



Raising Tobacco Tax in Uganda: A Win for Health and the Economy

On February 14, 2025, the Uganda Cancer Society (UCS), under the Uganda Tobacco Taxation Coalition (UTTC), convened a half-day community dialogue in Kimombasa, Bwaise - Kampala. The session brought together over 50 participants—including Village Health Teams (VHTs), local businessmen and women, local leaders, youth and young smokers, parents, and medical officers—to discuss the health and economic implications of tobacco use. A key focus was on the importance of and their role in advocating for increased tobacco taxation as a strategic measure to curb consumption and enhance government revenue.

Facilitators from the Uganda Cancer Institute (UCI), Uganda National Health Consumers' Organization (UNHCO), United Nations Association of Uganda (UNAU), and Kawempe Home Care(KHC) led the discussions, which generated valuable insights into factors driving tobacco use and its impact on communities.

Key Community Insights on Tobacco Use -

- 1) Unemployment as a driver of smoking:** Many young people reported turning to smoking due to a lack of job opportunities, using cigarettes as a way to pass time.
- 2) Peer Pressure and Relapse:** Individuals attempting to quit smoking often face significant challenges due to peer influence and environmental triggers, particularly exposure to cigarette smoke. As one participant described, *"Even after making a commitment to quit smoking, it becomes difficult when I walk through the community and catch the scent of cigarette smoke. It triggers something within me, compelling me to purchase and smoke again."*
- 3) Public smoking and aggression:** Community members expressed frustration over public smoking and the aggression they face when asking smokers to move away to avoid secondhand smoke. They called for stronger enforcement of regulations on smoking in public places.
- 4) Need for rehabilitation support:** There was a strong demand for medical rehabilitation programs to support individuals willing to quit smoking.
- 5) Proposal for Higher Cigarette Prices:** Some participants advocated for a significant increase in cigarette prices as a deterrent to smoking, suggesting that raising the price of a single cigarette to UGX 10,000 would make it unaffordable for low-income individuals. As one participant stated, *"I say they increase the price of a cigarette to, say, 10,000 UGX and see how many people would be willing to sacrifice that much."*
- 6) The Addictive Nature of Cigarettes:** Many participants recognized nicotine addiction as a significant challenge, acknowledging that while higher prices might reduce smoking rates, additional support for cessation programs remains essential. As one participant expressed, *"Even if they increase the price, there is something in cigarettes that will drive you to sacrifice everything else just to smoke and feel relieved."*
- 7) The risk of flavored cigarettes:** Flavored tobacco products were seen as misleading, particularly for young people, who may perceive them as less harmful, increasing their likelihood of smoking initiation.

The insights from the community reaffirm the well-established economic principle of tobacco demand inelasticity—while higher prices may not completely eliminate smoking, they significantly reduce consumption, particularly among youth and low-income populations. According to the World Health Organization (WHO), a 10% increase in cigarette prices leads to a 4% decrease in tobacco consumption in high-income countries and up to an 8% reduction in low- and middle-income countries like Uganda. Additional research from the Tobacco Atlas and the Centers for Disease Control and Prevention (CDC) also supports these findings, demonstrating that strong tobacco tax policies reduce smoking prevalence and improve public health outcomes.

Since 2017, Uganda has not increased its cigarette taxes, with the current excise duty set at just 35% of the retail price—significantly below the World Health Organization's recommended threshold of 70%. The existing tiered tax structure allows manufacturers to adjust product characteristics to bypass higher tax brackets, creating price disparities across different tobacco products. This system undermines effective tax collection and contributes to inefficiencies in generating revenue. Moreover, a 2017 study by the Centre for Tobacco Control in Africa (CTCA) revealed that for every \$1 generated from tobacco taxes, Uganda spends \$4 on treating tobacco-related illnesses. This economic imbalance underscores the urgent need for higher tobacco taxes to curb smoking rates and alleviate

the strain on the healthcare system. Despite efforts to increase tobacco taxes, Uganda has consistently fallen short of its revenue targets, further highlighting the need for reform. Strengthening tobacco taxation through a uniform excise tax, while eliminating the tiered system, could not only improve revenue collection but also reduce smoking prevalence.

As Uganda works towards its Vision 2040 goals for economic transformation, prioritizing sustainable domestic funding sources is critical. Tobacco taxation presents a reliable revenue stream that aligns with Sustainable Development Goal 3, promoting health and well-being for all.

The benefits of implementing higher tobacco taxes are clear and far-reaching. Here are the key advantages:

1) Reduced smoking rates

A study by Stoklosa et al. (2024), published on BMJ Journals, analyzed data from the Global Adult Tobacco Survey across eight sub-Saharan African countries. The study found that higher cigarette prices significantly reduced both the likelihood of smoking and the intensity of cigarette consumption. The total price elasticity of demand was estimated at -0.422, meaning a 10% increase in cigarette prices would lead to a 4.22% reduction in cigarette consumption. Higher tobacco prices discourage smoking initiation, as young people, who are particularly sensitive to price changes, are less likely to start smoking when tobacco products become more expensive. This approach effectively targets those most vulnerable to taking up smoking and helps prevent future generations from becoming addicted.

2) Encourages quitting:

By raising the cost of tobacco products, higher taxes could encourage Ugandans to quit smoking or cut down on consumption. This reduction in tobacco use would help lower the incidence of smoking-related diseases, easing the burden on Uganda's healthcare system.

3) Increased government revenue

Tobacco taxes offer a stable and growing revenue stream that the government can reinvest into vital public health and development programs. As donor funding continues to decline, it is imperative for the Ugandan government to look for internal sources of revenue, with tobacco taxation being a key focus. Tobacco, which causes significant harm to public health, presents a unique opportunity for the government to generate much-needed funds. By taxing tobacco, the government can reduce consumption while simultaneously raising revenue for critical services like healthcare, education, and infrastructure, helping to mitigate the impact of reduced donor support.

4) Lower healthcare costs

Lower tobacco consumption would lead to a reduction in tobacco-related diseases, such as cancer, heart disease, and respiratory illnesses, easing the strain on Uganda's healthcare system. Additionally, by reducing smoking rates, the country can significantly cut healthcare expenditures associated with treating these tobacco-related conditions, resulting in both improved public health and reduced treatment costs.

5) Improved productivity

Fewer smoking-related illnesses would result in a healthier, more productive workforce, directly benefiting the economy. With reduced sick days and lower healthcare spending, the workforce can contribute more effectively to national economic growth, fostering improved economic development.



6) Protecting vulnerable populations

Higher tobacco taxes reduce the affordability of cigarettes, making it harder for young people to access tobacco products and lowering youth smoking rates. Additionally, by acting as a barrier to entry, higher taxes help minimize the harm to low-income groups, who are often more vulnerable to the health consequences of smoking.

7) Alignment with global best practices

By aligning with WHO recommendations, Uganda can strengthen its position as a leader in global tobacco control efforts. A simplified, higher tax system, combined with hinge-lid packaging, would not only ensure more effective tax enforcement but also improve the visibility of health warnings, making tobacco control policies both more transparent and impactful.

Call to Action: The time to act is Now

The Uganda Tobacco Taxation Coalition (UTTC) urges the government to prioritize public health by increasing cigarette taxes, in line with global recommendations, to reduce smoking rates and alleviate the strain on our healthcare system. Raising tobacco taxes will not only discourage smoking, especially among youth and low-income groups, but will also generate crucial revenue to support healthcare services and tobacco control programs. Furthermore, we call for the implementation of a single-tier tax structure to eliminate loopholes, ensure fairness, and increase efficiency in tax collection. This reform is essential for achieving healthier lives, reducing tobacco-related diseases, and contributing to Uganda's economic growth. Let's act now to safeguard the health of future generations and create a sustainable funding source for our country's healthcare system.

The time to act is now—it's a win, win Situation!

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