REEP
Research Unit on the Economics of Excisable Products

RESET Alcohol

Raising alcohol taxes to reduce harm: Fact sheets for South Africa

These fact sheets were produced by the Research Unit on the Economics of Excisable Products (REEP) and RESET Alcohol to make the case for raising alcohol taxes in South Africa. REEP is a research group based at the University of Cape Town that studies tobacco and alcohol taxes to inform public-health policy. RESET Alcohol is a Vital Strategies–funded initiative that supports evidence generation and policy advocacy to reduce harmful alcohol use in low- and middle-income countries. According to the World Health Organization, 2.6 million deaths are attributed to alcohol annually. Taxes on alcohol are among the most effective policies to reduce consumption and, in turn, alcohol-related harms, while also creating revenue that can be used for health and social programs.

These fact sheets can be used individually and are available as single files on our website at the link below.

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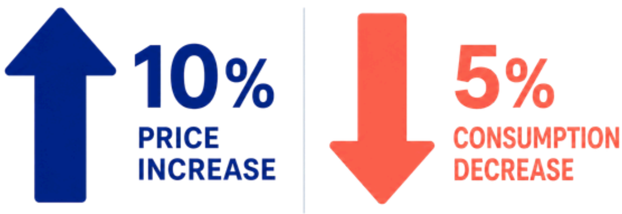
Raising alcohol taxes reduces harm

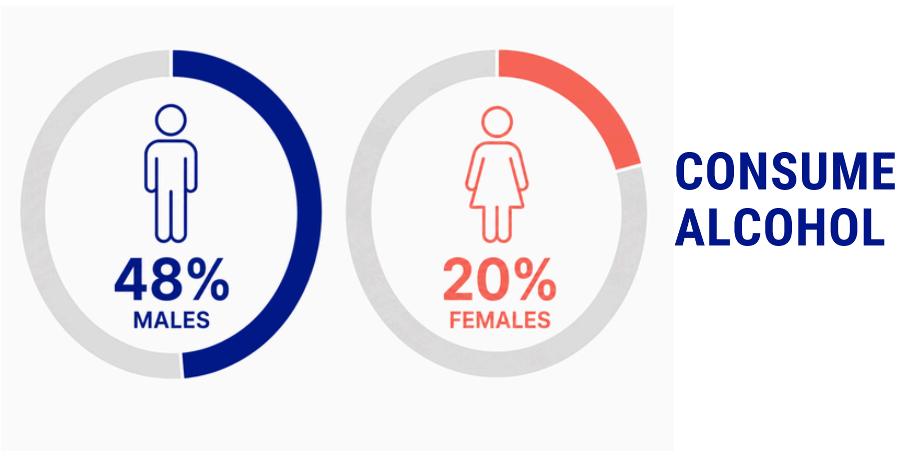
Alcohol is a major public health problem in South Africa, contributing to violence, injuries and trauma presentations, mental disorders, infectious diseases, non-communicable diseases and premature mortality.[1]

Higher taxes that raise prices reduce consumption

- **Excise taxes raise prices, reduce demand for alcohol**, and are a World Health Organization 'Best Buy' policy to reduce non-communicable diseases.[2]
- Increasing alcohol prices by **10%** can reduce consumption by around **5%**.[3]



Drinking patterns



- **33% of adult South Africans drink alcohol** (48% of males and 20% of females).[4]
- Among alcohol drinkers, **43% binge drink**, i.e, drink a large amount in a short time.[4]
- Alcohol consumption lowers inhibition and increases aggression, making it a **major contributor to gender-based violence**.
- Among drinkers, those **aged 15–34** show the **highest rates** of binge drinking.[4]

Costs of alcohol consumption

1. Violence

- Alcohol consumption is strongly associated with men's perpetration of physical and sexual violence.[5]
- South African women whose partners are often intoxicated are nearly **three times more likely to experience interpersonal violence** compared to women whose partners are never intoxicated.[6]
- **Women are more vulnerable when they drink alcohol** and face a higher risk of violence, especially in areas with many bars/shebeens.[7]

2. Health

- Annually, around **37,000 deaths** in South Africa are attributable to alcohol – over **7% of all deaths**. Most of these deaths (86%) are among men.[1]
- Young South Africans (ages 18–34) are **most at risk of dying** from alcohol-related injuries compared to other age groups.[1]
- South Africa has the highest reported rate of Fetal Alcohol Syndrome in the world – at nearly 600 cases per 10,000 people.[8]
- Alcohol-related mortality in South Africa is substantially greater among poor people.[9]

3. Economy

- **The alcohol industry costs the country more than it contributes to the economy.** The costs of alcohol consumption are around **10–12% of GDP**.[10]
- These include the costs associated with healthcare, social services, crime-related expenses, road crashes, premature death, illness, and absenteeism.[10]

ALCOHOL COSTS TO SOCIETY

INCREASE EXCISE TAXES NOW

In a 2025 survey of 1,033 South Africans, 72% said they would support the government to raise alcohol taxes to reduce alcohol-related harms.[11]

Raising taxes sufficiently as part of a package of interventions almost always results in alcoholic beverages becoming less affordable, leading to reduced consumption, improved health, and a stronger economy.

Taxing alcohol is good for health

37,000 preventable deaths are caused by alcohol consumption annually in South Africa,[1] roughly 100 per day. Raising excise taxes on alcohol is a low-cost strategy with big health benefits that could improve the lives of South Africans.

Alcohol is a leading preventable cause of death and injury

- Among South African men, 10 in 100 deaths are linked to alcohol consumption.[1]
- **60%** of alcohol-related deaths occur among **poor people**.[2]

Alcohol consumption increases the risk of HIV and tuberculosis

- **Alcohol weakens the immune system**, promotes risky behaviours that increase transmission, and undermines treatment adherence — all of which compound the burden of infectious diseases such as HIV and TB. [3] [4]

Alcohol consumption drives injury rates

- Some alcohol-related injuries are easily recognisable, such as road traffic injuries and violent assault. Others are less widely perceived to be caused by alcohol, like drownings and workplace injuries.[5]

- During the Covid-19 pandemic, when a temporary liquor sales ban was introduced, trauma unit admissions in both urban and rural areas were substantially reduced.[6] [7]

Alcohol consumption is a leading risk factor for cancer

- In 2019, 4.4% of diagnosed cancers **worldwide** and **401,000 cancer deaths were attributed to alcohol**.[8]
- **Drinking alcohol increases the risk of several cancers**, including mouth, throat, esophagus, liver, colon, rectum, and breast.[9]
- **There is no safe level of alcohol consumption**.[9]

Alcohol consumption is a risk factor for other NCDs

- Alcohol is **causally linked to other non-communicable diseases (NCDs)**,[10] including: cardiovascular, gastrointestinal, and neuropsychiatric diseases

- Globally, South Africa has the **highest reported rate of Fetal Alcohol Syndrome**, at nearly 600 cases per 10,000 people (6%).[11]

Reducing the risk of illicit alcohol

- Homemade, smuggled, and counterfeit alcohol can be toxic, particularly if contaminated with methanol. Higher prices may push some drinkers toward these illegal alternatives, making enforcement, border controls, and community education essential. Track-and-trace systems are a key solution.

Taxing alcohol leads to safer streets

Increasing alcohol taxes results in higher prices, which significantly reduces consumption.[1] [2] [3] Alcohol impairs judgment, increases aggression, and reduces inhibitions. Lower consumption can lead to fewer injuries and road traffic deaths. Significant tax increases should be a priority within a comprehensive strategy to reduce the harms of alcohol. [4]

Key facts

- Driving under the influence of alcohol dramatically increases the risk of fatal road crashes.[5]
- About half of road traffic fatalities in South Africa with available blood alcohol concentration data involve alcohol levels above the legal limit.[6]
- Hospitalised trauma patients who were under the influence of alcohol when admitted were 3.5 times more likely to have been injured in a violent incident than those not under the influence.[7]
- During the Covid-19 temporary alcohol sales bans in South Africa, road-related injuries and deaths dropped sharply.[8] The nationwide alcohol sales ban led to at least a 14% drop in deaths caused by injuries.[8]
- In a 2025 survey of 1,033 South Africans (age 18+), 91% of respondents associated alcohol with road injuries and car crashes.[9]
- Road crashes cost South Africa more than R250 billion annually.[10]
- Alcohol remains the leading risk factor for injuries in South Africa.[11]

Drinking and driving kills around 14 people every day on South African's roads, or around 5100 people annually.[11]

Substantial increases in alcohol excise taxes should be prioritised as part of a comprehensive strategy to reduce alcohol-related harm. Higher excise taxes raise retail prices, reduce overall alcohol consumption, and are associated with fewer road traffic injuries and deaths. In parallel, governments should adopt a zero-tolerance approach to drinking and driving, making it illegal to drive after consuming any alcohol.

Raising alcohol taxes will reduce gender-based violence

Increasing alcohol taxes results in higher prices, which significantly reduce consumption.[1] [2] [3] Lower alcohol consumption in turn leads to reductions in gender-based violence (GBV).[4] South Africa has one of the highest rates of binge drinking globally.[5] Alcohol lowers inhibitions and increases aggression, making it a major contributor to GBV. With GBV at crisis levels, reducing harmful drinking is essential to address the urgent public health emergency.[6]

> ***Alcohol remains a powerful accelerant of this violence. In this quarter, 7267 incidents of assault with intent to cause grievous bodily harm, rape, attempted murder and murder were linked to alcohol use. We must address the toxic role of alcohol abuse and violence. The more alcohol we consume, the more violence we will suffer. We need to understand this fact and start taking action to reduce alcohol consumption.***

– 22 May 2026, Acting Minister Firoz Cachalia, speaking about 1 January to 31 March 2026 crime statistics.[7]

Women who have experienced physical/sexual violence during their lifetime, with alcohol consumption being a major risk factor

GBV prevalence

- National data collected in 2022 indicates that 36% of women reported experiencing physical and/or sexual violence during their lifetime.[8]
- In a study of men aged 18–49 in the Eastern Cape and KwaZulu-Natal, 28% reported having raped a woman, and 9% had participated in a gang rape. Alcohol consumption was frequently cited as a contributing factor.[9]
- Another study of men aged 15–26 in rural South Africa found that 25% had committed rape, often in the context of heavy drinking.[10]

Alcohol plays a role in gender-based violence

- While GBV is a complex phenomenon, **alcohol consumption is a significant risk factor** for its prevalence and severity. Evidence shows that hazardous alcohol consumption makes men more likely to commit physical and sexual interpersonal violence.[8]
- Studies have shown that **men who rape women often consume more alcohol than those who do not rape**.[9]
- South African **women whose partners are frequently intoxicated are nearly three times more likely to experience interpersonal violence** compared to women whose partners are never intoxicated.[11]
- **Women are more vulnerable when they drink** alcohol and face a higher risk of violence, especially in areas with many bars/shebeens.[12]
- In a 2025 survey of 1033 adult (18+) South Africans, **90% of respondents associated alcohol consumption with an increased risk of domestic violence**.[13]
- Research during South Africa's **COVID-19** lockdown found that complete alcohol bans **significantly reduced GBV** compared to periods with partial or no restrictions.[4] This evidence confirms alcohol as a **major driver of GBV** and shows that alcohol control policies are essential to GBV prevention.[4]

Annual economic cost of GBV: 0.9–1.3% of GDP

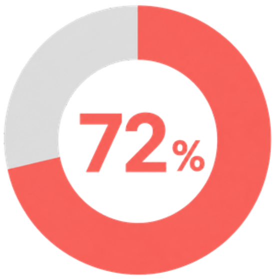
A 2018 KPMG study[14] estimated the annual economic cost of GBV in South Africa at between R28.4 billion and R42.4 billion, representing approximately 0.9% to 1.3% of annual GDP. This economic impact, largely driven by lost productivity and absenteeism, is considered a conservative estimate that has likely increased as the crisis has deepened.

> ***Alcohol abuse leads to violence, road accidents and crime. To address this scourge, we call on provincial governments to strengthen the regulation of alcohol by limiting the density of liquor outlets, restricting trading hours and ending the sale of alcohol in large containers. As national government, we have proposed measures to curb excessive alcohol use, including minimum unit pricing or higher excise duties and greater restrictions on alcohol advertising.***
>
> – 12 February 2026, President Cyril Ramaphosa.[15]

Increasing excise taxes on alcohol to high enough levels will raise prices and reduce consumption. A decrease in consumption will lead to less violence against women. Policymakers should prioritise substantial increases in alcohol excise taxes as part of a basket of measures to reduce alcohol-related harm.

Strong public support to increase alcohol taxes in South Africa

Alcohol kills over 37,000 South Africans annually.[1] Beyond the human toll, the economic cost is staggering, estimated at 10–12% of GDP.[2] Increasing alcohol excise taxes is a proven strategy to reduce alcohol consumption and its associated harms.[3,4,5,6] South Africa exhibits one of the most concerning patterns of alcohol consumption globally, characterised by high levels of binge drinking.[7] Alcohol impairs judgment, increases aggression, and reduces inhibitions.



SUPPORT HEALTH TAXES

About the survey

- Data was collected in June and July 2025 by Think Insights & Strategy.
- The telephone survey included 1,033 South African adults (drinkers and non-drinkers), representative by age, gender, region, urban/rural residence, and education.
- Interviews were conducted in Afrikaans, English, Setswana, Sotho, Xhosa, and Zulu.

Survey results

Public Perceptions of Alcohol

- 83% say alcohol is easy to buy.
- 55% consider alcohol relatively inexpensive.

Support for Alcohol Tax Increases

- 72% support raising alcohol taxes to reduce alcohol harms.
- Support rises to 77% if revenue is used to fund public policies.
- Support for raising taxes rises to 85% if the revenue is used for programmes that support the poor, such as providing housing.

Support for increasing alcohol excise taxes appears to be growing

- Among drinkers, support for increasing alcohol excise taxes increased from 54%-58% in 2014 to 71% in 2025.[8]

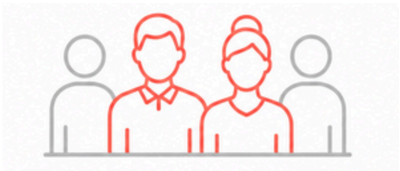
A mandate to act

These findings show strong and growing public support for higher alcohol excise taxes, especially when they are linked to social benefits. International research conducted in both high and low- and middle-income countries has shown that carefully designed tax increases can reduce alcohol consumption, thereby lowering health and social harms.[9,10]

South Africans are ready for change. The evidence is clear that raising alcohol excise taxes is effective and popular. Policymakers in South Africa have a mandate to act now.

Countering industry claims on alcohol excise tax increases

Any attempt by National Treasury to increase alcohol excise taxes will inevitably face industry pushback, likely centred on three recurring arguments that are not supported by the available evidence. While these arguments might seem intuitive, they can be refuted.



Myth #1: An increase in alcohol excise taxes will lead to job losses

In reality:

1.1. The net employment impact of alcohol tax increases is generally minimal or even positive:

That's because alcohol demand is relatively inelastic, meaning price increases only reduce consumption slightly. These modest decreases in consumption can have a considerable impact on public health outcomes, but they are generally not enough to cause major job losses. Global studies show that moderate tax hikes do not significantly impact employment in the alcohol sector.[1] [2] Money not spent on alcohol is often redirected to other goods and services, creating jobs elsewhere.

1.2. Alcohol tax increases generate public health savings that positively impact the economy:

Reducing harmful alcohol consumption lowers healthcare costs and productivity losses, generating greater economic benefits than preserving jobs that depend on alcohol consumption.

For example, a 2017 return-on-investment study[3] showed that for every €1 spent implementing higher alcohol taxes, Lithuania gained ~€420 in economic returns via higher tax revenue, reduced productivity losses from fewer premature deaths, and lower health-care costs.

1.3. Experience from tobacco control shows that industry claims tend to be exaggerated:

The evidence base used by the World Bank and the World Health Organisation indicates no significant net job losses from cigarette excise tax hikes. Reductions inside the tobacco value chain were offset by spending shifts to other sectors and by government use of new revenues.[4] [5]

A comprehensive review synthesised evidence across alcohol, tobacco, and sugar-sweetened beverages and found no negative aggregate employment effects because consumers switch demand to other products that generate employment.[2] Revenues are generally spent on labour-intensive services, offsetting any job losses in the taxed sectors.[2]

Myth #2: Alcohol excise tax increases will lead to increases in tax-evaded illicit alcohol

In reality:

2.1. Illicit trade is driven by weak enforcement and regulatory gaps, not by tax levels:[6]

Evidence from countries such as Lithuania[3] shows that substantial excise increases do not necessarily lead to higher illicit alcohol consumption. Rather than keeping taxes low, governments can more effectively address illicit alcohol trade by strengthening track-and-trace systems, improving customs enforcement, and penalising illicit operators.

2.2. Industry narrative on the size of the illicit alcohol market in SA is exaggerated:

Euromonitor International estimates that in 2024, 18% of South Africa's alcohol market by volume is illicit. The report provides insufficient methodological detail for independent replication.[7] National Treasury's excise revenue data do not support these claims. If illicit trade were increasing, legal sales are expected to decline, yet they continue to rise.[7]

Russia's unified alcohol track-and-trace system, which uses electronic records and QR codes to monitor products from production to sale, has substantially reduced illicit supply.[8][9] Kenya's electronic excise stamps and mobile verification have reduced counterfeit and tax-evaded alcohol.[10]

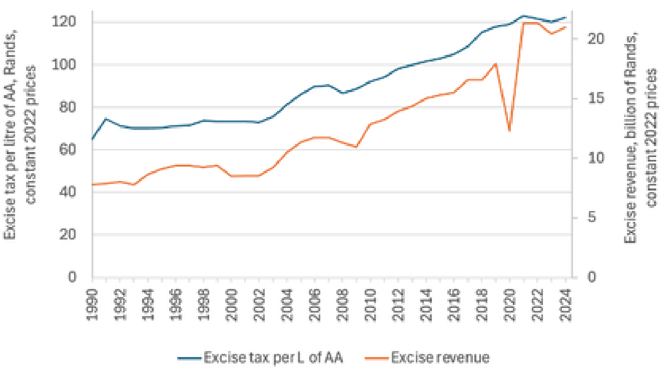
Myth #3. Alcohol excise tax increases will reduce excise revenue

In reality:

3.1. Tax hikes usually increase revenue even if consumption falls slightly:[2]

Alcohol demand is relatively inelastic, so the decreases in consumption required to have a positive impact on health don't generally outweigh the increases in revenue from higher taxes. In South Africa, past alcohol excise increases have raised revenue (Fig 1).

Fig 1: Beer excise tax and excise revenue, 1990-2024, constant 2022 prices



Source: authors' calculations based on annual Budget Reviews published by South Africa's National Treasury[11]

Thailand and the Philippines saw revenue rise after tax increases despite modest consumption declines. In the Philippines,[12] since 2012, alcohol and tobacco excise reforms increased earmarked health revenues while reducing consumption, a clear case of revenue rising despite demand reductions.

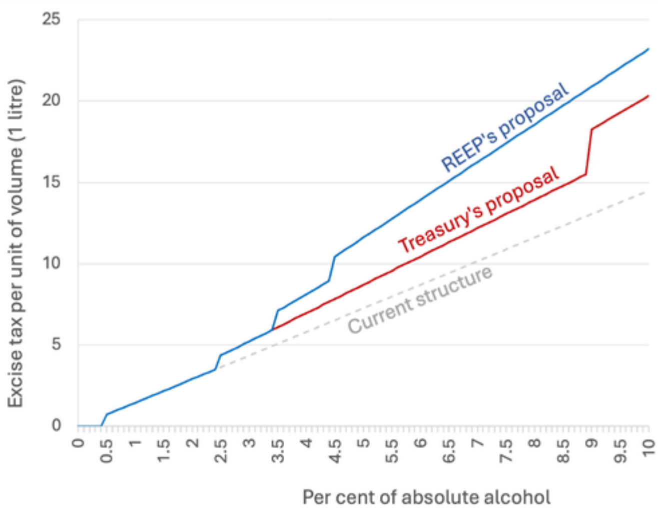
South Africa can reduce harm by optimising alcohol excise taxes

In November 2024, the National Treasury released a paper on alcohol taxation.[1] Beer and spirits are currently taxed by pure alcohol content, while wine is taxed by volume (per litre of beverage), regardless of pure alcohol content. Treasury now proposes adding tiers so that higher-alcohol beers and wines face higher taxes. This is meant to encourage people to choose lower- or zero-alcohol drinks and to push producers to reduce alcohol content.[2] The Research Unit on the Economics of Excisable Products (REEP), based at the University of Cape Town, supports taxing stronger drinks more, but suggests different cutoffs for the proposed tiers in order to reduce alcohol harm in South Africa.

Treasury's main proposal: beer tiers

Currently, **beer is taxed at one flat rate based on its pure alcohol content** (grey line: Figure 1). For example, in 2025/26, one litre of 4% beer is taxed at R5.80, while one litre of 6% beer is taxed at R8.70. **Treasury now proposes three tax tiers**: (1) very low-alcohol beers, (2) regular beers, and (3) very strong beers (red line: Figure 1). Higher-alcohol beers would therefore face higher tax rates. However, because most beers in South Africa fall between 4–6% alcohol, **these proposed tiers won't push producers to lower alcohol content**. The cut-off points don't match the alcohol levels of the beers most people buy.

Figure 1: REEP vs Treasury's proposal for beer excise tax by volume (1 litre of beverage)



REEP's proposal

To better reduce harmful alcohol consumption, **REEP recommends tighter tax tiers and bigger tax differences between them** (blue line: Figure 1). This would give breweries a stronger incentive to lower the alcohol content. Our modelling assumes that the beer industry can grow the market for lower-alcohol options.[3] Setting one tier at 3.5% alcohol would encourage producers to lower the alcohol content of beers currently with alcohol content at 4%, and having a second tier at 4.5% would encourage reducing alcohol in 5–5.5% beers. Using a tax simulation model, we compared Treasury's proposal with ours. **Treasury's plan is expected to cut pure alcohol consumption by only 2%, while ours could reduce it by about 16%**. Treasury's plan is likely to raise revenue by 18%, and ours still increases revenue by 13%. Since beer makes up 54% of all alcohol consumed,[4] our proposal would reduce total alcohol consumption by an estimated 9%.

Additional recommendations

While our main recommendation is to revise the excise tiers and uplift factors for beer, we note the following comments and recommendations:

1. Scrap the old tax rule
REEP recommends scrapping guideline excise tax burdens, which currently rely on industry-supplied price data and give the industry undue influence over tax outcomes.

2. Raise alcohol taxes faster than inflation
We support Treasury's proposal to increase alcohol excise taxes by four percentage points above inflation for each of the next five to ten years to reduce alcohol affordability.

3. Tax stronger wines more — and adjust the rates further
Treasury's proposal to tax higher-alcohol wines at higher rates is sensible. Right now, fortified and sparkling wines are already taxed more than still wine. We recommend increasing these rates even further to better reflect their higher alcohol content.

4. Create a tax category for instant beer powder
A dedicated tax category is also needed for instant beer powder, with rates aligned to malt beer.

5. Improve coordination to combat illicit alcohol
Although current data show no major growth in illegal alcohol, coordinated action between revenue authorities, police, regulators, businesses, and communities is still important to keep illicit trade in check.

For the full Econ3x3 article, see here.

Increasing excise taxes on alcohol to high enough levels will raise prices and reduce consumption. Policymakers should prioritise substantial increases in alcohol excise taxes as part of a basket of measures to reduce alcohol-related harm.