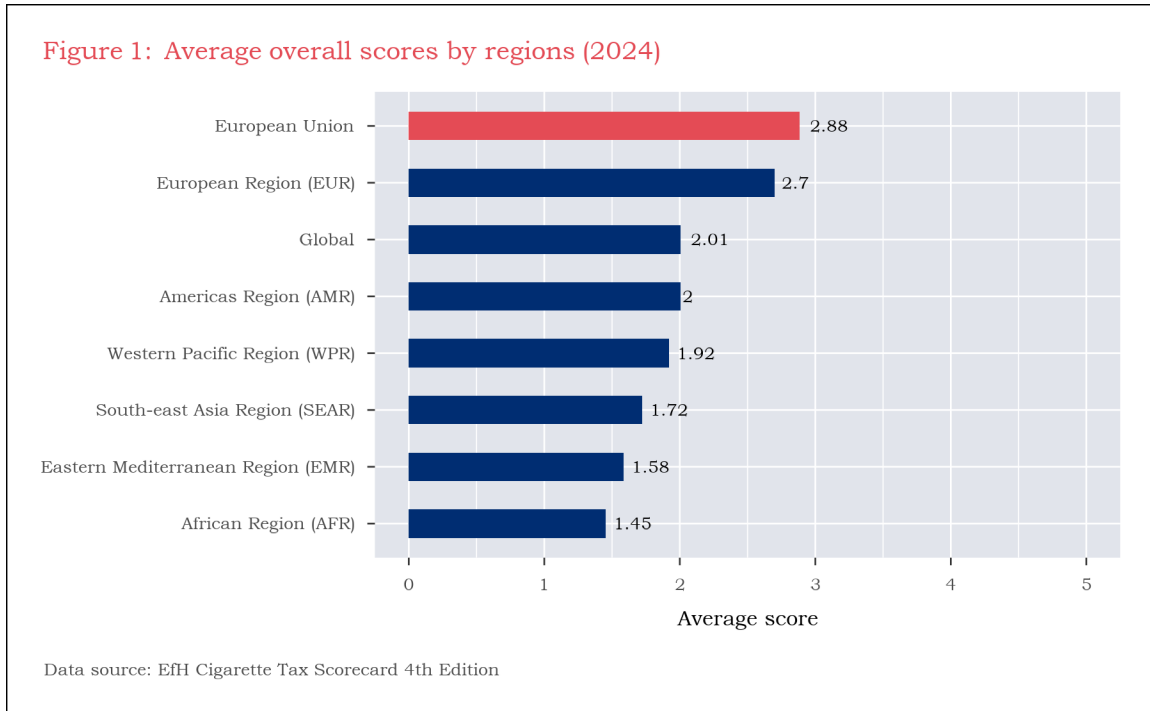


Cigarette Tax Scorecard: Spotlight on the European Union



Key Messages

1. In the fourth edition of the Economics for Health Cigarette Tax Scorecard, the average overall score in 2024 in the European Union is 2.88 out of 5 points. This is higher than all other regions and the global average—largely attributable to the Tobacco Tax Directive, which came into force in 2011. Still, the European Union scores barely above half of the total possible points, demonstrating that there is plenty of room for improvement.
2. Three components of the score—price, tax share of price, and tax structure—receive above 3.5/5 on average, although there is considerable variation across countries, suggesting some countries have even more potential to benefit from tobacco excise tax reforms.
3. The average score in the fourth component, affordability change, meanwhile, is only 0.37 points out of 5, underscoring that cigarette affordability in many countries is not changing, or worse, cigarettes are becoming more affordable in others. This shows that cigarette prices have not increased at the same pace as real income growth and inflation.
4. Revision of the European Union Tobacco Tax Directive—under discussion in 2026—should aim to drive cigarette tax rates substantially higher and introduce income and inflation adjustments so that cigarettes become much less affordable. In turn, this will drive down consumption, and countries will reap significant public health and fiscal benefits.

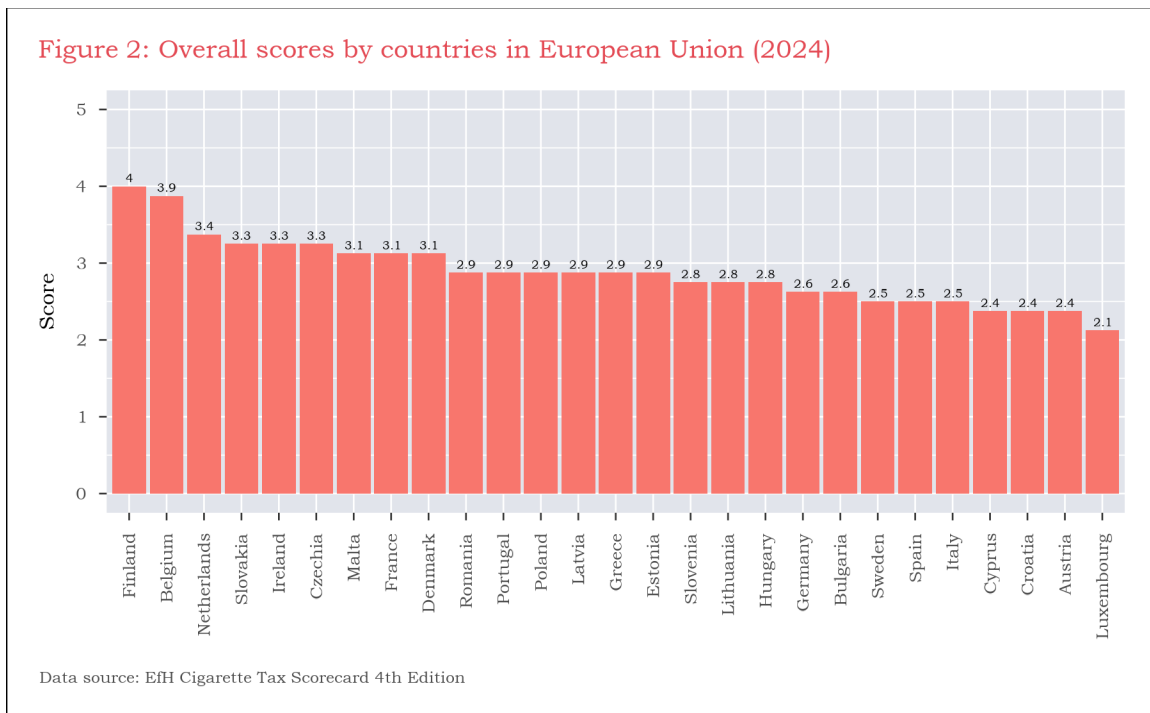
Introduction

The Economics for Health Cigarette Tax Scorecard evaluates countries' cigarette tax systems based on a five-point rating system that incorporates international guidance and best practices in tobacco taxation. The five-point index uses data from the World Health Organization and other sources to score countries on the following four components: cigarette price, changes in the affordability of cigarettes over time, the share of taxes in retail cigarette prices, and the structure of cigarette taxes. The total score reflects an average of the four component scores.

On average, the European Union region scored 2.88 out of 5 in 2024. Improving cigarette tax

policies would decrease smoking prevalence, while raising additional tax revenues for governments.

There is significant variation across the region for overall scores in 2024. Finland scored the highest with 4 points out of 5, followed by Belgium, which scored 3.9 points. Luxembourg had the lowest score of 2.13, and Austria followed with a score of 2.38. The majority of countries in the region received less than 3 points. These findings suggest that there is significant room for improvement in tobacco taxation policies throughout the region.



Key Component Findings

Cigarette Price

Price is a key determinant of cigarette use— as the price increases, demand decreases. In 2024, the average score in the European Union in this component is 3.52 out of 5 points. Belgium, Finland, France, Ireland, and Netherlands perform the best in this component, each scoring 5 points. In contrast, Bulgaria, Croatia, and Luxembourg score 2 points. Such large price variation across the region can threaten the effectiveness of high prices in countries through cross-border shopping or worse (e.g., smuggling).

Change in Cigarette Affordability

To reduce demand, cigarettes must become less affordable. As cigarettes become less affordable, consumers buy fewer and many will stop smoking. As part of this effort, at a minimum, cigarette prices must outpace inflation and real income growth.

This component requires the most significant improvement in the European Union as it represents a major weakness. The regional average score is only 0.37 points out of 5. Belgium and Finland score 3 points, while Czechia and Slovakia score 2 points. All other countries score zero points for this component in 2024, meaning that cigarettes are not becoming less affordable, or even becoming more affordable over time.

Tax Share

High tax share of price is typically a good indicator of tax performance. The average for this component of the score in the European Union is 4.06 points with large variation among countries. Finland ranked first with a score 5 points. On the other end of the spectrum, Germany receives 2.5 points, and Hungary and

Sweden receive 3 points, indicating that these governments could be reaping significantly more revenues from cigarette taxes.

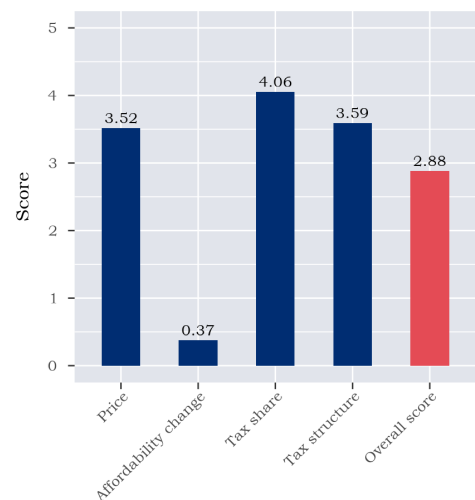
Note that if prices are low, tax shares can still be high, which does not achieve the desired effect. Therefore, it is best to view these two component scores together.

Tax Structure

Tax structures vary in their effectiveness when it comes to reducing tobacco use and collecting tax revenue. Uniform specific excise taxes that are adjusted upward regularly or hybrid specific/ad valorem structures where the specific tax is both adjusted upward annually and a larger share than the ad valorem component are generally the most effective and easiest to administer.

The average score in the European Union for this component is 3.59 out of 5 in 2024. Although 16 countries score 4 points and 11 countries receive 3 points, no countries achieve the highest score of 5 points.

Figure 3: Average component and overall scores of European Union (2024)



Data source: EfH Cigarette Tax Scorecard 4th Edition

Score Over Time

There is significant variation in progress on cigarette tax policies in the European Union region. Since 2014, the regional average has declined steadily, dropping from 3.51 to 2.88 points in 2024. Many countries saw their score decreasing or remain unchanged in 2024 compared to 2022. Among the countries that experienced an increase in overall score between 2022 and 2024, Belgium saw one-point gain, the highest increase, followed by the

Netherlands, Poland, and Slovakia, which each rose by 0.38 points.

Each country in the European Union should seize the opportunity to improve their cigarette tax policies going forward. Not only will this improve the population's health, but governments will also reap significant fiscal benefits from higher tax revenues.

Table 1: Trend of average component and overall scores in the European Union, 2014-2024

Component	2014	2016	2018	2020	2022	2024
Price	3.44	3.41	3.59	3.67	3.48	3.52
Affordability change	2.93	1.63	0.45	0.56	0.30	0.37
Tax share	4.04	4.06	4.00	4.04	4.09	4.06
Tax structure	3.63	3.63	3.74	3.63	3.63	3.59
Overall score	3.51	3.18	2.94	2.97	2.88	2.88

Annex 1: Trends of component and overall scores by countries in the European Union (2014-2024)



