

Tobacco tax:

Jordan

■ *How does WHO recommend that tobacco is taxed, in general?*¹

To reduce the affordability of tobacco

This reduces consumption of tobacco and improves public health.

Domestic not customs

Customs taxes are eroded in trade agreements and thus do not provide long-term revenue.

Excise not general

Excise tax raises the price of the taxed good relative to all other goods, which discourages its consumption.

Specific not ad valorem

Specific tax leads to higher prices and a lower market share of cheap cigarettes. In an ad valorem system, a minimum specific tax should also be implemented to guarantee minimum price and revenue levels.

Uniform not differential

Uniform tax leads to larger reductions in smoking as there is less opportunity to switch between different tiers and types of tobacco products.

Comparable across all tobacco products

Similar levels of taxation across products reduce tobacco consumption, rather than simply leading to shifts in consumption between different tobacco products.

No duty-free allowances

Duty-free sales increase tobacco consumption due to lower prices of products, and reduce tax revenues.

Regularly increased

Regular tax increases in line with gross domestic product (GDP) ensure that the affordability and consumption of tobacco products reduce. Specific excise tax decreases in real value if it is not increased in line with inflation.

With tobacco tax revenue earmarked

Ideally, tobacco tax revenue should be earmarked for particular health spending purposes, for example on tobacco control strategies.

■ *How has tobacco been taxed in Jordan?*²

Tobacco products are taxed with a specific excise tax in Jordan; however, it is a tiered rate that varies according to price levels. The tax rates are regularly increased (almost every year).

In 2013, Philip Morris International reduced their cigarette prices to gain market share. This led to a price war, pushing other tobacco companies to follow and initiating a reduction of prices by about 20%. The tobacco industry claimed it was responding to the thriving illicit trade in Jordan, and tried to pressure the Government to decrease taxes. Fortunately, the Government did not succumb to pressure and instead increased excise tax on average by almost 25%.

All tobacco products are taxed with value added tax (VAT) in Jordan, at a rate of 16% of retail price before VAT.

There is no ban on duty-free sales of tobacco products in Jordan, nor earmarking of tobacco tax revenue for any particular spending purpose.

■ *What does WHO recommend as the next steps for tobacco tax in Jordan?*

Comparable across all tobacco products

In Jordan, tobacco tax accounts for a smaller percentage of the retail price of waterpipe tobacco than cigarettes.

No duty-free allowances

Banning the duty-free sale of tobacco products would reduce their affordability and consumption while increasing government revenue.

Regularly increased

As Jordan has demonstrated with cigarettes, the specific excise tax on waterpipe tobacco needs to be regularly increased.

With tobacco tax revenue earmarked

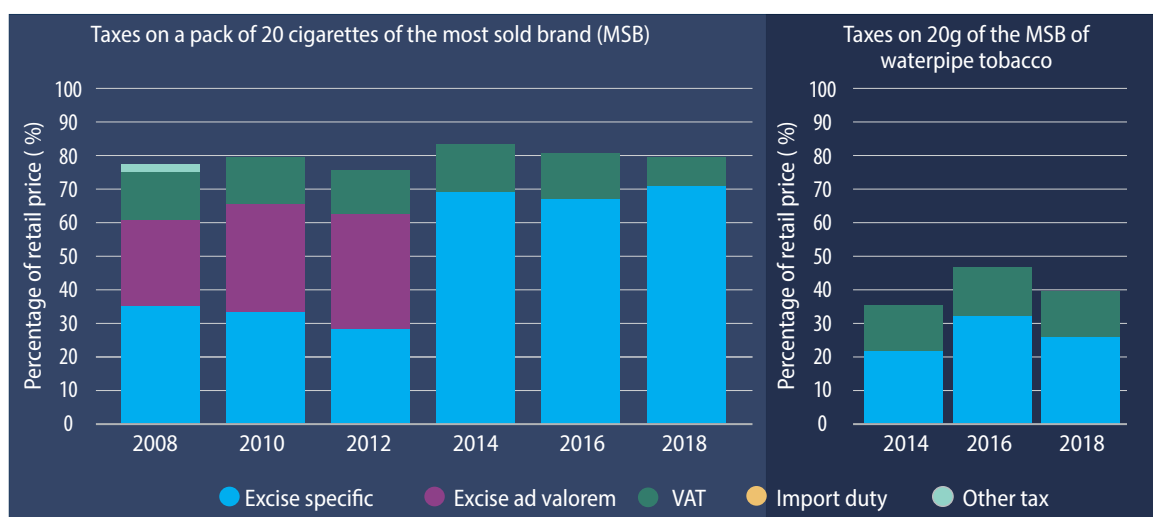
Ideally, a share of tobacco tax would be earmarked for health purposes.



World Health Organization

REGIONAL OFFICE FOR THE Eastern Mediterranean

Tobacco tax as percentage of retail price²

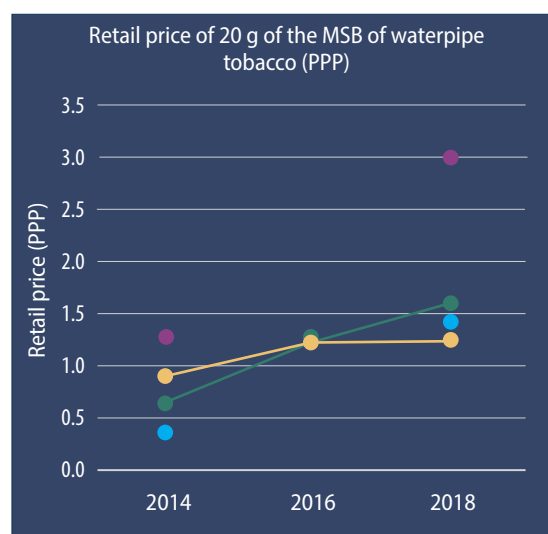
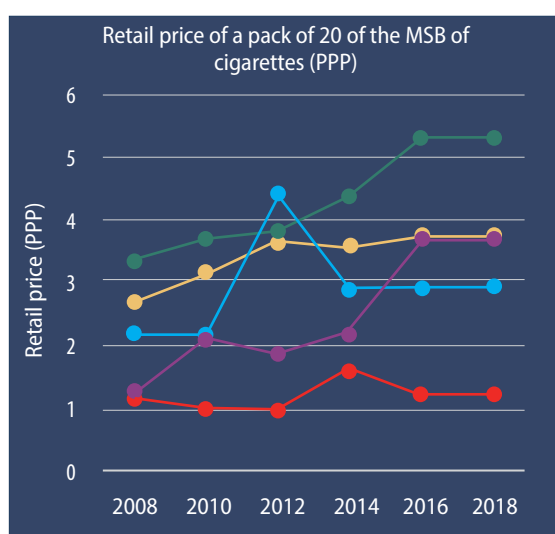
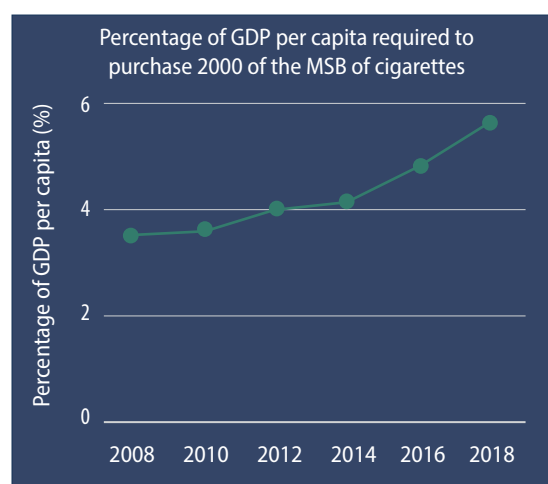


The tobacco tax share of the retail price of cigarettes has been consistently high in Jordan over the last 10 years. Tobacco taxes have been regularly increased to maintain this high share against industry price wars, inflation and GDP growth. However, waterpipe tobacco tax accounts for a low share of retail price, and this share has decreased since 2016. Regular increases in waterpipe tobacco tax are needed.

Price and affordability²

The MSB of cigarettes in Jordan has become less affordable and is relatively expensive compared to neighbouring countries.

Waterpipe tobacco is also expensive compared to neighbouring countries.



● Iran (Islamic Republic of) ● Iraq ● Jordan ● Lebanon ● Libya

PPP: purchasing power parity.

¹ WHO technical manual on tobacco tax administration. Geneva: World Health Organization; 2010.

² WHO's series of reports on the global tobacco epidemic, 2009–2019. Geneva: World Health Organization; 2009–2019.