Raising alcohol taxes: more health and more revenue for the Philippines

- **Alcohol causes over 17,000 deaths annually in the Philippines.**
- **Alcohol costs the country up to 2.3% of GDP.**
- **Alcohol taxes remain too low to reduce affordability.**
- **Updating excise taxes could save 38,000 lives by 2045 while raising 22 PHP billion in additional tax revenue during the first year.**

Background

Along with tobacco, unhealthy diets, physical inactivity and air pollution, **alcohol is a major risk factor for non-communicable diseases like cancers, heart diseases, liver cirrhosis, and others. It also contributes to other negative outcomes such as disability and premature death from alcohol poisoning, violence and injuries** (Babor et al., 2023). In addition, households' finances are threatened because of spending on alcoholic beverages, related out-of-pocket health expenditures, and diminished productivity that can jeopardize financial viability. From a societal perspective, **alcohol shifts costs onto households and the public health system while profits accrue largely to alcohol producers.**

The epidemiology of alcohol consumption in the Philippines

- According to the 2025 National Nutrition Survey of the Philippines, **22.3% of adolescents aged 10-19 are current drinkers** (17.8% of girls and 26.5% of boys) and **62.5% of adults aged 20 and older report current drinking** (46.9% of women and 77.5% of men; Food and Nutrition Research Institute, 2026). Furthermore, among adults who drink, **58.8% of adults report binge drinking in the past 30 days**. There are risks at all levels of consumption, but binge drinking increases dramatically the risk of alcohol poisoning and violence and injuries.
- The Global Burden of Disease Study report by the Institute for Health Metrics and Evaluation (IHME) estimated that **17,088 deaths were attributable to alcohol in 2023** (Institute for Health Metrics and Evaluation, 2025). To provide a comparison, the IHME estimates that

tuberculosis—one of the most deadly diseases in the country—caused more than 23,000 deaths in 2023.

- **Alcohol-attributable mortality and disability are significant and notably, avoidable.** Together, these figures show that alcohol consumption remains widespread across the life course and continues to impose substantial and preventable burden on health and society.

Economic burden caused by alcohol

Alcohol-attributable diseases cause direct and indirect costs. Direct costs are those related to healthcare, while indirect costs have to do with lost productivity caused by premature mortality and disability, in the form of absenteeism and presenteeism. **Estimates of direct and indirect costs vary between 1% and 2.33% of the Filipino Gross Domestic Product (GDP)** depending on the analytical framework considering the most recent GBD Study 2023. Previous studies have documented an even larger negative impact (Economics for Health, 2025).

In addition to health-related costs, **alcohol causes enormous costs to the Filipino society because of environmental damages** along the life cycle of alcoholic beverages, since production, distribution and disposal of these products pollute water, earth, and air (Amienyo & Azapagic, 2016; Chowdhary et al., 2018; Ferrara & De Feo, 2018).

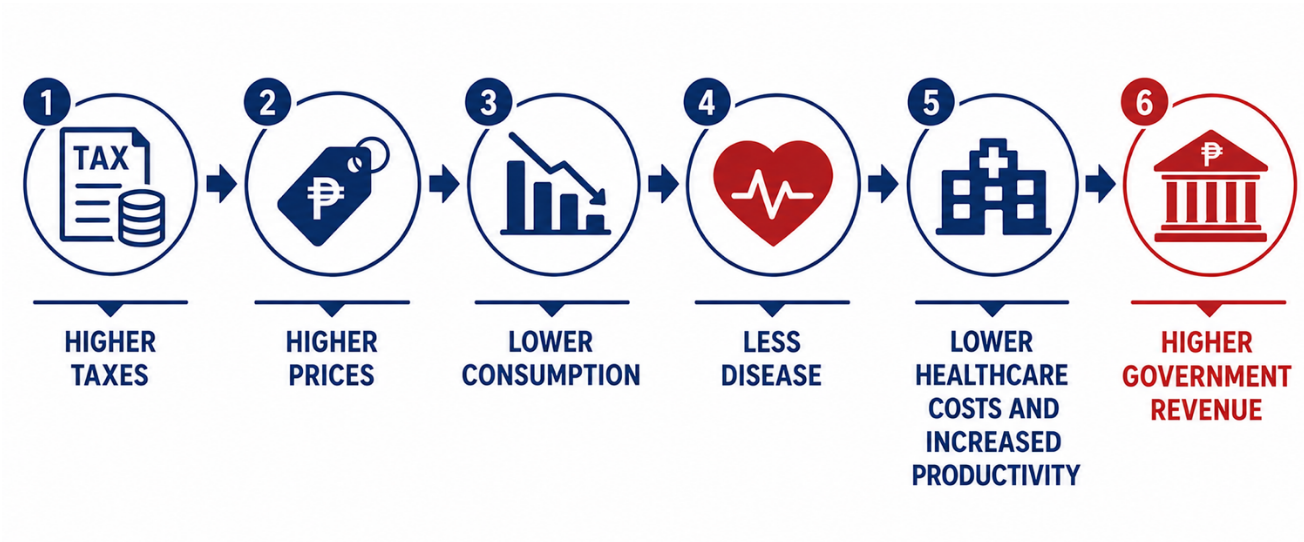
Alcohol imposes costs that are largely borne by households, the healthcare system and employers, while the economic benefits are concentrated among producers and retailers. Essentially, broader society subsidizes a small number of businesses. Excise taxation helps correct this market failure.

Raising taxes on alcoholic beverages in the Philippines: an effective measure to curb consumption and to strengthen public finances

- To reduce the negative health and economic consequences of alcohol, the World Health Organization has promoted a package of effective measures, known as SAFER (World Health Organization, 2026). Among these, **increasing prices of alcoholic beverages through strengthened taxes, is the most cost-effective single measure to reduce alcohol consumption and its negative consequences (Figure 1)**. First, a significant price increase of alcoholic beverages reduces the demand for these products, simply because consumers respond to incentives despite the addictive nature of alcohol. Scientific evidence for middle-income countries shows that **after a 10% price increase, the consumption of beer, wine,**

and spirits would be reduced by 3%, 6%, and 6.5%, respectively (Guindon et al., 2022). Although consumers reduce consumption after price increases, the reduction is smaller than the increase in price. This means the **government can simultaneously reduce alcohol consumption and increase excise tax revenues.**

Figure 1. How alcohol taxes generate health and fiscal benefits



- The sin tax reform, passed in the Philippines in 2012, is a global landmark policy that has been effective in reducing the affordability of alcohol products, as well as helping finance the universal health care in the Philippines, especially for the lowest income households. However, even with these modest reforms, **alcoholic beverages in the Philippines remain tremendously affordable, which makes it easier for adolescents and children to initiate drinking at early ages.** For instance, only 0.25% of the GDP per capita is required to purchase 5 liters of spirits in the Philippines.
- **The current specific tax rate for beer is 48.31PHP per liter, while for spirits is 74.16PHP per proof liter (i.e., ethanol content), plus an ad valorem tax of 22% of the net retail price per proof liter** (Department of Finance, 2026). It is mandated that this tax rate will increase 6% nominally. Inflation has remained stable below the official target of maximum 4% inflation rate by the Bangko Sentral ng Pilipinas and according to this office, it is expected that inflation will be 3.2% in 2027 (Bangko Sentral Ng Pilipinas, n.d.), implying that the specific tax rate will grow marginally above inflation. However, accounting for the national GDP growth targets of the Development Coordination Committee, which range from 5 to 6% (Department of Budget and Management, 2026), real **income growth is expected to**

undermine the potency of the annual indexation, which means that alcoholic beverages will likely remain increasingly affordable in coming years.

- Bills that seek to strengthen alcohol taxation in the Philippines have been filed in the current Congress (Roman, 2025). Notably, these bills seek to change the current provision of 6% increase to 10% in the case of beer and 25% for spirits. **Raising the prices of alcoholic beverages through these reforms would yield multiple benefits compared to the counterfactual of not updating the tax rates (Table 1).**

Table 1. Expected impacts of updating excise taxes on alcoholic beverages in the Philippines

Outcome	Expected impact
Consumption	○ **Beer and alcopops consumption would drop by nearly 1%;** ○ **Spirits consumption would decline by nearly 4% during the first year of implementation.**
Alcohol attributable deaths	○ **More than 38,000 deaths averted through 2045.**
Revenue	○ **More than an additional 22 billion PHP**, which could help to further fund universal healthcare.

- Including an effective tax increase on alcopops, which are generally marketed toward adolescents, would also have the additional benefit of reducing the intake of sugar and other chemical additives included in these products.

The Philippine Congress has an opportunity to strengthen one of the country's most successful public health policies. Updating alcohol excise taxes would reduce preventable deaths, improve population health and provide additional sustainable financing for universal healthcare.

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