Tobacco tax:
Sudan

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

How has tobacco been taxed in Sudan?[2]

Sudan currently taxes locally produced cigarettes with a 230% ad valorem tax on producer price and 17% value added tax (VAT) on retail price exclusive of VAT. The ad valorem rate was increased from 210% to 230% between 2014 and 2016. VAT was increased from 15% to 17% between 2010 and 2012.

Imported cigarettes are taxed with a 40% import duty on producer price (cost, insurance and freight (CIF) value), a 40% additional fee and 17% VAT.

There is a specific excise tax of 75 Sudanese pounds on the import of raw tobacco used for local production of cigarettes. Revenue from this tax is earmarked for state and student support.

The duty-free sale of tobacco is not banned and there is no minimum excise floor in place.

What does WHO recommend as the next steps for Sudan?

To reduce the affordability of tobacco

Cigarettes have become more affordable in Sudan since 2010, and are cheaper than in Egypt and Morocco.

Specific not ad valorem

Given Sudan has chosen an ad valorem system, it is important that a minimum specific excise tax is implemented.

Comparable across all tobacco products

There is a lack of data on taxation of other tobacco products; however, based on the affordability of snuff in Sudan, it is likely that snuff is not taxed.

No duty-free allowances

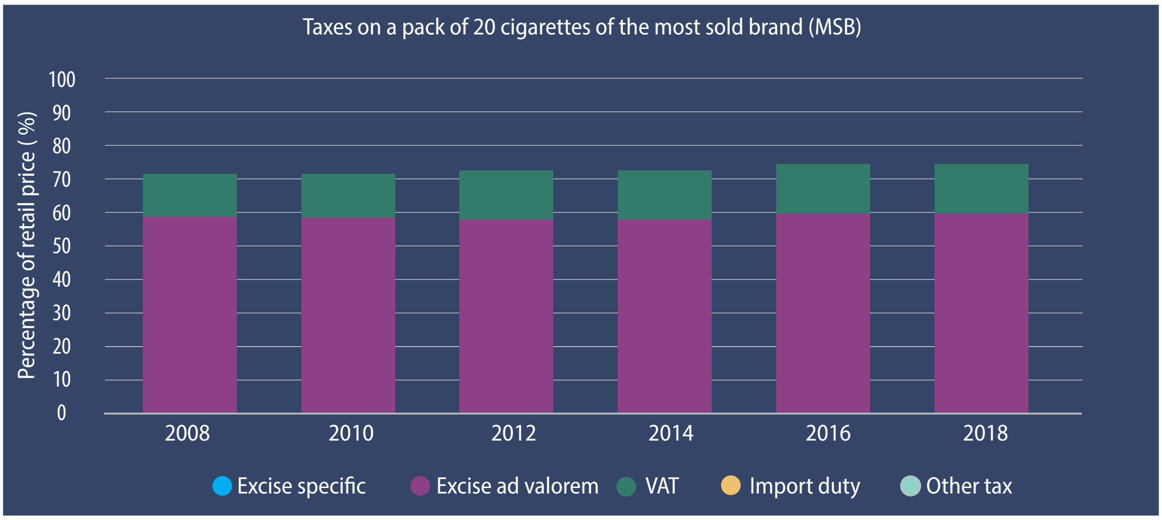
Banning duty-free sales will decrease the affordability of tobacco products, reduce consumption and increase government revenues.

With tobacco tax revenue earmarked

It is positive that Sudan has earmarked some revenues. Ideally, part of the excise tax could also be allocated for health spending purposes.

World Health Organization
REGIONAL OFFICE FOR THE Eastern Mediterranean

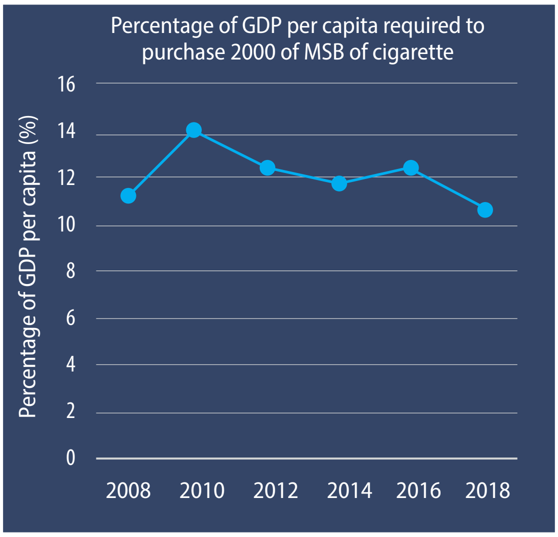
Tobacco tax as percentage of retail price[2]

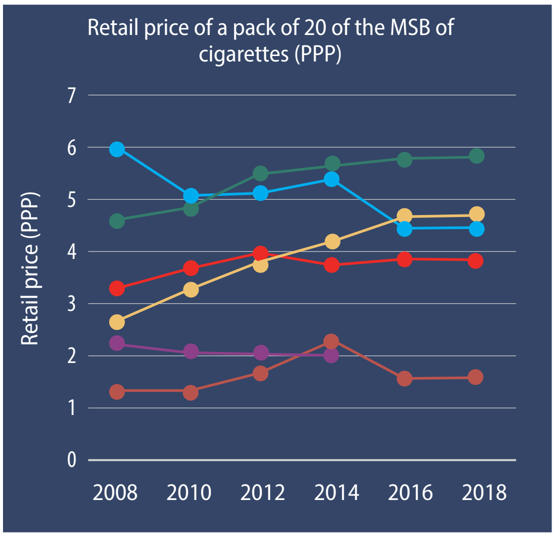


The MSB of cigarettes in Sudan is locally produced. These cigarettes are taxed with an ad valorem excise tax, and with VAT. The tax share of the retail price of cigarettes has been roughly constant over the last 10 years, at around 70%. There are no data on the taxation of other tobacco products in Sudan.

Price and affordability[2]

Cigarettes have varied in affordability in Sudan between 2008 and 2018. Overall, cigarettes have become more affordable since 2010. Cigarettes are cheaper in Sudan than in Egypt and Morocco.





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.

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