Taxing Sugar-sweetened Beverages in Nepal- A Health-oriented Fiscal Policy for NCD Prevention, Child Health and Revenue Mobilization

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1 Introduction

Nepal is already facing a growing diet-related health burden. WHO Nepal reported that 71% of total deaths in Nepal are due to NCDs. The Nepal STEPS Survey 2019 found that 24.3% of adults aged 15-69 are overweight or obese. The International Diabetes Federation estimated adult diabetes prevalence in Nepal at 7.7% in 2024. Longer-term forecasts suggest that around half of Nepal's adult population could be overweight or obese by 2050.

WHO's fiscal policy guideline gives a strong recommendation for taxing SSBs. Its evidence review found that a 10% tax-induced price increase could reduce SSB purchases by about 16%, based on global evidence. For Nepal, SSB taxation should be seen not only as a revenue measure, but as a prevention policy.

2 Objectives

The objective of this initiative is to strengthen Nepal's fiscal and public health systems by advocating for the introduction of higher excise taxation on sugar-sweetened beverages (SSBs) in the Fiscal Year 2083/84 national budget. The initiative seeks to reduce the growing consumption of sugary drinks, which are major contributors to non-communicable diseases (NCDs) such as obesity, diabetes, cardiovascular diseases, and dental problems. By increasing the price of SSBs through taxation, the initiative aims to discourage unhealthy consumption patterns, particularly among children and adolescents, while encouraging healthier dietary choices among the population.

3 Key Findings

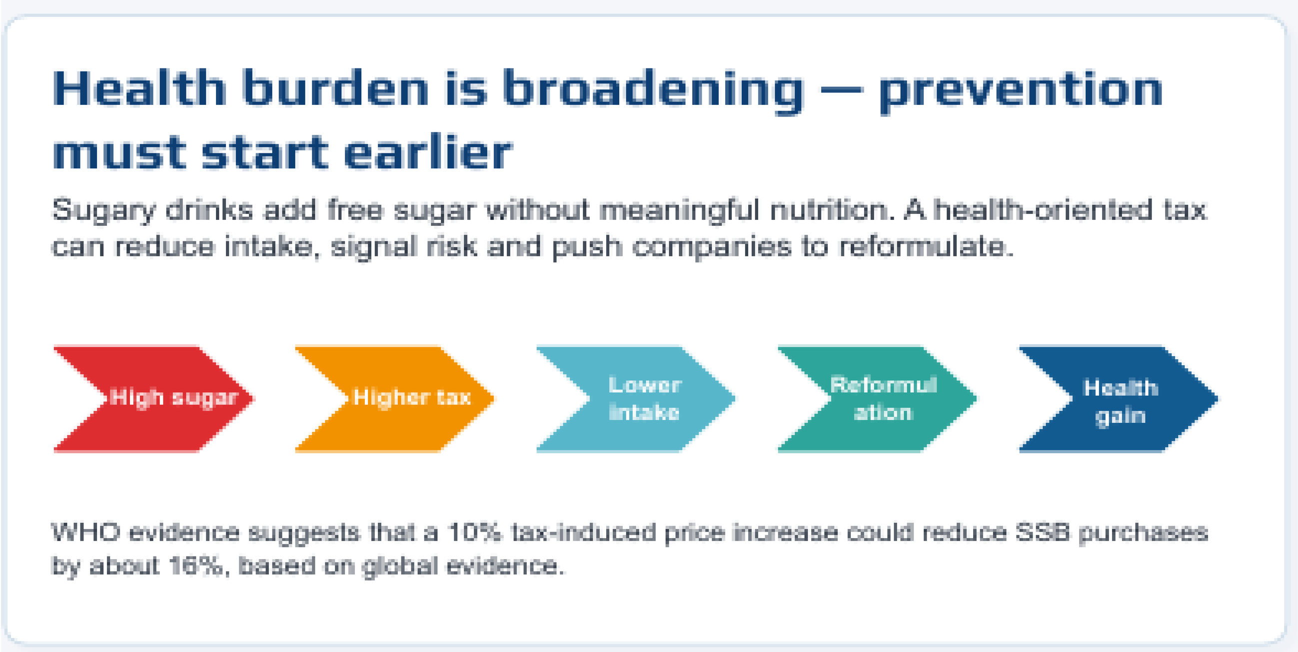
Nepal already taxes selected sugary beverage-related products, but the current system is based mainly on product category, customs classification and volume, not sugar content.

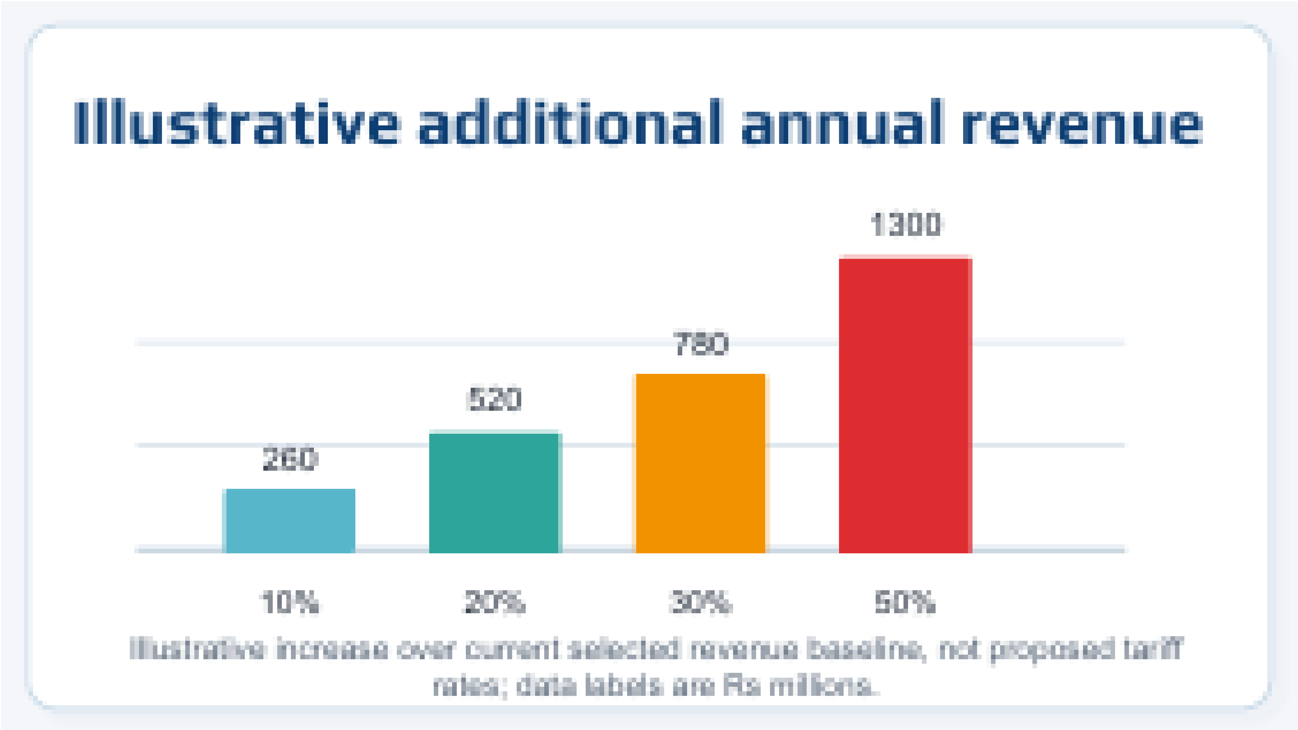
The main policy gap is that higher-sugar drinks are not systematically taxed more than lower-sugar drinks.

Selected finished SSB-like imports and soft-drink concentrates generated an estimated annualized import-revenue baseline of around NPR 2.60 billion.

WHO evidence suggests that a 10% tax-induced price increase could reduce SSB purchases by about 16%.

A tiered sugar-content-based excise tax could reduce harmful sugar intake, encourage product reformulation, support child health, and help mobilize revenue for national health insurance and NCD prevention.





4 Conclusion

Nepal is currently facing a significant and growing burden of non-communicable diseases driven by unhealthy dietary behaviors, urbanization, and increasing consumption of processed foods and sugar-sweetened beverages. Children and adolescents are increasingly exposed to sugary beverages through aggressive marketing, easy accessibility, and changing food environments, making early prevention strategies critically important.

In this context, implementing a health-oriented excise tax on sugar-sweetened beverages presents a practical, evidence-based, and cost-effective policy option for Nepal. International evidence and WHO recommendations strongly support the use of fiscal policies to reduce unhealthy food and beverage consumption.

A well-designed SSB tax has the potential not only to discourage excessive sugar intake but also to encourage manufacturers to reformulate products with lower sugar content and promote healthier alternatives.

5 Recommendations

1. Introduce a tiered excise tax on SSBs based on sugar content, whereby beverages with higher sugar levels are taxed at higher rates, while lower-sugar or no-added-sugar products receive lower or zero excise tax. This approach would strengthen both revenue efficiency and NCD prevention efforts.
2. Build upon the existing beverage revenue base, including selected SSB-related imports and soft-drink concentrates, with an illustrative annualized import-revenue baseline of approximately NPR 2.60 billion. The tax system should cover both finished sugary beverages and concentrates, avoid double taxation, and apply equally to domestically produced and imported products.
3. Allocate a portion of SSB tax revenue to health promotion and evidence-based implementation measures, including support for national health insurance, diabetes prevention, school health programs, oral health, and nutrition promotion. Additional investments should support Nepal-specific modelling, sugar-content disclosure, market surveillance, and periodic tax review mechanisms.




Acknowledgement:

Global Health Fund
Nepal Health Education Information and Communication Center
Ministry of Health and Population, Nepal