

TOBACCO TAXATION IN NIGERIA (PHASE II)

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- NIGERIA CONSUMES ABOUT 18 BILLION STICKS OF CIGARETTES ANNUALLY
- THIS IS ABOUT 1000 STICKS PER CAPITA
- NIGERIA HOUSES ONE OF THE MOST MODERN CIGARETTE MANUFACTURING PLANTS IN THE WORLD, OWNED BY THE BRITISH-AMERICAN TOBACCO COMPANY (BATN). BATN CONTROLS ABOUT 80% OF THE MARKET.

- THERE IS SEVERE PRESSURE ON TOBACCO ACTIVITIES TODAY AS ANTI-TOBACCO COMMUNITY IN NIGERIA AS GROWN TO A FORMIDABLE BODY.
- THE HEALTH IMPLICATIONS OF SMOKING HAVE PROVOKED THIS SENTIMENT.
- A REGULATORY FRAMEWORK HAS BEEN ESTABLISHED AND APPROPRIATE LAWS ARE IN OPERATION SINCE 2015, BUT IMPLEMENTATION IS SLOW IN COMING.

STRUCTURE OF TAXATION

- GOVERNMENT IN JUNE THIS YEAR ROLLED OUT SPECIAL TAX MEASURES ON TOBACCO PRODUCTS (AND ALCOHOL)
- TAX IS GRADUATED INTO A THREE-YEAR PHASE – 2018, 2019 AND 2020.
- PRICE PER STICK OF CIGARETTE WILL RISE BY N1.00 IN 2018, N2.00 IN 2019 AND N2.90 IN 2020.

- REACTIONS BY OPERATORS IN THE TOBACCO INDUSTRY TO THE MEASURES HAVE BEEN QUICK AND AUDACIOUS!
- OPERATORS COMPLAINS OF TARGETTING THE SECTOR FOR OPPRESSIVE LAWS
 - ANTITHETICAL TO INDUSTRIAL GROWTH
 - JOB LOSSES MAY OCCUR
 - ECONOMIC BENEFITS WILL SUFFER
 - ETC.

RECOMMENDATIONS:

- CURRENTLY THE TOBACCO INDUSTRY IS IN A STATE OF FLUX. WE NEED TO WAIT AND SEE THE IMPACT OF MEASURES TAKEN BY GOVERNMENT TO REDUCE SMOKING
- NEXT SET OF STUDY (SAY, IN A YEAR'S TIME) SHOULD ASSESS THE IMPLICATIONS AS RELATES TO THE FOLLOWING
 - IMPACT ON SMOKING POPULATION, ESPECIALLY THE YOUTH AND LOW-INCOME SMOKERS
 - IMPACT ON EMPLOYMENT
 - IMPACT ON GOV. REVENUE
 - IMPACT ON VOLUME OF CIGARETTE SMOKING
 - IMPACT ON SMUGGLING
 - ETC.