

# Tobacco tax:

## Morocco

### ■ *How does WHO recommend that tobacco is taxed, in general?*<sup>1</sup>

#### 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 revenues.

#### 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 Morocco?*<sup>2</sup>

Morocco imposes a mixed excise system with a minimum specific excise rate. Morocco has gradually reduced the ad valorem excise tax on cigarettes, while introducing and increasing a specific excise tax. The specific excise tax is tiered by the type of tobacco (blond or brown). On 12 June 2017, Finance Law No. 73-16 outlined a progressive 3-year plan to increase specific excise tax on brown tobacco in line with blond tobacco. After 1 January 2019, the tax rate for cigarettes produced with either blond or brown tobacco should be the same.

A specific excise tax has also been incrementally introduced on waterpipe tobacco, without any reductions in the ad valorem excise rate.

An ad valorem excise tax of 25%, VAT of 20% and import customs of 25% apply on all forms of tobacco.

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

#### To reduce the affordability of tobacco

From 2008 to 2018, cigarettes became relatively more affordable in Morocco. This is alarming, and shows that taxes must be regularly increased in line with GDP to prevent tobacco products from becoming more affordable over time.

#### Uniform not differential

Excise rates for cigarettes are planned to be merged by 2019. This policy will remove tiers based on the type of tobacco, accelerate the reduction in smoking as a result of taxation, and simplify tax administration.

#### No duty-free allowances

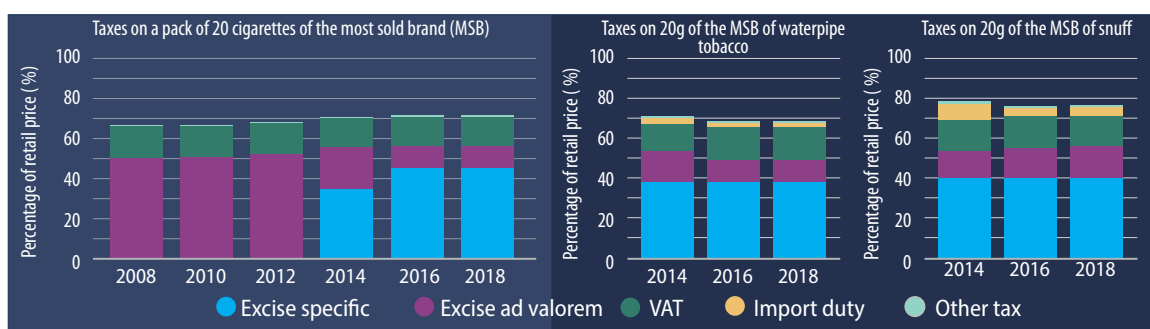
The sale of duty-free tobacco should be banned in Morocco.

#### Regularly increased

Affordability of tobacco increased in Morocco from 2008 to 2016; therefore, tax should be increased regularly in line with GDP growth.



## Tobacco tax as percentage of retail price<sup>2</sup>



Tax has accounted for over 60% of the retail price of the MSB of tobacco in Morocco over the last 10 years, showing a commitment to taxing tobacco products. There is consistent tobacco taxation across the MSBs of different tobacco products in Morocco.

### Specific excise rates for different tobacco products (as reported on 17 September 2018)

Type of tobacco product	Excise tax
Cigarettes made with brown tobacco	388 Moroccan dirham per 1000 cigarettes plus 25%*
Cigarettes made with blond tobacco	462 Moroccan dirham per 1000 cigarettes plus 25%*
Cigars and cigarillos	500 Moroccan dirham per 1000 units plus 25%*
Fine-cut smoking tobacco	750 Moroccan dirham per kilogram plus 25%*
Waterpipe tobacco	280 Moroccan dirham per kilogram plus 25%*
Other	158 Moroccan dirham per kilogram plus 25%*

\*Base of the ad valorem tax is retail price minus specific excise, VAT and stamp duty.

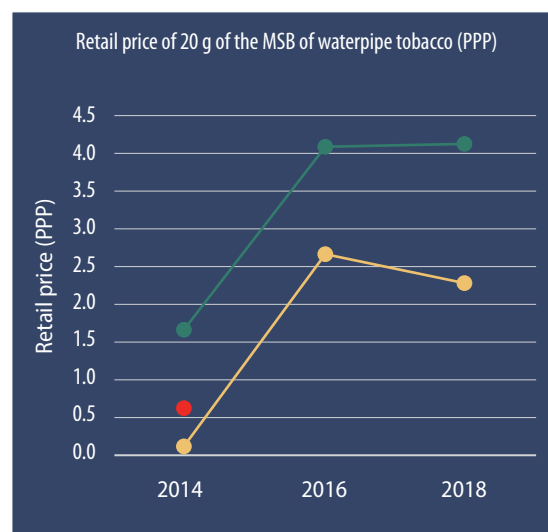
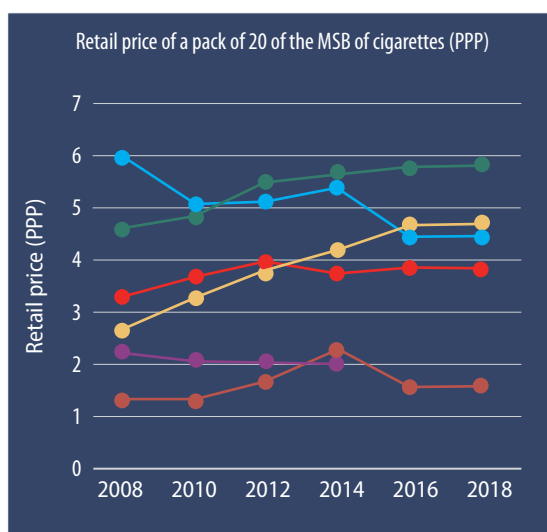
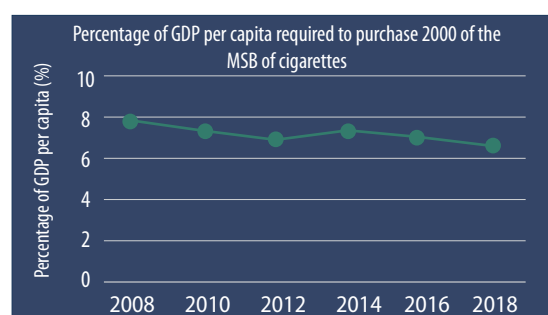
### Specific excise rates for different tobacco products (as announced in Finance Law for 1 January 2019 onwards)

Type of tobacco product	Excise tax
Cigarettes	462 Moroccan dirham per 1000 cigarettes plus 25%*
Waterpipe tobacco	450 Moroccan dirham per kilogram plus 25%*

\*Base of the ad valorem tax is retail price minus specific excise, VAT and stamp duty.

## Price and affordability<sup>2</sup>

Cigarettes and waterpipe tobacco are expensive in Morocco compared to other countries in the region. However, cigarettes have become more affordable in Morocco in the last 10 years, particularly since 2016.



● Djibouti ● Egypt ● Morocco ● Pakistan ● Sudan ● Tunisia

PPP: purchasing power parity.

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

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