

# ASSESSING THE EFFECTIVENESS OF THE TOBACCO EXCISE DIRECTIVE: THE NETHERLANDS

REPORT FOR TOBACCO EUROPE

FEBRUARY 2026

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## FEBRUARY 2026

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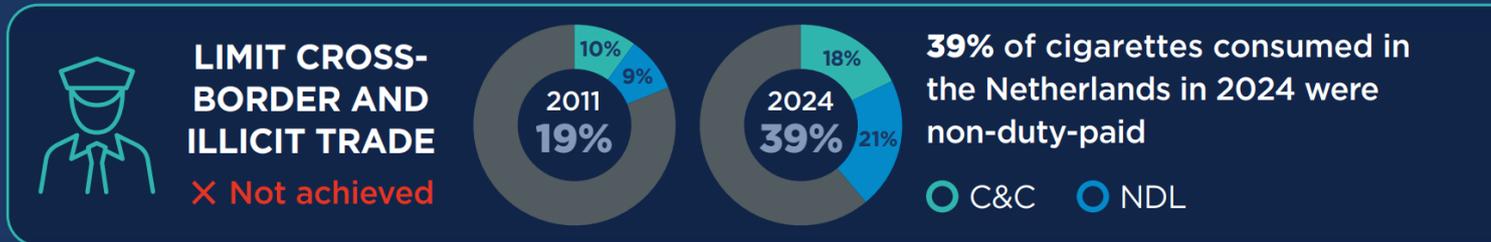
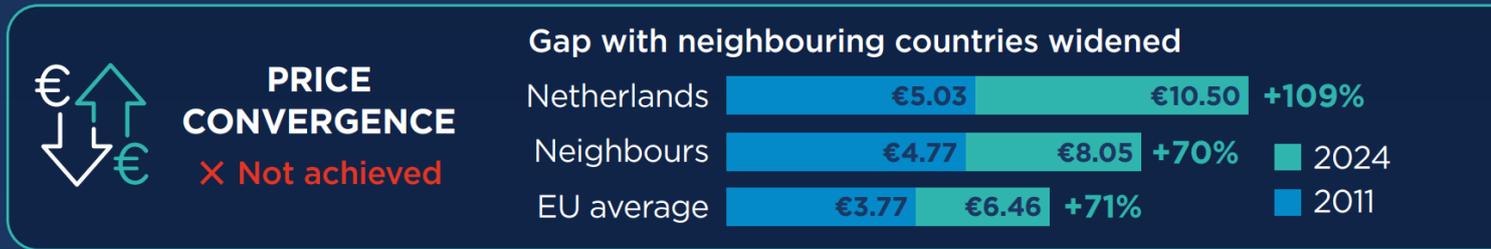
# NETHERLANDS

## CIGARETTE TAX POLICY OUTCOMES 2011-2024

### POLICY APPROACH



### POLICY GOAL OUTCOMES



The Netherlands' accelerated tobacco tax strategy has not achieved its intended outcomes. Although domestic legal sales have declined, the fiscal and public health impact has been diluted by increased cross-border purchases and illicit trade at nearly 40%. These unintended consequences, driven by aggressive and abrupt excise increases in a compressed timeframe, have undermined revenue targets and failed to produce a significant reduction in overall tobacco consumption.

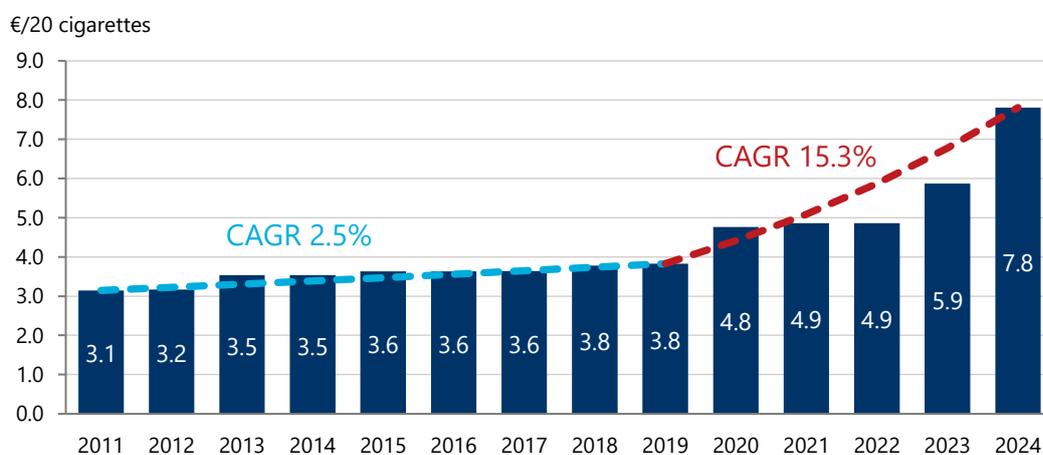
Neighbouring countries included are those with lower WAP levels. Totals may not sum due to rounding.

### 1.1.1 The Netherlands case study

The Netherlands implemented gradual excise increases up to 2019, followed by sharper hikes under the National Prevention Agreement, which aims to achieve a “smoke-free generation” by 2040. The government raised the excise duty from €5.87 in 2023 to €7.81 in 2024, pushing the average pack price from €8.27 to €10.50.

These fiscal measures have been accompanied by broader tobacco control actions, including a ban on online tobacco sales (effective July 2023) and a ban on tobacco sales in supermarkets and catering establishments from July 2024. In addition, the government introduced a registration duty for tobacco outlets in 2024 to reduce and shrink the network of retail points.<sup>1</sup> By 2032, only specialist tobacco shops will be permitted to sell tobacco products.<sup>2</sup>

**Fig. 1. Excise yield in the Netherlands, 2011 to 2024**



Source: European Commission

#### Objective: Price convergence

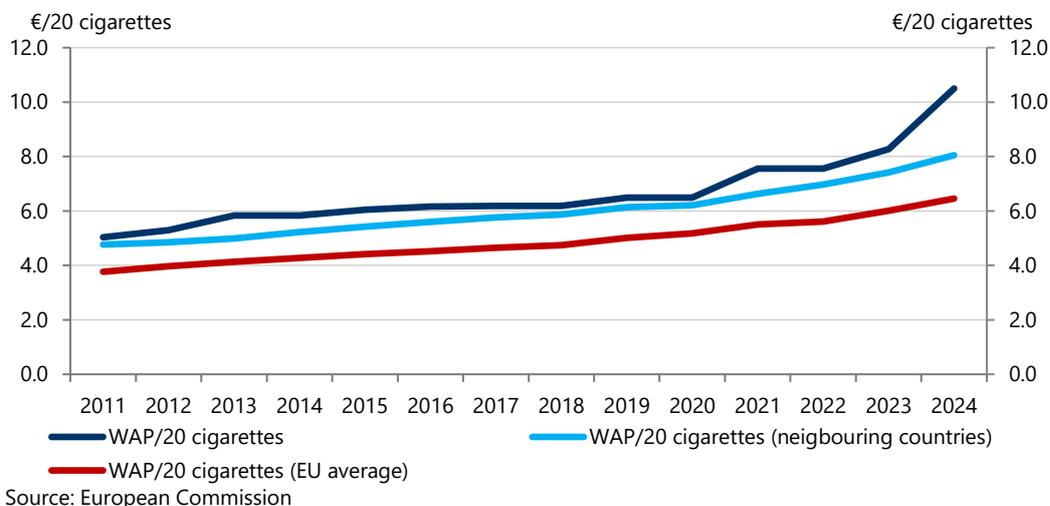
Excise increases in the Netherlands fed directly through to higher retail prices. Between 2011 and 2024, the average price of a 20-cigarette pack more than doubled, rising from €5.03 to €10.50. In comparison, prices in neighbouring countries and across the EU rose by around 70% over the same period, reaching €8.05 and €6.46 per pack, respectively, in 2024.

The sharper excise hikes introduced from 2020 onwards led to a widening price gap between the Netherlands, its neighbours, and the broader EU average.

<sup>1</sup> Government of the Netherlands, “[Registration duty for tobacco outlets](#)”, accessed October 2025

<sup>2</sup> Government of the Netherlands, “[Government measures to discourage smoking](#)”, accessed October 2025

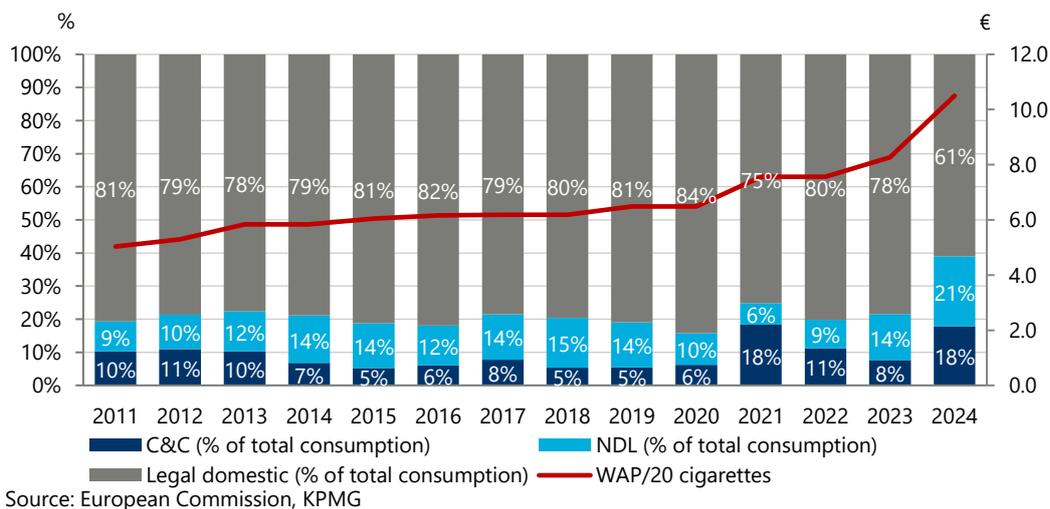
**Fig. 2. WAP of cigarettes in the Netherlands, neighbouring countries<sup>3</sup>, and the EU average, 2011 to 2024**



**Objective: Limit cross-border and illicit trade**

Around 40% of all cigarettes consumed in the Netherlands now fall outside the domestic tax base. Following temporary COVID-related disruption, DNP consumption stabilised but remained high, with a gradual shift from C&C to NDL. Following the 2024 excise increase, both C&C and NDL shares rose again, to 18% and 21%, respectively, while domestic legal cigarettes fell to around 61% of total consumption.

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

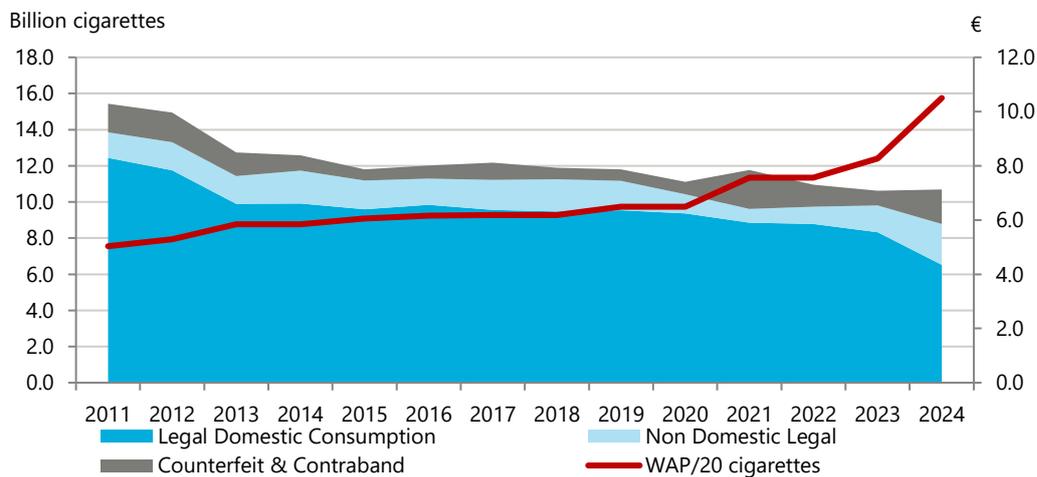


While legal domestic sales have declined steadily, overall DNP consumption has remained high, fluctuating mainly in response to travel restrictions and tax changes rather than underlying demand.

<sup>3</sup> This is the average WAP in Germany and Belgium.

Between 2020 and 2024, NDL volumes increased from 1.1 to 2.3 billion cigarettes, while C&C volumes rose from 0.7 to 1.9 billion. These trends suggest that high domestic prices encourage substitution toward more affordable, DNP products.

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



Source: European Commission, KPMG

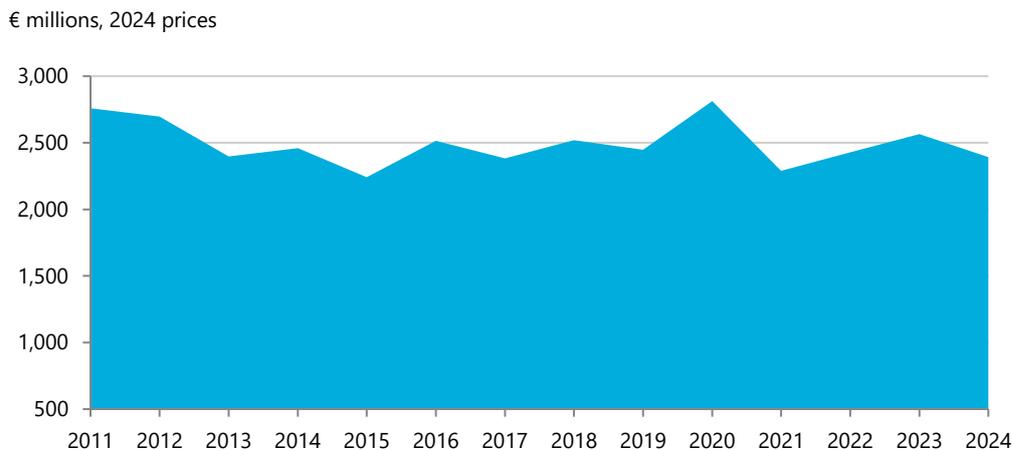
**Objective: Maintain stable tax revenues**

Real tax receipts from cigarettes in the Netherlands declined modestly between 2011 and 2024, with a CAGR of -1.1%. Recent tax policy has been characterised by large tax increases intended to raise prices and reduce legal domestic consumption. However, high cigarette prices have simultaneously encouraged the growth of DNP volumes, which has eroded the taxable base. KPMG estimates that the Dutch government lost approximately €869 million in tax revenue in 2024 due to C&C activity.<sup>4,5</sup>

<sup>4</sup> KPMG, "Illicit cigarette consumption in Europe", June 2025, accessed October 2025

<sup>5</sup> Total tax revenue lost represents estimated excise and VAT if C&C volumes had been consumed legally in the country.

**Fig. 5. Real cigarettes excise tax receipts in the Netherlands, 2011 to 2024**



Source: European Commission

### Assessment and implications

The Netherlands’ tobacco tax policy — initially implemented through gradual increases and then followed by sharp hikes under the National Prevention Agreement — has achieved substantial price increases but with notable trade-offs. While the average pack price more than doubled between 2011 and 2024, this fuelled a rise in DNP consumption, now accounting for nearly 40% of total cigarette use.

After a decline in the early 2010s, legal domestic cigarette consumption remained relatively stable for much of the period. However, the large excise increase implemented in 2024 coincided with a marked decline in legal volumes, as consumers increasingly substituted toward duty-not-paid products. Real excise revenues declined modestly over the period, reflecting recent pressure on the taxable base alongside persistently high DNP consumption. Absent further measures to contain illicit and non-domestic purchasing, these dynamics risk further weakening excise revenues, echoing developments in other high-price markets, including France.



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