



THE VISION FOR ALTERNATIVE DEVELOPMENT (VALD) AND GHANA TAX ADVOCACY NETWORK FOR HEALTH PROMOTION

Proposal

Calls for Tax Increment on All Unhealthy Commodities in the 2021 Budget Statement

The Vision for Alternative Development (VALD) and other key stakeholder's civil society organizations wish to recommend tax increment on unhealthy commodities such as tobacco, alcohol and sugar sweetened beverages.

The purpose of this proposal is to suggest to government through the Ministry of Finance strategies for effective fiscal measures that will increase government revenue, reduce consumption and diseases from harmful commodities and reduce the health cost borne by the Ministry every year, considering the high cost of treating those chronic diseases inflicted by these unhealthy commodities. It is also to identify and recommend global actions that protect present and future generations from the hazards of tobacco use.

We call on government through the Ministry of Finance to:

- **Recognize** that Non-communicable Diseases (NCDs) are the leading cause of deaths in the world today killing over 40 million people annually, with tobacco and alcohol use, unhealthy diet, physical inactivity and air pollution being the major preventable risk factors.
- Recognize that NCDs kills 94,400 people in Ghana annually representing 43% of all the deaths
- Recognize that majority of tobacco and alcohol users begin before the age of 18 years and are the primary target of these industries and their allies
- **Acknowledge** that results from the Ghana Health Service, Global Youth Tobacco Survey (GYTS) shows no difference in current tobacco use trends among boys and girls in 58% of the countries surveyed.
- Note that appropriate tax and price measures are effective in reducing tobacco and alcohol use among the youth and vulnerable groups
- Note the fact that prices of tobacco and alcohol are among the cheapest commodities on the Ghanaian market today targeting the poor and young people
- Request the effective implementation of Article 6 of the WHO Framework Convention on Tobacco Control (FCTC) on price and tax measures to address consumption of all unhealthy commodities
- Recognize the high uptake of shisha and Electronic Nicotine Delivery Systems (ENDS) use among the youth which threatens to erode all the gains made in tobacco control over the last decade and a half
- Take a clue and lessons from other countries (such as the Philippines, Kenya, Uganda, Mexico etc.) who have increased taxes on tobacco, alcohol and all other unhealthy commodities and are reaping lots of health and economic benefits
- Note that 22,000 lives could be saved by 2025 if the country implements all of the WHO "Best Buys"
- Note that Ghana's excise tax of 13.2% tax on tobacco is far below the WHO 70% benchmark

We, therefore, call upon

The government, through the Ministry of Finance to:

- Increase the ad valorem excise tax on tobacco currently at 175% by at least 50% to 252% in the 2021 Budget Statement
- In the long-term, legislate to change the tobacco tax regime from ad valorem to specific tax as recommended by experts (from both the Ministry of Finance, University of Ghana, Custom Division of Ghana Revenue Authority etc) in the 2012 tobacco taxation action research in the ECOWAS Region.
- Increase the ad valorem excise tax sugar Sweetened Beverages and alcohol by at least 50% in the 2021 Budget Statement
- Change the tax base of tobacco products from CIF to reflect average/maximum retail prices instead of (Expand the tax base to be import duty inclusive of the CIF)
- Earmark the sin-taxes on tobacco, alcohol, SSBs etc. for health promotion
- Remove all incentives (no tax exempt, no 50% FOB discount) on the importation of tobacco, alcohol products and sugary sweetened drinks
- Collaborate with the Ministry of Health and the Custom Division of Ghana Revenue Authority to fight illicit trade in tobacco products in line with the WHO FCTC Illicit Trade Protocol
- Ban the importation and use of shisha and its equipment, all types of Electronic Nicotine Delivery Systems (ENDS)
- Support the ban on packaging of alcohol in sachets and sanction industries who goes contrary.