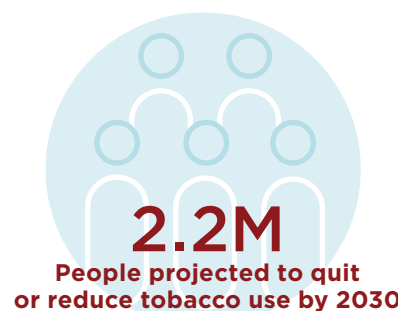
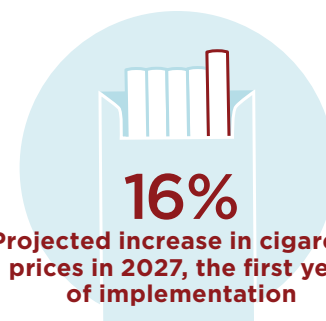


Transforming Tobacco Taxation in Viet Nam: From Evidence to Policy Reform



CTFK provides a workshop on tobacco taxation modeling to policy officials at the Viet Nam Economist Annual Meeting, organized by Depocen.

In June 2025, Viet Nam's National Assembly approved a landmark revision to the Excise Tax Law, marking the most significant modernization of Viet Nam's tobacco taxation system in decades. The reform followed nearly a decade of coordinated technical assistance, coalition engagement and strategic communications led by local partners, with support from the Campaign for Tobacco-Free Kids and other Bloomberg Initiative partners, including the World Health Organization (WHO) and Vital Strategies, working alongside the Government of Viet Nam throughout the process to protect people's health.



Case Study



The Viet Nam Economist Annual Meeting, 2022.

The Challenge

Viet Nam has one of the highest smoking rates in the Western Pacific, with more than 15 million smokers and roughly 100,000 tobacco-related deaths annually. The relative affordability of cigarettes contributed to this health burden. Tax on tobacco products accounted for just 36-38% of the retail price, well below the WHO's 70-75% threshold and far below neighboring countries such as Thailand and Singapore.

Two previous tax increases, in 2016 and 2019, barely reduced consumption, as rising household incomes kept cigarettes affordable despite higher nominal prices. The underlying problem was structural. Viet Nam's excise tax was calculated as a percentage of factory price (an ad valorem system), which manufacturers undermined by under-declaring prices. This weakness reduced the public health and fiscal impact of each increase.

Strategic Policy Opportunity

The revision of Viet Nam's Excise Tax Law created a rare legislative window to modernize the country's tobacco tax system. The Ministry of Finance's commitment and effort put the law's revision on the National Assembly's legislative agenda, followed by a drafting committee, inter-ministerial consultations and final passage. Tobacco-Free Kids' team in Viet Nam and its local partners built a strategy

that tracked this process step by step: We provided the technical inputs and global best practice documentation during drafting stage; shared evidence with government stakeholders during the consultation stage; and directly engaged with policy makers during parliamentary review.

Leading Through Technical Expertise

Tobacco-Free Kids Viet Nam and local partners were invited to contribute technical expertise directly in the drafting process, creating a unique opportunity to help shape the law and provide support throughout its revision. Joint submissions with WHO and other tobacco control partners reinforced these recommendations, ensuring policymakers received consistent, evidence-based recommendations throughout the process.

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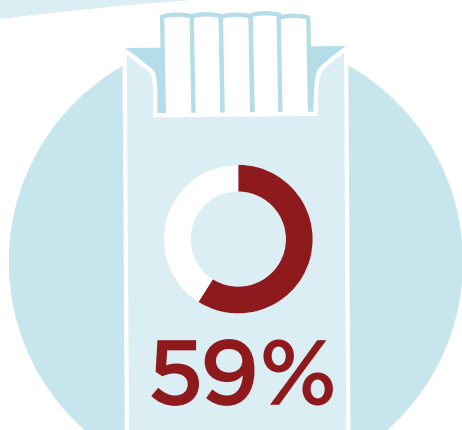
Building Government and National Assembly Support

Tobacco taxation spans health, finance and economic policy, and our engagement extended well beyond the Ministry of Health to reach the ministries deciding fiscal policy. When the government opened formal consultation on the draft law, Tobacco-Free Kids worked with relevant ministries, as well as health and economic experts, to bring supporting evidence into the government's inter-ministerial process before it reached the National Assembly. Partners then brought that evidence to relevant National Assembly committees, presenting data on affordability, potential impacts on people's health, projected revenue, regional comparisons and the case for scheduled specific tax increases.

Sustaining Public and Political Momentum

Throughout 2024 and 2025, local partners ran a sustained communications strategy

Case Study



**Tobacco tax share of retail price by 2031
(up from 36-38%)**

reinforcing the public health and economic case for reform. Activities included national journalism workshops, television discussions and media outreach timed to legislative milestones. Over two years, this strategy generated nearly 300 media stories, turning a complex fiscal issue into a public message centered on saving lives, protecting young people and generating public revenue.

Maintaining Advocacy Throughout the Legislative Process

Advancing the reform required sustained engagement from early policy discussions through final approval. Rather than a one-time campaign, partners adapted their approach as the proposal moved to each stage of government review. Partners recognized that effective tax advocacy depends on strong evidence as well as knowing when and how to deploy evidence as the policy moves through different decision points.

Results

On June 14, 2025 Viet Nam's National Assembly approved the revised Excise Tax Law, introducing the country's first mixed tobacco excise tax structure. This mixed structure combines the existing 75% ad valorem tax with a specific tax beginning in 2027 and increasing annually through 2031. The new structure represents a major shift from an ad valorem-only system toward a more effective and predictable tobacco tax model.

Public Health and Fiscal Impact

The revised law is projected to:

- **Increase cigarette prices by approximately 16% in the first year of implementation.**
- **Increase the tobacco tax share of retail prices to nearly 59% by 2031.**
- **Generate an estimated \$1.78 billion in additional government revenue between 2027 and 2031.**
- **Reduce tobacco affordability through scheduled annual tax increases.**
- **Reduce smoking and prevent approximately 2.2 million people from continuing or initiating tobacco use by 2031.**

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Why This Matters Beyond Viet Nam

Viet Nam's experience illustrates that successful tobacco tax reform requires more than technical evidence. It requires identifying and using legislative windows, building trusted relationships with government institutions, coordinating advocacy across sectors and sustaining communications that reinforce public support across the full length of the policy process.

For countries considering tobacco tax reform, Viet Nam offers a model for how strategic, sustained advocacy can translate evidence into durable policy change while creating long-term benefits for both public health and government revenue.

Lessons Learned

- **Structural reform creates lasting impact:** Modernizing the tax system builds a stronger foundation for future tobacco tax increases and long-term public health gains.

Case Study



Cigarettes on display in a Vietnamese shop.

- **Technical credibility creates policy influence:** Providing technical expertise within government processes strengthened the quality and credibility of policy recommendations while building trusted relationships that contributed to policy development.
- **Evidence must be tailored to decision-makers:** Fiscal projections and tax system analysis were particularly important for finance officials, while legislators responded to a combination of health, affordability, revenue and international evidence and its feasibility for implementation.
- **Coalition partners need distinct but complementary roles:** Clear coordination enabled technical and government partners, experts and media organizations to contribute according to their respective strengths.
- **Advocacy should align with the legislative process:** Aligning advocacy activities with each stage of policy development ensured evidence remained relevant when decisions were being made.
- **Strategic communications must build the case and defend it:** Amplifying technical evidence through media built public understanding and sustained political momentum, while anticipating opposition arguments on illicit trade, business impacts and implementation readiness - backed by credible, consistent responses - kept that momentum intact.
- **A clear turning point can reshape the debate:** Once the mixed tax structure was retained in the government's formal proposal, the debate shifted from whether structural reform should occur to how it should be implemented.

Lessons Learned:



Policies should address the structural issues that will lead to lasting impact.



Technical credibility is key for policy influence.



Evidence should be tailored to decision-makers.



Coalition partners should have clear roles.



Strategic communications are essential for maintaining momentum.

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The **Campaign for Tobacco-Free Kids** is the leading advocacy organization working to reduce tobacco use and its deadly consequences in the United States and around the world. Through our **Global Health Advocacy Incubator**, we tackle other critical public health challenges across the globe - including food and nutrition policy, injury and overdose prevention, and building resilient and equitable health systems.

Our vision is a healthier and more equitable future for all.