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Research Article

Implementation Status of Health Tax Policies in Nigeria and their Alignment with Global Standards

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Abstract

Introduction: Health taxes are excise taxes imposed on products that have detrimental effects on public health, such as tobacco, alcohol, and Sugar-Sweetened Beverages (SSBs) with the primary objective of curtailing the consumption of these products. Many countries have recorded successes in developing and implementing health tax policies; however, little data that define the Nigerian context exist. **Methods:** This study explored the design and implementation of health tax policies for tobacco, alcohol and SSBs in Nigeria, their alignment to global standards, and identified key enablers and barriers. The study employed a qualitative approach, comprising an in-depth literature review, key informant interviews and policy dialogue. **Results:** The study revealed that Nigeria has adopted a mixed excise system for tobacco and alcohol but only specific tax for SSBs. However, the emphasis of health tax policy development and implementation has been on the tobacco industry. Nigeria has made some progress, especially in tobacco control. However, the country currently falls behind the recommended targets with its existing health tax rates and does not ringfence health tax revenue for health which has hindered the realisation of desired health and economic outcomes. The effective implementation of health tax policies on alcohol, tobacco and SSBs are hindered by poor enforcement and industry influence but enabled by international guidelines and citizens perception of harm from these products. **Conclusion:** Overall, the alignment of existing health taxes in Nigeria with global health tax standards is suboptimal. The study recommended strategic action to align Nigeria's health taxes with global standards. Also, transparency in the collection and allocation of health tax revenues and periodic evaluation should be prioritized, to build trust and foster accountability. These will contribute to the reduction of NCDs, promote healthier lifestyles and support the nation's broader health and economic goals.

What is Already Known on this Topic?

Health taxes on harmful products such as tobacco, alcohol, and sugar-sweetened beverages are globally recognized as cost-effective strategies for reducing Non-Communicable Diseases (NCDs). Despite evidence of their effectiveness, the implementation and alignment of such taxes with global standards remain inconsistent in many low- and middle-income countries, including Nigeria.

What this Study Adds?

This study highlights the status of health tax policies in Nigeria, revealing significant gaps in the alignment of existing taxes with global benchmarks. It also identifies key barriers, such as industry interference, poor enforcement, and low taxation rates, alongside enablers like international guidelines and citizen perception of harm, which shape the implementation of health taxes in Nigeria.

How this Study Might Affect Research, Practice, or Policy?

The findings underscore the need for Nigeria to align its health taxes with global standards, strengthen enforcement mechanisms, and consider earmarking tax revenues for health programs. These actions could enhance public health outcomes, reduce the burden of NCDs, and generate sustainable revenue for the health sector.

Introduction

Non-Communicable Diseases (NCDs) like cardiovascular disease, respiratory disease, cancer and diabetes are estimated to cause 74% of deaths globally [1]. Most of the mortality from these diseases are premature deaths that occur disproportionately in low- and middle-income countries [1]. In Nigeria, NCDs account for 29% of all mortality and 22% of premature deaths [2]. The health expenditure and lost productivity as a result of NCDs are significant, and households with members having noncommunicable diseases bear a higher risk of impoverishment [3,4]. To address this high burden of NCDs, Nigeria has domesticated some global policies of the World Health Organization (WHO) like the Global Action Plan for the Development and Control of NCDs, which was adapted to develop the National Multi-Sectoral Action Plan on Non-Communicable Diseases (NMSAP) for Nigeria [5,6]. The Plan proposed several priority interventions to reduce the burden of NCDs, including the imposition of health taxes on harmful products that have been recognised as major drivers of the escalating incidence of NCDs across the world [7].

Health taxes, also known as sin taxes, are imposed on products that have detrimental effects on public health, such as tobacco, alcohol, and Sugar-Sweetened Beverages (SSBs) [8]. Historically, health taxes have existed for a considerable period; however, it is only in recent years that they have been consistently framed as tools for enhancing individual and population health, especially with the increasing burden of NCDs [9]. They have been recognized as one of the most cost-effective strategies for addressing NCDs as higher prices reduce the consumption of unhealthy products and disincentivise the unhealthy behaviours often associated with them [10,11]. Health taxes serve the dual purpose of reducing or deterring the harmful consumption of alcohol, tobacco and SSBs and are also a valuable source of government revenue, especially amidst the challenges governments face in financing the Sustainable Development Goals [10]. Thus, health tax policies are famously regarded as "win-win" policies [12].

Global policies such as the Global Strategy to Reduce the Harmful Use of Alcohol, NCD Best Buys, and Framework Convention on Tobacco Control (FCTC) have advanced the implementation of health taxes across countries, with taxes for alcohol and tobacco control being implemented in 156 and 161 countries, respectively [9]. According to the Global Status Report on Alcohol and Health (GSRAH), in 2016, 155 countries (comprising 95% of the surveyed nations), including those from the Southeast Asia and Western Pacific regions, had implemented excise taxes on beer [13,14].

Tobacco taxes, as public health policy tools, are highly cost-effective as the costs associated with their implementation are notably lower than the clinical costs associated with treating NCDs. Lane et al. estimates that raising excise taxes on tobacco to reach the WHO-recommended threshold of 70% of the retail price, capped at a 50% post-tax price increase, will yield substantial revenues [8]. Also, the WHO (2021) estimates that a 10% price increase from tax hikes reduces tobacco consumption by 4% in high-income countries and 5% in LMICs [14]. The imposition of tax on sugary beverages has emerged as a pivotal policy tool in the global campaign against the rising tide of obesity, chronic diseases, and the consequential burden on healthcare expenditures [15]. This forward-thinking tax strategy, championed by the WHO, serves a dual purpose of addressing the adverse health impacts of excessive sugar consumption and generating additional revenue for the government [15].

Health taxes are primarily levied as excise taxes, which, among various tax mechanisms are particularly effective in promoting health because they alter the price of harmful products in relation to other goods and can be easily adjusted over time [10]. The excise taxes can be ad valorem, e.g., a percentage of the producer price as found in Peru (25% of the retail price), specific, e.g., 0.03 Mauritian rupee ($0.0008) tax per gram of sugar in all SSBs in Mauritius or a mixed excise as found in Ecuador where there is a specific excise tax of $0.0018 per gram of sugar in drinks with over 25 grams of sugar per litre and an ad valorem tax of 10% of retail tax excluding VAT [16].

In Nigeria, many WHO interventions on reducing the burden of NCDs have been ratified and useful legislation and policies have been enacted over the years [17,18]. However, optimal implementation remains a challenge with excise taxes contributing less than 2.3% of total tax revenue or 0.04% of Gross Domestic Product (GDP) in Nigeria much lower than 12.3% of tax revenue or 3.2% of GDP in comparator countries in 2018 [19]. To understand the reasons for weak excise tax implementation, this study explored the status of health tax policies in Nigeria and identified the key enablers and barriers to their implementation.

Objectives of the study

The study aims to explore the implementation status of health taxes in Nigeria and their alignment with global standards. The specific objectives of the study are:

a) To explore the status of health tax policies in Nigeria and their alignment with global standards

b) To identify the key enablers and barriers to the implementation of health tax policies in Nigeria

c) To provide recommendations for the successful implementation of health taxes in Nigeria.

Methods

Study Design

The study employed a qualitative approach, comprising an in-depth literature review and key informant interviews (KIIs) to assess health tax policies and their implementation in Nigeria.

Preliminary Activities

Stakeholder Mapping and Selection

Twenty-four (24) stakeholders were identified and purposively selected based on their interest and influence in health financing, specifically health taxes. These included legislators, public officials in the health and finance sectors, and representatives of Non-Governmental Organizations (NGOs), Civil Society Organizations (CSOs), donors and development partners.

Stakeholder Engagement Workshop

A one-day workshop was organized to introduce the research to key stakeholders and solicit their input. This facilitated the collection of necessary documents and information, and stakeholders' commitment to supporting the research.

Development of Interview Guide and Research Protocol

A semi-structured interview guide with questions that would elicit important information regarding the status of health tax design and implementation in Nigeria was developed. A research protocol was also developed to guide the implementation of the research. It contains the research background and objectives, problem statement, methodology, implementation plan and the interview guide.

Data Collection

Literature Review

A comprehensive desk review of existing literature on health policies, health tax reforms, and NCD control was conducted to gather relevant information on health taxes and their implementation in Nigeria and other countries.

Key Informant Interviews (KIIs)

Semi-structured interviews were conducted with the 24 selected stakeholders, including legislators, public officials, and representatives from NGOs, CSOs, donors and partners using the KII guide developed. The interviews, averaging 40 minutes each, were conducted face-to-face or virtually and were recorded with the respondents' informed consent. The interview guide focused on eliciting detailed information on the status of health tax policy design and implementation in Nigeria.

Data Management and Analysis

Interview recordings were transcribed verbatim and reviewed to ensure accuracy. Thematic analysis was then employed to analyze the transcripts, and data from the desk review were sorted into thematic areas. Afterwards, the data from desk review and KIIs were triangulated through a series of evidence synthesis meetings by the research team members.

Policy Dialogue

A policy dialogue was held to review the initial research findings with various stakeholder groups, including legislators, representatives of Government Ministries, Departments and Agencies (MDAs), the private sector, CSOs, donors and development partners. This allowed further contributions from the participants and validation of the study's findings.

Ethical Considerations

Ethical approval was sought and obtained from the National Health Research Ethics Committee of the Federal Ministry of Health (approval number: NHREC/01/01/2007-12/12/2023). In addition, informed consent was obtained from all respondents before the interviews were conducted. The SRQR reporting checklist was used when editing the manuscript to ensure adherence to global standards [20].

Patient and public involvement

Patients and the public were not involved in any way in the design, recruitment or conduct of the work reported in this paper.

Results

Status of Health Tax Policies in Nigeria

Excise duty has traditionally been applied to alcoholic drinks and tobacco products manufactured in or imported into Nigeria. Similarly, excise on SSBs have existed in the country since 2021. The implementation of tobacco, alcohol, and SSB taxes in Nigeria is at varying levels as described in this section.

Tobacco Taxes

Over the years in Nigeria, the emphasis of health tax policies has been on the tobacco industry. As a result, Nigeria ratified the WHO Framework Convention on Tobacco Control in 2005 [21]. Ten years later, the National Tobacco Control Act (NTCA) aimed to regulate tobacco use and align with the WHO FCTC was enacted in 2015 [22]. The NTCA included various provisions such as tobacco promotion ban and the establishment of a National Tobacco Control Committee [23]. The implementation of the NTCA commenced in 2019 after complex debates and prolonged legislative processes [22].

Excise taxation on tobacco products was established in Part VII of The Customs and Excise Management Act (CEMA) of 1990 [24]. Nigeria imposes a combination of ad valorem and specific tax on cigarette sticks [25]. These taxes have increased progressively since 2019 as shown in Table 1 [26].

Item	Previous rates (Per cigarette stick)			Fiscal Policy Measure 2022 (Per cigarette stick)	
	2019(₦/$)	2020(₦/$)	2021(₦/$)	2022(₦/$)	2023(₦/$)
Tobacco	20% + 2/0.006	20% + 2.9/0.007	20% + 2.9/0.007	30% + 4.2/0.010	30% + 4.7/0.010
Source: PwC 2023.					

Table 1: Rates of Excise on Tobacco from 2019 to 2023 (PwC, 2023).

However, the rates were reversed to the pre-2022 rates of 20% ad valorem and ₦2.9 ($0.006) per stick excise tax by the executive order signed by the President in July 2023, which halted the fiscal measure [27]. As of 2020, other tobacco products, which include smokeless tobacco products and shisha were also taxed at ₦1,000 ($2.6) per kg or ₦3,000 ($7.8) per litre [28,29].

Alcohol Taxes

Nigeria has no standalone legal framework for alcohol control; however, there are some existing policy documents like the National Multi-sectoral Action Plan (NMSAP) for the Prevention and Control of Non-communicable Diseases (2019-2025) and the Federal Road Safety Act (2007) that contain alcohol control components. Excise on alcoholic beverages was established in Parts V and VI of the Customs and Excise Management Act of 1990 [24]. The excise taxation rates on alcoholic beverages in the country differ by alcohol type and have gradually increased since 2021 as shown in Table 2 [30]. However, the rates were reversed to the 2021 rates in 2023 "to relieve local manufacturers and stimulate local production [27]."

Item	Previous rates			Fiscal Policy Measure 2022	
	2019 (₦/$)	2020 (₦/$)	2021 (₦/$)	2022 (₦/$)	2023 (₦/$)
Beer and stout	35/0.10	35/0.09	35/0.08	40/0.10	45/0.10
Wines	150/0.41	150/0.38	150/0.36	20% + 50/0.12	20% + 60/0.13
Spirits	175/0.48	200/0.51	200/0.48	20% + 50/0.12	20% + 65/0.14
Source: PwC 2023					

Table 2: Rates per litre of Excise on Alcoholic Beverages from 2019 to 2023 (PwC, 2023).

SSB Taxes

Since the ad valorem tax of 5% on non-alcoholic beverages and fruit juice was removed in 2009, there was no excise tax on SSBs until 2021 [17]. The Federal Government of Nigeria incorporated an SSB tax into the Finance Act 2021, which levies a ₦10 ($0.02) tax on each litre of all non-alcoholic and sugar-sweetened carbonated drinks. Despite the Finance Act coming into effect in January 2022, the implementation of this excise duty did not commence until June 1, 2022 [31]. To streamline and facilitate the implementation of the tax, the "Excise Duty (Non-Alcoholic, Carbonated, and Sweetened Beverages) Regulations, 2022 was signed in September 2022. The regulation laid out the details of how the excise duty on sugary beverages is to be managed and provided a guide on determining the non-alcoholic beverages that are subject to the tax, when the tax becomes due (the chargeable event), who is responsible for paying the tax, the obligations that those that are subject to the tax must fulfil, and the penalties imposed for non-compliance [31]. Essentially, the regulations stand as a framework for the effective administration of the SSB excise duty [32].

Enforcement of Health Tax Policies in Nigeria

The enforcement of health tax policies in Nigeria is primarily the responsibility of the Nigerian Customs Service (NCS), which oversees the implementation of excise duties on products such as non-alcoholic beverages, alcohol, and tobacco [24]. Manufacturers of excisable goods are required to comply with specific procedures that ensure proper tax collection. This includes submitting applications for provisional or final approval to the NCS, allowing customs officers to inspect their operations at any time, and maintaining detailed records of their manufacturing processes. These records include Material Registers, Operation Registers, and Finished Product Registers, which help Excise Resident Officers track production activities and ensure accurate tax calculations [24].

Despite these measures, the enforcement of health tax policies faces significant challenges. The prevalence of illicit trade in Nigeria complicates enforcement efforts, as large volumes of untaxed products enter the market, undermining the effectiveness of health tax policies as noted by a respondent, "*One of the biggest problems is that the volume of illicit trades in the country is large*" ~KII-BcA-07. Additionally, under-declaration of product quantities by manufacturers, especially those producing tobacco, alcohol, and sugar-sweetened beverages, further hampers tax collection, as mentioned by a respondent, "*Even the ad valorem which is usually arbitrary to the producers or the importers. sometimes, they under-declare the product*." ~ KII-BcA-07. This issue is exacerbated by the inadequate institutional capacity of enforcement agencies, which limits their ability to effectively monitor and regulate the manufacturing sector.

On 26 June 2025, the Federal Government of Nigeria enacted a major tax reform package comprising four key statutes: the Nigeria Tax Act, 2025, Nigeria Tax Administration Act, 2025, Nigeria Revenue Service Act, 2025, and the Joint Tax Board (Establishment) Act, 2025 [33]. The Nigeria Revenue Service (Establishment) Act 2025, effective January 1, 2026, designates the Nigeria Revenue Service (formerly Federal Inland Revenue Service) as the central authority for all revenue collection, including excise duties previously managed by the Nigeria Customs Service [34]. This centralization aims to enhance efficiency of tax collection and ensures the NCS, and other previous revenue-collecting agencies focus on their primary administrative duties.

Distribution of Health Tax Revenue

Health taxes in Nigeria, which are a subset of the broader excise tax framework, generate substantial revenue for the government [24]. In 2023, excise taxes, including those on health-related products like tobacco, alcohol, and SSBs, generated over N250 billion ($541 million) [35]. This figure is expected to rise to as much as N500 billion in 2026 ($1 billion) [35]. However, the distribution of this revenue poses challenges, particularly in ensuring that funds are allocated to health-related interventions.

A major issue is the non-earmarking of health tax revenue for specific health-related purposes. Currently, health tax revenue is absorbed into the general revenue pool rather than being allocated directly to health sector initiatives, as mentioned by a respondent, "*The deduction commenced but the problem is that it is not ring-fenced for health... we lost it to the melting pot*." ~ KII-IGA-01. This practice is rooted in constitutional constraints, specifically section 162 of the Nigerian Constitution, which mandates that all federal revenue be deposited into a central Federation Account [36]. While there are examples of earmarking from the consolidated revenue of the federation, such as the Basic Health Care Provision Fund (BHCPF) and Universal Basic Education Commission (UBEC) Fund [37], the health sector has struggled to secure a similar arrangement for health tax revenue due to concerns over fund management, absorptive capacity, and competing priorities. An example cited by a respondent is the Cancer Fund, "*every time you find out that money allocated to the Ministry of Health especially, on the cancer fund. At the end of the day, this money is not properly used and is returned back*." ~ KII-BcA-05.

Monitoring and Accountability of Health Tax Policies

Monitoring and accountability are critical components of effective health tax policy implementation. However, the study's findings reveal significant gaps in this area. Data on revenue generated from health taxes are not readily accessible, and information on manufacturers' compliance with national tax rates is not publicly available. This lack of transparency makes monitoring the enforcement and effectiveness of health taxes in Nigeria difficult.

Enablers of Health Tax Policies in Nigeria

It is necessary to consider the systems, institutions and processes that promote the implementation of health taxes in Nigeria. The enablers of health tax implementation include

a) Availability of international guidelines: The availability of international guidelines on health tax policies such as the Global Strategy to Reduce the Harmful Use of Alcohol, which provides reference points on global recommendations for various health taxes for decisions on health tax policy design, administration and improvement [9].

b) Existence of NGOs, CSOs and professional groups: The increasing number of NGOs and professional groups interested in pro-health taxes and CSOs concerned with NCDs provides prospects for implementing existing health tax policies in Nigeria.

c) Citizens' perception: The citizens' perception of the harm of products like tobacco and alcohol, which is different from that of SSBs, creates an enabling environment for tobacco and alcohol taxes as against SSB taxes.

d) Macroeconomic condition: The current macroeconomic condition in Nigeria is a lever that could be leveraged to adjust the price of commodities, thereby having a lot of impact on affordability. This is corroborated by a respondent who stated, "*Poverty is still very prominent in the country, so, if we quickly implement the taxation. It means that a lot of the population will not be able to get to these products because if the prices go up, quite a number will be able to say, 'Oh no! The price has gone up; I need to resort to other things*'" ~ KII-BcA-07

Barriers to the Design and Implementation of Health Tax Policies

a) The Tobacco, Alcohol and SSB Industry Influence: The industries' prioritization of profits over the adverse health effect of their products on the populace, thereby influencing the consumer groups who create arguments that tax increase will affect the retail price of the commodities, reduce government revenues, and cause job losses and harm to local industries. However, a thorough review of the evidence refutes these claims [2,38]. The industries also have an influence on some policymakers through a lot of enticing marketing strategies to shape policies in their favor as corroborated by a respondent:

"*I think it's public knowledge that manufacturers of tobacco have a strong clique. The tobacco companies that are in Nigeria exert quite a lot of influence, they make use of very enticing market strategies to influence and shape policies in their favor. So basically, I think they have a way of manipulating the policymakers. They have a way of doing harmful advocacy that affects the policies and unknown to the policymakers we just allow them to get away with a lot of things*." ~ KII-BcA-02

b) Capacity Gaps in health taxes policy implementation: The capacity gap for policy implementation among relevant officers of the government due to the inadequate knowledge of health taxes contributes to the resistance from these stakeholders, as highlighted by a respondent,

"*Some inadvertently work against it not because they want to work against it, but because their awareness and knowledge are not that deep. They don't have the information that is robust enough for them to be able to take on a better narrative*." ~ KII-IGA-02

c) Conflict of interest: The presence of the Manufacturers Association of Nigeria (MAN) on the Nigeria Tariff Technical Committee (NTTC) which determines the policy on taxes within the ministry of finance creates a conflict of interest, biasing tax policy decisions. While it may seem reasonable to have a representation of the manufacturers on the Tariff Committee for their voices/opinions to be heard, these industry actors provide compelling arguments to ensure that policies are enacted in their favour. A respondent from the Federal Ministry of Health stated, "*They are part of us. Everybody; consumer protection, customs, Nigerian Economic Forum, even the beer producers, the local industries, all of them*." ~ KII-BcA-09

d) Lack of Citizens' Awareness: Public unawareness of the harmful effects of overconsumption of SSBs, fuelled by misleading advertisements, also hampers health tax support. Persuasive advertising campaigns, such as Coca-Cola's "Tomorrow's People" and Nestle Milo's "Food Drink of Future Champions." do not align with health realities and contribute to a growing number of obese children's consumption [39]. The industries are allowed to keep advertising their products in attractive manners, affecting citizens' perception of these products.

e) Challenges Associated with Earmarking Health Taxes for Health Programs: The health tax discourse is often accompanied by the policy decision to earmark the revenue generated from the sale of unhealthy products for healthcare programs, with about 54 countries earmarking some forms of health taxes for healthcare funding [40]. Challenges in earmarking health tax revenue for health programs in Nigeria include the Federal Ministry of Health's low absorptive capacity, weak accountability, competing demands from other sectors, and suboptimal governance. Lastly, the absence of a clear implementation framework and defined stakeholder roles hinders effective health tax policy application.

Alignment of Health Tax Policies in Nigeria with Global Standards

Nigeria operates a combination of specific and ad valorem taxation mechanisms for tobacco and alcohol, which aligns with global directions [28]. However, as mentioned by one of the stakeholders interviewed, the taxation rate on unhealthy products is below optimal standards. In the respondent's words, "*In terms of health tax implementation, it is below the required threshold. For cigarettes, for SSBs and for alcoholic beverages, all are operating below the recommended thresholds*" ~ KII-BcA-07. Table 3 summarises Nigeria's Health tax alignment with global standards.

Indicators	Nigeria	Global Standards
Excise tax share of retail tobacco price	25% (2018)	70%
Excise tax share of retail SSB price	1.67% (2024)	20% (minimum)
Tobacco tax structure	Mixed	Mixed
Alcohol tax structure	Specific	Mixed
SSBs tax structure	Specific	Specific
Health tax type	Excise	Excise
Source: Desk review[13-15]		

Table 3: Nigeria Health Tax Alignment with Global Standard.

As a signatory to the 2005 WHO FCTC, Nigeria has committed to the implementation of the treaty, which recommends that excise taxes, both ad valorem and specific, on cigarette packs be at least 70% of the retail price [28]. However, excise taxes only amounted to 25% of retail cigarette pack prices in 2018. Based on the above benchmarks, Nigeria currently falls behind the recommended targets with its existing tobacco tax rates [28]. Nonetheless, the country raised an estimated ₦55 billion ($141 million) from tobacco taxes in 2020 [28].

Similarly, while the globally suggested taxation rate on SSBs is set at a minimum of 20% of the retail price, it is still less than 7% in Nigeria [15,17]. This concern was expressed by a respondent, "*The WHO recommends that prices are raised by at least 20%, and right now, the tax that exists brings up to about 6.7% (as at 2023) which is the ₦10/litre tax*".

Also, the findings revealed that there have been efforts by the Economic Community of West African States (ECOWAS) to align West Africa with the global standard through a road map that has been agreed on, as stated by one of the stakeholders. "*There is a roadmap that has been agreed on, an ECOWAS directive on what the threshold should be for taxes on Tobacco, Alcohol and Sugar-Sweetened Beverages*. ~ PFS-BdA-01. However, efforts by ECOWAS to align regional tax policies with global norms are acknowledged. Yet, stakeholders urge caution in increasing tax rates to avoid significant adverse effects on industries vital for employment and national value creation, suggesting a strategic and gradual approach to taxation policy adjustments in the products' sector.

Discussion

Like many other countries, Nigeria has adopted a mixed excise system, combining specific taxes and ad valorem excise taxes on tobacco, alcohol and SSBs. The country's excise taxes on tobacco commenced with only ad valorem tax; however, in 2018, specific

tax rates were introduced in addition to the ad valorem rates for tobacco and alcohol taxes [26]. The introduction of specific tax rates was also accompanied by tiered increases in the tax rates between 2018 and 2020 [41].

Comparison of Health Tax Policies in Nigeria with Best Practices

Unlike Nigeria which have not achieved a 300% increase in the excise rate on tobacco in the last 5 years [30], Philippines recorded a 300% increase in tobacco taxes in 2012 alone, with further annual increases, reaching a 1,000% increase in 2018, and an automatic 5% annual tax increment on selected tobacco and alcohol products [42]. These taxes generate over US$800 million annually in the Philippines, with desired health outcomes such as reduced tobacco use among the population from 23.8% in 2015 to 18.7% in 2021.

Further, the alcohol-content based tax approach to alcohol heterogeneity in Nigeria is consistent with WHO recommendation and what is obtainable in South Africa, Ukraine and Algeria, where each country levies a higher tax rate on higher alcohol containing product like spirit compared to beers [43]. Also, consistent with what was observed in Thailand where simple mixed excise tax structure comprising an alcohol-content-based specific tax and an ad valorem tax results in lower alcohol consumption than complex mixed-multitiered-multi-rate taxes, Nigeria operates a simple mixed excise tax structure [30,43]. However, while the WHO technical manual on Alcohol tax policy recommended that alcohol tax should be increased regularly and adjusted automatically for inflation and income [43], the tax on alcohol in Nigeria has largely remained unresponsive to the high inflation rate experienced in the country which reached a 28-year peak in April, 2024 [44].

SSB tax rate in Nigeria is inadequate when compared with what obtains in some other countries. For example, tax rate on carbonated drinks in Saudi Arabia is as high as 50% compared with about 3.3% obtainable in Nigeria [45]. The high taxation employed in Saudi Arabia led to about 35% reduction in the consumption of carbonated drinks in the country [45]. Also, while evidence shows that inflation erodes the value of specific tax on SSBs over time and its ability to reduce consumption unless the rate is periodically adjusted for inflation [15], Nigeria's ₦10 per litre tax, which amounted to about 10%, 6.7%, and 2.9% of retail price in 2021, 2022 and 2023 respectively has remained the same even though inflation has sky rocketed [30,44]. Thus, across tobacco, alcohol, and SSBs, the country deviates from health tax rates and/or structures obtained in many other countries [46,47].

Instability of the Health tax Policy Environment in Nigeria

One significant issue identified during the course of the study is the frequency with which health tax policies are modified in Nigeria. While health tax laws are in place, their enforcement has been inconsistent. For instance, the specific excise tax rates on alcohol and tobacco products have been subject to reversals and reductions, as seen with the Executive Order in July 2023 that reversed the 2022 fiscal measures aimed at increasing these taxes [27,30]. In the same vein, the excise tax on SSBs was removed in 2009 [17], reintroduced in 2021 [31], and plans are in place to suspend it again in 2024 [48]. These policy somersaults undermine the effectiveness of health taxes as a tool for public health and reflect a broader issue of instability in policy implementation.

Earmarking of health taxes for health

There are at least 80 countries where earmarking is being used to fund the health sector, 35 countries earmark revenues from tobacco taxes, 9 countries earmark revenues from alcohol taxes and 10 countries earmark revenues from SSB taxes [49]. Earmarking 100% and 85% of incremental alcohol and tobacco tax in Philippine led to the tripling of health revenue between 2012 and 2016 while also leading to a decline in tobacco consumption [49]. Positive results of earmarking have also been reported in Estonia and to some extent, Ghana [49]. In contrast, a study of how 11 countries finance their UHC goals reported that explicit earmarking is not necessary for spending well on health, as 8 of the 11 countries studied consistently spent high on their health systems without any form of earmarks [50]. The WHO SSB tax manual describes health tax revenue earmarking for health as a secondary issue relevant only when the primary concern of SSB demand reduction has been achieved [15]. As much as this is logical, the low spending on health in Nigeria makes any potential revenue source to the sector very important. Government's expenditure per capita in Nigeria is $11.13 as against the $86 UHC recommendation [51]. Similarly, the percentage of GDP on healthcare expenditure by the government of Nigeria is 0.54% as against the UHC recommendation of 5% [52]. Within this context, earmarking health tax revenue to the health sector would be useful.

Strengths and Limitations of the Study

A key strength of this study is its comprehensive approach to assessing the implementation status of health tax policies across multiple harmful products, offering a holistic view of the challenges and opportunities in aligning national policies with global standards. However, the study has some limitations, notable among which is Nigeria's rapidly changing political and economic landscape which may affect the relevance of some findings, considering the frequency of policy reversals in the country.

Conclusion

The implementation of health tax policies in Nigeria, particularly concerning alcohol, tobacco, and SSBs, is a crucial step towards addressing the rising burden of NCDs. While Nigeria has made some progress, particularly in tobacco control, through the ratification of the WHO FCTC and the enactment of the National Tobacco Control Act, the overall alignment with global health tax standards remains inconsistent. The variability in excise tax rates, recent reversals in alcohol tax rates, and the reintroduction of taxes

on SSBs highlight the challenges in sustaining effective health taxation policies.

While Nigeria has made strides in adopting health taxes, there is a clear need for sustained commitment and strategic action to align the country's health tax structure, rate, and type with global best practices. Doing so will contribute to reducing NCDs, promote healthier lifestyles, and support the nation's broader health and economic goals.

Recommendations

Several key strategies are recommended to enhance the design, adoption and implementation of health tax policies in Nigeria.

1. Foster a strong, broad-based coalition among stakeholders, ensuring a unified approach to revising and designing health taxes that align with public health goals.
2. Build a local database to monitor the consumption of products like alcohol, tobacco, and sugar-sweetened beverages (SSBs) to accurately measure the impact of health taxes.
3. Increase local capacity to craft context-specific health tax policies. This involves empowering policymakers and regulators with the necessary skills and knowledge to develop effective health taxes.
4. Amend existing laws, such as the National Tobacco Control Act 2015, to remove obstacles and streamline enforcement.
5. Strengthen the capacity of implementing agencies through training and technical support to ensure the effective execution of health tax policies.
6. Conduct public sensitization campaigns to raise awareness about the harmful effects of targeted products, fostering greater public support for these taxes.
7. Prioritize transparency in collecting and allocating health tax revenues by providing accessible data to build trust and accountability.
8. Monitor emerging industry products and impose appropriate taxes on new and alternative products to ensure comprehensive coverage of health tax policies.

By implementing these recommendations, Nigeria can strengthen its health tax framework, ultimately leading to improved public health outcomes and increased government revenue dedicated to healthcare initiatives.

Author Contributions

GBA conceptualized the study. All authors participated in research design. AAA, ABA, EIO and GBA collected and analyzed the study data. AAA, MSS, and AOO drafted the manuscript with key input from ABA and GBA. KAA, GBA and TMA reviewed the draft and provided edits and feedback. All authors revised and approved the manuscript.

Reflexivity Statement

The research team comprises public health consultants, a health policy official, and an academic expert, all from Nigeria, brings a deep understanding of the country's health policy landscape to this study on health taxes. This insider perspective enriched the qualitative analysis, leveraging the team's access to stakeholders and contextual knowledge of Nigeria's health system. However, we recognize the risk of overemphasizing pro-health viewpoints due to our professional commitments to reducing non-communicable diseases. To mitigate these influences, the team engaged in iterative discussions during data interpretation, incorporated diverse viewpoints from the multidisciplinary group, and cross-verified findings against existing literature to ensure balanced representation. Gender diversity within the team (five females and three males) supported varied lenses on policy implications, while our shared Nigerian context underscored cultural sensitivities but prompted deliberate efforts to challenge assumptions through reflexivity exercises throughout the study.

Data Availability Statement

All literature used in this study is publicly available, while interview data is kept confidential.

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Competing Interests

The authors declare that there is no conflict of interest.

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