

Rs 1 Cess SIN TAX on Liquor for EMRT 108 Ambulance Services – Hiamachal Pradesh

Introduction:

Due to the steep terrains in Himachal Pradesh, makes the state highly vulnerable to natural and man-made disasters. The state-run 108 ambulance services play a vital role in emergency medical response and transportation. Since alcohol consumption causes social and medical problems, SIN TAX was levied on alcohol to finance the 108-ambulance service.

Implementation of the practice

The state proposed a SIN TAX on every bottle of liquor sold in the state. As this is the first of its kind, a tax at the rate of Rs. 1/per bottle was levied in 2018-19 on every bottle of liquor sold in the state through Excise and Taxation department. The revenue generated through the SIN TAX is credited to EMRT society to support 108 ambulance services. This type of Pigouvian tax is also expected to reduce the consumption of alcohol in forthcoming years.



Results of the practice – output, and outcomes

Rs. 7.95 Cr of SIN TAX was collected in the year 2018-19, and the funds are being utilized for ambulance services.

Liquor Bottles (Year)	Cess @ Rs 1/No of items	Total Collections
2018-19	7,95,35,099	Rs. 7,95,35,099

Conclusion

Since, alcohol does not come under the purview of GST but is covered under VAT, this type of SIN TAX can be levied and utilised for the benefit of health and health related promotional activities and become a supportive component of the state government for funding public health Programme. In the future, SIN TAX can also be levied on other items that contribute to the disease burden.