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A call for prudent taxation of cannabis corporates to fund mental health programmes

Cannabis consumption increases the incidence of psychotic disorders, violence, and cognitive impairments [1]. Governments need to implement progressive tax legislation, such as that which requires the cannabis sector to accept responsibility and account for its contribution to the worsening of these mental health conditions in developing countries. Excise taxes are rarely imposed on the cannabis sector [2], despite the lucrative wealth amassed by this industry. For example, current estimates show that the global cannabis sector was valued at \$25 billion in 2021 and is projected to reach \$176 billion by 2030, driven solely by cannabis inhalation demands [3]. The projected growth rate of 604% demonstrates the risk of poor mental health and the viability of targeting the cannabis sector with special excise taxes to finance mental health promotion and prevention programmes, which have been neglected in developing countries.

Developing countries, where cannabis use has steadily increased due to unregulated use and widespread substance abuse among the young population, could benefit from implementing these special cannabis excise taxes, especially in light of the current underfunding of mental health services [4] and the government's inability to find immediate resources for mental health funding. However, strengthening tax collection systems will always be critical, which applies to all countries worldwide. For instance, in low-income countries, weak infrastructure and enforcement systems make tax payment optional, while in other middle-income countries, tax collection capacity is underutilised. Poor tax collection systems, ineffective utilisation of public tax money, and lack of appropriate excise taxation present significant risks to optimal mental health financing within the country.

The use of excise taxes to finance health conditions is not new and has been applied in the alcohol, sugar, and tobacco industries. The aggressive taxation of these industries reduced the consumption of these products, resulting in meaningful improvements to population health and generating the necessary revenue [5]. It is high time for the cannabis sector to join the list of excise-taxed industries and for this revenue to be allocated to finance mental health programmes. These cannabis funds should be ring-fenced to support increased investment in a society-wide approach to the prevention, early detection, and treatment of mental health disorders. In any case, current mental health expenditures, which account for less than 2% of government health budgets [4], are insufficient to prevent the current mental health crisis.

Our rapid analysis and collective experience suggest that developing countries' tax systems need to impose excise taxes on cannabis and address three critical areas to improve mental health financing. Firstly, the tax systems must be fair and progressively advance accountability, with undertaxed cannabis corporates paying their reasonable contribution to ensure that their profits are leveraged to secure the optimal financial well-being of society through appropriate taxation. Secondly, the cost of paying taxes should not exceed the excise tax itself, as

reflected by the poor ranking of most developing countries in the ease of paying taxes database managed by the World Bank. Governments need to reduce these transaction costs by investing in efficient tax collection technologies to encourage tax payment and effectively utilise the money for priority action. Lastly, tax systems in developing countries need to be transparent to increase public trust. Taxes collected to improve mental health must be ring-fenced and utilised for mental health programmes. National governments need to champion campaigns focusing on mental health promotion and prevention efforts.

Failure to ring-fence these mental health funds will prove too costly. For example, current estimates show that mental ill-health costs the world economy \$1 trillion annually. This cost is projected to rise to \$6 trillion by 2030 if we do not act and invest more resources to avert morbidity and mortality associated with mental health [4]. Indeed, bold political commitment is needed to improve the financing of mental health programmes. Mental health financing needs to become the government's critical programmatic focus to improve population-wide outcomes, and progressive cannabis taxation is the key. Most developing countries are debating the legalisation of cannabis, and many have already legalised it. Progressive taxation will enable corporate social responsibility and good governance, which can only foster a mental health-friendly climate for everyone. There is a case for allocating cannabis excise taxes to sustainable mental health programme financing.

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Declaration of competing interest

None declared.

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