

Ministry of National Health Services, Regulations & Coordination

Press Release

Health Minister requests Ministry of Finance to review tobacco taxation structure

Islamabad, 05-09-2018: Federal Minister for National Health Services Aamer Mehmood Kiani has recommended to the Ministry of Finance to withdraw 3rd slab of FED on cigarettes introduced in Federal Budget 2017-18 which resulted in increase in cigarette production. In a letter written to Federal Minister for Finance, Revenue and Economic Affairs Asad Umer, the Health Minister has informed that after introduction of 3rd slab in 2017, the local production of cigarettes is increased by 77% compared to production in previous year. It is recalled that, in last week, Health Minister had announced to coordinate with Ministry of Finance to raise taxes on tobacco products.

The letter states that as a signatory to Framework Convention on Tobacco Control (FCTC), Pakistan has to implement tax and price policies on tobacco products as a way to reduce tobacco consumption. Moreover, Pakistan is obligated to achieve the targets set in Sustainable Development Goals (SDGs).

Prior to Federal Budget 2017-18, Ministry of NHSRC proposed to tax the lower slab/tier of all brands of cigarettes @Rs.44 per pack of 20 cigarettes. The proposal was based on a study, according to which, a uniform specific excise tax that accounts for Rs.44 per pack of 20 cigarettes could reduce number of smokers by 13.2%, increase tax revenues by Rs.39.5 billion, leading to reduction of 0.65 million premature deaths caused by smoking among current smokers, while also preventing 2.55 million youth from taking up smoking. In Finance Act, 2017 a new slab/tier with reduction in FED (i.e. Rs.16) was created in Finance Act, 2017, which resulted in decrease in prices of the most sold brands.

Prior to Federal Budget 2017-18, Ministry of NHSRC requested the FBR to withdraw 3rd slab/tier because it resulted in increasing production of cigarettes. In addition, it was proposed to impose a levy with the name of "Health Levy on Cigarettes", but it could not become part of Finance Act, 2018.

(Sajid Hussain Shah)
PRO to Minister
0300-6305306