

Unhealthy food taxes: a triple win

Unhealthy foods — high in sugar, sodium and harmful fats — drive heart disease, diabetes, obesity and premature death. In many low- and middle-income countries, consumption of unhealthy foods is increasing, fueling the growing burden of noncommunicable diseases and straining already-stressed health systems. Taxes on unhealthy foods are among the most effective ways to reduce harm, reduce health care costs and raise much-needed revenue. When linked to front-of-package nutrient warning labels, as done in Colombia, the benefits are even greater.

What works

- **A sufficiently high tax rate changes behavior:** a 20% price increase for unhealthy foods can reduce consumption by approximately 12%. WHO guidance and global evidence show that higher tax rates increase health and fiscal benefits. Colombia's 20% tax on unhealthy packaged foods is the strongest policy to date.
- Taxes should apply broadly and be based on nutrient thresholds — for example, to all packaged products with excess sodium, sugar or saturated fat — to prevent loopholes and unhealthy substitutions.
- Pairing taxes with front-of-package warning labels increases health and revenue benefits and improves clarity for consumers, industry and enforcement agencies.
- Subsidizing healthy foods such as vegetables and fruits improves health benefits and equity.

Health, revenue and equity

- **Healthier foods:** Unhealthy food taxes reduce consumption of taxed products. In Mexico, an 8% tax reduced purchases of unhealthy foods by 5.1% in the first year, with the greatest benefit for low-income groups. In Hungary, 25-35% of prior consumers purchased fewer taxed products in the first year.
- **Health gains:** Modeling shows significant potential reductions in heart disease, diabetes, obesity and diet-related deaths, as well as health care costs.
- **Revenue generation:** Colombia's 20% tax on unhealthy food raised \$758 million in 2025. Mexico collected \$2.07 billion in 2023.
- **Progressive impact:** Low-income households see the greatest health benefits.

Opportunity

Countries that act now can reduce health threats, reduce health care costs and raise revenue. The same principles that make tobacco, alcohol and sugar-sweetened beverage taxes effective apply to unhealthy food: clear targets, high rates, avoid loopholes and strong implementation.

Sources

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