AFRICAN TAX ADMINISTRATION FORUM

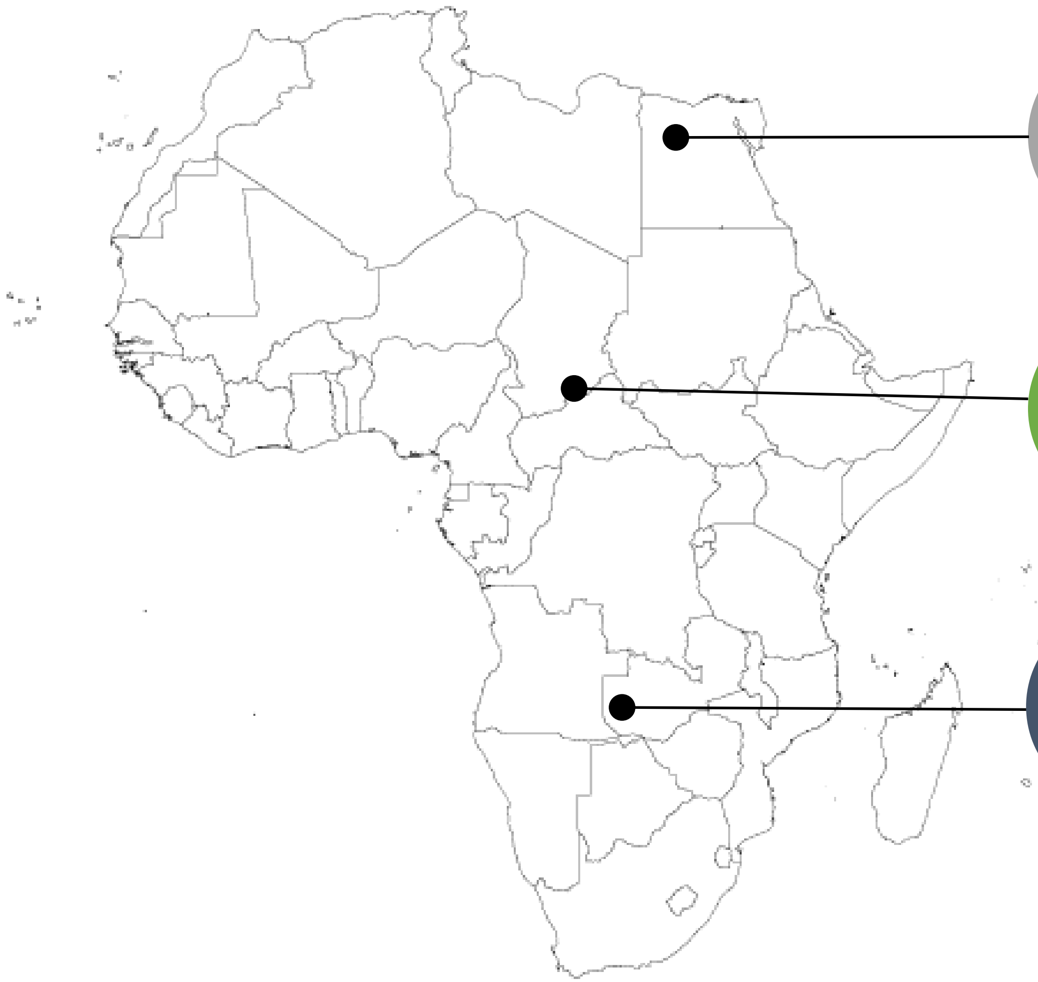
FORUM SUR L'ADMINISTRATION FISCALE AFRICAINE

# Designing Effective Health Taxes: Tax Administration challenges and Lessons

Presented at the WHO-ATI Workshop on Health Taxes
22 July 2026 (Online)
by Linstrom Marangu (ATAF)

CONTENTS

# ABOUT ATAF



**Membership Based Organisation**

- Formed in 2009
- 45 Member Countries as of 2026

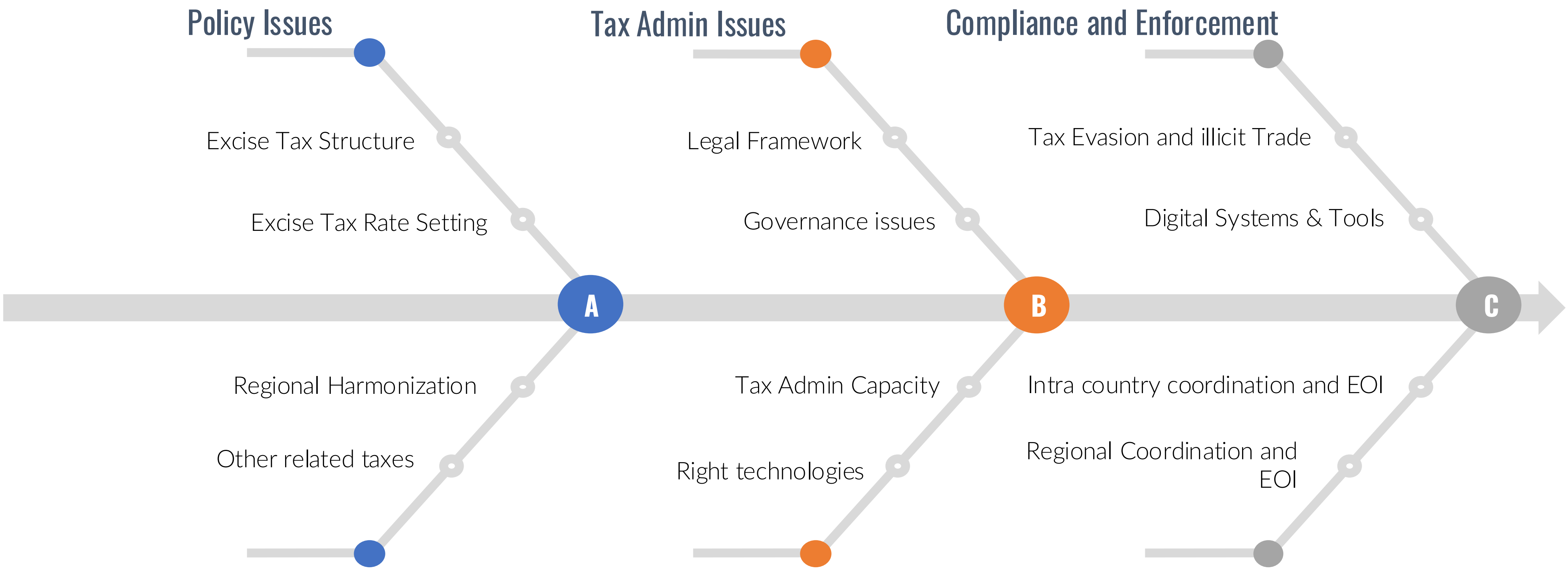
**Vision**

ATAF strives to build efficient and effective tax administrations in Africa to become the leader on African tax matters, enhance economic development and improve the living standards of the people of Africa.

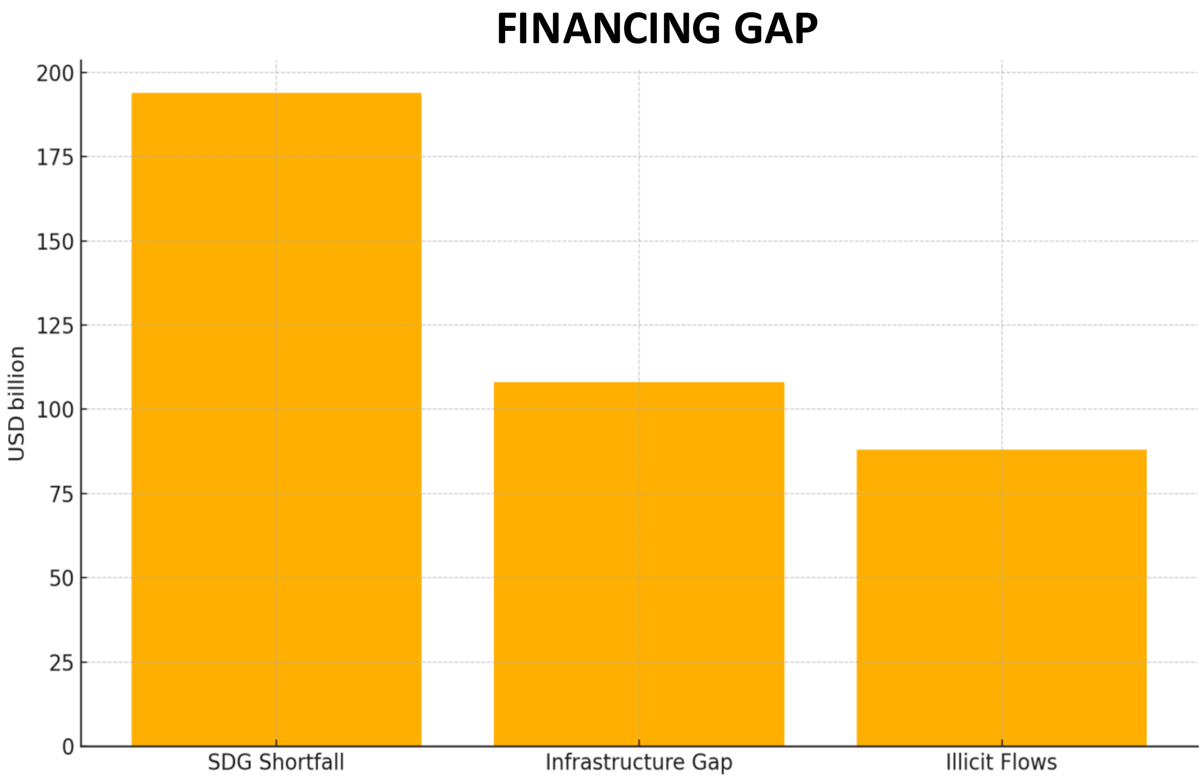
**Mission**

ATAF serves as an African network that aims at improving tax systems in Africa through exchanges, knowledge dissemination, capacity development and active contribution to the regional and global tax agenda.

# ATAF Key Focus areas for Health Taxes



# Development Landscape in the Last Decade

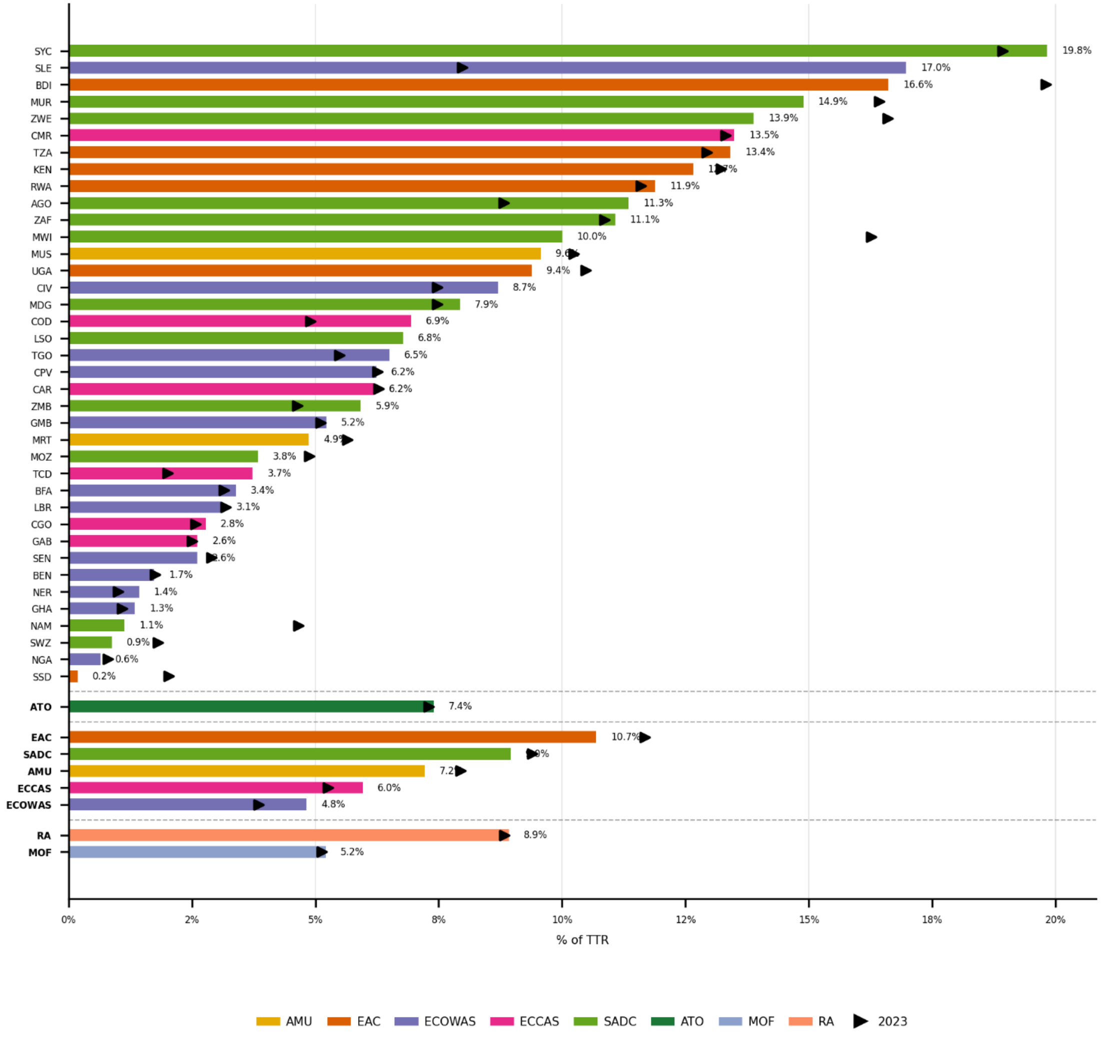



- Without systemic reforms, the gap could reach $6.4 trillion by 2030 – OECD
- Social development (health, education): Remaining $2.2–2.5 trillion – UNCTAD
- Africa is spending more on interest than on health and education
- Low tax to GDP ratios in Africa
- Most countries spend only 5% of GDP on health (Abuja target: 15% of GDP)
- Donor funding consistently declining
- Results are dismal:
  - Underfunded health systems
  - High out-of-pocket costs
  - Vulnerability to shocks

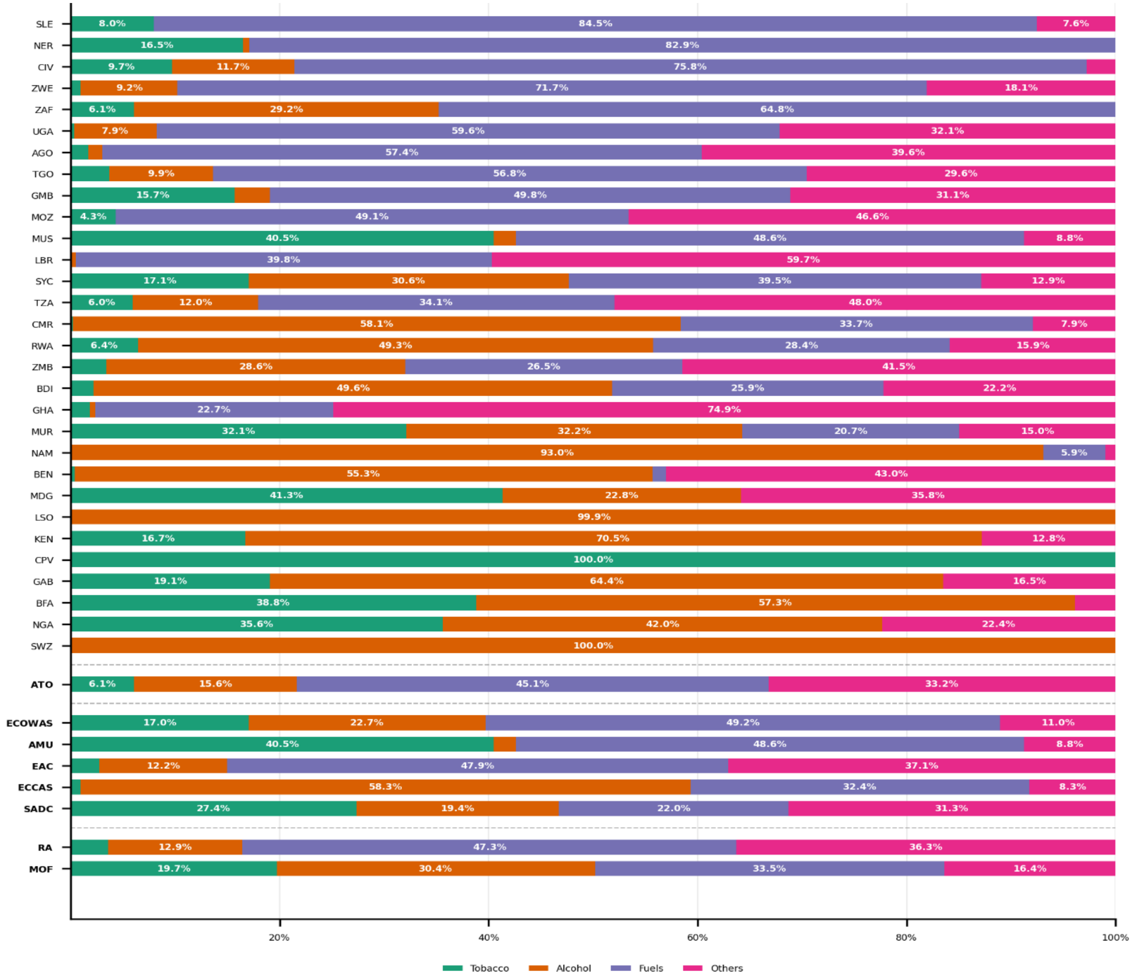
# Excise Taxes: An Important Tool for Revenue Mobilization

*Source: ATAF Database-ATO Online Portal*

## Share of Excise Duties in the Total Tax Revenue (2023–2024)




## Distribution of Revenue from Excise Duty by Product and by Country for 2024



# Challenges in Health Tax Administration in Africa

## Policy Design

- Poor Excise Tax Design *(Tiered Systems, Purely Ad valorem Systems, No Inflation Adjustments for specific excises, Product coverage)*
- Low Excise Tax rates

## Tax Administration

- Limited digitalisation of Excise Administration
- Low Tax Administration Capacity (Compliance &Audit)
- Weak collaboration between inland and Customs teams
- Outdated Legal Frameworks for Excise Tax Administration.

## Illicit Trade and Tax Evasion

- High Levels of Illicit Trade in many Countries
- Appropriate technologies
- Weak coordination (Intra country and across boarders)
- Data gaps: illicit trade lacks independent verification

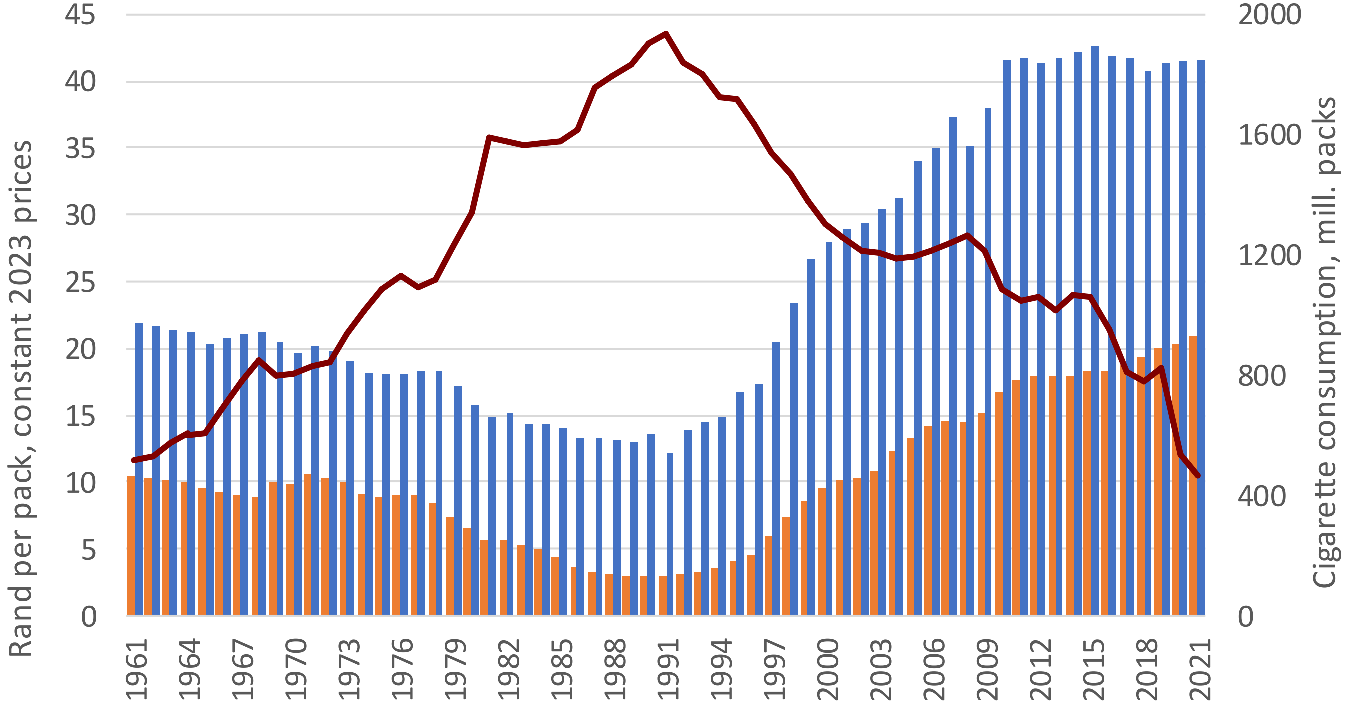
***Progress has been made in many African countries although the progress is slow. Several Challenges persist***

# South Africa Case Study on tax policy and tax admin Impact

- 1990s: No indexation
  - Real excise fell **72%**,
  - Revenues fell **36%**,
  - Smoking

- 1994 - 2015: Indexed excises above inflation
  - Revenues tripled,
  - Smoking prevalence fell from 33% → 27%.

- Post 2015: Weakened tax administrative capacity
  - Rise of the illicit market




Source: World Bank GTP estimates using National Treasury, StatsSA, REEP, and GBD (2019

systems in Africa

# Case Study: Mauritius

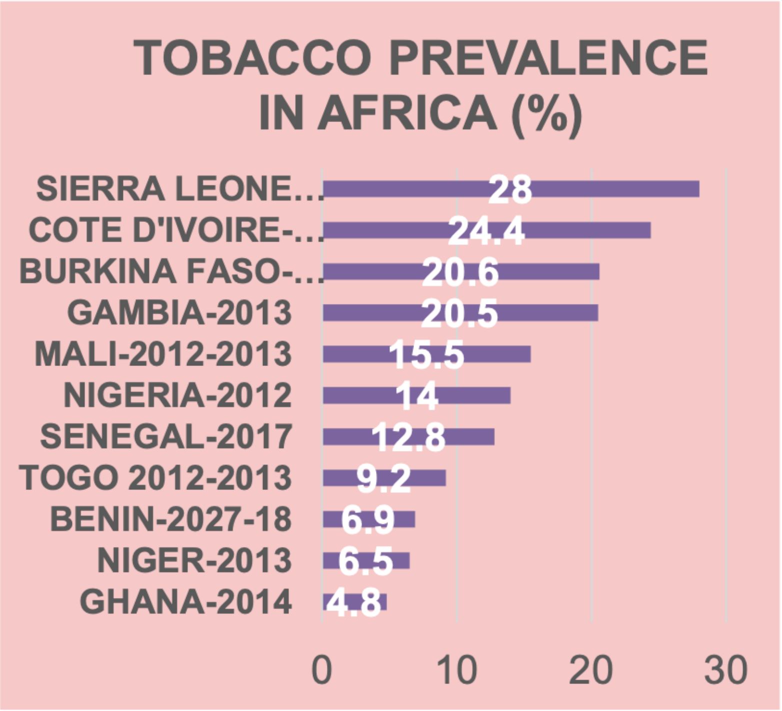
| YEAR | Rate of Duty Per 1000 sticks | % Change | Qty Imported | % Change | | |
|---|---|---|---|---|---|---|
| 2019 | Rs 5111 | | 1,040,860,400. | | Excise Duty Collected | % Change |
| 2020 | Rs 5111 | 0 | 1,080,168,420. | 3.8 | 5,319,838,016 | |
| 2021 | Rs 5111 | 0 | 1,083,526,200. | 0.3 | 5,520,740,795 | 3.8 |
| 2022 | Rs 5625 | 10 | 1,097,191,200. | 1.3 | 5,791,218,467 | 4.9 |
| 2023 | Rs 6188 | 10 | 1,070,680,220. | (2.4) | 6,448,835,111 | 11.35 |

Source: MRA

# Case Study: Ghana -Health Tax Policy Impact

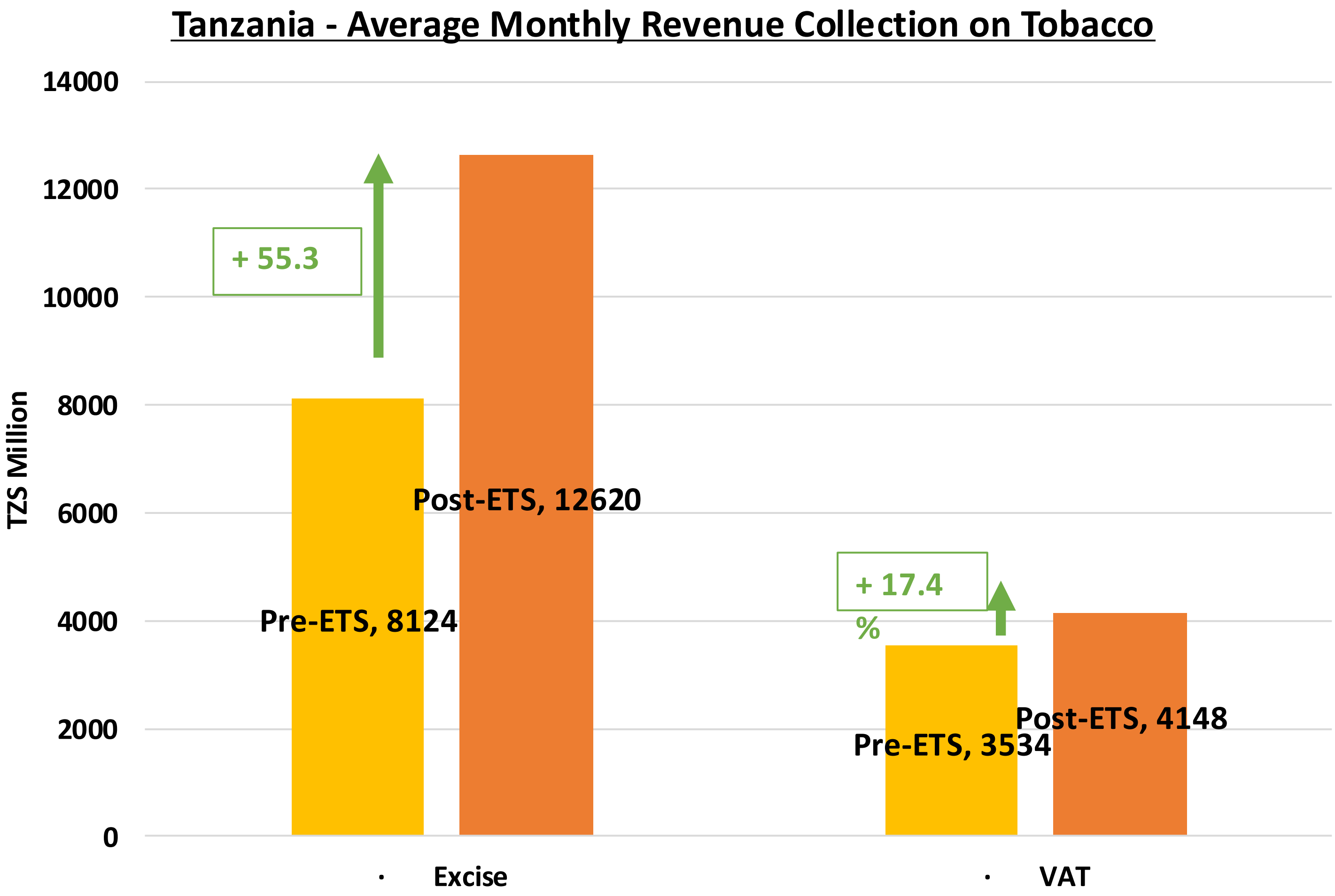
## Revenue from Health taxes

| Year | TOTAL EXCISE TAX REVENUE | | | NON-SSB TAX REVENUE | | | OTHER HEALTH TAXES (GH₵ 'MIL.) |
|---|---|---|---|---|---|---|---|
| | Domestic excise (GH₵ MILL) | Excise on imports (GH₵ 'MIL.) | Total (GH₵ MILL) | Tobacco (GH₵ 'MIL.) | Wine/Spirits & Alcohol (GH₵ 'MIL.) | TOTAL NON-SSB (GH₵ 'MIL.) | |
| 2012 | 188.52 | 84 | 272.52 | 41.07 | 2.81 | 43.9 | 228.62 |
| 2013 | 166.62 | 93.75 | 260.37 | 46.23 | 1.91 | 48.1 | 212.27 |
| 2014 | 159.04 | 134.26 | 293.3 | 73.16 | 3.28 | 76.4 | 216.9 |
| 2015 | 216.17 | 111.49 | 327.66 | 55.28 | 3.26 | 58.5 | 269.16 |
| 2016 | 296.81 | 150.31 | 447.11 | 88.01 | 3.58 | 91.6 | 355.51 |
| 2017 | 336.51 | 142.61 | 479.12 | 66.98 | 6.14 | 73.1 | 406.02 |
| 2018 | 348.94 | 184.31 | 533.25 | 90.66 | 7.37 | 98 | 435.25 |
| 2019 | 385.27 | 201.15 | 586.41 | 80.77 | 10.91 | 91.7 | 494.71 |
| 2020 | 440.14 | 169.69 | 609.83 | 100.8 | 16.14 | 116.9 | 492.93 |
| 2021 | 526.48 | 205.18 | 731.65 | 82.7 | 23.89 | 106.6 | 625.05 |
| 2022 | 604.82 | 342.44 | 947.26 | 176.44 | 35.36 | 211.8 | 735.46 |
| 2023 | 900.65 | 659.72 | 1,560.37 | 371.72 | 47.03 | 418.75 | 1081,62 |
| 2024 | 1,301.71 | 952.11 | 2,253.82 | 452.82 | 62.55 | 515.37 | 1,675.9 |
| **TOTAL** | **5,871.68** | **3,431.02** | **9,302.67** | 1,726.64 | **224.23** | 1950.72 | 6147.78 |




Source: GRA

# Case Study: Tanzania- Impact of Tax Stamp Implementation




Source: Tanzania Revenue Authority, 2021 (Implementation Commenced in 2016)

# Case Study: Gambia and Angola

## Impact of implementation of digital tax stamps in Gambia

The Gambia Revenue Authority (GRA) collected D48,470,427.78 between January and August 2024, compared to D6,312,608.78 in the same period of 2023. This represents an increase of more than 800% in total excise duty revenue mobilisation. GRA attributed this success to the implementation of digital tax stamp systems.

Source: Gambia Revenue Authority

## Impact of Implementation of National High Security Tax Stamps in Angola

In 2023, following the implementation of the National High Security Tax Stamps Programme (dubbed PROSEFA), the tobacco tax revenues increased by 985% reaching 330,674,094 Kwanzas, compared to 30,471,280 Kwanzas in 2022. The distilled spirits sector expanded by 20% in 2023, surpassing the 14.2 billion Kwanzas collected in 2022.

Source: Administração Geral Tributária (AGT)

# Strengthen Health Tax Administration: What’s Needed

## Strengthen policy and legal frameworks for health taxes

- Policy designs that simplify administration and balance fiscal & health goals
- Robust excise legislation and effective controls

## Robust measures against illicit trade

- Independent data on illicit trade
- Strong production, import and supply chain controls
- Track and Trace systems
- Strong enforcement and deterrent penalties

## Enhance Excise Tax Administration Capacity

- Administrative capacity
- Implement effective excise controls
- Digitalization of Excise administration

## Strengthen Coordination and EOI

- Intra-country Coordination
- Regional harmonization & cross- country coordination
- Exchange of Information

# ATAF DEVELOPMENT PARTNERS

AFRICAN DEVELOPMENT BANK GROUP

SUOMI FINLAND

Gates Foundation

UKaid from the British people

Foreign & Commonwealth Office

Norwegian Ministry of Foreign Affairs

Irish Aid
Rialtas na hÉireann
Government of Ireland

MINISTRY OF FOREIGN AFFAIRS OF DENMARK

Ministry of Foreign Affairs of the Netherlands

WILLIAM + FLORA Hewlett Foundation

OPEN SOCIETY FOUNDATIONS

german cooperation
DEUTSCHE ZUSAMMENARBEIT

Implemented by:
giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra