

ASSESSING THE EFFECTIVENESS OF THE TOBACCO EXCISE DIRECTIVE: CZECHIA

REPORT FOR TOBACCO EUROPE

FEBRUARY 2026

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To discuss the report further please contact:

Vasilis Douzenis: vdouzenis@oxfordeconomics.com

Oxford Economics

4 Millbank, London SW1P 3JA, UK

Tel: +44 203 910 8061

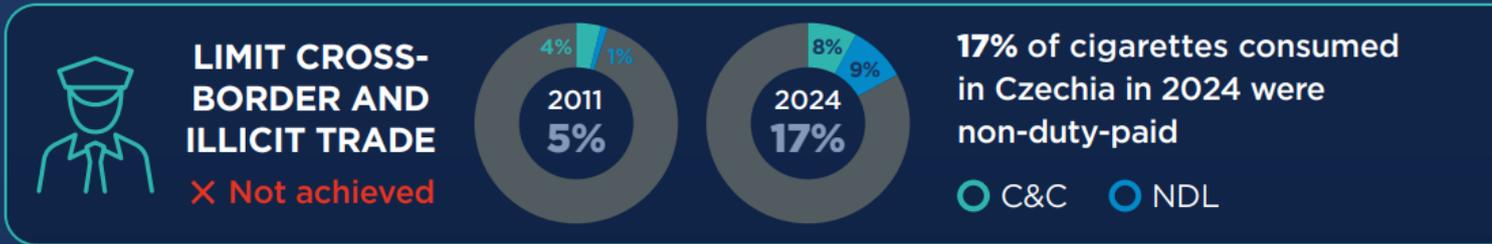
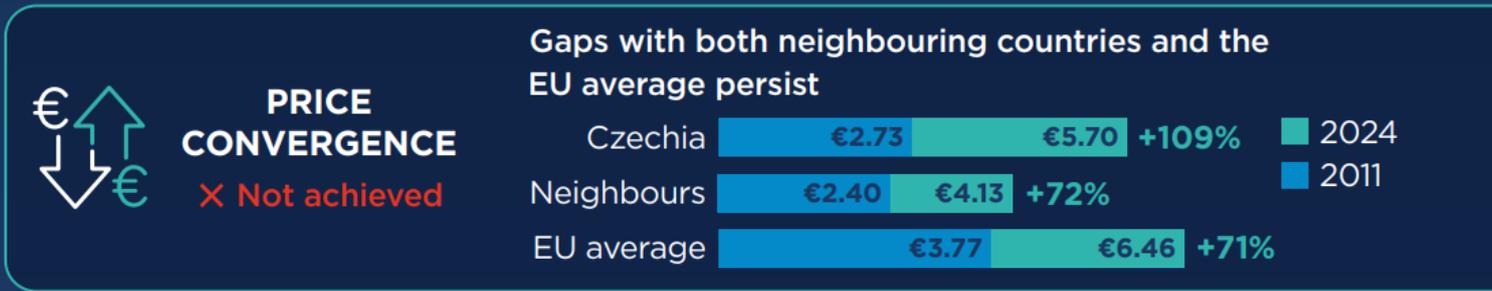
CZECHIA

CIGARETTE TAX POLICY OUTCOMES 2011-2024

POLICY APPROACH



POLICY GOAL OUTCOMES



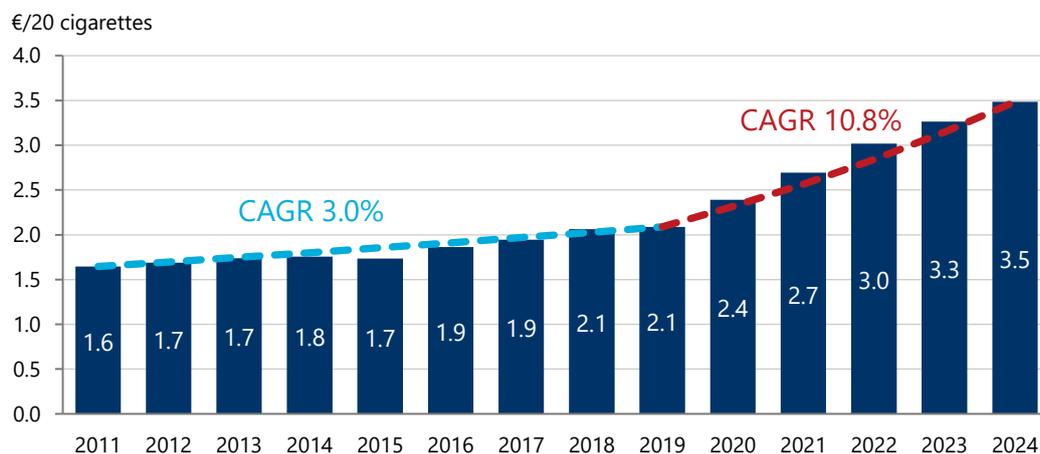
Successive excise increases in Czechia contributed to a decline in legal domestic consumption and a gradual shift toward DNP products. The contracting tax base weighed on fiscal outcomes, with real tobacco excise revenues declining over time.

Neighbouring countries included are those with lower WAP levels. Totals may not sum due to rounding.

1.1.1 Czechia case study

Czechia has steadily increased its tobacco excise duties, primarily to align with the minimum rate requirements set by the European Union. As a result, the excise duty on a pack of 20 cigarettes reached €3.48 in 2024.

Fig. 1. Excise yield in Czechia, 2011 to 2024

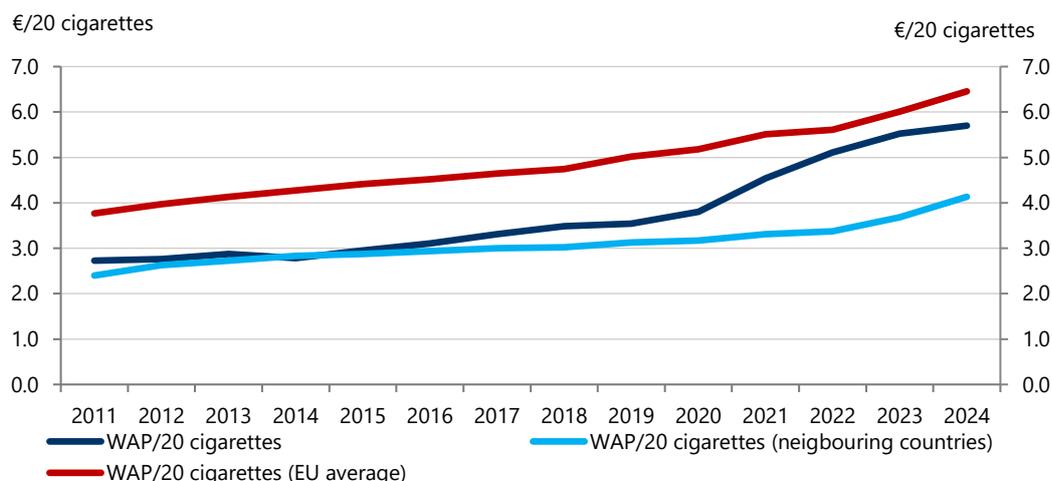


Source: European Commission

Objective: Price convergence

Excise increases translated into higher retail prices in Czechia. Between 2011 and 2024, the average price of a 20-cigarette pack surged from €2.73 to €5.70, an increase of 109%. By comparison, prices in neighbouring countries and across the EU also saw an increase of about 72% and 71% respectively over the same period, to reach €4.13 and €6.46 per pack in 2024

Fig. 2. WAP of cigarettes in Czechia, neighbouring countries¹, and the EU average, 2011 to 2024



Source: European Commission

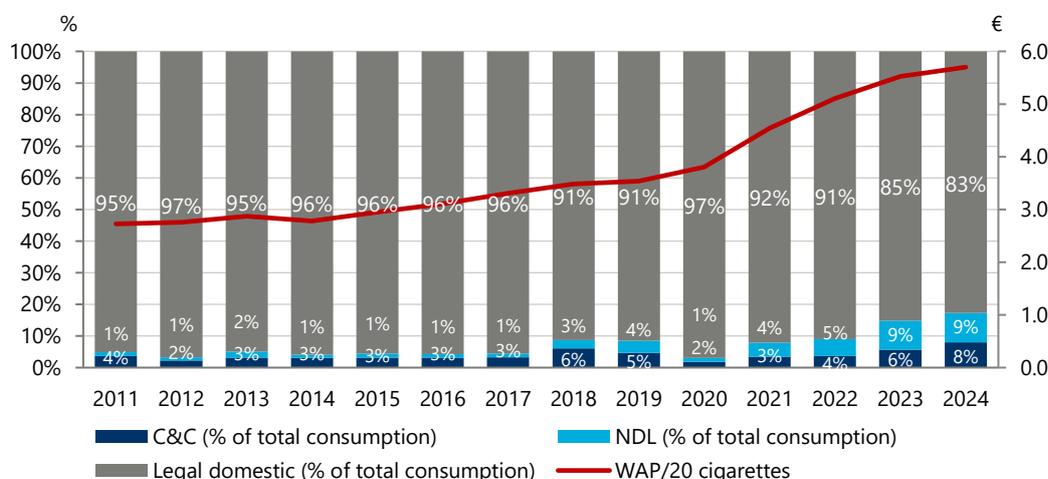
Objective: Limit cross-border and illicit trade

In Czechia, cigarette consumption has historically been concentrated in the domestic legal market, reflecting long-standing price differentials that favoured local purchases over cross-border or illegal alternatives. Throughout most of the 2011–2024 period, more than 90% of cigarettes consumed were sourced legally within the country. However, Czechia has been increasingly exposed to non-domestic inflows, supported by established smuggling routes from non-EU regions, particularly Belarus.² An exception to this trend occurred in 2020, when COVID-19 restrictions temporarily limited cross-border flows. Since 2021, the share of NDL and C&C cigarettes has increased steadily, reaching 9% and 8% of total consumption, respectively, in 2024.

¹ This is the average WAP in Poland, Slovakia, and Bulgaria.

² Global Organised Crime Index, "[Czech Republic](#)", accessed November 2025

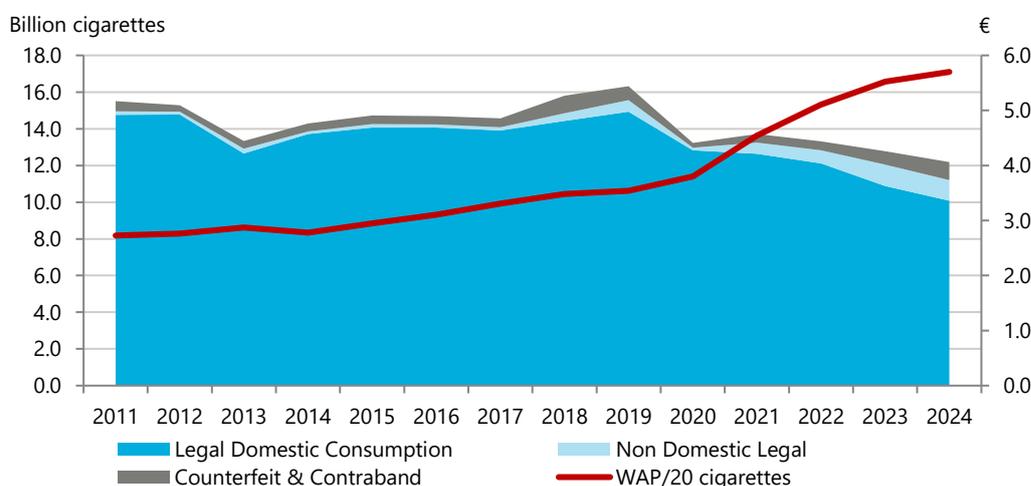
Fig. 3. Legal domestic, NDL, and C&C consumption cigarettes (% of total consumption of cigarettes) in Czechia, 2011 to 2024



Source: European Commission, KPMG

Total cigarette consumption in Czechia declined by around 25% between 2019 and 2024, falling from 16.3 billion to 12.2 billion cigarettes. The drop was driven mainly by a 32% fall in legal domestic sales, reflecting rising prices and a gradual shift toward DNP products. Part of this decline was offset by growth in NDL consumption (+78%) and, to a lesser extent, in C&C activity (+29%).

Fig. 4. Volume of legal domestic consumption of cigarettes, duty-not-paid cigarettes, and WAP of cigarettes in Czechia, 2011 to 2024

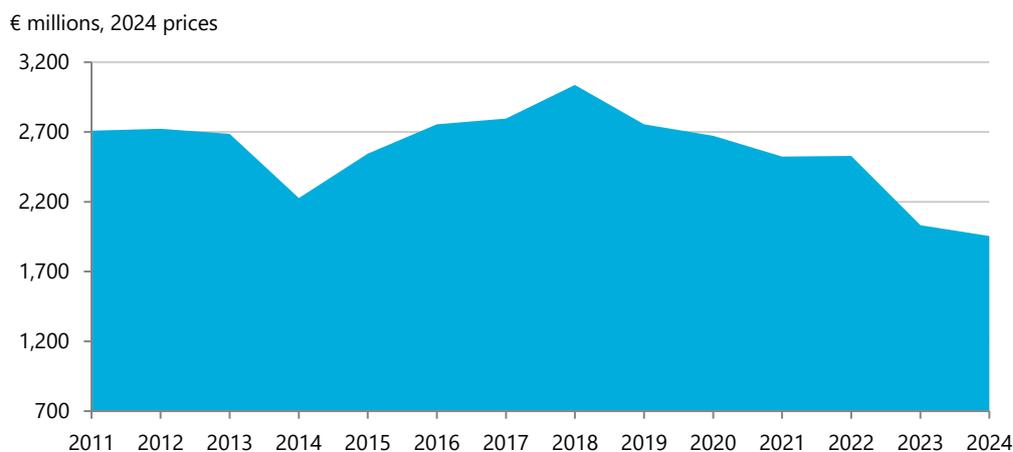


Source: European Commission, KPMG

Objective: Maintain stable tax revenues

Although Czechia’s nominal tax burden per pack rose steadily between 2011 and 2024 through successive excise increases, total receipts declined as the tax base contracted. Legal cigarette consumption fell by 32%, reducing taxable volumes, while growth in the DNP market further undermined collections. As a result, real tobacco tax revenues recorded a CAGR of –2.5% over the period. The particularly sharp decline observed in 2022–23 also reflects the impact of elevated inflation during that period.

Fig. 5. Real cigarettes excise tax receipts in Czechia, 2011 to 2024



Source: European Commission

Assessment and implications

Czechia's tobacco excise policy has progressively increased prices to meet EU minimum tax requirements. As prices rose more sharply after 2019, in line with higher excise rates, total cigarette consumption fell by around 25%, driven primarily by a contraction in legal domestic sales and a gradual shift toward DNP products. The concurrent rise in NDL and C&C activity underscores growing substitution pressures as consumers seek cheaper alternatives. Despite successive tax hikes, the contracting tax base has weighed on fiscal outcomes, with real tobacco excise revenues declining at a CAGR of -2.5% between 2011 and 2024.



OXFORD
ECONOMICS

Global headquarters

Oxford Economics Ltd
60 St Aldates
Oxford, OX1 1ST
UK
Tel: +44 (0)1865 268900

London

4 Millbank
London, SW1P 3JA
UK
Tel: +44 (0)203 910 8000

Frankfurt

Marienstr. 15
60329 Frankfurt am Main
Germany
Tel: +49 69 96 758 658

New York

5 Hanover Square, 8th Floor
New York, NY 10004
USA
Tel: +1 (646) 786 1879

Singapore

6 Battery Road
#38-05
Singapore 049909
Tel: +65 6850 0110

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Singapore
Hong Kong
Tokyo
Sydney

Email:

mailbox@oxfordeconomics.com

Website:

www.oxfordeconomics.com

Further contact details:

[www.oxfordeconomics.com/
about-us/worldwide-offices](http://www.oxfordeconomics.com/about-us/worldwide-offices)