

Tobacco tax:

Somalia

■ *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 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 revenues should be earmarked for particular health spending purposes, for example on tobacco control strategies.

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

Somalia only taxes tobacco using import duties. There has been a constant import duty of US\$ 1.1 per 1000 cigarettes and US\$ 1 per kilogram of waterpipe tobacco between 2008 and 2018.

There is no minimum pricing of tobacco products in Somalia. There is no earmarking of tobacco revenue for particular spending purposes, and no ban on the duty-free sale of tobacco products.

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

Domestic not customs; excise not general; specific not ad valorem; uniform not differential; and comparable across all tobacco products

Somalia should consider implementing a uniform specific excise tax on all tobacco products. This would reduce the affordability of tobacco products and raise revenues for the government.

No duty-free allowances

Banning the duty-free sale of tobacco products would reduce the affordability and therefore consumption of products. It would also increase government revenues.

Regularly increased

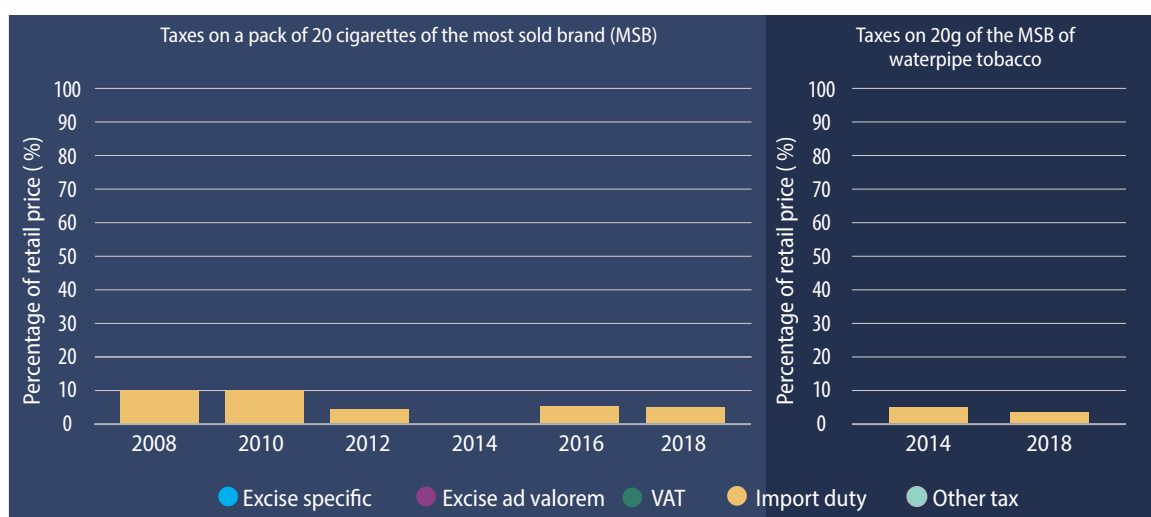
Tobacco tax must be increased in line with inflation and GDP growth to reduce the affordability of products.

With tobacco tax revenue earmarked

Ideally, a share of tobacco tax revenues should be earmarked for health spending purposes.



Tobacco tax as percentage of retail price²

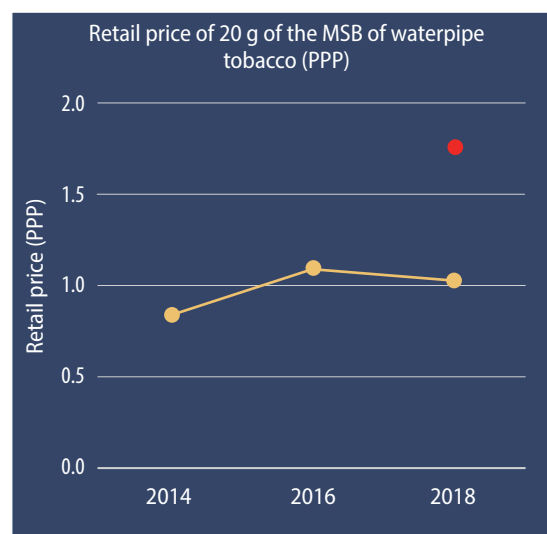
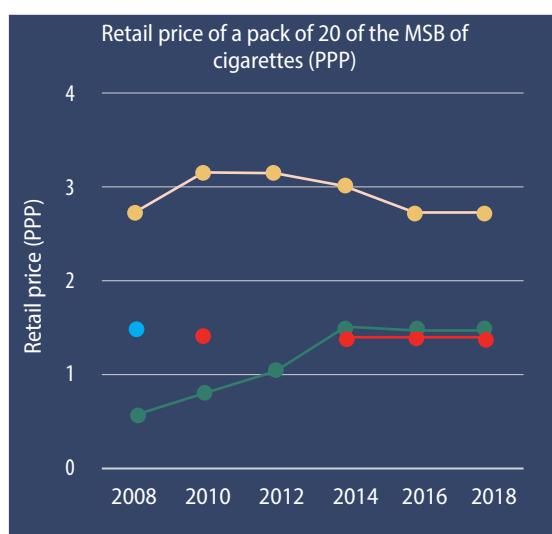
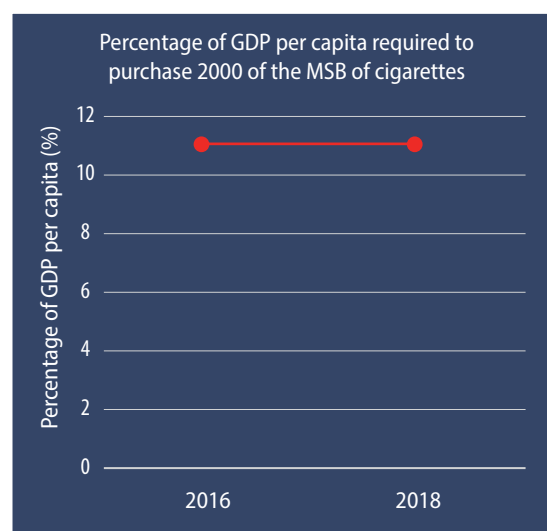


Somalia only taxes tobacco using import duties. There has been a constant import duty of US\$ 1.1 per 1000 cigarettes and US\$ 1 per kilogram of waterpipe tobacco across the 10-year period.

These tax rates have not been updated to keep pace with inflation, and so tobacco taxes have accounted for a decreasing share of retail prices over time.

Price and affordability²

In Somalia, the MSB of cigarettes has become marginally more affordable since 2016. Cigarettes are cheaper in Somalia than in Afghanistan and Yemen. Waterpipe tobacco is more expensive in Somalia than in Yemen.



● Afghanistan ● Somalia ● Syrian Arab Republic ● Yemen

PPP: purchasing power parity.

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.