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GRA

Workshop on Health Taxes: country experiences and best practices in policy design and implementation

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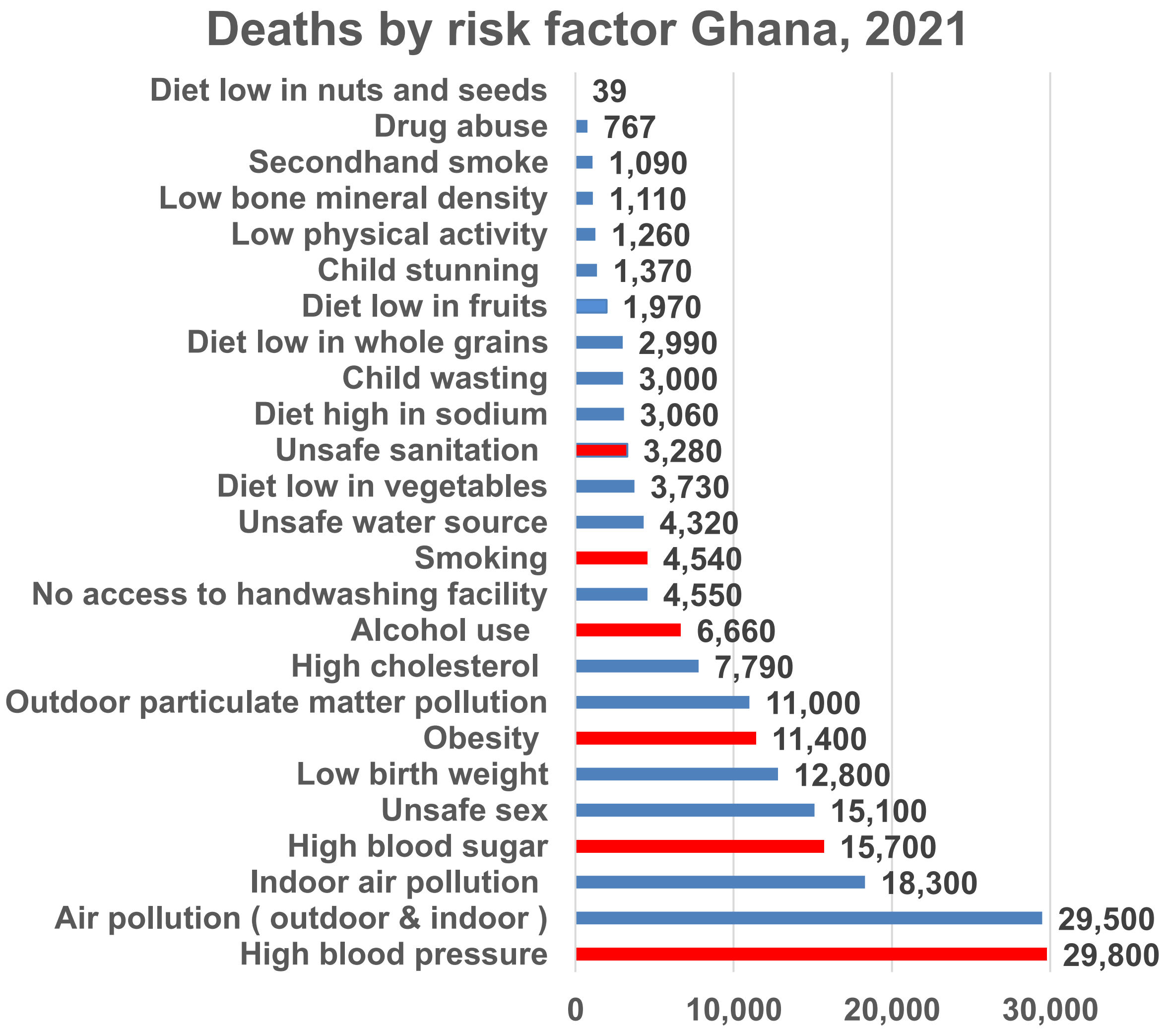
Introduction

1. Ghana levies excise taxes on products that have negative public health impact.

2. The products are alcohol, wines, spirits, tobacco, carbonated drinks, energy drinks, SSBs, water & plastics.

3. Excise taxes are levied at both local level & at importation

4. Ghana applies ad valorem excise tax regime on all excisable products with the exception of tobacco products that attract the mixed tax regime (i.e. ad valorem and specific)



Source: IHME Global Burden of Disease (2024)

Legal & Institutional framework

Main laws governing excise tax administration

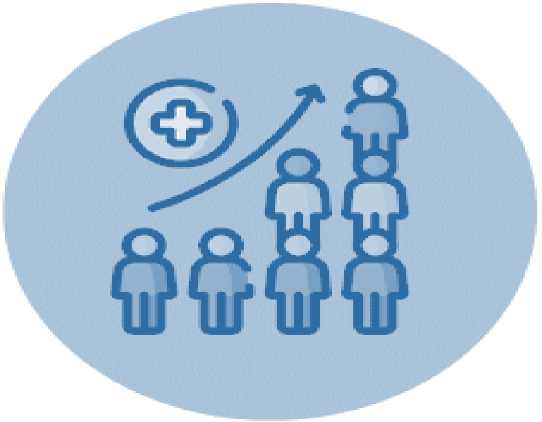
1. Constitution of the Republic of Ghana, 1992-Article 34 (1 & 2)
2. Excise Duty Act, 2014 (Act 878)
3. Excise Duty (Amendment) (NO.2) ACT 2023 (ACT 1108)
4. Excise Tax Stamp Act, 2013, (Act 873).
5. Excise Tax Stamp Regulations, 2016 (LI 2241)
6. Value Added Tax Act, 2025, (Act 1151)
7. Customs Act, 2015 (Act 891)
8. Ghana Education Trust Fund Act, 2000, (Act 581)
9. National Health Insurance, Act 2012 (Act 852)
10. Revenue Administration Act, 2016 (Act 915)

Responsible authority (Divisions)

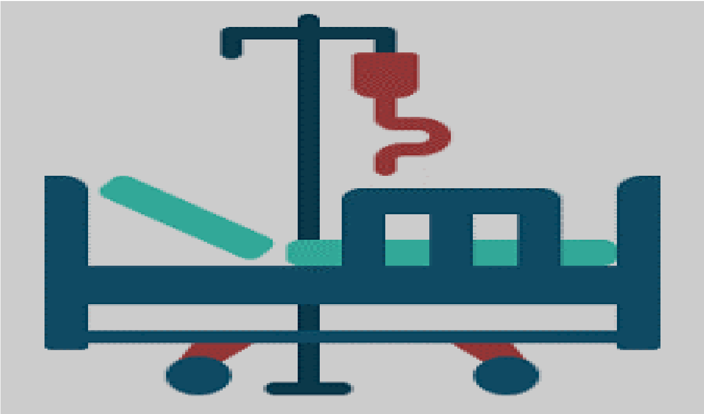
1. Domestic Tax Revenue Division of Ghana Revenue Authority administers **Domestic Excise taxes**
2. Customs Division of Ghana Revenue Authority administers **import excise taxes**

Economic and health rationale for health taxes

Increase excise tax revenue



Reduce consumption of harmful products



Reduce health care burden

Reduce NCD risk

Design considerations for better health outcomes

1. Excise Duty (Amendment) (No.2) Act 2023 (Act 1108)

2. Increased in the excise duty rates of **Mineral & Aerated Water (Including flavored), Energy Drinks & introduction of tax on SSBs/non-Alcoholic Beer**

Tariff Description	Specific Product	Old Rate	New Rate
a) Waters, including mineral waters whether or not containing added sugar	Mineral water	17.5% of ex-factory price	20% of ex-factory price
	Aerated water	17.5% of ex-factory price	20% of ex-factory price
	Non-alcoholic beer	NIL	20% of ex-factory price
	Energy drinks	17.5% of ex-factory price	20% of ex-factory price
b) Fruit juices	Ceres, Yoghurt etc.	NIL	20% of the ex-factory price

Design considerations for better health outcomes

3. Increased in the excise duty rates of **Malt drinks**

Tariff Description	Specific Product	Old Rate	New Rate
Malt drink % use of local raw material	a. < 50% of local raw material	17.5% of ex-factory price	20% of ex-factory price
	b. 50%-70% of local raw material	10% of ex-factory price	12.5% of ex-factory price
	c. >70% of local raw material	7.5% of ex-factory price	10% of ex-factory price
Imported Malt	Supermalt, Dr. Malt etc.	17.5% of ex-factory price	20% of ex-factory price

4. Increased in the excise duty rates of **Alcoholic beverages**

Tariff Description	Specific Product	Old Rate	
Beer, stout other than indigenous beer: Percentage use of local raw material	a) < 50% of local raw material	20% of ex-factory price	47.5 % of ex-factory price
	b) 50-70% of local raw material	12.5% of ex-factory price	32.5% of ex-factory price
	c) >70% of local raw material	10% of ex-factory price	10% of ex-factory price
Imported Beer	Cider Beer	20% of ex-factory price	47.5% of ex-factory price

Design considerations for better health outcomes

5. Increased in the excise duty rates of **Wines & Spirits**

Tariff Description	Specific Product	Old Rate	New Rate
Wines including sparkling wine & Spirits including "Akpeteshie"	Wines including sparkling wine	22.5% of ex-factory price	45% of ex-factory price
	a. Distilled or rectified	25% of ex-factory price	50% of ex-factory price
	b. Blended or compounded	25% of ex-factory price	50% of ex-factory price
	Spirits including "Akpeteshie"		
	"Akpeteshie"	20% of ex-factory price	20% f ex-factory price

6. Reduction in excise duty rate of **Plastics**

Tariff Description	Specific Product	Old Rate	New Rate
Plastics & plastic Products	Products packed in plastics/local production of plastics	10% of ex-factory price	5% ex-factory price

Design considerations for better health outcomes

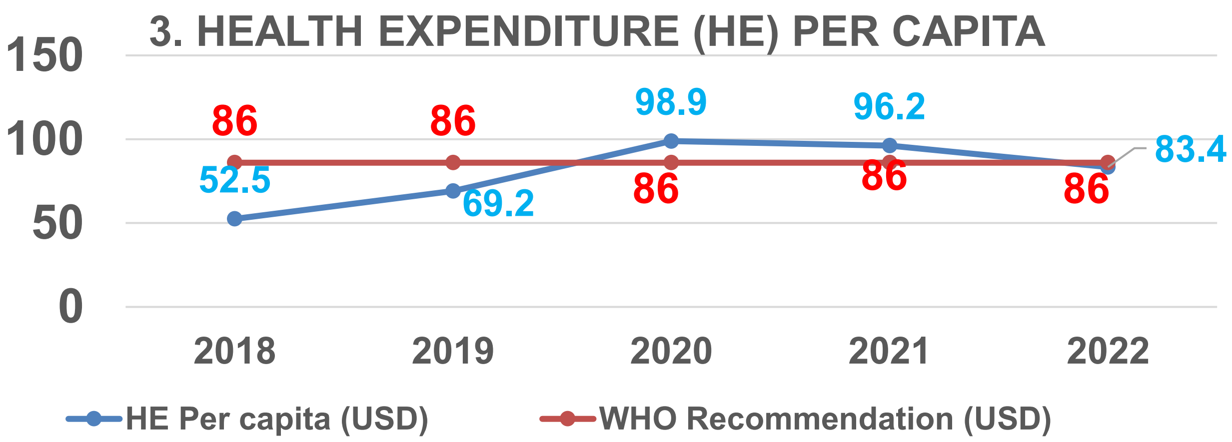
6. Introduced mixed excise tax regime on tobacco in line with Article 8 of ECOWAS protocol (Specific tax of USD 0.02/stick, Specific tax of USD 20/net kg & Ad valorem rate of at least 50% & increased in rates of Snuff & Negrohead)

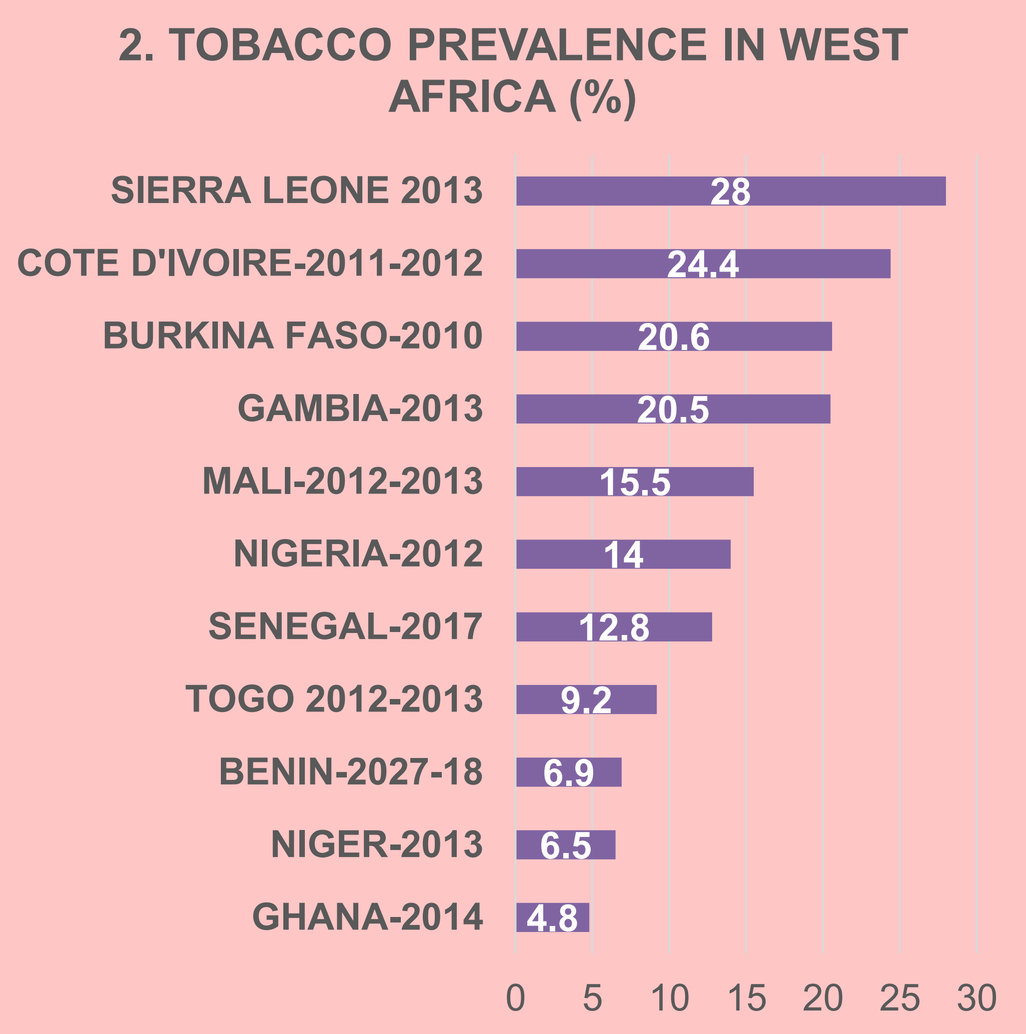
Tariff Description	Specific Product	Old Rate	New Rate
Tobacco Products	a. Cigarette	175% of ex-factory price	50% of ex-factory price &na specific rate GHp28 per stick
	b. Cigars	175% of ex-factory price	50% of the ex-factory price & a specific rate of GHp28 per stick
	c. Negrohead	GH¢12 per kilogramme	¢280 per kilogramme
	d. Snuff and other tobacco	GH¢170.65 per kilogramme	¢280 per kilogramme
	e. Electronic cigarette liquids	NIL	50% of ex-factory price & a specific rate of GHp 50 per millilitre
	f. Electronic cigarettes & vaporizing devices		
	(i) Electronic cigarettes	NIL	50% of ex-factory price
	(ii) Electronic smoking devices	NIL	50% of ex-factory price & a Specific rate of GHp50 per miliitre

Design outcomes/Impact

1. EXCISE TAX REVENUE 2020-2025

YEAR	DOMESTIC EXCISE REVENUE (GH 'M)	IMPORT EXCISE REVENUE (GH 'M)	TOTAL EXCISE REVENUE (GH 'M)	Growth(%)	% CONTRIBUTION TO TOTAL EXCISE TAX REVENUE
2020	440.14	169.69	609.83	3.99	16.5
2021	526.48	205.18	731.65	19.98	11.3
2022	604.82	342.44	947.26	29.47	18.6
2023	900.65	659.72	1,560.37	64.72	23.8
2024	1,301.71	952.11	2,253.81	44.44	21.3
2025	1,557.59	1,078.47	2,636.06	16.96	27.1
Total	5,331.37	3,407.60	8,738.98		





Design outcomes/Impact

4. INCREASED IN PRICES

1. Increased in prices of alcoholic beverages by about 120% after the policy

2. Price of packs of cigarettes increased e.g. a 20-pack of Rothmans increased from GHS21 to about GHS27 after the policy (29% increased)

3. Prices of SSBs have also increased

4. Tobacco taxes account for 47% of retail price of cigarettes up from 16% (increasing gradually to align with WHO rate of 75%)

5. UNDP HEALTH TAX INDEX-GHANA

DIMENSION	SUB-DIMENSION	SCORE
Preventing non-communicable diseases (NCDs)	Extent to which health taxes are imposed to discourage the consumption of harmful products	C
	Extent to which individuals benefit from tax policy that promotes healthy behaviors	C
Discouraging alcohol consumption	Extent to which taxes are imposed to discourage the consumption of alcohol	C
	Extent to which tax and customs administrations and other law enforcement agencies enforce the payment of import and excise tax on alcohol	B
Reducing the consumption of tobacco products	Extent to which taxes are imposed to discourage the consumption of tobacco.	A
	Extent to which tax and customs administrations and law enforcement agencies enforce the payment of import and excise tax on tobacco	A

Building political and public support

1. For political and public support, Five (5) key actors were involved in the 10-Phased policy-making process of the excise tax Act 1108
   - a) **Politicians** (Executive & Legislature)
   - b) **Industry groups** (Producers and Importers)
   - c) **Bureaucrats** (Ministry of Finance & Ghana Revenue Authority)
   - d) **Civil Society groups/Academia** (VALD/VEST, Ghana NCD Alliance -champion the tobacco & VALD/VEST coalition of CSOs and Academia championed the SSB).
   - e) **Voters** (Stakeholder engagement/Consumer Protection Agency)
2. There was **political will** from the government to enact the laws & so industry players could not stop them.
3. Civil Society groups **(e.g. VALD/VEST, Advocating for Health Coalition & Ghana NCD Alliance etc) active involvement & lobbying of parliament and government officials** helped in the passage of Act 1108
4. CSO-VALD/VEST & Academia Coalitions organized press conferences, issued press statements, held workshops and even demonstrated to advance their grievances when the bill was delaying
5. The Bill was passed into law (Act 1108) in **March 2023** & implementation started in **May 2023**

Building political and public support

Phase 1:
Researches & presentations by VALD/VAST
Jan 2022

Phase 2:
VALD/VAST fronts discussions with GRA/MOF on excise tax review
March 2022

Phase 3:
GRA makes excise tax revision proposals to MOF
(Oct. 2022)

Phase 4:
MOF sought cabinet approval of policy which was granted
(Oct.-Nov 2022)

Phase 5:
Incorporation of excise tax in 2023 budget estimates & reading
(Nov, 2022)

Phase 6:
Drafting of the excise tax bills & stakeholder engagement
(Dec 2022)

Phase 7:
Parliamentary proceedings and passing of the excise tax amendment Act
(Jan-Mar 2023)

Phase 8:
Development of modalities & strategies for implementation
(April, 2023)

Phase 9:
Implementation of the excise tax amendment Act
(May 1, 2023)

Phase 10:
Monitoring & enforcement of the excise tax amendment Act
Oct. 1, 2023

Ghana's compliance with ECOWAS Excise directives

S/N	EXCISABLE PRODUCT	COMPLIANCE WITH ECOWAS DIRECTIVES	GAPS	HARMONIZATION EFFORTS (ARTICLES 8 & 9 OF ECOWAS PROTOCOL)
1	Tobacco	Complied		Implemented the tax according to Article 8 (Chapter 4) of the ECOWAS protocol
2	Alcohol	Complied		Implemented the tax according Article 9 of ECOWAS Directive (i.e. minimum rate of 10% for Beer; 30% for Wine & 40% for spirits
3	SSBs	Complied		Implemented the tax according to the minimum rate of 1% for SSBs required by article 9 of ECOWAS Directive
4	Water	Not complied	Not to be taxed according to article 9 of ECOWAS Dir.	Discussions ongoing on it
5	Plastics	Complied		Implemented the tax according to the minimum rate of 1% for plastics as required by Article 9 of ECOWAS Directive
6	Energy Drinks	Complied		Implemented the tax according to the minimum rate of 1% for energy drinks as required by Article 9 of ECOWAS Directive

Administrative and enforcement considerations

- Registration with GRA to produce or import excisable goods
- File an excise duty return & pay for each calendar month not later than 21st of the following calendar month
- There are penalties associated with late filing & payment of excise duties
- Taxpayers are required to register on the excise tax stamp portal and apply for their tax stamps as an enforcement measure
- Authority supplies the approved category & quantity of stamps to a manufacturer or an importer
- Devices aid field testing of tax stamps as part of the monitoring measures

Administrative and enforcement considerations

- Failure to affix stamps attract penalty
- Vigilance, arrest & Seizures of illicit products
- Introduction of technology e.g. Drones to check illicit products
- Tobacco are restricted products
- Informant awards
- Canine (K9) Unit

Challenges

Excise taxes

- Ghana's excise tax stamps not designed based on WHO Article 8-Illicit Tobacco Protocol (ITP) Requirements
- Industry players involvement in tobacco smuggling & policy interference
- Informal nature of the Ghana borders
- Paucity of Research
- Specific rates are not adjusted for inflation & alcohol & SSBs excise taxes not based on alcohol & sugar content

Recommendations & Conclusion

(1) Implement Track & Trace in line with ITP (2) Adjust specific rates for inflation (3) support research (4) Ringfence excise tax revenue for NCDs (5) SSBs & Alcohol should be based on sugar & alcohol content & should attract mixed tax regime

01

Ghana has made frantic efforts to reduce tobacco consumption

02

GRA has implemented tobacco hybrid tax regime in line with ECOWAS Protocol

03

Tobacco excise tax has had significant impact on revenue and prevalence

04

All stakeholders must support the implementation of tobacco excise tax

Merci Danke