

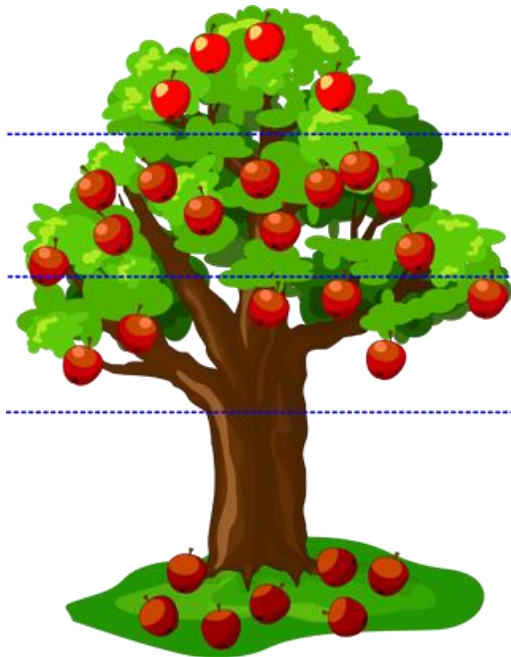


Institute for  
Global Tobacco Control

# Low-Hanging Fruit in Tobacco Tax Administration

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# Ultimate Goal



**Sweet Fruit**

**Bulk of Fruit**

**Low-Hanging Fruit**

**Ground Fruit**

## High-hanging fruit

Strong governance

- Policies have to be fully implemented
- Policies have to be enforced
- Illicit/Illegal activity needs significant repercussions

Secure supply chain

- Functioning, independent Track & Trace system
- Sophisticated tax stamp system
  - Unique identifiers, counterfeit protection



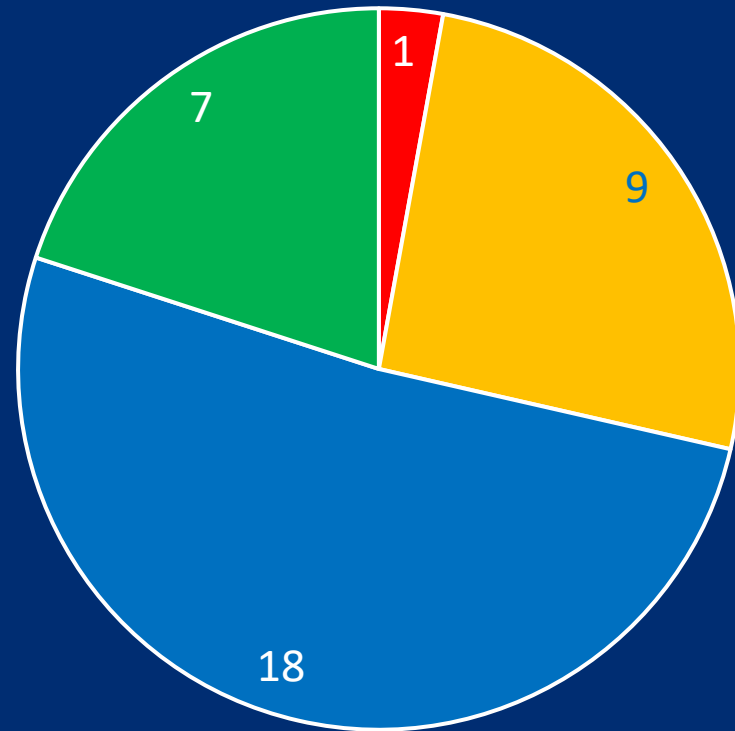
# Context

- Why not go right for a Track & Trace system
  - There might not be political will
  - There might not be the infrastructure to support it
- The tobacco industry solution
  - The problem with moving too fast



# Where are we at?

Tobacco Excise Tax Systems in the Region



■ None ■ Ad valorem ■ Specific ■ Mixed

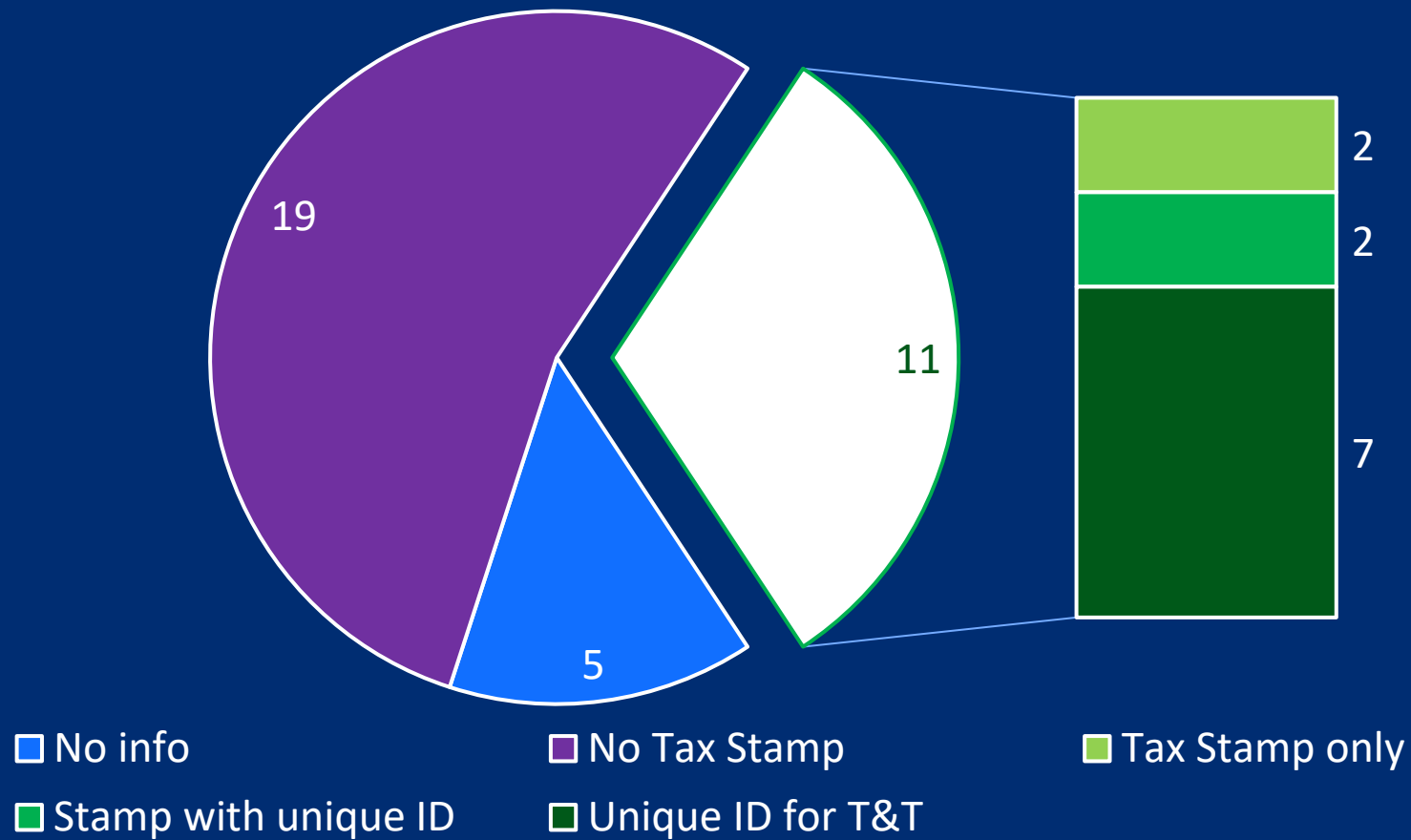
91% of countries in the Region have a uniform excise tax system.

Why is this important?

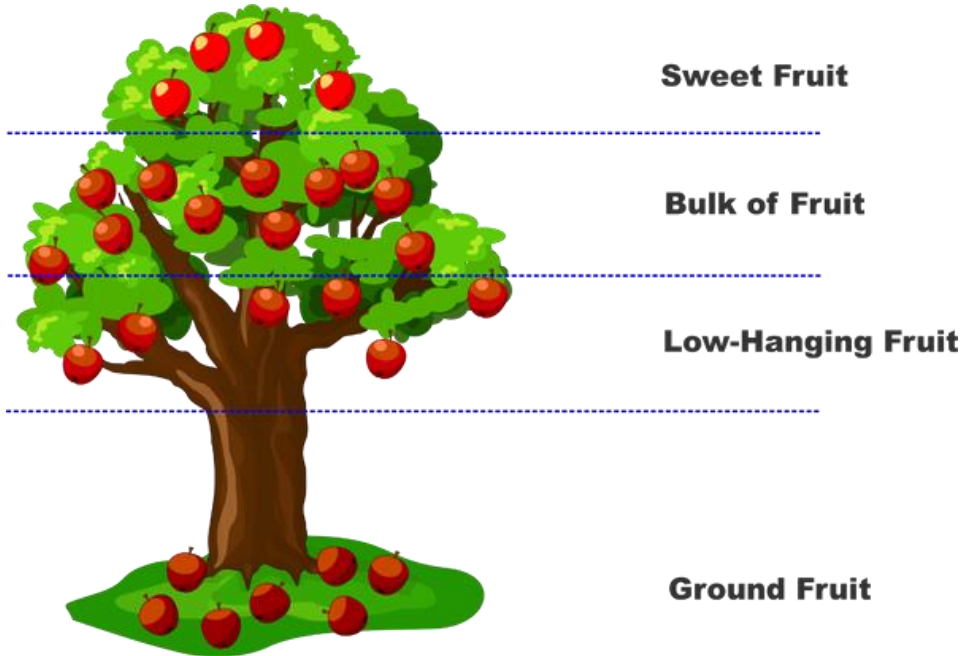


# Where are we at?

Tax Stamps, Unique IDs, and Track & Trace in the Region



# Where do we go?



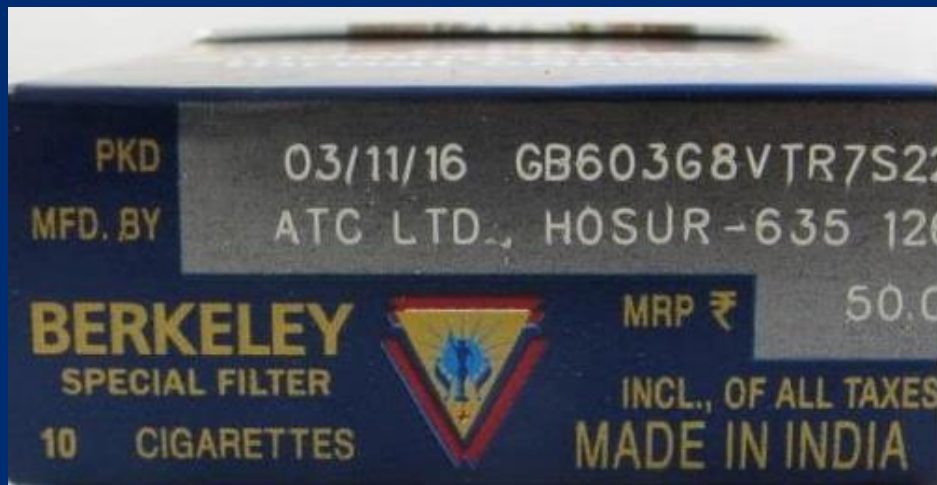
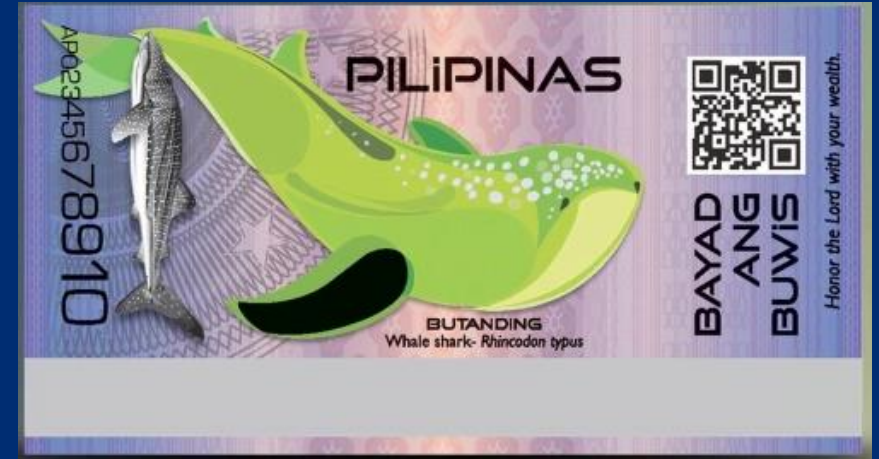
## Low-Hanging Fruit

- Tax Stamps (simple ones)
- Country-specific Health Warning Labels
- Licensing of the supply chain
- Vendor licensing
- Brand tracking
- Improved governance
- Better implementation and enforcement



# Tax Stamps

- Why does this matter?
  - Knowing what is inside and outside of the system (enforcement)
  - Increasing barriers and reducing opportunities





# Country-specific Health Warning Labels

- Why does this matter?
  - Highly cost-effective intervention
  - Helps to define what is inside and outside of the system (enforcement)





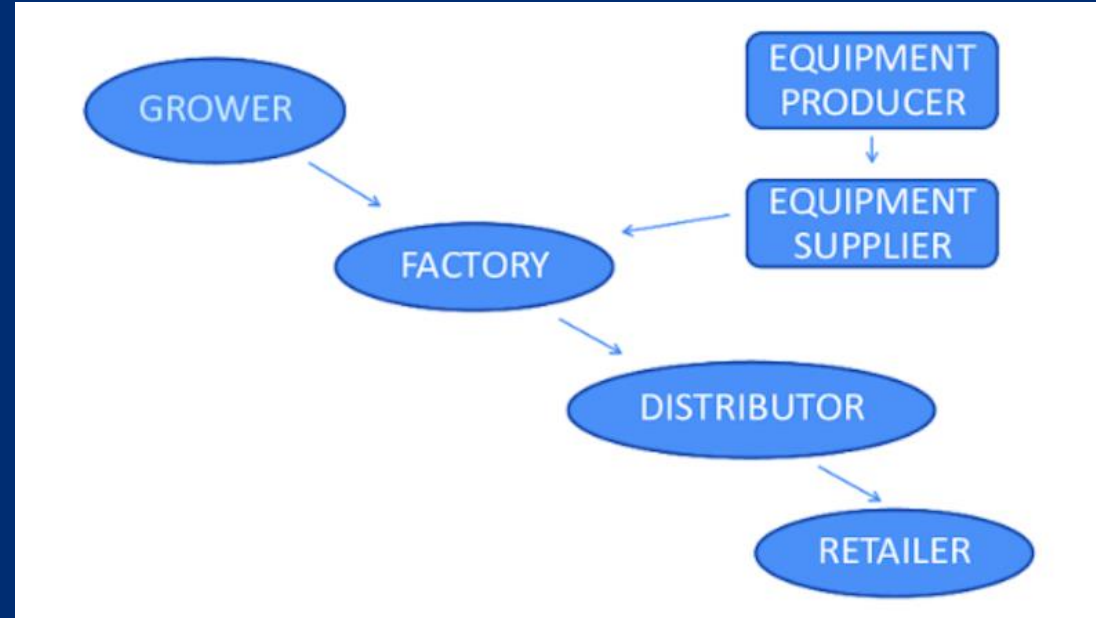
# Licensing

- Goals
  - Supply chain control
    - Identification & monitoring
    - Tax collection (maximize) & evasion (minimize)
    - Enforcement (licensing fees can cover these expenses)
  - Restrict availability
  - Increase costs, prices and revenues



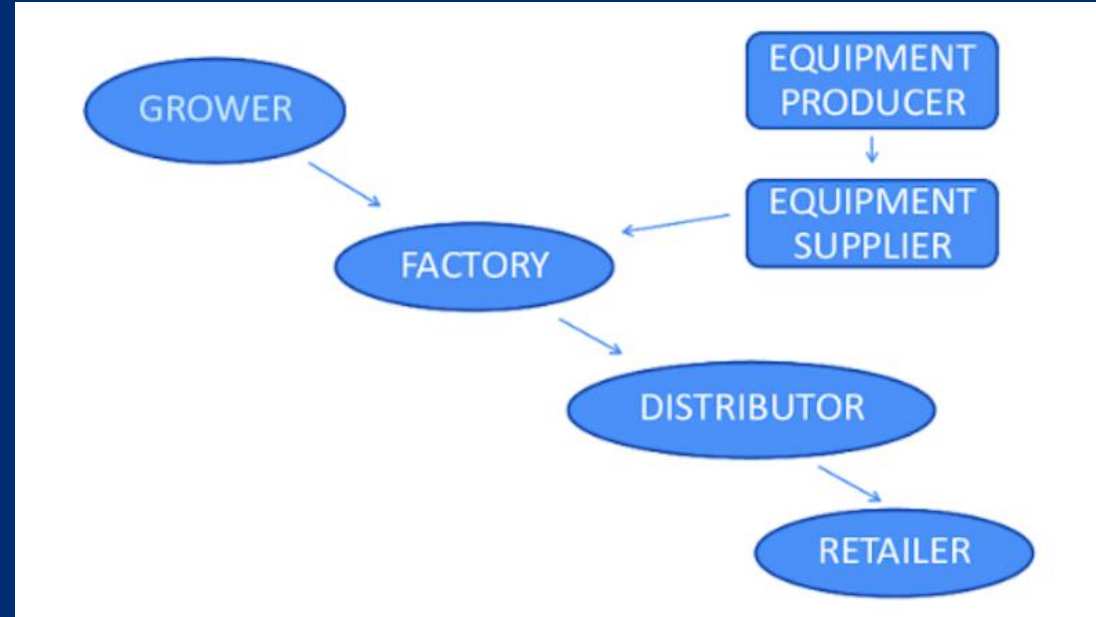
# Supply Chain Licensing

- Extends beyond just the retailer
- License everyone engaged in the industry
  - Producers/Growers
  - Wholesalers/Distributors
  - Importers/exporters
  - Equipment producers/suppliers



# Vendor Licensing

- License the vendor/retailer
- Helps with effective tax collection by reducing avenues for evasion
- Helps with enforcement
- Restricting availability
  - Limit the types of businesses that can sell tobacco
  - Limit the location of businesses
  - Limit the vendor density

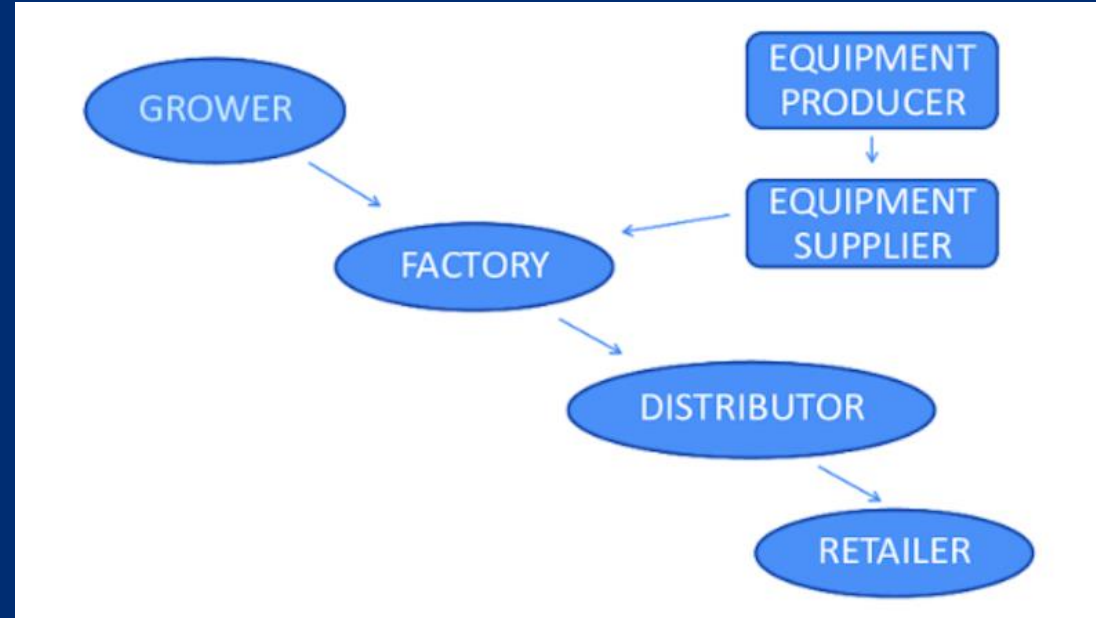


# Brand Tracking

- Beyond licensing the supply chain and retailers
- Brand licensing fees can reduce brand proliferation
- Single presentation policies (Uruguay) can help reduce the number of brand variants
- At a minimum:

Countries should keep a list of legal brands

- Helps to define what is inside and outside of the legal system



# Governance

- Better systems
  - Providing domain/authority, simplifying the systems
  - Communicating with neighboring countries
- Stronger implementation and enforcement of current policies
  - Increased resources for enforcement
  - Swift, severe financial penalties (offset resources needed)
  - Suspension or revoking of licenses
  - Further administrative sanctions (e.g., property seizure)
  - Judicial support to prosecute perpetrators





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# Thanks!

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