



# Filtered

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FROM SILOS TO SYNERGIES TO PREVENT NCDs

## **Advocacy Toolkit**

Taxation of Tobacco, Alcohol,  
and Sugar-Sweetened Beverages

## Filtered Partners



## Associate Partners



*Co-funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or Health and Digital Executive Agency (HaDEA). Neither the European Union nor the granting authority can be held responsible for them.*

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# 1 INTRODUCTION

## About the Toolkit

This toolkit was developed as part of the FILTERED project (From Silos to Synergies to Prevent NCDs)\*, a Europe-wide initiative co-funded by the EU, which aims to strengthen and unite civil society to promote collaborative advocacy for prevention of non-communicable diseases (NCDs), focusing on alcohol, tobacco, and unhealthy foods and drinks.

Drawing on one of the project's key activities – the Capacity-Building on Pro-Health Taxes held from 4 to 6 June 2025 in Sofia, Bulgaria – this **toolkit offers Europe-specific information and tools that complement recent initiatives promoting pro-health taxes.**

### Purpose of the Toolkit

Despite robust evidence that taxation of health-harming products reduces the burden of NCDs – the world's leading cause of death and disability – these measures remain underused. The objective of this toolkit is therefore to encourage advocacy and, in doing so, support leaders and decision-makers across Europe in championing tax increases on alcohol, tobacco, and sugar-sweetened beverages – key measures for creating healthier societies for all.

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### What This Toolkit Offers

Targeted at civil society organisations across the EU and relevant for neighbouring countries, this toolkit supports advocacy for pro-health taxes in the European region. It provides:

- An overview of EU rules and policies on pro-health taxes;
  - Strategic advocacy guidance for both EU and national contexts;
  - Evidence-based policy recommendations for implementation at all levels.
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\*FILTERED (From Silos to Synergies to Prevent NCDs) is an Action Grant funded by the EU4Health Programme. Its main goal is to stimulate collaborative advocacy, health promotion, action and accountability at European and national level, including in Ukraine, for the prevention of NCDs among civil society organisations specialised in advocacy linked to the reduction of alcohol-related harm, tobacco control and the reduction of the consumption of unhealthy foods and drinks. FILTERED Consortium Partners are the [European Alcohol Policy Alliance](#) (Eurocare), the [Smoke-Free Partnership](#) (SFP), the [European Heart Network](#) (EHN), the [Youth Health Organisation](#) (YHO), the Advocacy Center "[Life](#)" and the Charitable Foundation "[Woman Health and Family Planning](#)".

# Why Pro-Health Taxes?

## Terminology

To emphasise the role of taxes in promoting healthier choices, this toolkit adopts the term “pro-health taxes” as the preferred terminology.

## Reducing the Burden of NCDs

Pro-health taxes are among the most powerful interventions to reduce the immense burden of NCDs driven by the consumption of tobacco, alcohol, and unhealthy foods and drinks. These products cause ill health and premature death, contributing to over 10 million deaths worldwide each year: approximately 8 million from tobacco, 2.6 million from alcohol, and 5 million from overweight- and obesity-related NCDs, some of which are linked to the consumption of sugar-sweetened beverages (SSBs).<sup>1</sup>

By increasing the real prices of products that pose health risks, taxes can reduce consumption, improve health and save lives, ease pressure on health systems, generate government revenue, and support broader public policy goals.

## Effectiveness of Taxes

Tobacco and alcohol taxes are among World Health Organisation (WHO)’s “Best Buys”<sup>2</sup> – the most cost-effective and feasible interventions to address NCDs – and also “Quick Buys,”<sup>3</sup> delivering results within months, which is especially significant for policymakers. Taxes on SSBs are also effective interventions for NCD prevention<sup>4</sup>, but the evidence is more limited because these taxes have been implemented more recently, and long-term data on health outcomes are still emerging.

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When excise taxes are well-designed and set at sufficiently high levels, they have the potential to effectively **change health behaviours and generate significant revenue for countries in the short- and medium-term**. Building on this potential, in 2025 the WHO launched the **“3 by 35” initiative**<sup>5</sup>, urging countries to increase the real prices of tobacco, alcohol, and sugary drinks by 50% by 2035. This provides a clear target to guide policy, monitor progress, and strengthen advocacy for pro-health taxes.

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## Importance of Advocacy

Although pro-health taxes are a complex subject, active civil society engagement is crucial. Through advocacy, civil society can promote these policies, raise public awareness, counter industry interference, and hold governments accountable – maximising the impact of pro-health taxes on preventing NCDs and improving population health.

## 2 UNDERSTANDING EU CONTEXT

### EU Policy Framework

Pro-health taxes are now an indispensable component of modern health policies. At the EU level, fiscal measures to promote health are explicitly recognised in several key policy documents, including:

- [Europe's Beating Cancer Plan \(2021\)](#): emphasises updating taxation and pricing policies to support prevention and promote healthier lifestyles.
- [Healthier Together – EU NCDs Initiative \(2021\)](#): recognises taxation as one of WHO's "Best Buys" for effective prevention across Member States.
- [EU Farm to Fork Strategy \(2020\)](#): highlights the role of tax incentives in fostering a sustainable food system and encouraging healthier, more sustainable dietary choices.

These documents highlight the importance of coordinated tax policies to support healthier lifestyles across key risk factors.

For instance, the Europe's Beating Cancer Plan called for:

- Review of the EU Tobacco Tax Directive to ensure fiscal measures effectively contribute to achieving a "tobacco-free generation" by 2040.
- Review of EU legislation on alcohol taxation and cross-border purchases by private individuals, recognising the role of excise policy in reducing alcohol consumption.
- Use of tax incentives and value-added tax (VAT) reforms in the field of diet and nutrition to support the availability and affordability of healthy and nutritious food.

Taken together, these fiscal levers illustrate a coherent strategy where taxation, pricing and affordability policies across tobacco, alcohol and food can operate in synergy.

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Coordinating measures across risk factors within a single policy framework has the potential to enable policy makers to use **shared administrative tools, harmonised monitoring of affordability and consumption, and integrated public messaging**. This would reduce duplication, lower implementation costs, and ensure that interventions reinforce rather than undermine each other – for instance, by preventing substitution from one harmful class of products to another.

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#### Behind Schedule

A 2025 assessment of the Europe's Beating Cancer Plan<sup>6</sup> found that key fiscal and prevention measures targeting tobacco, alcohol, and unhealthy foods are at standstill. To date, the only major legislative proposal put forward at the EU level is the revision of the Tobacco Tax Directive. Some of the delay is attributed to political challenges and persisting industry lobbying<sup>7</sup>, underscoring the urgent need for civil society to mobilise across risk factors to actively demand strong public health measures at both EU and national levels.

#### Safe Hearts Plan: A Step Back

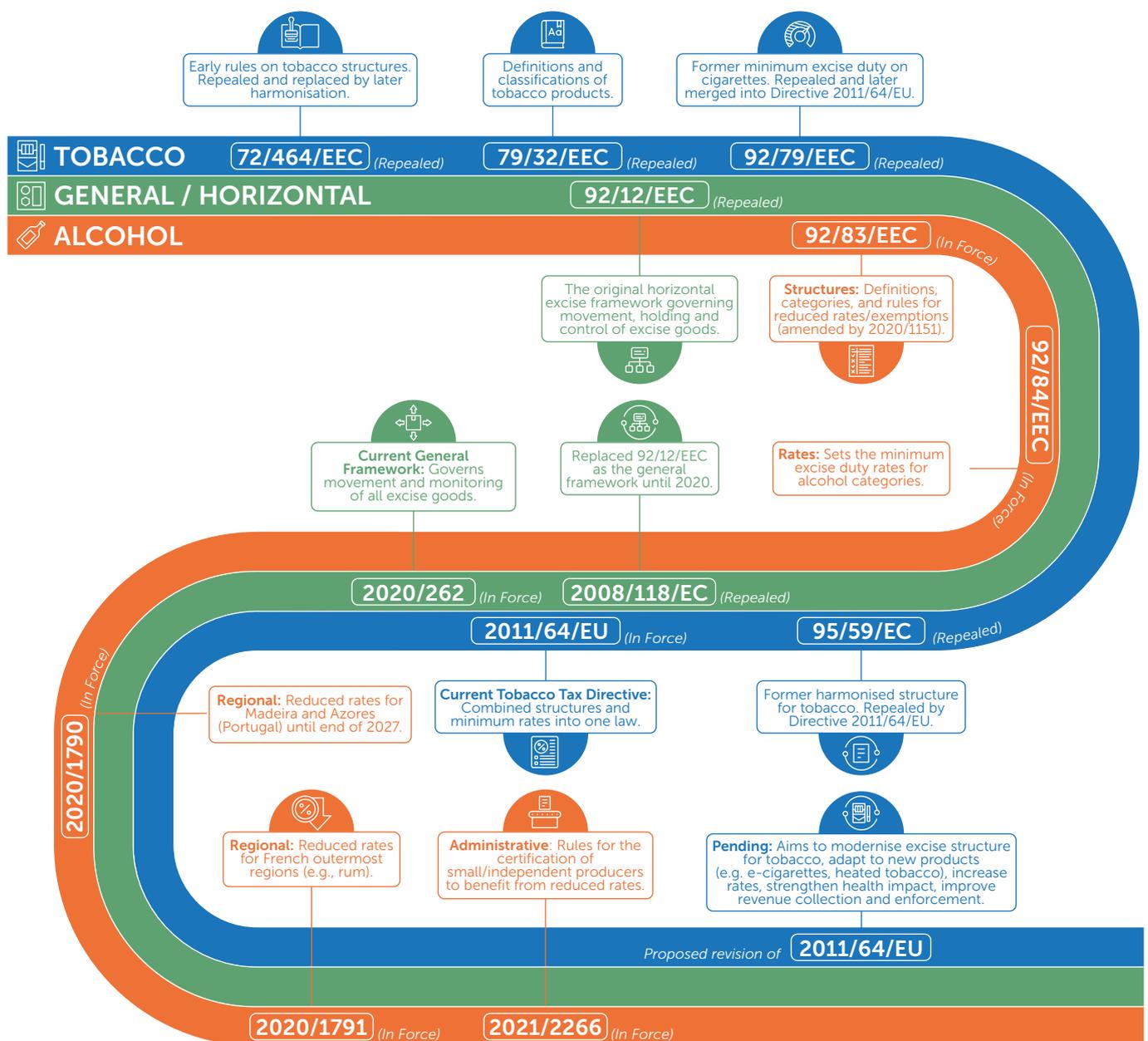
The 2025 [EU Safe Hearts Plan](#), the successor to the Europe's Beating Cancer Plan, recognises tobacco use, alcohol consumption, and unhealthy diets as key cardiovascular risk factors. However, while the initiative addresses tobacco tax reform, it does not reference specific EU measures on taxes for alcohol or unhealthy foods and drinks.

# EU Legal Framework

The EU sets minimum tobacco and alcohol excise rates under Single Market rules, allowing Member States to apply higher rates. SSB taxation, however, is not regulated at the EU level and remains a national competence. Figure below highlights key legislative developments on excise duties for tobacco and alcohol in the EU. Whilst SSBs are not addressed at EU level, the [Study on Health Taxes from an EU Perspective](#)<sup>8</sup> provides an in-depth analysis of fiscal measures applied to products high in fat, sugar, and salt (HFSS) across Member States – including SSBs – assessing their effectiveness and feasibility within the EU context.

The health protection rationale for tobacco taxation at EU level was explicitly introduced only in 2011 with Directive 2011/64/EU on tobacco taxes. In contrast, EU alcohol excise directives still do not explicitly reference health protection, focusing instead on fiscal and market objectives.

## EU Legal Framework for Alcohol and Tobacco Excise Duties



## 3 ADVOCATING FOR PRO-HEALTH TAXES

### Tools for Action

This chapter provides strategies and resources to support advocacy efforts, highlighting **how, when, and to whom to advocate for pro-health taxes**. It also includes:

- A template letter for initiating contact with the Ministry of Finance.
- A campaign example showing how civil society can unite across risk factors for comprehensive policy change.

Specific advocacy asks for EU and national decision-makers regarding pro-health taxes are detailed in [Chapter 4](#).

### Why Act Now

When civil society is underfunded or marginalised, joining forces to promote evidence-based NCD prevention – including taxation – is essential. This challenge presents an opportunity to align goals and share resources to address multiple risk factors collectively.

## Advocacy Strategies

A framework is provided below for EU and national advocacy by outlining practical considerations for how, when, and whom to engage on pro-health taxation.

### Practical Advocacy Strategies

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#### EU Level

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##### Support EU Advocacy Efforts

Engaging at the EU level allows civil society to shape EU policy and law, increasing the likelihood of coordinated action and effective implementation across Europe.

Examples include:

- Participate in calls for action from EU-level civil society organisations (e.g. European Heart Network, Smoke Free Partnership).
  - Participate in European Commission public consultations, for example, recently the EU Cardiovascular Plan.
  - Meet with your Members of the European Parliament, particularly on relevant committees, submit written questions or briefings.
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#### Connecting National and EU Levels

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##### Use National Insights to Shape EU Policy

National stakeholders can use their experience and networks to influence EU-level policies. Examples include:

- Engage ministries and national permanent representations to the EU to help shape positions ahead of Council of Ministers meetings, for example, currently on the revision of the EU Tobacco Tax Directive.
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## National Level

<b>Tailor Advocacy to the National Context</b>	<p>To engage national stakeholders effectively, advocacy must be tailored to their perspectives and integrated into decision-making processes.</p> <ul style="list-style-type: none"> <li>• <b>Priorities:</b> Present pro-health taxes in ways that align with the priorities of stakeholders within the government and the legislature.</li> <li>• <b>Interests:</b> Know stakeholder preferences. For example, earmarking revenue (e.g., for healthcare) can increase public and political support, but may reduce budget flexibility and face resistance from Ministries of Finance.</li> <li>• <b>Context:</b> Tailor the approach to existing regulations, cultural attitudes, consumption patterns, and the scale of NCDs.</li> <li>• <b>Alignment:</b> Ensure the narrative supports current national fiscal priorities (e.g. defence, demographics, resilience), and broader agendas (e.g. sustainability, human rights).</li> <li>• <b>Industry interference:</b> Know your opposition and alert stakeholders to industry interference and myths.</li> <li>• <b>Timing:</b> Identify windows of opportunity, such as during the national budget process, when countries engage in fiscal planning.</li> </ul>
<b>Build Coalitions Across Risk Factors</b> (alcohol, tobacco, unhealthy foods and drinks)	<ul style="list-style-type: none"> <li>• Establish partnerships with organisations that support health, have expertise across risk factors, and possess the capacity to advocate for taxes.</li> <li>• Include also groups representing different parts of society, such as doctors, teachers' associations, parent groups, and youth organisations to raise awareness and build public support.</li> </ul>
<b>Leverage Local Evidence</b>	<ul style="list-style-type: none"> <li>• Collaborate with independent local research institutions and experts to generate data, support evidence-based advocacy, and counter industry narratives.</li> <li>• Use or conduct national surveys to demonstrate public support for pro-health taxes, or leverage Eurobarometer data<sup>9</sup>, which also provides Member State-level insights on support for tobacco and alcohol taxes specifically.</li> </ul>
<b>Engage Cross-Sector Stakeholders</b> (health, finance, trade, etc.)	<ul style="list-style-type: none"> <li>• Work with policymakers across ministries, including finance, trade, and agriculture, to ensure broad support and alignment of objectives, and tailor messages to their perspectives.</li> <li>• Collaboration between finance and health policymakers is crucial: without finance, pro-health taxes may stall, and without health, design choices may not fully support public health goals.</li> </ul>
<b>Engage the Media</b>	<p>Build relationships with journalists, or leverage those of partners, provide briefings on the health, economic, and social benefits of pro-health taxes, and monitor media to adapt engagement strategies.</p>
<b>Monitor and Act</b>	<p>Track the implementation of pro-health taxes, adapt advocacy as circumstances change (often due to industry interference), and monitor for regulatory shifts or industry influence.</p>

# Advocacy Resources

The strategies outlined above complement recent guidance on pro-health taxes. Below we highlight these resources and show how they can support advocacy.

## Complementary Sources on Pro-Health Taxes

### Recent guidance

### What it offers for advocacy



#### [CTFK & GHAI Incubator – Global Lessons for Health Tax Advocacy \(2025\)](#)

- Step-by-step guidance for pro-health tax advocacy from the perspective of civil society
- Focus on major taxes (tobacco, alcohol, SSBs) with a global perspective
- Lessons from successful coalition-building and stakeholder engagement
- Strategies to counter political barriers and industry interference
- Media and messaging tips
- Evidence and resources complementing other toolkits

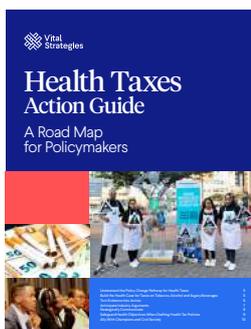
#### Action for health taxes

from policy development to implementation



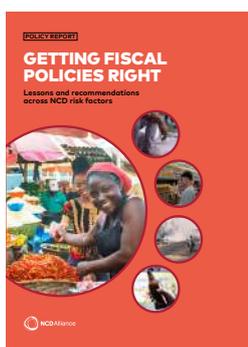
#### [WHO – Action for Health Taxes: From Policy Development to Implementation \(2024\)](#) (Series: [Across-Risk Factors](#), [Tobacco](#), [Alcohol](#), [SSBs](#))

- Evidence-based guidance on health, economic, and equity impacts of pro-health taxes
- Focus on major taxes (tobacco, alcohol, SSBs) with a global perspective
- Focus on policy design and implementation support
- Technical advice on tax design and impact assessment
- Strategies to counter industry interference
- Key messages on pro-health taxes for advocates
- Elaborate list of evidence and resources



#### [Vital Strategies – Health Taxes Action Guide \(2025\)](#)

- Step-by-step roadmap primarily for policymakers
- Focus on data modelling and country-specific projections
- Communication strategies for policymakers and the public
- Strategies to counter industry interference
- Evidence and resources complementing other toolkits
- Key steps for successful tax policy efforts
- Key elements for tax design



#### [NCD Alliance – Getting Fiscal Policies Right: Lessons and recommendations across NCD risk factors \(2024\)](#)

- Key aspects of fiscal policies for NCD prevention
- Pathways to shape behaviour and consumption
- Pro-health taxes and financing of NCD prevention
- The role of international agreements and cooperation
- Other taxes that support NCD prevention (beyond excise)
- Strategies to counter industry interference
- Health-promoting subsidies and other fiscal measures
- Elaborate list of evidence and resources

# Template Letter to the Minister of Finance

This section provides guidance on what organisations can do depending on their capacity and includes a template letter to help engage Ministries of Finance on pro-health taxation.

## Advocacy with Limited Capacity

Organisations with limited capacity can engage in effective advocacy by using clear, simple messages based on publicly available information, following the guidance outlined in [Chapter 4](#).

A practical first step is the template letter to the Minister of Finance. This template – provided below – can be used to request a meeting and includes references to key supporting resources, such as:

- Global Health Standards: [WHO Best Buys](#), [Quick Buys](#), and the “3 by 35” initiative.
- Public Opinion: [Eurobarometer on Taxation](#).
- Civil Society Resource: NCD Alliance’s [Busting Industry Myths About Health Taxes](#).

## Advocacy with Advanced Capacity

Organisations with advanced technical capacity, whether developed internally or through collaborations, can support their advocacy with detailed evidence, technical impact assessments, and policy recommendations when engaging Ministries of Finance.

Detailed budget submissions, such as those produced by Action on Smoking and Health (ASH) [Budget representation 2025](#) and [2024](#) (on tobacco taxation), offer examples of more advanced engagement. Where possible in a national context, this approach can be applied to pro-health taxes, presenting shared key messages together and offering technical recommendations and data on tobacco, alcohol, and SSBs separately.

### Step 1 Customise the basics

#### Organisation Name

To: Minister of Finance, [Full Name]  
CC: Prime Minister / Head of Government, [Full Name]  
Minister of Health, [Full Name]  
Minister of Economy / Trade, [Full Name]  
Minister of Agriculture / Food, [Full Name]

Date: [Insert date]

**Subject: Excise Taxes on Tobacco, Alcohol, and Sugary Drinks – Untapped Potential to Boost Revenue**

Dear Minister [Last Name],

### Step 2 Introduce the reason for writing (*problem + winning solution*)

At a time when fiscal pressures are rising and governments everywhere are being asked to do more with limited resources, difficult choices are unavoidable. Yet within these challenges lies a powerful opportunity – an opportunity to strengthen public finances, protect public health, and invest in the future prosperity of [Country] at the same time. That opportunity lies in increasing excise taxes on tobacco, alcohol, and sugar-sweetened beverages (SSBs).

### Step 3 Emphasise public support

We recognise that tax increases are often seen as politically sensitive. But history and evidence show that in moments of economic strain, citizens are far more willing to support higher taxes on products that harm health than on taxes that burden families and workers (see, for example, the [Eurobarometer on Taxation](#)). People understand that preventing disease is not only a moral responsibility – it is also sound economic policy.

### Step 4 Select strong angles (*finance, economy, health*)

Raising excise taxes on tobacco, alcohol, and SSBs is a win-win-win policy. It generates much-needed public revenue. It reduces consumption of products that drive preventable disease and premature death. And it advances health equity, because the greatest health gains are seen among those who are most vulnerable.

In [Country], the potential remains largely untapped. This is why the [World Health Organisation’s “3 by 35” initiative](#) calls on governments to increase the real prices of tobacco, alcohol, and SSBs by at least 50 percent by 2035. The economic logic is clear and compelling:

- These taxes generate immediate, predictable revenue, strengthening domestic resource mobilisation without increasing national debt.
- They reduce long-term public spending by preventing costly diseases such as heart disease, cancer, and

moments of economic strain, citizens are far more willing to support higher taxes on products that harm health than on taxes that burden families and workers (see, for example, the [Eurobarometer on Taxation](#)). People understand that preventing disease is not only a moral responsibility – it is also sound economic policy.

Raising excise taxes on tobacco, alcohol, and SSBs is a win-win-win policy. It generates much-needed public revenue. It reduces consumption of products that drive preventable disease and premature death. And it advances health equity, because the greatest health gains are seen among those who are most vulnerable.

**Step 5**  
Add credibility  
(use local  
evidence if  
available)

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- These taxes generate immediate, predictable revenue, strengthening domestic resource mobilisation without increasing national debt.
- They reduce long-term public spending by preventing costly diseases such as heart disease, cancer, and diabetes – easing pressure on health systems for decades to come.
- They support stronger economic growth, because a healthier population is a more productive workforce and a more resilient economy.

Pro-health taxes also stand out as some of the most cost-effective policies available to government ([WHO “Best Buys”](#)). They are simple to administer. They work quickly by changing prices and behaviour ([WHO “Quick Buys”](#)). And they create stable and reliable revenue streams that can be directed where they are needed most.

**Step 6**  
Counter industry  
arguments (use  
local evidence if  
available)

Concerns are sometimes raised about illicit trade, job losses, or cross-border shopping. Yet the global evidence is clear: when pro-health taxes are well designed and well enforced, these risks are manageable – and the overall economic and social benefits far outweigh them (see, e.g. [Busting Industry Myths About Health Taxes](#)).

**Step 7**  
Decide how bold  
your ask should  
be

At a time of uncertainty and complex economic challenges, pro-health taxes are not just good health policy – they are smart fiscal policy. We respectfully urge you to take bold action, join forces with the Ministry of Health to deliver on the WHO “3 by 35” targets, and make excise taxes on tobacco, alcohol, and SSBs a priority in the upcoming budget.

By doing so, you have the chance to strengthen the budget, and help build a healthier, more prosperous, and more equitable future for [Country].

**Step 8**  
Customise the  
ending & ask for  
a meeting

Thank you for your leadership and commitment. We would greatly welcome the opportunity to discuss this further with you or your team.

Sincerely,

[Name]

[Title]

[Organisation Name]

[Description of your organisation, its mission, and any relevant partnerships, alliances or civil society networks]

# Example Campaign Across Risk Factors

## Working Together

By coordinating objectives across risk factors – including through a shared media presence – advocates can create a collective voice that industry and sceptical policymakers cannot easily dismiss or ignore. This section highlights a **UK example of how civil society has moved beyond single-issue silos to form a united front for ambitious, comprehensive policy change.**

## Tackling the UK's Three Biggest Killers

Since 2023, three leading public health organisations in the UK – Action on Smoking and Health (ASH), the Alcohol Health Alliance (AHA), and the Obesity Health Alliance (OHA) – have partnered to highlight how tobacco, alcohol, and unhealthy food and drinks harm public health, strain healthcare systems, and stifle social and economic progress.

Their joint campaign, *Addressing the Three Biggest Killers*, takes a holistic approach to prevention and the tackling of harmful industry practices. The strategy is centred on clear, shared messages and objectives, organised around three key pillars:

**1** Developing an integrated policy framework: Highlighting co-benefits across sectors, such as how reducing alcohol can support smoking cessation.

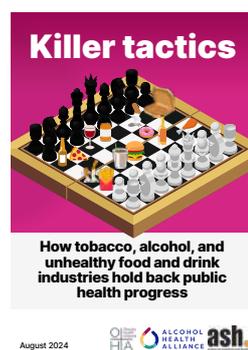
**2** Exposing the shared industry 'playbook': Revealing how different industries use similar tactics to delay or avoid effective regulation.

**3** Challenging the 'personal responsibility' narrative: Showing how rhetoric focused on individual choice is used to deflect accountability for the health-harming environments industries shape.

Key outputs include:

- [Holding Us Back: Tobacco, Alcohol and Unhealthy Food and Drink](#) – the main report presenting the evidence on harms and policy recommendations.
- [Killer Tactics](#) and [Killer Tactics 2](#) – reports exposing the strategies used by industries to block or delay public health policies.
- [Regional Toolkit: Three Biggest Killers](#) – a practical guide for applying lessons from tobacco control to alcohol and unhealthy foods and drinks, including approaches on price, affordability, and industry influence.

Together with other outputs, such as briefings and webinars, these resources provide tools for policymakers and advocates to tackle the three leading causes of death in the UK in a coordinated way.



## Media and Outreach

The UK campaign's impact was amplified through strategic media coverage, including high-profile [reporting in The Guardian](#). To capture attention, the strategy focused on fresh angles such as linking health data to unemployment, citing public opinion polls, and highlighting the intersection of multiple risk factors.

Examples of effective press releases and journalist collaborations include:

- [Press Release](#) launching the "Holding Us Back" report: *"More needs to be done to tackle the unhealthy products driving nearly half a million people out of work"*.
- [Press Release](#): *"Demand for action on UK's 'top three killers' ahead of Government's 10-Year Health Plan"*, presenting survey results conducted as part of the campaign.

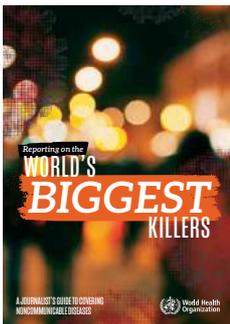
- [Joint Letter](#): *"Get tough on tobacco and alcohol firms to improve public health"* – reaction to an article in The Guardian, calling for minimum unit pricing, a levy on profits, and policies to improve food and drink.
- [News story in The Guardian](#): An article, which was the result of close collaboration with the journalist, based on evidence presented in a [briefing](#) quantifying how many people were affected by overlapping risk factors.

## WHO Guide for Journalists

An additional resource for exploring novel media angles is the WHO publication, [Reporting on the World's Biggest Killers: A Journalist's Guide to Covering NCDs](#). This guide helps advocates and journalists frame NCDs beyond clinical terms, focusing on the economic and social drivers that capture public and political attention.

## Recent guidance

## What it offers for advocacy



### [WHO - Reporting on the World's Biggest Killers: a Journalist's Guide to Covering Non-communicable Diseases \(2025\)](#)

- Provides credible NCD data to strengthen policy arguments
- Suggests compelling stories and angles to engage media, policymakers, and the public
- Highlights global and regional trends to support targeted interventions like taxes
- Supports persuasive advocacy messaging for structural health policies
- Offers resources, and reporting guidelines with real-world examples

## 4 HOW PRO-HEALTH TAXES WORK

This chapter provides technical recommendations for the taxation of tobacco, alcohol, and SSBs within the EU context. At the beginning of each section, “**Key Highlights for Advocates**” provide essential guidance to help advocates frame their demands for policymakers in support of effective, pro-health tax policies.

### Understanding Tax Design

Before delving into the technical details of pro-health taxation, it is important to first cover the fundamentals of taxation.

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Unlike general sales or VAT, pro-health taxes specifically target certain products or activities to “nudge” behaviour toward healthier lifestyles. They belong to the class of consumption taxes known as **excise duties** (or excise taxes).

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In common with other excise taxes, pro-health taxes can be structured in different ways, chiefly as specific, ad valorem, or mixed systems. A specific excise tax is a fixed amount per unit (e.g., a set euro amount per pack of cigarettes, per millilitre of alcohol, or per litre of sugar-sweetened beverage). An ad valorem excise tax is calculated as a percentage of the product’s value or price.

The tax structure influences pricing, consumer behaviour, and health outcomes:

- **Specific taxes:** Because they add a fixed amount per physical unit of product, specific excises tend to narrow the price gap between premium and cheap brands. A specific tax creates a price floor in all but name because it is not profitable to commercialise brands below the threshold defined by the tax. One caveat is that if not regularly adjusted, a purely specific tax can be eroded by inflation over time.

- **Ad valorem taxes:** These are levied as a percentage of the retail price. While they rise automatically with price inflation, their public health impact is weaker if used alone. Under an *ad valorem* system, cheap products face low absolute tax, allowing industry to keep budget brands very inexpensive. Consumers can “trade down” to cheaper brands or products in response to a tax hike, blunting the reduction in overall consumption. *Ad valorem* structures also give producers an incentive to cut prices, often by repositioning products with a different brand name to reduce tax liability. For these reasons, reliance on *ad valorem* tax tends to result in greater price variability and smaller health impacts. For instance, empirical evidence indicates that *ad valorem*-heavy systems correlate with higher cigarette consumption than specific-heavy systems.<sup>10</sup>
- **Mixed systems:** EU countries use a mix of specific and *ad valorem* excises, for instance, on cigarettes. A mixed system aims to capture the advantages of both: the specific component provides a floor price and reduces brand disparities, while the *ad valorem* component grows with prices and inflation. Often, the mixed system includes a minimum excise tax establishing a requirement that the specific tax plus the *ad valorem* tax reach a certain threshold.

# Tobacco Tax in the EU

## Key Highlights for Advocates

### EU-Level Recommendations

On 16 July 2025, the European Commission released its [proposal](#) to revise the Tobacco Tax Directive (TTD) ([Directive 2011/64/EU](#)). At this critical stage, it is essential to engage proactively with Member State governments as they prepare their national positions, and to advocate for a proposal that:

- Better aligns taxes on roll-your-own tobacco (RYO) and heated tobacco products (HTP) with those on factory-made cigarettes, to curb consumption and increase public revenue.
- Taxes HTP on a per-stick basis, in line with WHO guidance.
- Harmonises tax bases and rules across all tobacco and nicotine products to ensure consistency and reduce regulatory gaps.
- Applies a single tax rate to e-cigarette liquids regardless of nicotine strength, simplifying administration and aligning with current practices in several Member States.
- Introduces annual tax adjustments based on GDP growth rather than solely on the price index to preserve the real value of taxes in line with both inflation and rising per capita income.
- Ensures shorter transitional periods, to maximise both public health and revenue benefits.

For detailed recommendations, see the [SFP's Policy Brief](#).

### National Focus: Emphasising Modelling

- Use the [SFP Taxation Advocacy Toolkit](#) as guidance on the public health and economic arguments for stronger tobacco taxation.
- Prioritise evidence generation to support advocacy. Robust, country-specific evidence strengthens both policy design and public credibility.
- Partner with independent local research institutions and national and global experts to generate high-quality evidence in support of advocacy efforts.
- Promote data modelling to estimate the potential impact of tobacco taxes on health outcomes, consumption levels, and government revenue, and support evidence-based decisions.
- Translate technical evidence into clear messages for governments, media, and the public, ensuring tobacco taxes are understood as health measures rather than just revenue tools.
- When local data are unavailable:
  - (i) draw on evidence and lessons from comparable countries with similar political and economic systems to inform tax policy design and strengthen advocacy arguments;
  - (ii) apply broader analytical tools, such as the [Cost Recovery and Revenue Estimator](#) (CORRE) to estimate the economic burden of smoking and project potential revenue gains from reduced tobacco use.

**Key Resource:** WHO [Technical Manual](#) on Tobacco Tax Policy and Administration (2021)

## Background

Efforts to harmonise tobacco taxation among EU Member States began in the 1970s, with Council Directive 72/464/EEC as the first major legislation. Since then, tax legislation has been amended several times. The harmful effects of smoking were formally acknowledged in a non-health legal act over 20 years ago, through Recital 7 of Council Directive 2002/10/EC, which amended Directives 92/79/EEC and 95/59/EC.

Despite these efforts, smoking prevalence in the EU remains a concern. Between 2012 and 2023, overall smoking prevalence declined from 28% to 24%<sup>11</sup>, with approximately 40% of this reduction attributed to taxation policies.<sup>12</sup> However, between 2019 and 2024, prevalence fell by only one percentage point, largely because European tobacco control measures were not updated.

Among youth, cigarette use remains widespread, with nearly one in three European students having smoked at least once.<sup>13</sup> Moreover, there is a notable shift towards e-cigarettes among young people, with current use, defined as any use in the past 30 days, reaching 22.5% among 15 to 16-year-olds (19.8% for boys, 25.2% for girls).

These **trends underscore the urgency of updating the current TTD to better protect public health** and achieve Europe’s Beating Cancer Plan goal of a tobacco-free generation, defined as fewer than 5% of the population using tobacco by 2040.

A comprehensive overview of tobacco control in the EU – including progress, challenges, and future directions – is detailed in the 2025 WHO report, [Two Decades of the Implementation of the WHO Framework Convention on Tobacco Control in the European Union](#).<sup>14</sup>

### Tobacco Tax Directive

Within the EU, there is a general consensus that taxing tobacco products has helped Member States to maintain a high level of health protection while securing appropriate levels of tax revenue.<sup>15</sup> The current TTD (Directive 2011/64/EU) establishes how tobacco products are taxed within the EU, following a mixed excise system combining specific and ad valorem elements with a minimum excise tax (MET).

As explained earlier, the specific excise is levied based on physical quantity (e.g. per cigarette or per kilogram of product), while the ad valorem component is tied to the product’s retail price. To ensure a minimum fiscal burden, the combined tax must not fall below a defined threshold per unit – the minimum excise tax.

Within this general framework, the rules diverge significantly between cigarettes and other tobacco products from a health policy standpoint. For cigarettes, both specific and ad valorem taxes are mandatory, whereas for other tobacco products, Member States are allowed to apply either one or both. Moreover, the TTD mandates a dual floor for cigarette taxation: a “fixed minimum clause” of €90 per 1,000 cigarettes and a “relative minimum clause” of 60% of the weighted average retail price (WAP).

An “escape clause” exempts countries from the WAP condition if they levy a tax of at least €115 per 1,000 cigarettes. Additional constraints apply to the specific excise, which must represent between 7.5% and 76.5% of the total tax burden relative to the WAP.

For other tobacco products, the TTD allows more flexibility: the MET must satisfy either a fixed minimum or a relative minimum. For fine-cut tobacco (FCT) the floor is set at either €60/kg or 48% of the WAP. The rest of product classes covered in the TTD (cigars, cigarillos and other smoking tobacco including pipe tobacco) share this feature, that is, it is sufficient if their minimum excise complies with either the fixed or the relative minimum. There is an important nuance for these products, however, in that the base for the relative minimum clause is the brand-specific retail sale price instead of a market-wide measure like the WAP.

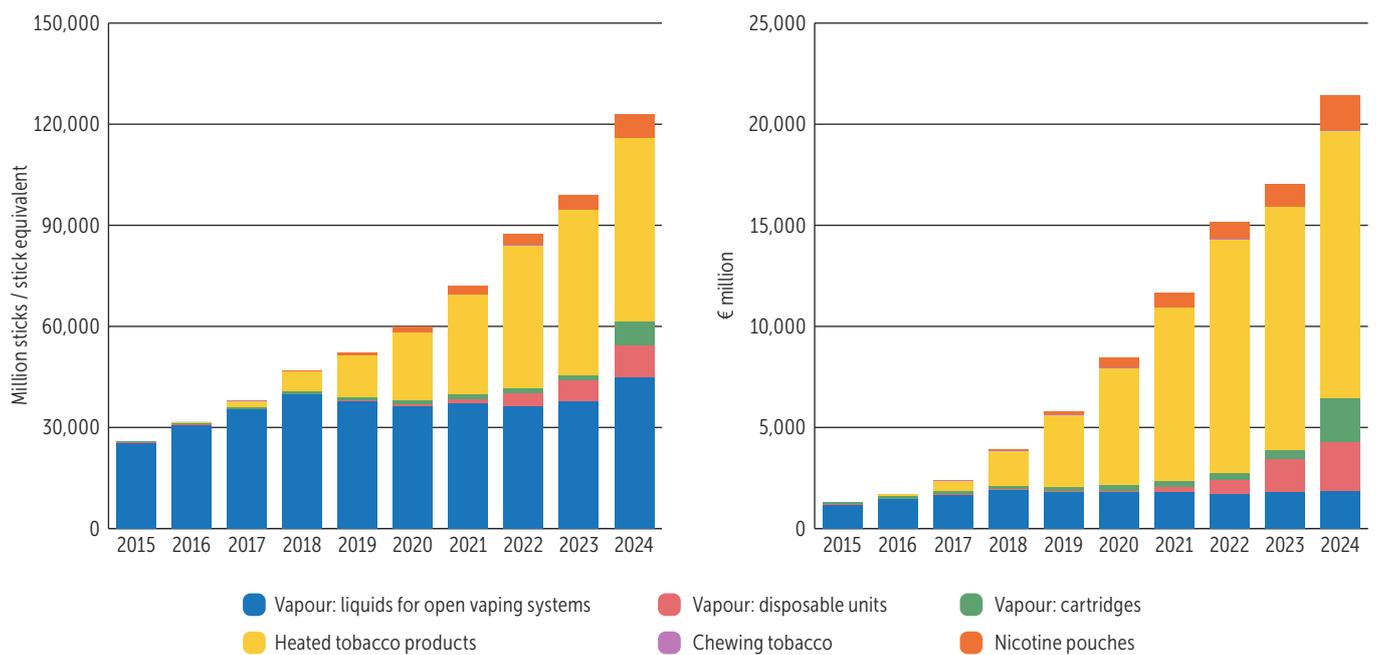
This tax structure has well-documented implications for public health.<sup>16</sup> A fixed MET per physical unit discourages the marketing of ultra-cheap brands by effectively setting a price floor. This is clearly achieved in the case of cigarettes. However, the design of the relative minimum clause for other products opens the door to tax base undervaluation, allowing producers to lower their fiscal burden by manipulating retail prices.<sup>17</sup> A further limitation is that fixed nominal METs lose real value over time unless indexed to inflation. Moreover, applying the same nominal MET across countries with different income levels and price structures, as is the case in the EU, raises equity concerns.<sup>18</sup>

### Revision of the Directive

The European Commission released a proposal for a new directive (referred to as the TTD proposal) on 16 July 2025.<sup>19</sup> The text is intended to come into force on 1 January 2028.

More than a decade after coming into force, the **current TTD is undergoing a revision process aimed at addressing some well-known shortcomings, most notably the lack of coverage for new non-combustible products classes, whose consumption is growing rapidly – especially HTP – as shown in Figure 1.**

Figure 1: Evolution of Market Volumes and Sales of Non-combustibles in the EU



Sources: Author's elaboration with data from Euromonitor, European Commission and Eurostat

The TTD proposal preserves the main reform features revealed in a leaked draft in late 2022. These are the creation of fiscal categories for novel products, a general increase in minimum excise rates, which are to be adjusted by relative purchasing power differences between Member States, and triennial rate revisions to account for inflation. Such reforms and their general implications for tobacco control policies in the EU have been assessed in recent literature.<sup>20</sup>

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Overall, the TTD proposal is expected to reduce consumption of tobacco products and simultaneously raise excise revenue, but its impact on public health could be further enhanced by applying the same excise structure currently used for cigarettes to all tobacco and nicotine products. This harmonisation would help close tax gaps between product categories, reduce avoidance strategies, and reinforce the fiscal and health objectives of EU excise policy.

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### Building Evidence for Advocacy

Building and collecting relevant evidence, such as tax simulations from health tax specialists and public opinion survey data<sup>21</sup>, can significantly strengthen advocacy efforts. Experts in health taxation can bring attention to evidence showing how increasing taxes can improve both health and economic outcomes.

To this end, this section provides an informal description of the steps followed to simulate the effects of the TTD proposal. It is based on the modelling and simulation methods described in the technical appendix of López-Nicolás & Drope (2024)<sup>22</sup>, where data sources and econometric details are available.

By following the steps described below, it is possible to generate country-specific estimates of how the envisioned reforms would affect prices, consumption, and government revenue.

Because the model adjusts for each country's unique characteristics, such as income levels, baseline tax rates, and existing consumption patterns, the results can be used to inform domestic policies. In addition, these individual projections can be aggregated to provide a comprehensive picture for the EU as a whole.

## Simulating the Impact of the TTD Revision

### Step 1. Gather the Right Data

First, we collect data from European and global sources:

- Tobacco tax levels and VAT rates in each EU country.
- Retail sales and market volumes of different tobacco products.
- Consumer prices and purchasing power differences across countries.
- Population size, inflation, and GDP per capita.

It is important to ensure that the quality of tax reform simulations depends critically on the reliability of the underlying data. Accurate figures on prices, consumption, and taxes are essential for producing meaningful results.

### Step 2. Predict How Prices Respond to Taxes

We start by estimating how much of a tax increase will be passed on to consumers through higher retail prices. This depends on the type of product:

- For cigarettes, we find that a €1 tax increase often raises the price by more than €1.
- For FCT, the same €1 tax increase leads to a smaller rise in price.
- For both products, the pass-through takes several years

This is done by analysing past patterns: How have prices responded to tax changes in previous years? We account for inflation, trends over time, and systematic differences between countries.

### Step 3. Estimate How Consumers React to Price Changes

Next, we ask: if tobacco prices go up, how will people change their buying habits?

To answer this, we use a sequential approach:

First, we estimate how much money consumers spend in total on tobacco. This depends on their income and the overall price level of tobacco compared to other goods. Then we estimate how this tobacco spending is divided across different products (cigarettes, FCT, other types). This depends on the prices of each type.

This helps us understand both overall demand and switching behaviour. For example, will people buy less FCT if its price rises?

### Step 4. Simulate Policy Scenarios

Once we understand how prices and demand respond, we simulate different tax scenarios:

- Current TTD (what happens if nothing changes)
- TTD proposal (what the EU is proposing)

Because EU countries vary in wealth, inflation, and tax levels, the model adjusts the scenarios considering each country's specific situation. For example, there are countries whose current tax levels are above the rates contained in the TTD proposal, so they would not be affected by its enactment.

For each scenario, we calculate:

- Expected changes in prices.
- Changes in how much tobacco is sold.
- How much excise tax revenue governments would collect.

### Step 5. Final Output: A Forecast of Impact

At the end, we can answer questions like:

- How much more expensive will tobacco be?
- How much less tobacco will people consume?
- How much extra revenue will governments raise?

Like all forecasting tools, this simulation procedure is subject to limitations. In particular, the modelling described above focuses on the market for combustible tobacco products. As such, it does not fully capture the dynamic interactions between these products and newer alternatives such as e-cigarettes and heated tobacco. In reality, changes in taxation or pricing in one category can lead to shifts in consumption across others, a phenomenon known as cross-product substitution, which may affect both market volumes and revenue outcomes. Nonetheless, it is possible to assess the effects of the TTD proposal on the novel products, as will be demonstrated further in this chapter.

## Effects of the TTD Proposal on the Markets for Cigarettes and Fine-Cut Tobacco in the EU

### Summary of the Potential Effects of the TTD Proposal:

- The intended **reform halts the trend of rising cigarette affordability**: under the current TTD cigarettes would keep becoming cheaper relative to income, but the new TTD would stabilise affordability back at 2022–2024 levels.
- Average **cigarette retail prices rise modestly** – about €0.8 per pack by 2030 versus the baseline – while FCT prices barely change, leaving the price gap between cigarettes and RYO largely intact.
- The **proposal reduces consumption**, with cigarette and FCT volumes falling by around 13 billion sticks in 2028 ( $\approx 3.1\%$  below baseline).
- Despite lower volumes, **excise revenues increase in almost all EU countries**, adding several billion euros relative to the baseline; only countries already above the proposed minima see no change.
- For **heated tobacco, most Member States see excise yields rise** by €12–€45 per 1,000 sticks.
- For **e-cigarette liquids, the impact is small** for closed-system products, while open-system liquids see a more notable excise increase.

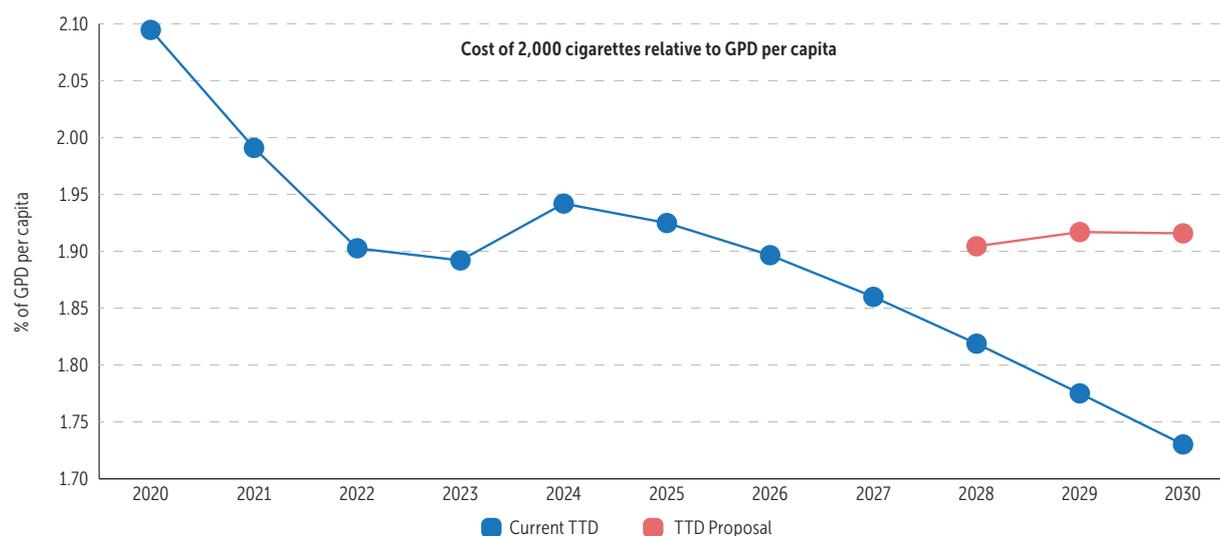
### Affordability of Cigarettes

Figure 2 shows the recent evolution of the affordability of cigarettes in the EU, measured by the cost of 2,000 average-priced units as a proportion of GDP per capita<sup>23</sup>. A smaller proportion means that cigarettes are becoming more affordable.

The observed values of the affordability measure up to 2024 are followed by forecasts. The current TTD scenario assumes that Member States keep their tax rates at the levels of year 2025. Since the TTD proposal is intended to come into force in 2028, the forecasts for 2025–27 only consider this scenario. From 2028 onwards, if the proposal comes into force, most Member States will have to modify their tax rates, so for the period 2028–2030 the figure depicts the forecasts for the baseline scenario (labelled “Current TTD”) and the reform scenario (labelled “TTD Proposal”).

Under the Current TTD, the general trend of increasing affordability (i.e. a declining relative cost of cigarettes) of recent years in the EU that has been documented in other studies<sup>24</sup> would persist. The adoption of the TTD proposal would stop this trend, though it would only restore the ratio to its 2022–2024 levels.

Figure 2: Effects of the TTD Proposal on the Affordability of Cigarettes in the EU

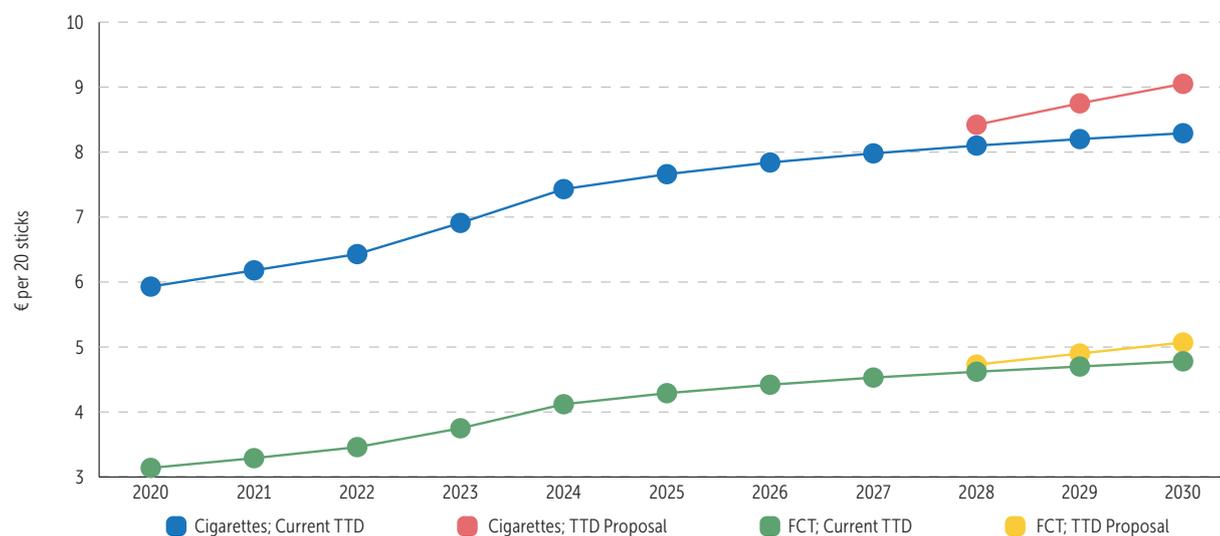


2020–24; Observed data. 2025–30; Forecasts. Malta, Cyprus and Luxembourg not included, population weighted average. Sources: Author’s elaboration with data from European Commission, Euromonitor and Eurostat.

### Retail Prices of Cigarettes and Fine-Cut Tobacco

Figure 3 presents the evolution of the average retail prices for the two products. Again, it shows both observed data up to 2024 and forecasts thereafter, and the “Current TTD” and “TTD Proposal” labels correspond with the scenarios defined above.

Figure 3: Effects of the TTD Proposal on the Retail Prices of Cigarettes and FCT



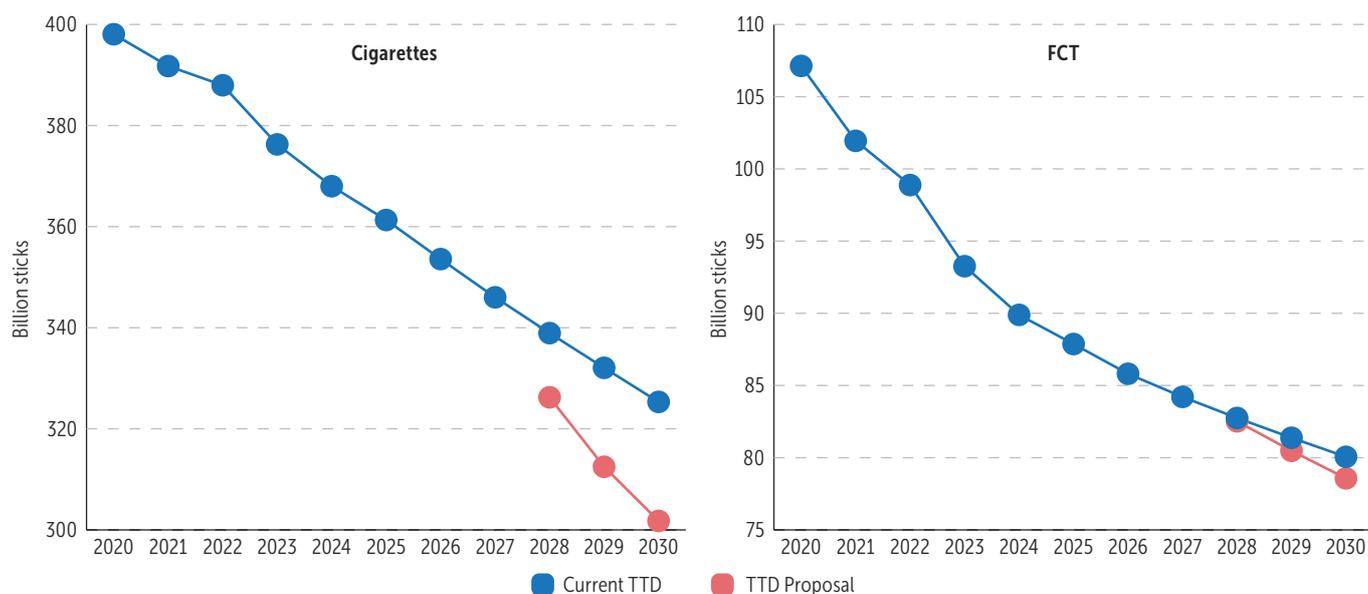
2020-24; Observed data. 2025-30; Forecasts. Malta, Cyprus and Luxembourg not included, population weighted average. Sources: Author's elaboration with data from European Commission, Euromonitor and Eurostat.

Across the EU, the TTD proposal would have a modest effect on the price of cigarettes. By 2030, under the proposed TTD revision, the **average pack of 20 cigarettes would cost about €0.8 more than under the current rules**. As seen in the figure, the effect on the average price of 20 RYO cigarettes (consisting of 14 grams of FCT) would be much smaller. Therefore, the reforms of the TTD proposal are not expected to reduce the existing gap between the prices of these products.

### Market Volumes and Excise Revenue from Cigarettes and Fine-Cut Tobacco

Figures 4 and 5 present the evolution of market volumes and excise revenue. The left panel of Figure 4 shows that the reforms of the TTD proposal would lead to a reduction in market volumes, notably in the case of cigarettes. For the two products, the reduction would amount to about 13 billion sticks in year 2028, which represents more than 3.1% of expected consumption in the Current TTD scenario.

Figure 4: Effects of the TTD proposal on the volumes of cigarettes and FCT in the EU



2020-24; Observed data. 2025-30; Forecasts. Sweden, Estonia, Malta, Cyprus and Luxembourg not included. Sources: Author’s elaboration with data from European Commission, Euromonitor and Eurostat.

Along with the effect of tobacco tax reforms on consumption volumes, their effects on excise revenue are important policy outcomes.

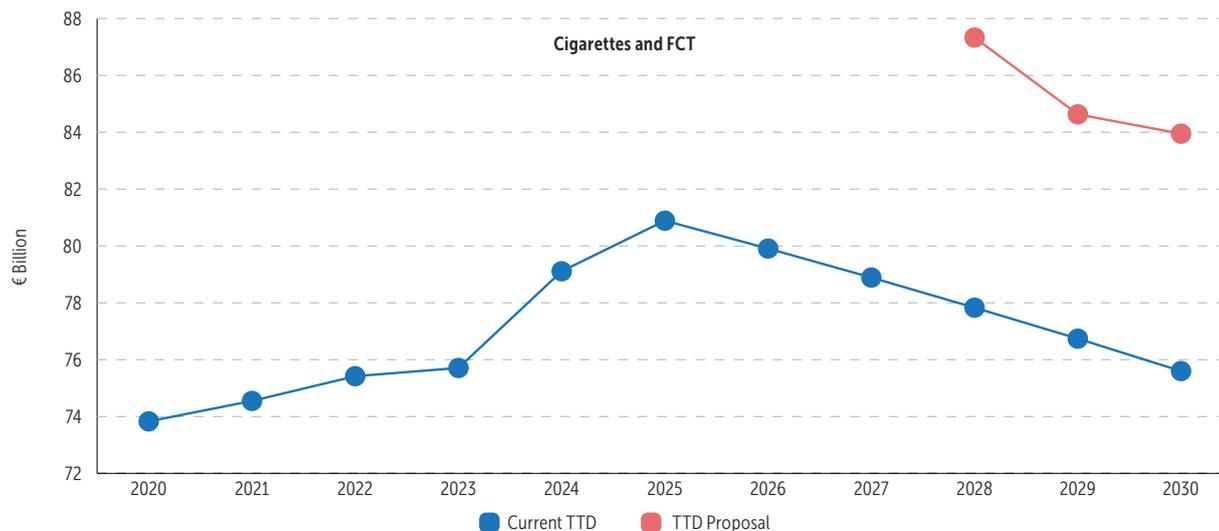
**Laffer Curve**

One of the usual arguments against raising tobacco taxes is that they will lead to declines in excise revenue, often shrouding the claim with the argument that the tax level is on the downward sloping part of the Laffer Curve. However, the WHO technical manual on tobacco taxes<sup>25</sup> notes that empirical evidence does not support this concern: in practice, no country seems to have reached the revenue-maximising point of the curve. On the contrary, most countries

remain on the upward-sloping portion, where higher tobacco taxes continue to generate additional fiscal revenue while simultaneously reducing consumption. The consensus reflected in the manual stresses that well-designed tax increases, accompanied by effective administration and enforcement to curb illicit trade, tend to strengthen public revenue rather than erode it.

The Laffer Curve is a theoretical concept showing that very high tax rates can lower revenue, but the exact revenue-maximising rate has never been empirically proven.

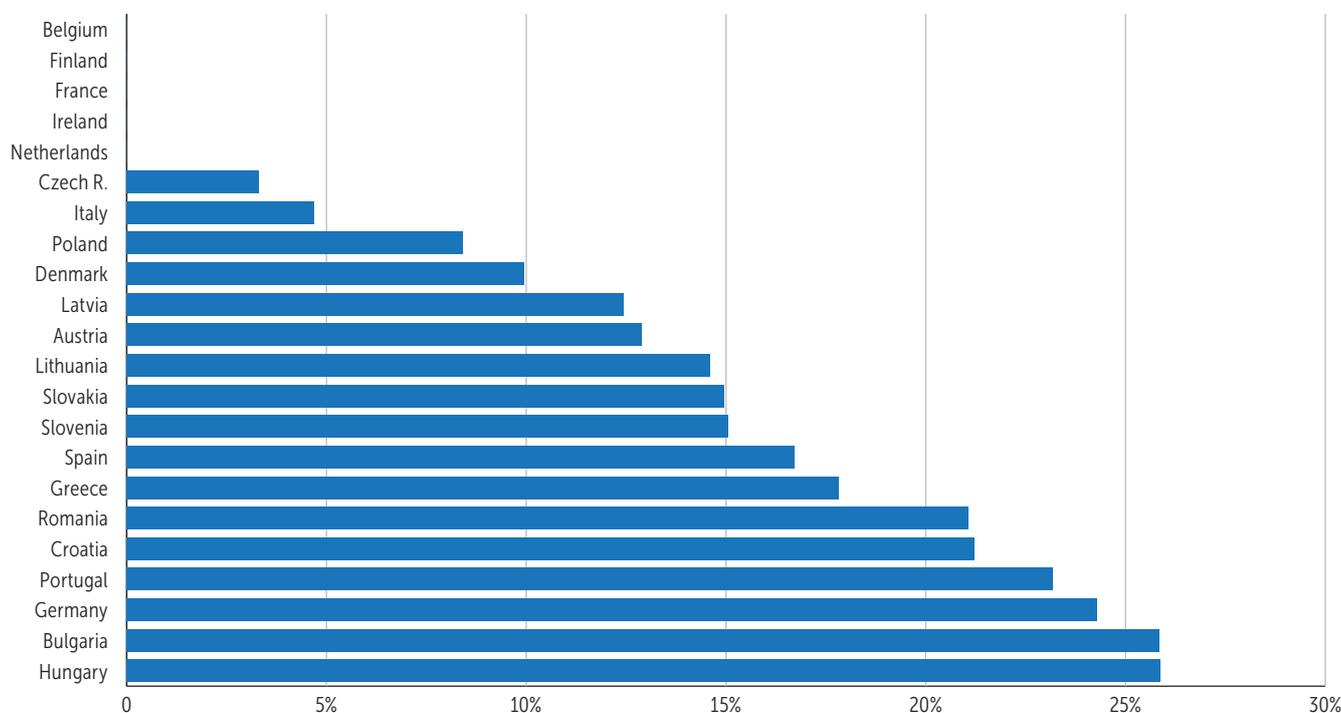
Figure 5: Effects of the TTD Proposal on Excise Revenue from Cigarettes and FCT in the EU



2020-24; Observed data. 2025-30; Forecasts. Sweden, Estonia, Malta, Cyprus and Luxembourg not included. Sources: Author's elaboration with data from European Commission, Euromonitor and Eurostat.

In line with such consensus, Figure 5 shows that, under the TTD proposal, **total excise revenue from cigarettes and FCT in the EU would increase compared with the baseline scenario**. While the Current TTD projects a gradual erosion of revenues over time due to declining consumption, the TTD proposal lifts total receipts by several billion euros in the years following implementation. Indeed, as shown in Figure 5 excise revenue would increase in all EU Member States except those for which the reforms in the TTD proposal do not require changes to their current taxes on cigarettes and FCT.

Figure 6: Increase in Excise Revenue from Cigarettes and FCT in EU Member States



Sources: Author's elaboration with data from European Commission, Euromonitor and Eurostat.

## Effects of the TTD Proposal on the Tax of Heated Tobacco Products and Electronic Cigarettes

As explained earlier, the simulation methodology used to assess the effects of the TTD proposal on the outcomes directly related to cigarettes and FCT requires reliable estimates of tax pass-through rates and price elasticities. This in turn requires rich data, spanning long periods of time across different countries, able to yield such estimates using statistics and econometrics. Because HTP and electronic cigarettes are relatively recent arrivals in the tobacco markets in the EU, the available data is insufficient to apply a similar methodology.

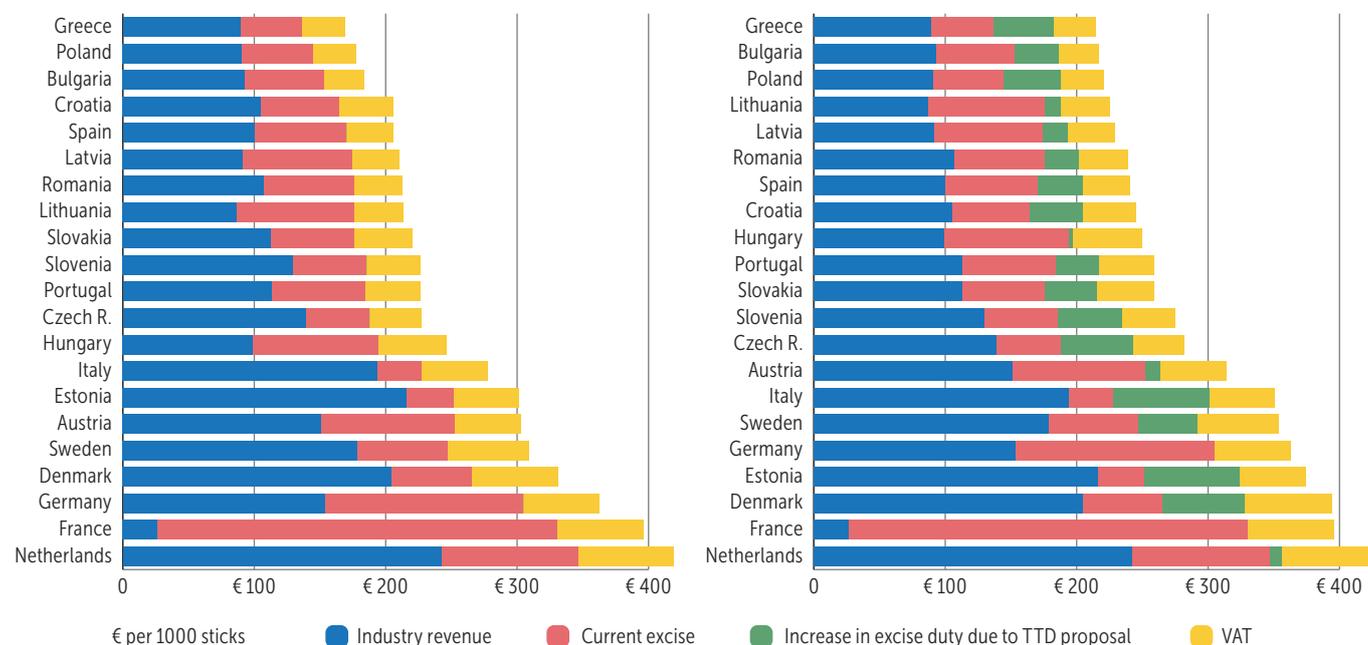
Still, it is possible to assess the effects of the TTD proposal by analysing the changes likely to occur in the composition of the price of the products affected by its reforms. Of particular interest is a comparison of the excise yield of a product at a representative price segment in the Current TTD scenario vis-à-vis the corresponding yield in the TTD proposal scenario. A good candidate for such a representative price is the weighted average retail price (WAP), which is

computed as the ratio of the value of total sales over total product volume in a calendar year.

### Heated Tobacco Products

Figure 7 shows the results of the comparison for the HTPs at the Member State level using the WAPs reported by the Euromonitor database for year 2024 (the latest available). The height of the country's bars shows the WAP per 1000 sticks, and the different tranches composing the bars are industry revenue per 1000 sticks (blue), excise duty yield per 1000 sticks under the Current TTD (red), VAT yield per 1000 sticks (yellow) and increase in excise yield per 1000 sticks under the TTD Proposal scenario (green). It is important to note that the latter is matched by an equivalent decrease in industry revenue. As seen in the right panel, France and Germany would not be affected by the tax reforms of the TTD proposal as far as HTPs are concerned. And **for most Member States the increase in excise yield would range between €12 and €45 per 1000 sticks.**

Figure 7: Changes in the Composition of Retail Prices for HTP in the EU



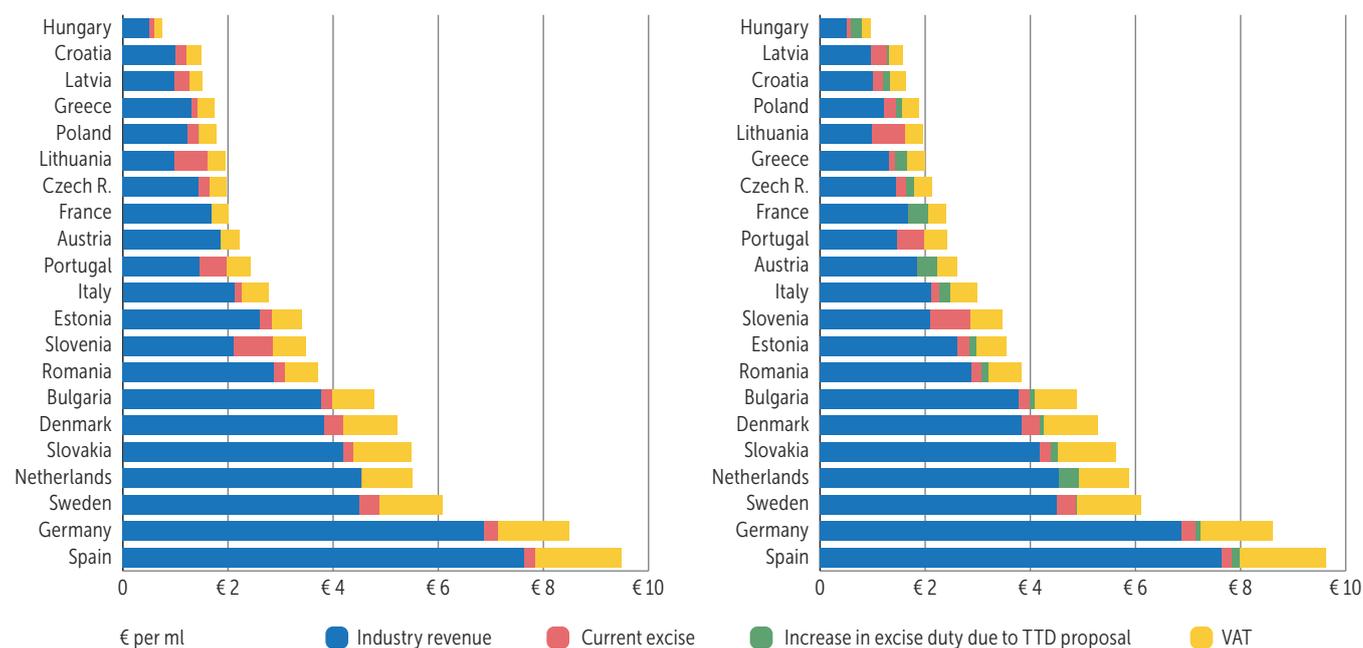
Note: For Italy, we use the smallest current applicable excise of € 33,39, implied by a Rapporto di Equivalenza of 51%  
Sources: Author's elaboration with data from Euromonitor, European Commission and Eurostat

The largest increase shown in the graph corresponds to the case of Italy (€73.7 per 1000 sticks). However, for this country we show the most extreme possibility. In Italy, the excise duty on HTPs is scaled by a brand-specific factor known as “*Rapporto di equivalenza*” that ranges between 0.51 and 0.99. This represents the relationship between the brands consumption time and the standard consumption time of cigarettes. For an Italian brand with the median “*Rapporto*” (0.85), the increase in yield would be €51.6 per 1000 sticks.

### Liquids for Electronic Cigarettes

Figure 8 shows the corresponding breakdown for the WAP of liquids for electronic cigarettes. Most countries are illustrated using the case of closed system cartridges delivery systems or single use closed systems. The exception is Hungary, for which data on the prices of such product varieties was not available in the Euromonitor, and for this country we use the price of liquids for open vaping systems, which sells at a substantial discount with respect to the other varieties in all Member States.

Figure 8: Changes in the Composition of Retail Prices for E-cigarette Liquids in the EU



Note: Single use units for Estonia, Latvia and Slovenia. Open vapings systems for Hungary.  
 Sources: Author’s elaboration with data from Euromonitor, European Commission and Eurostat

As seen in the size of the green tranches in the right-hand panel, the **TTD proposal would have a minor impact on the absolute excise yield of these products.** In relation to the price of liquids for open vaping systems, represented by Hungary in our illustration, the increase in yield is more important, which suggests that the industry is more likely to pass-on the tax increase to consumers in the case of this variety.

Note: Contribution of Ángel López Nicolás (Universidad Politécnica de Cartagena) to this section was partially funded by the Economics for Health project at Johns Hopkins University (JHU) to conduct economic research on tobacco taxation. JHU is a partner of the Bloomberg Initiative to Reduce Tobacco Use. The views expressed in this section cannot be attributed to, nor can they be considered to represent, the views of JHU or Bloomberg Philanthropies.

# Alcohol Tax in the EU

## Key Highlights for Advocates

### EU-Level Recommendations

- The EU Alcohol Tax Directives ([92/83/EEC on tax structures](#) and [92/84/EEC on rates](#)) should be updated to reflect current economic and health realities.
- The Directives should explicitly establish health protection as a core policy objective, moving beyond a purely fiscal or internal market focus.
- Current EU minimum tax rates are low and should be considered a floor, not a target. Substantial increases and automatic adjustments for inflation and income growth are needed.
- Large variations in rates between alcohol products should be addressed; ideally, the tax per litre of pure alcohol should be uniform across most beverage categories.

### EU-Level Considerations

- Harmonising alcohol tax rates across Member States would improve single market efficiency and reduce cross-border distortions.
- Revising the Directives to introduce specific tax categories for “alcopops” and other ready-to-drink beverages would reflect the modern market and close existing tax loopholes.
- Developing a clear health framework would allow for targeted action against high-risk patterns, such as youth consumption and binge drinking, and address overall alcohol-related harm.

### National-Level Recommendations

- Taxes must be high enough to reduce the affordability of alcoholic beverages and reflect the full social cost of alcohol consumption.
- Because prices, product types, and consumption patterns vary widely, no single universal tax rate is recommended. However, effective taxation should follow these guiding principles:<sup>26</sup>
  - (i) Specific excise taxes based on alcohol content – regularly updated to account for inflation and income growth – are generally most effective; ad valorem taxes can complement policy goals.
  - (ii) Tax per litre of pure alcohol should be uniform, with exceptions for disproportionately harmful products (e.g., “alcopops”).

### National-Level Considerations

- Reducing overall alcohol consumption reduces the long-term risk of chronic illnesses such as liver disease and cancer.
- Reducing binge drinking lowers the immediate risk of injuries and violence.
- Preventing alcohol use during pregnancy and adolescence is critical, as consumption during these periods is particularly harmful.
- Policy should account for how health effects vary based on the age of initiation, alcohol type, and product quality.

**Key Resource:** WHO [Technical Manual](#) on Alcohol Tax Policy and Administration (2023)

## Background

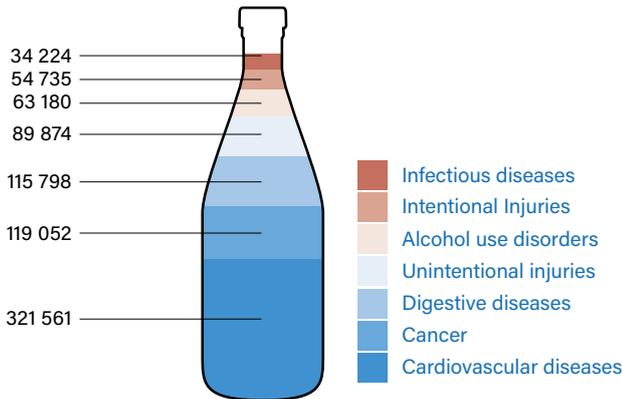
In 2019, the average adult in the EU consumed 11.0 litres of pure alcohol, higher than the WHO European Region average. Men consumed 3.6 times more alcohol (17.4 litres) than women (4.9 litres). In the same year, there were more than 289 million users in the EU, with an average of almost four out

of every five (77%) adults consuming alcohol. Among current users only, excluding lifetime abstainers and former users, the average consumption per adult was 14.3 litres of pure alcohol, with men consuming 20.7 litres and women 7.1 litres.<sup>27</sup>

Alcohol consumption has a causal impact on more than 200 health conditions and diseases. Cancers are the leading cause of death related to alcohol in the EU, followed by liver cirrhosis and other digestive and cardiovascular diseases.

In 2019, **every day, around 656 people died from alcohol-related causes in the EU**, and almost 9 million Disability-Adjusted Life Years (DALYs) were caused by alcohol – i.e. almost 9 million healthy years if life were lost to alcohol consumption.<sup>28</sup>

**Distribution of alcohol-attributable deaths by cause (WHO European Region, 2019)**



**799 845 deaths**  
in the WHO European Region were estimated to be alcohol-attributable in 2019

**8.8%**  
of all deaths in the Region were caused by alcohol

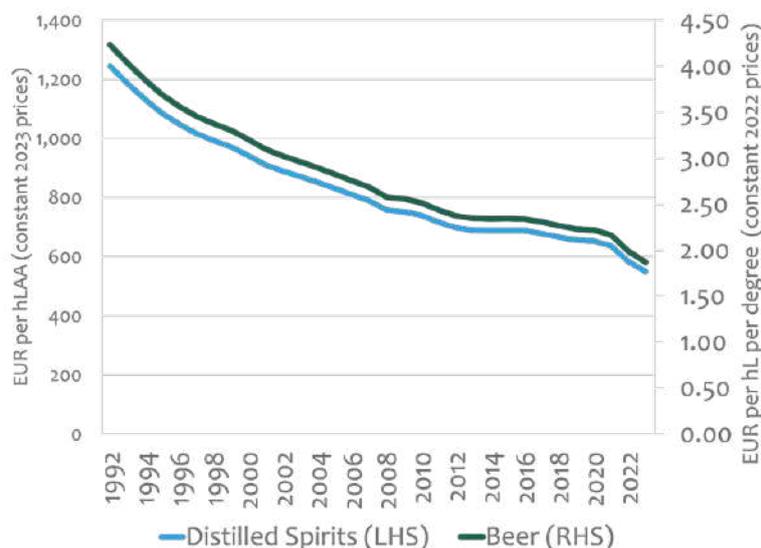
Source: WHO [Alcohol, health and policy response in the EU, 2024](#)

**Affordability of Alcohol**

The share of excise taxes for alcohol in the WHO European Region in 2020 was estimated at 6%, 14% and 31% of retail prices of wine, beer and spirits, respectively. **The mean tax share of alcohol prices for the Region was 14.27%, with the EU being the subregion with the lowest mean share at 10.86%.** In contrast, the tax share in the retail price of the most widely sold cigarette brand in the Region ranged between 31% and 86% in the same year.

Increasing excise taxation of alcoholic beverages is considered a “best practice” in alcohol control policy. Higher alcohol taxes that lead to higher inflation adjusted alcohol prices are associated with lower alcohol consumption when controlling for disposable income. Therefore, raising alcohol retail prices via increased taxation or minimum unit pricing are effective means to improve public health.<sup>29</sup> These benefits are expected to be stronger among the more deprived population.<sup>30</sup>

Figure 9: Alcohol Affordability in Europe



Source: Vienna conference, Norman, WB, GHT, 2024

## Key Requirements of the EU Directives

Excise duty structures on alcohol and alcoholic beverages were first harmonised across EU Member States under Directive 92/83/EEC, which came into effect on 10 November 1992.

The policy drivers for adopting this Directive included internal market integration, harmonisation of taxes and excise duties, reduction of administrative burdens and trade distortions, and safeguarding Member States' revenues (ensuring proper excise collection).

This Directive is still in force, and sets out the EU rules for:

- The categories of alcohol and alcoholic drinks subject to excise duties.
- The basis for calculating the duty.
- Applicable reduced rates and exemptions.

The following products are exempt: denatured alcohol (i.e. ethyl alcohol made unfit for drinking by adding one or more chemicals to it); alcohol used to make products not intended for human consumption; alcohol used to produce vinegar, medicines, foodstuffs or food flavourings.

Directive 92/83/EEC was finally amended by Directive (EU) 2020/1151, which came into effect on 1 January 2022. The amendment was introduced to:

- To update and clarify some of the rules of Directive 92/83/EEC that had resulted in unnecessarily administrative burden.
- To update the rules allowing EU countries to apply reduced rates on certain alcoholic products from small producers. These rates cannot be lower than 50% of the full rate.
- To ensure the uniform application of the conditions for fixing excise duty on beer, and to ensure a smooth transition to a harmonised methodology for its measurement.
- To specify that tax on wine and other fermented drinks is levied based on volume, with a reduced rate allowed for these products if alcohol <8.5% volume.
- To specify that tax on spirits is calculated per hectolitre (hL) of pure alcohol, when measured at a temperature of 20°C.
- EU countries must levy the same tax rate within each category of drinks; the reduced rates must be applied to any producer within the EU.

**Alcohol taxes are more complex than tobacco taxes, because they consider both the alcohol levels (strength) and the production process of an alcoholic beverage (fermented vs distilled, etc.).** Tobacco taxes are usually applied per unit (e.g. per cigarette or per gram of tobacco).

## EU Alcohol Tax Minima in 2025

Product	EU minimum	Exemptions
Beer	€ 187 per hL per degree of alcohol	Reduced rates allowed for lower alcohol products and small producers
Wine	€ 0 per hL	Separate rates for still and sparkling wine; reduced rate categories allowed
Other fermented beverages	€ 0 per hL	Separate rates for still and sparkling products; reduced rate categories allowed for lower alcohol products
Intermediate products	€ 45 per hL	Separate rates for still and sparkling products; reduced rate categories allowed for lower alcohol products
Distilled spirits	€ 550 per hL of pure alcohol	Reduced rates allowed for lower alcohol products, particular regions and small producers

*Notes: A unit of alcohol is defined as 8 g, equivalent to 10 ml of ethanol. It is around the amount of alcohol the average adult can process in an hour. Alcoholic strength is defined in terms of percentage ABV (alcohol by volume). For beer, alcohol strength can also be expressed in terms of degrees Plato. 1 degree Plato = 0.4% ABV. LAA: Litres Absolute Alcohol. 40% ABV spirit contains: Ethanol: 40% (the pure alcohol being taxed), Water: ~59.9%, Congeners (flavours): ~0.1%*

Both volumetric and alcohol content based specific taxes exist. There is a large variation in minimum tax rates between products. Large variations in minimum tax rates mean alcohol is not treated equally, examples:

- Beer: € 1.87 per LAA
- Wine: € 0 per LAA
- Spirits: € 5.50 per LAA

The Commission publishes excise duty rates, including alcohol taxes, for EU countries in the interactive [Taxes in Europe Database](#).

### Still Fit for Purpose?

The EU Alcohol Tax Directives provide good tax structures that give countries the tools to generate both demand and supply side incentives, while recognising heterogeneity in alcohol content within and between product categories. But **the minimum tax rates are very low**. They are lower than in most other countries, independent of the region and the level of development (see below). This creates a clear opportunity for advocacy, highlighting the need for a substantial update of the EU Alcohol Tax Directives (92/83/EEC on tax structures and 92/84/EEC on rates).

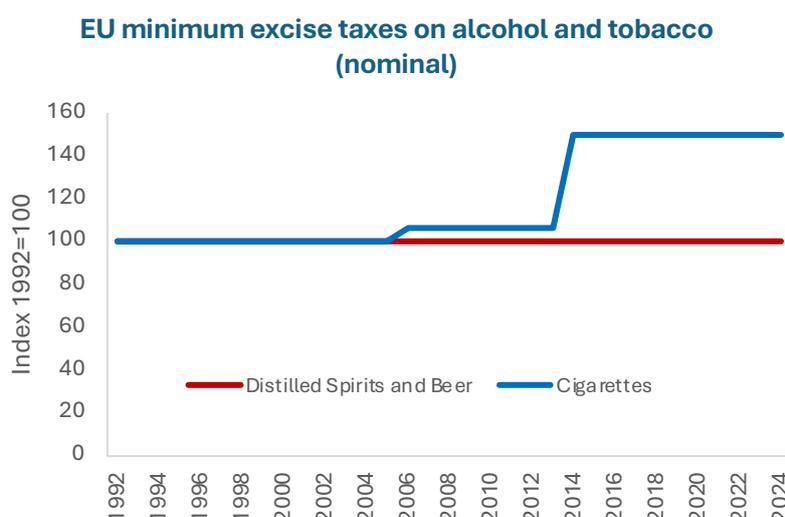
### International Comparison of Tax Rates

EUR per Litre (ABV)	Beer (5%)	Wine (15%)	Spirits (40%)
European Union	0.09	0	2.20
Australia	1.89		25.60
Kenya	0.98	1.68	2.46
Philippines	0.66	0.95	
Singapore	2.10	9.26	24.70
South Africa	0.32	0.26	5.23
Thailand	0.91	10.94	1.68

Source: World Bank, GTP estimations, 2023.

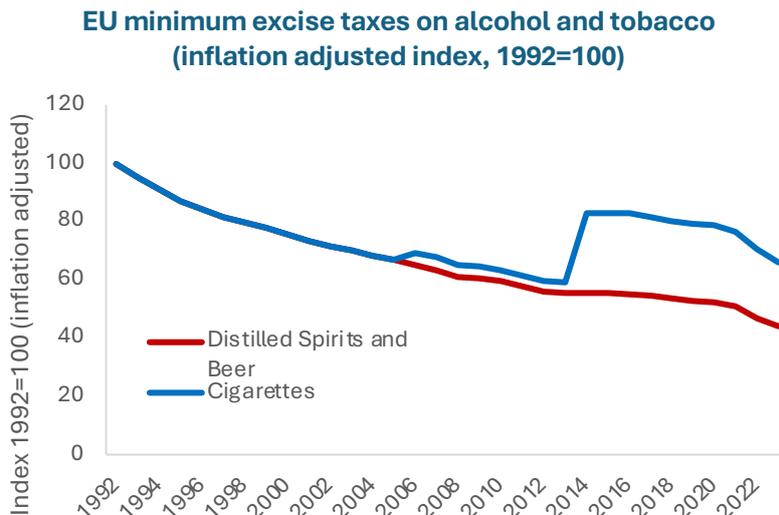
In addition, the **minimum tax rates have not been increased since 1992, i.e. over 3 decades** (Figure 10). Due to inflation, the minimum alcohol tax rates in 2023 were 66% lower in real terms than in 1992. The minimum cigarette tax rates have also declined over time (44% decline), but to a lesser degree (Figure 11). This results in both alcohol and cigarettes becoming more affordable over time, but especially alcohol.

Figure 10: EU Minimum Excise on Alcohol and Tobacco (Nominal)



Source: World Bank GTP using European Commission and Eurostat data

Figure 11: EU Minimum Excise on Alcohol and Tobacco (Inflation Adjusted)



Source: World Bank GTP estimates using European Commission and Eurostat data

Very low minimum tax rates also result in large variation in excise taxes between countries. Many countries tax well above the minimum rate, while some use the minimum tax rates as a standard (Figures 12-14).

Figure 12: Beer Excise Taxes per 330 ml (4% ABV)

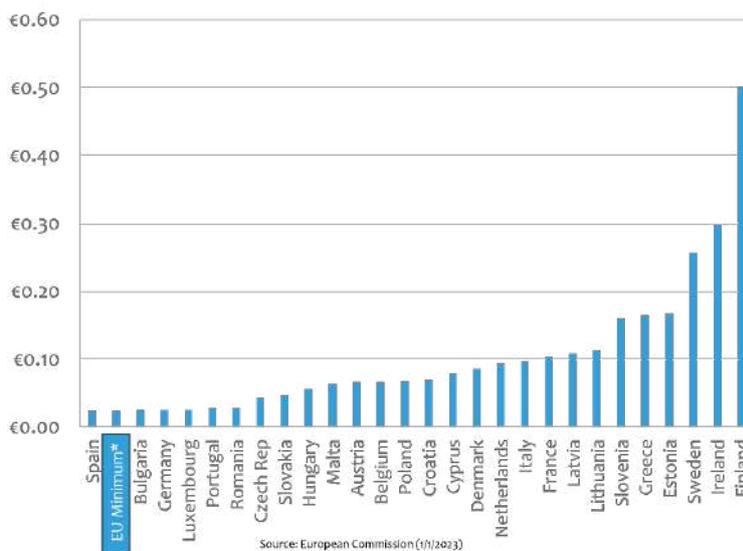


Figure 13: Still Wine Excise Taxes per 750 ml

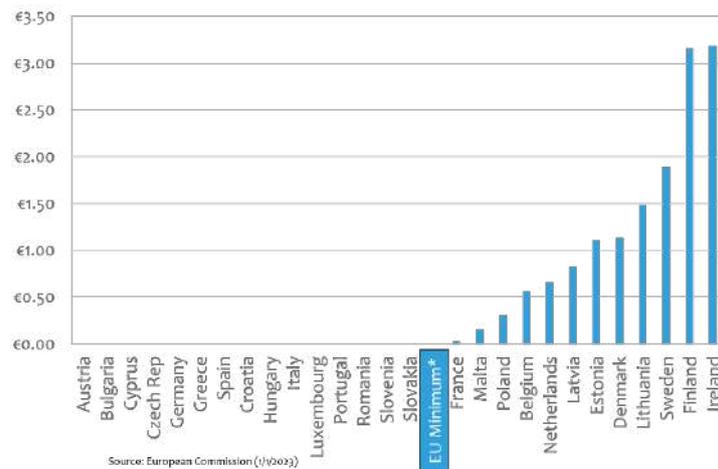
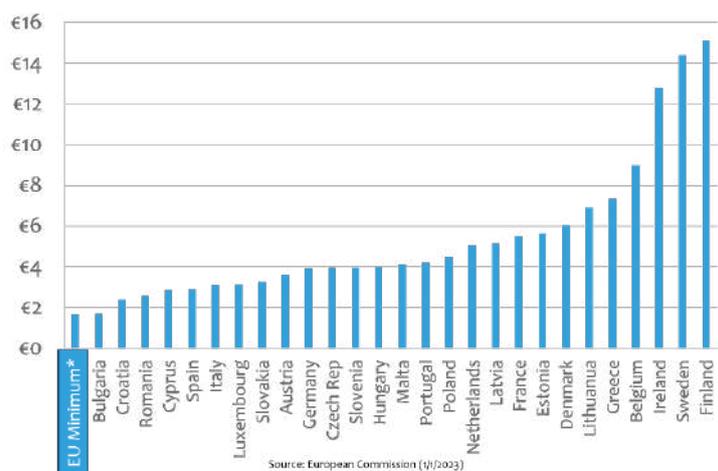


Figure 14: Distilled Spirits Excise Taxes per 750 ml (40% ABV)



The cross-country variations in alcohol excise tax revenue reflect the different levels of taxes, with higher revenue generated in countries with higher per capita taxation levels.<sup>31</sup>

**The vast differences in minima motivate cross-border shopping while large variations in minimum rates across alcohol categories (beer, wine, spirits) motivate substitution and incentives for firms to innovative products to avoid taxes.**

Half of the 27 EU countries levy no excise taxes on wine. In 2018, 21 EU Member States levied less than €0.30 per 0.5l of beer with 5% alcohol content.<sup>32</sup> Therefore, it is not surprising that beer makes up between 35 and 51% of consumption but contributes only between 19% and 25% of government revenue.<sup>33</sup>

The largest untapped potential for higher tax revenue is in countries with low alcohol excise taxes and high affordability of alcoholic beverages, such as Germany, Spain or France.<sup>34</sup>

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**Weak EU Alcohol Tax Directives send a wrong signal to Member States; many assume that they set a good standard (similarly to the TTD) when they actually do not.**

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### Alcohol Price and Health Effects

A summary of the available literature concludes that the price elasticity of alcohol demand is about  $-0.5$ .<sup>35</sup> This means that a 10% increase in the retail price of alcoholic beverages would result in a 5% reduction in the volume of alcohol consumed.

Because the alcohol volume declines proportionately less than the price increase, the total spending on alcohol rises by 4.5% (calculated as new volume  $0.95 * \text{new price } 1.1 = 1.045$ ). If this price increase is entirely driven by a tax hike, the higher expenditure will translate into additional excise tax revenue.

In most cases, the industry will also increase its prices when taxes are increased to make up for lower sales volume. In this case, the higher alcohol expenditure is shared between the industry (as profit) and the government (as additional tax revenue).

While elasticities differ by beverage type and preferred beverage in a country, price elasticity  $-0.5$  is a reasonable proxy for estimating the impact of higher alcohol taxes and prices on alcohol demand and additional tax revenue.

A tax simulation model predicted that an increase in the mean tax share of alcohol prices from 14% to 25% in the WHO European Region could avert about 40,000 deaths. **If a 15% tax share were applied across all alcohol products, almost 133,000 alcohol-related deaths could be averted.**<sup>36</sup>

### Selected Country Case Studies

Some argue that higher alcohol excise taxes could lead people to switch from taxed to unrecorded alcohol, reducing excise revenue while failing to address the public health consequences of alcohol consumption.<sup>37</sup> This misconception discourages some governments from raising alcohol taxes.

Empirical evidence from three Baltic countries (Estonia, Latvia and Lithuania) demonstrates that higher alcohol excise taxes have the potential to lower alcohol consumption and the resulting harm, as well as increase revenue for the government.<sup>38</sup> In contrast, Poland and Germany underutilise alcohol excise taxes as a public health and fiscal measures.

The 2022 tax rates in these five countries are shown below.

## Excise taxes for beer, wine and spirits in selected EU countries (2022)

Country	Beer	Spirits	Wine
<b>Estonia</b>	Beer taxed at € 12.70 per 1% of alcohol per 100 L beverage	"Other alcohol" taxed at € 1881 per 100 L of pure alcohol	Wine (> 6% ABV) and fermented beverages (> 6% ABV) taxed at € 147.82 per 100 L beverage; wine (≤ 6% ABV) and fermented beverages (≤ 6% ABV) taxed at € 63.41 per 100 L beverage; intermediary products taxed at € 289.33 per 100 L of pure alcohol
<b>Germany</b>	Beer taxed at € 0.787 per 1° Plato of 100 L beverage	Spirits taxed at € 1303 per 100 L of pure alcohol; alcopops taxed at € 5500 per 100 L of pure alcohol	Sparkling wine taxed at € 51 (if ABV <6%) or € 136 (if ABV ≥ 6%) per 100 L beverage; intermediary products taxed at € 102 (if ABV > 1.2 and ≤ 15%) or € 153 (if ABV > 15 and ≤ 22%); no excise taxes on regular/still wine
<b>Latvia</b>	Beer taxed at € 8.20 per 1% of alcohol per 100 L beverage	"Other alcohol" taxed at € 1724 per 100 L of pure alcohol	Wine (< 18% ABV), fermented beverages (if ABV > 6 % and ≤ 15%) and intermediary products (if ABV ≤ 15%) taxed at € 111 per 100 L beverage; fermented beverages (if ABV ≤ 6%) taxed at € 64 per 100 L beverage; intermediary products (if ABV > 15% and ≤ 22%) taxed at € 185 per 100 L beverage
<b>Lithuania</b>	Beer taxed at € 7.82 per 1% of alcohol per 100 L beverage	"Other alcohol" taxed at € 2163 per 100 L of pure alcohol	Wine and other fermented beverages taxed at € 78 (if ABV ≤ 8.5%) or € 181 (if ABV > 8.5%); intermediary products taxed at € 200 (if ABV ≤ 15%) or € 285 (if ABV > 15%)
<b>Poland</b>	Beer taxed at € 9.32 per 1° Plato of 100 L beverage	Ethyl alcohol taxed at 6903 PLN per 100 L of pure alcohol	Wine and fermented beverages taxed at 191 PLN per 100 L beverage; intermediary products taxed at 385 PLN per 100 L beverage

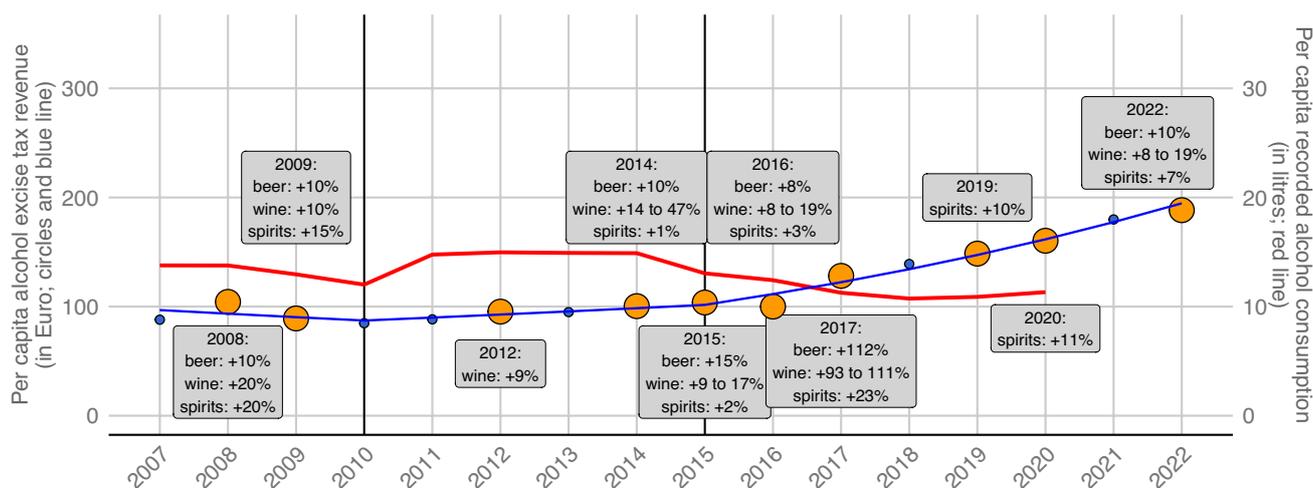
Source: Manthey et al, 2024.

Note: The PLN currency in Poland translates to €2, €1473, €41 for beer, spirits and wine, respectively.

Since Germany and Poland have low alcohol taxes, they also had the lowest per capita alcohol excise tax revenue in 2022 (Germany €44 and Poland €90) compared to higher in Latvia (€167), Lithuania (€188) and Estonia (€218). During the period of 2000-2020, inflation-adjusted per capita alcohol excise tax revenues have declined in Germany (-22.9%) and Poland (-19.1%) and increased in Latvia (+56.8%) and Lithuania (+49.3%).

Alcohol taxes were repeatedly increased in Latvia, resulting in considerable gains in the inflation-adjusted alcohol excise tax revenue (Figure 15).

Figure 15: Alcohol tax revenue and consumption in Latvia



Source: Manthey et al., 2024.

Lithuanian policy makers responded to the problem of alcohol harm with strong alcohol control policies, primarily in 2008–2009 and 2016–2018. In 2017, the Lithuanian government doubled the excise tax rates for beer, wine and intermediate products as well as increased excise for absolute ethyl alcohol (relevant for spirits) by 23%.<sup>39</sup>

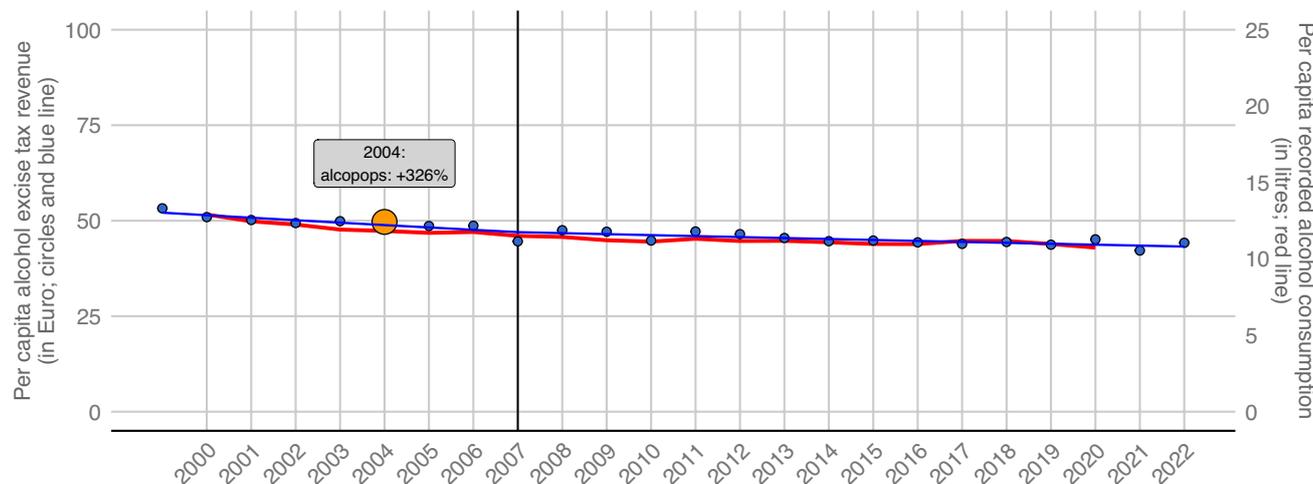
This tax increase decreased affordability of alcoholic beverages<sup>40</sup>, and was associated with lower all-cause mortality rates<sup>41,42</sup>. The reduction in mortality rates were most notable among younger adults<sup>43</sup> and lower educated men.<sup>44</sup> The most pronounced reduction of mortality rates among lower educated men (-11%)

was observed in 2017, the year of the alcohol taxation increase. The mortality reduction was driven by lower mortality for liver cirrhosis and suicide deaths.<sup>45</sup>

The 2017 taxation increase in Lithuania resulted in a reduction of health inequalities measured by the reduction in mortality.<sup>46</sup> The study concluded that a sufficiently large increase in alcohol excise taxation can lower health inequalities.

The inaction of the German government is reflected in stagnating revenue from alcohol sales since 2007 and a net loss of inflation-adjusted revenue of 23% between 2010 and 2022 (Figure 16).

Figure 16: Alcohol Tax Revenue and Consumption in Germany



Source: Manthey et al., 2024.

Data from Germany suggest that the annual revenue from alcohol excise taxes, which amount to about €3 billion annually, constitutes only a fraction of direct healthcare costs attributable to alcohol use, which amounted to about €9 billion in 2009, not considering the €30 billion indirect costs (e.g. sick leave or premature mortality).<sup>47</sup>

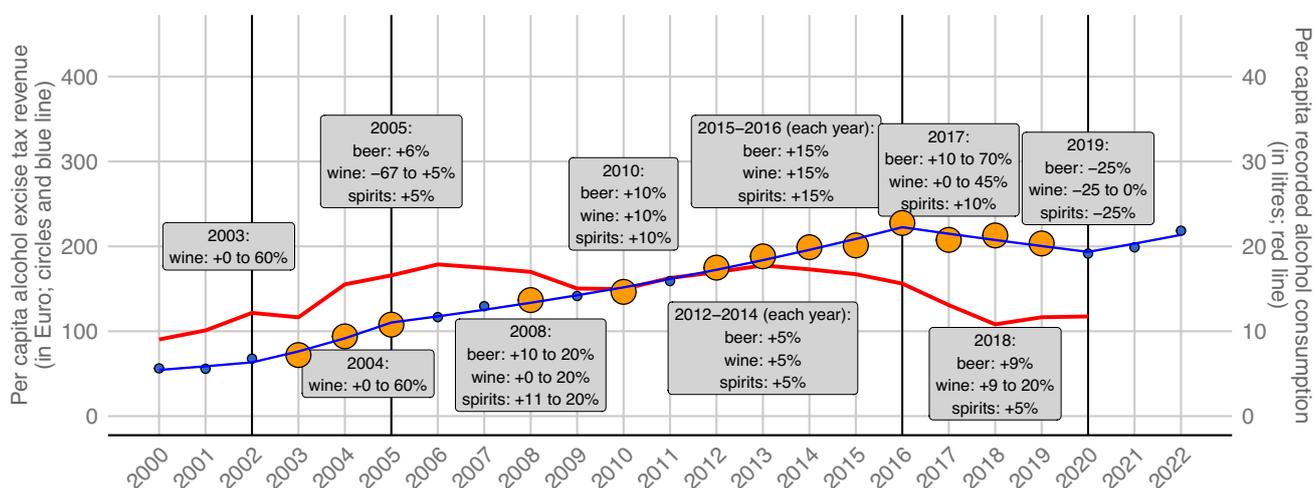
Estonia is a mixed case: the annual increase in alcohol taxes between 2012 and 2019 was contrasted by a considerable tax reduction in 2019 (Figure 17). This tax cut was motivated by increased cross-border alcohol trade between Latvia and Estonia in 2016 and 2017, mostly driven by lower alcohol retail prices in Latvia. The policy makers in Estonia responded by lowering

alcohol excise tax by 25% in July 2019. On the other side of the border, in Latvia, government lowered the excise tax on spirits by 15% in August 2019.<sup>48,49</sup>

This was not a win-win situation. The cross-border trade dynamics between Estonia and Latvia were not altered by lowering the tax rates. Nevertheless, the cross-border shopping declined due to the 2019 onset of travelling restrictions related to COVID-19 pandemic.

With the lower tax rate, the prior progress in reducing alcohol consumption in Estonia has halted and the inflation-adjusted per capita alcohol excise tax revenues declined by 4.2% from 2000 to 2020.

Figure 17: Alcohol Tax Revenue and Consumption in Estonia



Source: Manthey et al., 2024.

# SSB Tax in the EU

## Key Highlights for Advocates

SSB taxes have untapped potential to advance health and raise revenue. Clear objectives are essential to ensure a balance between consumption reduction and revenue, as higher revenue may mean smaller consumption reductions and vice versa.

### Tax Design

- Excise taxes are the most suitable instrument for SSB taxation.
- Taxes covering all SSBs (carbonates, fruit drinks, juices, energy/sports drinks, non-alcoholic versions of alcoholic beverages, sweetened milks/yogurts, powders/concentrates, etc.) help limit substitution, while unsweetened water must be excluded.
- Tiered taxes based on sugar content encourage product reformulation, motivating producers to lower sugar levels in their beverages.
- An SSB tax should raise prices enough to cut consumption; a 20% price increase typically reduces purchases proportionally.
- The SSB taxes implemented in the UK, France, Hungary, Ireland, Latvia, and Portugal provide valuable lessons for advocacy and policy design.
- To guide policy adjustments, it is important to track the impacts of SSB taxes on consumption, product reformulation, and health outcomes. The tax type, rate, structure, and base can be adjusted to meet specific policy objectives and reduce health risks.

**Key Resource:** WHO [Manual](#) on SSB Taxation Policies to Promote Healthy Diets (2022).

## Background

Taxes on unhealthy foods and sugary drinks are less common than those on tobacco and alcohol, but interest is growing. Cheap foods high in fat, sugar and salt (HFSS) are widely available and heavily promoted. These products contribute to excessive sugar, salt and calorie intake with little nutritional value, particularly among young people. Evidence increasingly links their consumption to obesity and other NCDs.

In many settings around the world, SSBs are the single largest source of free sugar intake. In the EU, Eurostat data from 2019 show that among people aged 15 and

over, 9% consume SSBs daily, 6% 4–6 times per week, and 19% 1–3 times per week. Consumption is highest among boys and adolescents and more common in those with lower socioeconomic status. The health impact is substantial: DALYs attributable to SSB intake range from 46 per 100,000 population in France to 246 per 100,000 in Bulgaria (Figure 18).<sup>50</sup>

Well-designed SSB taxes can raise prices and encourage healthier choices, helping to reduce the health burden linked to the consumption of sugary drinks.

Figure 18: DALYs per 100,000 Due to High SSB Consumption in EU Member States (2019)



Source: Ecorys based on EC Knowledge for policy – Health Promotion and Disease Prevention Knowledge Gateway, [https://knowledge4policy.ec.europa.eu/health-promotion-knowledge-gateway/sugars-sweeteners-dalys\\_en](https://knowledge4policy.ec.europa.eu/health-promotion-knowledge-gateway/sugars-sweeteners-dalys_en).

Note: data is based on the Global Burden of Disease Study (2019) results.

### EU-Level Policy Developments

There are no EU tax directives on SSBs. However, the EU has been exploring EU-wide excise taxes on HFSS products in the [Study on Health Taxes from an EU Perspective](#),<sup>51</sup> building on measures already in place in several Member States.

The study concluded that harmonising HFSS taxes across the EU could bring many benefits. A minimum EU-level approach would support public health, while also reducing market-related issues, simplifying rules for businesses, and raising tax revenue. It would work alongside existing measures tackling NCDs, and fit with the EU's internal market goals.

In absence of EU level legislation, EU countries can follow the WHO Manual on SSB Taxation Policies to Promote Healthy Diets<sup>52</sup> or the International Monetary Fund policy note How to Apply Excise Taxes to Fight Obesity.<sup>53</sup>

### Considerations for SSB Tax

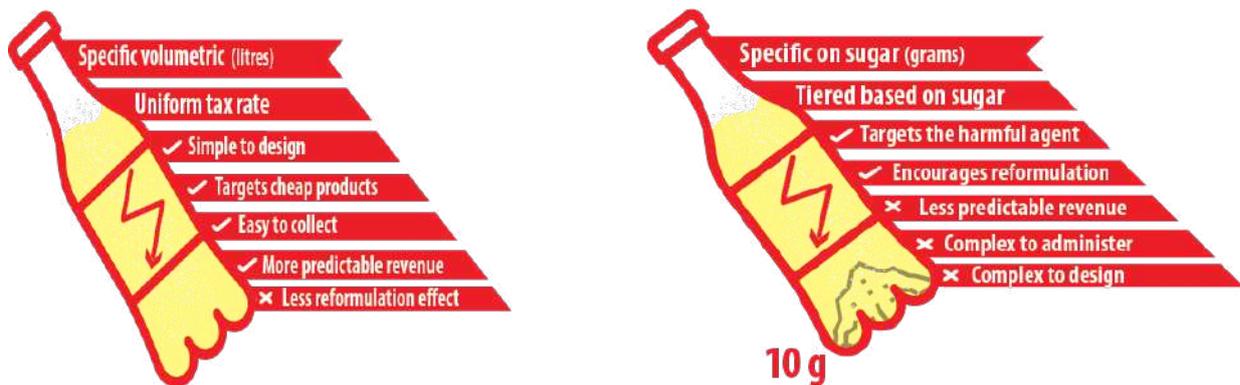
There are several ways that SSB taxes can be structured. The general guidance in applying these taxes is based on experience with tobacco and alcohol. To target public health specific excise taxes are preferred while **all types of SSBs should be covered to prevent undesirable substitutions of untaxed SSBs for taxed SSBs**. However, excise taxes should not be applied to unsweetened bottled water.

SSB tax can be applied to the volume of beverage (i.e. per litre) or based on the sugar content (i.e. per gram of sugar per litre) (see Figure 19). If a country has sufficient administrative capacity tiered structures based on sugar content are preferable to target sugar.

When applied to sugar content rather than beverage volume, tax structure can also generate supply-side incentives for firms to lower sugar content, or to shift advertising to lower sugar products.

A key economic consideration in SSB tax design is revenue. As indirect taxes, excise taxes are applied to industry rather than consumers, enabling revenue generation without raising income taxes.<sup>54</sup>

Figure 19: Possible SSB Tax Structures

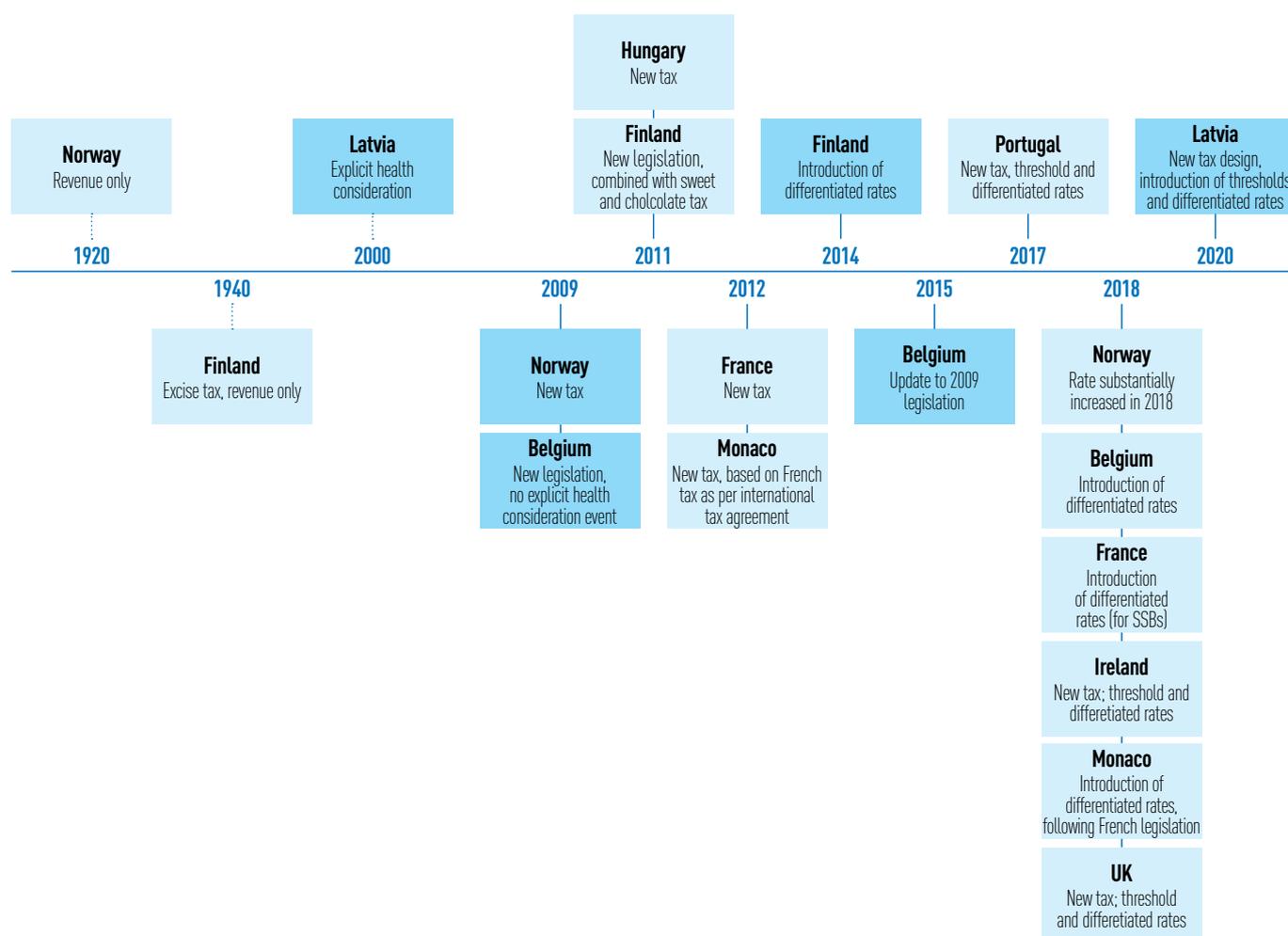


Source: World Bank GTP, 2022.

### SSB Tax Case Studies

The uptake of SSB taxes in WHO European Region has been limited.<sup>55</sup> The SSB tax base and rate varies between countries. An analysis of the SSB taxes adopted in nine European countries (Belgium, Finland, France, Hungary, Ireland, Latvia, Norway, Portugal and in the UK)<sup>56</sup> points to a positive experience with most countries regularly increasing SSB taxes. Belgium, France and Norway introduced differentiated tax rates following an initial flat-rate tax. The timeline of the implementation of SSB taxes is presented in Figure 20. Note: Norway's SSB tax was abolished in 2021, although a general sugar tax remains in effect.

Figure 20: SSB Taxes in the WHO European Region



Notes: The tax changes shown are those aligning with study inclusion criteria; dotted lines signify pre-existing, continuing taxes outside the study's inclusion criteria and, therefore, not analysed (noting the adoption point only); darker colours indicate subsequent taxes in a given country.

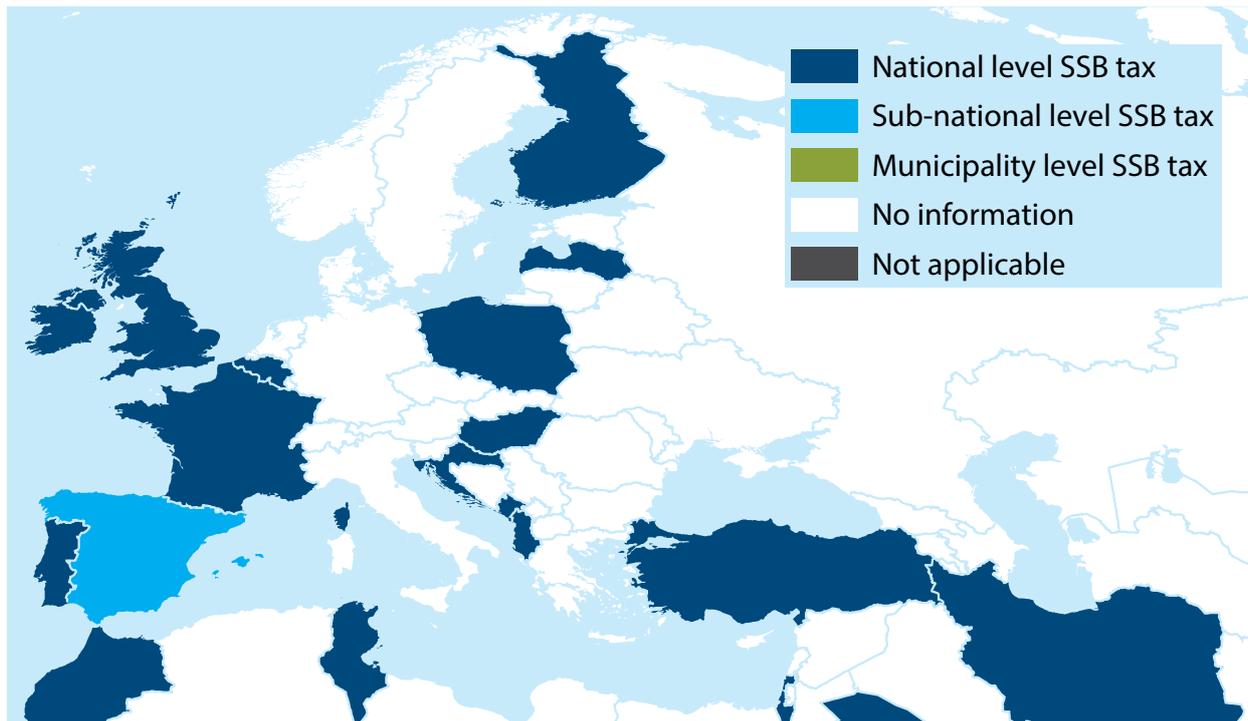
Source: WHO, [Sugar-Sweetened Beverage Taxes in the WHO European Region: Success Through Lessons Learned and Challenges Faced](#), 2022.

Since the main objective of SSB taxes in Hungary, Ireland, Latvia, Portugal and the UK was to reduce SSB and/or sugar consumption, the tax design motivated manufacturers to reformulate their products (i.e. reduce the sugar content). In fact, Hungary, Latvia, France, Finland and the UK apply differential tax rates and thresholds based on sugar content. The inclusion of beverages containing non-sugar sweeteners, fruit juice and milk-based drinks varies.<sup>57</sup>

SSB taxes are earmarked in few EU countries (France, Hungary, Portugal). The earmarking increases the political and public acceptability of these taxes but introduces rigidity to the budgetary system which is often not welcomed by Ministries of Finance.

SSB taxes are applied both on national and regional levels (Figure 21).

Figure 21: SSB Tax Coverage Across Levels

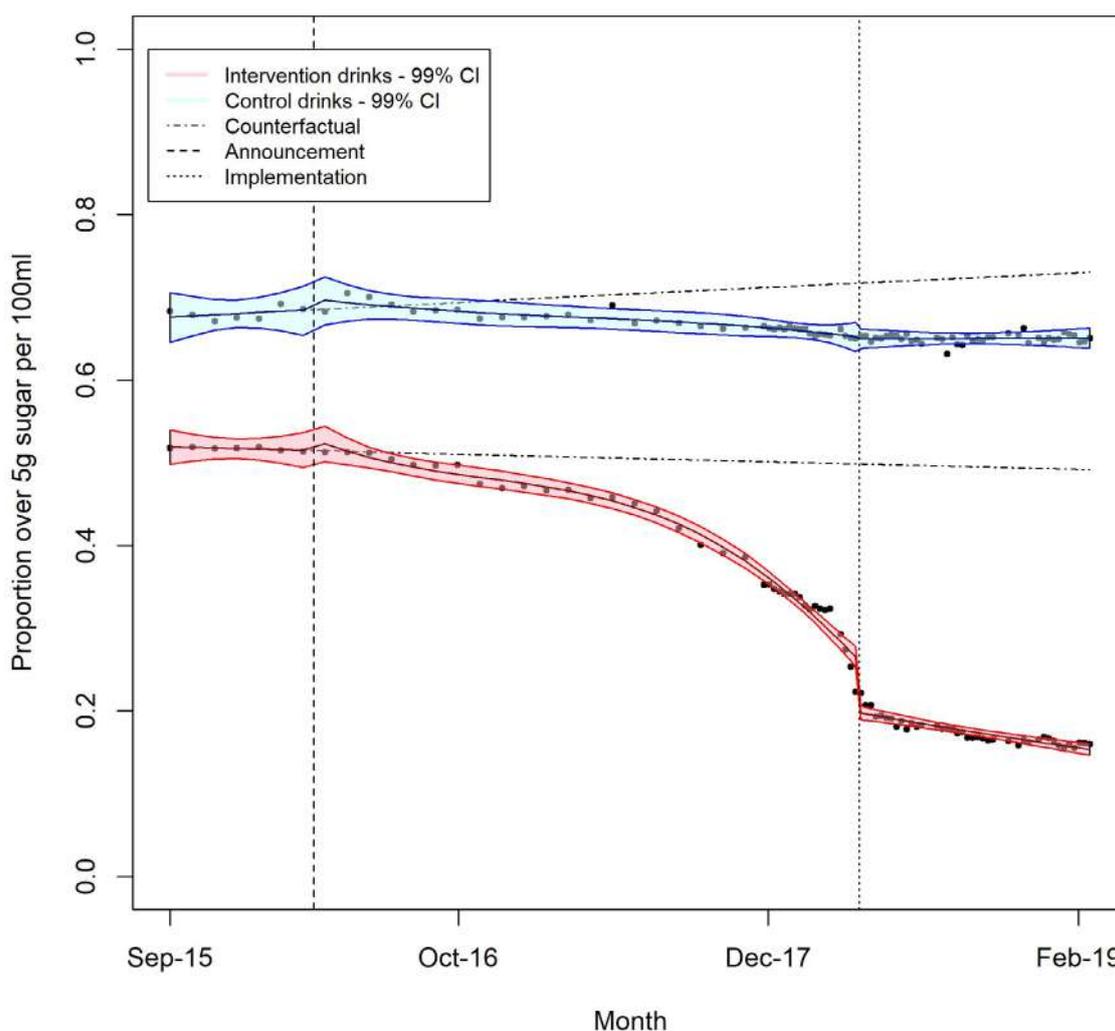


Source: WHO, [Manual on Sugar-Sweetened Beverage Taxation](#) Policies to Promote Healthy Diets, 2022

The SSB tax designed to reformulate SSB products in the UK was announced in 2016 and implemented in 2018. Figure 22 shows that the proportion of beverages with sugar content greater than the

threshold (5g/100ml) declined steadily since the tax announcement in 2016. Reformulation began from the announcement (1st vertical line) but picked up speed around implementation (2nd vertical line).

Figure 22: Impact of the UK SSB Tax on Product Reformulation



Note: Blue line represents the untaxed/excluded beverages; the red line represents the taxed/included beverages.

Source: Scarborough et al. (2020)

Studies from the UK suggest that an SSB tax led to lower sugar intake among both adults and youth,<sup>58</sup> fewer dental caries, fewer overweight or obese children, and improvements in life expectancy, with the largest effect for children and adolescents in the most deprived areas.<sup>59</sup>

Several countries in the Western Balkans have recently implemented SSB taxes. For example, Montenegro introduced a new excise tax on sugar, cocoa and ice cream in 2023, complementing the existing excise duty on carbonated water of 0.25 EUR per litre. Bosnia and Herzegovina also applies a tax on soft drinks even though the current low tax rate of BAM 0.10 (0.05113 EUR) per litre does not create a strong incentive for customers to switch to sugar-free alternatives. Albania has an excise duty on energy drinks of 30 lek/litre, yet because of caffeine, not sugar.<sup>60</sup>

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To meaningfully reduce consumption, an SSB tax should be large enough to create a noticeable price increase. Studies suggest raising retail prices by around 20% or more. However, because demand for SSBs is price-sensitive, there is a trade-off between revenue and health objectives: the more effective the tax is at raising revenue, the less it may reduce consumption, and vice versa.<sup>61</sup> Therefore, it is important to define a clear policy goal and carefully design SSB taxes to balance revenue generation with public health impact.

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# Acknowledgements

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- Steering Committee of the FILTERED Project

## Abbreviations

<b>Acronym</b>	<b>Meaning</b>
ABV	Alcohol by Volume
CORRE	Cost Recovery and Revenue Estimator
CTFK	Campaign for Tobacco-Free Kids
DALYs	Disability-Adjusted Life Years
FCT	Fine-cut tobacco
GDP	Gross Domestic Product
GHAI	Global Health Advocacy Incubator
HFSS	High in Fat, Sugar, and Salt
HTP	Heated Tobacco Products
LAA	Liters Absolute Alcohol
MET	Minimum Excise Tax
NCDs	Non-communicable diseases
RYO	Roll-your-own (tobacco)
SSBs	Sugar-sweetened beverages
TTD	Tobacco Tax Directive
VAT	Value-added tax
WAP	Weighted Average Retail Price
WHO	World Health Organisation

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