

Tobacco tax:

Lebanon



■ How does WHO recommend that tobacco is taxed, in general?¹

To reduce the affordability of tobacco

This reduces consumption of tobacco and improves public health.

Domestic not customs

Customs taxes are eroded in trade agreements and thus do not provide long-term revenue.

Excise not general

Excise tax raises the price of the taxed good relative to all other goods, which discourages its consumption.

Specific not ad valorem

Specific tax leads to higher prices and a lower market share of cheap cigarettes. In an ad valorem system, a minimum specific tax should also be implemented to guarantee minimum price and revenue levels.

Uniform not differential

Uniform tax leads to larger reductions in smoking, as there is less opportunity to switch between different tiers and types of tobacco products.

Comparable across all tobacco products

Similar levels of taxation across products reduce tobacco consumption, rather than simply leading to shifts in consumption between different tobacco products.

No duty-free allowances

Duty-free sales increase tobacco consumption due to lower prices of products, and reduce tax revenues.

Regularly increased

Regular tax increases in line with gross domestic product (GDP) ensure that the affordability and consumption of tobacco products reduce. Specific excise tax decreases in real value if it is not increased in line with inflation.

With tobacco tax revenue earmarked

Ideally, tobacco tax revenue should be earmarked for particular health spending purposes, for example, on tobacco control strategies.

■ How has tobacco been taxed in Lebanon?²

Historically, there has been an ad valorem excise tax implemented on tobacco products in Lebanon. The ad valorem excise tax base is formed on producer price or the declared imported value (cost, insurance and freight (CIF)). A specific excise tax was introduced in 2018, but it is only applied on imported products. Local tobacco products have zero specific tax applied.

Import tax is levied at 5% of producer price (CIF) and value added tax (VAT) at 11% of retail price.

There is no minimum excise tax in Lebanon, and duty-free sales of tobacco products are not banned.

■ What does WHO recommend as the next steps for Lebanon?

To reduce the affordability of tobacco

Tobacco products are cheaper in Lebanon than in Jordan. There is no minimum pricing law, no minimum excise tax and duty-free sales are not banned.

Specific not ad valorem

Although a specific excise tax has been introduced in Lebanon, it only applies to imported products, which creates discrimination between products and increases the price gap between different segments of the market. The same tax should be applied to all products, and it should be of a higher value.

Uniform not differential

Tiers increase product switching and lessen the reduction in consumption.

Comparable across all tobacco products

The share of tax in the retail price of waterpipe tobacco is lower than for cigarettes, and it appears waterpipe tobacco is more affordable in comparison to cigarettes.

No duty-free allowances

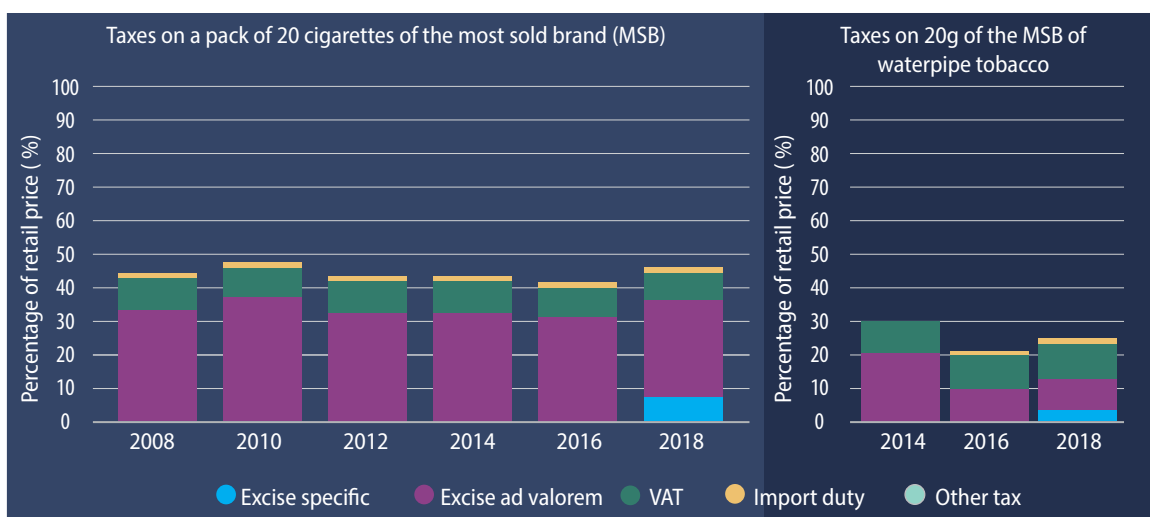
Banning duty-free sales will increase revenues, decrease affordability and reduce consumption.

With tobacco tax revenue earmarked

Ideally, a share of tobacco tax revenue should be earmarked for a particular health spending purpose.



Tobacco tax as percentage of retail price²

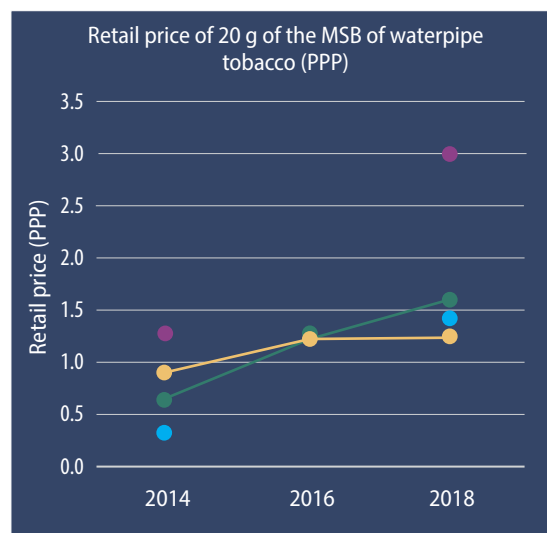
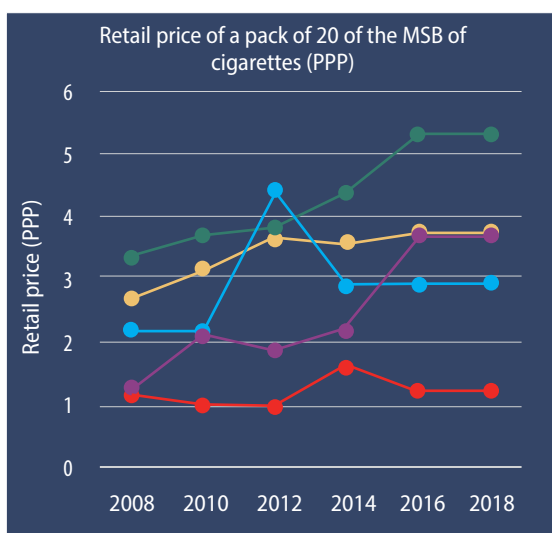
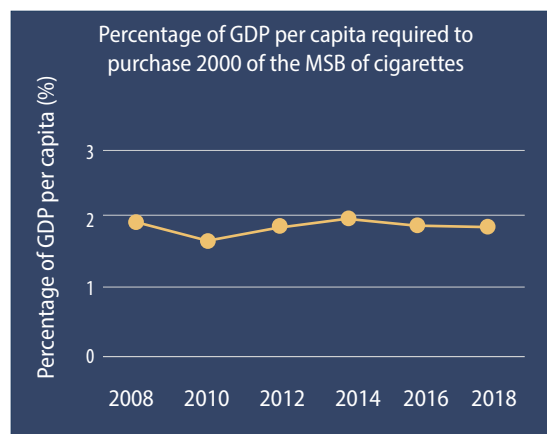


Tax has comprised a fairly constant share of the retail price of cigarettes in Lebanon over the last 10 years. The tax share of the retail price of waterpipe tobacco decreased from 2014 to 2016, and then increased in 2018. Tax comprises a lower share of the retail price of waterpipe tobacco than of cigarettes. A specific excise tax has been implemented in Lebanon in recent years, but only on imported tobacco products.

Price and affordability²

The affordability of cigarettes in Lebanon has not changed significantly over the last 10 years.

Cigarettes in Lebanon are expensive compared to some neighboring countries, but are cheap in comparison to Jordan. Waterpipe tobacco in Lebanon is cheaper than in Islamic Republic of Iran, Jordan and Libya.



● Iran (Islamic Republic of) ● Iraq ● Jordan ● Lebanon ● Libya

PPP: purchasing power parity.

¹ WHO technical manual on tobacco tax administration. Geneva: World Health Organization; 2010.

² WHO's series of reports on the global tobacco epidemic, 2009–2019. Geneva: World Health Organization; 2009–2019.