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Committee of Experts on International Cooperation in Tax Matters Twenty-ninth session

Geneva, 15-18 October 2024

Item 3(o) of the provisional agenda

Health Taxes

Co-Coordinators' Report

Summary

This note is provided *for information* to the Committee.

Health taxes are taxes on tobacco, alcohol, sugar-sweetened beverages and other harmful products that are intended to reduce their consumption, thus improving health outcomes. Health taxes therefore directly support a number of the Sustainable Development Goals.

At its Twenty-fourth Session, the Committee approved the Subcommittee's proposed work program ([E/C.18/2022/CRP.4](#)) focused on producing a handbook on health taxes for developing countries.

At its Twenty-fifth through Twenty-eighth Sessions, the Committee considered outlines and then drafts of most of the chapters of the handbook. It has already approved *Chapter 2: An Introduction for Policymakers: Looking at health taxes through different lenses*; *Chapter 4: General issues in Designing Health Taxes*; and *Chapter 5: Setting the Health Tax Structure and Rate*.

At its Twenty-ninth Session, the Committee is asked to **review** and give **final approval** to: *Chapter 3: Role of Health Taxes in National Budgets*; *Chapter 8: Addressing Potential Secondary Effects of Health Taxes*; *Chapter 10: How to Generate Public Acceptability for Health Taxes*; *Chapter 12: Specific Issues with Respect to Alcohol Taxation*; and *Chapter 13: Specific Issues with respect to Excise Taxation to Support Improved Nutrition* (E/C.18/2024/CRP.35).

It is also invited to have a **first discussion** of: *Chapter 1: Introduction to the Handbook on Health Taxes for Developing Countries* (E/C.18/2024/CRP.41) and of *New Chapters* (E/C.18/2024/CRP.36), comprising: *Chapter 6: Practical Considerations for Health Tax Revenue Use*; *Chapter 7: Administering Health Excise Taxes*; *Chapter 9: Ensuring Coherence Between Policy Instruments*; and *Chapter 11: Specific Issues with Respect to Tobacco Taxation*.

Scope and Priority of Work as Established by the Committee of Experts

1. At its Twenty-third Session in October 2021, the UN Committee of Experts on International Cooperation in Tax Matters considered note [E/C.18/2021/CRP.35](#) on health taxes. The note explained that the consumption of tobacco, alcohol and sugar-sweetened beverages was related to the incidence of many non-communicable diseases, such as cardiovascular disease, cancer, chronic respiratory disease and diabetes, which resulted in millions of premature deaths a year, the vast majority of which occurred in lower-middle income countries. Well-designed excise taxes on such products (health taxes) have been shown to be an effective measure to reduce consumption of those products so as to improve health outcomes while also increasing government revenues. by reducing consumption of those products, health taxes therefore support SDG 3 (Ensure healthy lives and promote well-being for all at all ages).¹

2. The Committee agreed to establish a Subcommittee on Health Taxes, with Kapembwa Namuyemba-Sikombe and Trude Steinnes Sønvisen as Co-Coordiators, and with the following mandate:

The Subcommittee is mandated:

- To identify priority issues where guidance from the Committee may most usefully assist developing countries, in particular, on health tax issues and initially report to the Committee on such issues at its twenty-fourth session, in 2022
- To pay particular attention to the application of excise taxes on tobacco, alcohol and sugar-sweetened beverages and report on current country practices, policy considerations and administrative issues
- To provide draft guidance on such issues as are approved by the Committee at its sessions

In undertaking its work, the Subcommittee may wish to consult academia, specialist agencies (such WHO) and other international organizations, and civil society active in the field. The Subcommittee will also make drafts of its proposed reports and other publications available for written comment in order to receive input from industry stakeholders. The Subcommittee shall report on its work at each session.

3. At the Twenty-fourth Session of the Committee, the Committee approved the Subcommittee's proposed work program ([E/C.18/2022/CRP.4](#)) focused on producing a handbook on health taxes for developing countries.

Progress Made by the Subcommittee on its Work Program

4. At its Twenty-sixth Session, the Committee approved *Chapter 4 – General Considerations in Designing Health Taxes* ([E/C.18/2023/CRP.21](#)). The Committee approved *Chapter 5 – Setting the Health Tax Structure and Rate* ([E/C.18/2023/CRP.48](#)) at its Twenty-seventh Session. The Committee

¹ Health taxes relate specifically to Target 3.4 (By 2030, reduce by one third premature deaths from non-communicable diseases...), Target 3.5 (Strengthen the prevention...of substance abuse, including...harmful abuse of alcohol), Target 3.6 (By 2020, halve the number of global deaths and injuries from road traffic accidents) and Target 3.a (Strengthen the implementation of the World Health Organization Framework Convention on Tobacco Control in all countries, as appropriate).

approved *Chapter 2: An Introduction for Policymakers: Looking at health taxes through different lenses* ([E/C.18/2024/CRP.16](#)) at its Twenty-eighth Session.

5. At its Twenty-eighth Session, the Committee also discussed [E/C.18/2024/CRP.17](#), which included the following new chapters: *Chapter 3: Role of Health Taxes in National Budgets*; *Chapter 8: Addressing Potential Secondary Effects of Health Taxes*; *Chapter 10: How to Generate Public Acceptability for Health Taxes*; *Chapter 12: Specific Issues with Respect to Alcohol Taxation*; and *Chapter 13: Specific Issues with respect to Excise Taxation to Support Improved Nutrition*.

Subcommittee Work since the Twenty-eighth Session

6. The Subcommittee has held three virtual meetings since the Twenty-eighth Session, on 15-17 May, 22-23 August and 9 September 2024. At the first meeting, the Subcommittee reviewed all of the comments made during and after the Twenty-eighth Session and agreed on where and how to address them in the Handbook. It reviewed revised versions of: *Chapter 3: Role of Health Taxes in National Budgets*; *Chapter 8: Addressing Potential Secondary Effects of Health Taxes*; *Chapter 12: Specific Issues with Respect to Alcohol Taxation*; and *Chapter 13: Specific Issues with respect to Excise Taxation to Support Improved Nutrition*.

7. The Subcommittee also discussed full drafts of the remaining substantive chapters: *Chapter 6: Practical Considerations for Health Tax Revenue Use*; *Chapter 7: Administering Health Excise Taxes*; *Chapter 9: Interaction between Health Taxes and other Instruments*; and *Chapter 11: Specific Issues with respect to Tobacco Taxation*, outlines for which had been approved in earlier Sessions of the Committee. *Chapter 1: Introduction to the Handbook on Carbon Taxation for Developing Countries* ([E/C.18/2024/CRP.41](#)) was prepared by the Co-Coordinator after the substantive discussions in the Subcommittee.

Issues for the Committee

8. The Committee is therefore asked to:

1) **review** and give **final approval** to: *Chapter 3: Role of Health Taxes in National Budgets*; *Chapter 8: Addressing Potential Secondary Effects of Health Taxes*; *Chapter 10: How to Generate Public Acceptability for Health Taxes*; *Chapter 12: Specific Issues with Respect to Alcohol Taxation*; and *Chapter 13: Specific Issues with respect to Excise Taxation to Support Improved Nutrition* ([E/C.18/2024/CRP.35](#)); and

2) have a **first discussion** of: *Chapter 1: Introduction to the Handbook on Carbon Taxation for Developing Countries* ([E/C.18/2024/CRP.41](#)); and of *New Chapters* ([E/C.18/2024/CRP.36](#)), comprising *Chapter 6: Practical Considerations for Health Tax Revenue Use*; *Chapter 7: Administering Health Excise Taxes*, *Chapter 9: Interaction between Health Taxes and other Instruments*; and *Chapter 11: Specific Issues with respect to Tobacco Taxation*