

From:
Sent: Thursday, 18 November 2010 11:35 AM
To:
Cc:
Subject: RE: Media questions on tobacco excise increase

Thanks _____ and all – much appreciated.

From:
Sent: Thursday, 18 November 2010 11:31 AM
To:
Cc:
Subject: FW: Media questions on tobacco excise increase

Hi _____,

Please find our responses under each of the questions below:

I think the cigarette excise has increased since the budget.

On 30 April 2010, the Government increased the excise applying to tobacco products by 25 per cent. This was the first increase above inflation in the taxation on tobacco in more than a decade. As a result, the excise on cigarettes rose from 26.22 cents per stick to 32.775 cents per stick, and the excise on other tobacco, such as loose leaf tobacco, from \$327.77 to \$409.71 per kilogram of tobacco content. This excise increase also applies to excise-equivalent customs duty on comparable imported tobacco products.

To ensure that the value of the tax is not eroded by inflation, tobacco excise and excise-equivalent customs duty rates are adjusted bi-annually in February and August according to the Consumer Price Index (CPI). The rates were last adjusted on 2 August 2010 and are currently 33.267 cents per stick (in stick form not exceeding in weight 0.8 grams per stick actual tobacco content) and for other tobacco, such as loose leaf tobacco, \$415.86 per kilogram of tobacco content. Apart from this adjustment, there have been no increases in tobacco excise since the Budget.

Can you tell me how much revenue this has raised since its introduction and if you have it, the break down for each state. [TAD]

The revenue impact of increasing the tobacco excise by 25 per cent was costed for the 2010-11 budget, and appears on page 51 of Budget Paper 2.

The costing appears below. This costing has not been revised since budget.

	2009-10	2010-11	2011-12	2012-13	2013-14
Australian Taxation Office	230	985	1015	1040	1090
Australian Customs and Border Protection Service	25	260	270	280	290
Total	255	1245	1285	1320	1380
Related Expense (GST)	25	115	115	120	130

Regarding state breakdowns, it is important to note that we used data from excise and customs clearances to determine the impact of this measure. Excise and customs clearances are different from consumption data, as the taxing point is not the point of final sale and provides no guidance as to the location of smokers. The number of smokers by state is provided in ABS 4362.0 - National Health Survey: Summary of Results; State Tables, 2007-2008. This could be used as a rough guide to gauge where the product is finally consumed.

Pages 2-3
Section 22 – not relevant