



ALCOHOL TAXATION AND PRICE POLICIES IN VIETNAM AND IN THE WORLD

Literature Review

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EXECUTIVE SUMMARY

Background: In Vietnam, the total consumption of alcoholic beverages is increasing at an alarming rate. Alcohol use causes an economic and health burden to the users and society as a whole. Alcohol tax and price is one of the most effective measures to control alcohol consumption and increase government revenue.

Objectives: The objectives of the review include: i) To describe Vietnam's tax system for alcohol products; and ii) To examine international experiences in alcohol tax and price policy, and policy recommendations for Vietnam.

Methods: Information on policies and laws on alcohol tax and price was collected and analyzed from: i) Legal documents related to taxation and price of alcohol provided by the Tax Policy Department, Ministry of Finance; and 2) Online search engines (e.g. Google).

Findings: There are several types of tax applied to alcohol products, including import tax, value-added tax (VAT), and excise tax. Alcohol excise tax is levied in a variety of ways including: Specific/volumetric taxation; Specific/unitary taxation; Ad valorem tax; and Mixed/hybrid taxation. In Vietnam, ad valorem tax is used. The import tax rate varies for different types of alcohol products, ranging from 20% - 55%. VAT is 10%; excise tax rate for beer is 60% and effective until Dec 31, 2017 and 65% from Jan 01, 2018; for wine and spirit the rate ranges from 30%-65% depending on the percentage of alcohol.

A number of ASEAN countries still rely on the ad valorem excise tax system for alcohol products. When looking at the broader regional level in Asia Pacific, no country outside of ASEAN (except for Bangladesh) uses the ad valorem tax system. European countries levy excise taxes on alcoholic beverages by specific tax rates and by hectolitre produced by the company during the year. Small independent producers will be subject to lower preferential tax rates. Similar to ASEAN countries, alcohol excise tax is levied in a variety of ways in African countries. The minimum price policy is used in about 10% of countries (out of 165 countries, WHO 2014).

Alcohol price and tax policy is considered the most effective measure for controlling the harmful effects of alcoholic beverages. International experience shows the tendency of setting up a simple and transparent alcohol tax system, using the specific tax calculation method, which has clear benefits on reducing administrative costs, reducing the risk of corruption, ensuring equity and humanity, and creating stability and sustainability for the tax system and budget revenue.

Recommendations: The combination measures that lead to increase in alcohol price, including tax increase with specific tax calculation and minimum price, are positive and

effective solutions to minimize the harmful effects of alcohol use, and also contribute to increasing government revenues and savings within the state budget.

A. INTRODUCTION

Alcohol use is the direct or indirect cause of more than 200 diseases (WHO 2014a), and globally is one of the top 10 risk factors for death (WHO 2009). According to the World Health Organization (WHO), in 2012, there were 3.3 million deaths caused by alcohol-related diseases and injuries, accounting for 5.9% of all deaths worldwide (WHO 2014a). Remarkably, alcohol use is associated with about 20% of road traffic deaths, 30% of deaths from esophageal cancer, liver cancer, epilepsy, and homicide. It is the cause of death in about 50% of cirrhosis cases (WHO 2009a). Alcohol abuse¹ also exacerbates many other negative issues, such as crime and violence, which bring economic burdens to individuals, families and society.

It should be noted, that most consumers were not fully aware of the costs of using alcohol. Because the market price of alcohol does not cover all external expenditures – it means that the true cost is actually higher and consumers and society must compensate for the damages caused by alcohol abuse. Although it is difficult to determine internal costs and external expenditures, many studies have shown that the costs associated with the harmful effects of alcohol are often under-estimated (Navarro et al. 2011). Thus, actual evidence on the negative impact of alcohol abuse on individuals and society show that it is necessary to have government intervention policy, especially through price and tax policy. According to WHO (2010), price and tax policy is among the most effective measures to limit the harm caused by abuse of alcoholic beverages².

Consumers, including heavy drinkers and young people, are often sensitive to changes in beverage price. It is possible to use tax policy to reduce the use of alcohol in people under the legal drinking age, to prevent a progression to heavy alcohol intake and/ or heavy drinking, and to influence consumers' drinking habits. Increasing the price of alcoholic beverages is one of the most effective interventions to reduce the use of alcohol at harmful levels. An effective and efficient tax system, combined with tax collection and enforcement, are factors related to the success of pricing policies that aim to reduce the harmful use of alcohol.

¹ *The abuse of alcohol and other alcoholic beverages mean using alcohol and other alcoholic beverages at inappropriate levels, volume, or objects leading to alterations of body function or appearance of clinical signs which is harmful to users' health (children, pregnant women or breastfeeding mothers use alcohol and other alcoholic beverages; people at the age of 60 or elder who drink more than 14 units of alcohol per week, more than 2 units of alcohol per day, more than 1/2 units of alcohol per hour; people under the age of 60 who drink more than 21 units of alcohol per week, more than 3 alcohol units/ day, more than 1 units of alcohol per hour) or using alcohol and other alcoholic beverages in the cases prohibited by law (Decision No. 244/QĐ-TTĐ).*

² *In this report, the terms "alcoholic beverage" and "alcohol and beer" are used interchangeably, with emphasis on the harmful effects of alcoholic products; while the extent of alcoholic beverages is wider, including spirits, beer and other alcoholic beverages.*

In Vietnam, the total consumption of alcoholic beverages is increasing at an alarming rate. According to the World Health Organization, the consumption per capita among Vietnamese adults has increased from 0.75 liters/ person in 1990 (FAOSTAT 2000) to 3.8 liters/ person in the period 2003 -2005, and 6.6 liters/ person in the period 2008-2010 (WHO 2011). The total consumption of alcohol in Vietnam has increased from 2.8 billion liters in 2012 to over 3 billion liters in 2013. Vietnam has become the third largest consumer of beer in Asia, behind only Japan and China. Alcohol consumption has also increased more than 7.5% within just one year, from 63 million liters in 2012, to nearly 68 million liters in 2013 (Light Industry Department and Vietnamese Ministry of Industry and Trade 2014)³. In addition, the proportion of adolescents and young adults who have used alcohol in Vietnam has also increased rapidly. According to the National Survey of Adolescents and Young Adults (SAVY1 and SAVY2), the prevalence of alcohol use among young men increased from 69% in 2003 to 80% in 2008, and increased from 28% in 2003 to 37% in 2008 among young women (GSO 2010).

Given this increase in alcohol consumption in Vietnam, the HealthBridge Foundation of Canada conducted research on the current policy environment on the pricing and taxation of alcohol, as well as the tariff structure in the region and the world. The results will help relevant authorities to develop effective policies and legislation on the pricing and taxation of alcohol. The research findings will inform the relevant authorities by identifying the barriers and challenges associated with current policies, and will recommend alternatives and opportunities for reform in order to limit consumption and reduce the harm caused by alcohol in Vietnam

³ This figure has not reflected the amount of alcohol distilled by the people themselves, this amount in 2015 is estimated about 200 million liters (Thuy Hanh 2016).

B. RESEARCH OBJECTIVES

- 1) To describe Vietnam's tax system for alcohol products (beer, wine and spirits, including both local and imported products);
- 2) To examine international case studies in alcohol control and preventing alcohol related harms, specifically the role of taxation and price policy, and policy recommendations for Vietnam.

C. RESEARCH METHODOLOGY

- The research methods for collecting and analyzing secondary data.

The information collected includes:

- Vietnam's price laws and regulations on tax that apply to alcohol products;
- International strategies and scientific research on price and tax policies that apply to alcohol products;
- Documents on tax and price policies that apply to alcohol in several different countries.

- The information collected from sources:

- The system of legal documents related to the policy and law in Vietnam on taxation and the price of alcohol provided by the Tax Policy Department - Ministry of Finance.
- Online search engines (e.g. Google) were used to search for relevant information. Key searchwords included:

Alcohol

Taxation or taxes

Tax rates

Alcoholic beverages

Price policy

The initial review of documents involved screening the heading and content summary. Documents with a heading and/or summary suitable for the purpose of this research were selected for analysis and summary according to the research objectives. In total, more than 70 documents were reviewed and summarized.

D. RESEARCH FINDINGS

The overall finding from research on international experiences highlights that general policy options for controlling alcohol consumption and preventing alcohol-related harm often focuses on a number of key solutions:

- Price and tax policy;
- Regulations on alcohol sale points;
- Changing environmental and cultural factors related to drinking;
- Regulations that limit the alcohol consumption permitted to operate motor vehicles;
- Strict control and regulations on advertising and promotion of alcohol;
- Communication and education campaign;
- Early treatment and intervention of alcohol abuse.

In order to achieve the greatest impact, countries need to synchronously implement the above solutions. Price and tax policy is considered one of the most effective solutions, as it interferes with the selling price, consumption behavior and actively therefore contributes to reducing the harm caused by alcohol abuse. Effective use of the taxation system to influence price is key to the proactive price intervention policy for alcoholic beverages. In fact, increasing the tax rate at various levels can have different effects, depending on the impact level of the tax and its corresponding price increases.

According to the framework recommended by WHO, for tax and price policy, the government could consider the following measures:

- (1) Set up the effective tax and price policy
- (2) The retail price should be indexed by inflation and income growth
- (3) Strict control and regulations on advertising and promotion of alcohol in order to reduce the alcohol price
- (4) Set up minimum price for alcohol products
- (5) Promote to use of drinks without alcohol
- (6) Stop and/or prohibit the privilege for alcohol production.

Within the scope of this overall study, the main contents will focus on clarifying the solutions (1): establishing an effective excise tax system, and solution (2): establishing a minimum price for alcohol, within the price and tax policy group.

1. Taxes applicable to alcohol products

1.1 Import tax

Almost all countries levy a tariff on imported alcohol products.

An import duty is a tax on a selected commodity imported in a country and destined for domestic consumption (i.e., the goods are not in transit to another country). In general,

import duties are collected from the importer at the point of entry into the country. (WHO, 2010b).

Import duties also vary among countries. Countries impose high import duties either to protect their domestic industry or to generate government revenue. (WHO, 2010b).

In recent years, given bilateral, regional and global trade agreements, import duty rates have been reduced dramatically by many countries. Free trade agreements usually require participating countries to gradually phase out these duties. As import duties are phased out, the government loses the revenue they generate. Replacing import duties with excise taxes or increasing excise taxes can compensate for these revenue losses. (WHO, 2010b)

1.2 Value Added Tax (VAT)

Value added tax – VAT is a consumption tax put on the value added of goods and services arising in the process of production, circulation to consumption. In which, total VAT collected in all stages equals the VAT amount in the selling price to the consumers.

In some countries like Australia, Canada, New Zealand and Singapore, this tax is called "goods and services tax" (GST), i.e. the tax on goods and services; in Japan, it is referred to as a "consumption tax".

In principle, VAT is a general tax on consumption of goods and services, leaving relative prices unaffected, and as such has great practical appeal for revenue generation. It minimizes the amount of detailed information needed for tax administration as only the total value of sales needs to be recorded. Tax authorities have no need to be concerned with the nature of the goods and services traded. (WHO, 2010b)

VAT rates applied for alcohol vary by countries, ranging from 3% to 40% (WHO 2004).

1.3. Excise Tax

1.3.1. Definition

Excise taxes are taxes on consumption of special goods and services in the list specified by the state, in order to regulate the direction of production and consumption of each country in each period.

The stipulation of goods and services subject to excise taxes depends on the regulatory policy of each country, deriving from the economic and social situation, regulatory policy, production and consumption guidelines of the State, consumption customs and practices on a number of goods and services in each period of specific socio-economic development. In general, goods and services subject to excise taxes usually contain the following characteristics:

- Some goods and services have high selling prices;
- The demand for these goods is often less elastic than the price;
- Goods that can be harmful to health, or have negative effects on the environment.

Alcohol is often subject to excise taxes in countries around the world. According to the WHO, in 2012, about 92% of nations (out of 167) applied excise taxes on alcohol (WHO, 2014b).

1.3.2. Type of excise taxes applicable to alcohol products

Excise taxes applicable to alcohol products may be of the following type: specific tax, ad valorem tax and compound tax.

a. Specific tax

“Specific tax”, or tax by volume or quantity, is levied according to the physical characteristic of the product.

Where alcohol beverages are to be taxed on a specific excise basis, two options exist (APTF 2013):

(1) An excise rate based on the volume of liquid in the product (for example litres of beer, wine or distilled spirits).

This is the simplest approach, and is also known as the single tax (Richupan 2005). However, if the volume of pure alcohol is not being used for calculation, but instead the total volume of the product with no consideration for the alcohol content, it does not really reflect the external factors related to the consumption of alcoholic beverages. Moreover, the tax applied on every liter of the product may have undesirable effects: consumers may prefer stronger alcoholic beverage products of lower production cost leading to lower retail prices. This is not the expected outcome for the tax policy based on human and medical views.

(2) An excise rate based on the alcohol content within the product (for example LPA within the beer, wine or distilled spirits).

This second option of ‘per litre of pure alcohol’ (LPA) best reflects the externalities associated with alcohol consumption in that the excise is levied upon the actual alcohol content. As such, the excise tax (and price to consumer) will rise in line with the alcohol strength of the beverage. The more alcohol consumed – the more excise tax is paid. The WHO (2010) has recommended specific taxation of alcohol based on alcohol content to use price as part of a strategy to curb harmful levels of consumption.

In general, specific tax rates are considered as a basis to ensure the fairness for harmful goods, as it directly addresses the "harmful" side of use, and does not depend on production costs. Specific tax rates are also considered as contributing to more stable budget revenue and increasing by consumption.

Unlike ad valorem tax, specific tax are always associated with consumption and do not vary in economic conditions such as inflation, increase in retail price. The changes in economic conditions can shift the consumption to lower cost products therefore reducing the government's budget revenue but not reducing overall consumption. This makes a difference between the actual consumption model and the health and social welfare objectives of excise taxes.

b. Ad valorem tax

An ad valorem excise tax is levied as a percentage of the value of the alcohol products. The value used for excise assessment (the ‘tax base’) will be at a designated point in the supply chain, such as the factory selling price, wholesale price and in some cases the retail price.

One benefit of ad valorem excise taxes is that they maintain their value in real terms, as adjustments to the tax base value recognize inflation increases to raw materials and other costs.

However, ad valorem taxes do not create certainty for governments who are often subject to fluctuations in revenue collection. A change in economic conditions, tax rates and prices can lead to what is known as “trading down”, in which consumers simply switch consumption to lower priced (and therefore lower taxed) products. Manufacturers may also adjust to market conditions such as tax burden increases by instituting practices such as cost cutting, price re-structuring and absorbing tax increases through smaller margins. All of these practices can reduce both excisable value and excise collected. (APTF 2013).

c. Compound/Mix tax

Compound tax is arguably the most complex, as it imposes a dual excise tax structure, including both specific and ad valorem tax rate, on producers and importers. Whilst a compound tax system includes some of the benefits attributed to a specific tax system, the existence of an additional ad valorem component can result in lower transparency and uncertainty on more revenues for government and industry (APTF 2013).

Table 1: Implication of different tobacco tax systems (APTF 2013)

	Advantage	Disadvantage
Specific	Easy to predict government revenue. Independent from industry’s price strategy. Easy to determine tax amount. Easy to administer. Consistent with both revenue and	Inflation erodes its value

	public health objectives.	
Ad Valorem	Automatic adjustment for inflation. Progressive rate.	Less predictable revenue stream. Difficult to determine value of products to be used as tax base. Requires significant administrative resources. Can be affected by industry's price strategy. Leads to down-trading and higher consumption of low-price brands.
Compound	Less fluctuation in revenue stream. Can keep up with inflation. Does not favor high- or low-priced products. Less affected by industry's price or product strategy. Consistent with public health objective.	Complex system requires significant administrative resources.

2. Alcohol tax policy in Vietnam

2.1. Import tax

Pursuant to the Import Tariff promulgated in conjunction with Circular No. 164/2013/TT-BTC dated 15/11/2013 of the Ministry of Finance, the tax rates for alcoholic beverages imported into Vietnam shall be applied as follows:

Table 2: Import tariff for alcoholic beverages into Vietnam

Description of goods	Tax rate (%)
<i>(1) Beer made from malt</i>	
- Black beer or brown beer	35
- Others, including ale beer	35
<i>(2) Wine made from fresh grapes, including fortified wines; grape must other than that of heading 20.09</i>	
- Lightly sparkling wine	50
- Other wines; Grape must with alcohol to prevent or inhibit the fermentation of alcohol:	50
- Other grape must:	
+ With alcoholic content by volume of not more than 15%	55
+ With alcoholic content by volume of over 15%	55
<i>(3) Vermouth and other wines of fresh grapes flavoured with herbs or aromatic substances.</i>	55
<i>(4) Other fermented beverages</i> (for example, cider spirit, pery spirit, honey wine); Mixtures of fermented beverages and mixtures of fermented beverages	55

with non-alcoholic beverages, not elsewhere specified or included.	
<i>(5) Undenatured ethyl alcohol with an alcohol content by volume of 80% or more; ethyl alcohol and other spirits, denatured, in any content.</i>	
- Undenatured ethyl alcohol with an alcohol content by volume of 80% or more	40
- Ethyl alcohol and other spirits, denatured, in any content:	
+ Undenatured ethyl alcohol, including methylated spirits:	20
+ Others	40
<i>(6) Undenatured ethyl alcohol with an alcohol content by volume of under 80%; spirits, vermouths and alcoholic beverages</i> (Spirits obtained from distilling grape wine or grape marc, Brandy, whiskey, rum, gin, Geneva, vodka, vermouth, reinforced tonic wine, etc.)	45

2.2. Value added tax

The VAT on liquors, beer and beverages of all kinds is 10%. This is in accordance to the Decree No. 209/2013/ND-CP dated 18/12/2013 which provides details and guidance on the implementation of a number of articles within the Law on Value Added Tax, and Circular No. 219/2013/TT-BTC dated 31/12/2013 of the Ministry of Finance which guides the implementation of the Law on the Value Added Tax.

2.3. Excise tax

The Law on Excise Tax is promulgated by the National Assembly in order to guide the production and consumption of society, regulate consumers' income for the state budget in a rational manner, and enhance the management of production and business for some goods and services.

In Vietnam, before 1/1/2010, the excise tax on beer was differentiated by the type of beer: bottled beer and canned beer are subject to the tax rate of 75% excluding cans; draft beer and fresh beer were subject to the tax rate of 30% in 2006, 2007 and 40% from 2008. Applying for WTO membership, the National Assembly passed the Law on Excise Tax No. 27/2008/QH12 stipulating the uniform application of a tax rate of 45% for all beer from 1/1/2010 to 31/12/2012, and 50% from 1/1/2013 onwards. For alcohol products, before 1/4/2009, the excise taxes were distinguished by type of alcohol: the excise tax for products with an alcohol content of 40% or higher was 65%; for products with an alcohol content from 20% to less than 40% was 30%, and for products with an alcohol content less than 20% , including fruit spirit and medicinal wines the excise was 20%. In 2014, the National Assembly increased the excise tax on alcohol products. The new tax rate is valid from 1/1/2016.

Table 3: Amendments and supplements to the excise rates applicable to alcohol products and the excise rates applicable to alcoholic beverages in Vietnam 1998-2014

Products	Law on Excise Tax in 1998	First amendment and supplement in 2003	Second amendment and supplement in 2005	Law on Excise Tax in 2008	Amendment and supplement in 2014
Beer	Bottled beer, draft beer: 75%	Bottled beer, canned beer, fresh beer: 75%	Uniform tax rate for fresh beer, draft beer and apply on schedule: 2006-2007: 30% From 2008: 40%	Uniform tax rate for all beer (excluding packaging value) and apply on schedule: From 1/1/2010 to 31/12/2012: 45% From 1/1/2013: 50%	Uniform tax rate for all beer (excluding packaging value) and apply on schedule: From 1/1/2016 to 31/12/2016: 55% From 1/1/2017 to 31/12/2017: 60% From 01/01/2018: 65%
	Canned beer: 65%				
	Fresh beer: 50%	Fresh beer: 30%	Bottled beer, canned beer (excluding packaging value): 75%		
Alcohol	Medicinal wines: 15%	Medicinal wines: 15%	< 20% alcohol, fruit spirit, medicinal wines: 20%	<=20% alcohol: 25%	<=20% alcohol: + From 1/1/2016 to 31/12/2017: 30% + From 1/1/2018: 35%
	< 20% alcohol: 20%	<=20% alcohol, fruit spirit: 20%			
	>=20 and <30% alcohol: 25%	>=20 and <40% alcohol: 30%	>=20 to <40% alcohol: 30%	>=20% alcohol: apply on schedule: From 1/1/2010 to 31/12/2012: 45% From 1/1/2013: 50%	>=20% alcohol: + From 1/1/2016 to 31/12/2016: 55% + From 1/1/2017 to 31/12/2017: 60% + From 01/01/2018: 65%
	>=30 and <40% alcohol: 55%				
	>= 40% alcohol: 70%	>= 40% alcohol: 75%	>= 40% alcohol: 65%		

3. Worldwide Alcohol tax policies

3.1. Alcohol excise tax systems in ASEAN

WHO observed that, in general, low-income countries are more likely to lean towards an ad valorem excise system while high-income countries are less likely to do so.

In ASEAN countries, alcohol excise is levied in a variety of ways including: Specific/volumetric taxation (according to strength of the product measured in litres of pure alcohol), Specific/unitary taxation (according to the total volume of liquid in the product); Ad valorem tax, and Mixed/hybrid taxation (APTF, 2013).

A number of ASEAN countries still rely on the ad valorem excise tax system for alcohol products. However, when looking at a broader regional level in Asia Pacific, no country outside of ASEAN (except for Bangladesh) uses the ad valorem tax system (APTF, 2013).

3.1.1. Excise tax bases in ASEAN (APTF 2013)

Use of Specific Rates	Use of Ad Valorem Rates	Use of Mixed Rates
Brunei Indonesia Philippines (Beer, wine) Singapore	Cambodia Laos PDR Myanmar VietNam	Malaysia Philippines (Spirit) Thailand

3.1.2. Basis of excise taxation of alcohol beverages in ASEAN (APTF 2013)

Litre	Litre of alcohol	Proof Litre	Ex-factory (or CIF)	Net Retail Price
Brunei Indonesia Malaysia (beer, & wine) Philippines (beer, & wine)	Malaysia (spirits) Thailand Vietnam	Philippines Malaysia (definition only) Singapore	Cambodia Laos PDR Myanmar Thailand Vietnam	Philippines (spirits)

The common “application” such as “ex-factory” does not immediately result in a universal method for determining an excise base across ASEAN. Presently, the actual meaning of this term differs between the countries where it is in use.

Definitions of “Ex-factory” used in ASEAN

Country	“Ex-factory” definition
Cambodia	Ex-factory sales price recorded on the invoice
Laos PDR	Sale at place of production excluding excise tax
Malaysia	Price the buyer would give for the goods on purchase in the open market at the time duty is payable but will exclude any excise duty, costs, charges, expenses of transportation and storage immediately

	after removal from the place of manufacture
Myanmar	Sales receipt of the producer
Thailand	Not defined (Often set by Excise Department)
Vietnam	Selling price set by producer

3.1.3. Alcohol tax systems across ASEAN

Cambodia

By regional standards, Cambodia levies a comparatively low ad valorem excise rate on all alcohol beverage categories. Given that market volumes are dominated by beer, a higher ad valorem excise (known as the ‘Specific Tax on Certain Merchandises and Services’) of 25 per cent applies to beer. In contrast, the ad valorem excise rate on wine and spirits products is a considerably lower 10 per cent (APTF 2013).

Product Category	Excise tax rate
Beer	25%
Wine	10%
Spirite	10%

Laos Laos applies ad valorem rates for all categories of alcohol beverages, which start at a rate of 50 percent for lower-strength beer products. These rates increase progressively to 60 percent for wine products and 70 percent for distilled spirits beverages (APTF 2013).

Product Categor	Excise duty (as at 2012)
Beer	50%
Wine (alcohol, wine and other alcohol beverages < 15°proof)	60%
Spirits (alcohol or alcoholic beverages > 15°proof)	70%

Brunei

Domestic excise is the primary taxation method for the whole alcohol market in Brunei. This country does not levy Customs Duties on imported alcohol beverages. Excises are levied on alcohol beverages in both a unitary and a specific (per proof litre) method (APTF 2013).

Product Categor	Excise tax rate (as at 9 May 2007)
<i>Beer</i>	BND 30.00 per Decilitre
<i>Wine products</i>	
- Sparkling wine	BND 120.00 per Decilitre
- Other wine products ≤ 15° abv	BND 55.00 per Decilitre
- Other wine products > 15° ab	BND 90.00 per Decilitre
<i>Other fermented beverages</i>	
- Cider, perry, shandy, other (including mead)	BND 30.00 per Decilitre
- Sake (rice wine), toddy	BND 90.00 per Decilitre

<i>Distilled spirits</i>	
- Brandy, whisky, rum, tafia, gin, geneva, vodka, liqueurs, cordials, bitters	BND250.00 per Proof Decilitre
- Samsu, arrack, and pineapple spirit <=40°	BND 90.00 per Decilitre
- Samsu, arrack, and pineapple spirit > 40°	BND120.00 per Proof Decilitre

Indonesia

Indonesia has one of the simplest alcohol tax structures of the ten ASEAN countries. Often praised by international taxation experts, Indonesia's excise structure does not distinguish between alcohol beverage categories. Indonesia utilises a vertical approach, in which three alcohol taxation categories are solely determined according to the alcohol strength of the product. As such, there is no reference to product characteristics within the alcohol tax system and excise authorities are not faced with product classification issues when determining the appropriate product category (APTF 2013).

Category (by alcohol strength)	Excise (IDR/L) Domestic Products	Excise (IDR/L) Imported Products	Luxury sales tax (removed after tax reforms from 4/2010)
Category A >20°	75.000	130.000	0%
Category B: 5° to <=20°	30.000	40.000	0%
Category C <=5°	11.000	11.000	0%

Malaysia

Malaysia utilises one of the most complex alcohol tax structures across ASEAN. With numerous alcohol tax categories across beer, wine and spirits, Malaysia's taxation authorities face higher complexity in terms of product categorization and tax treatment. Once categorized, alcohol beverages in Malaysia could be liable for either a unitary or a specific excise rate. Furthermore, all alcohol beverages that enter the Malaysian alcohol market through official channels are liable for an additional ad valorem excise component of 15 per cent. (APTF 2013).

Product Category	Excise Duty (2006)	
	Ad valorem	Unitary (MYR/L)
Beer and stout	15%	7.40 MYR per litre
Sparkling wine	15%	34 MYR per litre
Other wine products	15%	12 MYR per litre
Other fermented beverages; (e.g. cider, perry, Sake)	15%	Various different unitary and specific rates
Spirits		
- Whisky and Brandy	15%	30MYR per litre

- Rum, Gin and Vodka	15%	30MYR per litre
- Liqueurs and cordials > 1.14°abv	15%	Various different unitary and specific rates

Myanmar

Myanmar currently levies a Commercial Tax on alcohol beverage products, at a flat ad valorem rate of 50 percent (APTF 2013).

Product Category	Commercial Tax (as at 15 March 2012)
Beer	50%
Wine	50%
Distilled spirits	50%

Philippines

The Philippines presently utilises an alcohol tax system based on the Net Retail Price (NRP) of the beverage category. NRP plays a key role in the alcohol tax system through: (1) Setting price tiers to determine the unitary tax rate for beer and wine products; and (2) Providing a tax base, as a component of the ‘NRP per proof litre’ calculation for distilled spirits products (APTF 2013).

Product Category	Excise Duty (1 January 2013)
Beer (levied according to Net Retail Price per litre of volume capacity)	
≤ PHP50.60 (per litre of volume capacity)	PHP15.00 per L
> PHP50.60 (per litre of volume capacity)	PHP20.00 per L
Sold at microbreweries, pubs and restaurants, regardless of NRP	PHP28.00 per L
Sparklingwine and champagnes (levied according to Net Retail Price per 750 ml bottle)	
≤ PHP500.00 per 750 ml bottle	PHP250.00 per L
> PHP500.00 per 750 ml bottle	PHP700.00 per L
Still wines and carbonated wines (levied according to Net Retail Price)	
< 14° abv	PHP30.00 per L
> 14° abv ≤ 25° abv	PHP60.00 per L
Fortifiedwines > 25° abv	Taxed as distilledspirits
Distilled spirits	PHP20.00 per Proof Litre + 15% of the product’s NRPer Proof Litre

Singapore

Singapore levies a high excise tax for alcohol products. Singapore’s alcohol tax system reflects simplicity and transparency, whilst also providing tax equivalence between products with similar alcohol volumes (APTF 2013).

Product category	Excise duty (S\$/LPA)
------------------	-----------------------

	Old excise duty	New excise duty since 21/02/2014⁴
Beer	S\$48 per LPA	S\$60 per LP
Cider or perry	S\$48 per LPA	S\$60 per LP
Wine made from fresh grapes, Vermouth and other wine of fresh grape flavoured	S\$70 per LP	S\$88 per LP
Fermented beverages, fermented beverages mixed with non-alcoholic beverages	S\$70 per LP	S\$88 per LP
Sake, toddy, shandy, other rice wine	S\$70 per LP	S\$88 per LP
Spirits (Brandy, whiskies, rum, gin, vodka, v.v.)	S\$70 per LP	S\$88 per LP

Thailand

Thailand is another country that can arguably lay claim to ASEAN's most complex and cumbersome alcohol tax system. Alcohol taxation in Thailand utilises a 'mixed' specific (per LPA) and ad valorem system, in which products are levied a specific or an ad valorem excise rate depending upon which approach results in the highest total excise duty collection (Ministry of Finance of Thailand 2013).

	Tax rate (since 3/9/2013)		
	The Ad Valorem rate (% of the last wholesale price)	The Specific rate	
		Baht per litre of pure alcohol	Baht per the quantity of 1 litre
1. Fermented beverages			
1.1. Beer (Ceiling rate)	60	300	30
(1) Less than 7 degree beer	48	155	8
(2) Over than 7 degree beer , collect additional tax from (1) per degree	0	0	3
1.2. Wine and Sparkling wine made from grape (Ceiling rate)	60	2000	300
(1) Less than 15 degree wine, the last wholesale price is not exaggerated 600 baht exclude VAT	0	1000	225
(2) Less than 15 degree, the last wholesale price is exaggerated 600 Baht exclude VAT	36	1000	225

⁴ Refer to Circular No 03/2014, Singapore Customs for more details on the excise tax for specific alcohol beverage category.

(3) Over 15 degree, collect additional tax from (1) and (2) for each degree	0	0	3
1.3. Local fermentation and other fermentation aside of 1.1 – 1.2 (Ceiling rate)	25	150	30
(1) Less than 15 degree	5	70	10
(2) Over 15 degree, collect additional from (1) for each degree			3
2. Distilled beverages (Ceiling rate)	50	400	60
<i>2.1. White alcohol without other mixers or tasty alcohol</i>			
(1) Less than 40 degree	4	145	40
(2) Over 40 degree, collected additional tax from (1) for each degree	0	0	3
<i>2.2. Other distilled beverages aside of 2.1 such as mixed alcohol, tasty beverages and special beverages (brandy and whiskey and etc.)</i>			
(1) Less than 45 degree	25	250	50
(2) Over 45 degree, collect additional tax from (1) for each degree	0	0	3

In addition to the excise taxes, alcoholic beverages in Thailand are subject to local taxes (10%, 2009), taxes paid to ThaiHealth (2%, 2009) and Thai PBS (1.5%, 2009) (General Royal Thai Excise Department 2009).

3.2. Alcohol tax policy in some European countries

European countries levy excise taxes on alcoholic beverages by specific tax rates and by hectolitre (1 hectolitre = 100 liters) produced by the company during the year. Small independent producers will be subject to lower preferential tax rates.

For tax purposes, alcoholic beverages in Europe are classified by category: beer, wine, fermented products other than beer and wine, intermediate products, and ethyl alcohol (Table 4).

Table 4: Classification of alcoholic beverages for tax purposes in Europe

CN code		Classification of product categories as per Directive 92/83/EEC									
		BEER		Wine		Other fermented beverages		Intermediate products		Spirits	
2203	Beer made from malt	X									

2204	Wine made from fresh grapes, including fortified wines			X	X	X	X	X	X		X
2205	Vermouth and other wine of fresh grapes flavoured			X	X	X	X	X	X		X
2206	Other fermented beverages		X								X
2207	Undenatured ethyl alcohol of an alcoholic strength exceeding 80									X	
2208	Undenatured ethyl alcohol less than 80% abv; Spirits, liqueurs and other spirituous beverages.									X	
ABV (%)		>0.5	>0.5	>1.2 <15	>15 <18	>1.2 <10	>10 <15	>1.2 <22	>5.5	>1.2	>22
Alcohol entirely of fermented origin (Y yes; N No)				Y	Y		Y		N		
Production with no enrichment					X						

Source: London Economics 2010

EU sets out the structures of excise duties on alcohol and alcoholic beverages, the categories of alcohol and alcoholic beverages subject to excise duty, the basis on which the excise duty is calculated (Directive 92/83/EEC) and sets out the minimum rates that must apply to each category of alcoholic beverage (Directive 92/84/EEC). Member States are free to apply excise duty rates above these minima, according to their own national needs.

Table 5: Categories and the minimum tax rates in EU

Product	Rate expressed per	Minimum Rate
Beer	Hectolitre per degree Plato ⁵ or Hectolitre per degree alcohol	0.748€ 1.87€
Wine (still and sparkling)	Hectolitre of volume	0€
Intermediate Products (e.g. port, sherry)	Hectolitre of volume	45€
Spirits	Hectolitre of pure alcohol	550€

Source: EU Commission

⁵ Plato: hydrometer scale to measure density of beer in terms of percentage of extract by weight (1 degree Plato is equivalent to 0.4% alcohol)

The table 6 below ranks and distributes European countries into groups according to the excise tax for each alcoholic beverage. Accordingly, there are huge differences across Europe. The excise tax of beer ranges from 1.9 EUR in Bulgaria to 32 EUR/ hl/ % alcohol in finished products in Finland.

An important feature of the EU is that EU directives allow the special treatment for wines, in which excise rates can be set at zero. About half of the EU countries do not levy excises on wines. On the other hand, in other countries such as England, Northern Europe, wines are subject to quite high excise taxes of 334 Euro - 703 Euro.

The excise taxes on ethy alcohol are the highest and vary across Europe. The minimum excise tax is set at EUR 550 or 1000 EUR⁶. England, Ireland and the Nordic countries apply the highest tax rates; Southern European countries apply the lowest tax rates on spirits.

Table 6: Excise taxes on alcoholic beverages in the EU in 2014 (Viktor Trasberg, 2016)

Beer, tax/hectolitre/% alcohol of finished products The minimum excise tax approved by the Council: 1.87 EUR				
1.9-3.5	3.6- 5.4	5.5-7.2	7.3-23.5	23.6-52.7
Bulgaria	Slovakia	Hungary	France	Portugal
Germany	Malta	Latvia	Denmark	UK
Luxembourg	Poland	Cyprus	Slovenia	Spain
Romania	Belgium	Estonia	Netherlands	Finland (32.1)
Lithuania	Austria	Greece	Sweden	Norway Iceland
Wine, tax/hectolitre The minimum excise tax approved by the Council: 0 EUR				
0		3.7-84.6	84.7-334.0	334.1-703
Bulgaria	Greece	France	Estonia	UK
Germany	Italy	Poland	Netherlands	Finland
Luxembourg	Slovenia	Belgium	Denmark	Ireland (424.8)
Romania	Portugal	Latvia	Sweden	Norway
Czech R. Slovakia	Spain	Lithuania		
Malta	Croatia			
Austria	Hungary			
	Cyprus			

⁶ Article 3.1, Directive 92/83/EEC regulate: the minimum rate of excise duty on alcohol and alcohol contained in beverages other than those referred to in Articles 4, 5 and 6 shall be fixed at ECU 550 per hectolitre of pure alcohol. However, Member States which apply to alcohol and alcoholic beverages a rate of duty not exceeding ECU 1 000 per hectolitre of pure alcohol may not reduce their national rate. In addition Member States which apply to the said products a rate of duty exceeding ECU 1 000 per hectolitre of pure alcohol may not reduce their national rate below ECU 1 000

Ethyl alcohol, tax/hectolitre

The minimum excise tax approved by the Council: 550 EUR or 1000 EUR by hectolitre of pure alcohol

562-1,064	1,065-1,291	1,292-1,642	1,643-3,534	3,535-8,999
Bulgaria	Romania	Lithuania	Estonia	UK
Croatia	Slovakia	Germany	Netherlands	Ireland
Spain	Czech R.	Slovenia	France	Finland
Italy	Hungary	Latvia	Denmark	Sweden (5,866.0)
Cyprus	Austria	Poland	Belgium	Iceland
Luxembourg	Portugal	Malta	Greece	Norway

Note: Please see Appendix 1 for detailed information on alcohol taxation in EU countries

3.3. Alcohol tax policy in some African countries

Alcohol tax structure in some African countries (Bird & Wallace 2010)

Countries	Import Tax	VAT/ Retail tax	Excise Tax		
			Beer	Wines	Spirits
Benin		18%	10%	10%	10%
Botswana	Malt Beer: 5% Wines: 25% Spirits: 154 c/liter	10% (ret stage)	Malt: 2.563 c/liter Sorghum: 7.82 c/liter	Fortified still: 182.5 c/liter Unfortified still: 80.7 c/liter Sparkling: 227.6 per liter	3,671 c/liter
Burkina Faso		18%	25%	25%	25%
Burundi			31% or 51% (Depending on the brand)		
DRC	20%	13%	< 6% alcohol: 20% > 6% alcohol: 25%	Domestic: + Sparkling: 20% + < 15% alcohol: 20% + > 15% alcohol: 25% Imported: + Sparkling: 15% + < 15% alcohol: 20% + > 15% alcohol: 20%	40%
Ghana			30%		25%
Guinea Bissau			5%		30%
Kenya	Beer: 30% Wines: 30% Spirits: 250 kshs/liter or 30%	16%	Beer with low alcohol content: + Domestic: 85% + Imported: 85% (CIF+ import tax) Beer with high alcohol content: 60% (both domestic and imported)	+ Domestic: 45% + Imported: 45% (CIF + import tax)	+ Domestic: 100 kshs/liter or 65% + Imported: 100 kshs/liter or 65% (CIF + import tax)

Countries	Import Tax	VAT/ Retail tax	Excise Tax		
			Beer	Wines	Spirits
Lesotho		15%	2.239c/liter	Fortified: 169 c/liter Unfortified: 77.82 c/liter	254.8 c/liter
Malawi	30%	17.5%	Opaque: 15% Others: 30%	65%	65%
Mali			5%	5%	5%
Mauritius	25-300 Rs/liter	15%	Domestic: 12.1 Rs/liter Imported: 25 Rs/liter Actual rate (effective rate) – Domestic beer: 37.8%	Domestic: 4.4 Rs/liter Imported: 30 Rs/liter	Domestic: 30-200 Rs/liter Imported: 150-300 Rs/liter
Niger		19%	25% (Malt beer), 45%	45%	45%
Rwanda	30%	18%	Domestic: 57% Imported: 22%	Domestic: 70% Imported: 70%	Domestic: 70% Imported: 70%
Senegal		18%	30%	30%	30%
South Africa	Beer and wines: 25% Spirits: 154 c/liter	14%	Domestic: 46.41 R/liter + Sorghum: 7.82 c/liter Imported: + Malt/clear beer: 46.41 R/liter + Traditional beer: 7.82 c/liter	Fortified still wine: 3.72 R/liter Sparkling: 6.16 R/liter Unfortified: 1.98 R/liter	44.67 R/liter absolute alcohol
Swaziland	Imported products are charged via an ad valorem duty rate of 25%	Traditional beer: 14% Other alcoholic beverages: 25%	Malt beer: 43.57 E/340 ml Traditional beer: 7.82 E/liter	Unfortified, still: 80.7 c/liter Fortified, still: 182.5 c/liter	1.184 E/750 ml
Tanzania	25%	20%	220.5 Tshs/liter	Domestic: >75%: 350 Tshs/liter <75%: 708 Tshs/liter Imported: 350 Tshs/liter	1.050 Tshs/liter

Countries	Import Tax	VAT/ Retail tax	Excise Tax		
			Beer	Wines	Spirits
Togo		18%	10%	15%	15%
Uganda	15%	15%	Domestic: + Malt beer: 60% + Beer not made from malt and beer uses more than 75% of domestic ingredients: 30% Imported: 60% (Malt beer)	Domestic: 60% Imported: 60%	Domestic: 60% Imported: 60%
Zambia	25%	17.5%	Domestic: + Opaque: 35% + Clear beer: 75% Imported: + Opaque: 35% + Clear beer: 70%	Domestic: 125% Imported: 125%	Domestic: 125% Imported: 125%

4. International experience ⁷ in tax and price policy of alcohol

4.1. Experience in raising alcohol tax and price

In order to generalize the scientific research of the relationship between taxes and prices with the consumption of alcohol, Patra et al. (2012) compiled and analyzed 25 studies in the United States, and 29 studies in other countries, including Australia, Canada, Denmark, Finland, Germany, Sweden, Switzerland, and the United Kingdom. Of these, 15 studies focused on the impact of taxes or prices for high risks from drinking; 28 studies analyzed the harmful effects of alcohol abuse; and 11 studies analyzed both the model of alcohol consumption and its harmful effects. The majority of the studies above focused on the impact of raising taxes, rather than reducing taxes; studied the relationship between types of structure (such as by age, gender, and drinking group) with one of the effects of alcohol abuse. General findings of Patra et al showed that: Increasing excise taxes often leads to a reduction in alcohol consumption and a reduction in the various types of harm caused by the use of alcohol, such as drunk driving, criminal arrests, cirrhosis, and death.

Assessing the effects of increased alcohol taxation in 1983 and 2002 for alcohol-related deaths in Alaska, Wagenaar et al. (2009), found that after the taxes increased, the number and percentage of deaths from alcohol decreased significantly. Cook (2007) estimated that in the US, every 10 cent increase in the excise taxes on each 01 ounce (equivalent to 28.35g) of pure alcohol, the consumption of alcohol fell by an average of 12%, accidents caused by alcohol decreased by 7%, death from cirrhosis decreased by 32%. A study by Hollingworth et al. (2006) on youth in the United States showed that, if a corresponding tax increase of \$1 per bundle of 6 cans of beer was made, the proportion of users, in the age group of 20-30 participating in "drunks" reduced by about 13-14% for women, and about 24-27% for men. Thus, the tax increase may reduce the number of deaths due to alcohol abuse, and reduce the potential death burden. The studies above have reinforced the recommendation that the increase in excise tax is a strategic and effective solution to reduce the burden of alcohol-related disease and deaths.

Other studies have also confirmed the success of tax increases to curb excessive consumption of alcohol, increase revenues, and reduce the burden on the state budget. In Australia, it is estimated that the application of a volume tax increased revenue by 492

⁷ This report uses a secondary data analysis methodology, derived from scientific studies in many countries around the world on tax and price policy (often accompanied by one another) for alcoholic beverages, as well as general studies on alcoholism.

million Australian dollars, reduced annual consumption of pure alcohol by 2.8%, reduced 21,000 units of disease burden, with a cost savings of about 110 million Australian dollars per year (Byrnes et al. 2010). In Canada, a 25% tax increase would save the healthcare system 175.2 million to 211.3 million Canadian dollars per year (Rehm et al. 2008, 2011). In Germany, over the past 40 years, the average price of alcohol has dropped by about 30%. If the excise tax rate were on par with Europe's average, it is estimated that the average consumption of alcohol would be reduced by about 1 liter of pure alcohol, and the number of "drunks" would be reduced by about 37% (Adams & Effertz 2010). These numbers show the positive impact, and encourage an optimistic outlook in the practice of taxation policy in many different countries for curbing alcohol abuse.

In addition, it is important to note that the different tax rates for alcoholic beverages will have different effects. For example, the death rate associated with vodka in Russia is high, as the price of a bottle of vodka is only equivalent to about 3-4 bottles of beer, and the price of wine is much more expensive than vodka. The increase in excise taxes in Russia affecting the price increase rate for vodka is also lower than the inflation rate since 1998, although per capita income has increased rapidly. It is estimated that in order to reduce the mortality rate effectively, the excise taxes should increase the vodka price by more than 10 times the beer price, coupled with the strict management of illegal alcohol products (Khaltourina & Korotayev 2008). In comparison with Poland, which also consumed a lot of vodka before, from 1996 to 2001, the excise taxes in Poland increased 2.5 times, about 15.7 euro per liter of pure alcohol (Szymczak 2002). Meanwhile, the price of a bottle of beer is 12 times cheaper, and most Polish people choose to drink beer instead of vodka. The average life expectancy of Polish people increased from 66 in 1991 to 70 in 2000 (World Bank 2006), and is said to be associated with reduced consumption of spirits.

In contrast, Japan is a special case with the highest tax rate applicable to beer among alcoholic beverages (Higuchi et al. 2007). In Japan, the tax rate on average retail price is 47% for beer, 18% for sake, 35% for shochu, 23% for whiskey and brandy. This can be an important factor associated with the increasing number of people choosing to drink alcohol. Notably, alcohol abuse is believed to correlate with high rates of suicide among men in Japan. . A study by Norström et al. (2012) showed that, between 1963 and 2007, the suicide rate for men in Japan increased, while it fell slightly among women. On the other hand, the correlation between suicide rate and other alcoholic beverages such as beer or wine is unclear. Thus, the general analysis of the above studies shows that the policy implication

here is that Japan, like other countries in similar circumstances, should consider increasing taxes and sale prices of alcoholic beverages, in order to prevent the negative effects of alcohol abuse, especially for men.

Regarding the tax structure, the model applied in Thailand, which is called "Two pick one" (2C1) was effective, especially in increasing budget revenue. The alcohol tax structure in Thailand is a mixed tax, including absolute and ad valorem taxes, which is calculated simultaneously at the tax rates specified for each type of alcohol, and chooses to apply the method of calculation for higher tax returns. This system has also proven effective for the spirits preferred by heavy drinkers, as well as the light alcoholic beverages preferred by new drinkers, as compared to individual tax calculations (Shield & Rehm). Therefore, 2C1 is considered to reduce the number of drinkers more than an absolute or ad valorem tax calculation. In addition, it increases the relatively high price for products that appeal to young people, leading to reduced consumption of these products. This is considered a model that low to middle income countries can refer to, as it both increases the total tax revenue paid into the state budget, and can be effective in controlling the consumption of alcohol. However, its disadvantage, similar to many other mixed models, is that the calculation becomes complicated, can lead to a lack of transparency in performance, is not as simple, predictable and fair as specific tax calculation.

According to a study by Holm et al. (2014), in Denmark in 2010, 6% of the burden of disease was from alcohol use. Through the cost-effectiveness analysis tool, Holm et al. analyzed scenarios of changes in tax policy: an increase of 20%, an increase of 100%, and a decrease of 10%. Variables of lifelong health are measured by the difference in the burden of disease between: the rate of alcohol consumption at current tax and price; and the change in alcohol consumption due to change in tax and price. The result is the two scenarios: an increase of 20%, and an increase of 100% in taxes can prevent 20,000 and 95,500 units of disease burden respectively (DALY), while simultaneously saving respective costs : -€119 (million) and -€575 (million). In contrast, for the scenario of a 10% reduction in taxes, the additional burden of disease is 10,100 (DALY), and the extra cost is €60 (million). In all three cases of such intervention, the health impact is expected to reach a maximum of 15-20 years after the change in taxes. This contributes to affirming effectiveness of the price and tax policy, especially that increases in excise tax will help to save costs, reduce morbidity and mortality rates, and is one of the effective solutions to reduce alcohol consumption. Conversely, studying this evidence also indicates that a tax reduction scenario would increase

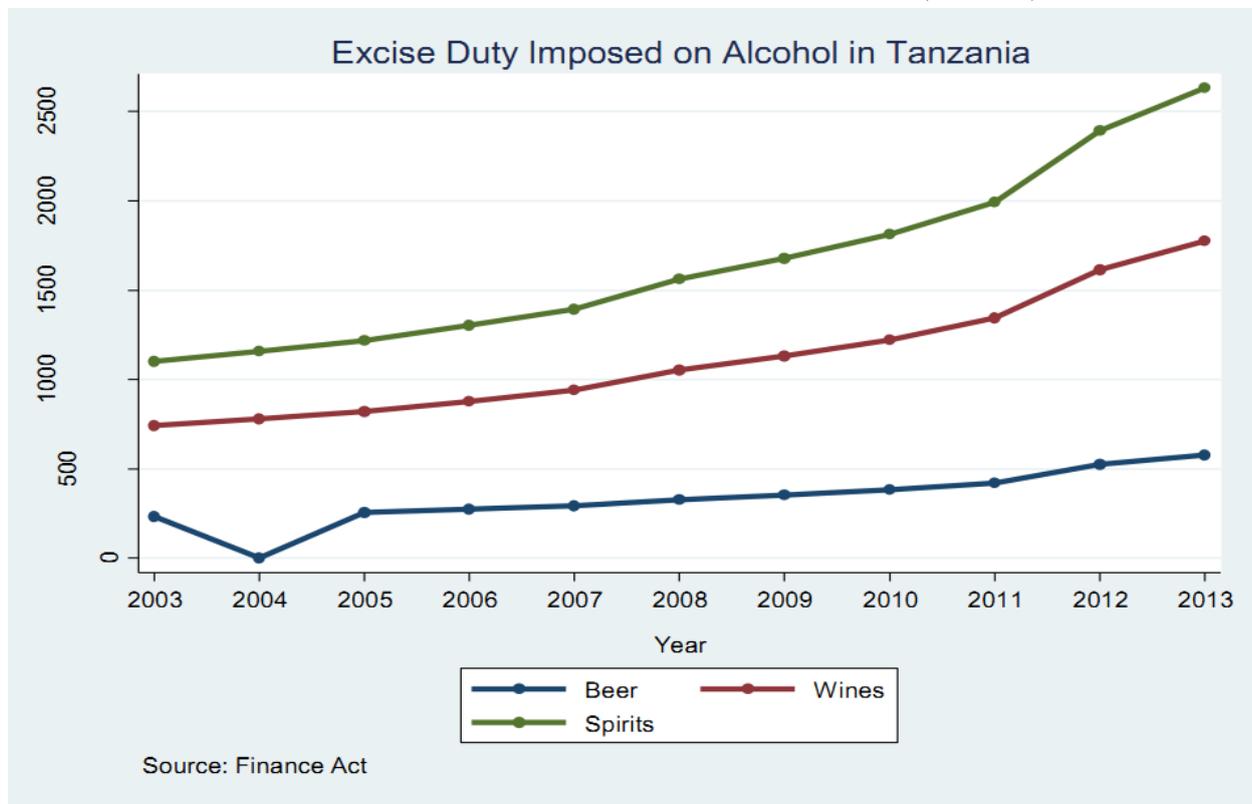
the burden of disease and increase the cost of health care. This will be clarified in Section 4.2.

Example: Excise tax increase policy on alcohol in Tanzania

Table 7: Taxes on alcohol products in Tanzania Bird & Wallace 2010

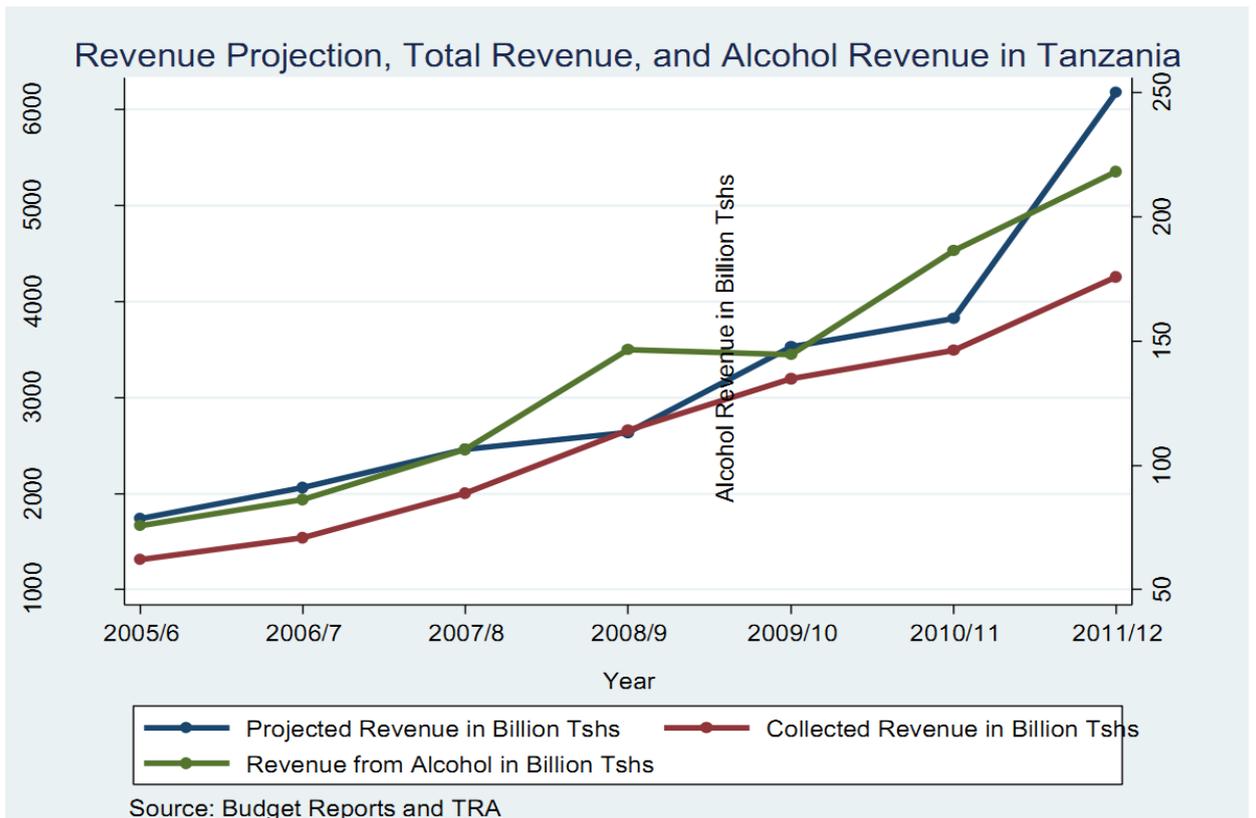
Customs duties	VAT	Thué TTĐB (2003)		
		Beer	Wines	Spirits
25%	20%	220.5 Tshs/liter	Domestic: >75%: 350 Tshs /liter <75%: 708 Tshs /liter Imported: 350 Tshs/liter	1.050 Tshs/liter

Chart 1: Excise tax increase on alcohol in Tanzania in 2003-2013 (Mshana)



It can be seen that the excise tax on alcohol in Tanzania has increased steadily for about 10 years (2003-2013), with the highest increase for spirits. This policy has in fact contributed to an increase in total tax revenue, and an increase in the tax revenue from alcoholic beverages actually paid into the annual state budget.

Chart 2: Estimated revenue increase, actual revenue and amounts paid into the state budget from alcohol taxes in Tanzania, 2005-2012 (Mshana)



4.2. Experience in failure of reduction in alcohol taxes and prices

In Switzerland, a policy to reduce taxes on imported spirits by 30% -50% in 1999 led to a 28.6% increase in total spirits consumed; meanwhile, there was no significant change in the consumption of wine and beer. Assessing the impact of this tax reduction policy, Gmel et al. (2008) believed that in the short term, people who had consumed more alcohol increased the consumption of spirits, and such increase was more than those who drank less before. Meanwhile, in the long term, this policy intervention mainly affected people who previously had only little to moderate alcohol intake. The consequence of the policy is that this group increased their consumption and total spirit consumption increased. Sweden had a similar experience, according to an estimate by Andreasson et al. (2006), a 40% tax reduction on spirits and a 15% tax reduction on wines in Sweden resulted in an increase in total alcohol consumption, the estimated per capita increase was about 0.35 liters per person. As a consequence, this country recorded an increase of about 289 deaths, 1,627 violent attacks, and 1.6 million cases of sick leave due to alcohol abuse. Thus, tax reduction leading to a discount on spirits not only increased total consumption, but also resulted in increased consumption of spirits among those who had previously been little to moderate drinkers. It also increased the long term negative impact of alcohol consumption on the community and society.

Meanwhile, Nigeria, one of the 30 countries with the highest per capita alcohol consumption in the world, was a negative example of a "no policy" decision in preventing and controlling alcohol related harms. Until 2010, this country still had no clear policy on alcohol control (Dumbili 2014). One of the reasons for this is corruption, especially related to the participation of alcohol producers hindering the promulgation of tax and price policies for control of alcohol consumption. Thus, the extension of the situation of no clear policy; or the promulgation of policies to reduce taxes, reduce selling prices; or prevention of tax increases and price increases can result in negative impacts due to the increased risk of alcohol abuse.

Also relating to corruption, a study in the United States showed the extent of how corruption affects beer taxation (Fredriksson et al. 2009). In this relationship, the corruption tends to foster the formation of beer tax reduction policies; In its turn, the reduction of beer taxation is a condition that increases alcohol-related road traffic deaths, based on analytical data from 1982 to 2001. In fact, while the state may work to reduce the consumption of alcohol through tax increase policy, alcohol producers may, by bribing state officials who are competent or influential in the decision-making process, campaign for the promulgation of

alcohol tax reduction policy. Producers are more likely to be successful in political campaigning when there is a high rate of corruption in the state and the principles of the rule of law are not complied with. This is more serious if the policy of tax and price reduction on alcoholic beverage products is planned based on fake and prejudiced evidence.

The case of Finland is another good example, demonstrating the effects of counterintuitive policies regarding alcohol taxes and prices. In March 2004, Finland reduced taxes on alcoholic beverages by a third in an effort to reduce cross border trade, which was implemented by Finnish people in other EU countries, especially the neighboring Estonia, where the price of alcoholic beverages is much cheaper. Along with the removal of alcohol quotas for tourists, the consumption of alcohol in Finland increased by 10% in 2004, causing many negative effects related to alcohol, such as drunk driving, alcohol-related arrests, increase in mortality and cirrhosis. The group seriously affected by this tax reduction policy included many young people; singles; unemployed people and early retirees. The consumption of alcoholic beverages increased by 10%, and the mortality rate from cirrhosis increased by 30% in just one year (Herttua 2008).

In order to overcome the harmful effects of the tax reduction policy for alcoholic beverages, policymakers in Finland then reversed the measures. In 2008, the taxes on spirits increased by 15%, and further increased by 10% for other alcoholic beverages. In 2009, total alcohol consumption reduced by 2%, the number of related-alcohol hospitalization reduced by 5%, and the number of deaths from alcohol reduced. The tax increase policy continued to be promoted in 2009, there were two more increases in the excise taxes on all alcoholic beverages, the first time on 01/01/2009, and the next on 01/10/2009 (National Institute for Health & Welfare 2010).

This is a very useful lesson in comparing the costs with benefits, as well as the societal consequences of two opposite policies, applied in the same country. This is similar to the impact of the two scenarios of increasing or decreasing the tax rates in the Danish study mentioned in section 4.1. Thus, from the above studies, it can be argued that there are many negative consequences of tax and price reduction policies, as compared to the positive effects of policies that increase the tax and price for alcohol.

5. Minimum price policy for alcohol

5.1. Definition of minimum price

The minimum price policy is to set a floor price that alcohol products cannot be sold under. The minimum floor price is determined based on the pure alcohol content in the product measured in gram or unit of alcohol (Royal College of Physicians of Ireland 2013).

The formula for calculating the minimum price:

“(Price for 1 unit of alcohol) x (alcohol content of the product) x (product capacity) x 100”

Note: it should be multiplied by 100 because the alcohol content of the product is a percentage (Royal College of Physicians of Ireland 2013).

The impact of this policy depends on the minimum price applied, if the minimum price offered is lower than the price of most alcohol products currently on the market, the price policy will have very little impact. The impact of the minimum price policy is particularly large for low-cost alcohol products. Minimum prices have a significant impact on the consumption behavior of young people, alcohol abusers and low-income groups as they tend to use cheap alcoholic beverages. (Hunt et al. 2011).

According to WHO (2004), about 10% of countries (out of 165 countries) apply minimum prices for alcohol products.

The study model of the University of Sheffield 2012 shows that applying a minimum price of 50 pence per unit of drink will bring the following effects:

- Reducing 60 deaths from alcoholic beverages in the first year of implementation, and reducing 318 deaths per year after 10 years of implementation;
- Reducing 1,600 hospitalizations from using alcoholic beverages in the first year of implementation, and reducing 6,500 hospitalizations on average per year after 10 years of implementation;
- Reducing 3,500 crimes per year;
- Reducing 32,300 cases of absenteeism from using alcoholic beverages.

5.2. Canadian experience in minimum price policy

Canada is one of the few countries that has implemented the minimum price policy for alcoholic beverages, and is the only country to have strong empirical evaluations of the effectiveness of this policy.

Currently, all 11 provinces in Canada implement the minimum price policy for alcoholic beverages sold in wine shops and/ or bars (Stockwell 2013).

Impact of minimum price policy in Saskatchewan, Canada

The minimum price policy was first applied to spirits in 2003, beer in 2005, wines in 2008, and others (cocktails, coolers) in 2010. The minimum price is per unit of Canadian standard drink (17.05 ml ethanol) (*See Table 8*). The minimum price increased in 2010, affecting 216 out of 2,542 alcohol products (8.5%). The new minimum price applied in 2010 reduced the motivation for choosing high alcoholic beverages, because new price policy applied a higher minimum price for higher alcoholic products (Stockwell et al. 2012).

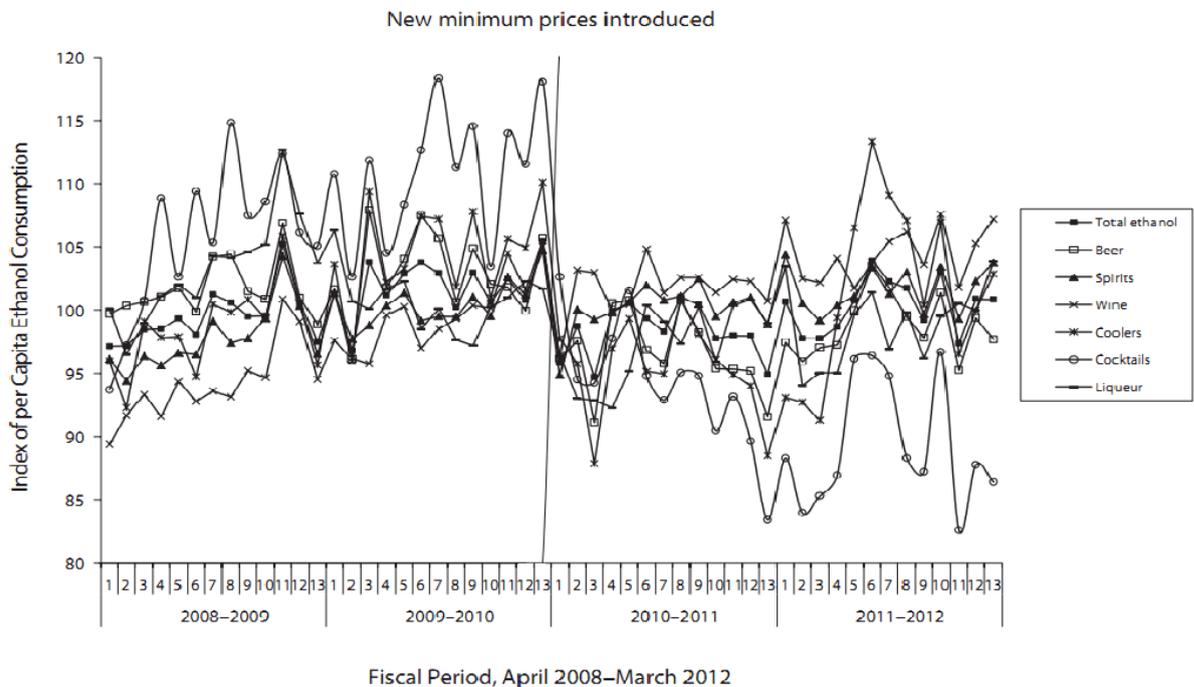
Table 8: Average minimum price/ unit of drink (17.05 ml of ethanol) for alcoholic beverages in Saskatchewan Province, Canada, 7/2003-4/2010

Categories (capacity) and % alcohol	7/2003 (\$)	1/2005 (\$)	6/2005 (\$)	1/2007 (\$)	2/2007 (\$)	1/2008 (\$)	3/2008 (\$)	1/2009 (\$)	4/2010 (\$)
<i>Spirits (750 mL)</i>									
35% to ≤ 44.9%	1.23	1.25		1.30		1.29	1.30		1.37
45% to ≤ 54.9%	1.03	1.05		1.09		1.09	1.09		1.45
≥ 55%	0.66	0.67		0.70		0.70	0.70		1.18
All spirits	1.23	1.25		1.30		1.29	1.30		1.39
<i>Alcohol (750 mL)</i>									
≤ 22.9%									1.84
23% to ≤ 34.9%									1.59
All alcohol									1.79
<i>Wines (750 mL)</i>									
≤ 15.9%							1.32		1.41
≥ 16%							0.82		1.20
All wines							1.28		1.39
<i>Beer (6 packages, 2,046 L)</i>									
≤ 6.5%			1.28		1.32		1.36	1.40	1.56
> 6.5% to ≤ 7.5%			1.00		1.03		1.06	1.10	1.72
> 7.5% to ≤ 8.5%			0.75		0.77		0.80	0.82	1.46
≥ 8.5%			0.64		0.67		0.69	0.71	1.39
All beer			1.27		1.32		1.35	1.40	1.56
<i>Cocktails (1L)</i>									
≤ 7%									1.71
> 7% to ≤ 13.7%									1.16
> 13.7% to ≤ 22.9%									1.49
23% to ≤ 34.9%									1.44
≥ 35%									1.46
All cocktails									1.50
<i>Coolers (6</i>									

<i>packages, 2.046L)</i>									
≤ 5.99%									1.48
≥ 6%									1.29
All coolers									1.33

The results of the impact assessment on the minimum price policy for alcohol consumption show that each 10% increase in the minimum price reduced 10.06% of beer consumption, 5.87% of spirits consumption and 4.58% of wine consumption; the consumption of alcoholic beverages decreased by 13.2%, cocktail consumption decreased by 21.3% and alcohol consumption decreased by 5.3%. In general, the consumption of alcoholic beverages decreased by 8.43%. The impact of the policy was particularly strong on beers with high alcohol content, a 10% increase in the minimum price reduced 22% of beer consumption (> 6.5% alcohol) compared to a decrease of 8.17% in the consumption of beers with lower alcohol content. As concluded by Stockwell et al (2012), the minimum price is an effective policy to reduce the health burden related to harmful alcohol consumption.

Chart 3: Seasonal consumption trend of alcoholic beverages in people at the age of 15 in the two years before and two years after implementation of the new minimum price policy in Saskatchewan, Canada, April 2008 to March 2012.



Note. 100 = mean per capita ethanol for each fiscal year.

Impact of minimum price policy in British Columbia, Canada

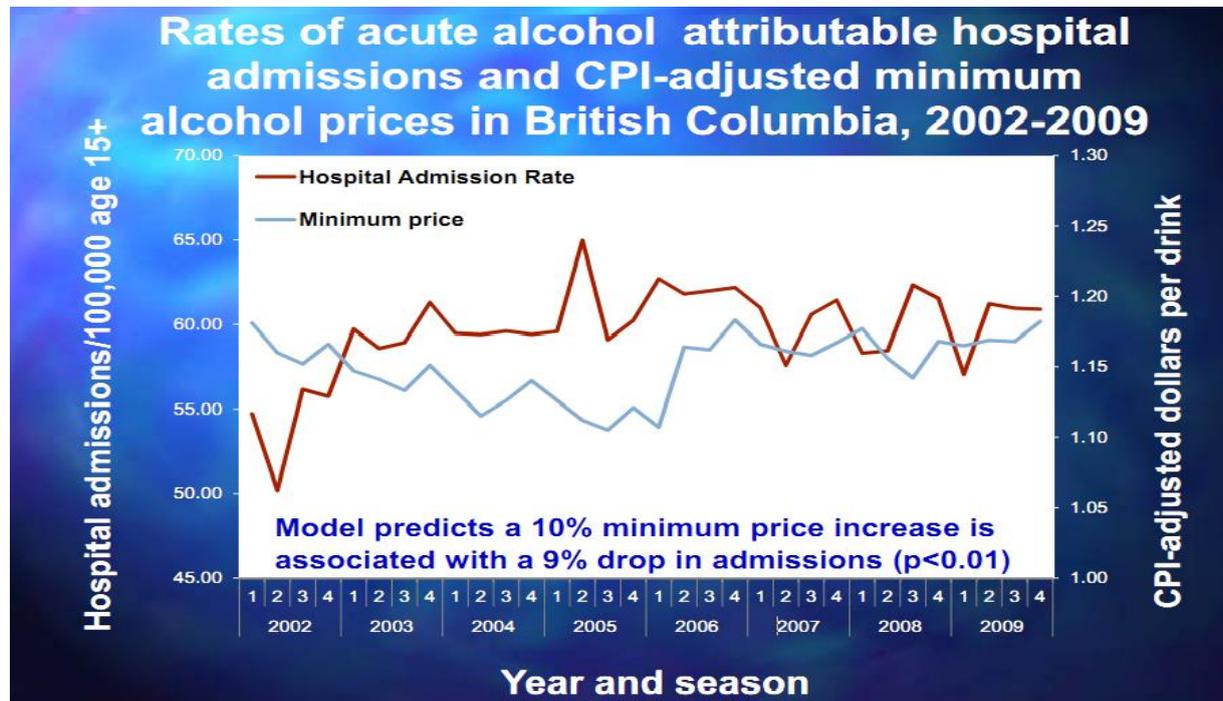
Table 9: Average minimum price/ unit of drink (17.05 ml of ethanol) for alcoholic beverages in Bristish Columbia, Canada (Stockwell 2013).

Categories	% alcohol	Minimum price
Coolers/Cider	7%	0.73 \$
Beer	8%	0.75 \$
Wine	12%	1.02 \$
Hard wine	22%	0.56 \$
Spirits (Tequila)	40%	1.35 \$
Spirits (Rum)	75.4%	0.72 \$

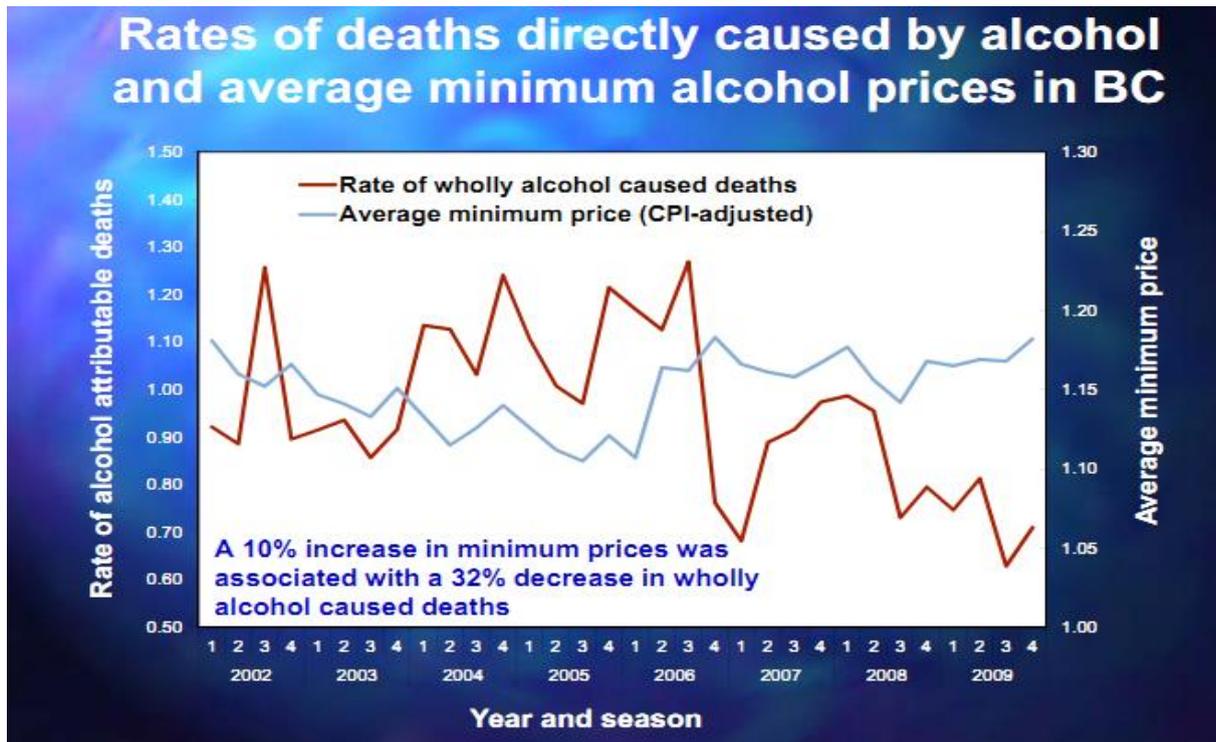
The results of the impact assessment for the minimum price policy through a 20-year data analysis, with control of seasonal factors, trends in average alcohol prices and trends in average household income show that: each increase of 10% in the minimum price led to a 1.5% decrease in beer consumption, a 6.8% decrease in spirits consumption, and a 8.9% decrease in wine consumption (Stockwell et al. 2012, Stockwell 2013).

The assessment model of the impact of minimum price policy on decreasing the harmful effects of alcohol shows that:

- A 10% increase in the minimum prices was related to a 9% decrease in the proportion of the population (more than 15 years old) hospitalized from alcohol-related acute illnesses (Stockwell 2013).



- A 10% increase in the minimum price was related to a 32% decrease in alcohol-related deaths (Stockwell 2013).



Thus, a reasonable minimum price policy promulgated will be highly efficient in reducing the consumption of alcohol, preventing harmful effects, especially for beverages with high alcohol content.

6. Some recommendations for alcohol related harm prevention and control policy in Vietnam

On 12/2/2014, the Prime Minister issued the Decision No. 244/QĐ-TTg on national policy to prevent harmful effects from the abuse of alcoholic beverages by 2020, clearly stating the objectives, solutions, roadmap and implementation responsibilities. On such basis, on 15/7/2015, the Prime Minister decided to establish the National Steering Committee to prevent the harmful effects of alcohol abuse with the Minister of Health as the Manager. In addition, there was an amendment and supplement to a number of articles in the Law on Excise Tax adopted by the 13th National Assembly, issued on November 26, 2014, which officially took effect from January 1, 2016 to increase the excise tax rate for alcohol products. However, the political will and legal regulations have not been effective in practice. The institutionalization into legal provisions and specific solutions to implement national policy against alcohol related harms has been limited. The Law on alcohol related harm prevention and control has not been issued in time for the period 2014-2016 as previously expected, and so far, the Draft Law has not yet been included in the program of law and ordinance development in 2017 of the National Assembly.

In order to contribute to the successful implementation of the National Strategy on the prevention of alcohol related harms, support is needed for the early introduction of the National Assembly's agenda for comments and approval on the Law on alcohol related harms, prevention and control. This serves as an important basis to revise and supplement policies and laws related to price and tax, within the scope of the research⁸, this review outlined a number of specific recommendations as follows:

6.1. Approach to comprehensive, consistent policy development

The general purpose of alcohol related harm prevention policy is to minimize the damage caused by alcohol abuse to individual users and societal welfare. Effective alcohol related harm prevention policies and solutions will contribute to protecting the health of individuals, families, communities, protecting the social order and safety and promoting sustainable economic development.

⁸ *Although there are broad and related issues, the main research and recommendations in this section focus on the content of price and tax policy, not overall recommendation for alcohol related harms prevention policy in general.*

At the same time, the implementation of national policy and legislation on prevention of alcohol abuse must ensure it provides consumers with the necessary information, based on a certain knowledge of the benefits and possible harms in case of abuse (OECD 2015), such as driving in a drunken state, causing traffic accidents, illness, violence, increased crime, and decline in labor productivity.

In Vietnam, however, it is still common to distill alcohol manually, and consume smuggled or counterfeit products at a low price. Alcohol is not subject to quality inspection but still widely circulated. This can cause serious harm and is difficult to control.

Some authorities try to propagate the harmful effects of alcohol, warn about the alarming alcohol consumption (Thuy Hanh 2016). However, this is undermined by the planning for development by the beer, wine and soft drinks sector by 2025 with a vision to 2035 (Decision No. 3690/QD-BCT) sets the target that the country will produce 4.1 billion liters of beer in 2020, and 5.5 billion liters of beer in 2035. Alcohol output is expected to be stable at 350 million liters/ year in the period 2020-2035. Although the proportion of alcohol production compared to other soft drinks has decreased, the absolute number of total alcohol production in Vietnam will increase significantly (the beer output in 2016 is 3.788 billion liters, over 41 liters/ person on average - Cuc Nhi 2017). Such as that, on the one hand, we try to propagate the harm caused by the abuse of alcoholic beverages, on the other hand, try to promote the supply of alcoholic beverages. This "conflict of interest" paradox shows that there is no consensus, consistency and determination to act in a timely manner, leading to an ineffective implementation of alcohol abuse prevention policies.

The references to international experiences in this report also demonstrate that many countries have encountered difficulties implementing alcohol related harm prevention policy in general, and tax and price policies for alcohol in particular⁹. International experience has, however, also helped to make it clear that the solutions leading to tax and price increases are often most effective at reducing the harmful effects caused by alcohol abuse (WHO 2004).

On that basis, in order to ensure success in the coming time, the State of Vietnam needs a comprehensive approach, a synchronous and unified policy, along with strong political will and high consensus. In line with the recommended general policy framework, each country including Vietnam needs to pay attention to the issue of public acceptance of

⁹ See the experience of some countries on the application of the alcohol tax and price reduction policy, the related experience between tax, price and corruption in Niger, USA... in section 4.2.

policies related to health and welfare. For example, research in England, showed that specific policy proposals to reduce alcohol consumption may be opposed, as people are affected by other factors, such as the cultural environment, rather than merely being affected by evidence or comparisons (Cohn 2016). Therefore, a good tax and price policy is not enough, in order to implement effectively, the support of agencies in the political system and the public is required. The systems of value, culture, belief and knowledge should be considered as useful elements (WHO 2009b).

6.2. Further reform of Excise Tax policy

As much international research has claimed, the increase in excise tax on alcohol is an effective policy to prevent harm caused by alcohol abuse. The tax increase contributes to reducing the consumption of alcoholic beverages in general (Wagenaar 2009), consumption among youth adults in particular, reducing alcohol-related traffic accidents, reducing deaths from cirrhosis, reducing violence and sexual abuse (Lippy & DeGue 2016), increasing labor efficiency and social welfare. The increase in tax rate leads to a 10% increase in alcohol price, which can reduce alcohol consumption from 3% to 10% (Elder et al. 2010), and positively impact the behavior of all drinkers (OECD, 2015). In addition, according to research on the relationship between alcohol tax, drinking alcohol during pregnancy and neonatal health, the increase in beer tax (each one cent) will reduce the effects on low birth weight (1-2% reduction) (Zhang 2010). This also demonstrates the potential for a positive, cross-generational effect of the increase in alcohol tax.

At the legal level in Vietnam, although the excise tax on alcohol has been stipulated in the Law on Excise Tax issued in 1998, replaced in 2008 and amended twice (2014, 2016), there is still plenty of space to sharply increase the excise tax rate for alcohol, and stronger reforms are required to achieve clear effects in the long run.

Specific increases in excise tax should be calculated on the basis of objective, scientific evidence, summary of the actual data in Vietnam over time, especially since the application of the recent increase (from 01/01/2016) according to the Law on Excise Tax in 2008, revised in 2014. The roadmap for increasing alcohol taxation needs to be compared with the increase in inflation and average annual income growth, as well as considering the impact of price increases greater than 10%, as specified by some researchers. There should also be comparative analysis of the benefits of tax and price increase on the health, community health care costs, social security, as well as operations of alcohol enterprises in Vietnam. In this connection, the issue of health, quality of life and social security and safety

must be considered as leading factors, ensuring sustainable development goals. In order to avoid potential conflicts of interest, the government should accelerate the process of divesting state capital in some enterprises manufacturing and trading in alcohol.

International experience, particularly the experience of switching to application of the specific tax calculation method in Australia and some ASEAN countries (APTF 2013), shows the tendency of setting up a simple and transparent alcohol tax system. The clear benefits of switching to a simple and transparent tax system, using the specific tax calculation method to alcohol, are to reduce administrative costs, increase predictability, reduce transaction costs for enterprises, reduce the risk of corruption, ensure equity and humanity, create stability and sustainability for the tax system and budget revenue. This is an important issue that should be consulted in order to select the overall reform and adjustment plan as the basis for further recommendations on amendments and supplements to the Law on Excise Tax in 2008, or the promulgation of the new Law on Excise Tax accordingly.

6.3. Research on application of minimum price policy

When other conditions do not change, the increase in alcohol price will lead to the same outcome as an increase in excise tax. Research on the drinking age structure also showed that, in most cases, the increase in selling price leads to a reduction in alcohol consumption. The various price increases have different impacts on each group, social class or on the brands of alcoholic beverages consumed. In addition, moderate drinking is associated with age, and is concentrated in groups of older people (Rehm et al. 2009), while price increases often target groups of people in adolescence, youth and middle age. Therefore, the combination of policies that lead to the increase in alcohol price such as tax increases and minimum pricing is a sensible option that effects key objects targeted by the alcohol related harm prevention and control policy.

The minimum price policy being used in Canada, as well as discussed in many European countries, is assessed to overcome the limitations of tax use, and is a more effective remedy for heavy drinkers. Through the analysis in Section 5, this report recommends policymakers to acquire lessons learned from Canada and several other countries, who have applied the minimum price policy effectively and successfully. The implementation of specific research in Vietnam helps to clarify the basis for choosing the appropriate minimum price policy, and adopt good policies to deal with the problem that manufacturers gain surplus income from high selling prices, while some consumers may suffer a loss from this price policy, such as through corporate social responsibility.

In addition, it should be noted that the price intervention approach in general has a positive impact on alcohol consumers when they are alert, can control their behavior and consider potential benefits and losses. While a consequence of alcohol abuse is the loss of control occurred during or after use and can lead to harmful behavior. At this point, it is necessary to have strong legal sanctions to intervene, at the same time ensuring the requirements on prevention. Thus, in addition to the tools of price policy in general, it is required to implement simultaneously other policy measures within the policy framework stated, and it is necessary to promulgate the Law on alcohol related harm prevention and control with effective policies.

This review is mainly based on secondary data, referenced from domestic and international research. Referring to international experience and refining common values and popular conclusions are also very important in policy making as a reference for developing policy recommendations on alcohol related harm prevention and control in Vietnam. If this information and experience is connected to the domestic analysis results, there will be a more solid foundation for the formation or adjustment of the policy in line with global trends and progress.

E. CONCLUSION

Alcohol related harm prevention and control is a public policy issue in many countries around the world, including Vietnam, which faces a rapid increase in alcohol consumption. Without effective policy solutions, Vietnam will face a lot of social issues that challenge sustainable development goals, partly due to the negative impact of high alcohol abuse in the particular groups. Therefore, it is necessary to synchronously implement the recommended general solutions in the prevention of harmful effects of alcohol and to make specific adjustments in line with the cultural traditions and socio-economic conditions in our country. This research has outlined the general policy framework for alcohol related harm prevention and control implemented and encouraged in many countries around the world. In order to be effective, it is necessary to have a comprehensive and consistent approach when pursuing general and specific policy objectives, and synchronously implement policies with political will from the highest level in central government to local and individual.

Among policy options that the state enforces to control alcohol consumption and prevent harmful effects, *Price and tax policy* is widely applied in countries around the world, and is considered the most effective approach for controlling the harmful effects of alcoholic

beverages. Therefore, in order to successfully implement the national strategy on the prevention alcohol-related harm and abuse, , the state should focus on promoting the role of price and tax policy, developing a reform roadmap, appropriate excise tax increase methods, and studying the application of the minimum price policy. This research has shown that the increase in excise tax rate, application of specific tax calculation, and minimum price for alcoholic beverages are positive and effective solutions to minimize the harmful effects of alcohol, and also contribute to increasing revenues and savings the state budget.

APPENDIX

Appendix 1: Alcohol taxes in European countries in 2014

❖ Beer (European Commission, 2014)

	VAT%	Excise tax (EUR)			
		Standard rates		Preferential rates	
		Excise tax/hectolitre/ ^o Plato	Excise tax /hectolitre/% alcohol	Small independent breweries (annual output ne 200,000 hl)	Low-alcohol beer (Ne 2.8%)
				Excise tax/hectolitre/ ^o Plato or % alcohol	Excise tax /hectolitre/% alcohol
Minimum excise tax provided by the EU		0.748 EUR per hectolitre/ ^o Plato	1.87 EUR per hectolitre/% alcohol	Rates not lower than 50% of national standard rates	
BELGIUM	21.00	1.8473 EUR		<=12.500 hl: 1.6063 EUR <=25.000: 1.6599 EUR <=50.000: 1.7134 EUR <=75.000: 1.7670 EUR <=200.000: 1.8206 EUR	
BULGARIA	20.00	0.767 EUR		0.38	
CZECH REPUBLIC	21.00	1.2477 EUR		<=10.000 hl: 0.624 EUR <=50.000 hl: 0.749 EUR <=100.000 hl: 0.873 EUR <=150.000 hl: 0.998 EUR <=200.000 hl: 1.153 EUR	
DENMARK	25.00		7.51 EUR		
GERMANY	19.00	0.787 EUR		<=5.000 hl: 0.4407 EUR <=10.000 hl: 0.5288 EUR <=20.000 hl: 0.6170 EUR <=40.000 hl: 0.6610 EUR	

	VAT%	Excise tax (EUR)			
		Standard rates		Preferential rates	
		Excise tax/hectolitre/° Plato	Excise tax /hectolitre/% alcohol	Small independent breweries (annual output ne 200,000 hl)	Low-alcohol beer (Ne 2.8%)
Excise tax/hectolitre/ ° Plato or % alcohol	Excise tax /hectolitre/% alcohol				
ESTONIA	20.00		6.28 EUR	<=3.000 hl: 3.14 EUR	
EL SALVADOR	23.00			<200.000 hl: 1.30	
SPAIN	21.00	<=11° Plato: 7.48 EUR >11°≤15° Plato: 9.96 EUR >15°<=19° Plato:13.56 EUR >19° Plato:0.91 EUR			0.5%-1.2%: 0 EUR 1.2%-2.8%: 2.75 EUR
FRENCH	20.00		>2.8% vol: 7.33 EUR	3.66 EUR	0.5%-2.8%: 3.66 EUR
CROATIA	25.00		5.25 EUR		
IRELAND	23.00		>2.8%: 22.55 EUR		>0.5%≤1.2%: 0 EUR >1.2%≤2.8%: 11.27 EUR
ITALY	22.00	2.70 EUR			
CYPRUS	19.00		6.00 EUR		
LATVIA	21.00		3.10 EUR	<10.000 hl: 1.55 EUR	
LITHUANIA	21.00		2.71 EUR	2.71 EUR	
LUXEMBOURG	15.00	15.00 EUR		<=50.000 hl: 0.3966 EUR <=200.000 hl: 0.4462 EUR >200.000 hl: 0.7933 EUR	
HUNGARY	27.00		5.47 EUR	<8.000 hl: 2.74 EUR	
MALTA	18.00	1.73 EUR		0.86 EUR	0.25 EUR
NETHERLANDS	21.00	<7° Plato: 7.59 EUR 7°<11° Plato: 28.49 EUR 11°<15° Plato: 37.96 EUR		<7° Plato: 7.59 EUR 7°<11° Plato: 26.35 EUR 11°<15° Plato: 35.11 EUR	

	VAT%	Excise tax (EUR)			
		Standard rates		Preferential rates	
		Excise tax/hectolitre/° Plato	Excise tax /hectolitre/% alcohol	Small independent breweries (annual output ne 200,000 hl) Excise tax/hectolitre/ ° Plato or % alcohol	Low-alcohol beer (Ne 2.8%) Excise tax /hectolitre/% alcohol
		≥ 15° Plato: 47.48 EUR		≥ 15° Plato: 43.92 EUR	
AUSTRIA	20.00	2.00 EUR		<12.500 hl: 1.20 EUR <25.000 hl: 1.40 EUR <37.500 hl: 1.60 EUR ≤50.000 hl: 1.80 EUR	
POLAND	23.00	1.84 EUR			
PORTUGAL	23.00	≤7° Plato: 15.06 EUR >7°≤11 Plato: 15.06 EUR >11°≤13 Plato: 18.86 EUR >13°≤15 Plato:22.61 EUR >15° Plato: 26.45 EUR	>0.5%≤1.2%: 7.53 EUR	≤7° Plato: 4.715 EUR >7°≤11 Plato: 7.53 EUR >11°≤13 Plato: 9.43 EUR >13°≤15 Plato:11.305 EUR >15° Plato: 13.225 EUR	>0.5%≤1.2%: 3.765 EUR
ROMANIA	24.00	0.874 EUR		≤200.000 hl: 0.494 EUR	
SLOVENIA	22.00		12.10 EUR		
SLOVAKIA	20.00		3.587 EUR		
FINLAND	24.00		>2.8%: 32.05 EUR	≤ 2000 hl: 16.025 EUR ≤30.000 hl: 22.435 EUR ≤ 55.000 hl: 25.64 EUR ≤ 100.000 hl: 28.845 EUR	0.5% - 2.8%: 8 EUR
SWEDEN	25.00		>2.8%: 178.00 EUR		
ENGLAND	20.00		>2.8%: 19.12 EUR	≤ 60.000 hl	1.3%-2.8%: 11.49 EUR

❖ Wines (European Commission, 2014)

Country	VAT%	Standard rates		Preferential rates
		Distilled wine	Sparkling wine	
Minimum excise tax provided by the EU		0 EUR	0 EUR	0 EUR
BELGIUM	21.00	56.9700 EUR	161.1308 EUR	14.8736 EUR
BULGARIA	20.00	0	0	
CZECH REPUBLIC	20.00	0	94.06 EUR	
DENMARK	25.00	6%-15% vol: 147.68 EUR 15%-22% vol: 197.71 EUR	6%-15% vol: 190.20 EUR 15%-22% vol: 240.23 EUR	Still 1.2%-6% vol 67.87 EUR Spark 1.2%-6% vol: 110.39 EUR
GERMANY	19.00	0	136.00 EUR	Spark <6%: 51.00 EUR
ESTONIA	20.00	84.67 EUR	84.67 EUR	<=6%: 36.71 EUR
EL SALVADOR	23.00	0	0	
SPAIN	21.00	0	0	0
FRENCH	20.00	3.72 EUR	9.23 EUR	
CROATIA	25.00	0 EUR	0 EUR	
IRELAND	23.00	>5.5%≤15%: 424.84 EUR >15%: 616.45 EUR	>5.5%: 849.68 EUR	≤5.5%: 141.57 EUR
ITALY	22.00	0 EUR	0 EUR	
CYPRUS	19.00	0 EUR	0 EUR	
LATVIA	21.00	64.03 EUR	64.03 EUR	
LITHUANIA	21.00	65.16 EUR	65.16 EUR	24.62 EUR
LUXEMBOURG	15.00	0 EUR	0 EUR	
HUNGARY	27.00	0 EUR	55.59 EUR	
MALTA	18.00	0 EUR	0 EUR	
NETHERLANDS	21.00	88.36 EUR	254.41 EUR	Still: 44.18 EUR Spark: 48.25 EUR
AUSTRIA	20.00	0 EUR	100.00 EUR	0 EUR
POLAND	23.00	37.35 EUR	37.35 EUR	
PORTUGAL	23.00	0 EUR	0 EUR	
ROMANIA	24.00	0 EUR	36.26 EUR	
SLOVENIA	22.00	0 EUR	0 EUR	
SLOVAKIA	20.00	0 EUR	79.65 EUR	per ht: 54.16 EUR
FINLAND	24.00	339.00 EUR	339.00 EUR	>1.2%<2.8%: 22.00 EUR >2.8%<5.5%: 169.00 EUR >5.5%<8.0%: 241.00 EUR
SWEDEN	25.00	267.47 EUR	267.47 EUR	<2.25%: 0 EUR 2.25%-4.5%: 93.94 EUR 4.5%-7%: 138.77 EUR 7%-8.5%: 191.01 EUR

Country	VAT%	Standard rates		Preferential rates
		Distilled wine	Sparkling wine	
ENGLAND	20.00	334.11 EUR	427.95 EUR	Still >1.2% ≤4%: 102.94 EUR Still >4% ≤5.5%: 141.56 EUR Spark >5.5% <8.5%: 258.23 EUR

❖ **Other fermented beverages (other than beer and wine) (European Commission, 2014)**

Country	VAT %	Preferential rates		Preferential rates
		Other still beverages	Other sparkling beverages	Ne 8.5% vol
Minimum excise tax provided by the EU		0 EUR	0 EUR	0 EUR
BELGIUM	21.00	56.9700 EUR	194.9400 EUR	18.0360 EUR
BULGARIA	20.00	0	0	
CZECH REPUBLIC	20.00	0	91.24 EUR	
DENMARK	25.00	6%-15%: 147.68 EUR	6%-15%: 190.20 EUR	Still 1.2%-6%: 67.87 EUR Spark 1.2%-6%: 93.39 EUR
GERMANY	19.00	0	136.00 EUR	Spark <6%: 51.00 EUR
ESTONIA	20.00	84.67 EUR	84.67 EUR	<=6%: 36.71 EUR
EL SALVADOR	23.00	0	0	
SPAIN	21.00	0	0	0
FRENCH	20.00	3.72 EUR	3.72 EUR	
CROATIA	25.00	0 EUR	0 EUR	
IRELAND	23.00	Cider & Perry >8.5%: 309.84 EUR Others>5.5%: 424.84 EUR	Cider & Perry >8.5%: 619.70 EUR Others>5.5%: 849.68 EUR	Cider & Perry: + Still & Spark ≤2.8%: 47.23 EUR + Still & Spark >2.8% ≤6%: 94.46 EUR + Still & Spark >6% ≤8.5%: 218.44 EUR Others: Still & Spark ≤5.5%: 141.57 EUR
ITALY	22.00	0 EUR	0 EUR	
CYPRUS	19.00	0 EUR	0 EUR	
LATVIA	21.00	64.03 EUR	64.03 EUR	
LITHUANIA	21.00	65.16 EUR	65.16 EUR	24.62 EUR
LUXEMBOURG	15.00	0 EUR	0 EUR	
HUNGARY	27.00	33.34 EUR	55.59 EUR	
MALTA	18.00	0 EUR	0 EUR	
NETHERLAND	21.00	88.36 EUR	254.41 EUR	Still: 44.18 EUR Spark: 48.25 EUR
AUSTRIA	20.00	0 EUR	100.00 EUR	0 EUR
POLAND	23.00	Cider & Perry ≤5%: 22.93 EUR Others: 37.35 EUR	Cider & Perry ≤5%: 22.93 EUR Others: 37.35 EUR	

Country	VAT %	Preferential rates		Preferential rates
		Other still beverages	Other sparkling beverages	Ne 8.5% vol
PORTUGAL	23.00	0 EUR	0 EUR	
ROMANIA	24.00	Cider & Perry in the list of CN codes 22060051 and CN codes 2206 0081: 10.65 EUR Hydromel CN codes 22060059 and 22060089 obtained by fermenting honey in water: 0 EUR	47.93 EUR	
SLOVENIA	22.00	0 EUR	0 EUR	
SLOVAKIA	20.00	0 EUR	79.65 EUR	per ht: 54.16 EUR
FINLAND	24.00	339.00 EUR	339.00 EUR	>1.2% <2.8%: 22.00 EUR >2.8% <5.5%: 169.00 EUR >5.5% <8.0%: 241.00 EUR
SWEDEN	25.00	267.47 EUR	267.47 EUR	<2.25%: 0 EUR 2.25%-4.5%: 93.94 EUR 4.5%-7%: 138.77 EUR 7%-8.5%: 191.01 EUR
ENGLAND	20.00	334.11 EUR	427.95 EUR	Still cider & perry: + >1,2% and <7,5%: 49.68 EUR + >7,5% and <8,5%: 74.56 EUR Spark cider & perry: + >1,2% and <5,5%: 49.68 EUR + >5,5% and <8,5%: 323.47 EUR Others: + >1,2% and <4%: 102.94 EUR + >4% and <5,5%: 141.56 EUR

❖ Intermediate beverages (European Commission, 2014)

Country	VAT%	Standard rates	Preferential rates (Ne 15% vol)
<i>Minimum excise tax adopted by the Council on 19/10/1992</i>		45 EUR/hectolitre	<i>Not lower than 40% of standard rates and not lower than rates for still-wines etc.</i>
BELGIUM	21.00	119.8800 EUR Spark: 194.9400 EUR	89.9640 EUR 194.9400 EUR
BULGARIA	20.00	46.01 EUR	
CZECH REPUBLIC	20.00	91.24 EUR	
DENMARK	25.00	Still 15%-22%: 197.71 EUR Spark 15%-22%: 240.23 EUR	Still 1.2%-6%: 67.87 EUR Still 6%-15%: 147.68 EUR Spark 1.2%-6%: 93.39 EUR Spark 6%-15%: 123.45 EUR
GERMANY	19.00	>15%-22%: 153 EUR	≤15%: 102 EUR Spark: 136 EUR
ESTONIA	20.00	180.81 EUR	
EL SALVADOR	23.00	102.00 EUR	
SPAIN	21.00	61.08 EUR	36.65 EUR
FRENCH	20.00	186.36 EUR	
CROATIA	25.00	<15%: 65.65 EUR ≥15%-22%: 105.05 EUR	
IRELAND	23.00	Still>15%: 616.45 EUR Spark: 849.68 EUR	Still<15%: 424.84 EUR
ITALY	22.00	80.71 EUR	
CYPRUS	19.00	45.00 EUR	
LATVIA	21.00	99.60 EUR	64.03 EUR
LITHUANIA	21.00	115.85 EUR	81.38 EUR
LUXEMBOURG	15.00	>15%: 66.93 EUR	≤15%: 47.10 EUR
HUNGARY	27.00	86.20 EUR	
MALTA	18.00	150.00 EUR	
NETHERLANDS	21.00	Still>15%-22%: 149.29 EUR Spark >15%-22%:254.41 EUR	Still≤15%: 105.98 EUR
AUSTRIA	20.00	Still: 80.00 EUR Spark: 100.00 EUR	
POLAND	23.00	75.16 EUR	
PORTUGAL	23.00	68.68 EUR	
ROMANIA	24.00	175.74 EUR	
SLOVENIA	22.00	132.00 EUR	
SLOVAKIA	20.00	84.24 EUR	
FINLAND	24.00	Still & Spark 15%-22%: 670 EUR	Still & Spark 1.2%-15%: 411 EUR
SWEDEN	25.00	Still & Spark 15%-22%: 559.84 EUR	Still & Spark 1.2%-15%: 337.08 EUR

Country	VAT%	Standard rates	Preferential rates (Ne 15% vol)
ENGLAND	20.00	15%-22%: 445.43 EUR	Ne 15%: 334.11 EUR

❖ Ethyl alcohol (European Commission, 2014)

Country	VAT%	Standard rates	Preferential rates	
<i>Minimum excise tax adopted by the Council on 19/10/1992</i>		<i>555 EUR or 1000 EUR/ 1 hectolitre of pure alcohol</i>		<i>Preferential rates not lower than 50% of standard rates</i>
BELGIUM	21.00	2118.96 EUR		
BULGARIA	20.00	562.43 EUR		≤30 liters: 281.28 EUR
CZECH REPUBLIC	20.00	1111.24 EUR		≤30 liters: 557.57 EUR
DENMARK	25.00	2011.69 EUR		
GERMANY	19.00	1303.00 EUR		730.00 EUR
ESTONIA	20.00	1643.00 EUR		
EL SALVADOR	23.00	2450.00 EUR	1225.00 EUR	
SPAIN	21.00	913.28 EUR		799.19 EUR
FRENCH	20.00	1718.61 EUR	859.79 EUR	
CROATIA	25.00	695.92 EUR		
IRELAND	23.00	4257.00 EUR		
ITALY	22.00	942.49 EUR		
CYPRUS	19.00	956.82 EUR		
LATVIA	21.00	1337.50 EUR		
LITHUANIA	21.00	1291.71 EUR		
LUXEMBOURG	15.00	1041.15 EUR		
HUNGARY	27.00	1126.03 EUR		
MALTA	18.00	1350.00 EUR		
NETHERLANDS	21.00	1686.00 EUR		
AUSTRIA	20.00	1200.00 EUR		648.00 EUR
POLAND	23.00	1348.21 EUR		
PORTUGAL	23.00	1251.72 EUR	Azores: 312.93 EUR Madeira: 296.14 EUR	625.86 EUR
ROMANIA	24.00	1065.08 EUR		505.91 EUR
SLOVENIA	22.00	1320.00 EUR		
SLOVAKIA	20.00	1080.00 EUR		540.00 EUR
FINLAND	24.00	4555.00 EUR	>1.2%<2.8%: 800 EUR	

Country	VAT%	Standard rates	Preferential rates	
SWEDEN	25.00	5866.16 EUR		
ENGLAND	20.00	3535.01 EUR		

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