



UNIVERSITY OF CAPE TOWN  
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD

**X REEP**  
Research Unit on the Economics  
of Excisable Products

Online Course

# Tobacco Taxation 101

Learn how efficient and effective taxation can improve public health by reducing tobacco consumption, boosting fiscal revenues, and supporting sustainable development.

Starts: 13 May 2024



Convened by the Research Unit on the Economics of Excisable Products (REEP), University of Cape Town, South Africa.

<https://commerce.uct.ac.za/reep>



Course participants will learn the appropriate tax and price measures needed to reduce the demand for tobacco, as well as technical issues relevant to tobacco taxation.

These include the demand for tobacco, price elasticity, different tax structures, and affordability.

The course also addresses the tobacco industry's efforts to counter tobacco-tax increases.

## What are the skills targeted in this course?



Skill 1: Appreciation of the role that tobacco taxation plays in reducing the demand for tobacco.



Skill 2: Understanding of some of the technicalities of excise tax design.



Skill 3: The ability to counter some of the tobacco industry's arguments against tobacco-tax increases.

## Who should take this course?

Anyone interested in understanding how tobacco taxes work:

- Government officials and policymakers
- Academics and researchers
- Civil society organizations and NGOs working on health taxes.



# Who are the Subject Matter Experts?

Prof. Corné van Walbeek



Corné is a professor at UCT's School of Economics, and the Director of REEP. His research interests include the economics of tobacco control, specifically how changes in the excise tax on tobacco products can affect cigarette consumption.

Corné developed the Tobacco Excise Tax Simulation Model (TETSIM), which is often used to determine the likely fiscal and consumption impact of a change in the level or the structure of the excise tax.

Zunda Chisha



Zunda is the Programme Director of the WHO FCTC Knowledge Hub on Tobacco Taxation. Zunda holds a master's degree in Public Health with a specialization in health economics. His PhD thesis in Economics is currently being examined. His research focuses on the social and commercial determinants of health, health inequality, and the political economy of health taxes. With extensive global experience, he offers technical assistance to governments and civil society on matters related to health taxes.

Sam Filby



Sam is a Research Officer at REEP and the Program Manager of the WHO FCTC Knowledge Hub on Tobacco Taxation. Sam is also a PhD candidate (Economics), and a lecturer and course convenor in the School of Economics at UCT. Her research interests include the economics of tobacco, alcohol, and e-cigarette control in low- and middle-income countries.

## Supporting Subject Matter Experts include:



Dr. Nicole Vellios

Senior Research Officer



Kirsten van der Zee

Research Officer



Vanessa Darsamo

Research Officer

## Module 1: Tobacco taxation in context

Explore how tobacco taxation can reduce consumption. Participants will gain an understanding of how tobacco taxation aligns with the Sustainable Development Goals.

## Module 2: Economics: the essentials

In this module, participants will learn about basic economic principles: demand and the price elasticity of demand.

By the end of the module, participants will have a good understanding of concepts that play a central role in ensuring that tobacco taxes reduce tobacco consumption while increasing government revenue.

## Module 3: Structuring and modeling excise taxes

This module covers the more technical aspects of the economics of tobacco taxation:

- Participants will learn about different types of tax structures and discover which tax structures are best for public health.
- Additionally, participants will explore the concepts of tax pass-through and affordability.
- A brief introduction to the taxation of e-cigarettes will also be provided.

## Module 4: Illicit trade and other roadblocks

Learn about the different types of illicit trade and their impact on public health and revenue.

Explore the link between taxation and illicit trade.

The module will also cover common arguments used by the tobacco industry to discourage increases in tobacco taxes.



# What is on offer?

In this course, participants will explore the subject of tobacco taxation through various engaging formats.

These include video presentations, in which our subject-matter experts explain key topics and illustrate real-world examples, infographics, articles, animations, and interactive elements.

Participants will contribute to forum discussions with their peers and engage directly with subject-matter experts. This is an ideal opportunity to share knowledge and gain insight from others. We will host a weekly webinar for sharing knowledge and addressing issues.

To demonstrate participants' understanding, the learning journey will also include quizzes in each module and one assignment.

## Articles

### How is the price elasticity of demand calculated?

Based on the law of demand, at a higher price, consumers demand a lower quantity of a product (all else being equal).

This applies to the price elasticity of demand formula, so the calculated result will always be negative.

$$\text{Price elasticity of demand} = \left[ \frac{\% \text{ change in quantity demand}}{\% \text{ change in price}} \right]$$

Example: If the price of a product increases by 2%, and the quantity of demand for that product decreases by 6% in response, we would calculate the price elasticity of demand for the product as follows:

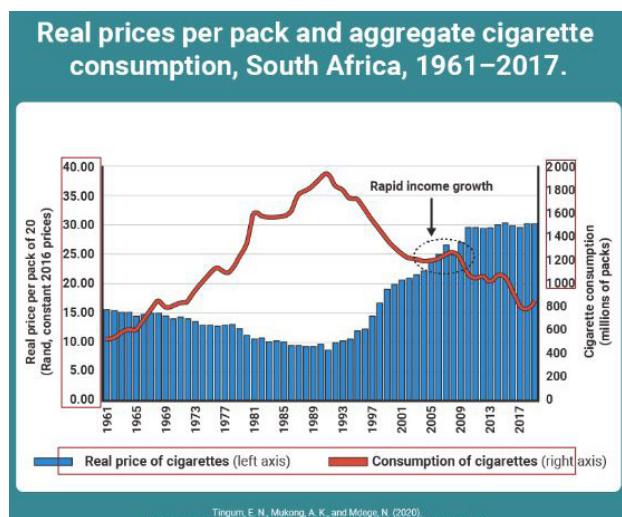
$$\text{Price elasticity of demand} = \left[ \frac{-6\%}{2\%} \right]$$

**Price elasticity of demand = -3**

## Scrollables

**Ad valorem tax with a**

## Slides



## Infographics

### Tobacco taxation saves lives.

**Tobacco kills around 8 million people every year**

Tobacco use is the leading cause of preventable deaths globally—it claims 8 million lives each year. Tobacco taxation is the most effective mechanism for reducing tobacco consumption and its associated health burden worldwide.

WHO, 2018

Government policies that increase tobacco prices and make tobacco products less affordable save lives.

Raise tobacco tax

Lower death and disease

The evidence indicates tax-led price increases are the most impactful and cost-effective measures for reducing tobacco use and saving lives.

These policies work because increasing the excise tax encourages smokers to quit tobacco use and discourages young people from taking up smoking. It is important that the tax increase applies to all tobacco products to prevent people from switching.

## Animations

**SCARE**

- Smuggling and illicit trade
- Court and legal challenges
- Anti-poor rhetoric
- Revenue reduction
- Employment impact

“ One key thing that stood out to me, was having a **deep understanding** of the economics of tobacco in terms of the World Health Organisation’s (WHO) Framework Convention on Tobacco Control (FCTC).

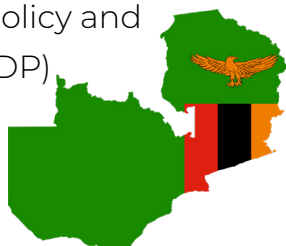
I have been able to create newspaper articles based on my new, deeper understanding of the demand and supply sides of [tobacco control], the economics of tobacco, and tobacco taxation.

We need this kind of work to be conducted in other areas of Africa and other parts of the world.”

## Peter Nsokolo Mumba

Centre for Trade Policy and Development (CTDP)

Zambia



## Adji Adama Mbaye

Ministère de la Santé et de l’Action Sociale (MSAS)

Senegal



“ A key attraction for us to attend the workshop was to **build our capacity** and learn from others.

We are discussing what is the right type of tax for Senegal... **knowledge from [the workshop] will inform our plans** on how to take forward a change to the tax regime and the activities of a fund.

Anti-tobacco work is not simple, and it can be hard to record successes in some of the contexts here in Africa. For this to happen it **helps to have support** from research organisations, such [those at] UCT... who really have [the] **skills and experience.**”

“ As I continue to advocate for tobacco taxation [in Ghana], I need to enhance my capacity [by] gaining evidence and information about other countries.

The workshop helped me to enhance my understanding... especially through **observing other case study examples and learning about their key lessons.**

The workshop crystallised my advocacy efforts; I will continue to push and argue strongly and effectively.

I’m not an economist. Neither am I an accountant. I’m an advocate. So, I just speak the evidence ... And indeed, **[the workshop] was such a help...**”

## Labram Musah Massawudu

Vision for Alternative Development (VALD) and the National Coordinator of the NCD Alliance



Ghana

Tobacco Taxation 101 is an online course convened by the Research Unit on the Economics of Excisable Products (REEP), University of Cape Town, South Africa.



## Outcome

Participants will receive a certificate of completion from REEP and the University of Cape Town. *Participants must achieve an average of 50% to pass the course.*



## Basic requirements

Access to a computer and the internet, as well as a PDF Reader. Participants may need to view Microsoft PowerPoint presentations and read and create documents in Microsoft Word and Excel.



## Duration

5 weeks



## Start Date

13 May 2024



## Cost

Cost: US\$500 per person

10% discount on the total for 5 participants or more from the same country or organisation. Limited scholarships available.

*(Visit the [website](#) for further details on how to apply for a discount or a scholarship)*



## Contact us to REGISTER

E-mail: [tobaccotaxation101@gmail.com](mailto:tobaccotaxation101@gmail.com) | Tel: +27 (0)21 650 3608

Visit the website: <https://commerce.uct.ac.za/reep/tax101>

