

Introduction

- Progress on tobacco taxation in the WHO Reports on the Global Tobacco Epidemic (“GTCR”) is measured by the share of total taxes in the price of the most sold brand of cigarettes in member states
- Total taxes include excise taxes, value added taxes, and other indirect taxes including import duties
- In the GTCR reports, countries are grouped into four categories based on the share of total taxes in cigarette price: 0-25%, 25-50%, 50-75% and 75-100%
- Country rankings and comparisons by tax share are used to track progress within WHO regions and motivate countries to raise taxes
- League table rankings of countries by total tax share pose two challenges
 - Excise taxes (rather than total taxes as a whole) are the main fiscal policy instrument to raise tobacco prices
 - Taxes and tax shares change year to year unlike the other MPOWE measures.

Objectives

- To assess whether the GTCR total tax share metric tracks excise tax shares
- To assess whether the GTCR total tax share groupings are stable from year to year

Methods

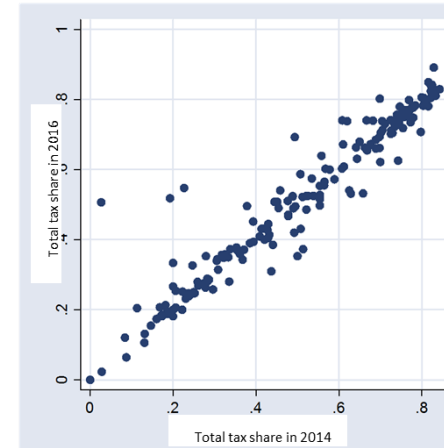
- Countries were ranked by their excise tax shares and rank correlations between total and excise tax shares were computed
- The probabilities of transitioning from one to another R category grouping were computed to assesses how likely countries are to stay or change their grouping

Results

- For 168 countries, in each of the survey years 2008, 2010, 2012 and 2014, rankings by excise tax share are closely correlated to total tax shares in any given year (Spearman’s rank correlation between 0.85 and 0.88 in any given year)

Results

Total tax shares are closely correlated year to year



Fraction of countries transitioning between total tax share groupings between 2014 and 2015

		R Grouping in 2016				
		< 25%	25 to 50%	50 to 75%	75 % and above	
R Grouping in 2014	< 25%	85%	13%	2%	0%	100%
	25 to 50%	7%	88%	0%	5%	100%
	50 to 75%	15%	9%	76%	0%	100%
	75 % and above	0%	15%	0%	85%	100%

Transitioned to a higher R group

Fell to a lower R group

- Between 2014 and 2016, total tax shares rose, was unchanged, and fell, in 96, 24 and 75 countries, respectively
- When transition probabilities are examined, countries are significantly likely to stay within their tax grouping from year to year
- Movement across groupings is driven by substantive tax policy changes.

Conclusions

Total tax shares and groupings in the WHO GTCR perform well overall at capturing excise tax policy differences in a given year and over time.

References

World Health Organization, 2017. Report on the Global Tobacco Epidemic.

Acknowledgment: This work was supported with funding from Bloomberg Philanthropies’ Bloomberg Initiative to Reduce Tobacco Use (bloomberg.org).