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ALCOHOL AND TOBACCO TAX OPTIONS FOR THE UK

A 'Syntax' Project Rapid Review Briefing

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Glossary of Terms

Ad valorem duty	Ad valorem duties are a type of excise duty levied according to a percentage of the product retail price
Excise duty	An excise duty is a tax on particular types of goods paid to a national or state government
Excise duty escalator	A system applying regular pre-determined increases in excise duty (e.g. annually), usually either at, or a set percentage above, the rate of inflation
Industry levy	A tax levied on manufacturers or retailers of alcohol or tobacco products as a percentage of revenue or profit in addition to excise duty and VAT
Industry subsidy	A subsidy provided to industry or particular sectors of industry via the excise duty system to encourage or discourage particular businesses or products
Minimum excise tax	A regulation requiring excise duty per product to be above a minimum floor value (e.g. per pack of cigarettes) to prevent cross-subsidisation of products
Minimum consumption tax	A regulation requiring total excise duty and VAT per product to be above a minimum floor value
Multi-rate taxation	The rate of excise duty applied to products varies by product type (e.g. to address relative harm of products, to target particular sub-groups of consumers, to raise revenue or support industry)
Over-shifting	Price is increased by more than a tax rate change
Price cap & excise duty increase	A measure combining a wholesale price ceiling with an excise duty increase to prevent a fall in retail price
Revenue hypothecation	Revenue from excise duties, industry levies, or other tax is 'hypothecated' for – i.e. allocated to – a particular purpose (e.g. for spending on the NHS)
Specific duty	Specific duties are a type of excise duty levied per quantity (e.g. per cigarette, per unit ethanol) or per weight (e.g. per 50g tobacco, per litre alcohol)
Supplementary sales tax	An ad valorem tax calculated as a percentage of retail price applied in addition to excise duties and VAT
Tax equivalence	Excise duties for all products (alcohol or tobacco) are applied at an equivalent rate (e.g. per unit ethanol/gram tobacco)
Under-shifting	Price is increased by less than a tax rate change
Value added tax (VAT)	A consumption tax levied on most goods and services at sale: VAT is currently 20% in the UK

1 INTRODUCTION

The Syntax Project

Syntax (Full title: *Integrated evidence synthesis for joint appraisal of tobacco and alcohol tax interventions for harm reduction in the UK*) aims to investigate how tobacco and alcohol taxation can be changed to improve health for all. Funded by the National Institute of Health Research¹ and being undertaken by the Universities of Sheffield and Bath, the project is engaging consumers, policymakers and experts and using survey and sales data to look at how tobacco and alcohol tax can work together to:

- Change consumer behaviour and health;
- Benefit disadvantaged communities;
- Reduce NHS costs at a time of limited budgets.

This Briefing

This briefing aims to encourage discussion of taxation options for alcohol, tobacco, and alcohol and tobacco together, in research interviews being held in July 2018.

The briefing is based on a UK focused rapid review of peer-reviewed and grey literature conducted in May/June 2018 which brings together research on alcohol and tobacco tax. Tax and related measures for the UK were included in the study. Documents which focused only on price were excluded from the study due to the scope of the Syntax project.

The briefing summarises alcohol and tobacco taxation options, their underlying rationales and some information on outcomes for the most commonly researched policy options. It should be noted that the literature has not been appraised for quality, as this was outside the scope of this rapid review.

In the briefing, an overview of policy options and rationales is provided in Part Two. This is followed in Part Three by more detailed descriptions of tax-related measures identified from the review, rationales for their use and evidence of outcomes. Part Four draws some brief conclusions, reports on feedback from Syntax's wider project team and international advisory panel and highlights next steps for the project.

The rapid review protocol, PRISMA diagram and references can all be found in this document's Appendices, alongside a summary of current alcohol and tobacco taxation regulations in the UK and European Union (EU).

As you read the briefing, please reflect on the potential desirability, effectiveness and feasibility of different taxation options for alcohol, tobacco and for alcohol and tobacco together. The options presented are not exhaustive and we welcome discussion of alternative ideas.

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2 OVERVIEW

Alcohol and tobacco taxation in the UK

The structure for alcohol and tobacco taxation in the UK has two main components: 1) excise duties applied after manufacture; and 2) value added tax (VAT) applied at point of sale. After manufacture, both alcohol and tobacco products incur specific excise duties (calculated as a fixed tax per specified element of product: e.g. per litre, cigarette stick, gram). Cigarettes also incur ad valorem excise duties (calculated as a percentage of the retail price) and, since 2017, are subject to a minimum excise tax of £268.63 per 1,000 cigarettes (applied where specific and ad valorem duties fall below this threshold).

The current UK tax structure and rates for tobacco and alcohol are summarised in [Appendix 5.1](#), including constraints imposed on the UK's tax system by European Union directives on tobacco and alcohol tax.

Taxation options identified from the rapid review

The research team identified four main options for tax-related measures for alcohol and tobacco products from the rapid review: 1. Excise Duty Rates; 2. Taxation Structure; 3. Industry; 4. Hypothecation. Table 1 summarises the range of options identified from the literature for tobacco, alcohol and, where relevant, options coordinated across tobacco *and* alcohol, for each of these four categories. The purpose of this table is to highlight the range of tax options.

Table 1 – Options for tobacco and alcohol taxation and related measures identified from a rapid review undertaken May-June 2018 (see glossary for definitions)

TAX RELATED MEASURES		ALCOHOL	TOBACCO	COORDINATED
1. EXCISE DUTY RATES	Change excise duty rates	X	X	X
	Excise duty escalators	X	X	
	Change excise duty on specific products	X	X	
	Minimum tax		X	
2. TAXATION STRUCTURE	Equivalent taxation (e.g. per unit/gram)	X	X	
	Multi-rate taxation	X		
	Supplementary sales tax	X		X
	International tax harmonisation	X	X	
3. INDUSTRY	Industry levy		X	X
	Wholesale price cap		X	
	Industry subsidy	X		
4. HYPOTHECATION	Revenue hypothecation	X	X	X

Rationales for taxation options

From the rapid review we also identified a variety of rationales for why tax measures might be desirable. Table 2 provides an overview of these different rationales, which include changing consumption and affordability, improving health, raising revenue and impacting industry. The purpose of this table is to generate discussion of underlying objectives for alcohol and tobacco tax measures, asking the question “what are tax measures trying to achieve?”

Table 2 – Rationales for tobacco and alcohol taxation and related measures as described in literature included in the rapid review

TAX RELATED MEASURES ALCOHOL ● TOBACCO □ ALCOHOL/TOBACCO ◆		Change consumption	Change product affordability	Reduce/prevent harm	Reduce health inequalities	Raise revenue	Reduce financial costs to society	Reduce illicit trade	Reduce industry profits	Support industry	Support consumers
1. EXCISE DUTY RATES	Change excise duty rates	● □ ◆		● □	□	● □	●			●	
	Excise duty escalators	● □	● □	● □		● □	● □	□	□	●	●
	Change excise duty on specific products	● □	□			● □				●	□
	Minimum tax		□		□						
2. TAXATION STRUCTURE	Equivalent taxation	● □	● □	●	●	● □	●		□	●	
	Multi-rate taxation	●		●	●	●				●	●
	Supplementary sales tax			●			◆				
	International tax harmonisation	●	□					□		●	
3. INDUSTRY	Industry levy					□ ◆	□ ◆		□		
	Wholesale price cap		□	□		□		□	□		
	Industry subsidy									●	●
4. HYPOTHECATION	Revenue hypothecation	□		□	□	□	● □ ◆				

3 TAX-RELATED MEASURES

3.1 EXCISE DUTY RATES

Description

Changes to the rate and timing of excise duties on tobacco and alcohol products (Table 3).

Rationale

Increases to excise duty rates and the use of duty escalators are described in the literature with the objective of increasing price in order to reduce consumption, affordability and harms to health, raise revenue and reduce costs to society. These reasons were common to alcohol and tobacco. Sudden large increases in tobacco duty with short implementation periods were highlighted as a means to ensure duty increases are passed to consumers in a timely manner, thereby more effectively impacting affordability. Minimum excise rates for tobacco also aim to address affordability by narrowing the gap between premium and cheaper brands and, in the case of minimum consumption tax, to also narrow the gap between hand rolling tobacco and factory made cigarettes, with the underlying intention being to also reduce health inequalities.

Reasons for reducing or freezing duty and ending duty escalators are presented primarily in reports from industry. For alcohol, these were supporting industry, for example by addressing perceived inequalities between duties for different product types, and saving consumers money. For tobacco, industry arguments related to reducing illicit trade and the associated loss of revenue to HM Treasury.

Policy options

TABLE 3	Alcohol	Tobacco	Alcohol and Tobacco
Change excise duty rates	<ul style="list-style-type: none"> - Duty ↑ above rate of inflation: 1%, 6%(1, 2) - Duty ↑: 2%, 5%, 7%, 8%, 13.4%, 28%, 33-4%(3-5) - Duty ↑ to increase price above rate of inflation in pubs, bars and off-licences: 1%(6) - Duty ↑ to increase price: 10%, 25%(4, 7-9) - Duty ↑ to level where revenue meets/exceeds cost of externalities(10, 11) - Duty Freeze: 2014 levels(12) - Duty ↓: 2%(13) 	<ul style="list-style-type: none"> - Duty ↑: 1%, 3%, 4%, 5%(14-18) - Duty ↑ above rate of inflation to increase price: 1%, 3%, 5%(19, 20) - Duty ↑ to increase price: 10%, 20%, 40%(21-24) - Duty ↑ to increase price: £2.50, £5.00, double price(25) 	<ul style="list-style-type: none"> - Duty ↑ to increase price: 10%(26)
Excise duty escalators	<ul style="list-style-type: none"> - Duty escalator above rate of inflation: 2%, 5% per annum(1, 2, 27-30) - No duty escalator(12, 13, 28, 30-33) 	<ul style="list-style-type: none"> - Duty escalator at rate of inflation(23) - Duty escalator above rate of inflation: 2%, 3%, 5% per annum(18, 23, 34-41) - Remove duty escalator(42) - Sudden large tax increases(43) 	
Change excise duty on particular products	<ul style="list-style-type: none"> - ↑ duty on wine over three years: 16% overall (at 14p p.a.)(44) - ↑ duty on wine: 4.2%(45) - ↑ duty on wine: at rate of inflation(46) - ↑ duty on cider: 10%, 13%(2, 3, 47) 	<ul style="list-style-type: none"> - ↑ duty on hand-rolling tobacco (HR-T): 10%(35, 36, 43) - ↑ duty on HR-T above rate of inflation and above a 5% p.a. escalator: 15% annually, until 	

	<ul style="list-style-type: none"> - ↑ duty on sparkling cider and perry: above rate of inflation(46) - ↑ duty on spirits: 4%(3, 45) - ↑ duty on beer: 3.6%(45) - ↓ duty on wine purchasing and imports: to 'lower' or zero, to levels equivalent with European countries(48) - ↓ duty on beer: 2%, 1 penny per pint(2, 30-33) - ↓ duty on cider: 0.4%(3) - Freeze duty on beer(30, 32, 46) - Freeze duty on spirits, fortified wines >22%ABV, still cider and perry and sparkling cider <5.5%ABV (46) 	<ul style="list-style-type: none"> equivalent to factory made (FM) cigarettes(39) - ↑ increase duty on pipe tobacco in line with HR-T(39) - ↑ duty on HR-T above rate of inflation: 5%(46) - ↑ duty on FM above rate of inflation: 2%(46) - Introduce duty on heated tobacco products(39) 	
Minimum tax		<ul style="list-style-type: none"> - Minimum excise tax set at highest possible level and at least equivalent to tax currently due based on weighted average price of tobacco, establishing a base rate of tax per pack of cigarettes, and uprated at every budget(35, 36, 39, 43, 61, 62) - Minimum consumption tax: Extend minimum excise tax to include VAT so that it impacts on hand-rolling tobacco(37, 39, 43) 	

Evidence of outcomes

Both changes to duty rates and duty escalators are familiar features of alcohol and tobacco taxation policy and analyses of their historical and predicted effects are presented in the literature. Minimum excise tax is a new measure for tobacco.

Taken collectively, the literature reviewed indicates that duty escalators above the rate of inflation increase prices over time(18, 32, 35), reducing affordability(28) and consumption(16, 18), and are correlated with reduced alcohol and tobacco-related mortality(2, 28, 35, 37). Duty escalators are also associated with an increase in government revenue(35, 37, 38) and reducing health and social care costs, as well as reducing costs to society from premature mortality and morbidity(35). For tobacco, duty escalators have been found to have affected smoking prevalence(38), by encouraging quitting(34, 37) and reducing uptake(35). Scrapping duty escalators is associated with a fall in price(32) and falls in prices in real terms, making products more affordable(2), raising concerns that scrapping duty escalators may lead to increased mortality(28).

On ad hoc duty increases, there is evidence that larger price increases are associated with reduced sales and consumption(23), encourage quitting and switching behaviours(25) and reduce mortality(8, 21). There is also evidence that a large ad hoc tax rise would increase spending on alcohol, with heavy drinkers being more affected, but little variation by socio-economic group(5).

Minimum excise tax was only implemented for cigarettes in 2017 as a response to evidence that industry pricing policies, which keep some products affordable, undermine smokers' quit attempts.(39)

3.2 TAXATION STRUCTURE

Description

Changes to the structure and distribution of excise duties and sales taxes on alcohol and tobacco products (Table 4).

Rationale

The main options for restructuring tax presented in the literature are, first, excise duty equivalence, where a single duty is applied equally to products according to an agreed measure, such as a unit of alcohol (8g of ethanol) or a cigarette stick (or equivalent weight). This change would require a change to fully specific taxes for tobacco products and the removal of ad valorem duty (set as a percentage of retail price). For alcohol, it would require a change to duty per %ABV for wines and ciders and the application of a single duty rate across all products. For alcohol and tobacco, moving to an equivalent system for setting duty rates (per unit/stick/gram) is described as intended to change consumption rates and product affordability and to raise revenue. For alcohol other reasons included reducing and preventing harm, addressing health inequalities and costs to society, and ensuring equal treatment of different sectors of the alcohol industry.

Second, multi-duty systems are proposed, not unlike the current system for alcohol, where rates of duty vary dependent on product, with the complicating factor being why rates are varied: e.g. by harm, by sectoral value etc. Differentiated rates for different products for alcohol are advocated on grounds of relative harm (e.g. strength-specific beer duty) and support for domestic industries (e.g. cider and brewing).

Among other structural changes proposed were supplementary sales taxes. These taxes are described as intended to reduce harm to health, and for consumers to contribute to mitigating the societal costs of their own consumption. Tax harmonisation across the European Union for alcohol and tobacco was also proposed in the literature but for different reasons. For alcohol, the stated objective is reduced consumption. For tobacco, the policy aims to prevent illicit trade in tobacco products, but is also a means to address relative affordability both across borders and between different tobacco products, with affordability having implications for consumption.

Policy options

TABLE 4	Alcohol	Tobacco	Alcohol and Tobacco
Equivalent taxation (e.g. per unit/gram)	<ul style="list-style-type: none"> - Tax per unit alcohol: 9p per unit (11p/10ml ethanol, 22p per unit (27p/10ml ethanol), 29p per unit (36p/10ml ethanol) where 1 unit = 8ml ethanol(5, 12, 29, 41, 47, 49-58) - Do not tax per unit alcohol(59) 	<ul style="list-style-type: none"> - Tax hand-rolling tobacco (HR-T) at a rate equivalent to duty on factory made (FM) cigarettes(27, 60) - Move towards a fully specific tax structure (i.e. per stick or per gram), maximising the proportion of tax that is specific(36, 43, 61, 62) 	
Multi-rate taxation	<ul style="list-style-type: none"> - Multi-rate system where planner can vary duty rate levied on ethanol across a range of alcohol types: Tax spirits ABV>20% over 40p/10ml; Table wine ABV<14% next highest; then beer and strong cider; lower rates for fortified wine ABV>14%; weak cider; weak spirits(47) - Lower duty on lower-strength products (beer 50% duty \leq2.8%ABV; 		

	<p>spirits <20%ABV; wine 5.5-8.5%)(2, 53, 56, 58, 59, 63)</p> <ul style="list-style-type: none"> - Higher duty on higher strength products (beer 125% duty \geq7.5%; spirits \geq20%ABV; higher strength 'white ciders')(2, 4, 11, 29, 47, 53, 56, 58, 64) - Define 'cider' via minimum juice content, with higher rates for products falling below that threshold(54, 58) - Assign duty increases to different products to maximise revenue return(45) - Tax targeted at low value (<30p per unit) off-trade and on-trade products equivalent to 25% price increase(9) 		
Supplementary sales tax	<ul style="list-style-type: none"> - 4% ad valorem additional sales tax on product value after duty at time of purchase (applied at same time as VAT)(5) - Retail excise duty(11) 		- Consequential impact tax of 2.5% purchase price on proceeds from 'lifestyle self-abuse' goods and services (applied at same time as VAT)(65)
International tax harmonisation	<ul style="list-style-type: none"> - Minimum European tax levels on alcoholic beverages(8) - Join the World Wine Trade Group to harmonise standards with other wine-exporting countries and lower trade costs(48) 	<ul style="list-style-type: none"> - Harmonise tax across the EU(16) - Minimum excise levels for manufactured cigarettes across EU(39) - Align duty for HR-T and FM across EU(39) - Include raw tobacco in the Tobacco Tax Directive as an excisable product(39) 	

Evidence of outcomes

In part due to EU constraints on tax structures, the UK does not currently operate an equivalent tax system for either alcohol or tobacco. For this reason, evidence of outcomes is mainly drawn from modelling and survey studies. For alcohol, a per unit tax has been estimated to slightly reduce spending overall, with declines in all but those with the highest incomes, and to lead to a greater reduction in alcohol-related mortality among lower income drinkers.(5) For tobacco, changes to an equivalent tax structure (per stick, per gram) have been found to reduce the price differential between premium and value brands and between factory made cigarettes and hand-rolling tobacco.(39,62)

As regards multi-rate taxation systems, the effect of tiered beer duty applied according to strength has been found to be quite small in the UK, due to the relatively small volume of alcohol sold which is included in the higher duty bracket.(4) For example, while low income households have been found to be likely to gain slightly on average, the change is very small.(53) Similarly, adding an ad valorem duty on alcohol to the existing multi-rate system has been predicted to only prompt small changes in expenditure with little subgroup variation.(5)

3.3 INDUSTRY

Description

Measures designed to change the behaviour of the alcohol and tobacco industries (Table 5).

Rationale

The common rationales for industry levies and price cap regulation are raising revenue and reducing industry profits. In the case of industry levies, a further aim is to reduce financial costs to society. Price cap regulation also aims to address product affordability and reduce harm. For example, tobacco manufacturers make exceptionally high profits (68% vs. 15-20% in other consumer goods trades(39)). By either taxing a percentage of profits or revenue or imposing a wholesale price cap which aims to prevent excessive profits from accruing at all, income can be diverted to government. In the literature, price cap regulation is only proposed for tobacco, and industry levies are only discussed for tobacco and for tobacco *and* alcohol retailers. However, in our conclusions we comment on the late night industry levy as an example for alcohol.

The concept of using the tax system to provide an industry subsidy is specific to the alcohol sector, where there is support for measures which protect and support the establishment and success of small breweries. Such subsidies are perceived to offer consumers choice in a market where production is dominated by a few large corporations. No industry subsidy is proposed for the tobacco sector.

Policy options

TABLE 5	Alcohol	Tobacco	Alcohol and Tobacco
Industry levy		<ul style="list-style-type: none"> - Industry levy e.g. by Surcharge on corporation tax (33% as per banking sector), user fee, licensing charge(39, 66) - Profit-based levy – targeted at UK market operations (67) - Revenue-based levy, fee per stick (67) - Revenue based levy, proportion of total sales revenue by company (67) 	<ul style="list-style-type: none"> - 15% tax on industry of costs of advertising and sponsorship(65) - Public health supplement 13% levy on large retailers (rateable value >£300,000) selling both alcohol and tobacco products(68)
Price cap plus excise duty increase		- Wholesale price cap (e.g. 50p per pack of cigarettes) combined with excise rise to prevent price fall(36, 61, 62, 71, 72)	
Industry subsidy	- Small breweries relief: 0-5000hl 50% duty cut, with sliding scale up to 60,000hl(58, 69, 70)		

Evidence of outcomes

With the exception of the Scottish public health supplement (levied on retailers),(68) and the Late Night Industry Levy (see conclusions), no industry levy has been implemented in the UK for the tobacco or alcohol industries. The supplement was successful in raising projected revenue but it was not hypothecated.(68)

Price cap regulation has not so far been implemented but it is estimated that it would reduce industry profits and increase tobacco tax revenue by approximately £500m annually (c. 5% increase), with no price change for consumers or profit change for retailers.(62, 71, 72)

The only example of an industry subsidy discussed in the literature is the small brewery subsidy. It has been estimated that this measure increased profits in the short term, but not in the long term.(69) The measure may have increased entry into the market, but is not thought to have not had an effect on survivorship.(70)

3.4 HYPOTHECATION

Description

Hypothecation entails the pre-allocation of revenue from taxation measures to fund, for example, the prevention, treatment or management of alcohol and tobacco consumption (Table 6).

Rationale

Revenue can be hypothecated from excise duties, additional sales taxes and industry levies. The underlying objective is to use revenue raised from taxation on alcohol and tobacco products and industries in order to change consumption. In doing so, hypothecation may prevent harm, reduce health inequalities and reduce financial costs to society. Hypothecation is more commonly discussed in the literature on tobacco than it is in the literature on alcohol.

Policy options

TABLE 6	Alcohol	Tobacco	Alcohol and Tobacco
Revenue hypothecation	- Hypothecate additional revenue from tax increases for support for families(1)	- Hypothecate tobacco tax revenues e.g. for the NHS or for treatment and cessation services(14, 18, 34, 35, 39) - Hypothecate industry levy e.g. for the NHS or for treatment and cessation services(39, 66, 67)	- Hypothecate revenue from consequential impact tax and tax on advertising and sponsorship spending(65)

Evidence of outcomes

Industry levies and excise duties raise revenue which could be hypothecated for spending on alcohol and tobacco control measures and support services: it has been estimated that a tobacco industry levy could raise £500m per annum.(66) A study examining hypothecation of tobacco duty shows that allocating revenue to the NHS would have positive health effects, generating additional quality-adjusted life years.(35)

4 CONCLUSIONS AND NEXT STEPS

This briefing draws together published evidence on policy options for alcohol and tobacco taxation for the UK. It outlines four categories of possible policy action: excise duty rates, taxation structure, industry and hypothecation.

The common ground between alcohol and tobacco taxation is evident. For example, options share similar underlying rationales such as impacting consumption, harm and health inequalities through affordability and raising revenue in order to directly or indirectly meet the costs of alcohol and tobacco consumption.

There are also noticeable differences between approaches to alcohol and tobacco taxation. Ideas for changes to tobacco tax include measures such as levies and price caps to address the extreme profitability of the tobacco industry. In contrast, discussion of tax in the alcohol sector features the concept of industry support, where smaller producers and products particular to the UK are currently treated differently within the tax system. The hypothecation of tax revenue is also a more prevalent theme in tobacco literature.

Wider reflections

Syntax's international advisory panel and the wider project team were asked to read and reflect on this briefing from their own perspectives. They raised the following points:

1. Excise duty rates

- Combining a high tax floor, an escalator and occasional surprise large tax increases is thought to be an effective way to reduce consumption.
- Cigars are now believed to be the lowest priced products on the gantry in the UK.

2. Taxation structure

- Evidence from Sweden has shown that a shift to a pricing strategy based on alcohol strength led to an increase in floor prices and a substantial reduction in the consumption of the cheaper segment of the market.
- It is thought that equalised rates for cigarettes and hand rolling tobacco should help the UK to reduce consumption and ultimately achieve the "end game".
- There is evidence from Australia that changing the %ABV thresholds for multi-tier beer duties would impact the relative price of a larger proportion of drinks with consequential impacts on consumption. In South Africa, differential tax rates for beer have been observed to have worked well.

3. Industry

- Alternative options to reduce industry profitability include taxes on inputs (such as materials and labour) and retail price caps.
- A late night levy is in place in England and Wales, with a minimum of 70% of revenue allocated to the police and up to 30% to be used by the local authority to manage the night-time economy.

4. Hypothecation

- New Zealand, the USA and Canada all offer examples of hypothecation of a fixed tax on alcohol. New Zealand funded the Alcohol Advisory Council (ALAC); Washington State has funded alcohol-related research; and Québec funds Edu Alcool, a not for profit education and prevention organisation.
- There is also research on the relative acceptability of hypothecated versus across-the-board taxes showing that the former is more popular.

Next steps

This briefing is the first stage of a wider project aimed at investigating the potential scale of effects of taxation across tobacco and alcohol as an intervention to improve public health and reduce health inequalities in the UK. It will be used to engender discussions with tobacco and alcohol taxation experts and stakeholders in joint interviews to be held in July 2018. The briefing and the rapid review which underpins it will then be used to inform analysis of the options for tobacco and alcohol taxation. These will ultimately be used to inform modelling of tobacco and alcohol tax scenarios, with the project due to complete in Spring 2021.

5 APPENDICES

5.1 CURRENT EXCISE DUTY RATES

UK EXCISE DUTY RATES FOR TOBACCO AND ALCOHOL

TOBACCO	
Cigarettes	The highest of: 16.5% of the retail price plus £4.34 on a packet of 20 OR £268.63 per 1,000 cigarettes
Cigars	£2.71 on a 10g cigar
Hand rolling tobacco	£5.53 on a 25g packet
Other smoking tobacco and chewing tobacco	£2.98 on a 25g packet
ALCOHOL	
Beer >1.2% - <=2.8%	8.42p per litre for each % alcohol
Beer >2.8% - <=7.5%	19.08p per litre for each % alcohol
Beer >7.5%	24.77p per litre for each % of alcohol
Still cider >1.2% - <=7.5%	40.38p per litre
Still cider >7.5% - <8.5%	61.04p per litre
Sparkling cider >1.2% - <=5.5%	40.38p per litre
Sparkling cider >5.5% - <8.5%	279.46p per litre
Still wine >1.2% - <4%	88.93p per litre
Still wine >4% - <=5.5%	122.30p per litre
Still wine >5.5% - <=15%	288.65p per litre
Still wine >15% - <=22%	384.82p per litre
Sparkling wine >5.5% - <8.5%	279.46p per litre
Sparkling wine >8.5% - <=15%	369.72p per litre
Spirits	2874p per litre of pure alcohol

<https://www.gov.uk/tax-on-shopping/alcohol-tobacco>

EU EXCISE DUTY RATES FOR TOBACCO AND ALCOHOL**Tobacco Products**

Cigarettes	<p>Directive 2011/64/EU requires Member States to levy a minimum rate of excise duties on cigarettes which must consist of:</p> <ul style="list-style-type: none"> - A specific component of between 7.5% and 76.5% of the total tax burden (TTB) - expressed as a fixed amount per 1000 cigarettes - An ad valorem component - expressed as a percentage of the maximum retail selling price <p>In addition, the overall excise rate must be:</p> <ul style="list-style-type: none"> - At least EUR 90 per 1000 cigarettes - At least 60% of the weighted average retail selling price [Only applies to Member States apply excise duty < EUR 115].
Other tobacco products	<p>Directive 2011/64/EU requires Member States to levy a minimum rate of excise duties on other tobacco products. Member States can choose between applying a specific component or an ad valorem component, or if they wish, they may apply a mixture of the two.</p> <ul style="list-style-type: none"> - Fine-cut smoking tobacco: 48% (rising to 50% by 2020) of the weighted average retail selling price OR EUR 60 per kilogram* - Cigars and Cigarillos: 5% of the retail selling price OR EUR 12 per 1000 or per kilogram - Other smoking tobaccos: 20% of the retail selling price OR EUR 22 per kilogram

https://ec.europa.eu/taxation_customs/business/excise-duties-alcohol-tobacco-energy/excise-duties-tobacco_en

Alcohol Products

Beer	Hectolitre per degree Plato: EUR 0.748 OR Hectolitre per degree alcohol: EUR 1.87
Wine (still or sparkling)	Hectolitre of volume: EUR 0
Intermediate products (e.g. sherry or port)	Hectolitre of volume: EUR 45
Spirits	Hectolitre of pure alcohol: EUR 550
All alcohol	Standard VAT rate, which cannot be less than 15%.

NB. EU legislation only sets harmonised minimum rates. This means that EU countries are free to apply excise duty rates above these minima, according to their own national needs.

https://ec.europa.eu/taxation_customs/business/excise-duties-alcohol-tobacco-energy/excise-duties-alcohol_en#Excise%20duties%20on%20alcoholic%20beverages

5.2 RAPID REVIEW INFORMATION

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Syntax Rapid Review Protocol

Objective

Conduct a rapid review of contemporary UK tobacco and alcohol taxation intervention options, and associated evidence and debates to provide research participants with background information on the range of possible and implemented tax interventions.

Inclusion criteria

Geography: UK. **Methodologies:** No methodological restrictions, quantitative and qualitative analyses to be included. **Search tools:** PubMed, Scopus, Cochrane Library, Google, Existing policy document dataset, Project Management Group. International Bibliography of Social Sciences (IBSS), Web of Science Core Collection, greyLit.org to be used as additional databases at the end of the searching process, to check for omissions. **Dates:** 1997-2018. **Language:** English language documents only. **Publication status:** Published documents only.

Search strategy

Topic: Sources must include description and/or analysis of one or more taxation intervention for either or both tobacco and alcohol. **Search terms:** ((Tobacco OR cig* OR alcohol OR beer OR wine OR cider OR spirits) AND (tax OR taxes OR taxation OR excise OR duty) AND (UK OR "United Kingdom" OR Scotland OR England OR Wales OR "Northern Ireland" OR Britain)) AND pdf (for Google only). **Sources:** Peer-reviewed research papers and grey literature governmental and non-governmental reports.

Data extraction

We will use a standard form to extract data according to the PICO framework: **Population:** The geographical context, population group and timeframe in which the tax intervention was posited or implemented **Intervention:** The technical definition of the tax intervention, including the rationale for the change. **Comparator:** The system, or aspect of the system, of taxation across tobacco and/or alcohol products that was changed by the intervention. **Outcome:** Primary effects on consumer behaviour and secondary effects on health, social and economic outcomes, mediating factors impacting effectiveness (e.g. subsequent industry modification of effect), and differential effects among subgroups.

Synthesis

The data will be synthesised into a technical report to be shared with the SYNTAX team for use in WPs 2-4. This report will be summarised in a briefing to be shared with stakeholders prior to interviews. The WP1 team and subsequently the Project Steering Group, who bring international perspectives, will critically appraise this document before use.

Review management

One reviewer only will select the literature and the WP1 team and subsequently the Project Management Group will assess the selection for completeness and relevance [71]. One reviewer will extract the data and the WP1 team will work collaboratively to produce the synthesis. Peer discussion will be used throughout to ensure rigour within the review process. The review will not assess the quality of the papers.

PRISMA Diagram

