

Tobacco tax:

Egypt

■ *How does WHO recommend that tobacco is taxed, in general?*¹

To reduce the affordability of tobacco

This reduces consumption of tobacco and improves public health.

Domestic not customs

Customs taxes are eroded in trade agreements and thus do not provide long-term revenue.

Excise not general

Excise tax raises the price of the taxed good relative to all other goods, which discourages its consumption.

Specific not ad valorem

Specific tax leads to higher prices and a lower market share of cheap cigarettes. In an ad valorem system, a minimum specific tax should also be implemented to guarantee minimum price and revenue levels.

Uniform not differential

Uniform tax leads to larger reductions in smoking as there is less opportunity to switch between different tiers and types of tobacco products.

Comparable across all tobacco products

Similar levels of taxation across products reduce tobacco consumption, rather than simply leading to shifts in consumption between different tobacco products.

No duty-free allowances

Duty-free sales increase tobacco consumption due to lower prices of products, and reduce tax revenue.

Regularly increased

Regular tax increases in line with gross domestic product (GDP) ensure that the affordability and consumption of tobacco products reduce. Specific excise tax decreases in real value if it is not increased in line with inflation.

With tobacco tax revenue earmarked

Ideally, tobacco tax revenue should be earmarked for particular health spending purposes, for example on tobacco control strategies.

■ *How has tobacco been taxed in Egypt?*²

In July 2010, Egypt moved from a tobacco tax system with eight tiers of specific excise tax based on the retail price of cigarettes, to a mixed excise system introducing a uniform specific excise tax of LE 1.25 per pack and an ad valorem excise of 40% on retail prices.

In 2014, three tiers of specific excise tax based on the retail price of a pack were introduced. Ad valorem tax remained at a uniform 50% of the market price of cigarettes. The amount of excise on each tier and the price definition of each tier have been increased regularly (see table).

There is no excise specific tax on waterpipe tobacco in Egypt. The excise ad valorem tax is tiered for domestic and imported tobacco.

In 1992, a specific amount was levied per stick to fund health insurance of students. In July 2018, a new health insurance contribution of LE 0.75 per pack was implemented.

■ *What does WHO recommend as the next steps for tobacco tax in Egypt?*

To reduce the affordability of tobacco

Cigarettes remain very affordable in Egypt compared to neighbouring countries, and waterpipe tobacco has become even more affordable over the past 2 years.

Uniform not differential

Under the uniform tax system, total tobacco consumption reduced. However, under the tiered system introduced in 2014, total sales have increased, despite regular tax increases, due to product switching.

Comparable across all tobacco products

Waterpipe tobacco is not taxed as highly as cigarettes, and is even becoming more affordable over time.

No duty-free allowances

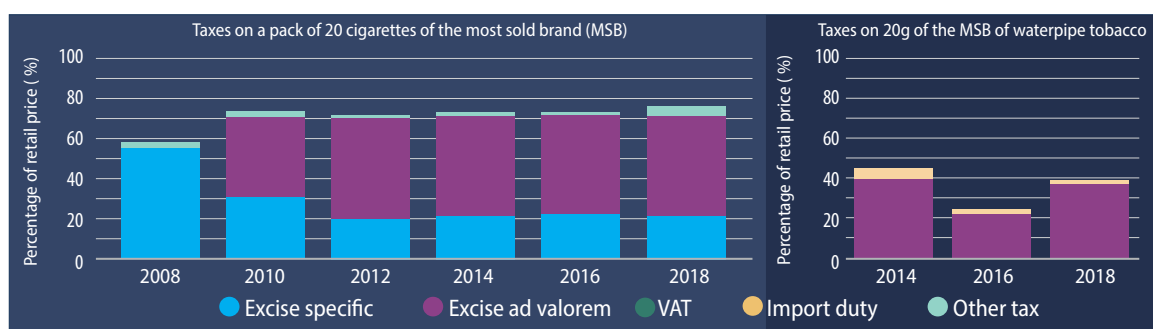
The duty-free sale of tobacco should be banned.



World Health Organization

REGIONAL OFFICE FOR THE Eastern Mediterranean

Tobacco tax as percentage of retail price²



Tax as a share of the retail price of the MSB of cigarettes has remained fairly constant in Egypt over the last 8 years. Tax as a share of the price of waterpipe tobacco has varied greatly over the last 4 years. The tax systems used for different tobacco products also vary greatly.

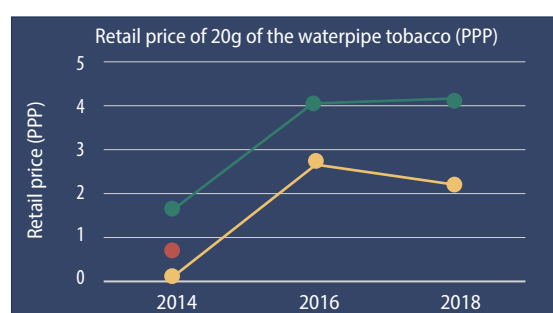
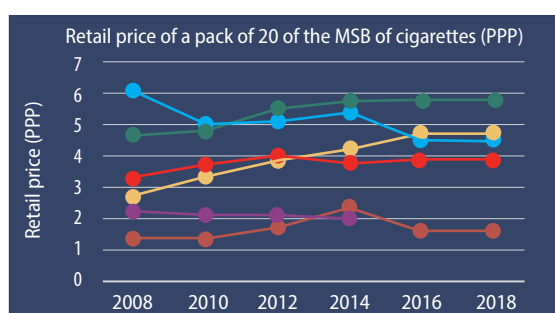
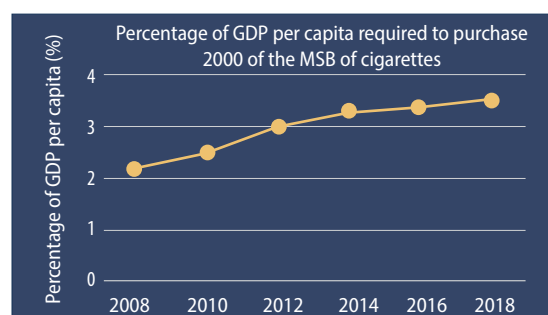
Rates of specific excise tax over time

Excise tax on cigarettes	July 2014	February 2015	September 2016	November 2017 until present
Ad valorem	50% of retail price	50% of retail price	50% of retail price	50% of retail price
Specific (per pack of 20 sticks)	<ul style="list-style-type: none"> LE 1.75 per pack for retail price < LE 9 LE 2.25 per pack for retail price ≥ LE 9 and < LE 15 LE 3.25 per pack for retail price ≥ LE 15 	<ul style="list-style-type: none"> LE 2.25 per pack for retail price < LE 10 LE 3.25 per pack for retail price ≥ LE 10 and < LE 16 LE 4.25 per pack for retail price ≥ LE 16 	<ul style="list-style-type: none"> LE 2.75 per pack for retail price < LE 13 LE 4.25 per pack for retail price ≥ LE 13 and < LE 23 LE 5.25 per pack for retail price ≥ LE 23 	<ul style="list-style-type: none"> LE 3.5 per pack for retail price ≤ LE 18 LE 5.5 per pack for retail price > LE 18 and ≤ LE 30 LE 6.5 per pack for retail price > LE 30

Price and affordability²

The MSB of cigarettes in Egypt has become slightly less affordable over the last 10 years; however, the price is more affordable than in other countries.

Waterpipe tobacco has become more affordable since 2016, and is more affordable in Egypt than in other countries.



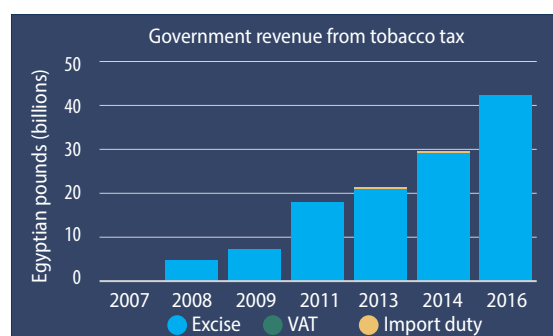
Legend: Djibouti (purple), Egypt (yellow), Morocco (green), Pakistan (red), Sudan (blue), Tunisia (red).

PPP: purchasing power parity.

Revenue from tobacco taxation²

Tobacco tax revenue has increased in Egypt over the last 10 years, due to tax increases and increases in consumption since 2014.

To have a win-win situation for both health and revenues in Egypt, it is recommended to merge tiers, implement a uniform tax and increase it regularly – to reap higher revenues, but also to reduce consumption and improve population health.



¹ WHO technical manual on tobacco tax administration. Geneva: World Health Organization; 2010.

² WHO's series of reports on the global tobacco epidemic, 2009–2019. Geneva: World Health Organization; 2009–2019.