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South African researchers propose a three-tier beer tax that could cut pure alcohol consumption from beer by 14.3%

The model urges the National Treasury to tax beer by ABV bands at 3.5% and 4.5%, assuming brewers reformulate products

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A group of South African researchers has proposed a three-tier beer tax that they say could cut the amount of pure alcohol consumed through beer by an estimated 14.3% by pushing brewers toward lower-strength products.

The proposal was presented in an analysis published by Polity on Thursday, November 19, under the headline How changes to beer taxes could save lives. Polity said the article reproduced work by researchers linked to the Research Unit on the Economics of Excisable Products, or REEP, at the University of Cape Town. The proposal is aimed at South Africa's National Treasury, which is responsible for budget and tax policy.

The researchers are not describing a tax change that has been adopted. They are modeling how a different excise structure could change the alcohol content of beer sold in South Africa if manufacturers respond fully to the tax incentives by reformulating their products.

That distinction matters. The estimated 14.3% reduction refers to pure alcohol consumed through beer, not to a matching drop in the total volume of beer sold. A brewer could, for example, keep selling similar volumes while reducing the alcohol strength of some brands to fall into a lower tax bracket.

Under the three-tier model, beer would be taxed in bands linked to alcohol by volume, or ABV. The thresholds cited in the proposal are 3.5% and 4.5%, within a wider analytical range that starts at 0.5% ABV. The design is meant to create a clearer financial reward for producing and marketing beer with less alcohol.

The analysis says such a structure could influence more than tax receipts. It could affect recipe decisions, product portfolios, packaging, pricing and the way beer is positioned in the market. A brand that moves from just above a threshold to just below it could face a different tax burden, giving producers a reason to lower alcohol strength by small but commercially important margins.

The researchers also modeled a four-tier system. In that version, the estimated reduction in pure alcohol consumed through beer rises to 15.7%. That means the four-tier approach delivers a larger modeled effect than the three-tier version, but only by 1.4 percentage points. The three-tier proposal is therefore somewhat less aggressive in

the simulation, while still showing a substantial reduction in alcohol intake from beer.

The November 19 publication did not present new beer sales data. It summarized findings from earlier research and incorporated a methodological addition published in August 2026. The figures should be read as simulated outcomes from a policy model, not as a fresh statistical report on changes in consumer behavior, brewer output or monthly market performance.

That is an important limit on what can be concluded from the numbers. The work does not provide absolute changes in liters of beer sold. It also does not offer month-to-month or year-over-year sales comparisons. There are no monetary estimates in the material cited in the November 19 article, only percentage changes tied to alcohol consumption and alcohol strength.

The proposal comes out of a research field that examines so-called excisable products, including alcohol, tobacco and sugary drinks, where governments often use tax policy not only to raise revenue but also to shape behavior. In this case, the focus is on whether the tax system can shift the beer market away from higher-strength products without relying solely on a broad increase in rates.

A tax based more precisely on alcohol strength would work differently from a flat structure that treats a wide range of beers in much the same way. In theory, the more closely taxes track alcohol content, the more pressure there is on producers to reduce ABV where consumers will still accept the product. That could include reformulating existing beers, introducing new low-strength options or changing the marketing mix to favor products in lower tax bands.

The analysis argues that the design of the tax matters because it can alter incentives throughout the supply chain. Brewers respond to expected margins. Retailers respond to price and consumer demand. Consumers respond to what is available and how products are marketed. A tiered system seeks to influence all three by making lower-strength beer relatively more attractive.

At the same time, the modeling rests on a strong assumption. The scenarios described by REEP assume that producers fully reformulate their products in response to the tax incentive. Real-world results could differ if companies decide not to change recipes, if consumers reject lower-strength versions of popular brands, or if competition leads firms to absorb part of the tax change rather than redesign products.

Those caveats mean the proposal should be seen as a policy option rather than a forecast. It outlines what might happen under a set of assumptions, not what will happen in the South African beer market.

Still, the work gives the National Treasury a concrete framework to consider as it weighs how excise policy can influence public health. The central message from the model is that the structure of a beer tax, not only its overall level, can affect how much alcohol consumers ultimately drink.

For brewers, that could turn tax policy into a product-development issue. For policymakers, it frames excise design as a tool that can reach beyond revenue collection. And for the market, it suggests that even small ABV thresholds such as 3.5% and 4.5% can shape business decisions if they are tied to meaningful tax differences.