



# TAXES ON ALCOHOL AND CIGARETTES

Ministry of Finance

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# Did you know?

Alcohol is a psychoactive substance with habit-forming properties

- Abusive use of alcohol is a causal factor in **more than 200 disease and injury conditions.**

**3 million people die each year** due to the abusive use of alcohol (5.3% of global deaths).

- The abusive use of alcohol can result in harm to other people such as family, friends, and coworkers.

Alcohol consumption causes death and disability relatively early in life.

- Approximately 13.5% of total deaths in persons aged 20-39 are alcohol related.

There is a causal relationship between harmful use of alcohol and a range of mental and behavioural disorders, other noncommunicable conditions and injuries.



# Did you know?

Tobacco kills up to 50% of its users.

More than 8 million people die each year due to tobacco

- More than 7 million deaths are directly related to tobacco use
- 1.2 million deaths are due to secondhand exposure to smoking.

1.3 billion tobacco users live in low-and-middle-income countries (80 percent of the global users).

Tobacco use contributes to poverty by diverting household spending from basic needs such as food and shelter to tobacco.





# Did you know?

Non-Communicable Diseases (NCDs) are the main causes of death in **Grenada**.

Smoking increases the risk of:

- Cardiovascular diseases including stroke and heart disease (by up to 4 times).
- Developing lung cancer and other respiratory diseases (by 25 times for men and 25.7 times for women).
- Cigarette smoking causes most lung cancer cases.

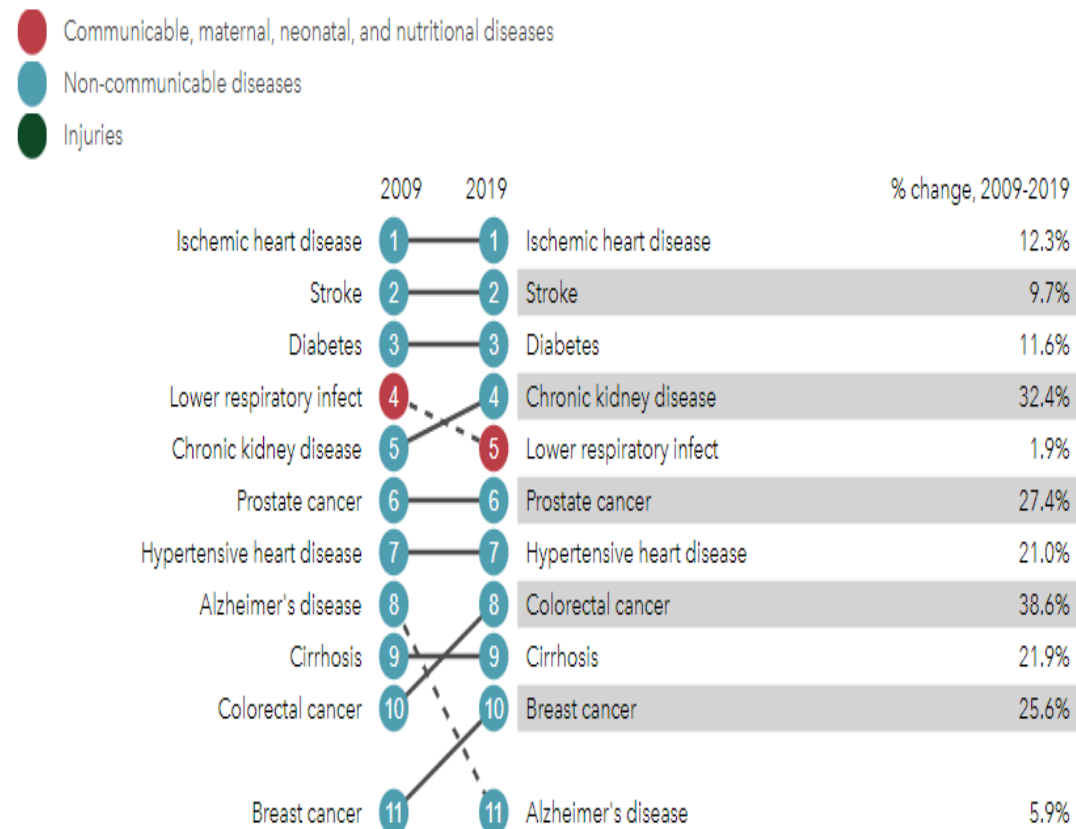
Alcohol use is associated with a risk of developing:

- NCDs such as liver cirrhosis, some cancers and cardiovascular diseases
- Mental and behavioural disorders such as alcohol dependence.

**2009-2019:**

- Ischemic Heart Disease (IHD) deaths increased by 12.3% and is the main cause of death in **Grenada**– 13% of all deaths.
- Deaths due to stroke increased by 9.7% in **Grenada**.
- Cirrhosis deaths increased by 21.9% in **Grenada**.

## What are the top 10 Causes of Death in **Grenada**?



Top 10 causes of total number of deaths in 2019 and percent change 2009-2019, all ages combined

# Alcohol and Tobacco

Alcohol and Tobacco are referred to as sin or demerit goods.

Sin/demerit goods refer to products that are considered harmful to society;

- *these goods offer little to no benefits to the consumer than realized at the time of consumption.*

Other sin goods include:

- *Candies, Drugs, Fast foods, and Gambling.*

Demerit or sin goods have a negative impact on population health including NCDs, and as a result governments globally have levied taxes on these items in order to:

- *Reduce consumption and improve health outcomes*
- *Generate revenues to sustain health initiatives.*

Globally, US\$ 1.4 trillion in health expenditures is lost due to tobacco each year due to illness, unproductivity, and death.



Taxes can be used to save lives, improve health outcomes and the burden on the health system, and generate revenues.



A 12% increase in the tax on cigarettes in Colombia over the period 2016-2018 resulted in:

34% decline in cigarette consumption.

100% increase in revenues earmarked for health initiatives.

# Tax on Alcohol

Alcohol use is linked to NCDs and Death

During the 11-year period (2009-2019), some deaths linked to alcohol use increased by as much as 21.9%

To deter consumption of alcohol and preserve the lives of its citizens, government increased the Excise tax on alcohol.

Goods under the heading 22.03 to heading 2208.909 of the First Schedule of the Excise Tax Act:

An increase in the excise tax from \$1.10 to \$1.50 for goods such sparkling wines and wines made from fresh grapes.

An increase in the excise tax from \$4.40 to \$5.00 for goods including whiskies, Rum, Gin, Vodka and beers.

Goods not affected by this measure include:

Hand sanitizers, rubbing alcohol, mouth wash, cough syrup, flavoured extracts (cooking), and methylated spirits.

Other alcohol-based products found in beauty and skincare products such as astringents.





# Tax on Cigarettes

## Government's Intervention

- Tobacco consumption contributes to NCDs including heart disease and lung cancer.
- Heart disease is the leading cause of death in Grenada.
- Government acknowledges the impact of tobacco use on citizens' health and has therefore increased the excise tax on cigarettes to reduce consumption.

## Excise Tax Levied on Cigarettes

- A rate of 200% for excise tax for goods under the heading 24.02 to heading 2402.90.
  - A 95-percentage point increase.
- Goods include cigarettes, cigars, cheroots, and cigarillos containing tobacco.

