

Webinar to launch:

“Lost Funds: Regional study on the tobacco tax revenue gap in selected ASEAN countries”

BACKGROUND

Since 2015, SEATCA has produced a biannual Tobacco Tax Index Report that identifies and tracks progress and gaps in tobacco tax policy implementation in ASEAN countries against the WHO Framework Convention on Tobacco Control (FCTC) Article 6 Guidelines, which are based on best available evidence, best practices, and experiences of Parties that have successfully implemented tax and price measures to reduce tobacco consumption. The Index shows that while some countries have made significant progress in formulating and implementing tobacco tax policies, the region as a whole has advanced slowly in the past few years, outpaced by economic and income growth. Most countries also do not have any long-term tobacco tax policies with regularly evaluated fiscal and public health targets. Important obstacles in some countries are their ineffective tobacco tax structures (e.g. Indonesia’s multi-tiered system or those with purely ad valorem tax systems) and weak tax administration (e.g. inadequate licensing and reporting requirements or lack of anti-forestalling measures), as well as tobacco industry interference in tobacco tax policy formulation (e.g. by claiming that tobacco tax reforms will lead to increased illicit trade and declines in tobacco tax revenue or create a burden for poor smokers) or in tax administration (e.g. through Codentify).

A key challenge that most countries face is a fiscal challenge, particularly during the COVID-19 pandemic that exacerbates this fiscal challenge. Both the COVID-19 pandemic and smoking cause respiratory disease and increase health care costs. The challenge can be addressed by raising tobacco tax rates as a sustainable source of government income to alleviate the impact of COVID-19. Additionally, tobacco tax revenue can help governments achieve the Sustainable Development Goals (SDGs).

Most ASEAN countries do not raise tobacco tax rates high enough to make tobacco products less affordable. For instance, the last tobacco tax increase in Cambodia was in 2016, while Lao PDR is unable to enforce its tobacco tax law due to the Investment License Agreement signed with the tobacco industry. Furthermore, as mentioned earlier, some countries like Indonesia and Myanmar have enforced complex tobacco tax structures leading to revenue collection challenges on certain types of tobacco products.¹

A deeper analysis shows the large extent of forgone tobacco tax revenues in Cambodia, Indonesia, Lao PDR, Myanmar and Vietnam as a result of keeping tobacco tax unchanged, preserving a complex tax structure, providing tax benefit to certain segments of the tobacco market or the entire tobacco industry.

OBJECTIVES

- To disseminate to policymakers and tobacco control advocates in the ASEAN region the findings of tobacco tax revenue gaps as a result of static/low tax rate and complex tax structures in 4 selected ASEAN countries (Cambodia, Indonesia, Myanmar and Vietnam)
- To advocate for the strengthening of tobacco tax policies and administration in ASEAN countries
- To showcase success stories of two ASEAN countries in utilizing the tobacco tax revenue for public health and COVID-19 response

¹ Southeast Asia Tobacco Control Alliance. (2019). SEATCA Tobacco Tax Index: Implementation of WHO Framework Convention on Tobacco Control Article 6 in ASEAN Countries, 2019. Bangkok, Thailand.

AGENDA

Date: 23 July 2021

Time: 9:30-11:00 AM Bangkok, Thailand (GMT+7) (90 Minutes)

Time	Agenda	Speaker
09:30-09:35	Welcome by moderator and Introduction of Presenters	Dr. Ulysses Dorotheo, Executive Director, SEATCA
09:35-09:45	Tobacco Tax Policy and Challenges in ASEAN region <ul style="list-style-type: none"> - Current situation of tobacco tax policy in ASEAN region - Common challenges that ASEAN countries face in tobacco tax policy formulation and implementation - Ways forward 	Ms. Sophapan Ratanachena-McWhortor, Tobacco Tax Program Manager, SEATCA
09:45-10:05	Lost Funds: Regional study on the tobacco tax revenue gap in selected ASEAN countries <ul style="list-style-type: none"> - Background of the report - Key findings - Recommendations 	Dr. Hana Ross, Principal Research Officer, REEP
10:05-10:55	Tobacco Tax Revenue for Health and COVID-19 Response Round Table Discussion and Q&A <ul style="list-style-type: none"> - Sin Tax Revenue for Universal Health Coverage in the Philippines (15 mins) - ThaiHealth Promotion Foundation: Tobacco Tax Revenue for Tobacco Control and COVID-19 Response in Thailand (15 mins) Q&A (20 mins)	Moderator: Dr. Ulysses Dorotheo, Executive Director, SEATCA DOH, Philippines Representative Mr. Rungsun Munkong, International Relations Expert, Thai Health Promotion Foundation
10:55-11:00	Wrap up	Dr. Ulysses Dorotheo, Executive Director, SEATCA