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Committee of Experts on International Cooperation in Tax Matters Thirtieth session

New York, 24-27 March 2025

Item 3(o) of the provisional agenda

Health Taxes

Co-Coordinator's 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 by increasing their price, 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-sixth through Twenty-ninth Sessions, the Committee considered drafts of all of the chapters of the handbook. It has already approved *Chapter 2: An Introduction for Policymakers: Looking at health taxes through different lenses*; *Chapter 3: Role of Health Taxes in National Budgets*; *4: General issues in Designing Health Taxes*; *Chapter 5: Setting the Health Tax Structure and Rate*; *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 Chapter*

At its Twenty-ninth Session, the Committee had a first discussion of: *Chapter 1: Introduction to the Handbook on Health Taxes for Developing Countries*; *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*.

The Committee is now asked to give *final approval* to Chapters 1, 6, 7, 9 and 11 of the handbook, as contained in E/C.18/2025/CRP.16.

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*. The Committee approved these chapters ([E/C.18/2024/CRP.35](#)) at its Twenty-ninth Session, subject to correction of any factual errors.

6. Also at the Twenty-ninth Session, the Committee considered *Chapter 1: Introduction to the Handbook on Health Taxes for Developing Countries* ([E/C.18/2024/CRP.41](#)) and *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* ([E/C.18/2024/CRP.36](#)).

Subcommittee Work since the Twenty-ninth Session

7. The Subcommittee has held one virtual meeting since the Twenty-ninth Session, on 2 December 2024. At that meeting, the Subcommittee reviewed all of the comments made during and after the Twenty-ninth Session and agreed on where and how to address them in the Handbook. It established a timetable for revising the chapters. It also agreed on the need to ensure consistency across all of the Handbook.

8. The Subcommittee met in person at the World Health Organization in Geneva from 25 to 27 February 2025 to review the Handbook as a whole. It addressed inconsistencies in definitions or use of certain terms (e.g., externalities and internalities, pass-through of tax increases). In that connection, the Subcommittee eliminated some repetition of definitions by agreeing on where the main definition of a term would appear and then including shorter references back to that main definition in other chapters. The Subcommittee also had a thorough discussion of data references to ensure that they are consistent and up to date. In particular, it discussed situations involving what might appear to be an inconsistency were due to differences in methodology; in those cases, the Subcommittee decided whether, for example, a study involving only developing countries should be used instead of one that included data for both developing and developed countries.

Proposals for Future Work

9. During its meeting in Geneva, the Subcommittee identified several areas where further work could be helpful. Participants from organizations that provide capacity building activities in the area of health taxes noted how useful the Handbook would be in capacity building and encouraged the development of materials to disseminate the guidance in the Handbook.

10. In terms of further substantive guidance, the Subcommittee identified two areas, which the next Membership of the Committee may wish to consider when determining its work program:

- 1) Practical Guidelines /toolkit on how to implement health taxes; and

- 2) Development of an audit manual for health taxes (and excise taxes more generally).

Issues for the Committee

11. The Committee is now asked to give final approval to Chapters 1, 6, 7, 9 and 11 of the handbook, as contained in E/C.18/2025/CRP.16.