Taxing Alcohol Is Good for Brazil's Economy

Alcohol consumption costs governments and society billions.

KEY FACTS

- In 2019, consumption of alcoholic beverages cost Brazil R$ 18.8 billion.[1]
- Low productivity, such as absences from work, generate high costs for Brazil. In 2023, 8.9 million Brazilians reported not being able to perform work-related activities because of alcohol consumption in the 12 months prior to the survey.[2]

THERE ARE MANY BENEFITS TO RAISING TAXES

Higher prices reduce alcohol consumption and discourage people from starting to drink. Taxes can be used specifically to cover the costs of alcohol-related harm.

- For every US$1 invested in implementing the three WHO "best buys" for alcohol—increased alcohol taxation, restricting alcohol marketing, and limiting availability—there is a return of US$9 in economic benefits, according to the report "Saving Lives by Spending Less."[3]
- Alcohol taxation is among the most cost-effective interventions for reaching the 2030 Sustainable Development Goals.[4]
- A specific tax, a fixed amount per unit of alcohol sold, allows the effect to be proportional to the damage caused by different types of alcoholic beverages (e.g., beer and spirits).
- The specific tax also helps to increase the price of inexpensive products, such as beer, which youth, in particular, are more likely to consume.
- An additional ad valorem tax, a variable amount based on the value of the good, can help improve equity by raising the price of expensive, premium brands more.
- The estimated collection of taxes from beer alone, which accounts for 90% of the Brazilian market, could generate revenue of approximately R$59 billion annually, representing a significant increase on the current R$37 billion.[5]
- Annual adjustments higher than the combination of inflation and income growth will ensure that alcoholic beverages will be less and less affordable over time.
- Industries producing harmful products such as tobacco and alcohol often claim that tax increases lead to job losses. Early research from other countries indicates these claims tend to be widely exaggerated. For example, we know that for every job lost in the alcohol industry, significantly more are gained in other sectors such as education and health care.

Learn more about RESET at: https://www.vitalstrategies.org/programs/alcohol-policy