

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Denmark

**Post:** Stockholm

### Denmark Imposes Tax Increase on Unhealthy Foods

**Report Categories:**

Trade Policy Monitoring

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**Report Highlights:**

As part of the Danish government's aim of improving the health of the Danish population, the government is planning to increase the excise duties on tobacco and unhealthy foods from January 1, 2012.

## **General Information:**

### **Background**

In accordance with the Danish Tax Reform 2010, the Danish government has proposed to increase the excise duties on tobacco, chocolate and sugar products, ice-cream, soft drinks, beer and wine. There are two duty levels on sugar, the lowest applies to products containing less than 0.5% added sugar and the highest on products containing more than 0.5%.

While duties on tobacco and alcohol have been in place for many years in Denmark, the duties on confectionary and soft drinks were imposed 2008-2010. In addition, a tax on saturated fat was imposed in Denmark in October 2011. The aim with these health related taxes is to reduce health risks of consuming unhealthy food.

The increased duties on unhealthy foods, beer and wine are proposed to be imposed on January 1, 2012. The date for tobacco set at April 1, 2012. Please see examples of duty rates in the table below.

<b>Product</b>	<b>Old Duty (DKK)</b>	<b>New Duty (DKK)</b>
Chocolate and candy*	17.75 per kg	23.75 per kg
Ice-cream*	4.25 per liter	6.38 per liter
Soft drink*	1.08 per liter	1.58 per liter
Tobacco	1.04 per cigarette	1.16 per cigarette
Beer and wine	50.88 per liter pure alcohol	63.60 per liter pure alcohol

\*Added sugar content more than 0.5%.

Source: The Danish Ministry of Taxation

1USD equals 5.5 DKK

The processors and importers pay the tax. The expected extra cost for Danish food producers and importers is about DKK 1 billion (USD 180 million) per year, of which DKK 350 million stem from the chocolate duty, 75 million from ice-cream, 100 million from soft drinks and 475 million from beer and wine.

### **Implications on Trade**

As mentioned above, these duties have been in place for some years already and will probably have minor effects on exports of the affected products to Denmark. It is the importer who pays the duty but the cost will indirectly be paid by the consumers. Denmark's decision to increase these duties has no practical implications for exporters of these products to Denmark, other than that they will need to account for them when setting the price. The expected price increase is about 3.5% for chocolate, 5% for beer, 9% for wine, 10% for licorice and 2% for soft drinks.