

Cigarette Tax Scorecard: Spotlight on Qatar

Key Messages

- In 2020, in the second edition of the Tobacconomics Cigarette Tax Scorecard, Qatar scored 3.88 out of 5 points. This is higher than the average score of countries in its region and income group.
- Among the four components used to calculate the overall score, Qatar received the most points in cigarette price and affordability change, scoring all 5 points in each component. The price in 2020 was slightly more than the recommended minimum, and the average annual reduction in cigarette affordability between 2014 and 2020 was 19.7 percent.
- In contrast, Qatar scored just 2 points out of 5 in the tax structure component. The country uses an ad valorem specific excise tax structure.
- Qatar's overall score has improved significantly from 2014 to 2020, but there remains room for improvement.

Introduction

The Tobacconomics 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 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.

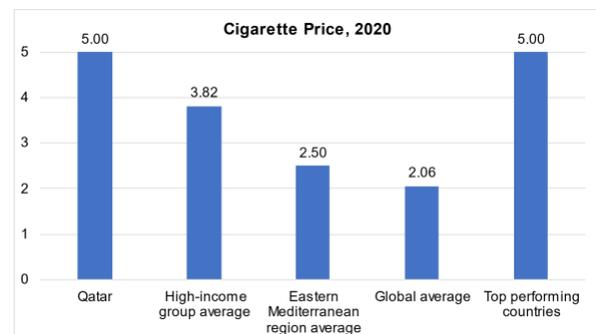
By implementing more effective cigarette tax policies, Qatar would improve the health of its population, while raising additional tax revenue for the government.

Country Findings

Cigarette Price

Price is a key determinant of cigarette use— as the price increases, demand decreases.

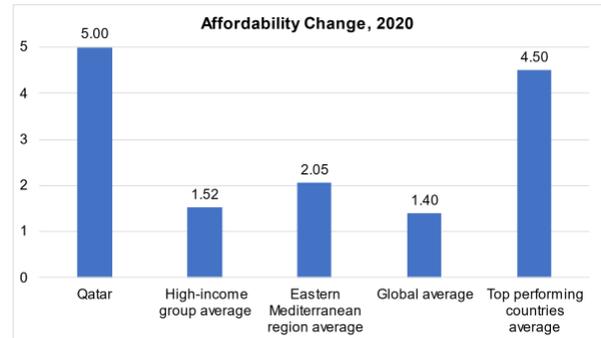
In 2020, Qatar scored all 5 points in this component. A 20-pack of the most-sold brand is 22.00 Qatari Rial (\$Intl 10.53), slightly above the recommended minimum of 21.20 Qatari Rial (\$Intl 10.31).



Change in Cigarette Affordability

To reduce demand, cigarettes must become less affordable. As cigarettes become less affordable, consumers buy fewer and many will stop buying them altogether. As part of this effort, at a minimum, cigarette prices should be updated regularly for inflation and income growth.

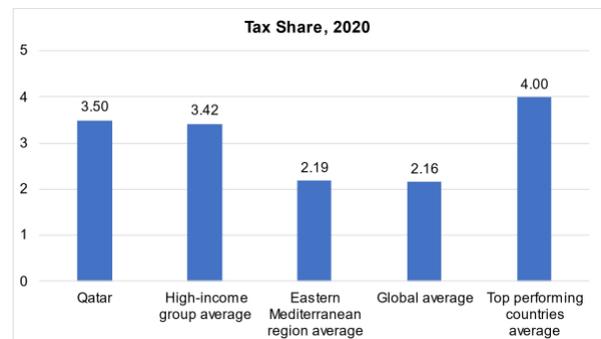
Qatar performed well in this component, scoring all 5 possible points in 2020. A price increase in 2020 reduced the affordability of cigarettes significantly.



Tax Share

A high tax share of price is generally a good indicator of cigarette tax effectiveness and is essential to raise government tax revenues from cigarettes.

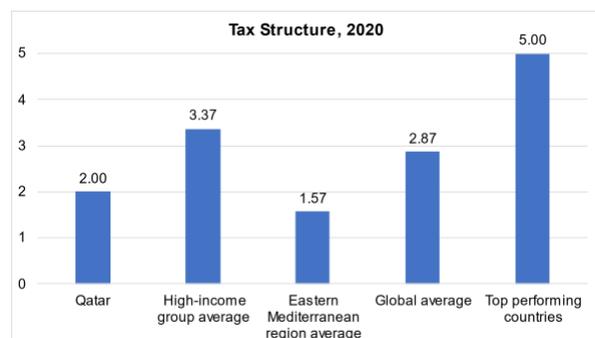
In 2020, Qatar scored 3.50 points out of 5 in this component. The total tax share of price is 68.18 percent and the excise tax share is 50 percent, indicating significant room for improvement to attain the recommended minimum benchmarks of 75 percent and 70 percent, respectively.



Tax Structure

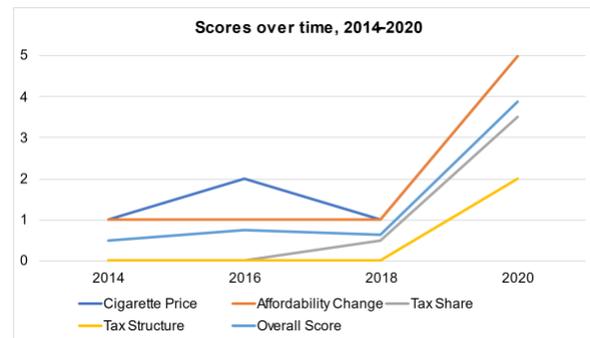
Tax structures vary in their effectiveness when it comes to reducing tobacco use and collecting tax revenues. Uniform specific excise tax systems that at least adjust annually for inflation are generally the most effective and easiest to administer.

Qatar scored 2 points out of 5 due to its suboptimal ad valorem excise tax. For maximum efficacy, the country should switch to a uniform specific excise structure that adjusts for—and outpaces— inflation and income growth.



Scores Over Time

Qatar’s cigarette tax policy has improved significantly between 2014 and 2020 as a result of progress in all four components. However, there is still room for improvement, particularly in the country’s tax structure.



Policy Implications and Recommendations

In summary, the following cigarette tax policy improvements are recommended as concrete next steps to reduce smoking prevalence in Qatar and improve the health of its citizens, while increasing the tax revenue collected by the government:

- Qatar should replace its ad valorem excise tax structure with a **uniform** specific excise tax structure for cigarettes with annual adjustments that outpace inflation and economic growth.
- The government should increase taxes on cigarettes such that the total tax and excise tax shares of retail price reach the recommended minimums of 75 percent and 70 percent, respectively.