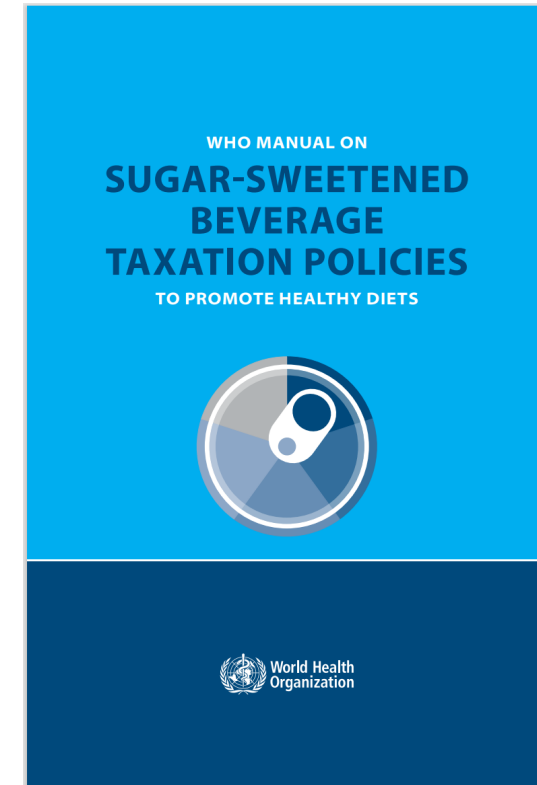
Sugar-sweetened beverages: Global commitment by Health Authorities –included as WHO recommendations since 2013

- Taxing SSBs is an **effective** strategy to **reduce consumption** and incentivize manufacturers to reformulate their products.
- SSB Consumption in Caribbean & Central America: **Over three times global average.**
- Health Implications: Contributes to the increase in NCDs, including **type 2 diabetes, coronary heart disease, and hypertension.**

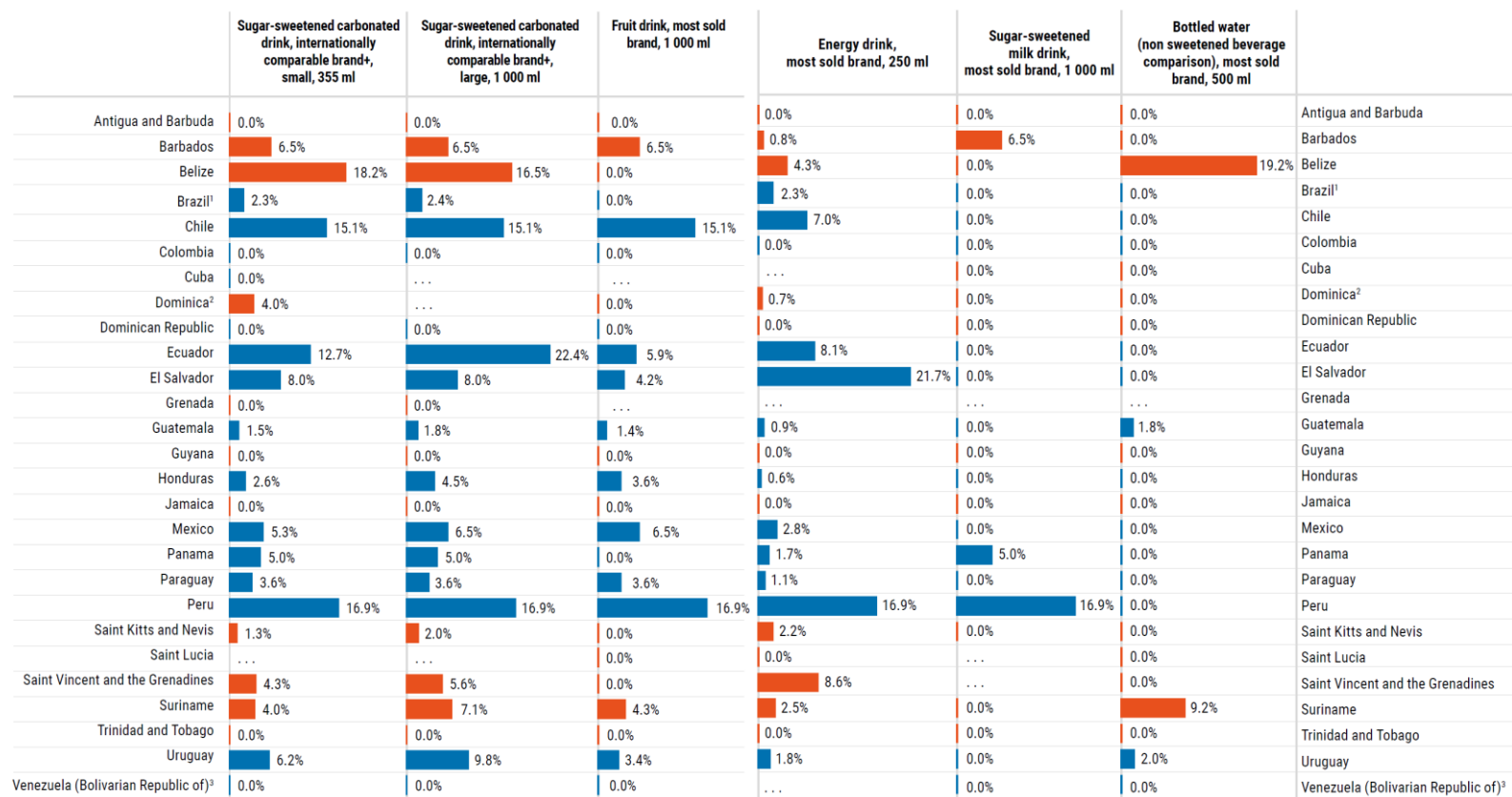


Guideline recommendations

- Use SSB excise tax increases to achieve the public health goal of reducing the number of deaths and diseases caused by sugar-sweetened beverage consumption
- Increase SSB taxes substantially to reduce the affordability of SSBs.
- WHO recommends that excise taxes should increase the retail price of SSBs (as faced by consumers, including all indirect taxes, as applicable) by at least 20% to result in significant reductions in consumption.
- Automatically adjust SSB excise taxes for inflation and income growth.
- Have a broad base to avoid incentivizing undesirable substitutions – the tax should apply to all categories of SSBs.
- Tiered taxes based on sugar content can encourage industry reformulation.



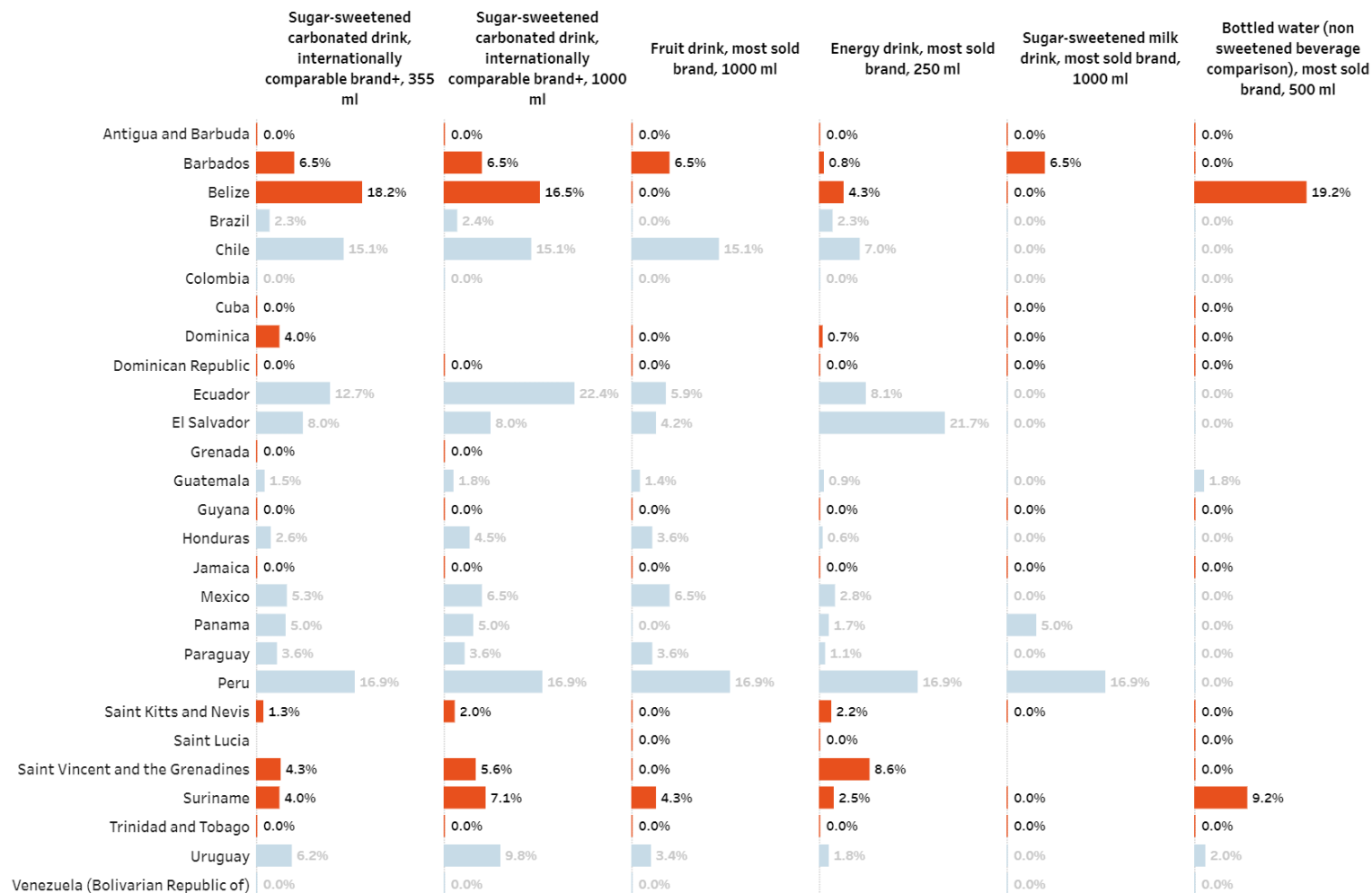
Sugar-Sweetened Beverages (SSBs) – Americas (...global coming soon)



- 22/33 LAC countries apply excise taxes to (some) SSBs
- Taxes not being applied to all categories of SSBs.
- Tax burden is low in general
- Many countries exclude sugar sweetened milk
- Same or higher tax for bottled water as for SSBs in 4 countries



Sugar-Sweetened Beverages (SSBs) – Caribbean



- **6 countries** in the Caribbean **do not** apply excise taxes to any SSB.
- **7 countries** in the Caribbean do not tax sugar sweetened carbonated drinks.
- Except for Barbados, sugar-sweetened milk drinks are not taxed in any country in the Caribbean.
- **2 out of the 4 countries** that tax bottled water are from the Caribbean.





WAY FORWARD

Political appetite?

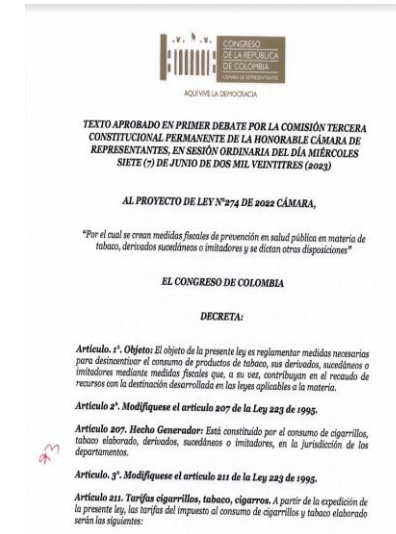
Appetite for health taxes is increasing in the region (both MoF and MOH and at Legislative branches)

Latin-American:

- Health taxes combo
- Tobacco
- SSB
- Alcohol

Caribbean:

- SSBs (BAH, ANT, ST Kitts, BAR)
- Tobacco (SUR)
- Alcohol
- Health taxes combo



PROPOSTA DE EMENDA CONSTITUCIONAL N.º DE 2019 (Do Sr. Balaia Rossi e outros)

Altera o Sistema Tributário Nacional e dá outras providências

As Mesas da Câmara dos Deputados e do Senado Federal, nos termos do § 3º do art. 60 da Constituição Federal, promulgam a seguinte Emenda ao texto constitucional:

Art. 1º A Constituição Federal passa a vigorar com os seguintes artigos alterados ou acrescidos:

Art. 105.

III -

d) contrariar ou negar vigência a lei complementar que disciplina o imposto sobre bens e serviços a que se refere o art. 152-A, ou lhe der interpretação divergente da que lhes haja atribuído outro tribunal.

..... (NR)

Art. 109.

I - as causas em que a União, entidade autárquica, empresa pública federal ou o comitê gestor nacional do imposto sobre bens e serviços a que se refere o art. 152-A forem interessadas na condição de autores, réus, assistentes ou oponentes, exceto as de falência, as

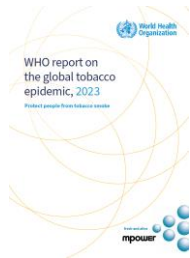
Take home messages

- Overall, taxation is **underutilized** despite being a **cost-effective measure** to reduce consumption of unhealthy products.
- **Tobacco:**
 - On average Caribbean countries have not made much progress in terms of their tax share and tax design, since 2008.
 - Improving tax design has led Ecuador, Peru and Chile to become top 10 in the global Tobacco Economics Cigarette Tax Scorecard by UIC. *(it's feasible!)*
- **Alcoholic beverages:**
 - Excise tax designs are quite heterogeneous and are often not optimal from a public health perspective.
 - Unitary excise taxes (volume based) tend to be used more in the Caribbean, mostly not regularly adjusted.
- **SSB:**
 - 6/14 countries in the Caribbean do not apply excise taxes to any SSB.
 - Taxes not being applied to all categories of SSBs.
 - There is inconsistency in policy coherence, from a public health perspective: tax in bottled water and no tax on sugary milk.
- **Progress in the Caribbean is lagging. Opportunity remains to catalyze action.**

Country	Overall score (2020)
Ecuador	4.63
New Zealand	4.63
United Kingdom of Great Britain and Northern Ireland	4.38
Canada	4.25
Botswana	4.13
France	4.13
Peru	4.13
Seychelles	4.13
Bahrain	3.88
Chile	3.88
Finland	3.88
Greece	3.88
Qatar	3.88
Russian Federation	3.75
Saudi Arabia	3.75
Bosnia and Herzegovina	3.63
Georgia	3.63
Montenegro	3.63
Norway	3.63
Philippines	3.63
Sri Lanka	3.63
Australia	3.50
Kyrgyzstan	3.50
Occupied Palestinian territory	3.50
Ukraine	3.50
Colombia	3.38
Ireland	3.38
Jordan	3.38
Lithuania	3.38



Tobacco tax data



WHO report on the global tobacco epidemic, 2023: protect people from tobacco smoke

<https://www.who.int/publications/i/item/9789240077164>



Report on Tobacco control for the Region of the Americas 2022

<https://www.paho.org/en/documents/report-tobacco-control-region-americas-2022>

PAHO website

<https://www.paho.org/en/topics/health-taxes>

<https://www.paho.org/en/topics/economics-ncds>



SSB tax data



Excise taxes on sugar-sweetened beverages in Latin America and the Caribbean

<https://iris.paho.org/handle/10665.2/53331>



Comparing taxes as a percentage of sugar-sweetened beverage prices in Latin America and the Caribbean

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9290324/>

Alcoholic beverages tax data

Comparing taxes as a percentage of sugar-sweetened beverage prices in Latin America and the Caribbean

Maxime Roche¹, Wilson Abarca², Rose Caroline Sandoval³, Fabian de Soto Gomez⁴, and Guillermo Paez⁵

Summary Excise taxes can be used to reduce the consumption of sugar-sweetened beverages (SSBs), an important preventable risk factor for non-communicable diseases. This study aimed to compare recent standardized indicators of the level of taxes applied on SSBs as a percentage of the price across beverage categories in Latin America and the Caribbean.

Methods We used a method developed by the Pan American Health Organization and adapted from the World Health Organization's tobacco tax study. The analysis focused on the most sold brand of five categories of available beverages. Data were collected by surveying ministries of finance and reviewing tax legislation in effect as of March 2019.

Findings Of the 17 countries analyzed, 17 applied excise taxes on SSBs. Of those, median excise taxes represented the highest share of the price for large sugarcane-sweetened carbonated drinks (12.3%) and the lowest for energy drinks (0.3%). In countries where excise taxes were applied on bottled waters, tax incidence exceeded the same applied on most SSBs. Overall, excise tax shares were higher in Latin America than in the Caribbean, including all other trade-tax rates (e.g., value-added tax), median total tax shares were between 12.8% and 17.2%. At least two countries estimated part of SSB excise tax revenues for health purposes.

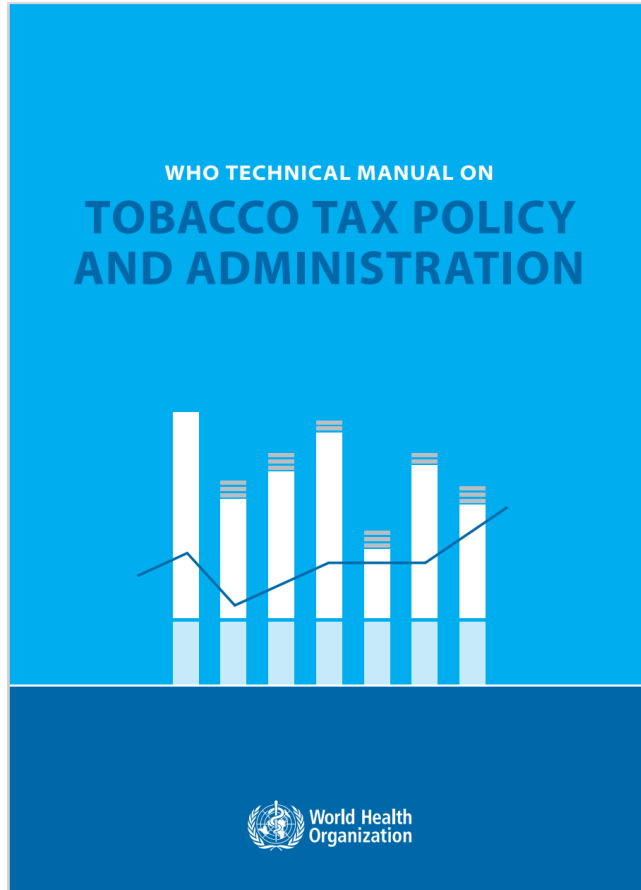
Interpretation Excise tax levels are unevenly low in the region. From a public health perspective, tax rates could be

Articles

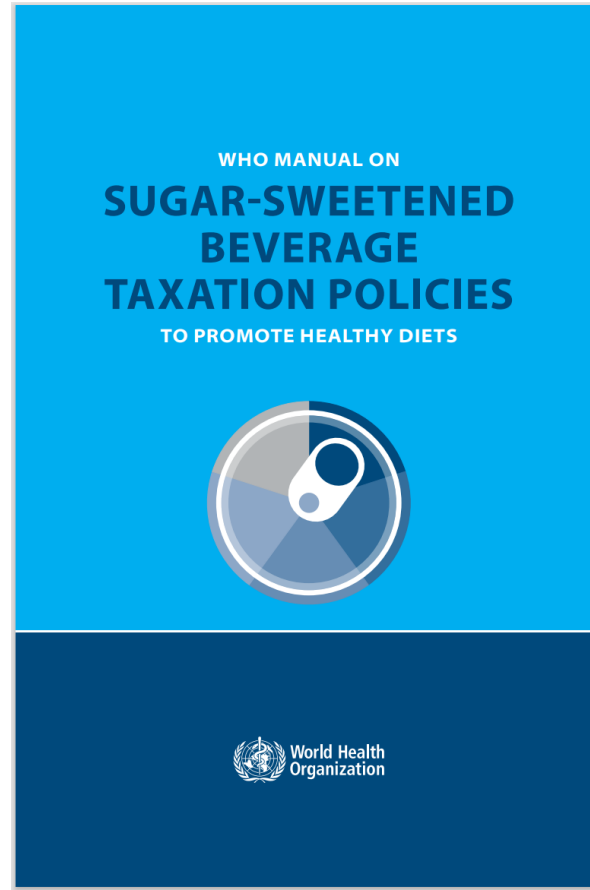
Comparing taxes on alcoholic beverages in the Region of the Americas

<https://onlinelibrary.wiley.com/doi/epdf/10.1111/add.16146>

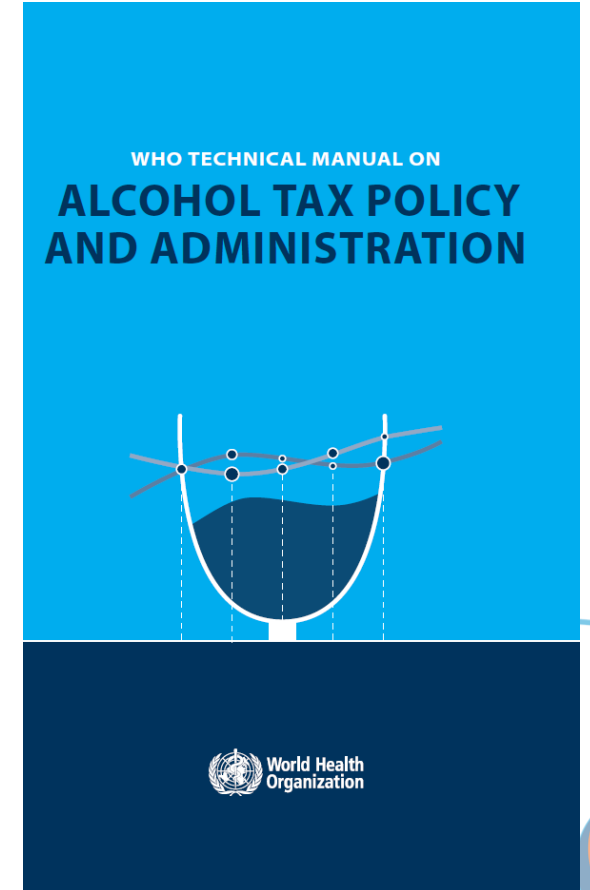
Technical Manuals



<https://www.who.int/publications-detail-redirect/9789240019188>



<https://www.who.int/publications-detail-redirect/9789240056299>



Coming soon!!



PAHO 120th ANNIVERSARY



PAHO



Pan American
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World Health
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REGIONAL OFFICE FOR THE
Americas