

Addressing health tax strategy at the country level

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Private sector business actions and influence greatly affect people's health. These commercial determinants of health negatively impact important health risk factors such as tobacco, alcohol and sugar sweetened beverage (SSB) consumption.^{1 2} There is a wide array of proven public health interventions that not only help address these commercial determinants of health but also the social, economic and racial inequities they introduce.³ Chief among these interventions are health taxes that raise the price of unhealthy products and make them less affordable, preventing people from starting to use such products and helping those who use to reduce or quit.⁴

An emerging challenge for governments and civil society organisations is how to respond coherently to the array of commodities that negatively influence people's health. Taxation of unhealthy products, while nuanced, share common characteristics. Chief among these is that these unhealthy products are generally taxed using excise taxes, which are typically administered by a single government tax authority responsible for all excise taxes.

Efforts to implement the WHO Framework Convention on Tobacco Control have built knowledge and capacity in governments and civil society regarding the benefits of tobacco taxation as a key public health intervention and the technical aspects of effective tax reform.⁵ This cadre of tax and health officials, economists, and advocates have the experience and skill set to expand their work beyond tobacco taxation to increase taxes on additional goods that are harming public health. In recent years, many of these government, research and civil society partners working on tobacco tax have broadened their efforts to consider other unhealthy products, including alcohol or SSBs or broader categories of unhealthy foods,⁶ complementing and expanding the smaller but dedicated group of proponents who were already working on taxation of other unhealthy products.^{7 8}

In an ideal world, country governments could develop a comprehensive tax policy package that would address the specific unhealthy products affecting the health of their populations. Indeed, perhaps this is what we should aspire to. The current reality, however, is that multiple factors affect the implementation of commodity-specific health taxes. First and foremost, the burden of different commodities varies considerably across countries reflecting variations in use patterns around the world. Compounding this challenge, limitations of data availability can constrain countries' ability to fully assess country-level burden and make decisions about need. In addition, country examples and technical knowledge of alcohol and SSB tax (and more broadly unhealthy food tax), while growing, lags behind that of tobacco while funding for technical support varies considerably both by product (with alcohol significantly lagging) and country. Perhaps most importantly, powerful industries exist for each unhealthy commodity group which can and do play off each other in any effort to deal comprehensively with more than one type of unhealthy product. One overarching and hugely consequential concern is that tobacco, alcohol and food industry together lobbying governments could potentially result in small tax increases across multiple product types raising small amounts of revenue but failing to address the underlying health burden.^{9 10}

Where does that leave proponents of better health taxes?

We are emerging from an unprecedented COVID-19 health and fiscal crisis,¹¹ which is not yet over.¹² Health taxes can and should be an important part of this recovery as a unique policy tool that addresses both the health and fiscal aspects of recovery. Raising health taxes by reducing consumption of unhealthy products will reduce the burden imposed by non-communicable diseases (NCDs) on families, on national health systems and on human capital. At the same time, health tax



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increases—particularly tobacco and alcohol because they are inelastic goods—will bring in much needed revenue to governments even while driving down consumption.^{13–15}

Interest and expertise are growing to address multiple unhealthy commodities with effective tax policy. At this stage, we would encourage ongoing and open discussions at the country level to ensure comprehensive assessments of health burden, capacity and political opportunities to determine how best to navigate complex political decisions about tax policy. As is currently happening, in some countries, many years of progress building tobacco tax expertise and political openings may make tobacco tax the top priority for focus while starting to assemble the building blocks for work on SSBs and/or alcohol. In other countries, tobacco tax may be blocked (likely for political reasons) and health and fiscal authorities and civil society may see an opening to move forward on alcohol and/or SSBs. In still other countries, there are strong preferences from government to address these products together and in such cases, support must be provided appropriately to map out the technical steps necessary to achieve a comprehensive health excise tax package.

As governments, researchers and civil society continue to engage to support increasing health taxes, we will need to address these issues in a more systematic, coherent and responsive way. This means talking with finance, health and other relevant ministries working on health taxes to understand when various health taxes should be considered together or separately depending on the country context and what benefits and challenges might be faced in various scenarios. Once a better understanding of the benefits or constraints of coordinating these efforts is gained, there is an opportunity for all stakeholders to become more strategic and effective in meeting our shared goal of improving public health.

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