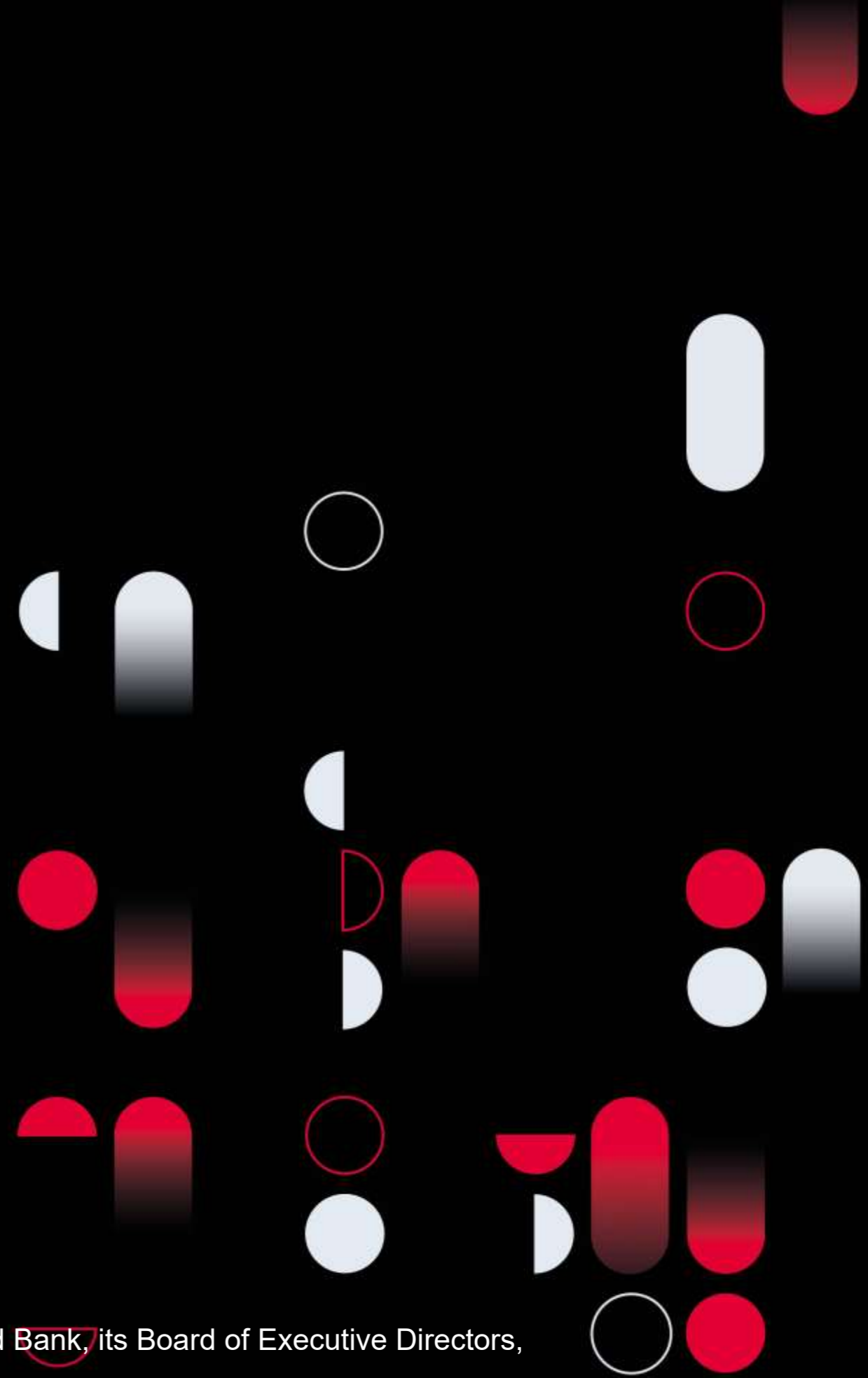


Health Taxes

Prof. Franco Sassi

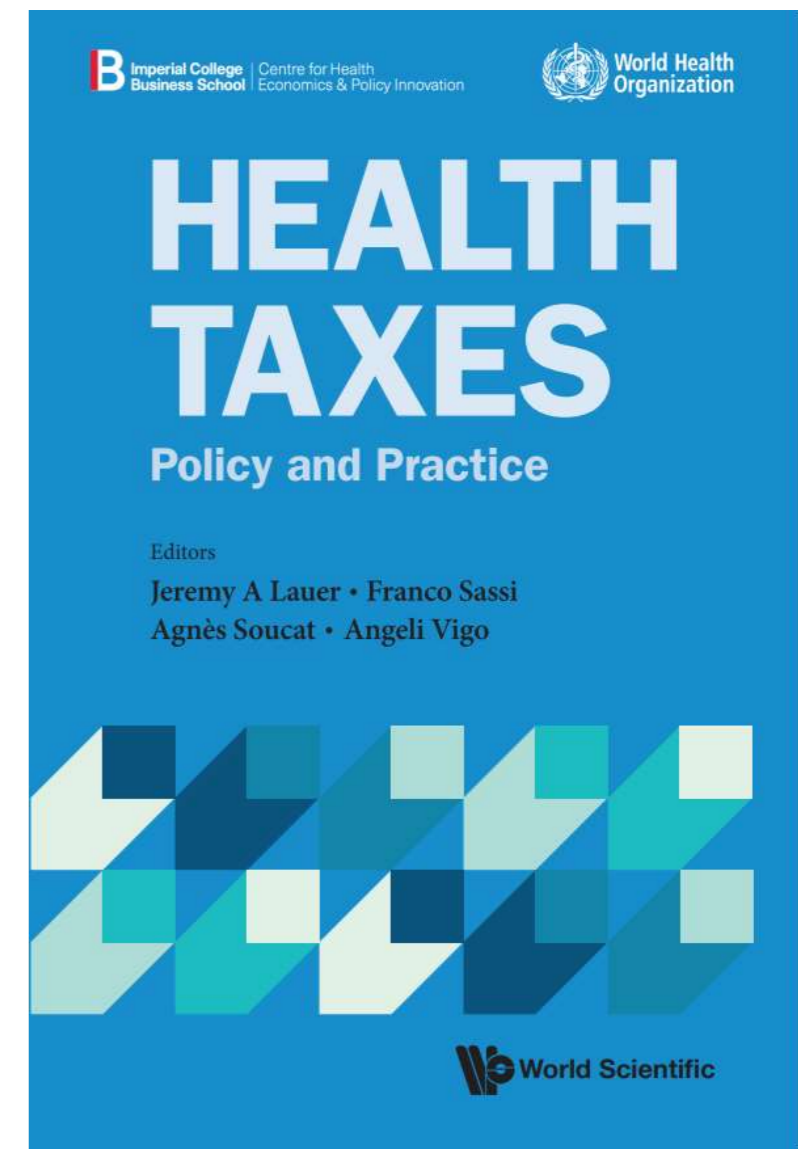
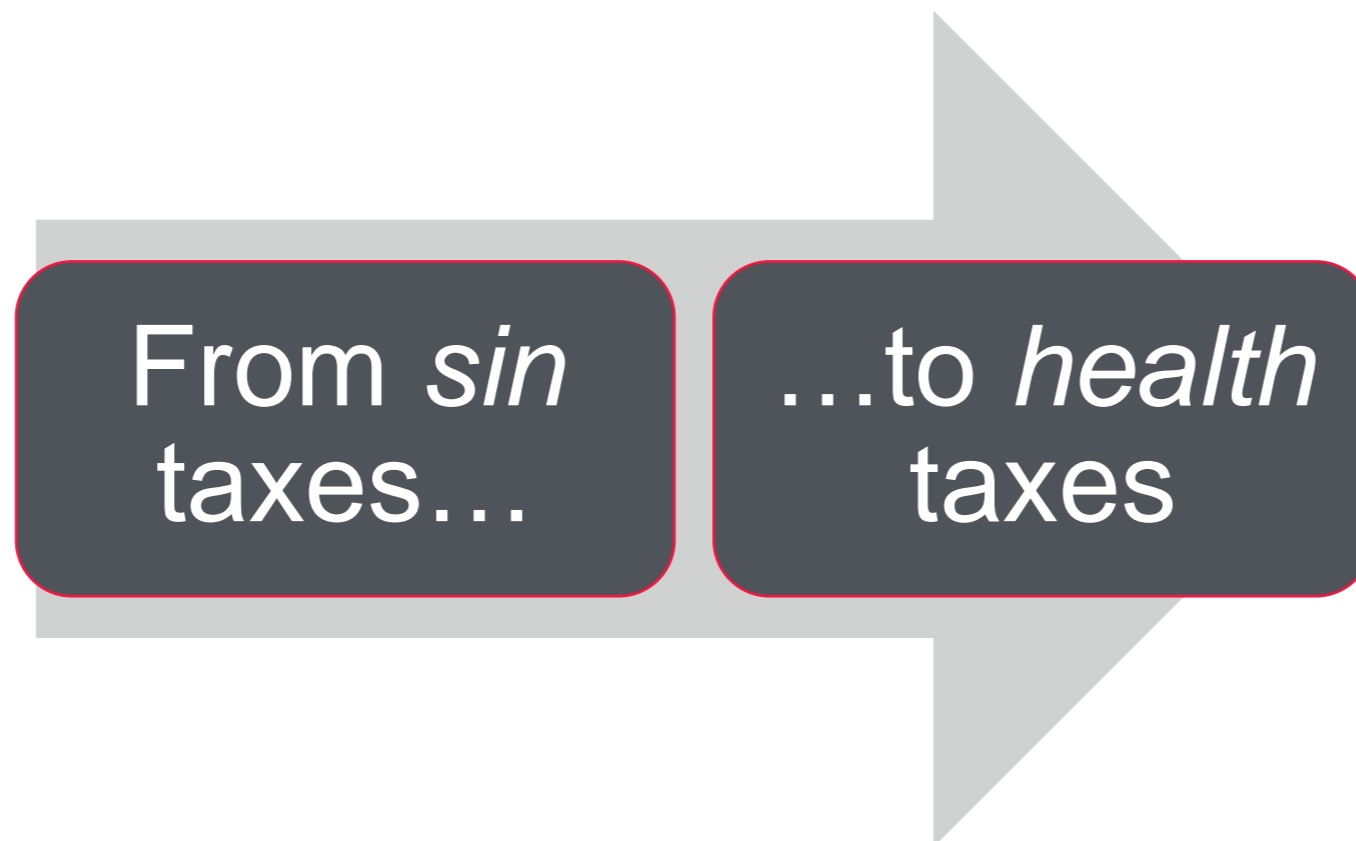
*Centre for Health Economics and Policy Innovation,
Imperial College Business School, London, UK*

World Bank, Washington D.C., 7th November 2022



Health Taxes

- Taxes on tobacco, alcohol, salt have existed for centuries
- Traditionally justified for revenues, externalities; public health rationale more recent



Health Taxes Can Be Powerful Tools to...

- Change the behaviour of consumers
 - By raising prices
 - By signalling risks
- Change the behaviour of businesses
- Address externalities
- Generate revenues that may be used to support public health action

Consumption Taxes as Health Taxes

- Other fiscal policies can promote health too
- Consumption taxes universally applied
- Tax rates often differentiated
- Alignment to societal goals not common

Health Taxes – Three Key Principles

I. Health taxes are meant to provide incentives for behaviour change

They need to be large enough to motivate change

II. Consumption choices are complex, any change will have knock-on impacts

Taxes must be designed to limit opportunities for unwarranted substitutions

III. Manufacturers and retailers can easily manipulate prices

Regulation can be an effective complement to taxation

Health Taxes on Three Key Product Categories

Tobacco

- Only 40 countries meeting WHO recommendations on taxation levels

Food/ Sugar-sweetened beverages

- Increasing number of countries using SSB taxes, some considering expansion to HFSS foods

Alcohol

- Taxes often small, inconsistently applied, and not regularly adjusted for inflation; health rationale not always acknowledged

Old and New Debates around Health Taxes

- The political economy of health taxes is complex
- Typically opposed by business interests
- Some “old” arguments (e.g. regressive nature, job losses)
- Some “new” ones (e.g. cost of living, geographical equity)

How to Find the Book

- The book is published by WHO and World Scientific as an open-access resource, supported by WHO and Imperial College's CHEPI
- Electronic version available today on WS and WHO websites
- Hardback version will be available later this year for purchase

