PRE-BUDGET SUBMISSION 2017

TOBACCO PROFITS LEVY &

TOBACCO TAXATION

July 2016

RECOMMENDATIONS FOR BUDGET 2017

Tobacco taxation

1) **Introduce an annual tobacco tax escalator (inflation + 5%), which would require a tax increase of approximately 50 cent in Budget 2017.**

2) **Increase tax levels on roll-you-own tobacco until they are equivalent to those on cigarettes.**

3) **Make Nicotine Replacement Therapy (NRT) available free of charge to all those enrolled in smoking cessation programmes.**

4) **Introduce a levy on tobacco industry profits, with revenue used to support smokers to quit.**

5) **Publish new national strategy to tackle the illicit tobacco trade to include:**
    - **A clear target for reducing the size of the illicit market**
    - **Increased resources (staffing and funding) for investigations**
    - **More effective control of tobacco industry supply chains**

Introduction

Policies that encourage and support people to stop smoking, while making it more difficult for the tobacco industry to recruit new smokers, are the optimal solution to Ireland's smoking problem. The Minister for Finance and his officials have the opportunity to play a hugely significant role in ensuring that the next generation of children do not smoke and that existing smokers are encouraged to quit.

5,950 people die each year from smoking related diseases.[1] In 2013, there were 31,500 hospital admissions caused by smoking-related illness, while 300,000 hospital bed days were given over to people with smoking related illness.

The cost of smoking to our economy is also damaging. In 2013, it accounted for 4% of the overall health budget for the year. It costs €506 million to the healthcare system, over €1bn in lost productivity and €6 million in environmental damage.

While efforts, through taxation, tobacco control, prevention and public health measures, have significantly lowered the smoking prevalence rate to less than 20%, more needs to be done to reach the Government's target of a Tobacco-Free Ireland by 2025, and to reduce the cost of smoking to our economy in the longer term.

The proposals that the Irish Cancer Society and Irish Heart Foundation outline in this submission include a range of measures on both the demand and supply side which will achieve a healthier Ireland, along with incentivising smoking cessation, especially in deprived areas where higher rates of smoking exist.

Our submission offers:

- A roadmap to a tobacco-free Ireland, as committed to in the Programme for Partnership Government
- Support for the two-thirds of smokers who want to quit
- A vision for significantly reducing the burden smoking places on our economy.

RECOMMENDATIONS 1 & 2: TOBACCO TAXATION

- **Annual tax escalator (inflation + 5%), which would require an increase of approximately 50 cent in Budget 2017**
- **Increase tax levels on roll-your-own (RYO) tobacco until they are equivalent to those on cigarettes**

Regular, sharp increases in the cost of tobacco are the most effective way of getting people to quit smoking. The Irish Heart Foundation and Irish Cancer Society have proposed an annual tax escalator in previous pre-Budget submissions to ensure sustained tax increases year-on-year. In high-income countries, a tax increase that raises tobacco prices by 10% decreases tobacco consumption by about 4% (WHO)[2].

While there have been various increases in tobacco taxation rates in recent years, Ireland no longer has the highest price cigarettes in the EU. In May 2016, a study by the Revenue Commissioners found a pack of cigarettes was almost €1.50 more expensive to buy in Northern Ireland and the tax take in Northern Ireland was €0.62 higher than in the Republic.

The Irish Cancer Society and Irish Heart Foundation believe additional and continued efforts are required for the state to lead the way for other EU member states in the levying of tax on tobacco products.

Table 1: Cross-Border Price Comparisons – May 2016

Products *All prices €*	**Price in ROI**	**Price in N. Irl**	**Difference**	**Total Tax in ROI**	**Total Tax N. Irl**	**Difference Total Tax/Duty**
Cigarettes *(20)	10.80	11.92	-1.12	8.45	8.95	-0.50
Cigarettes *(20)	10.80	12.29	-1.49	8.45	9.07	-0.62
Roll your own Tobacco (25g)	11.70	12.15	-0.45	9.48	8.32	1.16

*Two different brands

Source: Revenue Commissioners, Cross Border Price Comparisons, May 2016[3]

Therefore, we are calling on the Government to commit to an annual tax escalator from Budget 2017 onwards of 5% + the rate of inflation.[4]

There are a multitude of benefits to this approach:

- Tax will exceed the rate of inflation;
- It sends a message to the public that the Government is serious about eradicating smoking; and

- The inevitability of annual price increases will encourage more smokers to quit and discourage non-smokers, particularly teenagers, from starting to smoke

Regardless of the introduction of an annual tax escalator, the Irish Heart Foundation and Irish Cancer Society urge Government to increase the tax on cigarettes by a minimum of 50 cent in Budget 2017 (with an additional increase on RYO to reflect its current lower tax portion). In Budget 2016, our two organisations warmly welcomed the decision to increase tax on cigarettes by 50 cent and we hope that this year we will see the continuation of a trend of significant price increases for tobacco products.

Changes in tax on cigarettes can lead consumers to switch to other tobacco products, such as RYO. This may be reflected in the latest figures[5] which show that RYO is increasing as a portion of tobacco sold in Ireland.

It is likely that this is due to its lower price (€11.74 for 25g tobacco which could make approximately 50 cigarettes, compared to €10.80 for a pack of 20 cigarettes). Since 2008, driven by an increase in RYO consumptions, Tobacco Product Tax receipts on other smoking tobacco products have risen by 262.5% or €145m, and while still a relatively small portion of the overall tobacco market, receipts from tobacco products other than cigarettes rose from 3.4% of TPT receipts in 2008 to 13.4% of receipts in 2015.[6] Between 2008 and 2014, clearance data for RYO cleared from tax warehouses rose by 198% from 129 kilograms to 385 kilograms.[7]

There is a clear relationship between cigarettes and substitution with RYO tobacco.[8] Surveys show that RYO tobacco is viewed by some as being healthier than manufactured cigarettes[9]. This is untrue, and there is no justification for RYO being cheaper than manufactured cigarettes.

The Irish Cancer Society and Irish Heart Foundation are therefore suggesting that taxation policy should acknowledge substitution impact and adjust tax rates accordingly to remove incentives to switch to a cheaper alternative. Increasing tax levels on roll-your-own (RYO) tobacco until they are equivalent to those on cigarettes would help achieve this.

Additionally, the Irish Heart Foundation and Irish Cancer Society would welcome an increase in the rate of Minimum Excise Duty (MED), to reduce divergence between Most Popular Price Category (MPPC) and Lowest Price tobacco products, and ensure tobacco companies are forced to raise the price of lower priced products.

Currently, according to Revenue, the lowest priced pack of 20 cigarettes retails at €8.75 and attracts a total rate of duty of €6.24. If the MED was increased to a rate equivalent to 100% of the rate of duty applied at the MPPC, a pack of 20 cigarettes which retails at €8.75 would be subject to rate of duty of €6.41. Such a measure would force tobacco companies to raise the price of lower priced packs by 22 cent to €8.97 to maintain profit margins on lower priced packs[10].

RECOMMENDATION 3: SUPPORTING SMOKERS TO QUIT

- **Make Nicotine Replacement Therapy (NRT) available free of charge to all those enrolled in smoking cessation programmes**

At present NRT has to be paid for by the user, unless they have a medical card, and evidence from Ireland shows that this is a barrier to potential quitters trying to access NRT[11].

A Cochrane Review on NRT published in 2012[12] indicated that all forms of NRT made it more likely that a person's attempt to quit smoking would succeed. The chances of stopping smoking were increased by 50 to 70%.

Barriers exist to accessing NRT for people who want to quit smoking. Medical card holders can get NRT free on prescription, although they must pay the €2.50 prescription charge per item. For the rest of the population, NRT is expensive and its purchase is restricted to a limited range of locations (primarily in pharmacies). While prices vary, a week's supply of NRT patches costs approximately €23 in the Republic compared to €14 in Britain (where a VAT rate of 5% applies to such products).[13]

The Irish Cancer Society and Irish Heart Foundation recommend making NRT free for people enrolled in cessation programmes, including HSE programmes and NGO-led programmes such as the Irish Cancer Society's *We Can Quit*. A portion of the revenue from the tobacco profits levy could be used to meet the cost of NRT for such individuals.

Health inequities and smoking addiction

The Irish Heart Foundation and Irish Cancer Society are concerned that the burden of tobacco related illness and death is borne by the poorest in society. The health gap between socio-economic groups continues to widen. From an equity perspective, reducing smoking prevalence in poor communities is essential to eliminating the health divide between different groups. People from high income and educated backgrounds are best positioned to respond to stop-smoking interventions introduced at national level.

The Irish Cancer Society and Irish Heart Foundation are conscious that low-income communities have higher smoking rates than more affluent areas and therefore, tax increases are sometimes considered to be regressive. However, increasing tobacco taxes can be progressive – in health and economic terms – because poorer smokers are more likely to quit and young people are less likely to start smoking as they are more sensitive to price increases. At the same time, the progressive potential of tobacco tax increases can only be achieved if poorer smokers who don't initially quit are provided with the quit supports they need to achieve a smoke-free life. Our organisations want no-one to be left behind when it comes to improving our nation's health.

Specific interventions need to be rolled out in disadvantaged communities to reduce the smoking rate and these efforts should be financed by revenue extracted from the industry itself. Instead of investing in marketing techniques to attract new smokers in this demographic, a proportion of the tobacco companies' profits should be directed at targeted, community-based actions proven to reduce the smoking rate.

RECOMMENDATION 4: INTRODUCE A LEVY ON TOBACCO INDUSTRY PROFITS, WITH REVENUE USED TO SUPPORT SMOKERS TO QUIT

The tobacco industry worldwide makes billions in profits every year from its deadly products. In June 2016, financial services company Société Générale advised investors that investments in the tobacco sector continue to be the most attractive in consumer staples[14]. When tobacco companies earn a significant proportion of profits from high prices and reinvest them in product innovation, marketing and lobbying activities, this undermines tobacco control measures.

It is the stated objective of the Irish Government to reduce the smoking rate to 5% by 2025[15], requiring a 74% reduction in smoking between 2014 and 2025[16]. The tobacco industry in Ireland has continually lobbied against tax increases, while at the same time increasing its own prices year-on-year, depriving the Government of tax revenue which could have been collected.[17] In 2012, the Irish Heart Foundation and Irish Cancer Society proposed the capping of tobacco industry profits[18] in order to ensure the tobacco industry would contribute to addressing the harms caused by their product. In 2014, a recommendation to introduce a levy on the tobacco industry was included in the Department of Health's *Tobacco Free Ireland* action plan[19].

The use of levies to achieve policy objectives is relatively common in Ireland. Levies have been imposed on the banking sector at various times to raise revenue including in 1981, 2003 and most recently as part of Budget 2014.[20]

As the Irish Cancer Society and the Irish Heart Foundation have outlined the economic rationale for a tobacco profits levy in previous pre-Budget submissions, we will not discuss it in detail in this proposal. However, we reiterate that the market power enjoyed by the four main industry players enables them to manipulate tobacco prices. Based on this market feature and on the very negative health effects of tobacco use, it is our recommendation that efforts are made to make the tobacco industry pay more for the harms created by their products.

Tobacco profits levy on the tobacco industry

The tobacco industry in Ireland is immensely profitable and it is incumbent that given the economic cost of tobacco consumption, measures are taken to ensure the tobacco industry is compelled to make a more significant contribution to rebalance its impact on the Irish economy. Recent research by Branston (2015)[21] for the Irish Heart Foundation and Irish Cancer Society suggest that the tobacco industry makes somewhere between €110 million and €150 million in profits annually. The research indicates that tobacco manufacturers and importers also enjoy consistently high profit margins of up to 60%, compared to only 12-20% in most consumer staple industries.

Given that the tobacco industry earns extraordinary profits and has a history of passing on tax and price increases to the consumer, we suggest a profit-based levy that will make it impossible for the industry to simply shift the levy increase onto the retail purchase price. The introduction of the levy would reduce the industry's profit margin and the proceeds should be ring-fenced for quit smoking supports.

Unlike a levy based on revenue (perhaps calculated on a fee per stick basis), a levy calculated on the profit of the tobacco industry could not be passed on to consumers. The difference between existing tobacco taxation and such a levy is that the industry would be providing money directly to the state to reduce the societal harm caused by tobacco. While estimates of corporate profits will be imperfect, in practice all taxes fail to raise as much in practice as in theory. That is, no tax will ever generate its full yield due to tax avoidance and tax evasion.

Tobacco remains a legal product and we are not suggesting that the tobacco industry should not be unable to make an ordinary level of profit on the manufacture and sale of tobacco. However, tobacco companies should not be enabled to enjoy *extraordinary* profits. We strongly urge that revenue from the levy should be hypothecated for tobacco control so that, in effect, it is a contribution by the tobacco industry *towards partially meeting the costs faced by society* by the sale of their products and can be used to prevent future harm.

The most recent information we have on tobacco manufacturers' profitability tells us that despite legislation directed at encouraging the smoker to quit, the supply side has been relatively untouched and this has allowed the industry to earn very high profit margins in Ireland. This is despite the high financial and social costs imposed by smoking.

It is our recommendation that the Irish Government initially introduces a tobacco profits levy on the tobacco industry, as recommended by the Department of Health *Tobacco-Free Ireland Action Plan.* Branston (2015) calculates the estimated yield in 2012 from a 10% profit levy as ranging from between €11.4 million to €14.2 million and a yield from a 25% levy as ranging from between €28.5 million to €35.5 million. Given that tobacco industry profitability is notoriously difficult to calculate, the table below offers a number of different profit estimations based on the data that is available. The Government would have access to more detailed information on tobacco industry profits as they require all companies to present profit information for corporation tax purposes.

Table 2: Estimated Profitability of the Irish Tobacco Market

	2010	2011	2012
Low scenario (€)	130,595,268	121,782,100	114,015,451
High scenario (€)	151,844,467	146,717,406	141,901,761

Source: Branston (2015)

Table 3: Estimated Yield from Tobacco Profits Levy

	2010	2011	2012
10% levy – low scenario profit estimate (€)	13,059,527	12,178,210	11,401,545
10% levy – high scenario profit estimate	15,184,447	14,671,741	14,190,176
25% levy – low scenario profit estimate	32,648,817	30,445,525	28,503,863
25% levy – high scenario profit estimate	37,961,117	36,679,352	35,475,440

Source: Branston (2015)

The methodology used for these calculations, including the derivation of profit levels, is available upon request.

Tobacco levies in other jurisdictions

In the US, the tobacco industry pays a user fee[22] under the Family Smoking Prevention and Tobacco Control Act 2009. The Act requires domestic manufacturers and importers of tobacco products to submit data needed to calculate these 'user fees' for tobacco products. This levy is independent of the wider US fiscal regime and its proceeds are controlled directly by the US Food and Drug Administration (FDA), meaning the tobacco industry has no control over the money or how it should be allocated. The FDA spends the majority of tobacco user fees on key activities led by the agency's Centre for Tobacco Products (CTP), which is funded solely by tobacco user fees[23]. The user fees are calculated on the costs of tobacco regulation and then apportioned to tobacco companies according to their market share in the U.S. The fact that the U.S. has successfully introduced a special levy on the tobacco industry highlights that there is no real impediment to introducing a similarly principled charge in Ireland.

In addition to the US, other countries are also acting on the conviction that the tobacco industry needs to contribute more towards smoking related diseases and resulting productivity losses its products cause.

In the UK, the government initiated a public consultation on a tobacco levy, including a specific levy paid by tobacco companies depending on their excise returns for the previous year. In the Summer Budget 2015 the Treasury concluded that the impact of a tobacco levy imposed in this way would be passed on to the consumer[24]. The levy recommended by the Irish Heart Foundation and the Irish Cancer Society would be on the tobacco industry's market share and therefore would be much more difficult (compared to a per-stick levy) for the industry to pass onto consumers.

RECOMMENDATION 5: INTRODUCE A NEW NATIONAL STRATEGY TO TACKLE THE ILLICIT TOBACCO TRADE

Ireland needs to commit to a target and strategy to reduce the level of illicit tobacco. The Revenue Commissioners have had considerable success in the period covering the National Anti-Smuggling Strategy 2011-2013[25] – during that time the rate of illicit tobacco dropped from 14% to 11-12% for a number of years (see table 4). However, smuggled tobacco continues to impose severe losses on the Irish state, amounting to an estimated €192 million per annum in lost excise and taxation.[26]

Table 4: Illicit Tobacco in Ireland

Year	Illicit non duty-paid
2009	16%
2010	15%
2011	15%
2012	13%
2013	12%
2014	11%
2015	12%

Source: Revenue Commissioners (2016) [27]

The Revenue Commissioners' smuggling strategy has now expired. In order to achieve further reductions in this rate, the Revenue Commissioners require a new strategy that is adequately resourced by the State. The Revenue Commissioners and the Government should set and publish a quantified objective to reduce the market share of illicit cigarettes and hand-rolled tobacco. We believe a 2% annual reduction is possible if resources are directed to this effort.

The new strategy should focus on: increased resources (staffing and funding) for investigations; more effective control of tobacco industry supply chains; and a clear target for reducing the size of the illicit market. Our recommendations for a new national strategy to tackle the illicit tobacco trade are provided in Box 1 below.

Tobacco industry misinformation on the size of the illicit market

The tobacco industry has spent years attempting to muddy the waters when it comes to the rate of illicit tobacco. In Ireland, as in other countries, the industry routinely both exaggerates the extent of illicit trade and misrepresents the nature of the illicit market, particularly by inflating the proportion of illicit cigarettes and tobacco products that are counterfeit, and under-estimating the proportion that are genuine manufactured tobacco.[28]

A document produced by Japan Tobacco International (JTI) stated that the rate of illicit in 2013 was 25% in Ireland.[29] Minister for Finance, Michael Noonan TD, rejected the industry figure in May 2014[30], stating:

> *I do not accept the validity of those other surveys, as they are not representative of the entire smoking population, do not take into account legal personal imports from other jurisdictions and are frequently based on empty pack surveys...*
>
> *In looking at higher estimates of the level of illicit consumption that come from other sources, it also needs to be borne in mind that the tobacco industry claims must be viewed in terms of their interest in minimising tax increases while imposing significant price increases of their own.*

In some quarters – particularly amongst those who oppose tobacco tax increase as a public health measure – lower revenue from tobacco taxes has been used to suggest there has been an increase in illicit tobacco in recent years. However, the recent Revenue Commissioner's (2015) *Economic of Tobacco: An Analysis of Cigarette Demand in Ireland* highlights that lower rates of smoking in Ireland (18% in the 2015 Healthy Ireland survey) account for lower revenue yields:

> *the analysis supports the view that reduced prevalence, and not illicit trade, may be the driving force behind falling cigarette clearances in more recent years. Given falling prevalence rates, the share of taxed consumption that can explain total cigarette consumption in Ireland has increased in 2014* (p.22-3).[31]

Tobacco industry supply chain control

A lot of commentary on the illicit tobacco market focuses on counterfeit tobacco (cigarettes manufactured without authorization of the rightful owners, with intent to deceive consumers and to avoid paying duty). It is important to note that the Revenue Commissioner's surveys consistently find that *the illicit market in Ireland is dominated by contraband tobacco products* (normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here), rather than counterfeit products. The Revenue Commissioner's survey shows that in 2015, of the 12% of packs found by the survey to be illegal: 9.5% were classified as contraband (normal commercial brands of cigarettes bought duty paid or duty free outside the country and smuggled here); 2% classified as illicit whites (cigarettes manufactured for the sole purpose of being smuggled into and sold illegally in another market); and less than 1% classified as counterfeit (cigarettes manufactured without authorization of the rightful owners, with intent to deceive consumers and to avoid paying duty).

There continues to be concerns worldwide about complicity by the tobacco industry in the illicit market. In 2013, the UK Parliament's Public Accounts Committee accused tobacco multinationals of deliberately oversupplying European markets, with the tobacco then being smuggled back into the UK. Committee Chair Margaret Hodge said:

> *The supply of some brands of hand-rolling tobacco to some countries in 2011 exceeded legitimate demand by 240 per cent. HMRC must be more assertive with these manufactures. So far it has not fined a single one of them.*[32]

In November 2014, British American Tobacco was fined £650,000 by HMRC for deliberate over-supply of cigarettes to Belgium.[33]

We believe it would be timely for An Garda Síochána, the Revenue Commissioners and Department of Finance to conduct a thorough investigation into whether legal tobacco firms are involved in the supply of illicit tobacco into Ireland.

Box 1: Recommendations for a new national strategy to tackle the illicit tobacco trade

- Commit to reduce illicit market by a 2-point annual reduction over the period of the strategy.
- Ensure the strategy hinges on a multi-layered collaborative approach across Government Departments, law enforcement agencies and community partnerships.
- Provide necessary resources – staffing and equipment
- Introduce supply-side controls and sanctions, including comprehensive sanctions for smugglers and sellers of illicit tobacco.
- Ensure supply-chain controls are strong and introduce financial penalties for tobacco companies whose product is smuggled.
- Support international actions to reduce illicit trade, including Irish ratification and national implementation of the Framework Convention on Tobacco Control (FCTC) Illicit Trade Protocol and ensuring the EU-wide tracking and tracing system is in line with the Illicit Trade Protocol, which clearly specifies that tracking and tracing to the tobacco industry should be avoided.
- Support Government policy to achieve a tobacco-free Ireland, including support for annual tobacco taxation increases.
- Limit contact with the tobacco industry as per Article 5.3 FCTC.
- Continue to provide independent data on the level of illicit tobacco in Ireland.
- Support appropriate public health messages. In particular, the new strategy should not include the view (as per the previous strategy) that counterfeit tobacco is more dangerous to health than manufactured tobacco.

CONCLUSION

A tobacco free Ireland requires support for smokers to quit, consistent increases in tobacco taxation and action against the activities of the tobacco industry (including the speedy introduction of standardised packaging). The reality is that on a population level, fewer people are smoking than ever before. What is also clear is that the smoking rate amongst young people is falling and this is because of effective tobacco control measures on the community and regulatory side.

What has been overlooked to date is the potential impact of supply-side interventions and how these would not only limit the tobacco industry's ability to recruit new smokers and partially contribute to the health costs of smoking, but also affect shareholders' who are attracted by the tobacco industry's unusually high profit margins. The large annual profits of the tobacco industry in Ireland, the harmful effects of tobacco use and the ongoing need to reduce the budget deficit makes the introduction of a levy on the tobacco industry attractive.[34] We urge the Minister for Finance to announce a tobacco profits levy in Budget 2017.

The Irish Cancer Society and Irish Heart Foundation want Ireland to follow in the footsteps of other countries that have successfully implemented supply-side levies. However, this needs to be done while maintaining incentives for smokers to quit. We believe that everyone should be given the same opportunity to live a healthy life but the reality is that poor communities are bearing the burden of heart disease and cancer caused by smoking. More needs to be done to make the healthy choice the easy choice and policies like keeping price high, reducing the availability of cheap tobacco and investing in community-based quit programmes will help reach that goal.

We believe in a tobacco-free generation which is the goal of the Irish Government. No smoker or non-smoker wants their child to smoke and we can work together to create a future where they don't. Our organisations implore the Minister for Finance to take the opportunity in Budget 2017 to fundamentally shift the way we treat the tobacco industry, limiting its ability to earn such high profits.

Irish Cancer Society
The National Cancer Charity

IRISH HEART FOUNDATION
Fighting Heart Disease & Stroke

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[2] World Health Organisation (2016), Tobacco Fact Sheets. http://www.who.int/tobacco/mpower/publications/en_tfi_mpower_brochure_r.pdf

[3] Revenue Commissioners, Cross Border Price Comparisons, May 2016. http://www.revenue.ie/en/about/publications/cross-border-surveys/cross-border-comp-may16.html

[4] Using 2014 figures, the Budget 2016 increase would be approximately 54c on the price of a €10 pack of 20 cigarettes.

[5] Revenue (2015), 'Economics of Tobacco: An Analysis of Cigarette Demand in Ireland'. www.revenue.ie/en/about/publications/**economics-of-tobacco**.pdf

[6] Department of Finance (2016), 'Tax Strategy Group 16/02, General Excise Dutires (Tobacco Products Tax, Alcohol Products Tax and Tax on Sugar-Sweetened Drinks) http://www.finance.gov.ie/sites/default/files/160720%20TSG%2016-02%20General%20Excises%20TSG%202016.pdf

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[11] Irish Cancer Society (2015), Findings from the Action Research Study on 'We Can Quit' – Full report http://www.cancer.ie/sites/default/files/content-attachments/we_can_quit_report_2015.pdf

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[15] Department of Health (2013) *Tobacco Free Ireland.*

[16] Department of Finance (2016), 'Tax Strategy Group 16/02, General Excise Dutires (Tobacco Products Tax, Alcohol Products Tax and Tax on Sugar-Sweetened Drinks) http://www.finance.gov.ie/sites/default/files/160720%20TSG%2016-02%20General%20Excises%20TSG%202016.pdf

[17] See Howell, F. (2012) 'The Irish tobacco industry position on price increases on tobacco products'. *Tobacco Control,* 21(5), 514-6.

[18] For a discussion of the rationale for a profit levy and the possible structuring of such a levy see, Branston, J.R. and Gilmore, A. (2015) 'The extreme profitability of the UK tobacco market and the rationale for a new tobacco levy'. *University of Bath.* http://opus.bath.ac.uk/43061/1/The_extreme_profitability_of_the_UK_tobacco_market_and_levy_V4.5_final.pdf

[19] The Tobacco Free Ireland Action Plan (2014) includes the commitment to: 'Introduce a tobacco industry levy or similar mechanism which could be ring fenced to fund health promotion and tobacco control initiatives including support to end the illegal trade'. http://health.gov.ie/wp-content/uploads/2015/03/Tobacco-Free-Ireland-Action-Plan..pdf

[20] Department of Finance (2015) Tax Strategy Group 15/05 'General Excise Duties (Tobacco, Alcohol, Betting and Others). Available at:

http://www.finance.gov.ie/sites/default/files/TSG%2015%2005%20General%20Excise%20Duties%20%28Final%29.pdf. Accessed 18 May 2016.

[21] Branston, J.R. (2015) *The profitably of the Irish tobacco market and the benefits of a new levy on tobacco company profits.* Other. University of Bath.

[22] http://www.fda.gov/downloads/TobaccoProducts/GuidanceComplianceRegulatoryInformation/UCM404355.pdf

[23] These included activities related to public education (including public education campaigns and communicating CTP activities); regulatory science (including research, product review, and developing the science to support regulations and guidance); and compliance and enforcement (including tobacco retailer inspections; manufacturer and import inspections and enforcement; promotion, advertising, and labelling surveillance; and outreach and small business assistance). See: http://gao.gov/products/GAO-14-561

[24] See Department of Finance (2015) Tax Strategy Group 15/05 'General Excise Duties (Tobacco, Alcohol, Betting and Others).

[25] The Revenue Commissioner's 'Strategy On Combating the Illicit Tobacco Trade (2011-2013)' has lapsed and a new strategy has not yet been published. See http://www.revenue.ie/en/tax/excise/tobacco/tobacco-strategy.html

[26] Revenue Commissioners (2016) 'Illegal Tobacco Products Research Survey 2015'. Available at: www.revenue.ie/en/tax/excise/tobacco/illegal-tobacco-survey-2015.pdf Accessed 18 May 2016.

[27] Revenue Commissioners (2016) 'Illegal Tobacco Products Research Survey 2015'. Available at: www.revenue.ie/en/tax/excise/tobacco/illegal-tobacco-survey-2015.pdf Accessed 18 May 2016.

[28] See ASH UK Briefing for World No Tobacco Day – 31 May 2015 Illicit Tobacco: What is the Tobacco Industry Trying to Do? http://www.ash.org.uk/files/documents/ASH_961.pdf

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[32] Reported in *The Telegraph* (10 0ctober 2013) 'Tobacco firms fuelling black market, MPs say'. http://www.telegraph.co.uk/news/uknews/crime/10367315/Tobacco-firms-fuelling-black-market-MPs-say.html

[33] See ASH UK Briefing for World No Tobacco Day – 31 May 2015 Illicit Tobacco: What is the Tobacco Industry Trying to Do? http://www.ash.org.uk/files/documents/ASH_961.pdf

[34] For a discussion of the rationale for a profit levy and the possible structuring of such a levy see, Branston, J.R. and Gilmore, A. (2015) 'The extreme profitability of the UK tobacco market and the rationale for a new tobacco levy'. *University of Bath.* http://opus.bath.ac.uk/43061/1/The_extreme_profitability_of_the_UK_tobacco_market_and_levy_V4.5_final.pdf